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Cities and Innovation in Europe

Discussion paper

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INTRODUCTION

- Innovation *n.* 1. Something newly introduced, such as a new method or device.
2. The act of innovating.

Europe 2020 highlights the central part that innovation has to play in the EU's global competitiveness and future prosperity. By autumn 2010 the European Commission aims to publish an action plan to create an 'Innovation Union'. While the innovation debate is understandably preoccupied with technology, research and development, the role of cities in innovation has so far been underplayed. In this discussion paper we explore the concept of innovation beyond technology and markets, we explain both why innovation is an important issue for cities and why cities are important for innovation, and we review EU innovation policy, funding programmes and future initiatives.

WHAT IS INNOVATION?

The term innovation is most often used to refer to the process of producing and putting in place something new, be it a product or process. In common usage it is often associated with R&D, science and technology. We can see from the evolution of innovation policy at EU level that this has indeed been the traditional focus so far (see appendix A). This must remain a cornerstone of innovation policy in Europe. Nevertheless, we would argue that the policy, and the objectives it is designed to serve, would benefit from a broader understanding of innovation. If the EU is to address the strategic social, economic and environmental challenges facing it, then existing support for market innovation must be complemented by support for public and social innovation. By broadening EU policy in this way, the potential for new ideas, products and ways of working that is created across the wider economy could be better harnessed.

Innovation can mean an end product or a process. The table in the appendix shows some of the relevant objectives, actors and actions, distinguishing three main types of innovation.

- **Market Innovation**

'Market innovation' refers to the development of products and services to improve economic performance - be it productivity, profit, employment or GDP growth. This is the main focus of the EU's policy and is seen as particularly important to move the economy from recession to recovery, focusing on the need to improve EU global competitiveness. Here the private and research sectors predominate.

- **Public innovation**

Public innovation means new ideas that work at creating public value. The public sector, comprising large organisations with substantial human, physical and economic resources, are important players in this area. The modern world provides administrations with numerous challenges that fall within their direct remit and require innovative solutions - for example climate change, congestion, public health, and demographic change. More internal challenges now include the need for greater public sector efficiency and cost effectiveness post-recession.

▪ Social Innovation

Social innovation can be understood as the development and implementation of new ideas to meet social (as opposed to personal) needs. They are often developed and delivered by third sector or civil society organisations, and can be critical in addressing circumstances where normal commercial markets and existing public sector organisations have failed. Past examples include The Big Issue street magazine and Summer Universities aimed at assisting disadvantaged young people.

A focus on objectives rather than process

Innovation does not simply serve economic goals. Thinking and acting innovatively can help address many of the big social and environmental challenges we face, for example:

- Climate change adaptation and mitigation
- Improving public sector efficiency
- Improving health
- Sustainable transport
- Demographic change
- Raising education levels

Why innovation and cities?

City administrations are both supporters of innovation and innovators themselves. They provide services and support to build the skills, processes and structures required for innovation. They also develop innovations that will help achieve city objectives.

Most EU innovation policy has focused on economic objectives, with businesses, universities and research organisations as the key stakeholders. Businesses are indeed important, as the profit motive drives the development of new products and processes. Research organisations are also important, as their investigations lead to new understandings and ideas that can radically change the shape of products, services or ways of acting. However, almost all stakeholders within a city are relevant and must also be seen as part of a complete vision of innovation.

Innovation actors

Innovation often requires a range of public, private and voluntary organisations, most of which are most commonly found in cities. This complex, cross-sectoral interaction is visible in all three types of innovation identified earlier. The key actors in the innovation process include:

Small and Medium Enterprises (SMEs) underpin dynamic economic competitiveness and are therefore integral to market innovation, particularly when focused on improving GDP.

Entrepreneurs drive the development of successful SMEs. The link between innovation and entrepreneurship is strong, not least because they push boundaries. Most entrepreneurs aim at financial gain, yet social entrepreneurs seek instead societal benefits from their work.

