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Content

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Be Fleming to become European[1]

During the most recent formation of the federal government, it was stated yet again - among all the vicissitudes - that Belgium would evaporate. After all, the Flemish region now has a broad range of powers and responsibilities, while more and more matters are regulated at European level - to the detriment of the Belgian national level. But how does Europe really work, and how does Europe intervene in the reality that is Flanders? We shall try to provide a (modest) answer to these questions as far as the EWI policy domain is concerned.

The core issues here are the Lisbon strategy, the 3% standard and the European internal market with the accompanying European research area. Europe is endeavouring to become the strongest knowledge-based economy in the world by 2010. An arsenal of measures and subsidies is being deployed to this end. In this issue, we discuss those that are most important for the EWI policy domain. We also try to give an indication as to whether Flanders is onboard in this quest taken up by the peoples of Europe. That Flanders cuts no mean figure in this regard can be illustrated by the fact that Flemings play an important role in the European institutions. We even managed to track one of them down for an interview (p. 37).

This issue also features a number of familiar sections. Another policy research centre in this series, the Policy Research Centre on Governmental Organisation in Flanders, is also introduced (p. 44) while the notion of gross domestic product is explained (p. 8).

As always, I hope you enjoy reading this more 'Europe-oriented' issue.

Peter Spyns
Editor-in-Chief

1 As said by August Vermeylen, when he opened the first Flemish academic year in Ghent in 1930.

Game without frontiers

The international dimension has always been dominantly present in fundamental research. The findings of curiosity-driven research (i.e. research performed on the initiative of the researcher) have since time immemorial been made public through international contacts, scientific papers and conferences. Accumulated knowledge is shared and used as a basis for further work, not only at the site of origin, but by everyone who so wishes.

Beyond the scope of curiosity-driven research, however, things are quite different and more complex. Knowledge is approached as a source of economic and social development, and constitutes an essential factor for the competitive position of a country or region. Funding authorities will come up with support for research only if there is sufficient guarantee that the new knowledge will be used to perpetuate wealth welfare in their own region.

The context is changing rapidly, however, in particular for research and innovation in companies. Multinational companies are not only capitalising on their knowledge beyond borders, but they are also obtaining the knowledge they need more and more from foreign research centres and networks.

National and regional governments need to adapt their policy to this globalised research context. The major challenge is for a region to remain attractive to (foreign) corporate investments in general and to research and development (R&D) in particular. This is certainly the case for Flanders, as foreign companies already account for a very large part of total R&D expenditure in the region. The quality of infrastructure and research, the supply of well educated and inspired people, the funding opportunities and efficient governance are all facets of an attractive investment climate for knowledge-intensive companies.

Universities, research centres and individual researchers must be encouraged to get involved in this globalised drive towards innovation and to hold their own with the best in the world. This is the only way to guarantee sustained quality and capacity in the region. The government must provide incentives both to ensure maximum interaction with the local economic fabric and the ability to compete internationally.

The European Union is banking strongly on the globalisation of research and wants to create what is known as the European Research Area. In this issue of the EWI Review, we shall discuss the challenges and opportunities facing Europe on this front. It is up to Flanders to adopt a proactive approach to these challenges and to wisely exploit the opportunities offered. And above all to capitalise on its assets!

Veerle Lories
Acting Secretary General,
EWI Department

Flemish entrepreneurship: can it do more?

As usual, we do not want to withhold the new results of the *Global Entrepreneurship Monitor* (GEM) research study[2] this year.[3] GEM primarily assesses the level of entrepreneurial activity across countries via the *Total Entrepreneurial Activity* (TEA) index. TEA indicates the percentage of the adult population actively involved in setting up a business (*nascent entrepreneurship*) or new business owners in the last three years (*new entrepreneurship*).

Not just in terms of quantity….

The TEA index for Flanders is up significantly, from 3.05% in 2006 to 3.70% in 2007 (3.15% for Belgium). After a drop in 2006, Flanders is back at the 2005 level. With this score, Flanders is still in the group of least performing countries and far below the EU average of 5.28%. Only Austria and France score even lower. In 2007, there was a clearly perceptible entrepreneurship deficit, with the intentions to create a business (*nascent entrepreneurship*) clearly higher than the number of businesses actually created (*new entrepreneurship*). Although this phenomenon occurs in most countries, it is especially pronounced in Flanders. A clear indication of an entrepreneurship deficit in Flanders is the relatively low percentage of intentions that ultimately come to fruition: only 26%.

… but also quality

The profile of these start-up entrepreneurs projects a positive image. Nearly all such start-up entrepreneurs (some 95%) set up their own company because they saw a gap in the market, and not necessarily because they had no other alternative for generating income. This figure is somewhat lower for Europe as a whole, i.e. around 78%. Another trend is that more and more start-up entrepreneurs are well educated. In 2007, no fewer than 63.4% had attended higher education.
The nature of new entrepreneurship in Flanders is also on a positive trend. In concrete terms, the study examined how innovative the new companies are, whether they expected high growth in the number of employees, or whether they were targeting international sales. No fewer than 52.1% of Flemings actively engaged in setting up a company or who have done so recently, indicated that their new company was innovation-oriented. As such, Flanders scores higher than the European average of 39.4%. However, such innovation is not necessarily accompanied by extensive job creation. Although more than half of Flemish start-up entrepreneurs said their company is based on innovation, only 18% of them (or 0.39% of the entire labour force) expected that the new start-up would create twenty or more jobs in the coming five years. In absolute figures, therefore, fewer companies are started with this ambition in Flanders compared to Europe as whole. Nevertheless, Flanders scores better than the European average in relation to the number of companies created.
In 2007, 21.6% of entrepreneurs who had started a business in the previous 3.5 years or were currently in the process of starting one up, expected to have more than 25% foreign customers. Although fewer such companies are set up in Flanders compared with Europe as a whole, there are proportionally more of them.

Although new companies are not created in such high numbers in Flanders, they are of sound quality in terms of innovation, job creation and international orientation. This could provide an initial indication that government initiatives to encourage entrepreneurship, pursued for several years now, such as the call for entrepreneurship, the call for projects that reconcile business with education and training, business plan competitions, and so on, are beginning to bear fruit.

Els Vermander
Entrepreneurship, Science Popularisation and International Cooperation Team

2 Coordinated by the London Business School (UK) and Babson College (US), with 42 participating countries, including 17 EU member states, this worldwide research study was conducted for the eighth time in 2007. In Belgium, the study was carried out by the Vlerick Leuven Gent Management School in cooperation with TNS Dimarso, and commissioned by the Policy Research Centre for Entrepreneurship and International Entrepreneurship."

3 See also EWI Review 1 (1): 9

Start-up entrepreneurs? Certainly! But what about bankruptcies in Belgium and Flanders?

In addition to the number of start-ups, the number of bankruptcies also gets plenty of media coverage. Graydon[4] calculates the number of bankruptcies in Belgium on a monthly basis, but a meaningful statement on such a number requires a basis for comparison. For that reason, Graydon has this year once again analysed the trend in the number of bankruptcies in the European Union. The results are given below.

The downward trend in the number of bankruptcies in Europe in 2006 continued in 2007, albeit to a significantly lesser extent than in 2006 (see Table 1). Belgium did less well, with an increase of 0.38%, but it is not alone. France, Denmark and Luxemburg are in the same position. Among our neighbouring countries, only the Netherlands and Germany fared better, with drops of 15.66% and 10.4% respectively. So, where bankruptcies are concerned, we can say that Belgium is part of the pack when compared with our neighbouring countries. But we should nonetheless be careful about drawing such conclusions. Graydon has warned that it is very difficult to make a true comparison at European level because of the diversity and enforcement of bankruptcy legislation. For instance, the low number of bankruptcies in Spain is attributable more to ineffective legislation than to the actual financial situation of companies.

In this respect, a comparison within Belgium seems more advisable, since the same legislation applies throughout the country. The increase continues both in Flanders (up 2.44%) and in Wallonia (up 1%). Only the Brussels Capital region escapes this trend, with a drop of 4.31%. In both absolute (3881) and relative (47.82%) terms, Flanders set the bankruptcy pace in Belgium in 2007. This seemingly less positive development for Flanders should be placed in the right context, as Flanders accounts for 58.61% of all companies and 57.79% of the population in Belgium.

With these figures in mind, we can state without reservation that more work is needed both in Flanders and in Belgium on a sound prevention policy. The Flemish government is currently working on an early warning system. The aim is to be able to give ample warning to companies that veer into the danger zone, not to predict bankruptcies. The right of initiative in this kind of prevention policy lies with the companies and entrepreneurs themselves.

The prevention policy will be carried out by the Flemish Agency for Entrepreneurship[5] and is implemented through four lines of force (or sections). One of these entails giving companies a tool for self-diagnosis as well as frontline advice by account managers using a diagnosis tool and standardised methodology. The EWI Department has provided the policy preparation for both tools and continues to monitor their implementation. The aim is to make businesses aware about this prevention policy and to offer them a charted course if continuity problems arise after the frontline advice. After all, healthy businesses form the basis of a prosperous society.

Ilse Boeykens
Entrepreneurship, Science Popularisation and International Cooperation Team

Table 1: Number of bankruptcies in Europe[6]

	2001	2002	2003	2004	2005	2006	2007	%05-06	%06-07
Belgium	7143	7265	7640	7986	7910	7692	7721	-2,76%	0,38%
Germany	32390	37620	39470	39270	36850	30680	27490	-16,74%	-10,40%
France	43000	44900	45804	45579	45305	43402	48050	-4,20%	10,71%
Italy	10555	10570	10258	11404	12348	10826	6113	-12,33%	-43,53%
Luxemburg	475	742	712	671	686	634	680	-7,58%	7,26%
Netherlands	5880	6841	8849	9456	10228	9276	7823	-9,31%	-15,66%
Denmark	2263	2453	2452	2531	2423	1990	2401	-17,87%	20,65%
Ireland	456	428	429	351	331	304	313	-8,16%	2,96%
United Kingdom	14972	16305	14184	14102	15609	16202	15278	3,80%	-5,70%
Greece	770	660	693	577	640	520	510	-18,75%	-1,92%
Portugal	1383	1400	3055	3120	2053	2404	3911	17,10%	62,69%
Spain	1951	2168	2207	2386	2223	887	796	-60,10%	-10,26%
Finland	2077	2165	2125	1412	1461	1367	1387	-6,43%	1,46%
Sweden	6313	6919	7134	7485	6653	6004	5630	-9,75%	-6,23%
Austria	5178	5281	5643	6318	7056	6707	6295	-4,95%	-6,14%
Total EU-EURO-Zone	111258	120040	126885	128530	127091	114699	111089	-9,75%	-3,15%
Total EU (15)	134806	145717	150655	152648	151776	138895	134398	-8,49%	-3,24%

4 Graydon Belgium is a provider of trade and marketing information. It also provides the credit and debit management for companies, and is a structural partner of the National Bank of Belgium.

5 The Flemish Agency for Entrepreneurship will in the near future be merged with the Economy Agency.

6 http://www.graydon.be/download/studies/216.doc (press release of 15 February 2008)

Gross Domestic Product: New challenges, new standards?

In cooperation with the European Commission, the Organisation for Economic Cooperation and Development (OECD), the Club of Rome and the World Wildlife Fund (WWF), the European parliament recently organised an international conference on the usefulness of economic indicators, and more specifically the measurability of prosperity and well-being. But how is something like this actually measured?

Starting point of the measurements

When the American economy went through one of the deepest crises in the economic history of the world (better known as the "Great Depression") in the late 1920s and early 1930s, a great need arose to chart the economic problem objectively. Before World War I, measurements of economic activities were based solely on rough estimates, as data were not collected by the government at the time.

Under the impetus of Simon Kuznets (1901-1985), the American Department of Trade addressed this need by developing the Gross National Product (GNP). Kuznets's contribution was particularly important due to the scope of this indicator and the meticulous way in which it was developed. The indicator drew a distinction between the categories of savings, consumption and investments, which could be used also for a quantitative approach to the income-determination theory of John Maynard Keynes (1883-1946).

In the late 1940s, however, Kuznets and the Department of Trade had a difference of opinion. Kuznets wanted to use GNP to measure economic well-being as well, by including the value of unpaid household work. The Department of Trade refused to do that – and indeed continues to do so today. Other organisations, such as the Eurostat[7], do not include this component either when calculating GNP and related indicators.[8]

Nowadays, GNP has made way for Gross Domestic Product (GDP). Whereas GNP measures output (at market prices) generated by the residents of a given country in a given period (usually one year), GDP measures output within a certain territory. GDP has the advantage of providing internationally comparable figures, as the methodology is established in accordance with UN guidelines. Furthermore, there is a strong correlation with indicators such as employment, level of education, life expectancy and so on.[9]

Expanding on all the assessment methods, components and variants of GDP (e.g. Net National Product, National Income, etc.) would take us too far. They are all used to understand the economic cycles and activity of the major economic actors (consumers, companies, the government and other countries). Furthermore, the indicators are convenient measuring gauges that governments use to intervene in the economy by means of fiscal and monetary instruments.

Although people were aware of these limitations when GNP and GDP were developed, today the indicator still measures mainly economic activity, while the qualitative elements of prosperity and income distribution are neglected. As the world economy faces non-economic challenges too (such as climate change, poverty, leisure time, part-time employment, ethics, corruption and income inequality), there is a need for a broader or alternative indicator that incorporates non-economic components as well.

Alternative criteria: strengths and weaknesses

This issue is attracting more and more attention from institutional and policy quarters, as attested by the various conferences and congresses recently devoted to the most suitable criteria for measuring progress and prosperity and how these can be used in the decision-making process.[10] The Wuppertal Institute classifies the most important indices into three categories for adjusting, replacing and supplementing GDP. In addition, a SWOT analysis (*Strengths-Weaknesses-Opportunities-Threats*) is conducted on each index.[11] Some important indices are discussed briefly below.

- **Adjusting GDP**

  The most important 'corrective' indicator is the Index of *Sustainable Economic* Welfare (ISEW). This index takes account of income inequality, household work, the costs of environmental pollutions, social costs and the costs of exhausting natural capital.

  The index has already been calculated for ten countries, including a number of EU Member States: Germany, Austria, Sweden, Poland and the United Kingdom. The results of the studies show that per-capita GDP and economic prosperity had registered the same rising pattern up to about 1980; after which, measured on the basis of the per-capita ISEW, the economic welfare began to drop, whereas per-capita GDP has continued to rise.

The index was also calculated for Belgium, specifically for the period 1970-2004. The findings of this study are not in line with the other ISEW studies, as economic prosperity rose in Belgium until the year 2000. The period of decline in prosperity after 2000 is too short to allow for general conclusions to be drawn.[12]

- **Replacing GDP**
  The UN *Human Development Index* (HDI) takes account of both economic and social indicators. The required data are easily available and thus comparisons can be made between different countries. However, the relevance of the index to policy is limited because it does not take account of the environmental aspects of sustainability.

  Well-being and environmental factors are taken into account in the *Happy Planet Index* (HPI). However, elements such as happiness and satisfaction are rather subjective, personally biased and difficult to measure. They are also influenced by culture and politics.

- **Supplementing GDP**
  A series of indicators is used to supplement GDP on the basis of the national accounts.
  The *National Accounting Matrix including Environmental Accounts* (NAMEA) charts the environmental implications of production and consumption, but does not take account of the social aspect.

The best choice?

As great as the temptation may be to strive for a new indicator that measures the various aspects of prosperity, this option is not feasible. The indicator would actually be more concealing than revealing. GDP is still a useful indicator that measures what it initially tried to measure, i.e. economic activity.

Whereas those indices that seek to replace GDP constitute the most drastic approach of the three and are difficult to translate into (EU) decision-making, there is broader consensus among experts on those indices that aim to correct GDP. These indices reduce both the social and environmental costs and are understandable to a broad target group. On the other hand, the assessment methods still require some adjustment.

The biggest consensus in the EU is on those indices that supplement GDP, which approach GDP from a broader perspective without neglecting the strengths of the original indicator. This consensus confirms that society is complex. Given the challenges of the 21st century, decision-makers must look into economic, social and ecological factors. Using one or more criteria that address these concerns will provide the most information to decision-makers, companies and stakeholders as well as consumers, NGOs and trade unions. Only then can sustainability be stimulated. But, as in the case of sustainability, refining and improving indicators is a long-term undertaking.

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With the cooperation of Frank Vereecken
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7 See also elsewhere in this issue: p. 12

8 The Concise Encyclopedia of Economics. http://www.econlib.org/library/Enc/bios/Kuznets.html

9 Bleys, B. (2007). Alternatieve Indicatoren voor Welvaart. OIKOS 41(2): 17-25. See also http://www.oikos.be/content/view/38/

10 Example: 'Beyond GDP', a congress held in Brussels on 19-20 November 2007 at the initiative of the European Commission, the European Parliament, the Club of Rome, the OECD and the WWF.

11 See www.wupperinst.org and European Parliament (2007), Policy Department Economic and Scientific Policy 'Alternative progress indicators to Gross Domestic Product (GDP) as a means towards sustainable development'.

12 Bleys, B. (2008). Proposed changes to the Index of Sustainable Economic Welfare: An application to Belgium. Ecological Economics 64(4), pp. 741-751.

The Permanent Representation and the European Decision-making Process

It takes little persuading these days to convince anyone just how important and influential the European decision-making process is to Flemish policy, but it may not always be clear how influence can be exerted the other way, i.e. Flanders' influence on EU decision-making. So let us zoom in on the Council of the European Union (also known as the Council of Ministers) and the role of the Permanent Representation in the Council's decision-making process.

What is the Council of the European Union?

The Council is the most important decision-making body of the European Union and consists of one minister per Member State. Depending on the issue, the Council decides alone or together with the European Parliament, whether a proposal by the European Commission will be turned into a European law (directive, regulation, etc.). The composition of the Council depends on the subject for which it convenes. If the Council has to deal with research, for instance, the Member States dispatch their ministers responsible for research policy to the Council. In practice, the Council convenes in nine different compositions or Council Formations (see box), and is chaired by the minister of the Member State that holds the presidency of the European Union. Belgium will assume the presidency of the European Union in the second half of 2010, at which time ministers from Belgium will chair the Council.

The nine Council Formations

- General Affairs and External Relations
- Economic and Financial Affairs (ECOFIN)
- Justice and Home Affairs
- Employment, Social Policy, Health and Consumer Affairs
- Competitiveness (internal market, industry and research)
- Transport, Telecommunications and Energy
- Agriculture and Fisheries
- Environment

How the Council works

• Council meetings

The Council Formations for the EWI policy domains (internal market, industry and research) usually meet four to five times per year. At the formal meetings, the ministers discuss and vote on the proposals of the European Commission. During each presidency, council meetings are usually also organised where the ministers can exchange ideas on an informal basis about important European initiatives at hand. These meetings are known as informal councils.

• COREPER

The important work for a formal meeting of the Council of Ministers, however, is done beforehand in the Permanent Representatives Committee (COREPER). COREPER consists of the Members States' ambassadors to the European Union and a number of other committees and working parties composed of representatives of every Member State. These committees and working parties meet throughout the entire year in Brussels. The working parties negotiate and try to find a compromise that respects the interests of all Member States. The ministers negotiate directly with each other only in very important and politically sensitive matters.

Flanders and the Permanent Representation at the EU

Flanders has a separate delegation at the Permanent Representation of Belgium to the European Union. The Flemish Permanent Representation consists of five members (attachés or advisers), each of whom is specialised in a specific policy domain, and who take part in the corresponding working parties of the Council. They defend the position adopted at Belgian level and report to the Flemish government and the Flemish administration. This team is coordinated by the representative of the Flemish government to the European Union.

The Flemish Permanent Representation reports on the most recent European Developments with a view to defining a position. It provides texts and commentary to interested third parties, takes part in many of the consultation meetings and so forth. The Flemish Permanent Representation also keeps in close touch with the European institutions. This activity is crucial in ensuring accurate monitoring of European issues. In addition, the Flemish Permanent Representation is developing a network of contacts inside the regions, as well as with other Member States and regions. All this can be collectively referred to as defending the interests of Flanders.

How is the Belgian position for the Council defined?

The Cooperation Agreement on the representation of Belgium in the Council of the European Union stipulates that the regions, communities and federal government are to take turns attending the meetings of the Council.
The Council's powers and responsibilities are divided into six categories. The composition of the Belgian delegation depends on the category under which a policy domain or policy issue falls (see box).

The rotation between the different tiers of government ensures that a minister from another region, community or the federal government represents Belgium at the Council every six months. This coincides with the rotation of the EU presidency.

