

**KEA European Affairs' contribution to the European Commission's
public consultation on Community innovation policy**

The European Union (EU) is now facing a range of challenges on its way to economic recovery. It will only be able to continue developing the high level of life opportunities, social security and economic well-being that many Europeans enjoy by further developing its capacity to innovate.

To do so, European innovation policy as well as the innovation strategies of many Member States, need to be re-examined. So far, these strategies have almost exclusively focussed on technological development and research expenditure. They should embrace the concepts of people-driven innovation and related soft skills, including the notion of creativity. The role that the arts, culture and the creative industries play in fostering a more creative and innovation-friendly society as well as a more competitive and sustainable economy should be more strongly reflected by EU innovation policy makers.

KEA European Affairs is a strategic consultancy committed to supporting creative and knowledge-based organisations and recognised for its leading expertise on the creative industries and cultural, entertainment and media sectors¹. We welcome the opportunity to comment on the European Commission's (EC) Communication on "Reviewing Community innovation policy in a changing world" and strongly believe it is important to closely examine the links between culture and innovation.

Europe benefits and is globally recognised for its strong cultural and artistic capital, its remarkable cultural heritage, its celebrated and diverse cultural sectors and its vibrant creative industries. However, in the past, these strengths have been insufficiently recognised by the European institutions when shaping the European Union's innovation policy.

The European Year of Creativity and Innovation sought to highlight the important links that exist between culture, creativity and innovation. However, the EC's Communication does not unfortunately reflect these endeavours and many of the concepts and ideas which the Year helped bring to the surface have not found their way into the document. We would therefore encourage the EC to re-assess its strategy on the basis of the comments made below.

¹ www.keanet.eu

(1) Do you agree with the Commission's assessment of the main achievements and shortcomings of Community policies in support of innovation?

The assessment made by the EC in its above mentioned Communication undoubtedly reflects a rather techno-centric vision of innovation and the fact that for years, EU's innovation policy has developed "*as an amalgam of science and technology policy and industrial policy*"².

Today's economy is increasingly innovation led, and innovation has become a key competitiveness indicator. In this context, an appropriate European policy framework supporting technological innovation and productivity is needed. However, by considering innovation mainly through a technological and R&D angle, the EC's assessment is too partial as it fails to adopt a multidisciplinary and cross-sectoral understanding of innovation, which is a precondition in enabling a more competitive and sustainable European economy.

In its assessment, the EC does not sufficiently take into account the situation of today's economy which is characterized by the customisation of products and services whose success goes beyond their functionality and encompasses aesthetic, social or symbolic value. Indeed, according to prominent economists and sociologists, the production of "signs" is increasingly important in today's economy. These signs can be content and information goods or have primarily an expressive (aesthetic, symbolic or social) content. For example, today's consumers are no longer looking simply for products but for a brand which is associated with a set of values.

This is why some management specialists have identified the "Experience" as a new source of value. According to B.J Pine and James Gilmore "*the service economy is peaking. A new emerging economy is coming to the fore, one based on a distinct type of economic output. Goods and services are no longer enough*"³. In today's "experience economy", people no longer buy a service, but an experience which provides memories or sensations.

Given the fact that productivity gains at manufacturing level are no longer sufficient to establish a competitive advantage, Europe's innovation policy requires creative skills and thoughts, which can be provided by the cultural and artistic sectors. As important sources of creativity, these sectors can drive social, economic and technological innovation. Therefore, the EC should take into account the impact of culture and creative industries when shaping its future innovation policies.

Developed in a study prepared for the EC in June 2009⁴, the concept of "culture-based creativity" is useful in showing that creativity is much more than "a product oriented phenomenon aimed at solving problems"⁵.

The culture-based creativity originates from creative people (i.e. artists, craftsmen, creators and more broadly creative professionals) and embodies a large number of features of cultural productions. It is the realisation of a vision that results in something new that is not necessarily functional or dependant on a pre-existing theory or scientific integrity; it is both abstract and concrete (it can have a symbolic, aesthetic or spiritual dimension); it is a non-linear and uncertain process which does not follow a predictable timetable.