Universities are the centre of the knowledge economy, providing not only graduates to the workforce but also undertaking research across thematic areas. They also provide research capacity and infrastructure to wider society and opportunities for spin off companies. Integral to market innovation, universities can also play an important role in public innovation.

Research institutes are often more specialised. Again, these can be seen as parts of market and public innovation, and if the definition extends to think tanks, to social innovation too.

Public sector organisations such as city administrations, health service providers, police, fire services and education establishments are key. The public sector is most likely to be a front line actor in public innovation, or social innovation. These organisations will also play a supporting and facilitating role to market innovation.

Social enterprises are value-driven organisations which apply market-based strategies to achieve a social purpose. A highly adaptable model, the social enterprise plays a key role in social innovation, and its work can be seen as influencing market and public innovation.

Community and voluntary groups play an important role in providing services, advice and guidance to the public. With no profit focus, these organisations can be vital to social innovation and will play a greater role in public innovation in the future.

City 'innovation roles'

Cities support or promote innovation in three main ways.

The city as service provider

First is the role of the city as service provider. City administrations provide a range of services that underpin the work of all actors within the innovation web. Rarely explicitly focused on innovation, these include:

- **Providing support to SMEs and other businesses.** By giving advice, guidance, training and at times more tangible support to SMEs and business, the work of cities underpins market innovation.
- **Providing lifelong learning and training to residents and employees.** Many city administrations provide training and lifelong learning that equip residents with the skills to participate in the knowledge economy.
- **Outsourcing service delivery.** As the public sector focuses on the need to improve efficiency in the future, attention will shift to whether the community and voluntary sector can be empowered to take on some current city services.
- **e-government.** Local authorities are increasingly promoting interaction with citizens, businesses and other government bodies through electronic linkages. This e-government has the potential to inform policy and promote citizen involvement in service design and delivery.

Supporting start up companies in Amsterdam

The City of Amsterdam is a structural partner of the Suikeroom Foundation, a fund for ethnic start-up companies financed by established companies. The fund was created in 2006, based on the observation that ethnic minority entrepreneurs often lack the connections and networks needed to successfully start a business. Entrepreneurs receive guidance for building a solid business plan and after selection they are introduced to investors.

The foundation functions as an investment fund, meaning that investors also earn profit when the business is successful, and the entrepreneur remains the majority shareholder. Ethnic minority entrepreneurs are considered as potential profit-making and equal partners from the outset, and not as a target group for charitable donations

Stockholm - Municipal e-services

The City of Stockholm's e-services programme provides residents access to city services, ranging from applying for a residential parking permit to applying for pre-school. The portal is the city's primary channel for providing information and services to residents. Residents can also blog on the website and suggest e-services for the city to consider offering in the future. Overall goals for the e-services program include:

- Widespread use of standardised internet forms to make work easier for city staff and for residents
- Easy access to information regarding the status of residents' cases
- Reduction in manual handling in favour of automated procedures, so that cases are easily recordable, permanently stored, and digitally archived
- Improvement of the 'searchability' of municipal information
- Overall increased accessibility to services and information

Municipal e-services began in 2000 but significantly increased in 2007, and there are now 37 different ongoing e-service projects. The current focus is on e-service management of comments and complaints about city operations (i.e. elderly care, parking, health) and the City of Stockholm continues to involve the users in the development of its e-services. The city is also part of the Europetition project which gives our citizens the possibility of petitioning the European Parliament via the city homepage.