Both regional and federal ministers represent Belgium in the Council. The position that they present and the votes that they cast are the result of a compromise reached by all Belgian tiers of government (federal and regional) responsible for a given matter.

For the EWI policy domain, the Belgian position is fine-tuned before each official

Council meeting. For research-related issues, this is done in the permanent International Cooperation commission (CIS), which is part of the Interministerial Commission for Scientific Policy (IMCWB). Industrial policy and the internal market are handled by the Interministerial Economic Commission (IEC). The secretariat of the Directorate-General for European Affairs and Coordination of the Federal Public Service Foreign Affairs (DGE) then holds a coordinating meeting where all relevant governmental authorities are represented (civil service and/or cabinet staff) to hammer out a Belgian position. Unanimity is required.

If no agreement can be reached at officially, the item on the agenda is referred to the Interministerial Conference on Foreign Policy (ICFP), where the ministers of the relevant governments try to reach a compromise.

The position agreed at the DGE or ICFP meeting is adopted by the minister who represents Belgium at the Council. If no agreement is reached beforehand, Belgium's representative will abstain from voting in the Council.

If the Belgian position has to be urgently adapted during a Council or a COREPER meeting, the Belgian representative must make the necessary contacts. If that is not possible, he can align himself ad referendum with the position in the best interest of our country. The definitive Belgian position is communicated to the Council within three days after internal Belgian consultation.

Bart Laethem
Entrepreneurship, Science Popularisation and International Cooperation Team

Say it with figures

Eurostat is the statistical office of the European Union and has existed under that name since 1959. It is located in Luxembourg.

Eurostat provides the European institutions with figures and indicators that help them take policy decisions, but it also serves national and regional authorities, companies, citizens, etc., in other words anyone looking for figures, statistics and indicators. The online database - available at **http://ec.europa.eu/eurostat** for queries on structural indicators (GDP, employment rates, etc) - contains thematically arranged data (economics and finance, science and technology, etc.). The focus on regional figures is increasing, something which we in Flanders can only applaud. Visitors to the website can request predefined tables and create customised data tables. In addition, publications such as the *Yearbook* and *Statistics* in Focus are available in hard copy. The electronic versions of these publications can be downloaded free of charge.

So it is clear where the EWI policy domain gets its data to compare Flanders internationally in publications such as the EWI Budget Browser[13] and the Indicator Book.[14] The EWI indicator database (currently under construction) combines Flemish figures with Eurostat and OECD data.

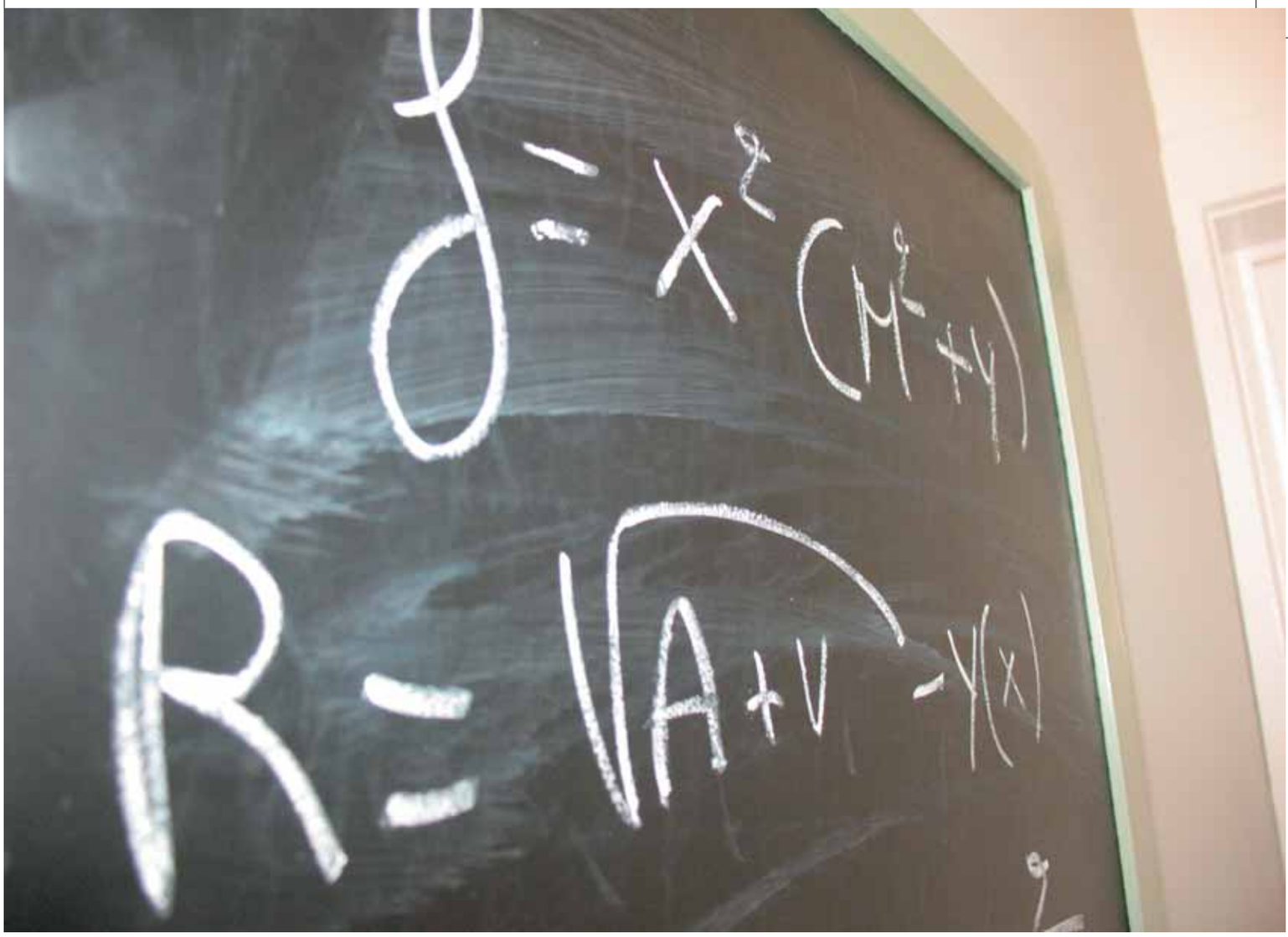
Koen Waeyaert
Statistics and Indicators Team

7 J. Albrecht, Blijft de Andere Overheid volslank in Nederland Gidsland ?, Itinera Institute Nota 2007/9, p. 1 -6.

8 OECD Studies of human resource management in government: Belgium: Brussels capital Region, Federal Government, Flemish Government, French Community and Walloon Region, OECD, Paris, 13/07/2007, 134 p.

13 http:// http://www.ewi-vlaanderen.be/speurgids/index.php?lan=en

14 http://www.steunpuntoos.be/indicatorenboek2007.pdf



EWI in the Permanent Representation

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	Domains	Representative at Council sessions
Category I	Exclusively federal powers: General affairs and foreign relations, ECOFIN, budget, justice, telecommunications, consumer affairs, cooperation for development and civil protection	Federal minister, exclusively
Category II	Mainly federal powers: Internal market, public health, transport, energy, employment and social affairs	Federal minister with regional minister as assessor*
Category III	Mainly regional or community powers: industry, research and the environment	Regional minister with federal minister as assessor
Category IV	Exclusively community or regional powers: culture, education, tourism, youth, town and country planning, and housing	Regional minister, exclusively
Category V	Fisheries	Flemish minister for fisheries
Category VI	Agriculture	Federal minister assisted by regional minister

* The assessor may assist the cabinet minister on matters within the purview of his/her government level. The assessor may also address the meeting, after consultation with the cabinet minister.

European instruments for monitoring and analysing research and innovation policy

Context

A modern research and innovation policy must have instruments for international benchmarking and international policy learning so that they can be used to support the policy and performance of the national innovation system in a rapidly changing international environment. This is no mean feat because research and innovation policy is a relatively new and complex matter, and the interaction between such monitoring tools and proprietary policy preparation is not yet sufficiently strong.

Due to mobilisation for the Lisbon strategy[15] the need for international benchmarking and for learning from best practices in research and development has been higher on the agenda since 2000. The European Commission has in recent years taken a number of initiatives to stimulate evidence-based policy work: INNO Policy Trend Chart (through the Directorate-General[16] for Enterprise and Industry – DG ENTR) and ERAWATCH (through the Directorate-General for Research – DG RTD). The Commission supports the method of open coordination[17], introduced by the European Council in March 2008, with information systems accessible to the public. ERAWATCH and TrendChart have in the meantime emerged as benchmark sites, thanks to a plethora of detailed and internationally comparable information on research and innovation policy in the EU-27, associated countries and the most important third countries.

INNO Policy TrendChart

The TrendChart is the oldest initiative, dating from 2000. It is particularly well known for its annual country reports on innovation policy. In 2006, it was integrated into the broader policy learning platform of PRO INNO Europe (http://www.proinno-europe.eu). PRO INNO Europe is a strategic initiative of the European Commission to stimulate European competitiveness through trans-national cooperation on innovation, where some 400 partners - policymakers and innovation actors - are involved. PRO INNO Europe combines the policy monitoring and analysis of the TrendChart with project support for policy learning, cooperation and joint actions. The well-known ERA-net projects,[18]which in recent years laid the foundations in many domains for nascent joint European actions, are now being supplemented by INNO-NET[19] projects.

INNO Policy TrendChart was set up by the Directorate for Innovation within the Directorate-General for Enterprise and Industry to collect surveyable information for policymakers, programme managers and intermediaries on innovation policy in Europe, both on national innovation performance and trends in Europe as a whole. A network of innovation analysts has been set up to this end, headed by Intrasoft and Technopolis[20], with correspondents in all 27 EU Member States, plus Iceland, Norway, Switzerland, Croatia, Turkey, Israel, Brazil, Canada, China, Japan, the USA and India. Correspondents produce reports on new policy measures for each country and, in addition to their annual report on trends in policy, they also draw up thematic reports, which are used for specific policy discussions, e.g. on policy about innovation in services.

The TrendChart website features:

- a database of innovation policy measures in 39 countries;
- a news service;
- a 'who's who' of agencies and government departments actively involved in innovation;
- annual reports on policy monitoring for all countries monitored;
- an annual summary report on analyses of trends in innovation policy throughout the EU.

ERAWATCH

The ERAWATCH project was launched in 2005, and has been online since October 2006 (http://cordis.europa.eu/erawatch). ERAWATCH was set up as a strategic intelligence project by the Directorate for the European Research Area: Knowledge Economy of DG Research, in cooperation with the Institute for Prospective Technological Studies (IPTS) which is responsible for the implementation. As in the case of TrendChart, there is an international network for information-gathering and for specific study assignments. The research policy in 43 countries is currently monitored, with the EU-27 as the core group, of course.

The project consists of two components: the research inventory and an intelligence unit.

• Research inventory
The inventory of research policy and research systems in the 43 monitored countries is based on structured information sheets for country profiles, research programmes and the most important policy documents and research organisations. The country profiles are accessible via a special screen and provide an extensive presentation of the most important characteristics of the research policy in each of the 43 countries. All information sheets for programmes, documents and organisations can be consulted directly through the search function on the website, forming a unique basis for internationally comparable studies.

• Intelligence unit
The intelligence unit was started by conducting analytical studies on the basis of the aforementioned inventory and other sources on core themes of the research policy in the EU. The policy perspective is the support of the Lisbon strategy, but as the name *ERA-WATCH* indicates, particular attention will be focused on themes in relation with the European Research Area. Reports are already available on the regional dimension of the research policy, trends in industrial R&D and the knowledge specialisations of the EU and the individual Member States.

ERAWATCH is part of the broader portfolio of intelligence instruments of DG RTD. A sister project is the Industrial R&D Investment Scoreboard that publishes a TOP 1000 of European R&D companies annually (http://iri.jrc.es/research/scoreboard.htm). Where indicators are concerned, the flagship project consists of the annual Key Figures (http://ec.europa.eu/invest-in-research/monitoring/statistical01_en.htm). The Directorate also organises the mutual learning of the Scientific and Technical Research Committee (CREST), the advisory group on research and technology policy of the European Council. ERAWATCH will play a role in monitoring the policy action that the Commission and the Member States undertake for implementing the ERA Green Paper[21].

On the ERAWATCH website you will find:

• ERAWATCH Inventory
This section offers a collection of structured information on research policy in the EU, associated countries and other important countries:

43 *Country Profiles* (country profiles of all EU Member States and other important countries)
508 *Research Programmes* (basic information on research programmes)
343 *Policy Documents* + Information Sources (short summaries of important texts)
349 *Research organisations* (profiles of organisations active in research or in policy)

These documents also contain a large number of electronic links to information sources on the web.

• ERAWATCH Intelligence
This section contains various reports and studies on the development of research policy and the national research systems in Europe. A new series of analytical country studies of all EU Member States and a summary report of trends in the EU-27 towards the completion of the European Research Area will be published in 2008.

Further developments

Because research and innovation policies are closely intertwined, cooperation by and between ERAWATCH and TrendChart is self-evident. As of 2008, the two networks have been cooperating in gathering information in the countries that they monitor and on preventing duplication through an agreed distribution of tasks. The two websites will offer access to the complete collection of research and innovation programmes on the *European Inventory of Research and Innovation Policy Support Measures*, that already boasts some 1300 such programmes. This forms a powerful and new instrument for evidence-based policy work in line with the Lisbon strategy.

ERAWATCH and TrendChart consist of a network of paid consultants who guarantee independent information gathering according to uniform standards. Compared with complete and up-to-date first-hand information, such an intermediary step may at times become a handicap. A stronger partnership between the Commission and the Member States on policy monitoring is likely to emerge in the future.

European initiatives offer major advantages of scale thanks to considerable investments by the Commission in specialised information systems. They create a public asset that many Member States that do not have sufficient means can use as a springboard for their own policy work. Nevertheless, European monitoring and analysis cannot take the place of developing one's own strategic intelligence. The innovation potential of a country or region is ultimately measured by its capacity to manage such potential. Strategic governance is developed to that end in modern innovation systems where policy learning is accorded pride of place, from policy development (via *foresight*[22]) to policy evaluation.

In this modern policy learning process, benchmarking good examples is merely the first step. To facilitate opportunities for international cooperation and carve out competitive positions on new markets, research and innovation efforts will have to be better focused. Monitoring and analysis must therefore rely on the knowledge of own strengths, weaknesses, opportunities and threats. To develop these management capacities, Flanders must not only continue to take part in European projects on policy learning, but also become a frontrunner, together with advanced Scandinavian countries, in order to position itself as a knowledge region.

Jan Larosse[24]
EU Directorate-General for Research, Technological Development and Demonstration[25]

How are ERAWATCH and TrendChart used?

- The European Commission delves into these information sources to evaluate Member States' policies on research and innovation through annual progress reports on their National Reform Plans for the Lisbon Strategy.
- It is well known that in designing new programmes, administrative authorities and consultants use information on how certain types of programmes are set up in other countries.
- In contacts between administrative authorities in different countries, ERAWATCH and TrendChart datasheets and reports constitute a much used and fast way for gathering the necessary background information. More specifically, ERAWATCH and TrendChart are an important source of information for preparing peer reviews .
- Attentive trend watchers can even detect new trends in policy by analysing the composition of and changes in the database (e.g. the appearance of fiscal support forms for R&D in recent years).

15 The common goal to build a competitive knowledge-based economy by 2010, with the specific objective of investing 3% of GDP in Research and Development.

16 A directorate-general is a component of the European administration responsible for a policy domain.

17 This includes setting common goals at European level, developing appropriate national action plans to achieve these goals, and reporting on the progress and results of the national policy. This method helps the Member States to develop a policy that reflects the

18 See also elsewhere in this issue: p. 23

19 INNO-NET is a programme under the Community Innovation Programme (CIP), headed by DG ENTR, intended to support transnational cooperation associations between national and regional programmes – see also elsewhere in this issue: p. 33. It focuses on cooperation in cluster policy, support to knowledge-driven

20 Not to be confused with the institution of the same name in Mechelen for science popularisation.

21 The Green Paper on the European Research Area was published by the European Commission in April 2007 to give new impetus to the goal of creating a European knowledge market and to coordinate research programmes better so as to remedy fragmentation. http://ec.europa.eu/research/era/pdf/era_gp_final_en.pdf

22 See also EWI Review 1 (2): 14-16

23 See also EWI Review 1 (3): 19

24 Jan Larosse has been seconded to DG RTD from IWT as a national expert. He works as a policy officer in the Directorate for 'ERA: Knowledge Economy'. He is also a project manager for ERAWATCH.

25 The author provided this contribution in his own name.

The European Research Council: *a champions league* for basic research

A new initiative with a special status

The most important innovation of the Seventh Framework Programme of the European Union is without question the establishment of the European Research Council (ERC) – the flagship of European basic research. For the first time, the EU is geared specifically to the university researcher. The ERC differs in content from other components of the framework programme which is geared to applied research in specific areas, such as IT, health, biotechnologies and the humanities[26].

Furthermore, the ERC is with time acquiring a special and autonomous status on the organisational front too. It is on the way to becoming an agency headquartered in Brussels. It is currently still embedded in the structures of the European Commission. The scientific council consists of 22 leading scientists who determine the strategy, the work programme and the evaluation process, while the agency handles the administrative aspects thereof. Composed of representatives of the Member States, the programme committee functions as a sounding board and discussion group. The role of the European Commission will be limited to funding, even though it is still responsible for the executive tasks of the agency to be established.

The champions league: stimulating competition

German chancellor Angel Merkel has called the ERC a 'champions league' for researchers. The aim is to select excellent scientists with as little bureaucratic red tape as possible and provide them with the necessary funding so that they can develop a research group within five years in relative freedom. The only selection criterion is scientific excellence. Such excellence can be demonstrated by publications, their career, previous projects and the research plan. This new approach offers new prospects for theoreticians in all fields of knowledge, including the humanities. The ERC focuses on the individual scientists and provides broad accessibility. In this respect, too, it differs from the rest of the framework programme, where projects assume the form of an international network and the research topics are determined by a very specific work programme.

The ERC aims to stimulate basic research through stiff competition. Only the best projects will receive funding, and the Member States are not entitled to a more or less proportional share in accordance with their population. Competition at European level is by nature already keener than at national level, as there are more and better proposals. The basic assumption is that competition will be beneficial to the quality of all basic research in Europe. The bar will be set consistently higher and those who want to be in the running will have to submit better and better proposals.

Overcoming fragmentation

European research is fragmented among the Member States, and then yet again among national and regional authorities, agencies, etc. The ERC is an important instrument for countering such fragmentation. Just like the other components of the framework programme, the ERC must encourage the creation of a European research area. This research area must be seen as a unified market of mobile researchers unhindered by the borders of Member States. Leading researchers will head for the best research institutes of their field. The ERC is the European answer to comparable organisations in the United States such as the National Science Foundation (NSF), so that Europe can become the most competitive knowledge-based economy in the world. A campaign will be launched in the US in 2008 to promote the ERC, with a view to encouraging European researchers already established in America to return.

Budget

Some €7.5 billion euro has been earmarked for the ERC in the period 2007-2013, about 15% of the total budget of the framework programme. In principle, this comes to over €1 billion euro per year, but everything will initially start off on a small scale, with the budget gradually increasing every year. By way of comparison, the NSF budget is more than €5 billion dollar per year. In other words, the ERC is proportionally underfunded. This trend is further exacerbated by the fact that unlike the ERC, the NSF does not cover all scientific fields. Medical research, for instance, is excluded.

In principle, the ERC provides two types of grants. The ERC *Starting Independent Researcher Grant* for post docs with 2-8 years of research experience, and the ERC *Advanced Investigator Grant* where the number of years of experience plays no role. A call for the first type of grant only was organised in 2007. Some €300 million euro has been allocated and is expected to finance the projects of 300 young researchers. This year, the budget has been increased to €500 million euro, and both types of grants will be offered. In the end, 1/3 of the budget will go to Starting Grants and 2/3 to Advanced Grants over these periods.
The distribution of the budget depends on the scientific policy: 39% for nature and technology, 34% for biotechnologies, and 14% for the social sciences. The remaining 13% is intended for interdisciplinary projects.

Evaluation

The results of the two-phase – now completed – evaluation and selection process are examined below. In the first phase, a researcher submitted a concise project description which was presented to a panel of experts. The panel could either reject the proposal or select the researcher for the second phase. In the latter case, the researcher had to submit a more elaborate proposal, and go for an interview lasting about one half hour.