² Oslo Manual, Guidelines for Collecting and Interpreting Innovation Data, OECD-Eurostat, 3rd edition, 2005, p.15.

³ Pine, B.J and Gilmore, J., "The Experience Economy", Harvard Business School Press, Boston, 1999.

⁴ "The Impact of Culture on Creativity", Study conducted by KEA European Affairs for the European Commission, June 2009.

⁵ Lubart, T., *Creativity across Cultures* in R.J Sternberg, "Handbook of Creativity", Cambridge University Press, 1999, pp.339-350.

To emerge, culture-based creativity requires personal abilities (ability to think laterally, to be imaginative, to think "out of the box"), technical skills (often artistic skills and/or craftsmanship), as well as a conducive social environment that for example encourages creativity, promotes investment in art and culture or citizens' cultural participation. An innovative policy needs to take these aspects into account.

The influence of culture-based creativity on innovation was underlined by the European Parliament (EP) in a resolution on cultural industries in Europe adopted in April 2008. The EP stressed that, "*within the framework of today's "post-industrial" economy, the competitiveness of the European Union will also have to be reinforced by the sectors of culture and creativity*". Therefore, the EP called on the EC and the Member States "*to set as priorities, policies based not only on entrepreneurial innovation, but on the innovation of cultural actions and creative economies*"⁶.

Recent initiatives from the EC indicate that there may be a shift towards integrating culture-based creativity in future innovation policy action. The new innovation scoreboard from 2008 includes more non-technological parameters than its predecessor and a staff working document released last April on user-centred design stressed the importance of design as a driver and enabler of innovation and competitiveness complementary to more "traditional" research-centered innovation⁷. A scoreboard on design and creativity has also recently been published by Pro-Inno Europe⁸.

However, these initial attempts still need to be reflected in larger future initiatives. The Council of the EU recently defined culture as a catalyst for creativity and innovation and called for a strategic investment in culture, cultural and creative industries to be part of the future Lisbon strategy beyond 2010⁹. This important political statement should be reflected in the future European innovation policy.

(2) Should EU innovation policies have a stronger orientation towards addressing major societal challenges? If so, which ones should be prioritised?

In its Communication on "Reviewing Community innovation policy in a changing world", the EC mentions that innovation policies can effectively address major societal changes, such as security, climate change, sustainable energy, the future communication and information society's security, or the need for more social justice on a global scale.

One should not forget, however, issues of social cohesion, migration and immigration, health policies as well as criminal justice, which are of major importance for today's society. Because of the creativity it generates, culture is an important tool to tackle those significant challenges that European countries, and the EU as a whole, are facing. As underlined by the Council of the EU in its Conclusions on "Culture as a Catalyst for Creativity and Innovation"¹⁰, "*culture, creativity and innovation are (...) all the more important in times of rapid changes and serious challenges*".

⁶ European Parliament's resolution on cultural industries in Europe, 10th April 2008 (2007/2153(INI)), article 2.

⁷ European Commission's Staff Working Document, "Design as a driver of user-centred innovation" of 7.4.2009, SEC(2009) 501 final.

⁸ Pro-Inno Europe is an initiative launched by DG Enterprise and Industry which aims to become the focal point for innovation policy analysis and policy cooperation in Europe.

⁹ "Culture as a Catalyst for Creativity and Innovation", Conclusions of the 2941th Education, Youth and Culture Council meeting of 12 May 2009.

¹⁰ Idem.

Culture can indeed be used to creatively meet a wide range of social innovation policy objectives (i.e. by fostering innovation as a way to achieve social outcomes), for example by incorporating cultural or artistic elements in existing social interventions. Cultural activities can also be used to foster social cohesion, by developing intercultural understanding and building strong and positive relationships between people from different backgrounds in the workplace, in schools, and within neighbourhoods.

The presence in many EU countries of recently arrived migrants, many of whom are refugees, has led to another range of challenges. Often concentrated in large cities, refugee communities have a special relationship with culture, art and expression. Many of them have an explicit interest in forms of cultural maintenance, often wanting education to support the usage of home language, and drawing on forms of artistic expression as ways to sustain cultural roots. Artistic and creative projects involving migrants can represent useful tools to facilitate the cultural integration of those populations in their host countries, which constitutes another example of culture-based creativity serving social innovation objectives.