Supporting cleantech in Malmo

Malmo's 'cleantech city' initiative was adopted by the city council in summer 2009. A comprehensive initiative aimed at driving the growth of the cleantech sector in Malmo, key elements include:

- The establishment of a Cleantech Centre, helping business start ups and SMEs through a range of business support and guidance services
- The provision of a single contact point that SMEs in the cleantech field can speak to at any point to gather information and advice
- Leading improved promotion and marketing of Malmo as a cleantech city, including study tours to Malmo and marketing of successful innovations developed by companies
- Strengthened regional cooperation, as well as improved cooperation with universities and research organisations
- The development of cleantech clusters in specified areas of Malmo

Berlin - Transition from school to work

The Kumulus-Plus project facilitates the transition of youth from school to work, including migrant youth. It is financed under the EU EQUAL programme and is a continuation of the Kumulus project launched by the City of Berlin in 1993. The project involved both employment specialists and migrant associations, and offers a comprehensive package of employment training and guidance which includes:

- individual and group counselling
- information on the labour market and possibilities of obtaining formal recognition of qualifications acquired in the country of origin
- referrals to placement services
- offers of on the job training
- vocational training courses
- and German language courses and assistance in the preparation of job applications

The city as facilitator

City administrations hold a central and impartial position as 'ringmaster' within the framework of the city itself. Political leadership can catalyse change. Cities have the capacity to gather and interpret intelligence and data, allowing a strategic overview of challenges and opportunities. Administrations are able to take an overview of the various organisations and actors operating in the city at a given time, as well as being able to work across sectoral divisions. The result is that city administrations are ideally positioned to provide tools and services to facilitate innovation, including:

- **Supporting clustering.** Cities provide financial, physical and human resource to support the development of clusters that are seen as central to market innovation.
- **Developing incubators for businesses.** City administrations work closely with business leaders and universities to develop dedicated premises for short-term use.
- **Convening and leading partnerships.** City administrations have the representative authority, legitimacy and strategic overview necessary to bring together partners from across sectors to work together towards common goals.
- **Providing kick start funding for R&D.** Many cities, often through their support to clusters, provide grants of various sizes to stimulate R&D.
- **Providing general and specialised funding and grants.** City administrations administer substantial funds, some of which is destined for external organisations.
- **Pilot projects and testing.** Due to their position as service and infrastructure providers, city administrations are uniquely able to lead on or put in place pilot projects to test new ideas and solutions across all thematic areas.

Malaga - Smartcity project

The city of Malaga is setting up a Smartcity project. This involves developing a large-scale distributed energy network, with the administration and its partners using ICT not only to run and manage a smart energy grid, but also as a means of facilitating and enabling innovative actions including:

- Individual carbon footprint measurement
- Internet-based home energy management
- Smart distributed energy generation and storage

The project covers around 12,000 residents and delivers 63MW of energy per year. It is expected to reduce carbon emissions by 20% in the project area.

Social Enterprise in Liverpool

The City Council has been supporting social and community businesses since 1994 and Liverpool now has more than 250 social businesses with a combined turnover in excess of €60m. The primary aims of this activity have been to:

- Support social and economic inclusion through the creation of neighbourhood economic development trusts, delivering a range of employability, business and physical infrastructure projects in Liverpool's most deprived neighbourhoods
- Stimulate innovation in public service provision through the use of social enterprises
- Develop markets through public procurement engagement and a supportive environment for social enterprise and entrepreneurship through
 - Establishment of the *Liverpool School for Social Entrepreneurs* which offers year-long action learning for aspiring social and ethical entrepreneurs
 - Creation of the *Liverpool Academy of Sustainable Enterprises* which offers focused business support and capacity-building to improve the operational efficiency and market prospects of social enterprises
 - Sponsorship of the *Liverpool Sefton Social Investment Bond*, a €3m-€5m loan fund for social enterprises making use of money placed on deposit with a social investment bank by ethical investors
 - Funding of a *Social Enterprise Development Service* offering business advice and grants to new and existing social enterprises with a strong commercial rationale and prospects
 - Funding of an intensive *training program for social entrepreneurs* (the 'Social Enterprise Challenge') and development of an on-line e-learning and planning tool for social enterprise

Manchester Innovation Investment Fund

The City Council, together with a regional government body and a national innovation think tank, have put together a £7 million fund to raise Manchester's capacity for innovation. The fund has invested in a number of projects proposed by institutions, groups, firms and individuals.