As expected, the European research community responded massively, with no fewer than 9,167 project proposals being submitted. The scientific council had to call on an additional 600 people for the evaluation and selection process, assisting the 244 members of the 25 ERC panels (ten for nature and technology, nine for biotechnologies and six for social sciences).

In the end, 554 proposals made the cut to the second phase, of which some 300 will be subsidised. The ERC considers the high response a real success – proof that the ERC has a high profile and is attractive. On the other hand, the chances of success for the ERC are about 3%, far below the already low averages (10-15%) of the other components of the framework programme. The jury is still out on how the research community will react to this and whether the enthusiasm will be (excessively) dampened as a result. The enormous volume of proposals to be evaluated cannot be processed without bringing extra people in, and that leads to additional costs.

The ERC has admitted that the door was opened too wide and will thus take appropriate measures in 2008. The number of years of required work experience for Starting Grants will be restricted, so that fewer candidates can be eligible. This criterion naturally has next to nothing to do with scientific excellence: a post doc with 7 years of seniority may be better than a post doc with 8 years of experience. Such a seniority limit is arbitrary, therefore. In addition, the ERC wishes to have the two-phase procedure scrapped, so that everyone will have to submit a definitive research proposal from the outset. Candidates had better take a look in the mirror and ask whether they are good enough to make submitting a proposal worth the trouble.

The ERC hopes that the evaluations will also be used by the national governments. Thus, France, Italy and Switzerland finance candidates who received a positive evaluation, but did not make the top 300. The Flemish universities have an opportunity to offer such candidates a Methusalem or Odysseus financing.

Belgian results

The top 300 include 10 Belgian projects: seven from Flanders and three from Wallonia (see Figure 1). Flanders scores as well as Finland on this front. Four of the Flemish projects are from the KU Leuven, two from the VIB, and one from the VUB. The other Flemish universities submitted proposals too, but did not make it to the top 300. The KU Leuven is among the top scoring universities in Europe, but it is hoped that the other Flemish universities will carry off prizes this year. By way of comparison, here are the figures for the universities of Cambridge (9), Oxford (5), and Leiden (3). These results also put into perspective the importance of what is known as the Shanghai ranking of the best universities in the world on the basis of Nobel Prize winners and publications and citations in leading periodicals. According to this ranking, Cambridge is number 4, Oxford 10, Leiden 71 and Leuven 132.

Although other scientific fields such as mathematics, architecture and nanotechnology are given a chance, the emphasis is on biotechnologies. No project has been nominated in the humanities.

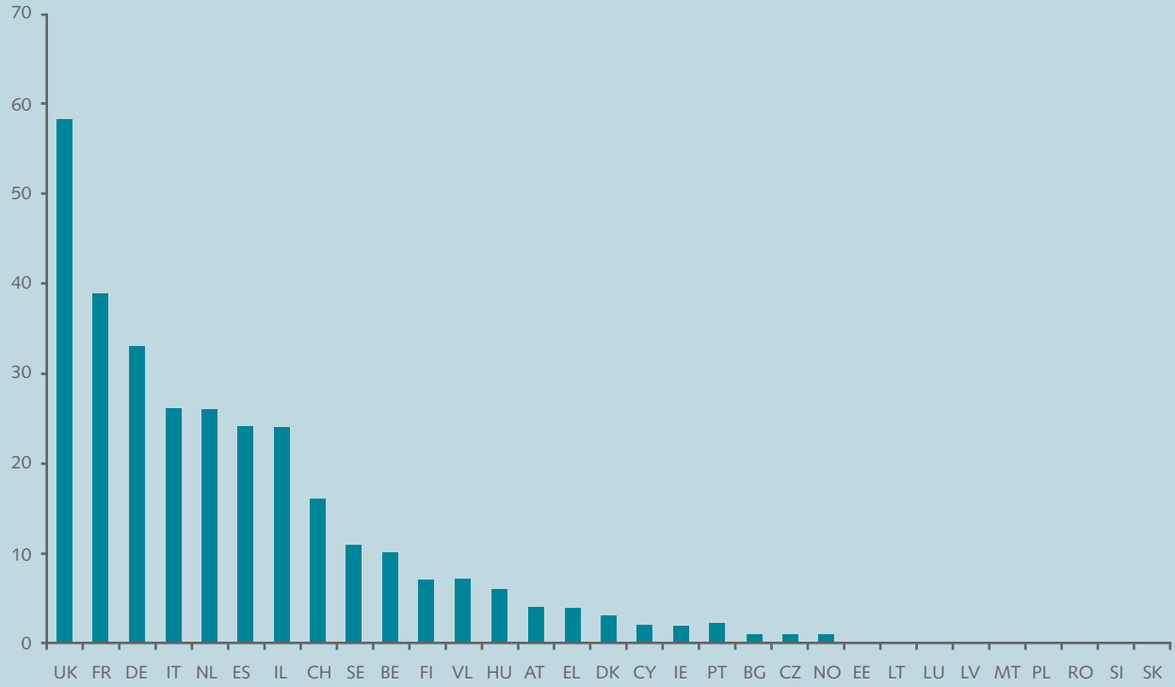

Figure 1: Flanders ranks 12th in the top 300[27].

Did Belgium and Flanders score well? Yes, certainly by comparison with Eastern European countries, each of which has less than five projects. The excellent scores achieved by the United Kingdom, Israel and the Netherlands stand out. The results of Austria, Denmark and Ireland are much lower than one would expect. Switzerland, Sweden and Finland score much higher, compared with Belgium, when the size of the population of those three countries is taken into account.

Flanders invests a lot in biotechnologies (through VIB, FWO, IWT, etc.) and comes out on top in this field. By way of comparison between the different countries, we can for instance look at the percentage of the gross national product allocated to R&D. Israel allocates nearly 5%, while most European countries under 2%, with 1.8% as the European average. Furthermore, R&D allocations are growing robustly in Israel, whereas they tend to stagnate in European countries. The Israelis have a strong intellectual tradition and various specialised research institutes.

We must of course admit that it is still too early to detect trends here. This can be done only once the ERC has been running for a number of years. Furthermore, the image of the champions league is inappropriate, as the competition is between individual researchers and not between teams or countries.

Undesired side-effects

• Development of competence core areas and decline

It is worth asking whether the competition principle leads to sustainable quality improvement in the long term and not to an excessive development of competence core areas and thus to the decline of research. The best researchers will go to the best research groups and universities and have the best chances for ERC funding. In the long term, the lead that the top centres have over the rearguard will keep getting greater and greater. Instead of having a stimulating effect, the competition principle widens the already sizeable differences between the European regions. The end result will be a sort of monopoly: the number of centres with top researchers will get smaller and smaller, while the rest of the group languishes. Competition will continue to shrink while funding becomes automatic. *The winner takes it all; the loser standing small.*

• The national level is more attractive

In evaluating the ERC, we must also draw a comparison with the national programmes for top researchers, such as Methusalem and Odysseus funding. The annual budget and the chance of success of these programmes are higher than with the ERC. For instance, the annual funding for the ECR Starting Grant is €100,000 to €400,000 per year, not much more than the Odysseus II grant of €100,000 to €200,000 per year. If the ERC Advanced Grant wants to be attractive to Flemish researchers, the minimum financing must amount to €1.5 to €2 million per year – a sum equal to the maximum grant of the Methusalem and Odysseus programmes. However, it seems to be in the range of €100,000 to €500,000. If this is really the case, then it is paradoxical that the European level, where competition is the keenest and the quality requirements the most stringent, is less attractive for top researchers than the national level. So, to extend the metaphor, this is no longer a champions league – not even a first division.

• Political balancing act

The ERC naturally refers to its limited budget, for which initially some €12 billion was earmarked, but after negotiations with the Member States, this sum was reduced substantially, the unanimous support for the establishment of the ERC notwithstanding. Additional funds could have come from the EU agriculture budget for instance (which accounts for no less than 40% of the total EU budget) – only the political will is lacking. As a result of this political balancing act, the development of the European knowledge-based economy remains stuck in a potato or sugar beet field.

Peter Bakema
Policy Support and Academic Policy Team

• Additional information

For more information on the ERC, go to: http://erc.europa.eu.

For the strategic goals and desired effects of the ERC, in particular, cf. the report: Frontier Research: The European Challenge, European Commission, DG Research, 2005. Available at: http://europa.eu.int/comm/research/future/basic_research/documents_en.htm.

The position of European research in the world is described in: Europe in the Global Research Landscape,

26 See also elsewhere in this issue: p. 30

27 http://circa.europa.eu/Members/irc/rtd/ideas/library?l=/outcome_starting&vm=detailed&sb=Title (annex 2)

Found: A network and a bottom-up *approach*

The year is 1983. The American president, Ronald Reagan, has just announced the *Strategic Defence Initiative*. There was immediate concern in Europe. One of the reasons for this concern is the enormous level of research funding in American industry, as Europe could be left behind once and for all in the technologies from which the defence shield would be developed.

Thereupon, in early 1985, the European Commission announced plans to establish a *European Technology Community* and called for the tripling of financial resources for a framework programme for research. French president François Mitterrand responded by tabling a plan for *EUREKA: a European Research Coordination Initiative*. Within a few weeks, the plan won the support of several European heads of government. At the same time, a group of leading European IT companies (known as the Big 12 round table) and some twenty major industrial manufacturers (the Gyllenhammar Group, named after the then CEO of Volvo) announced a declaration of intent to cooperate with the EUREKA initiative, even before there was any agreement on the rules for participating or for financing. Announcements of major industrial cooperation projects came flooding in. With promises of financial support by the French and German governments, eighteen Western European countries were already prepared to cooperate on the initiative in July 1985.

By the end of 1985, consensus had been reached on a German proposal for a bottom-up approach, i.e. projects and cooperatives or consortia put together by the participants themselves. These were also responsible for funding the project based on their own resources, the capital market and financial means to be applied for directly from their own government. In other words, EUREKA would not have a central financing role, but was to be a network of government representatives to provide assistance to project partners in their search for financial support for market-oriented projects in the existing national and regional financing programmes.

A number of very large projects emerged at the time that have left their mark down to the present day. HDTV (E! 95: 1987 – 1993, €730 million) for example, laid the foundations for today's *High Definition Television* through a cooperation scheme between the major television production companies and related firms. In AMADEUS (E! 328: 1987 – 1993, €350 million), airlines developed the reservation programme now accessible to the public via the Internet.

EUREKA in the making: the emergence of EUREKA clusters

The EUREKA network has continued to expand over the years. An initial impetus in 1989 was the fall of the Berlin Wall, of course, which opened the way for Central and Eastern European countries to become members. Today, the network comprises 37 countries and the European

Union, thus spanning the entire European continent.

In 1990, history was made in the EUREKA saga when the largest project platform ever was launched: JESSI (E! 127: Joint European Submicron Silicon Initiative). The aim of this project was to enable the European microchip industry to gain ground in its economic struggle with the American and Japanese competition. By the end of the project, in 1997, the leading European companies Inline Technologies, Philips Semiconductors and STMicroelectronics had regained a place among the top ten in the world.

The concept of JESSI, a broad platform project led by the most important European companies in the sector, where subprojects are launched on the basis of a roadmap charted by industry, has turned out to be a successful formula that was bound to attract a following. Four platforms were active in Information and Communication Technology (ICT) by the end of the last century according to this model, known as clusters:

- MEDEA[28] (Micro-Electronics Development for European Applications, 1997) is geared to micro-electronics and information technology. MEDEA subsequently developed to the successors MEDEA+ (2001) and CATRENE (2007).
- ITEA[29] (Information Technology for European Advancement, 1998) is dedicated to supporting and stimulating competition in software development. ITEA 2 started in 2006.
- EURIMUS[30] (EUReka industrial Initiative for Microsystems, 1998) is geared to 'Microsystem Technologies'. PIDEA (Packaging and Interconnection Development for European Applications, 1998) pertains to the packaging and communication of integrated circuits. EURIMUS II and PIDEA + were merged into one cluster in 2006: EURIPIDES.
- CELTIC[31] (Cooperation for a European sustained Leadership In Telecommunications) is the most recent cluster (2004) and pursues activities in telecommunication technologies, systems and services.

EUREKA today: highly SME-oriented

The total financial volume of the cluster projects has gradually overtaken that of the individual projects and now amounts to about €1 billion per annum, or about 2/3 of the total annual EUREKA portfolio. The subprojects of the clusters are initiated chiefly by large corporations, but offer excellent opportunities for SMEs to take part in a development project with the big players.

The programme for the individual projects has seen a striking shift in the last decade. As of the mid 1990s, the average budget and the average term of the projects started to drop. This may be due in part to the fact that development projects in industry are increasingly short-term oriented. Just as decisive is apparently the factor that more and more SMEs are partners or organisers of increasingly smaller individual EUREKA projects (in terms of consortium, budget and term).

The bottom-up principle in its purest form in the individual project. The free choice of subject and partnership, and the experience of the network in market-oriented projects have a clear and special appeal. This freedom, and the industry- and market orientation, still constitute a unique quality of the programme, in contrast with the opportunities presented by the European Framework Programme.[32]

The system has some indisputable disadvantages nonetheless. The EUREKA network may well provide assistance and advice and bestow a quality label on projects after an international quality control, but it has no financing opportunities of its own. The quality label makes it possible to get more subsidies in certain countries through national and/or regional support or to apply for specific support programmes. Not all the Member States have ample support budgets, however, and as these are investments using tax money, many specific (i.e. local) added-value requirements[33] are set. As a result, financing is not forthcoming for all the partners in a large part of the projects. So it is important for each partner in the project to have a proprietary added-value route, and optimal configurations or the timing of the local (financing) procedures are at times a real expedition.

Figure 2: Total scope of project budgets in the period June 2006-June 2007 per Member State in percentage of Gross National Product. (Source: International EUREKA Secretariat)

Figure 3: In the SAFEFEED project (E! 3934: Natural Alternatives For Antibiotics In Animal Husbandry), Nutrition Sciences, in cooperation with Dutch partners, is conducting research into materials of plant origin and effective micro-organisms for enriching feed and for preserving feed raw materials.

Figure 4: The EASY GROWN APPLES project (E! 3101), in cooperation with a Czech partner, makes a significant contribution to the apple improvement programme of the Flemish SME Better3fruit, in particular as regards the creation of new cultivars with a natural resistance to diseases. The cultivation of such cultivars in future will lead to sizeable reduction in the use of plant treatment products.

Figure 5: In the SMARTTOUCH project (ITEA 05024), Alcatel-Lucent Bell, together with partners from Finland, France, Germany, Israel, the Netherlands, Spain and the United Kingdom, wish to create highly personalised applications, using information supplied by "intelligent" objects in the user's environment, be it the home environment, the nomadic urban environment and health and well-being. For instance, the user will be able to pay for a parking place, store information on all sorts of products and services, or start a personalised training programme by simply holding his or her mobile telephone close to a parking meter, advertising or information board, or fitness machine. For more information, go to www.smarttouch.org

EUREKA in Flanders

Belgium is not merely the home of the international EUREKA Secretariat. The proportionally very high involvement of Belgian companies has long placed our country at the forefront of loyal EUREKA participants. This is well illustrated in Figure 2, where the total annual scope of projects is presented in terms of percentage of GNP. As participants in the cluster projects usually stem from the Flemish Region, and Flanders is also the leader for individual projects, we can safely say that Flanders plays a prominent role in EUREKA.

Flemish partners take part in some twenty-five projects every year. This number is roughly evenly distributed among individual projects and cluster participations. Support from the Flemish government, for which applications can be submitted to the Institute for the Promotion of Innovation by Science and Technology in Flanders (IWT), amounts to €15 to €20 million per year. Participations in the cluster projects take up the lion's share of the support budget. Flemish partners are involved in a dozen individual projects every year, and they receive co-financing (totalling €2 to €4 million every year) in about half of these projects. This means that not all participants can apply nor be eligible for government support in Flanders either, usually because of an insufficient added-value rationale or because the Flemish partner carries out tasks that do not qualify for support in the project (for instance, less risk-bearing demonstration activities or engineering). The figures show that this does not necessarily stand in the way of participation. The partners involved aim at intangible benefits in the long term in such projects by establishing and cultivating business relations or by joining industrial networks. Figure 3 to Figure 5 illustrate a number of projects in progress or just completed in which Flemish companies play an important role. The topics in turn illustrate EUREKA's broad scope.

The future of EUREKA

EUREKA has long ceased to be the biggest programme for Research & Development on the international scene, having been largely overshadowed by the Framework programme[34] in the past decade; but it still retains its unique characteristics. In an offer that is getting increasingly more complex (and includes new programmes such as the Joint Technology Initiatives or programmes based on Article 169[88], the network is endeavouring to retain its track record of a bottom-up approach, flexibility and response.

The EUREKA network has recently acquired a third pillar, EUROSTARS[35], set up in cooperation with and co-financed by the European Commission. EUROSTARS projects are still being financed by the Member States, but applications for support are evaluated centrally with help from the Member States. EUROSTARS can still be considered an experimental programme: it has a restricted target group (research-intensive SMEs) and budget. The annual budget amounts to about €50 million from the Member States and €15 million from the European Commission via the Framework Programme.

It remains to be seen whether EUREKA can play its pioneering role again. In the meantime, the network is always ready to provide advice to interested companies.

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EUREKA contact for the Flemish Region
Institute for the Promotion of Innovation by Science and Technology in Flanders (IWT)

For more information:
http://www.iwt.be/
http://www.eureka.be

28 http://www.medeaplus.org/
29 http://www.itea-office.org/
30 http://www.euripides-eureka.eu/
31 http://www.celtic-initiative.org/
32 See also elsewhere in this issue: p 30.
33 The projects must be able to show that they will have positive economic effects for the country or the region (or that they will lay the foundations for such effects).
34 See also elsewhere in this issue: p. 30
35 http://www.eurostars-eureka.eu/

A new era in European research policy

Why is there a need for a European Research Area (ERA)? Creating such an area will mean more complementary and less overlapping research, and thus a better use of resources. This will in turn mean greater efficiency, improved use of knowledge, and greater facility in bringing products to market. The aim is more extensive information interchange and coordination of the support for research activities. Making this a European-level power will lead to a keener quest for excellence, the ultimate aim being to bolster European research, especially with regard to America, and later, also to China.

In the previous framework programme,[36] Philippe Busquin, the European Commissioner in office at the time, launched the concept of ERA-nets. These form an umbrella network in which research funders take stock of possible partners for cooperation in research and of eligible research fields. Information from existing programmes and activities is exchanged accordingly, and best practices are identified. In many cases, such stock-taking actually leads to the development of a joint research programme with a common budget from national sources. Calls for proposals are published for different ERA-net projects as part of the process of trying out common activities. These calls are financed with national (regional) research funds and are not part of the European Framework Programme. They are open to research teams, institutions and/or companies. The IWT has, for its part, worked on such calls in the CORNET, ERA-SME, Etra-net, MATERA and MNT projects. The EWI Department is involved in the coordination of the PV ERA-net (photovoltaics), HY-CO ERA-net (Hydrogen and Fuel Cells), MARINERA (marine sciences), PLANT GENOMICS (see box) and VISION. The contents of the latter network are closely related to the EWI Department's own remit. There are currently calls in PV ERA-net and HY-CO ERA-net for cooperation projects in which Flemish research groups want to take part. Financial support is being sought from IWT's financial instruments to be able to participate.

Of twelve project proposals submitted from Flanders in call A, five consortia (out of a total of 44) were invited, after an initial evaluation round, to submit a full project proposal. After a second peer review procedure, 2 projects (ex aequo) with Flemish involvement were ultimately selected. The joint contribution from EWI and the Flanders Interuniversity Institute for Biotechnology (VIB) (€150,000 each) made it possible to finance both projects for a period of three years. By comparison, 15 projects in all were financed in call A. Call B was not relevant for Flanders at that time.

ERA-PG recently launched a second call for cooperation projects. Although Flemish researchers have expressed an interest in taking part, and European partners were prepared to work together with Flemish research groups, no extra funding has been made available at this time. Participation is therefore possible only on the basis of funding from the regular Flemish support mechanisms.

Kathleen D'Hondt
Policy Support and Academic Policy Team

Peter Spyns
Office for Policy Research and Foresight Studies

ERA-net Plant Genomics (ERA-PG) is one of the most efficient and successful ERA-nets. After the information phase, a call was actually launched in the ERA-PG for European cooperation projects. Applications were received for academic cooperation projects (call A) as well as joint public-private projects (call B). More than €35 billion in national research funds were mobilised for European research associations in plant genomics for subjects that were not included in the framework programme.