As a consequence, EU innovation policy needs to take into account all forms of social innovation, in particular those that are culture-based¹¹.

(3) Should innovation policy have any specific sector approach? If so, which sectors should be supported and which specific policy measures should be developed?

Whilst a sector-based approach is not a precondition to develop an efficient and effective European innovation policy, such a policy should, however, take due account of all the relevant sectors driving innovation, including the cultural and creative sectors.

The European Lisbon strategy was aimed at boosting R&D spending by governments, universities and corporations. The belief was that growth and employment would be achieved by investing in ICT industries - the flagship industries of the digital economy -, and boosting innovation, in particular in the "knowledge economy". The role of the cultural and creative sector within this context has been largely ignored.

However, as illustrated in the KEA study on the economy of culture in Europe carried out for the EC in 2006, the cultural sector itself is a dynamic trigger of economic activity and job creation throughout the EU. The number of people working for the cultural sector in 2004 was evaluated at 5.8 million, equivalent to 3.1% of total employed population in EU-25. Moreover, the cultural sector contributed around 2.6% to the EU GDP in 2003, with growth significantly higher than that of the economy in general between 1999 and 2003¹².

As mentioned above, the design and implementation of EU programmes and their guidelines seem to give innovation a sense which does not sufficiently embrace creativity in general and culture-based creativity in particular. Yet, in a context of globalisation, cultural industries and the creativity they generate are an essential asset for Europe's economy, as well as for the development of its competitiveness and innovation policies.

In order to incorporate culture-based creativity in the future EU innovation policy, some concrete policy measures could for example be taken in order to:

¹¹ "Creative innovation" or culture-based creativity also plays an important role in triggering systemic innovation in diverse public services. This aspect is specifically tackled in the answer to question nb. 10.

¹² Study on the Economy of Culture in Europe, conducted by KEA European Affairs for the European Commission, 2006.

- Foster culture-based creativity through education:
Education plays a key role in fostering creativity. Given the fact that art and culture contribute to such stimulation, better support should be given to arts education provided by schools, universities and academies that are driving imagination, divergent thinking and intuition, which are all sources of creative innovation.
- Foster multi-disciplinary platforms and interactions between art, sciences and business:
The development of ideas through the combination of art and science has a catalytic role for innovation. A good example is provided by "Le Laboratoire", a new space in Paris that aims to create a fusion between traditionally separated disciplines from science, industry, society and art, by fostering what its founder David Edwards calls "artscience" collaborations¹³. Artists collaborate with scientists to conceive, translate, and realise innovative ideas targeting industrial, social or cultural objectives¹⁴.
- Integrate design thinking in businesses:
The importance of linking art and science is well illustrated by the integration of design in both engineering and manufacturing processes in the high-tech sectors. In an increased number of major companies, designers are working closely with engineers, marketers and manufacturers. They are not only stylists but also contribute to innovation in the use of new materials and production processes.
- Create clusters composed of research centres and art and design schools:
As recently acknowledged in a joint statement of European research organisations, *"art, creativity and design are key components of ICT research policy, complementing technological research. The collaboration between artists, designer and technologist opens new ways to create high-concept products and services for the world market, fostering innovative solutions at the interface of creativity and technology in areas such as media, design, culture, architecture and engineering. This profitable hybridisation between art, design and ICT is widely recognized by the innovation actors on the ground"*¹⁵. Therefore, by encouraging the creation of clusters gathering research centres and artistic schools, creativity and innovation in the EU will undoubtedly be fostered.
- Communicate on sciences and research to the general public through art:
Research centres in several scientific centres sometimes face important challenges when it comes to illustrating the innovative implications of their research to the general public. By collaborating with artists, some research centres have been able to creatively communicate the outcomes of complex scientific investigations and, maybe more importantly, to build bridges between the artistic and scientific sectors¹⁶.

¹³ See for example Edwards D., "Creativity in the Post Google Generation", Harvard University Press, 2008.