Some projects are specifically about scientific and technological innovation, such as www.mimit.org.uk and www.fablabmanchester.org

Others are about stimulating creative thinking www.mif.co.uk/creative-learning. Projects are required to provide around 30% match funding and the lessons from the fund are being fed into innovation policy development in the UK.

The city as government

Cities provide a local policy framework to support innovation as well as an essential infrastructure fabric. Specific actions include:

- **Setting policy.** City administrations have responsibility for a wide set of policies that shape the activities that can happen within a city. They are also able to develop new tools and processes that can foster improved institutional and professional learning by adapting internal structures and processes.
- **Driving innovation through procurement.** As major purchasers, city administrations are able to foster innovation through procurement. They can also act as first markets by adopting products ahead of general release.
- **Providing subsidised premises for community and voluntary organisations.** Due to low income and lack of resource, many community and voluntary organisations are supported by the provision of premises in council owned building stock.
- **Establishing and improving the supporting infrastructure** for innovation, such as high speed digital connectivity, and transport infrastructure.

The Hague - Cutting red tape

The project 'Red Tape' sees the City of The Hague proactively seeking out and reducing bureaucracy that affects entrepreneurs and residents in the city. Senior officials are currently developing a work package that includes 478 proposals that will ultimately reduce red tape for entrepreneurs by around 40% and for residents by around 20%.

The initiative recognises that easy access to services is vital not only for economic growth, but also for residents seeking to improve their lives. A variety of approaches such as reducing the number and complexity of regulations, and increasing the use of technologies such as the internet underpin this highly transferable example of public innovation.

Gijon Local Innovation Plan

Since 2000, Gijon City Council has been setting up local agreements with major local stakeholders. These are key planning instruments that frame policy programming for local employment and economic advancement. The current strategic agreement is the 'Gijon Innova 2008-2011 Agreement'. As part of its actions under the economic development and innovation theme, Gijon has concluded a Local Innovation Plan. Key aims include putting in place interventions to:

- Ensure the success of the Science and Technology Park as a home for knowledge-intensive companies and a centre for triple-helix cooperation
- Promote and disseminate technological innovation and investment in R&D among local firms
- Boost creative enterprises by promoting a suitable business environment and promoting co-operation between enterprises and achieve synergies through a close collaboration with other key players in the town

A range of interventions are undertaken to achieve the goals of the Local Innovation Plan, from infrastructure investments and awareness raising campaigns to improved cross sectoral cooperation and collaborative projects. The city led plan has succeeded in bringing together numerous stakeholders to pursue common goals through partnership working, with funding coming from both regional and European levels.

Business accommodation in Gateshead

Graduates in Gateshead (GIG) supports graduate enterprise and spin out activities in Gateshead through the provision of 12 month rent free business accommodation in Greensfield and Team Valley business centres, offering associated guidance, access to mentoring and links to the business support network.

The council continues to work with Newcastle and Northumbria universities to deliver the 'Graduates in Gateshead' initiative, providing business accommodation to graduate enterprises and university spin outs in council business centres. To date the scheme has assisted 14 businesses, creating 30 jobs. Six are currently benefiting from the initiative and five have gone on to occupy space commercially within Gateshead.

Broadband infrastructure in Eindhoven

In 2003 Eindhoven stated its ambition to develop a fibre optic NGN network for all companies, residents and organisations in the city by 2011. Different areas of the city have been systematically surveyed on whether they wish to be linked to the network, and in areas where 40% or more say yes, the network is put in place. By late 2009 around 10,000 households and over 450 businesses and institutes were covered, with further work being done on connecting all schools and identifying business needs.

The objective is not simply to create a physical infrastructure, but also to encourage the innovative use of the network for thematic areas of work such as health, social inclusion and education. Ultimately, investments will be integrated in one overall network, with linked services from all kinds of organisation. The needs and wishes of the people of Eindhoven have been important in shaping the network and services, with discussions between residents and service providers being key to determine shape and coverage.