The American researcher Henry Chesbrough[38] was the first to name the phenomenon of 'open innovation' and to subject it to scholarly investigation. This is nothing new, in fact. A fine example of Flemish open innovation is the deep-frozen vegetable industry around Roeselare and Ardooie. Vegetable growers have through the years optimised their production process (process innovation), setting specific requirements to the local machinery manufacturers for refrigeration and deep-freezing installations, for instance. They thus acquired new expertise that enabled them to innovate their offer (product innovation), and to tap new markets worldwide both in the vegetable sector and in new, related markets (market innovation). This win-win situation was attained only through exchange of knowledge and mutual trust (accompanied, in certain cases, by marriages between the families of growers[39]). These companies have in recent years also joined forces in a competency pool[40] under the name of 'Flanders Food'[41]. This sector accounts for about 46% of all European exports of deep-frozen vegetables and is a net exporter, which shows that this sector has a competitive edge over foreign competitors[42] -- a competitive edge acquired by applying 'open innovation'.

With foresight: the ERA-net VISION

VISION ERA•NET

SHARED KNOWLEDGE BASES FOR SUSTAINABLE INNOVATION POLICIES

With this ERA-net (on common knowledge platforms for a sustainable innovation policy[37]), the EWI wants to enhance its own knowledge in order to underpin its preparatory tasks for the Flemish innovation policy in a scientifically responsible manner. In concrete terms, this means that the EWI wants to convert the results from the studies, commissioned and financed together with other countries/partners (twelve partners from ten countries) in the VISION network, into Flemish innovation practices. Last year, four projects, including two with Flemish research groups, were approved by the VISION partners in August. A joint budget of nearly €600,000 was made available. A larger budget will this year be allocated for a new call.

Three of the four projects examine how the government can stimulate innovation. The term 'open innovation' points to a new form of cooperation by and between (in many cases competing) companies on research and innovation; for the costs for research and innovation are always too high for a single company to assume them on its own.

Open innovation can provide sizeable leverage in enabling companies to acquire a competitive edge. It is therefore up to the government to support such a form of cooperation, taking due account of the characteristic traits of the various sectors. Open innovation can come in various forms. There is the classic example of surfers who developed their own surfboard ('democratic innovation'). There are large multinationals that invest in all sorts of small companies and start-ups which may be taken over entirely afterwards (a form of investment policy with risk spreading). In addition, there are also "business ecosystems" where large and small companies complement each other and engage in cooperation, each from its own area of expertise. Nokia is the best example of this. The government should facilitate these various forms through specific measures. A research call has been launched under the VISION ERA-net in order to avoiding setting up such support at random and in a purely intuitive manner.

One project is geared to defining and studying new indices and indicators for measuring degrees of (successful) open innovation. Another is distilling open in-

novation from case studies and identifying best practices. The idea is to get companies to adopt these examples with government help. A third project applies (and hones) Chesbrough's theoretical model on the ways in which a government can best intervene to stimulate open innovation. Chesbrough himself is involved in the latter project. The results were presented recently at a symposium in Stockholm.[43]

The EWI Department wants to stay the well chartered course of the VISION ERA-net. A new project call will be initiated later, and a larger sum will be available for funding. The consortium is also considering how this form of supranational cooperation can be continued. It falls within the remit of EWI in any event to prepare and evaluate the policy in a scientifically responsible manner. Building up and expanding strategic intelligence on this front is essential to achieving these goals. As it turns out, this net is also what the other participating countries want. Finally, it enhances the international prestige and solidarity of the department and the Flemish policy. The policy domain scores less well on this point in international comparisons such as the Inno Trend Chart[44]. This limited international dimension of the Flemish innovation instruments was also criticised in the Soete report. Learning from each other in an international context, i.e. from the other VISION partners, will undoubtedly help here. To be continued.

Peter Spyns
Office for Policy Research and Foresight Studies

The FWO in the ERA-net action

The FWO supports basic research on the initiative of researchers and carries out evaluations based on scientific quality. Unlike some ERA-net programmes, the FWO sets no priorities in any of its actions in terms of disciplines or topics.

When cooperation is restricted to consultation and coordination by and between research councils and no research funding is involved, the FWO lends its support provided there is a clear added value for the Flemish research system. For instance, this could be an initial phase for an action that does require research funding. Examples of such cooperation at this time include in particular the ERA-net programmes for Chemistry, the Humanities, Life-KIT and Aspera. If research funding is needed for a joint call, the interests of the Flemish research community take priority. However, researchers must take the initiative to respond to such calls in the future.

The procedure used by the FWO is based on the EUROCORES procedures of the European Science Foundation (ESF)[46], an action that has served as a model for the EC's ERA-net action. It is essential for evaluation and selection to take place at European level, but also for the FWO to retain control of its own budget. This means that, in principle, one Flemish subproject of one of the most highly ranked applications is supported, based on international peer review and priority. This procedure is followed by all authorities in some ERA-net actions. This is the case for the European Polar Consortium which will launch an call for candidates soon.

Other ERA-net actions, however, work with common funding (known as the 'common pot'). Participating funding authorities pledge a certain amount to ERA-net. The call is then launched and projects are assigned according to the available funding; the source of that funding no longer plays any role. Larger partners have a clear advantage here. However, the FWO wants to make sure that Flemish funds support research that is conducted in Flanders, as stipulated in the management agreement with the Flemish Community.

The FWO can also join this type of ERA-net as an associate partner. As such, the FWO does not take part in the common pot, but in the call. In theory, it then provides the funding for one Flemish subproject of a highly regarded cooperation project that is approved. With this strategy, the FWO prevents research budgets, which are small by comparison with those of our larger neighbouring countries, from going abroad without benefiting research in Flanders. At the same time, it affords Flemish researchers an opportunity to submit a project via an ERA-net, and their project can benefit from the programme networking supported by the EC and from the involvement in international associations.

Finally, a research team can join through the regular FWO projects any interesting cooperation scheme that offers added value.

Jan De Beule
Research Foundation – Flanders

36 See also elsewhere in this issue: p. 30

37 Shared knowledge bases for sustainable innovation policies (http://www.visioneranet.org).

38 http://www.haas.berkeley.edu/faculty/chesbrough.html

39 W. Vanhaverbeke and J. Larosse, "Flanders Vegetable Valley": De Vlaamse diepvriesgroentesector als voorbeeld van een clusteranalyse, IWT Studie 52, Brussels, p.19

40 An area of competency wants to perform a bridging function for a certain domain between research and practice, between the government, research and industry, between economic policy and technological innovation policy. In addition to research, technology watch and dissemination activities are organised jointly.

41 www.flandersfood.com

42 W. Vanhaverbeke and J. Larosse, "Flanders Vegetable Valley": De Vlaamse diepvriesgroentesector als voorbeeld van een clusteranalyse, IWT Studie 52, Brussels, p. 13

43 More in a subsequent EWI Review issue.

44 http://www.proinno-europe.eu/trendchart; See also elsewhere in this issue: p. 14

45 L. Soete (ed.), (2007), Eindrapport expertgroep voor de doorlichting van het Vlaams Innovatie-instrumentarium, 68 p., Maastricht

46 The European Science Foundation (ESF), established as an independent network organisation in 1974, promotes science in Europe, as well as scientific cooperation by and between its 77 members, research organisations from 30 European countries. Its activities include the evaluation of research proposals, the publications of papers, and the organisation of workshops, conferences and symposia. One of its longest running and best known cooperation programmes is COST (European Cooperation in the Field of Scientific and Technological Research).

European cohesion policy: growing together

The European Union pursues its cohesion policy in order to reduce economic differences between regions and improve the economic structure in the Union. Notice the word 'regions'. In other words, subsidies also go to poorer areas in rich countries of the EU, e.g. for the restructuring of old industrial estates, training and transnational cooperation.

Origin and development

Back in 1957, the signatories of the Treaty of Rome had already mentioned, in the Preamble, the need to 'strengthen the unity of their economies and to ensure their harmonious development by reducing differences existing between the various regions and the backwardness of the less favoured regions.' To that end, the European Social Fund (ESF), the European Orientation and Agricultural Guarantee Fund (EOAGF) and the European Fund for Regional Development (EFRD[47]) were set up.

The European Single Act of 1986 laid the foundation for a real cohesion policy to strengthen economic and social cohesion, and thus offset the negative consequences of the completion of the market for the less favoured Member States and reduce the differences between regions further. Previously, various regions could easily take protectionist measures to defend certain sectors and keep them profitable. This was less and less the case henceforth. But additional means and resources were provided to prevent social and economic hardships.

In the Treaty on European Union, which entered into force in 1993, cohesion was confirmed as one of the main goals of the Union - along with Economic and Monetary Union and the internal market. There were also provisions to set up a Cohesion Fund to support environmental and transport projects in less favoured Member States. Since then, about a third of the Community budget has been allocated to the cohesion policy. The structural funds were supplemented with a new instrument: the Financial Instrument for Fisheries Guidance (FIFG).

Cohesion policy budget 2008: €46.9 billion

Fully in line with the principle of subsidiarity, whether a euro is best spent by the EU or by the national governments is always examined when deciding on budgets. Consequently, the EU budget for 2008 is 'only' €129.1 billion, or 1% of the total wealth of the EU for the year 2008. €46.9 million of this amount (36.3% of the total budget, and thus about 0.363% of the total wealth), is available for the cohesion policy.

Structural and cohesion funds

Structural funds (90% of the cohesion policy resources) are used to finance projects that can contribute to structural improvements, such as infrastructure and facilities, part of rural development and the promotion of employment. They are available for EU regions with a per capita GDP below 75% of the EU average, and provisionally for some regions where that was the case prior to the accession of the twelve new Member States.
The cohesion fund (10% of the cohesion policy resources) is available for EU Member States with a per capita GDP below 90% of the EU average, and for a number of ultra-peripheral regions. The countries that qualify for the cohesion fund are Spain, Portugal, Greece and the twelve new Member States. The fund can be used to make financial contributions for projects relating to the environment (chiefly water projects) and transport infrastructure. Preparatory studies and technical support measures are also financed.
For policy purposes, the structural and cohesion funds fall under the purview of the Directorate General for Regional Policy. Implementation, however, is highly decentralised. This means that the design and execution of projects are the task of national, regional and local authorities in the recipient countries. Whereas the structural funds are used primarily at regional level, the cohesion fund operates at national level. The aid amounts to 80% to 85% of the public outlays for the project. In principle, these must be projects that cost at least €10 million.

Adjustments in an expanded Union

The recent accession of ten new Member States in 2004 and another two in 2007 has made a thorough adjustment of the cohesion policy (Europe's largest expenditure after agriculture) inevitable. Mechanisms and priorities are being adjusted for the advent of more and poorer regions within the EU. Accession was prepared in the early years of the new millennium, and on 6 October 2006 the Council approved the 'Community strategic guidelines on cohesion', which lay the foundation for the new cohesion policy.

A number of mechanisms must ensure that the economic shock of the sudden, major accession wave does not derail the entire system and that said system remains affordable and workable. Sustainable development and the goals of the Lisbon strategy, which stress competitiveness and innovation, are also accorded extra attention in the updated cohesion policy.

Furthermore, since the reform, the focus has been on structural measures that are geared more to the EU strategic guidelines and to the least favoured regions, and are smaller in scale and simpler. It is worth noting that, in relative terms, a far greater budget (€347.41 billion) is allocated to regional development for the period 2007-2013, than for the period 2000-2006 (€234.71 billion). This means that regions have more funds available in a decentralised manner, and are thus able to address local needs better.

Although competitiveness, employment and sustainable development are accorded a more sizeable share in the cohesion policy, by far most of the resources are still allocated to convergence, which is the original aim of the cohesion policy after all.

There were apprehensions that after the accession of new Member States with a GDP far lower than the EU average, there would not be anything left for the other Member States. Were such fears warranted?
Certainly not for the period 2007-2013, and as far as our region is concerned. Flanders receives about €670 million from the Structural Funds (in 2004 prices). €469 million is put aside for supporting ERDF projects. By way of comparison, in the previous programme period, Flanders received more than €627 million. The pie to be shared has grown by more than €1 billion.

Structural funds therefore target solidarity within the borders of the Union, where due account is taken – during reform - of the radically changed landscape after the recent accessions.

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Entrepreneurship, Science Popularisation and International Cooperation Team

ERDF in Flanders

There are wide differences in economic and social development within the European Union. To eliminate such inequalities between its Member States, the European Union set up a number of European Structural Funds in 1975. One of these funds is the European Regional Development Fund, which pursues three objectives through financial support:

Objective 1: Convergence
Member States and regions where the average income is less than 75% than the European average, and are thus considered as states and regions whose socioeconomic development is lagging behind, are accorded a support package. Flanders is not eligible for this support.

Objective 2: Regional Competitiveness and Employment
Programmes for strengthening the competitiveness of, and for promoting employment in, Member States and regions which do not fall under the ERDF Objective 1, also get European support. For the period 2007-2013, Flanders got a support package of over €200 million

Objective 3: Territorial Cooperation (also known as Interreg IV)
Projects for the promotion of sustainable integrated European territorial development, European interregional cooperation and the exchange of experiences on the matter can also count on financial support. .

Flemish accents with the ERDF objectives

Four Objective 2 priorities have been set, each accounting for a fourth of the budget: :

1. **Knowledge-based economy and Innovation**
   The first priority is to stimulate the knowledge-based economy and transfer of knowledge, and to use knowledge and innovation in economic activities and social application. Concrete points of interest in this priority include awareness raising, advice and support, the promotion of cooperation, stimulating globalisation, innovation of the rural economy and renewed knowledge capitalisation for example in ecological innovation, ICT use and quality assurance.

2. **Entrepreneurship.**
   The second priority is to promote Flemish entrepreneurship in the widest sense of the term so as to create employment and economic growth. The focus in this priority is on stimulating the entrepreneurial spirit and entrepreneurial skills, creating a facilitating framework for start-ups, growth and takeovers, and stimulating entrepreneurship on an international scale

3. **Territorial-Economic Environment Factors.**
   The third priority consists of improving the appeal of Flemish cities and regions for businesses to be established there. A sustainable upgrading of the territorial and economic environment-related factors is crucial in this respect. This priority focuses on:
   - sustainably strengthening economic ports and international multimodal preparedness (in particular hinterland links for harbours and airports via rail and waterways, strengthening logistical service, etc.);
   - offering high-quality sites for businesses (geared chiefly to revitalising obsolete industrial estates and brownfields[48], park management and management support in company incubators);
   - creating Flemish and subregional leverage projects (in particular strategic business centres and estates, regional pact projects[49], etc.).
   - Making optimal use of the potential for preserving economic concentrations (e.g. promoting environmental clusters, rational energy consumption, renewable energy, cooperation on industrial waste, water management, etc.).

4. **Urban development.**
   The fourth priority comprises bolstering the appeal of entrepreneurship and innovation in cities by supporting urban development projects, and more specifically integrated urban development projects in the thirteen Flemish centre cities and the Flemish urban area round Brussels, and small-scale district and neighbourhood projects in both Ghent and Antwerp.

Flanders is using Objective 3 (or Interreg IV) programmes for cooperation on innovation and entrepreneurship, transport and mobility and sustainable economic development. These programmes are organised according to coherent areas connected to one operational (multiannual) programme. Flanders is participating in four cross-border, two transnational, and three inter-regional programmes.

The Economy Agency: the ERDF one-stop shop

The Flemish government has set up a structure with one programme for all of Flanders for managing the Objective 2 subsidy. The Economy Agency has been vested with central responsibility and will process all applications through an electronic one-stop shop. Furthermore, contact points have been established with the provincial authorities and in the cities of Ghent and Antwerp to provide guidance and support to the promoters of the projects. The agency is also responsible for managing (and this includes selecting and following up) Interreg IV projects (i.e. Objective 3 projects).

The ERDF subsidies are intended mainly for projects pursued by public players and intermediaries. Private players are eligible, but they are subject to the regulations on state aid. Project leaders must submit project proposals through the electronic one-stop shop (at www.efro.be), which also provides information on the different objectives, priorities and calls.

Project applicants have 40% (Objective 2) or 50% (Objective 3) of their costs reimbursed by the ERDF. The Economy Agency can act as an additional funder for projects with an economic aim. Other governmental authorities can also act as co-funders. The applicant is expected to contribute at least 15% of the budget for Objective 2 projects.

André Van Haver
Economy Agency

47 See also elsewhere in this issue: p. 28

48 Neglected or under-utilised grounds that have been affected to such a degree that they can be rehabilitated only by taking structural measures, such as soil decontamination.

49 A regional pact constitutes the framework for a regionally oriented employment and economic policy. It comprises a problem analysis, a long-term vision on the socio-oeconomic development of the region, as well as an implementation plan subscribed to by representatives of the employers, workers, and the municipal and provincial authorities.

All programmes lead to Lisbon

The economic pillar of the Lisbon strategy is to make the EU the most competitive and dynamic knowledge-based economy in the world by 2010. At the same time, the Lisbon strategy is also based on a social pillar (geared to maintaining and improving the European social welfare model) and an ecological pillar (sustainable growth).

An important tool deployed by the European Commission's Directorate-General for Research to achieve the Lisbon objectives is the Framework Programme for Research, Technological Development and Demonstration Activities. The purpose of the current Seventh Framework Programme (FP7) is to expand and strengthen the European *Research Area*[51] so as to bring about a European knowledge-based society. In addition, the Directorate-General for Enterprise and Industry has launched a specific framework programme in which SMEs (which constitute the backbone of the European economy) and competitiveness take centre stage: The Competitiveness and Innovation Framework Programme (CIP). The CIP offers a coherent, synergy-oriented coordination of industrial, SME and innovation policy and the policy instruments to dismantle bureaucratic barriers and bring about an internal market. The objectives, activities and complementary nature of both framework programmes are described below

Seventh Framework Programme for Research, Technological Development and Demonstration (FP7)

The purpose of this programme (2007-2013) is to strengthen the scientific and technological foundations of European industry, to promote the development of the EU's international competitiveness and to meet the research needs of other EU policy domains. The programme supports research and technological development in selected priority fields with a view to making the EU the world leader or to safeguarding its position in these fields. FP7 is structured and budgeted as follows:

FP7 actually consists of two separate programmes: The *EU Seventh Framework Programme for Research, Technological Development and Demonstration Activities* and the *EURATOM Seventh Framework Programme for Nuclear Research and Training Activities*. The total budget for the EU 7th Framework Programme for the next seven years is €50.52 billion, whereas the budget for the EURATOM 7th Framework programme for the next five years is €2.75 million (see Figure 6). In today's prices, this represents an overall increase of 63% over the Sixth Framework Programme.

a) EU 7th Framework Programme

The EU 7th Framework Programme (EU FP7) consists of four sub-programmes: *Cooperation, Ideas, People and Capacity*. In addition, a specific, non-nuclear programme is carried out by the *Joint Research Centre*[52]. As a supplement to the policy pursued by the EU, it offers technical support for environmental protection, the safety and security of citizens and sustainable development. The four sub-programmes of the EU 7th Framework Programme are discussed briefly below.

The lion's share of the budget has been allocated to **Cooperation** (€32.37 billion). Support in this sub-programme is granted to international cooperation projects across the European Union and beyond. The programme focuses on stimulating knowledge and technology development in ten thematic research areas. These are considered priorities and essential for tackling the challenges facing Europe in health, society, the economy, industry and ecology; more specifically (i) Health, (ii) Food, agriculture and biotechnology, (iii) Information and communication technologies (ICT), (iv) Nanosciences and technologies, (v) Energy, (vi) Environment (including climate change), (vii) Transport (including aviation), (viii) Socioeconomic sciences and humanities, (ix) Space, and (x) Security.

The sub-programme **Ideas** (budget: €7.46 billion), carried out by the **European Research Council** (ERC)[53], focuses on stimulating European competitiveness through scientific excellence. Its aims include attracting and retaining the most talented scientists, supporting risky, high-impact research and promoting world-class scientific research in new and fast-growing branches of science. The starting premise is that top researchers are best placed to identify new opportunities and to give direction to groundbreaking knowledge. To this end, the ERC offers two types of research grants that cover the entire research landscape, i.e. all EU Member States and associated countries: the ERC starting grants which provide support for excellent researchers who launch their first research group or programme, and the advanced investigator grants, which provide support to excellent research projects headed by established researchers.

To be able to compete globally, improve the well-being of citizens and boost economic growth, Europe needs highly educated and qualified researchers. Consequently, the sub-programme **People** (budget €4.73 million) is geared to improving the human research and development potential in Europe. This programme supports all stages of a researcher's professional life, from his/her initial training to life-long learning and career development. Specific measures include (i) initial education and training of researchers through the Marie Curie Networks[54], (ii) life-long training and career development on the basis of individual trades and financed programmes at the international, national and regional level, (iii) support for international outgoing and incoming grants intended to develop European research talent outside Europe, and (iv) specific actions for the completion of a real European labour market for researchers, where mobility thresholds are removed and career prospects improved.