¹⁴ A concrete example is the collaboration between Le Laboratoire and NASA. The "artscience" collaboration between a French designer and scientists from NASA resulted in the invention and design of an ultra-efficient domestic filtration system that eliminates toxins in our breathing air by using plants. See the study on "The Impact of Culture on Creativity" conducted by KEA European Affairs for the European Commission, June 2009, p.57.

¹⁵ "Overcoming new challenges by breaking old boundaries: creative paths for ICT policies in Europe", iMinds Conference 2009, organized by IBBT on May 12th, 2009: <http://events.ibbt.be/iminds/index.php?p=declaration>.

¹⁶ See for example "The Impact of Culture on Creativity", Study conducted by KEA European Affairs for the European Commission, June 2009, pp. 68-69.

- (4) Do existing instruments to support innovation need to be adjusted to reflect the changing nature of innovation and integrate new innovation patterns (services innovation, open innovation, user-driven innovation etc...)?

As underlined above, innovation emerges in today's "experience" economy as a result of business collaboration, the utilisation of new technologies in diverse domains, including the use of creativity and the involvement of users in the creation of new products and services.

Industries, as well as the public sector can learn from creative companies how to navigate in this new environment. First, because creative companies such as marketing and communication firms have long mastered the delicate task of developing demand driven markets. Secondly, because many creative firms (such as film production companies or design agencies) have long practiced collaborative and open innovation.

Against this background, it appears fundamental to "break the policy silos" by adopting a multidisciplinary and holistic approach to innovation and by considering creative individuals and companies from the cultural and creative industries as partners in the quest for innovation in Europe. This need for a "broad-based" innovation policy was recently underlined by the 27 Ambassadors for the European Year of Creativity and Innovation 2009 in their "Manifesto for Creativity and Innovation in Europe"¹⁷.

Thus, EU policies on innovation need to recognise the cross-sectoral aspect of "creativity" which mixes elements of "artistic creativity", "economic and social innovation" as well as "technological innovation". The Council of the EU recently invited the EC to "*further explore the close - but still largely underestimated - links between culture, creativity innovation, economic performance and the wider economy*"¹⁸. To do so, and as outlined above, existing instruments to support innovation in the EU should address the sectors of the non-technological and intangible innovation in order to better support "culture-based creativity".

Following a roundtable of innovation experts organised by DG Enterprise and Industry on 8-9 June 2009, design was recognised as a "*holistic and visionary method which helps solving complex problems and integrating human/societal aspects into innovation. In its most user-centred form ("design with users") it could be a suitable mechanism for implementing a human-centred, societal challenges approach to innovation*"¹⁹.

Besides taking due account of the importance of non-technological sectors as drivers of innovation and competitiveness, existing policies supporting innovation should also consider copyright as a protective tool of creativity and innovation. Today, the intellectual property right strategy is focused on patents and awareness raising in the technology sector. In this framework, copyright is not heralded as a major driver of creativity. On the contrary, EC innovation policy documents sometimes question the suitability of IP mechanisms notably in relation to rights management or reward for creation²⁰, focusing as

¹⁷ Available at :

<http://create2009.europa.eu/fileadmin/Content/Downloads/PDF/Manifesto/manifesto.en.pdf>

¹⁸ "Culture as a Catalyst for Creativity and Innovation", Conclusions of the 2941th Education, Youth and Culture Council meeting of 12 May 2009.

¹⁹ http://ec.europa.eu/enterprise/policies/innovation/files/key_take_aways.pdf

²⁰ For instance p.7 of the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on "Putting knowledge into practice: A broad-based innovation strategy for the EU", 13th September 2007 (COM (2006) 502 Final) or the EC attempts in 2006 to phase out "copyright levies" (right to remuneration to compensate for private copying).

a matter of priority on the development of new services rather than on the financing of creative outputs throughout the EU.

Intellectual property is a key tool to reward creators and investors in creation. Copyright should not be considered as a bottleneck whilst patent is perceived key to the development of innovation. We therefore recommend European institutions to value copyright as much as patents in innovation policies and to provide for adequate enforcement mechanisms.