APPENDIX A - EUROPEAN INNOVATION POLICY & FUNDING

It is possible to trace an evolution of innovation policy at the EU level, in which an economic and technological focus has largely emphasised innovation as central to improving the EU's competitiveness with Japan and the US.

2000 - Lisbon Strategy

The launch of the Lisbon Strategy for Growth and Jobs in 2000 aimed to put in place 'better policies for the information society and R&D, as well as step up the process of structural reform for competitiveness and innovation'.

Key elements of the Lisbon Strategy included:

- Establishing a European Area of Research and Innovation, including a European innovation scoreboard
- Improving the mobility, attraction and retention of researchers
- Coordinating macro-economic policies, including redirecting public expenditure towards research and development, innovation and information technologies
- More and better jobs through active employment policy, including improving lifelong learning and education levels

The Innovation Scoreboard has subsequently emphasised indicators such as productivity increases, patents, and employment levels. Throughout the subsequent 10 years the Lisbon Strategy emphasised economic and R&D dimensions of innovation.

Lisbon European Council 23 and 24 March 2000, Presidency Conclusions
www.europarl.europa.eu/summits/lis1_en.htm

2005 - More Research and Innovation

In 2002 the link between innovation, economic growth and research was reinforced. A goal of raising overall research investment in the EU from 1.9% of GDP to 3% by 2010 was set. In 2005 it was noted that R&D investment was not increasing enough, and the Commission launched an action plan for research and the innovation policy that included objectives to:

- Upgrade research and innovation in policy agendas
- Mobilise EU funds and instruments to support research and innovation
- Improve the environment for business to do research and innovate
- Enhance national policies through trans-national cooperation

Lead markets were central to this plan - high-growth potential markets for research and innovation-rich goods and services.

ec.europa.eu/invest-in-research/pdf/download_en/comm_native_com_2005_0488_4_en_acte.pdf

2006 - Creating an Innovative Europe Report

The 2006 Aho Report summarised the findings of a small expert group on innovation in the EU. It highlighted:

- The need for Europe to provide an innovation-friendly market for its businesses, including action on regulation, public procurement, and intellectual property
- Rather than emphasising increases in percentage of GDP spent on R&D, the focus should be increasing resources for excellent science, industrial R&D and the science-industry relationship. The productivity of R&D must be increased, and the proportion of structural funds spent on research and innovation should be trebled
- There should be a European pact on innovation, and progress would be monitored by an independent panel with assistance from the Commission

ec.europa.eu/invest-in-research/pdf/download_en/aho_report.pdf

2006 - Broad Based Strategy for Innovation

In 2006 a broad based innovation strategy was put in place to set a new or at least more focused direction. The strategy argued that “all forms of innovation need to be promoted, for innovation comes in many forms other than technological innovation, including organisational innovation and innovation in services”. The Strategy identified a series of areas in which action was needed to bring about an innovative EU:

- Modernising skills and education for the contemporary and future context
- Ensuring mobility of researchers
- Creating an internal market for services that could drive innovation
- Reducing administrative and legislative barriers for innovation actors
- Promoting clustering and transnational cooperation
- Improving knowledge transfer
- Establishing a European Institute of Technology
- Setting earmarking of Structural Funds for innovation, and securing Framework Programme as well as other funding for innovation

eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0502:FIN:en:PDF

2007 - Lead Market Initiative

In 2007 the commission launched a Communication formally putting forward the concept of Lead Markets for the EU. The Lead Market Initiative would identify areas with high growth and innovation potential, where the public sector could facilitate industry-led innovation by creating favourable legal and regulatory frameworks, setting standards, improving access to risk capital, providing support for research and acting as a launch customer.