The sub-programme **Capacities** (budget: €4.22 billion) is intended to optimise the European research and innovation capacity and the use thereof. The support of regional research and the promotion of the research potential in the most remote regions of the EU are the core concerns of this programme. It is specifically geared to horizontal actions and international cooperation and consists of the following components: (i) Research infrastructure, (ii) Research for the benefit of SMEs, (iii) Regions of knowledge and support for regional research-drive clusters, (iv) Research potential of convergence regions[55], (v) Science in society, (vi) Support to the coherent development of research policies, and (vii) International cooperation.

b) EURATOM Seventh Framework Programme

The European Atomic Energy Community (EURATOM) carries out a separate programme specifically geared to research, technological development, international cooperation and training in nuclear science and technology. The current **EURATOM Seventh Framework Programme** with an initial foreseeable term of five years (2007-2011) and a total budget of €2.75 billion, consists of two specific sub-programmes: the first sub-programme (budget: €2.24 billion) comprises research into fusion energy to develop technology to make nuclear energy a safe, sustainable, ecological and economically viable source of energy, while a second sub-programme (budget: €517 million) comprises activities undertaken in connection with the specific nuclear programme of the Joint Research Centre, where the emphasis is on nuclear waste management and nuclear safety.

Competitiveness and Innovation Framework Programme

The **Competitiveness and Innovation Framework Programme (CIP)** (2007-2013) comprises the innovation-related activities of nine previous programmes[56]. The CIP builds on this heritage with a number of focal points and has four main objectives. In addition to promoting the competitiveness of European

companies, with SMEs as the main target group, the programme aims to support innovation activities, focusing on eco-innovation. Eco-innovation is every form of innovation geared to sustainable development by limiting environmental effects and through a more efficient and more responsible use of natural resources (including energy). A third objective of the CIP is to make financing and services for companies in the regions more accessible. Finally, a better and broader use of information and ICT resources must contribute to the further expansion of the information society.

a) The three pillars of the CIP

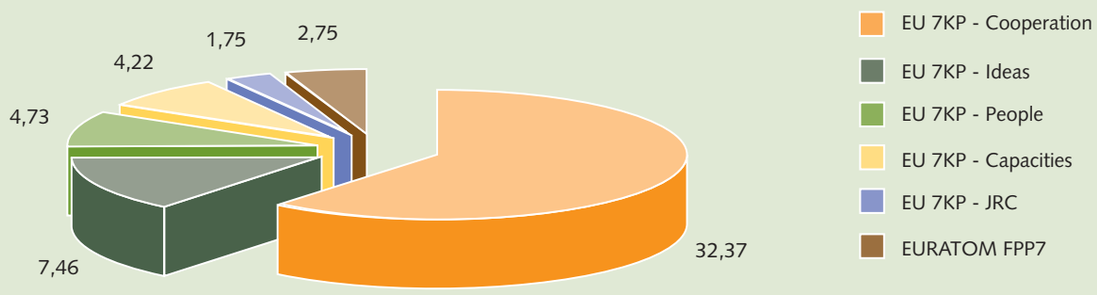
The CIP has a total budget of €3.6 billion over seven years (a trifle compared to FP7) and consists of three pillars. The first pillar, the **sub-programme for entrepreneurship and innovation**, accounts for 60% of the total CIP budget (€2.63 billion). It is aimed at improving access to EU start-up and co-financing and investments in innovation, as well as at creating a favourable climate for SMEs and cross-border cooperation, at promoting every form of innovation in companies, especially eco-innovation (for which €433 million have been allocated) as well as a culture of entrepreneurship and innovation, and finally at implementing administrative reforms relating to companies and innovation. These goals are being pursued by using i) financial instruments, ii) the newly launched **Enterprise Europe Network**, iii) cooperation projects and iv) policy-development projects.

The *European Investment Fund (EIF)* manages the financial instruments of the CIP. It makes guarantee instruments and risk capital available to SMEs through banks. The EU shares the risks and rewards with investors as a facility for fast-growing and innovative SMEs. The fund creates a leverage effect on the capital offer for SMEs, in both the starting and the expansion phase. The EIF invests in relevant specialised EU risk capital funds which in turn invest in SMEs with strong growth potential. The CIP awards a higher degree of EU participation to eco-innovative than innovative funds (which are managed by the EIF). The EIF also provides SME guarantee facilities for loans, share capital and micro-credits and makes the mobilisation of extra outside capital possible for SMEs by securitising debt financing portfolios. Waarborgbeheer NV (a part of the Flemish Participation Company PMV-KMO[57]) has in the meantime filed an application with EIF for a counter-guarantee for Flanders. Finally, a capacity building programme through technical support, recruiting and training must provide improved expertise for the financial intermediaries and funds for a greater SME credit offer.

A substantial part of the budget goes to the new Enterprise Europe Network (EEN), created in February 2008 to support companies and innovation. The new network is a merger of the former Euro Info Centres (EIC) and Innovation Relay Centres (IRC). This central contact point aims at achieving a better synergy, reduce the administrative burden for the network partners, and offer competitive quality services to SMEs on innovation. The consortium of the Flemish agencies responsible for entrepreneurship (VLAO), innovation (IWT) and economy (AE) is part of the largest European business support network including almost 600 offices in more than 40 countries. As a link between SMEs and the EU, the EEN offers an integrated package of services to Flemish SMEs, such as consultancy on EU policies, company cooperation, innovation and technology transfer, better access to international networks, and help with getting in touch with potential European customers. According to the "no wrong door" principle, SMEs are familiarised with EU funding channels in order to increase the participation of SMEs in the seventh Framework Programme and EU measures.

The CIP sub-programme for entrepreneurship and innovation is complementary to the support measures offered by EU FP7 to SMEs, especially for the specific 'Research for the benefit of SMEs' sub-programme and the EU FP7 'Capacities' sub-programme. The emphasis here is on strengthening the innovation capacity of European SMEs so that they can make an optimal contribution to the development of new technology-based products and markets. This is done by supporting SMEs in the contracting of research to step up their research efforts, expand their (research) network, capitalise on and take better

Figure 6: FP7 budget distribution (in € billion)[51]



advantage of their research results, and acquire technological knowledge.

The innovation and policy-development projects comprise the two leading pillars:
- Pro INNO EUROPE a knowledge exchange network for the EU, national and regional policymakers[58]; where the IWT is a partner, and
- Europe INNOVA a cooperation and knowledge exchange platform for sectors based on good practices. These networks, support the implementation of the broad innovation strategy. The agenda includes the *lead market*[74] initiative, which proposes a coherent policy approach to create positive attendant conditions that will enable emerging markets to grow, improve the patent system, etc

The second pillar, the **ICT policy support** programme, uses existing measures[58] to support rapid implementation of ICT policy and complements the R&D and demonstration orientation of FP7 with a market-oriented approach. A budget of €728 million is used to promote electronic networks and services, media content and digital technologies in the new converging markets. It also supports the modernisation of the public sector with pilot projects, best practices, etc. to improve productivity and services.

The third pillar, the **Intelligent Energy for Europe** programme with an indicative budget of €727 million, combines actions to enhance the demand for energy efficiency and rational use of energy, to promote new and renewable energy sources and diversification, and to stimulate the diversification of fuels and energy efficiency in transport. This makes this pillar complementary to the specific Euratom FP7 sub-programme 'Energy,' which is geared to the development of sustainable, ecologically responsible storage- and use-efficient energy systems, geared to a mix of (preferably renewable, non-polluting) sources of energy.

b) Eco-innovation and SMEs as cross-sectional themes

To strengthen the programmes mutually, the European Council has proposed the necessary complementarity with FP7 and the European Structural Funds as a priority for the CIP. The Council has also referred to the need for greater visibility for eco-innovation. In any event, the CIP is very complementary to FP7 on eco-innovation: whereas the environmental component in FP7 is geared to R&D and demonstration, the CIP finances market-application projects for demonstration technologies, i.e. the first application or market-application of innovative or eco-innovative nature that has already been validated, but not yet marketed on a large scale in the competitive market. Unlike the LIFE+ projects, where environmental solutions are disseminated via the public sector, the CIP also welcomes proposals from entrepreneurs – and especially SMEs – for these projects, with new and integrated approaches for eco-innovation such as environmental management system, designs of products and services and cleaner product processes developed by and for SMEs.

FP7 and CIP in Flanders

To stimulate participation in multilateral international programmes, the Flemish government has set up the Flemish Contact Point for European Programmes. The task of this contact point is to provide and disseminate information, raise awareness, provide advice about projects and questions, as well as guidance and support in preparing a project proposal and in looking for suitable project partners. To this end, the IWT and EWI coordinate their work: the EWI Department assumes the representation duties on programme committees where the annual work programmes are submitted by the European Commission to the Member States for approval. To this end, the EWI takes part in the preparatory consultation at federal level and continuously monitors Flemish involvement in the European framework programmes. The IWT is in charge of the NCP office in the network of EU's National Contact Points[60]. The IWT provides information (see www.europrogs.be) and advice and guidance to (potential) Flemish participants (universities, institutes of higher education, research centres, companies and other organisations) on the different European programmes (including EUREKA[61] and ERA-NET[62] projects , in addition to the framework programmes). Thus the EWI and IWT work together to ensure optimal involvement by Flanders in the European programmes, so that Flanders can be at the vanguard of the European knowledge-based economy.

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Research Marketing and Industrial Policy Team

Erwin Dewallef
Entrepreneurship, Science Popularisation and International Cooperation Team

50 The European Research Area (ERA) is a structure comparable to the European common market for goods and services, in which the European Union wishes to coordinate and strengthen its research and innovation efforts (at European, national and regional level).

51 FP7 – Tomorrow's answers start today. European Commission, Brussels, p. 4

52 The Joint Research Centre (JRC) is a separate Directorate-General of the European Commission comprising seven research institutions located in five EU Member States (Belgium, Germany, Italy, the Netherlands and Spain).

53 See also elsewhere in this issue: p 17

54 The Marie Curie Actions are an initiative of the European Commission to develop training and mobility opportunities for researchers during their career. One of these actions is the system of Marie Curie networks for training through research, where researchers of all ages and nationalities can undergo training and acquire research experience by taking part in an international research project in another country for three years at most.

55 Convergence regions are less advanced regions that are far removed from the European centre of research and (industrial) development. See also elsewhere in this issue: p. 32

56 Such as the Multi-annual Programme (MAP), activities round ICT (including the former eContent) and energy and the environment (the former SAVE, Altener, and STEER).

57 http://www.pmv-kmo.be/pmv-1.0/view/nl/95. PMV-KMO activates financial resources for Flemish start-ups and SMEs. It is part of ParticipatieMaatschappij Vlaanderen [Flemish Participation Company] (PMV), the investment agency of the Flemish government.

58 See also elsewhere in this issue: p. 14

59 Such as eTEN, eContent and Modinis.

60 To encourage research groups and companies to participate as much as possible in the European framework programme, the European Commission has set up a network of recognised National Contact Points (NCPs). Their task is to inform local candidate participants and to provide advice and support once they do participate.

61 See also elsewhere in this issue: p. 21

62 See also elsewhere in this issue: p. 23

Flanders in the European Framework Programme: in the vanguard or just part of the pack?

The European Research Area (ERA) was established in connection with the Lisbon Strategy, which specifically aims to have the EU become the most competitive and dynamic knowledge-based economy in the world by 2010. The ERA is a structure comparable to the European common market for goods and services, in which the European Union wishes to coordinate and strengthen its efforts in research and innovation (at European, national and regional level[63]).

The European Framework Programme for Research, Technological Development and Demonstration Activities (the 'Framework Programme' for short[64]) is an important financial instrument to bring about the ERA. The purpose of the Framework Programme is to strengthen the scientific and technological foundations of European industry, to promote the development of the EU's international competitiveness and to meet the research needs of other EU policy domains. The seventh such Framework Programme is currently in progress, covering the period 2007-2013.

Giving and receiving

Pursuant to its policy monitoring and evaluation remit, the EWI Department conducts a continuous quantitative analysis of Flanders' participation in the Framework Programme on the basis of the participation data made available by the European Commission[65]. In so doing, it checks how Flemish researchers are doing in the ERA, in which areas Flanders performs strongly or less so, and which actors (universities and other institutes of higher education, companies, research centres and other institutions) are most involved. One important indicator here is the financial percentage of Flanders in the total European funds allocated to the Framework programme, known as the 'financial return'. Need-

Table 2: Core figures concerning Flemish involvement in the European Framework Programme

	FP4	FP5	FP6[66]
Number of participants	1,972	1,575	1,337
Number of projects	1,567	1,304	1,210
Number of participating organisations	495	444	417
Number of participations as coordinator	348	337	204
Participation subsidy received (in € million)	273,4	278,8	353,6
Total EU-budget allocated to the Framework Programme (in € billion)	11,49	12,72	16,68
Flemish financial return (received participation subsidy as percentage of total FP budget)	2.38%	2.19%	2.12%
Expected financial return	2.1 – 2.3%	2.1 – 2.2%	± 2.2%[67]

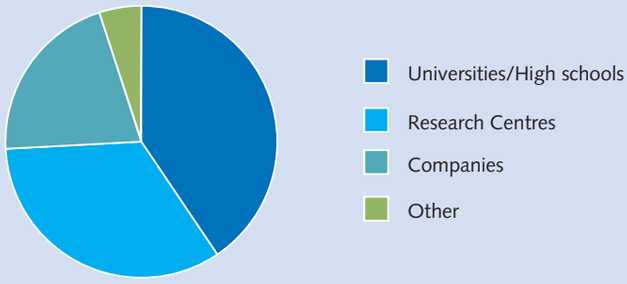

Figure 7: Flemish participant categories in terms of participation budget

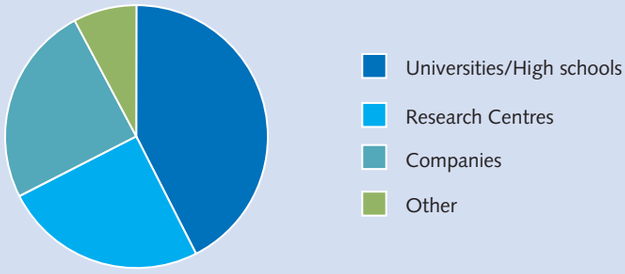

Figure 8: Flemish participant categories in number of participations

less to say, the impact of the Flemish participation goes beyond this financial return. The Framework Programme is more than just a source of subsidies, and can constitute an important basis for the participants to develop new cooperation links, partnerships, and international networks, for instance. And yet it is a useful instrument for measuring Flemish participation and progress in the Framework Programme.

Table 2 provides the key figures for Flemish involvement in the Fourth (FP4), Fifth (FP5) and Sixth (FP6) Framework Programme. The Flemish financial return from the Framework Programme, points to a slightly downward trend from 4KP to 6KP, although the absolute Flemish participation subsidy over the various framework programmes has risen continuously by nearly 30% from FP4 to FP6. The provisional conclusion concerning FP6 is, with an overall financial return of 2.12%, that Flanders is slightly below the expected figure (2.2%).

Flemish aerospace: no high flyer

Such an assessment of the Flemish participation in the Framework Programme must be conducted in depth so as to assess the specific areas in which Flanders performs strongly or poorly.

Flanders participated strongly in FP6 in the components 'Life sciences, genomic and biotechnology for health' (2.3%), 'Information society technologies' (2.8%), 'Nanotechnologies, intelligent materials and new production processes' (2.4%), 'Specific measures in support of international cooperation' (2.6%), 'Support for the coherent development of research and innovation' (3.4%), 'Science and society" (2.3%), and not least in 'Euratom', the separate framework programme of the European Community (6.1%)[68]. It can be generally stated that Flanders scored well to very well in the various areas of FP6, but owing to a couple of negative peaks such as 'Aeronautics and Space' (1.0%) and 'Coordination actions' (1.1%), the overall Flemish return was significantly down, and the result was slightly below expectations.

Industry fails to play the part

We wonder then which players are responsible for the above results. Figure 7 and Figure 8 show the Flemish participant categories in terms of participation budget and number of participants. It is striking how universities and other institutes of higher education make up the largest participating category, both in participations (43%) as well as in financial terms (41%). Research centres are in second place, with 34% of the total participation subsidy. Companies come in third, which compared with the Fifth Framework Programme (27%) had to make do with 21% of the total participation budget.

Flanders has not performed badly at European level either. When the FP6 participation subsidy is weighted against the Gross Domestic Product (GDP) (which makes a representative comparison between all countries possible because of the fact that the difference in country sizes is ruled out), Flanders ends up in a creditable sixth place, between the Netherlands and Switzerland, as shown in Figure 9. Belgium does better thanks to a stronger participation in the aeronautics and space programmes from Wallonia and especially Brussels. Wallonia performs better on 'Citizens and governance in a knowledge-based society;' Brussels scores marketly better on 'Research and innovation' and 'Science and society.'

The concept of Flemish participants

By the number of Flemish participations we refer to all Flemish participants who are mentioned in the contracts of the specific programmes. There are thus more Flemish participations than there are research programmes with at least one Flemish participant.

The Flemish participants are divided into the following categories:

- Companies;
- Universities/institutes of higher education
- Research centres. A distinction must be drawn here between the Flemish research centres IMEC (Interuniversity Micro Electronics Centre), VITO (Flemish Institute for Technological Research), VIB (Flanders Interuniversity Institute for Biotechnology) and ITG (Institute of Tropical Medicine), the collective centres and other scientific institutions;
- Other institutions, including governmental institutions, non-profit associations, European Economic Interest Groupings (EEIG), international organisations, the Joint Research Centre and other institutions that do not fall under the foregoing categories.

The following belong to Flanders:

- Companies that have their registered office in the Flemish Regions;
- Universities and other institutes of higher education under the purview of the Flemish Community (thus also those who are situated in the Brussels Region);
- Research centres located in the Flemish Region;
- Other institutions located in the Flemish Region, plus those from the Brussels Region that fall directly under Flemish jurisdiction.

Participations are attributed to the Flemish Region on the basis of the participant's postal address.

In conclusion, we can say that Flanders is not really in the European vanguard, yet it participated more than respectably in FP6 and, as a small region, can hold its own even in an ever expanding Europe.

Monica Van Langenhove
Office for Policy Research and Prospective Studies

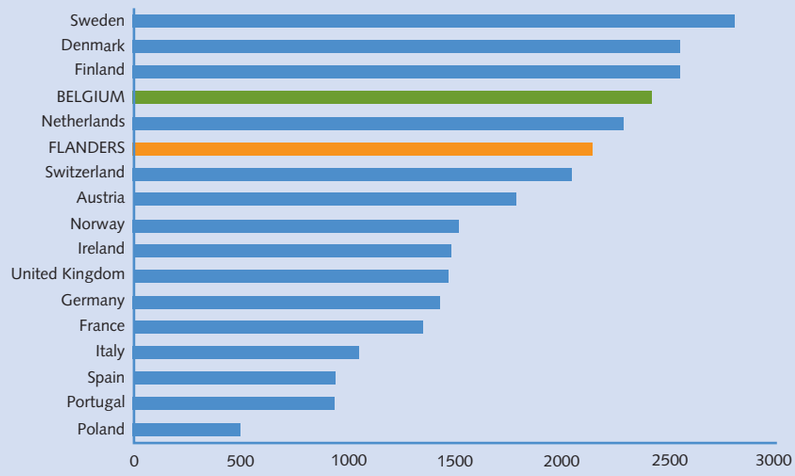

Figure 9: Participation subsidy / GDP (in € billion)[69]

63 See also elsewhere in this issue: p. 26

64 See also elsewhere in this issue: p. 30

65 The data published periodically by the European Commission on the E-corda platform have been used for this analysis. These data pertain to the release of 26 November 2007, in which contracts represented 95% of the total budget of the Sixth Framework Programme.

66 Provisional figures (analysis of signed contracts as at 26 November 2007, ≈ ± 95% of the total budget).

67 Calculation of the 'expected return': Belgium's contribution to the financing of the total EU budget for the period 2002-2006 amounts to 3.87%. Given Flanders' share in Belgium is between 56% (Flemish share in the federal R&D funds – source: CFS-STAT) and 57.1% (Flemish share in the GDP– source: Research Centre of the Flemish Government 2005), Flanders receives its 'fair return' when its financial share is around 2.2%.

68 It is worth pointing out that the Belgian Nuclear Research Centre (known by the initials SCK and CEN in Dutch and French respectively) contributes to a very high degree here. Although the SCK-CEN is a federal research institution, it is located geographically in Flanders.