(5) What are the most important remaining obstacles for the EU to unleash its full creative and innovative potential, in particular through innovative SMEs?

Some of the main obstacles for the EU to unleash its full creative and innovative potential were already identified in the answers to the previous questions and propositions were made in order to overcome those obstacles.

As pointed out by the European Parliament in its resolution on cultural industries in Europe, a better support of micro business and SMEs active in the cultural and creative sectors, as well as individual artists, would help those actors *"to achieve their full potential and contribute also to the Lisbon Strategy objectives"*²¹.

In its Conclusions on *"Culture as a Catalyst for Creativity and Innovation"*²², the Council of the EU also underlined the need to *"recognise the specific role that culture, the cultural sector and cultural and creative industries, especially SMEs"*, play in fostering creativity, and therefore innovation.

Against this background, the following policy measures could be taken in order to better support creative and innovative SMEs²³:

- Foster a SME policy (in the field of enterprise and information society) which engages more with SMEs in creative and cultural industries. At EU level, this could be done by helping them to participate in consultative platforms used by the EC to set its funding priorities (Cultural and creative businesses are essentially confined to programmes focused on cultural exchanges rather than on industrial policy actions);
- Develop at EU level a template for resource centres dedicated to creative SMEs or artists/entrepreneurs with less than 20 employees. These centres would help with the administration of the company and promote European collaboration. These centres, that could be hosted in existing structures aimed at informing SMEs, would have the mission to encourage creators to set up their own company. The EU could work out the mission of such centres which would then be administered at national level with some EU funding;
- Help SMEs in the cultural and creative sectors to identify clustering opportunities in research and technology projects²⁴;

²¹ European Parliament's resolution on cultural industries in Europe, 10th April 2008 (2007/2153(INI)), recital E.

²² "Culture as a Catalyst for Creativity and Innovation", Conclusions of the 2941th Education, Youth and Culture Council meeting of 12 May 2009.

²³ The following policy recommendations were formulated in the study on "The Impact of Culture on Creativity", conducted by KEA European Affairs for the European Commission, June 2009, pp.150-156.

²⁴ The need to facilitate the increased participation of innovative SMEs in clusters was already underlined in the Presidency Conclusions of the Brussels European Council of 13-14 March 2008.

- Develop at EU level the concept of creativity transfer through “a creative broker”, whose role would be to enable cultural entrepreneurs and artists to reach new markets and non-creative sectors by providing culture-based creativity services;
- Establish innovation vouchers at national level to help SMEs acquire professional skills they cannot afford (in technology, marketing, advertising, design). The idea could be developed at EU level and implemented in Member States expressing interest;
- Support SMEs implementing a design strategy and enterprises that call on design and/or art to develop a competitive edge;
- Mobilise creators and creative SMEs on the issue of environmental sustainability;
- Help the creative sector to build collective representation through trade associations. SMEs are not sufficiently represented in the decision process relevant to innovation policies and programmes;

(6) What are the implications for research policy of the changes needed to policies in support of innovation (e.g. the goal of addressing major societal changes, etc ...)?

For the reasons outlined above, EU innovation policy needs to recognise the cross-sectoral and multi-disciplinary aspect of creativity and innovation.

As a consequence, research policy should encourage and support creative partnerships between the cultural and the technological sectors in order to promote synergies between creativity and innovation within the context of the post-2010 Lisbon Agenda. As pointed out by the EP in its resolution on cultural industries, “*creativity is a condition for the development of innovation in Europe and European technology companies would benefit from working in symbiosis with creators within “clusters”*”²⁵.

Therefore, the cultural and creative sectors should be integrated into the research programmes. Creative sectors, and especially SMEs, are not represented in some programmes, such as the Networked and Electronic Media (NEM) platform. Set up in 2005 in the framework of the FP7 programme, the NEM platform was aimed at addressing “the convergence of media, communications, consumer electronics and IT as a wide opportunity for future growth”²⁶. The composition of the network illustrates however the difficulty of FP7 to engage with the content and creative industries. Whilst technology firms are represented in very large numbers in the composition of the NEM Steering Board, there is a very limited representation of broadcasters (BBC and the EBU) and no trace of music, film, publishing or computer animation companies. This represents a missed opportunity to establish bridges and cross fertilisation opportunities between industry sectors.