As well as legislation, public procurement would form the basis of driving and supporting the Lead Market Initiative.

eur-lex.europa.eu/LexUriServ/site/en/com/2007/com2007_0860en01.pdf

PRO INNO Europe and Europe INNOVA

A key focal point for EU innovation policy has been PRO INNO Europe, a DG Enterprise and Industry policy initiative. This brings together several previously separate tools for policy analysis and benchmarking, as well as funds for transnational activity. Essentially the objective is to analyse and review innovation performance and policies, and allow for mutual learning. Central funded projects of PRO INNO Europe include:

- INNO-Metrics, including the annual European Innovation Scoreboard, and the Innobarometer that surveys 3,500 randomly selected companies in the EU
- INNO-Policy TrendChart which describes and analyses major innovation policy trends, aiming to improve the basis for decision making in innovation policy
- INNO-Appraisal that evaluates, peer reviews and benchmarks innovation policy
- INNO-VIEWS project that explores new or better innovation policy instruments by setting up workshops between public authorities, analysts, industry and academia on innovation policy

www.proinno-europe.eu/www.proinno-europe.eu/index6bfa.html?fuseaction=page.display&topicID=87&parentID=0

Europe INNOVA is FP6 funded and is aimed at 'innovation professionals' to develop, test and put in place new tools to support innovation. Essentially a series of projects in the same vein as URBACT, Europe INNOVA comprises work streams looking at:

- Innovation in services
- Innovation management
- Eco innovation
- Cluster cooperation

www.europe-innova.eu/web/guest/about

2009 - Reviewing Community innovation policy in a changing world

In 2009 the Commission launched a communication reviewing EU innovation policy. It pointed to a shift from purely economic focused policy to an appreciation of the wider relationship between societal challenges and innovation.

The communication showed that countries which score highest in the Innovation Scoreboard have the highest education, training and lifelong learning expenditure, as well as high technology take up in all sectors. The challenge of supporting and nurturing entrepreneurial spirit and related elements of innovation was also highlighted. A cross-cutting document, the communication frequently emphasised the importance of technology and related innovation in all sectors and thematic areas.

[ec.europa.eu/enterprise/policies/innovation/files/com\(2009\)442final_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/com(2009)442final_en.pdf)

2009 - Political Guidelines for the Next Commission

The political orientation for the Commission refers to “boosting research, development and innovation” and the “need to make technological change and innovation the central theme of how the European economy works”. Importantly the paper touched on innovation beyond economics, stating that “innovation is not just about product development: it is about how our society changes and improves”.

ec.europa.eu/commission_barroso/president/pdf/press_20090903_EN.pdf

2010 - EU 2020 Strategy proposals

2010 saw the release of the Commission’s proposals for the Europe 2020 Strategy, replacing the Lisbon Strategy. Focused on driving economic prosperity and competitiveness, the strategy emphasises the importance of innovation. One of the core targets for EU2020 is still 3% of EU GDP to be spent on R&D, with the objective of developing an indicator to reflect R&D and innovation intensity.

One of the strategy’s seven flagship initiatives to achieve targets is the Innovation Union, aimed at improving research and innovation across the EU. This equates innovation and R&D to a large extent, but will seek to focus on key strategic challenges such as climate change, health and demographic change. Actions include:

- Completing the European Research Area and developing a strategic research agenda
- Improving conditions for business innovation, including single EU patent
- Launching European Innovation Partnerships between EU and national levels to speed development and deployment of technologies
- Strengthen role of EU financial instruments to support innovation
- Promote partnerships and links between education, business, research and innovation

National level actions to be undertaken by Member States include:

- Reinforce cooperation between universities, research and business
- Focus school curricula on creativity, innovation and entrepreneurship
- Prioritise private R&D investments in public spending

ec.europa.eu/eu2020

EU Funding for Innovation

The majority of EU funding available to support or drive innovation is held in specialised streams within DG Research. The most visible of these are:

FP7 - 7th Framework Programme for Research

This brings together all research-related EU initiatives together under a common programme. With a budget of over €50bn, it has substantially increased in size since FP6 ended in 2006. FP7 comprises several elements including Cooperation, Ideas, Capacities, Joint Technology Initiatives (JTI) and European Technology Platform (ETP) programmes.