69 Only countries with at least 1000 participants and a GDP of at least €100 billion are considered.

Flanders: Afraid of Europe?

An interview with Kurt Vandenberghe

Kurt Vandenberghe is the Deputy Head of Private Office of Janez Potočnik[70], European Commissioner responsible for Science and Research. He is responsible for coordinating the research area and the European research framework programme. He was previously a member of the Busquin office.

Kurt joined the European Commission in 1996 as the coordinator of the working group for intermodal transport at DG Transport. He then coordinated relations between DG Transport and the European Parliament, the Social and Economic Council and the Committee of the Regions.

Kurt had previously worked for Ernst & Young Association Management for four years, where he set up, managed and represented international trade organisations. His assignments included FreightForward Europe, a lobby group of the nine biggest freight forwarding companies in the world and the automobile parts industry in the United States.

Kurt holds a degree in romance philology from the K.U.Leuven, a post-graduate degree in Public and International Law from the University of Louvain (UCL) and a Master's Degree in International Relations from Johns Hopkins University (School of Advanced International Studies) in Bologna and Washington DC.

We moved from the heart of Flemish government (in the area of Brussels near the North Station) to the heart of the European administration in the 'European Quarter'. A small distance by train, yet a world of difference, as attested to by the interview with Kurt Vandenberghe, Head of Private Office of a European commissioner and 'occupant' of a very spacious office in the Berlaymont building.

DG Research: major budget, but overly low profile

EWI Review: Can you describe briefly the part of the European apparatus in which you work?

Kurt Vandenberghe: I work for Janez Potocnik, the commissioner responsible for Science and Research. He has two departments under his purview. One of these departments deals with indirect research actions, i.e. research policy and the funding of research. This comprises the Directorate-General for Research (DG RTD), where some 2000 people work. In addition, there are direct actions for research in the Commission. These are the Commission's own research teams within the *Joint Research Centre* (JRC).[71] The JRC currently employs some 3000 people. This area of responsibility is therefore wide in terms of funds and people, yet still relatively small in terms of the visibility of the European scientific policy within the overall policy. Nevertheless, we have been endeavouring for a couple of years now - since Philippe Busquin was commissioner, in fact - to place scientific policy higher and higher on the general policy agenda.

Participating in the European knowledge-based economy as a guarantee for sustainable prosperity

EWI Review: What are the policy planks of DG Research? To what degree does this policy exert an influence in our daily lives?

KVdb: What is our policy? Well, our policy is to help bring about a European knowledge-based economy, as this constitutes the biggest winning asset for sustainable development and for maintaining our competitiveness in future. We are naturally referring to the knowledge triangle of research, education and innovation. DG Research is responsible for research and technology.

We do this first of all by trying to bring together everything to do with research and technological development in other EU policy domains; for instance, by creating an internal market that is propitious for innovation and research, or by gearing fiscal policy to measures intended to boost research and development. Another example is to incorporate research and innovation more assertively into the structural funds[72] so that the new Member States can allocate more funds to research and development.

We are also trying to create a European Research Area, which is actually intended as a sort of internal market for research. We have had a very fragmented system by comparison with America up to now. The US has one large research system. Whereas in Europe we have some twenty-seven such systems, and within some of those systems (such as in Belgium) a number of subsystems, which are becoming all too sub-critical from a global perspective.

Chart a vision and turn it into instruction for the administration

EWI Review: What is your specific role? What does a deputy head of private office of an EU Commissioner actually do?

KVdb: The tasks of the deputy head of private office include coordinating the commissioner's portfolio, defining policy, etc. These tasks are naturally carried out in cooperation with the other members of the cabinet. My responsibility is to have a general overview. This entails a great deal, in fact, including advising the commissioner about the strategic principles, where we are headed, trying to translate his vision into instructions for our services without getting involved with the management. We have no responsibility for managing the administration. The aim is to have the commissioner develop a vision, which we then cast and turn into operating instructions for the Directorate-General. This, in a way, is my core task. I also write speeches and represent the commissioner in all sorts of meetings inside and outside the European Commission.

EWI Review: Can you compare the role of a private office at the Commission to the role of a minister's office in the Flemish government?

KVdb: I have no experience with ministerial offices in the Flemish or Belgian government. What I do know is that we are far smaller in number, and thus cannot assume as many tasks. Nor do we wish to manage an administration of 5,000 people. So it comes down to setting out the general guidelines; no more than that. Out of necessity. It may also be healthier, since we are required to set real priorities. But I won't deny that it is frustrating at times, because implementing your vision depends on an administration which does not always follow along 100%. And that is sometimes frustrating. There is a natural

tendency to check up on how something is being implemented, but we cannot respond because there are far too few of us.

A change of mentality is needed so that Europe is viewed as a win-win.

EWI Review: Let's take a closer look at the ERA. How do you see the balance between developing one large research area on the one hand, and regional goals on the other?

KVdb: We must be well aware of what is happening. All companies, European and non-European, are investing a lot in research and development, but not in Europe. It is a complicated issue, because it is a good thing of course for our companies to invest in research and development in growth markets; and it would be very bad, in fact, if they did not do so. So it is in our interest for them to invest in China, India, Brazil, etc.. But what will this mean for Europe if no additional investments are made here, either by European or by non-European companies?

Our world is getting smaller, in fact, and this means more and more competition between people, companies and places. People and companies are becoming more mobile all the time. We should therefore ask ourselves what Europe's place in the world is. In my view, we must realise that our innovation system and our economic system is no longer regional but European. A choice has to be made: Do we see Europe as a sort of win-win situation, where everyone wins as a European, or do we see Europe as a zero sum game, a Europe where regions and countries compete with each other? We must stimulate more cross-border competition between researchers, universities and companies. But should Member States also compete with each other, or should they in fact cooperate to promote competition between players? To ask the question is to answer it.

A small Flanders in a large Europe

EWI Review: How do you see the difficulties and opportunities for Flanders in this

European Research Area?

KVdb: A general discussion is under way on this very issue. How do we see the future of Europe and of the regions within Europe? Flanders as such is clearly above the European average, and is thus in a decidedly strong position. Flanders must realise that it has everything to gain by becoming integrated into this European area. It offers a great many opportunities. However, I am deeply saddened that Flanders is still very much afraid of greater Europe. As if it might get trampled underfoot - although there is absolutely no indication that that might happen.

A European research area means that a region does not turn in on – and work only for – itself. Any knowledge exploited somewhere in Europe other than where it originated benefits Europe. The regions of Europe have become interdependent. Flemish knowledge is sometimes exploited better in Germany, where the economy has a gravitational pull. This in turn has a more positive impact on the Belgian economy than if the investment or knowledge were exploited in Belgium itself, where the economic impact would be much smaller.

A framework for the European Research Area that supports the internal market

EWI Review: Isn't there a risk that the development of a large European Research Area will also create local gaps? Europe as a whole should be able to move foreword, but certain regions may find it difficult to keep up.

KVdb: This is such a fundamental subject, that we could spend an entire day discussing it. What counts above all is to complete a real internal market that also promotes innovation. We must avoid cases such as mp3 technology, which was developed in Germany but fully commercialised in America. All added value for society from such commercialisation goes to America, in spite of the fact that it was a European invention. This shows that the innovation paradox is still pretty much at play. The only way to remedy the situation is to create a European market where a company not only looks into its own small region and local market, but tries to gain access to the greater European market. We still have a lot of work to do on the European patent, on making better use of public procurement and so on.

We are also trying to bring about the European Research Area, where we address the more public side of research. We are getting more and more into a situation of open innovation in companies. Companies can no longer conduct science, technology and development in house, because it is far too costly and they then miss opportunities. Their option is to cooperate with knowledge institutions. Companies are going to look increasingly into where the best knowledge institutions with the best people are available in sufficient numbers. If every individual region tries to optimise this, then you are aiming far too low. We must really get on the map as Europe.

Our aim is to set up a sort of framework in Europe where regions can gradually begin to specialise. Each region opts for fields in which it wants to be strong. In this way, we avoid having every region doing the same thing. Naturally, a number of preconditions have to be met. For instance, there must be a sufficiently large mobility of researchers, which is currently virtually non-existent. A region will opt to specialise only if it knows that it will get access to knowledge produced elsewhere in Europe. The Commission will create a sort of frame of reference on major societal challenges such as energy, for instance, where we can agree, together with the Member States, what our vision is to be for the next 10 to 15 years, and where the regions themselves determine how they fit in the European framework, and how they can tackle what other regions are or are not doing

Companies are going to look increasingly into where the best knowledge institutions with the best people are available in sufficient numbers

European research in the future

EWI Review: We already have the Strategic Energy Technology (SET) plan, which cuts across policy domains, but it is 80% research-related nonetheless. Do you think you can implement such a plan in other domains? Is this also connected to the lead markets[74] or do you see this in a broader framework?

KVdb: Well, everything is connected to everything else, but the SET plan is a very good example of what we want to do in the future. I think that we will first of all have to draw a distinction between researcher-driven and society-driven research.

For *researcher-driven research*, we have the European Research Council (ERC)[75], where we want to achieve far more competition between researchers on a European scale. To this end, we must secure cooperation between the Flemish FWO and all the national structures that are responsible for financing basic research. The ERC can serve as a sort of catalyst.

However, this does not mean that the local structures have no role to play any more. In fact, they are wondering how they are to behave in regard to the European Research Area. Various countries already plan to check which national scientists were selected (with their proposals) by the ERC, but did not receive any European funding. Some local financing organisations want to fund such projects from national resources. A brilliant role. Another role consists of making sure that young researchers or certain sectors with a lot of potential can be supported by the regional structures. The roles may vary per region. I am certain that the FWO is wondering about this.

Then you have *society-driven research* where you work on a given subject. Here, we will try to reproduce the SET plan in other domains. Europe must define a limited number of major societal challenges and optimise its means and resources to tackle them at European level. We must get beyond the situation where each Member State, each region or the European Commission decides what is to be financed and does so autonomously and in isolation. We should move forward together, so that Belgian and Dutch funds remain in Belgium and the Netherlands, but finance research that contributes to a European framework. The SET plan is pioneering in that respect. I think that a number of other domains, such as clinical and medical research, are highly suitable to do this in a European vein. We want to elucidate the choice of subjects, the process and so forth, with a policy communication in September.

Local and rapid success versus laborious but European excellence?

EWI Review: Why would, say, a Flemish researcher make the step to the European level with all the administrative fuss and low chances of success? It is far easier for that same researcher to submit a proposal to the local funding channels, and it has a higher chance for success (and/or a larger budget).

KVdb: That is a very legitimate question for which I have a number of answers. First, we have done a great deal of work to simplify administrative matters in the seventh framework programme to everyone's satisfaction. We must continue to work on this, but the initial reactions from researchers in the seventh framework programme show that there is far less red tape compared to the past.
Second, whereas it is true that the chances for success are far lower, the visibility and clout of a European project are usually greater. More than nine thousand proposals were submitted for the first ERC call, which is just now being evaluated. About 400 of these received funding. I should mention in passing that Flanders does relatively well. There are projects from the KU Leuven and the VIB in Ghent. Moreover, there are projects from the universities of Ghent, Antwerp and Brussels on the reserve list. Furthermore, the administrative burden of participating in an ERC project will be far smaller. This gives a massive profile to the research groups funded by the ERC, and thus many advantages. The chances of success are admittedly small, but this is because we have very little money. These budgets will be increased in future. The ERC this year has a budget of €300 million; in 2013, that figure will be €1.7 billion. So we can assume that the budget will be drastically increased beyond 2013 as well.
Thirdly, there is an element of international networking. An international consortium put together to take part in a European research projects creates bonds with players in the rest of Europe on a concrete subject. Even if you do not succeed in getting funding for your project, various analyses show that the networks created can be of lasting value.

Is Flemish tax money sometimes put to better use at European level?

EWI Review: Participating in new European research initiatives implies, in many cases, that Flemish research results are exploited abroad. Some people in Flanders wonder why. Are we spending Flemish taxpayers' money properly?

KVdb: In the last two years, especially after the Aho report, there has been growing awareness that we must not look only at the supply side, i.e. the funding of research, but also how we can create more demand and new markets, so that research results can be marketed in Europe. This is our response. We want to set up *lead markets*[74] with the Commission to see how we can create a real market.

We have identified six domains. One of them is sustainable construction, namely the zero *energy house* or *smart energy house*. Experts point out that such a zero energy house is already technically feasible. It has not been implemented because the business community does not invest in it since it does not pay. There is no return on investment, because there is no European market. Governments can create brand new markets within 10 years (e.g. for high-tech hospital construction or low-energy school buildings) through imposed standards, public invitations to tender, and by coordinating research investments.

The problem here is that you actually work round the entire issue of the internal market and conquering local reflexes. Reforming your economy leads immediately to winners and losers. You can be certain that many companies actually benefit from local norms and standards in the short-term, because then they have a market. When you try to take something on a European level, their protected market disappears. We are currently testing these lead markets in an experimental phase. The aim is to extend this effort to a modern industrial policy creating real European markets.

Aren't companies looking for the least resistance (and lowest costs)?

EWI Review: Aren't we putting ourselves in a difficult position at a global level, precisely because the Americans, or whoever else, are not always willing to go along? For instance when it comes to reducing CO2 emissions? The Commission may well create an internal eco-market, but is Europe strong enough to bear the burden on its own in a globalised context?

KVdb: I think so. Do not forget that Europe is a market of 500 million people.

EWI Review: The European market is indeed large, but international companies go to where the obstacles are the smallest. And they import their (cheaper) products to the European market.

KVdb: We are talking about world problems here. For instance, there will be no oil any more in the long term. Are we going to find alternatives to oil? Here, we are making strategic choices for Europe. The faster we find technological alternatives, the better we will be off in future, and American will have to follow in our footsteps. We really have to make a number of choices in fields in which we can actually make such strategic choices. China is faced exactly the same problem. However, they are eager to work with us on environmental technologies. The earlier we can win over the market thanks to a real European market through which we can get new technologies and new companies or be able to help convert existing companies into more technologically-oriented undertakings, the stronger we will be in the future.

Funding research programmes together with the Member States

EWI Review: We have already mentioned researcher-driven research. In your view, society-driven research clearly offers a number of opportunities for you. Then there is market-driven research. What is the Commission's position on this?

KVdb: We see a two-track approach on this. We want to work with partnerships. The Commission's role must progress from financing projects to financing programmes in the longer term. Then you have subjects that are really public-driven, where we are endeavouring for public cooperation, i.e. the European Commission with the Member States. These are areas from where a number of economic developments can ensue in the long-term, but where market failure is very great; or, things which industry does not find interesting in an initial phase.

We also attach a great deal of importance to private-public cooperation. This is something where we are experimenting with the *joint technology initiatives* (JTI) - a promising concept, in my view. Take our six-year programme with the pharmaceutical industry. The Commission has contributed €1 billion and the pharmaceutical industry has contributed €1 billion in kind. Our money goes only to SMEs and universities which conduct research that meets the needs of the pharmaceutical industry. In this way, we are building an infrastructure in Europe, a framework in which the pharmaceutical industry and companies can bring much more competitive and safe medicines to market much faster. This is the future, in our view. If these JTIs succeed, then this is the best direction we can take in future, as I see it. This means that there is still a great deal of public investment needed in research that meets the needs of the industry. And this applies not only to industry, but to knowledge institutions as well, which work according to the needs of industry.

"People in Flanders must learn to be more proactive, not reactive."

Not large but proactive and selective

EWI Review: Doesn't this limit the autonomy of the regions and the Member States - especially the small ones? Can they still put their imprint on the discussions and debates?

KVdb: I have been hearing this question a lot since 2000 from Flanders; a typical Flemish/Belgian reflex. Other regions and countries that are as small as Flanders do not ask the question, but I'm glad you brought it up. Mr Busquin gave priority to bigger projects, known as integrated projects, in the sixth framework programme. Belgium voiced heated protests, because a small country like Belgium would wind up losing out as a result. What did we see? Belgium and Flanders are doing awfully well in these *integrated projects*.

EWI Review: One point to raise here. We are doing well thanks to our research centres and universities. Our companies are doing less well.[77]

KVdb: People in Flanders must learn to be more proactive, not reactive. Once the call for project is issued, you are too late. You must apprise the Commission beforehand that certain subjects must be included in the work programme; only then you are a step ahead. Something like this happens all the time, but not in Belgium. It is always an eternal struggle. If no one helps companies to be active at European level through technology platforms that will become real guiding channels in the allocation of future European funds, then you miss the boat. The Flemish universities know full well how they must act in these channels in order to help determine the research agenda.

People must really come to terms – and this is a political answer – with the fact that the future of Flemish research lies in Europe. If there were no framework programme, the large Member States tend to work chiefly with each other, in which case Flanders or Belgium would have no say whatsoever any more. A right of participation still exists at European level thanks to the community principles and the Framework Programme, which (...) Flanders must try to utilise to the maximum. If we move towards Article 169 initiatives[88] 83 or ERA-nets[78], Flanders can capitalise on the opportunities – on a voluntary basis, for no one is forcing you to come aboard.

Here once again, the question arises as to the choices that have to be made. If Flanders thinks that it has to be present in everything, then it has a problem. Flanders has strengths and must therefore take the initiative! That is my message to Flanders in a nutshell. Be much more proactive; the framework programme offers opportunities for it.

Excellence and convergence

EWI Review: How does something like this come across? Because that's something I don't see in the debate. How do you see the return on investment? How do you see that impact?

KVdb: Through economic growth.

EWI Review: But then Europe still risks creating gaps. How do you get around that? Or does the Commission assume that the situation will work itself out in future because all regions will be involved?

KVdb: You are essentially raising the question of convergence between the Member States. I think that Europe must do two things. First, help the best to become even better; secondly help the less good to get better. That is why we have two instruments in the European budget. We have the structural funds[79] which, as a matter of priority, are allocated to the new Member States or to Member States that are insufficiently developed, so as to help them get on their feet. And then we have the framework programmes[80] which are purely excellence-driven, and for which we want to make no compromise on the excellence dimension. The framework programmes must enable the good players to become even better.

A look in the crystal ball: Flanders, an innovative place to be in a few domains

EWI Review: Let's conclude with a look into the future: Where would you want to see Europe in 50 years?

KVdb: Where I would want to see Flanders in the future is in the European Research Area as a region with a number of clusters like IMEC or like VIB, that actually have gained a place on the world map, and where you get what economists call agglomeration effects. Other technologies, researchers and companies are being attracted. Flanders is the place where things are happening in certain technological areas. That is only possible if Flanders commits itself radically in a European area. That is my vision for all regions in Europe, in nutshell.

We should actually have a Europe with highly specialised clusters that are aware what each other is doing and have a very efficient form of knowledge exchange. Instead of the current competition between the regions, you can have a joint competition of the European regions with the rest of the world. Competition is not played out between the regions and regional policy makers, but between researchers and research groups. Such competition must be strengthened on the European scale. This, in a nutshell, is my personal view.

We distilled from the interview, that Flanders should approach the European channels more proactively, consider strategic specialisation in a number of areas, and the role and complementarity of Flemish financial instruments in regard to their European counterparts. One important message was that Flanders need not be afraid of greater Europe. It is precisely because of Europe that Flanders has a say in the matter, but it is up to Flanders to seize the opportunities on that front. Flemish policymakers have quite a lot on their plate.

Bart Laethem
Entrepreneurship, Science Popularisation and International Cooperation Team

Peter Spyns
Office for Policy Research and Prospective Studies

70 In the meantime, Kurt has been promoted to Head of Private Office of Janez Potočnik.

71 www.jrc.ec.europa.eu

72 See also elsewhere in this issue: p. 28

73 See also elsewhere in this issue: p. 24

74 The *lead market* initiative wants to pursue a coherent policy approach and create favourable framework conditions to be able to stimulate the emergence of markets with high economic and societal values without disrupting the market mechanism. Six domains are involved: eHealth, protective textiles, sustainable construction, recycling, bio-based products, and renewable energies (see also http://ec.europa.eu/enterprise/leadmarket/leadmarket.htm). Funding will be geared chiefly to these

75 See also elsewhere in this issue: p. 17

76 See also elsewhere in this issue: p. 18

77 See also elsewhere in this issue: p. 34

78 See also elsewhere in this issue: p. 23

79 See also elsewhere in this issue: p. 28

80 See also elsewhere in this issue: p. 30

88 The most important aim of Article 169 of the EU Treaty is to use coordination to reduce the fragmentation of national and regional level research. This article makes it possible for the European Union to participate as an equal partner in research and development programmes that are being conducted by several Member States (outside the Community framework programme), including in community structures that are set up to carry out the programmes jointly. In practice, this means that the EU provides extra funding over and above the national public funds.