(7) Which scope exists to better facilitate the consolidation of world-class innovation “ecosystems” or clusters in the EU at regional level, taking into account emerging industries?

As underlined by the Presidency Conclusions of the Brussels European Council of 13-14 March 2008, “*efforts towards improving the framework conditions for innovation should be*

²⁵ European Parliament’s resolution on cultural industries in Europe, 10th April 2008 (2007/2153(INI)), recital R.

²⁶ <http://www.nem-initiative.org/>

better coordinated, including through (...) world-class innovation clusters and development of regional clusters and networks".

The economic and social challenges shaped by constant technological innovation, migration, demographic transformations as well as climate change require people to be more and more creative. Therefore, education and learning programmes have a crucial role in developing and advancing creativity and innovation. A report by the European University Association on *Creativity in higher education* examines how a combination of disciplines is favourable to creativity and how art can play a vital role in such combinations²⁷. The report highlights the benefits of a mix of individual talents and experiences among students and staff, and examines how structured exchanges between art and other disciplines are particularly fruitful ways of promoting creativity and innovation.

As underlined above, innovation is increasingly driven by creative eco-systems or clusters in which issues such as communication, interdisciplinary management, cultural awareness, talent-development as well as creative and iterative development processes become as important drivers of success as the more "traditional" drivers of innovation, such as technological progress.

Creative innovation clusters can only be effective if they are at the intersection of different disciplines and sectors. The importance of this multidisciplinary approach of innovation is particularly well understood in Northern Europe and Anglo-Saxon countries that have put in place successful education experiments based on inter-sectoral and interdisciplinary learning partnerships. Finland, for example, recently initiated a paradigm shift away from technology-driven innovation towards more human-centred innovation, as illustrated by the creation of the Aalto University.

The Finnish Ministry of Education, supported by the Ministry of Culture and the Finnish business sector, launched a very innovative initiative, while restructuring its higher education system, to create a new research-orientated university from three existing academically autonomous institutes of higher education: the Helsinki University of Technology, the Helsinki School of Economics and the University of Art and Design. The future institution, that will start operating at the beginning of 2010, was created with a view to becoming one of the world's leading universities for research and education by 2020. Scientific and artistic student communities from the three universities will be merged to provide possibilities for multidisciplinary education and research.

The philosophy behind the Aalto University is to break down disciplinary segregation in order to enable students to understand the skills and methods used in other areas and what people from other disciplines might expect from them, and to learn how to communicate with people from other backgrounds.

Besides the need to foster interdisciplinary learning partnerships, creative companies and service providers should be understood as an integral part of any innovation ecosystem, as they are providing a new kind of creative input which new products and services require in order to reach the market²⁸.

²⁷ EUA Creativity in Higher Education: report on the EUA creativity project 2006-2007 European University Association, Publications, 2007.

²⁸ These aspects were underlined in our answer to question nb. 1.

(8) How could the cooperation between regional, national and European innovation support programmes be reinforced to address the new challenges faster and more efficiently?

Numerous national, regional and local authorities are experimenting with programmes to stimulate innovation through creativity. Those programmes should be relayed at EU level to make the most of Europe's cultural heritage and diversity, which are incredible tools to foster innovation and creativity.

Common objectives addressing the new challenges should be defined in regional, national and European innovation support programmes. This could be done by reinforcing synergies, both vertically and horizontally, between the different authorities involved at the different levels, as requested by the European Council in its Conclusion on culture as a catalyst for creativity and innovation²⁹.

More generally, existing funding programmes towards innovation should be more open to projects supporting creativity and creative industries. It should for example be the case of the INTERREG programme, which aims at helping European regions develop joint innovative solutions and share expertise and development costs.