- The Cooperation programme promotes collaborative research in thematic areas
- Joint Technology Initiatives (JTIs) support cooperation in areas where research and technological development can contribute to competitiveness and quality of life
- European Technology Platforms are industry led initiatives that allow the identification and definition of research priorities

cordis.europa.eu/home_en.html

Competitiveness and Innovation Programme (CIP)

ec.europa.eu/cip/index_en.htm

CIP covers entrepreneurship, SME policy, industrial competitiveness, innovation, ICT development and use, environmental technologies and intelligent energy. Whereas FP7 is often focused on high level and long-term research, CIP tends to be about more applied research and the uptake of products and services.

The programme is split into three key elements:

- Entrepreneurship and Innovation Programme (EIP) - Support for SMEs; business services; transnational networking; eco-innovation etc. ec.europa.eu/cip/eip_en.htm

- Information and Communication Technologies Policy Support Programme (ICT-PSP) - aims to stimulating uptake of innovative ICT based services and the exploitation of digital content ec.europa.eu/information_society/activities/ict_psp/index_en.htm
- Intelligent Energy Europe Programme (IEE) - provides funding for projects that will act as catalysts, triggering spin-offs and improving the uptake and implementation of 'green solutions' ec.europa.eu/energy/intelligent/index_en.html

Competitiveness and Innovation Programme (CIP) - Smart Cities and Open Innovation

As part of the CIP programme, the Commission is giving out €15m to fund up to five projects bringing together cities, industry and Living Labs to work on new digital services using Future Internet technology. This agenda on cities and Living Labs will continue through other activities of DG INFSO, such as a number of large-scale public private partnership schemes until 2014.

Knowledge and Innovation Communities (KICs)

KICs are partnerships that bring together education, technology, research, and business. The aim is to drive the effective translation of ideas, technology, attitudes and business models between partners, ultimately leading to new business. Referring to an 'innovation sector' the KICs will transform the results of higher education and research activities into commercially exploitable innovation.

eit.europa.eu/home.html

Structural Funds

2007-13 saw funds being targeted towards Lisbon Strategy goals, and an associated requirement for much of the Structural Funds to be spent on innovation-related projects. It was agreed that regions would allocate up to 75% of their Structural Fund income towards investments that directly strengthen competitiveness and job creation - in research and innovation, human capital, business services, major European infrastructures and improvement of energy efficiency.

APPENDIX B - THE INNOVATION WEB

The table below serves to illustrate the complexity of the innovation process, the range of actors involved, and the central role that cities play. Green indicates an explicit inclusion in EU innovation policy. Red indicates less obvious support, or a lack of support from the EU level.

- Strategic objectives: The objectives that innovation can be used to achieve.
- Innovation type: The forms of innovation linked to the objective
- Actors: The organisations commonly involved
- Local actions: The local level actions undertaken by cities to support the process

STRATEGIC OBJECTIVES	INNOVATION TYPE	ACTORS	LOCAL ACTIONS
Improve GDP/GVA	Market innovation (profit focused, traditional R&D)	SMEs	Support to business and SMEs
			Supporting clusters
Improve public sector productivity		Research institutes	Developing incubators
Improve health outcomes		Private companies	Setting planning constraints
		Driving product development and uptake	
Encourage sustainable transport	Public innovation (non-profit focused, creating public value)	Universities	Kick start funding for R&D
Heighten education levels		Public sector	Providing subsidised community premises
			Small grants for community groups
Climate change adaptation and mitigation	Social innovation (non-profit focused, addressing societal need)	Entrepreneurs	Outsourcing service delivery
			Setting up local partnerships
		Social enterprises	Changing internal process and policy
Address demographic change			Small grants for community groups
	Community and voluntary sector	Providing general grants and funding	