The European Services Directive

On 13 January 2004, European Commissioner Fritz Bolkenstein submitted a proposal for a directive on services in the internal market. Also known as the Bolkenstein Directive, this services directive was intended to re-engage with the core business of the European Union: the completion of the European market. Shortly thereafter, however a heated protest arose against the services directive. It was feared that this ultra-liberal directive would sweep our social model off the table. In the end, the services directive was approved by the Member States on 12 December 2006, but only after laborious negotiations and numerous adaptations of the text.

An instrument of economic reform

The Lisbon European Council in March 2000 stated the aim of making the EU the most dynamic and competitive knowledge-based economy in the world by 2010. The service sector accounts for 70% of GDP[81] and employment in most Member States. A competitive services market is therefore of vital importance for promoting economic growth and employment. The completion of the European market in theory took place already in 1993. And yet, a report by the European Commission on *the state of the internal market for services* showed that there was still a big gap between the vision of an integrated economic and the day-to-day reality of European citizens and service providers.

Many obstacles are still hindering service providers and especially small and medium-sized enterprises from expanding their activities beyond national borders within the internal market. A number of measures will thus have to be taken if Europe is to achieve its Lisbon objective. The services directive is one of the initiatives in this process of economic reforms.

A multifaceted framework directive

To remove these barriers to the cross-border movement of services, the services directive provides for a wide range of measures which, apart from a number of exceptions, apply to the entire service sector. First, all Member States must review their existing national, regional and local regulations on barriers to service providers. These are allowed only if they meet a number of strict criteria. For instance, all the permit systems and requirements for companies set by the government must be in accordance with the principles of non-discrimination, proportion and necessity. If the government wants to intervene, it can do so only under certain conditions and must justify its action to the European Commission.

A second sweeping measure requires all Member States to set up a one-stop shop. A company must be able to see to all procedures, formalities and permit applications electronically through this one-stop shop. Furthermore, an entrepreneur must be able to get all relevant information through this one-stop shop and Member States must explore how all formalities and procedures can be simplified. By way of comparison, someone who wants to start a hotel now must still obtain more than ten permits, authorisations or certificates from various entities on all possible administrative levels. For a starting entrepreneur, this is usually a complex and time-consuming procedure that runs contrary to the entrepreneurial spirit. The services directive wants to change all this through the one-stop shop.

Finally, the services directive sets a requirement for administrative cooperation between the Member States. A foreign contractor who wants to come and provide services here can go to the Flemish administration to have his foreign diploma or permit verified. The Flemish administration will be able to request this information from the relevant foreign administration through a system developed by the European Commission. The foreign administration is required to reply within a certain period. Europe is keen on improved administrative cooperation to check the proliferation of regulations and overlapping of controls on cross-border activities.

A case of this is none of my business?

The services directive seeks first of all to address the free movement of services and the freedom of establishment at European level. These measures are bound to have consequences for companies that want to provide services abroad. The correct implementation of the services directives will simplify matters somewhat for such companies. But the Flemish service provider who has no plans for other countries will normally also reap benefits. Many of the measures, such as the one-stop shop, administrative simplification and the elimination of inefficient permit systems will mean a direct improvement in the current regulations governing the internal movement of services at home.

The ultimate target group is still the citizen in general and the consumer in particular. The liberalisation of the market for services should, in addition to economic growth and more employment, bring about in particular a greater freedom of choice, better services and lower prices for consumers.

For today or tomorrow?

Approved on 12 December 2006, the services directive must be transposed by the Member States in national, regional and local legislation by 28 December 2009 at the latest. As this directive is intent on pushing through a number of very ambitious and sweeping measures, it is doubtful whether all Member States will fully complete the transposition process. The establishment of a comprehensive and electronically accessible one-stop shop by the end of 2009 could well be a bridge too far. Other objectives, such as boosting the economy will not be directly perceptible, and thus more difficult to assess. Finally, the future will show what the concrete consequences are, not just economically but socially too.

Tom Vandenbogaerde
EWI Legal Department

81 See also elsewhere in this issue: p. 8

Policy Research Centre on Governmental Organisation in Flanders

In the second edition of the Policy Research Centre on Governmental Organisation in Flanders (known by the Dutch acronym 'SBOV II') the Universities of Antwerp, Ghent, Hasselt and Leuven, and the University College Ghent formed a research consortium. The partners are:

- Public Management Institute (University of Leuven)
- Management and Administration Research Group (University of Antwerp)
- Faculty of Business Administration and Public Administration (University College Ghent)
- Centre for Local Politics, Department of Political and Social Sciences (University of Ghent)
- SEIN, Institute for Behavioural Sciences (University of Hasselt)

The Public Management Institute acts as the coordinator of SBOV II, which is geared to gathering, analysing and making data available, conducting problem-oriented and basic scientific research and providing services. All aspects of management and policy in the public sector are broached. In this capacity, SBOV II (i) is a partner in administrative reform in Flanders, (ii) exerts social leverage for administrative reform, and (iii) exerts academic leverage for administration as an academic discipline.

- Partner in administrative reform in Flanders

The administrative authorities in Flanders are on the move. The structures of the Flemish administrative apparatus have recently undergone a thorough reform and the new 'municipality and province decree' charts a new course for local authorities in the future. The adage 'modernise or disappear' has never been more true. In its vision statement, 'Flanders in Action,' the Flemish government rightly makes further modernisation one of the points for special attention (Flemish government 2006).
SBOV II is a partner for further administrative reform in Flanders and provides scientific support for this agenda. There is intense interaction with all official and political actors involved. SBOV II nurtures this interaction with research in Flanders and with insights into international trends within the OECD context.

- Social leverage

SBOV II provides a neutral and scientific platform where various actors can engage in dialogue to structure a social project for the modernisation of administration within the Flemish and European context. This platform is connected to an intense communication process with various target groups. These groups are involved in research in both a passive (providing information on the results) and active capacity (input through focus groups and question rounds).

- Academic leverage

Modernisation in the OECD pilot countries is exhausting the various resources. In addition to foreign governments, the private sectors and knowledge centres, the academic world is very present on the modernisation scene. SBOV II is the academic platform par excellence for strengthening, 'academising', socialising and internationalising various types of expertise that can provide support for modernisation.[84]

Research programme

SBOV II translates its ambitions into a research programme for 2007-2011. The research used to be subdivided into A projects (70%) and B projects (30%).[85] The A projects constitute the long-term research; they are the basic research lines that together make up the backbone of SBOV II. The B projects are geared to the short-term, have to be applied for annually, and address punctual, strategic issues of the Flemish government. The projects are spread out in a balanced way between the Flemish and local level. The research programme includes the creation of databases, the development of instruments and scientific services.

The research programme consists of four clusters. For the time being, the clusters are based on the wishes of the Flemish government in terms of research subjects.[86] Another source of inspiration is the international public administration agenda. SBOV II also builds on the knowledge accumulated in SBOV I. Finally, research that is already in progress or financed from other resources, is not included in the programme. Together, the clusters form the public sector's research agenda in the first decades of the 21st century, more specifically: (i) innovative policy, management and financial cycles; (ii) HRM and change management; (iii) guidance in governmental, non-profit and business networks; and (iv) renewed relations between citizens and the administrative authorities.

- Cluster 1: Innovative policy, management and financial cycle

An innovative government inspires confidence in citizens. It is therefore essential to investigate the conditions for quality, satisfaction with services, and confidence. A high-quality government innovates and respects the basic principles of good governance. The increasing complexity of administration and policy requires a transparent administrative system that contributes to confidence in that government. An essential component of this is a properly underpinned and financially sound policy. This policy must be forward-looking and based on objective data. A healthy financial system must be able to guarantee the implementation of this policy.

Steunpunt beleidsrelevant onderzoek 2007-2011

bestuurlijke organisatie Vlaanderen

Name: Policy Research
Centre on Governmental Organisation in Flanders
Sponsor – coordinator: Prof. dr. Geert Bouckaert
Consortium members:
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competent ministers:
- Minister President of the Flemish Government and Flemish Minister for Institutional Reforms, Agriculture, Fisheries and Rural Policy
- Flemish Minister for Domestic Administration, Urban Policy, Housing and Civic Integration
- Flemish Minister for Administrative Affairs, Foreign Policy, the Media and Tourism

Budget: € 1.477 million

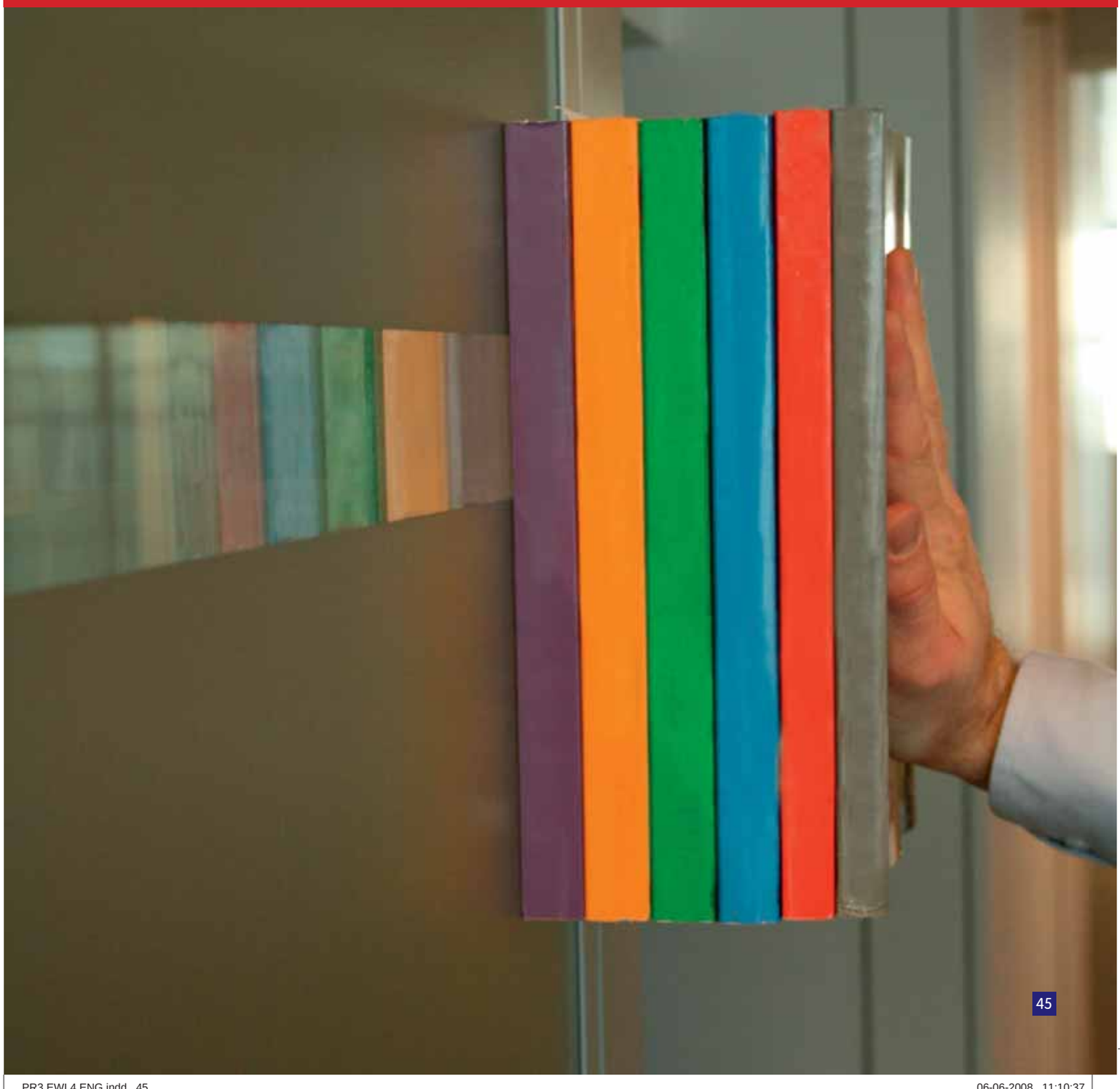

Figure 10: the members of SBOV

- **Cluster 2: HRM and change management**
  A society needs a competent and motivated public sector. The most important capital of the government is still its human capital, and here there are major challenges, not least because of the greying of government personnel. How can the government continue to have motivated and competent personnel? The quest for an adapted form of flexibility with added value for both humans and organisation will play a crucial role. A modern HRM policy can exert considerable leverage by making the various governmental authorities aware of their responsibility for a number of basic principles of public service.

- **Cluster 3: Guidance in governmental, non-profit and business networks**
  The marketing and networking of governmental authorities will be an important winning asset in the coming decade for effective governance perceived by citizens and businesses as being innovative and trustworthy. The government is no longer above but in the midst of a network of other organisations. Hierarchical thinking has been replaced by thinking in terms of horizontal relations and cooperation, where trust between the various actors is crucial. From a multi-level governance perspective, optimal relations must be developed between all administrative levels – local, provincial, Flemish, federal, European and international. An essential question here is who will assume the 'regulatory' function of government.

- **Cluster 4: Renewed relations between citizens and administrative authorities**
  Participation and interactivity lead to more satisfaction, confidence and greater ownership among citizens. It is essential, certainly in local administrative authorities, to guarantee strong cities through a participatory policy, underpinned with a strategic management, capable of taking on these challenges. This applies to the Flemish government in its relations with citizens and civil society. An interesting question here is whether participation can be understood in the same way for both levels. Are the same forms of participation involved or are there other patterns of interaction between citizens and the administrative authorities?

More information on SBOV II, as well as an overview and summary of the projects, an overview of the staff, a publication database with access to published research results, is available at www.steunpuntbov.be.

A preview of the results from the SBOV research catalogue

Cooperation between administrative authorities?

SBOV investigates inter-administrative and public-private cooperation in Flanders. Accordingly, it has ascertained that the non-profit organisation formula remains popular, and that the administrative authorities are very creative in inventing arrangements for personalised cooperation to suit them. The legal dimension is important, but does not constitute the biggest challenge on this front. Cooperation depends primarily on an open attitude from the parties involved and good, mutual arrangements. The intermunicipal cooperation decree seems to be positive in practice for the most part, although the possibilities for working together with provincial administrative authorities could stand improvement. The possibilities set out in the decree for obtaining exceptions in the European competition regulation seem feasible.

Trust in government?

Trust in governance is the ideal gauge for its performance in the eyes of society. In the past, SBOV has measured the trust of citizens in their government at regular intervals. These measurements have shown that the proximity of governmental authorities enhances trust (local authorities are the most trusted). The oft-heard reports about declining trust are not substantiated by the numbers: trust in government fluctuates, but is certainly not in freefall. Furthermore, the less informed and less educated citizens turn out to be the most distrustful of the government. Lastly, Flemings are apparently very satisfied with the water and power supply, the postal service and household waste removal, whereas there is more dissatisfaction with public transport and the state of roads, cycle paths and footpaths.

E-government?

Electronic government is gaining in importance. SBOV has pioneered research in e-government in Flanders. In e-government in small towns, for instance, the municipal secretary often plays a decisive role in the use of ICT in the organisation, although ICT is seldom part of strategic choices or policy. Moerover, small towns appear to be dependent on the cooperation with a fixed domestic supplier. The Flemish government increasingly supports local authorities in local e-government and has apparently taken major steps itself in terms of ICT. For their part, citizens expect improved services. Initiatives such as MAGDA (Dutch acronym for 'maximum data sharing between administrative authorities') help in this process.

Flanders in international rankings?

The increased media focus on how well Flanders scores in international rankings entails more and more pressure to score well. SBOV research has shown that Flanders is often in the pack. The problem with such rankings is that they are often not clear, definitions are not explained and the Flemish context is insufficiently taken into account. Moreover, some countries and regions seem to be far more active than Flanders in influencing the indicators on which the rankings are based. Flanders must therefore become more proactive and not be blinded by its position in such summaries. For these figures to be put to good use, we must first find out the relevant methodology and (ideological) background.

Joris Voets
Policy Research Centre on Governmental Organisation in Flanders

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84 The first edition of SBOV (2001-2006) charted the public administration in Flanders and abroad: 145 articles for periodicals (including 70 international), 120 book chapters (including 35 international), 130 congress papers (including 120 international), 15 books (including 5 international) and 95 research reports give an idea about the output.

85 Seventeen full-time equivalents are assigned for conducting the research (of which 12 for A projects, and 5 for B projects).

86 In particular taxation, finance, organisation and administrative relations, policy coordination, monitoring and confidence, modern HRM and change management, administrative simplification, regulatory management and e-government, integrity and governance, urban policy.

FIT gives Flanders more international clout in high-tech sectors

Flanders Investment & Trade (FIT[91]) is a Flemish agency that promotes international trade for Flemish companies and attracts foreign investors. Its foreign network is of the utmost importance in this regard.

The agency has its own offices in some 65 countries and can call on the offices of sister organisations in about 25 countries. They keep a finger on the pulse of the international economy at strategic locations. The further diversification and specialisation of these offices is one of the most important goals of FIT. Technological officers are consequently being dispatched to specifically chosen places to monitor technological sectors that have significant added value for the Flemish economy. FIT will henceforth have five such technological officers in New York, Tokyo, New Delhi, Los Angeles and Beijing. In addition to the Flemish Economic Representatives or trade secretaries, they focus on sectors which play a key role in the international development of the Flemish companies, and who set high requirements on specific expertise: the bio- and nanotechnology sector in New York and Tokyo; the ICT sector in New Delhi and Los Angeles; and in everything to do with the environment in Beijing. The FIT technology officers work in two directions: they promote Flemish high-tech offering while actively looking for opportunities for Flemish companies, and they also look for interesting high-tech investments and investors for Flanders.

Flanders has a great deal of research and development potential, but often not enough is done with it. New products, market-ready ideas and spin offs from knowledge centres must be given the opportunity to go international. The most important task of the new FIT technology officers is to turn plans into real projects. To that end, they provide active support to Flemish companies and clusters to develop new technological products or services internationally. They proceed in the same way in actively canvassing foreign companies that want to invest in the innovative and technological region of Flanders. More specifically they bring together the supply of and demand for innovative technological developments, whether Flemish companies, knowledge institutions or governmental organisations are involved. They also establish professional networks with scientific and financial centres and companies in their region and detect trends and developments, standards and best practices. Finally, they also play a role in promoting and branding Flanders as an innovative and technological region.

The first step in charting a future strategy to put Flanders on the technological world map is taken by a steering committee composed of representatives of the following organisations in addition to FIT: IWT, Technology Region Leuven, Agoria[92] and the four strategic research centres, i.e. the (Interdisciplinary) Institute for Broadband Technology (IBBT)[93], the Interuniversity Micro-Electronics Centre (IMEC)[94], the Flanders Interuniversity Institute for Biotechnology (VIB)[95] and the Flemish Institute for Technological Research (VITO)[96]. The steering committee gives instructions to the technological officers regarding contents and strategy. The FIT is responsible for daily operational supervision. For the rest, the technology officers are responsible for the approach in their specific field and for producing concrete results. Their schedule is checked continuously with both the FIT and the steering committee. The first signs of this structured approach are already clear at an early stage. FIT can already make positive remarks on the innovative and refreshing approach in the way that Flanders is promoted as a high-tech region in various regions where the technology officers are active. The future looks bright: Flanders is getting more international clout in high-tech sectors.

Bart Matheï
Flanders Investment & Trade

91 http://www.flandersinvestmentandtrade.be/
92 http://www.agoria.be/
93 www.ibbt.be
94 Cf. EWI Review 1 (1): 20-23 and www.imec.be
95 Cf. EWI Review 1 (1): 25-27 and www.vib.be
96 www.vito.be

Supporting the Flemish media sector

Who

MEDIA Desk Belgium – The Flemish Community is the European contact point for the Flemish audiovisual sector. It is the information and consultancy office of the European Commission's MEDIA programme. The purpose of the MEDIA programme is to stimulate the European audiovisual industry and make it competitive. As such, it is up against a double challenge: maintaining a strong position on the international market and creating a recognisable European visual culture. MEDIA Desk contributes in two ways, through support measures as well as information and advice.

In addition to the MEDIA Desk, two other important actors are involved in carrying out the MEDIA programme. First, there is the European Directorate-General[87] for Information Society & Media that defines policy and fixes the budget, for instance. And, since January 2006, the Education Audiovisual & Culture Executive Agency (EACEA) has been responsible for implementing the MEDIA programme.