For the period 2007-2013 a fourth round of programmes (INTERREG IV) has been launched. Under INTERREG IV B NEW, a consortium of cities led by Nantes (France) under the name of "ECCE innovation" raised € 4 million in 2008. The ECCE Innovation project gathers together 8 European cities throughout the North-West of Europe with the aim of fostering the innovative capacity of the creative industries in order to access new markets. It will focus on the exchange and transfer of expertise, knowledge and experience related to the cultural and creative industries at a regional level. This project constitutes an excellent example of cultural collaboration across cities and regions targeting creative industries and artists.

In November 2008 the INTERREG IVC approved another creative project: "Creative Metropolises: Public Policies and Instruments in Support of Creative Industries". This project is intended to establish and promote an efficient public support system for creative industries in the 11 participating cities (Amsterdam, Barcelona, Berlin, Birmingham, Helsinki, Oslo, Riga, Stockholm, Tallinn, Vilnius and Warsaw).

Another example is the CReATE project. Funded by the Seventh Framework Programme for Research and Technological Development, it is focusing on the promotion of ICT-innovations in creative industries. The regions of Baden-Württemberg, Rhône-Alpes, Piemonte and West Midlands are participating in the project, which seeks to identify fields of research for promoting creative industries' competitiveness, to support strategic collaboration of innovative creative industry clusters in Europe, to develop support for SMEs in research and technology transfer and to set up a pan-European platform to connect the creative industries with IT experts and research institutions.

European countries and regions need to acknowledge the importance of their cultural assets in order to create an environment that is conducive to creativity. The EU has an interest in creating a climate of collaboration and cross-fertilization between local cultures as the European cultural diversity is an opportunity to stimulate creativity.

²⁹ The example of the European Interest Group on Creativity and Innovation (EICI) is interested in this regard. Acting as a platform linking local, regional, national and European initiatives that promote creative industries and innovation, the EICI is a useful tool in facilitating a better communication between the different European regional development efforts towards creative innovation.

(9) What could the EU do to provide adequate access to finance to SMEs and entrepreneurs?

As underlined in the answers to the previous questions, the EC has done relatively little until now to promote a culture-based creativity strategy that would encourage innovation at EU level. Despite recent efforts (essentially in the field of design since 2008) and isolated examples, financial support initiatives for SMEs and entrepreneurs (whether through EC programmes or the European Investment Bank) is geared massively towards science and technology in a traditional way with little consideration of the role of creative industries in the ICT uptake or the role of culture-based creativity in product development.

Moreover, EU cultural policy today is aimed more at supporting cultural exchanges, with a strong focus in terms of funding on traditional cinema (Media Programme), cultural cooperation (Culture Programme) and heritage preservation (European Regional Development Fund - ERDF). It is driven by the ambition to support traditional cultural projects on a European scale rather than by the desire to stimulate a culture-based creativity that will promote the development of a competitive innovative and sustainable post-industrial economy in Europe³⁰.

Therefore, whilst not specifically excluding the creative industries, major efforts remain to be made to engage with the cultural and creative sector and to integrate culture-based creativity into funding programmes supporting innovation. Indeed, an innovation policy whose implementation has given prominence to technological and scientific progress is prone to lose sight that economic change is also crucially dependent on the stimulation of culture-based creativity.

Against this background, we would like to stress our strong support for article 27 of the EP's resolution on cultural industries in Europe in which the Parliament stated: *"it is necessary for the Structural Funds, programmes for SMEs and the Seventh Framework Programme for research, technological development and demonstration activities (2007-2013) to give pride of place to development and allocate sufficient funding for the cultural and creative industries, including SMEs and individual artistic undertakings in the field, and repeats its requests that the Commission put forward a study on the impact of funding from the Structural Funds, and the Seventh Framework Programme, for the cultural and educational sectors"*.

We also support article 28 of the above mentioned resolution in which the Parliament *"reiterates the importance, and calls for the prioritisation of the European Investment Bank's objectives within the Innovation 2010 Initiative (i2i); encourages the Commission and the Member States to explore further ways of providing financial assistance for the start-up and growth of SMEs in the cultural and creative sectors (for example by means of the Seventh Framework Programme; encourages the use of the Structural Funds to support traditional art and heritage sectors and cultural and innovative industries; calls on the Commission to monitor those activities and help the dissemination of best practices"*.

More practically, we would recommend EU institutions to adopt the following policy measures:

- Mandate the EIB to set up a specialist structure devoted to lending to creative industries including SMEs. Indeed, it appears that very few funds are focusing on creative industries despite the fact that the EIB is, in principle, committed to

³⁰ We estimate that innovation funding at EU level amounted to € 146 billion over the years 2007-2013 (through FP, CIP and Structural Funds) whilst investment in culture amounted approximately € 3 or 4 billion by combining the Culture and Media programmes with some funding from structural funds.

supporting the development of SMEs and entrepreneurship. This structure could take the form of a “creative industries bank” specialised in financing (or in supporting the financing of) projects based on investment in creative industries³¹;

- Encourage private investment in the cultural and creative sectors by building bridges with the financial community;
- More generally, and as requested by the Council of the EU in its Conclusions on “Culture as a Catalyst for Creativity and Innovation” of May 2009, the EC should *“improve information on the existing, though disperse, financial mechanisms which SMEs in the cultural and creative sectors can benefit from”*;
- The Council also invited the EC to *“explore the relevance and feasibility of enhancing, in the longer term but without prejudicing the final decision on the next programming period, Community financial support to cultural and creative industries, with special attention to SMEs”*;

(10) Could the EU contribute to exploit the innovation potential in public services?

Improving the delivery of public services is an important objective of Member States and the EU. Culture-based creativity should be encouraged by the EU in this framework given the fact that art and culture can benefit public service delivery and innovation in a variety of ways³². This is even more necessary because, as recognised by the participants in the high level roundtable of innovation experts organised last June by DG Enterprise and Industry, *“the public sector has an important role to play as a catalyst for innovation, with potentially important spill over effects, but the barriers for innovation in the public sector are considerable”*³³.

For example, participation in cultural activities can emphasise a feeling of belonging in society, and can also increase trust in the public realm and public services. Culture can therefore help to bring certain public services closer to their constituents. Moreover, some public services have pioneered new methods of collaborative feedback and decision making by means of integrating creative media innovations - online discussion fora, social networking sites, online petitions allowing the public to interact more easily with public services, etc. Finally, some public services promote participation and involvement, often of marginalised groups, for example through the development of community media and community arts more generally are good examples of this.

Another kind of public sector innovation is the attempt to change the way public services are delivered through cultural intervention. This can be well exemplified by looking at the cases of healthcare delivery or culture’s contribution to crime prevention and criminal justice.

- Improving healthcare delivery:
Europe’s ageing society is forcing policymakers to confront a range of issues such as ensuring that pensions and healthcare systems are sufficiently well-funded to deal with changing demography. In addition, many now accept the links between poor

³¹ This idea is supported by the Platform on the Potential of Cultural and Creative Industries which is composed of 40 European organisations representing thousands of cultural and creative actors from different fields (see the Platform’s recommendations at: http://ec.europa.eu/culture/our-policy-development/doc/platform_CCI_paper.pdf).

³² The elements presented below have been developed in the study on “The Impact of Culture on Creativity” conducted by KEA European Affairs for the European Commission, June 2009, pp. 90 to 94.

³³ http://ec.europa.eu/enterprise/policies/innovation/files/key_take_aways.pdf

health and other social issues such as poverty, unemployment and low levels of education, while an increasingly “holistic” view of health – encompassing physical and mental well-being – is becoming better-understood³⁴ and provides the rationale for many cultural organisations to work in the health/mental health sphere.

One of the actions pursued by cultural organisations in this field is related to the use of arts-based approaches to enhance the healthcare environment. This could for example include the use of the arts in operative and post-operative recovery.

- Culture’s contribution to crime prevention and criminal justice:
Although criminal justice policy differs widely across the EU, national administrations are concerned to reduce re-offending rates. This is one of the aims of cultural and artistic projects in prisons, whose positive effect have been largely proven by studies and researches.

These examples show how culture-based creativity can be used as an innovative way of improving public services. The EU could exploit the innovation potential of public services by supporting culture-based creativity projects targeting public services through the different programmes and funding opportunities towards innovation and culture.

³⁴ World Health Organisation (WHO), *Holistic Health*, 2004.