The EWI Department supports the activities of MEDIA Desk Belgium by promoting the development of a creative cultural industry and stressing the ever increasing focus on innovation. Examples include the support mechanisms for pilot projects, interactive projects, video on demand (VoD), and the digital cinema.

Well known concrete achievements include Windkracht 10 [Wind Force 10] by Hans Herbots, 'Anyway the Wind Blows' by Tom Barman, Confituur [Jam] by Lieven Debrauwer, Een ander zijn geluk [Somebody Else's Happiness] by Fien Troch, and Requiem voor een voetbalcup [Requiem for a Football Cup] by Lode Desmet.

What

MEDIA Desk Belgium-Flemish Community publicises the various support measures of the MEDIA programme, and more specifically support for producers, distribution, promotion, training, cinema operators and new technology. This support can be used to, say, initiate a training course, organise a film festival (cf. Leuven Kort) or develop a market. The development of fiction, documentary, animation and interactive projects, the production of TV projects, and the distribution of films can be supported as well. Funding can also be provided for sales agents, the development of new technological projects, the development of video on demand (VoD) and digital cinema projects, financing instruments, etc. Furthermore, Media Desk provides customised advice and guidance to Flemish audiovisual organisations on how to apply for support.

Stimulation entails more than just financing and subsidies. For this reason, the Flemish MEDIA desk is expanding its activities to include:

- providing general information on the European audiovisual sector;
- expanding a network of contacts with European organisations and professionals;
- organising activities and information sessions on specific issues;
- monitoring European audiovisual policy.

On 15 November 2006, the European Parliament and the European Council approved a new programme to support the European audiovisual industry: MEDIA 2007. This programme focuses on the pre- and post-production activities in the audiovisual sector. The budget is €755 million for 7 years (2007-2013). The general objectives of MEDIA 2007 are as follows:

- to preserve and enhance European cultural diversity and its cinematographic and audiovisual heritage, guarantee accessibility to it for Europeans and promote intercultural dialogue;
- to increase the circulation of European audiovisual works inside and outside the European Union;
- to strengthen the competitiveness of the European audiovisual sector in the framework of an open and competitive market.

Measures funded under MEDIA 2007 must:

1. take account of both the importance of the creative process in the European audiovisual sector and the cultural value of Europe's cinematographic and audiovisual heritage;
2. strengthen the production structures of small businesses to make the European audiovisual sector more competitive, as they constitute its core;
3. reduce imbalances between European countries with a high audiovisual production capacity and countries with low production capacity or a restricted linguistic area;
4. follow and support market developments with regard to digitisation.

In retrospect

It is naturally worth looking back on the results of the previous programmes:

MEDIA Plus and MEDIA Training. To what extent has the Flemish audiovisual industry availed itself of these programmes? We shall dwell briefly on some of the results.

On the whole, the Flemish audiovisual sector can be said to be hooking up with the MEDIA programme with increasing success. More and more Flemish projects are selected through the various support measures and the sums allocated to these projects are growing.

The Belgian audiovisual sector is doing particularly well on distribution. Up to 10% of the European budget for distribution goes to Belgian projects and companies, often putting us right behind the 'big five': France, the UK, Germany, Italy and Spain. Belgium is a crossroads in Europe and as a result, a wide range of European films can be enjoyed in both Flanders and Wallonia. Nearly all active Belgian distributors have been selected for subsidies under MEDIA Plus.

Progress is also being made in areas where Flanders was still underrepresented at the start of MEDIA Plus in 2001. A Flemish project entitled How to Rewind my Dog by ZAPOMATIC was selected for the first time under Support for New Talent. This project is still in progress. Similarly, a training initiative at a Flemish college was awarded subsidies for the first time in 2005: the 3D academy of the Provincial Industry College (PIH) Department at West Flanders College.

However, we should not turn a blind eye to the even better results on the other side of the language border. Audiovisual projects from the French-speaking Community are clearly selected more often and can count on more European subsidies, especially in the support for TV productions. Whereas support for Flemish TV production amounted to €3.08 million between 2001 and 2006, support for French speaking projects totalled €1.992 million. But there is a difference in the development phase too: €1.440 million for Flanders, compared with €2.655 million for the French-speaking Community.

In spite of the fact that the Flemish audiovisual industry avails itself more and more of funds that the European Commission makes available through the MEDIA programme, there is still a lot of room for progress. Consequently, MEDIA Desk Flanders is intent on providing the appropriate publicity for the new MEDIA 2007 and on breaking down barriers. Accordingly, higher quality Flemish audiovisual works will see the light of day and find their way to European screens.

If you have a question or wish to submit an application, please contact:

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87 http://ms.skynet.be/cinema/windkracht10/index.php?level=partners

Greening the economy

As per the annual tradition, in late February the Federation of Enterprises in Belgium (FEB) - together with BusinessEurope, the federation that represents European employers - organised the European Business Summit. This year's theme was *Greening The Economy: New Energy for Business*. The Flemish government stand featured information on initiatives by the EWI Department, the Economy Agency, the Flemish Agency for Entrepreneurship (VLAO), the IWT and VITO on the green economy. The many prominent visitors included the Flemish Minister for Economy, Entreprise, Science, Innovation and Foreign Trade Mrs. Patricia Ceysens as well as Commission President Barroso and eight members of the European Commission who came into contact with a number of European and Belgian entrepreneurs.

The Federation of Enterprises in Belgium is responsible for lobbying at European level on behalf of the Belgian employers and is thus keen on expanding a strong network of contacts among the European institutions. The end result is the European Business Summit.
FEB also stresses the importance of Belgium and the regions for 'new lines of business', i.e. the growth sectors of the future. Against this backdrop, our country has a very important organisational role, i.e. setting up major events such as the Business Summit.
The aim is also to show that the Federation of Enterprises in Belgium is capable of organising European and even global initiatives in Brussels. The event is so successful that BusinessEurope, the European federation of employers, this year asked to organise the European Business summit jointly with the Federation of Enterprises in Belgium. The event is a win-win situation for everyone and enjoys a well-deserved international reputation.

Opportunity of a lifetime

Rudi Thomaes, CEO of the Federation of Enterprises in Belgium, thinks that this year's European Business summit is the opportunity of a lifetime for the green economy. Europe should not miss the boat again as it did with ICT in previous decades. The reaction to the challenge raised by climate change must be different.

As he sees it, Europe must this time make clear what it stands for and stick its neck out. We are world leaders in developing clean *energy technologies* (cleantech),[88] but fall short in marketing this technology. We are technologically very strong, but not market leaders. In addition, the importance of risk capital must not be estimated. Risk capital is three times greater in the US than in Belgium. We can certainly make more of an effort on this front.

Rudi Thomaes

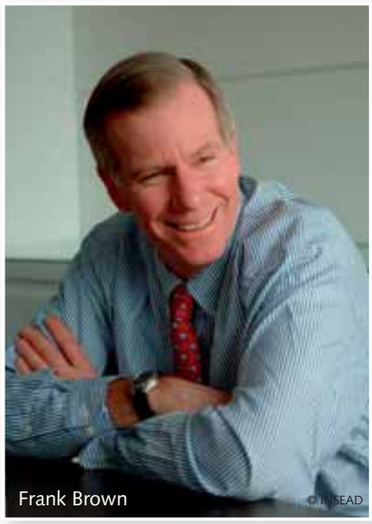
As to policy, Europe must also draw lessons from the Lisbon strategy. Much more involvement is needed on the energy and climate front, as was the case for the aviation industry and mobile telephones not that long ago. It all comes down to developing a coordinated, coherent, crystal clear and transparent policy, both in the European Union and in Flanders, guaranteeing long-term continuity.

Turning climate goals into economic reality is an important challenge for European and Belgian companies that are already leaders in eco-efficiency. To

get a better insight into the way in which our companies can tackle the climate challenge, and what role policy can play, the Federation of Enterprises in Belgium and ISEAD, the international business school, commissioned a research study.[89]

A climate for change

According to Frank Brown, dean of INSEAD[90], the study showed 'the need for cooperation between industry, academic institutions and government to achieve better results in energy performance'. The situation is clear: the rising demand for energy and the absolute need to reduce CO2 emissions require all actors – governments, citizens and companies – to take measures rapidly. Three factors are crucial for achieving macro-economic growth here: energy, eco-innovation and investments in cleantech. The study commissioned by the Federation of Enterprises in Belgium and INSEAD analyses these three parameters and compares Europe with other continents.


Frank Brown © INSEAD

This leads to the following **observations:**

- In terms of energy performance (in CO2/GDP), the study shows that the EU score (using the best available technologies) improves, while emissions from China are rising, owing to the dominant presence of heavy industry and its heavy dependence on coal as a source of energy. When lifestyle and energy consumption (CO2 emissions per inhabitant) are examined, Japan, China, India and Australia score better than Europe and energy-squandering North America.
- Japan scores the highest in innovation overall, followed closely by North America. The European Union (EU-25) scores lower, while India and China are lagging behind. The EU scores high on eco-innovation (patents for cleantech in vehicles, waste treatment and renewable energy), which is very encouraging.
- To weigh the investment parameters, the researchers posit venture capital investments in cleantech. In the EU, the venture capital invested in cleantech rose from 8% in 2003 to 19% in 2006, at a rate exceeding that in the US (from 6.4% in 2003 to 8.5% in 2007). This trend is also promising for the future.

The study identifies three **action points** that can contribute to a greener economy:

- Reduce emissions by establishing energy performance standards, and by promoting greater energy efficiency and renewable energy.
- Encourage innovation by defining specific strategies for eco-management, opting for radical eco-innovation that gives consumers added value at a lower cost and limited ecological impact, and pursuing a stable and consistent policy.
- Encourage investments by boosting venture capital in cleantech and by optimising forms of public and private cooperation and thus making the marketing of innovations more flexible.

According to Rudi Thomaes, European -- and more specifically Belgian – industry is world class when it comes to efficient use of energy. "The study commissioned by the Federation of Enterprises in Belgium and INSEAD shows that Europe scores high on eco-innovation at world scale. The challenge for Europe is to turn these comparative advantages into commercial success, in particular by focusing attention on the investment and marketing dynamics. The business world can play an essential role in worldwide technology transfer and the exchange of best practices geared to higher energy efficiency, lower CO2 emissions and higher efficiency in renewable energy. Governmental authorities, universities and companies must cooperate intensively at European level to bring all this about", says Rudi Thomaes.

This subject is closely related to a book currently under preparation in the EWI department, which will appear later this year. The next issue of the EWI Review will contain more on this initiative under the title Creating a sustainable economy: investing in the future.

Frank Vereecken
Office for Policy Research and Prospective Studies

With thanks to Rudi Thomaes, managing director of the Federation of Enterprises in Belgium and Frank Brown, dean of INSEAD, for their obliging cooperation.

88 *Cleantech* pertains to knowledge-intensive products and services that boost productivity and efficiency while reducing costs, energy consumption, waste and environmental pollution. The term addresses the increasing importance that consumers, the government and industry attach to renewable energy, the consequences of global warming and the effect of fossil fuels on the environment. It is also often used in connection with eco-efficiency.

89 The study Greening the Economy: *Creating a Climate for Change* is available at the INSEAD website.

90 www.insead.edu

The researcher of the future?

Care for a little mind game after all this heavy reading about economy, science and innovation?

The applicant, Joost L., was born in Overijse on 18 October and grew up in Brussels. He studied Greek and Latin in secondary school in Ath, with a brief stay in Cologne. His university studies at Leuven comprised no fewer than two disciplines: classical studies and law. He got his first job experience in Rome, followed by stop-overs in Leuven, Vienna and Leipzig, and finally his first tenured position in Jena as a university professor. His wife, a woman with her own life and strong will, did not follow him: long-distance love can work too! He gained further experience in Leuven, before ending up in Leiden, where he was appointed professor and pursued a flourishing scientific career. After twenty years in academia, this excellent researcher would like to return to the University of Leuven.

Is Joost eligible for Odysseus funding? A top scholar in a united Europe? The model CV of a modern researcher? Or am I describing the model researcher full stop, here? An illusion, the utopian ideal of the future?

In our day and age, a man like him, with many responsibilities, comes up against a number of obstacles when persuing such an international career. Where to get funding? How to get in touch with the person who can help him advance in his career? A chance for tenure seems all the more certain for those who do not stray too far out of sight. And what should he do when offered a grant instead of a employment contract? What about social security? Is he entitled to unemployment benefit when he returns to Belgium? A pension? Health insurance? So many questions… Furthermore, even with a sound employment contract the man's pension rights are not clear and preparing for his retirement will mean a lot of red tape. The fact that Joost has pursued his career within the united Europe in any event reduces the visa problems which, though not totally absent, are nonetheless reduced considerably. If he wants to go to work in a third country, even more administrative problems will arise. And we haven't talked about his wife yet. Should she leave everything behind to follow him? Or will they embark on the much-touted 'long-distance relationship'?
However unlikely his career may seem after all these questions, this man constitutes an ideal to be attained for policymakers all over the world: the mobile researcher. Can this be attributed to being out of touch with reality? An unwillingness to acknowledge these modern obstacles? On the contrary, these are real problems in our contemporary world which can no longer be ignored. Modern researchers have responsibilities on more than one level – their career, of course, but also their family, relatives and friends.

So why do people keep insisting on the importance of mobility then? Simply because the advantages continue to easily outweigh the disadvantages.

The usual platitude in many discussions on the importance of international flows of researchers is the future 'shortage of researchers'. Far from wanting to undermine this argument – the shortage of human capital in science, technology and innovation sectors is a real and growing problem – mobility does not seem to be a solution to this need, in my view. As all 'innovative' countries are fishing out of the same pond, attracting more young people to science and research professions will undoubtedly have a greater effect.

The added value of mobility lies elsewhere: the qualitative effects are far more important than the quantitative ones. *Brain circulation* instead of *brain gain* should be the objective.

The dissemination of knowledge is very important for innovation. Patents and publications certainly play an important role, but that is not all. Not all knowledge is on paper. And although the worldwide web and digital contact possibilities have made the world very small, they cannot possibly

replace face-to-face contact. Personal competitiveness, informal contacts, dialogue, confidentiality and loyalty are crucial factors in sharing existing knowledge and creating new ideas. And here, personal contact plays a leading role.
Scientific research is by definition a very international activity, where national borders are rather irrelevant. A small region such as Flanders cannot possibly have several experts in every discipline and subdiscipline. Furthermore, building on each other's ideas, engaging in consultation, passing knowledge on a high level and more can only take place through international contacts.

For the researcher himself, this brings, in addition to the obvious social and intellectual enrichment, not only opportunities for expanding his own expertise, knowledge transfer and knowledge creation, but also for testing his ideas with leading researchers worldwide. Those who want to work with the best must not be held back by national borders. Furthermore, creativity is stimulated in new and unknown environments.

And we have not yet mentioned the education aspect at issue: the globalisation and transfer of culture, knowledge and mentality to younger generations. The internationally oriented researchers of the future can only be trained by internationally oriented mentors.

Obtaining such advantages means removing a number of obstacles. Things must be clear as to job opportunities at home and abroad, grant systems, vacancies, etc. The European mobility portal is undoubtedly of help. Furthermore, it would be a good thing to maintain and cultivate contacts with Flemish researchers abroad. They are not merely our ambassadors abroad, but can also serve as a role model for our young researchers.

Administrative procedures, taxes, pension rights, visa issues, etc. must be made more transparent. The task of informing researchers is performed enthusiastically by the Flemish and European mobility centres, but administrative complexity does not make their job any easier.

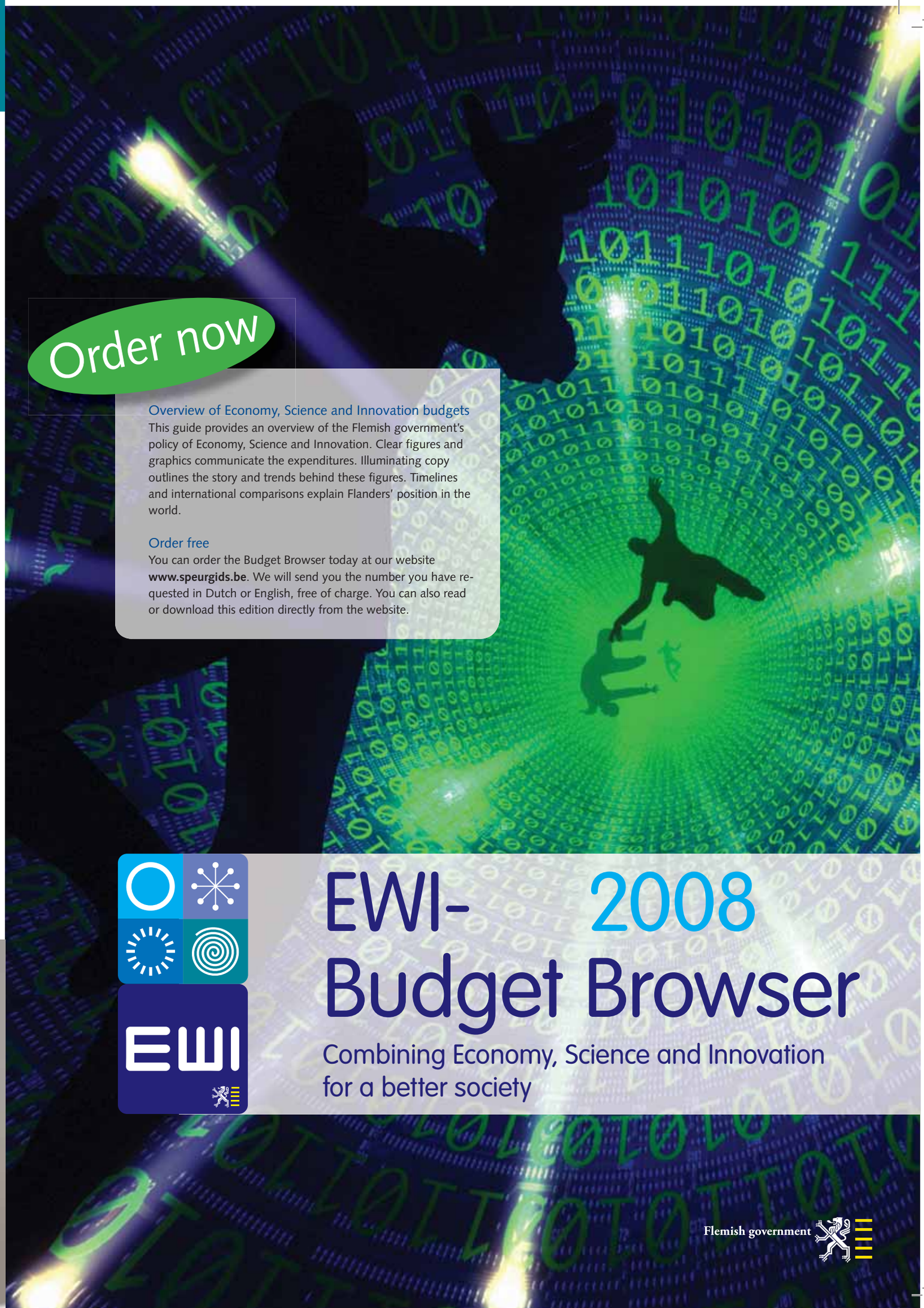
The government and employers must actually assume their responsibilities when it comes to removing such administrative problems, stressing the importance of international mobility, recognising foreign experience in career evaluation, keeping an eye out for obstacles to mobility and making mobility requirements more flexible. The courage and the will to take a leap into the unknown lie fully with the researcher himself, however. And he will only be the better for it.

I repeat my initial question: Who would this Joost be now? A contemporary researcher? Or a utopian picture of the future? Neither, though Joost is actually a man of flesh and blood. Or better put, he was once, because our mobile researcher died some 402 years ago. For Joost was not chosen arbitrarily. His family name was Lips. If that does not ring a bell, rest reassured: you are not alone. Most of us know him under his Latin name: Justus Lipsius.

Justus Lipsius was a scholar at a time when the importance of mobility for good research was never questioned. Erasmus, Vesalius, Mercator, Stevin: all these near contemporaries and top scholars, could boast international experience. The Low Countries were doing well at the time. There was no competition from the United States or Japan yet. Granted, modern obstacles such as social security, pension rights, dual careers, child minding, etc. did not stand in their way. They did, however, have to take account of serious political and religious agitation. *Sors est sua cuique ferenda* as they say in classical academia. Or, in a more modern rendering: 'Every man has his cross to bear..'

If they managed to overcome such problems, then the Flanders of the 21st century, in a Europe that has seldom been as united as it is today, should in the near future also manage to remove the remaining obstacles to research mobility.

Karen Haegemans
Policy Support and Academic Policy Team



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