

Memo from Innovation Norway to the Ministry of Education and Research and the Ministry of Trade and Industry on the

Green Paper – From challenges to opportunities: Towards a Common Strategic Framework for EU Research and Innovation funding

Innovation Norway promotes nationwide industrial development profitable to both the business economy and Norway's national economy, and helps release the potential of districts and regions by contributing towards innovation, internationalisation and promotion.

Introduction

The main goal of the programme is to increase Europe's competitiveness and our way of life. It is therefore vital that we view research and innovation as tools to achieve competitiveness, rather than goals in themselves. We should not lose sight of SMEs and competitiveness in the new strategic framework programme. We therefore suggest that the programme be called Common Strategic Framework for EU research, innovation and competitiveness.

We know that an early focus on the commercial market ensures stronger competitiveness for new businesses. Market orientation should therefore feature prominently in the framework programme goals.

Bridging the gap: Programme structure and implementation

If we are to create better links between research, innovation and SME competitiveness we will need to consider these important and interlinked processes as a whole. Innovation Norway recommends that all aspects of the future research, innovation and competitiveness policy efforts on the European level find their place within the same broad strategic framework because;

- SMEs and citizens are the beneficiaries of innovation and competitiveness policies.
- A considerable part of the innovation taking place happens in SMEs and it is not necessarily connected to research or technology. This has already been highlighted in a number of Commission communications as well as in studies and reports.
- It is our view that by placing SME and competitiveness measures in a smaller separate satellite programme would merely be taking a step back to the Multiannual Framework Programme. We need to move forward.
- Entrepreneurship and measures to improve the environment for SMEs could be incorporated in a competitiveness pillar within the framework programme.

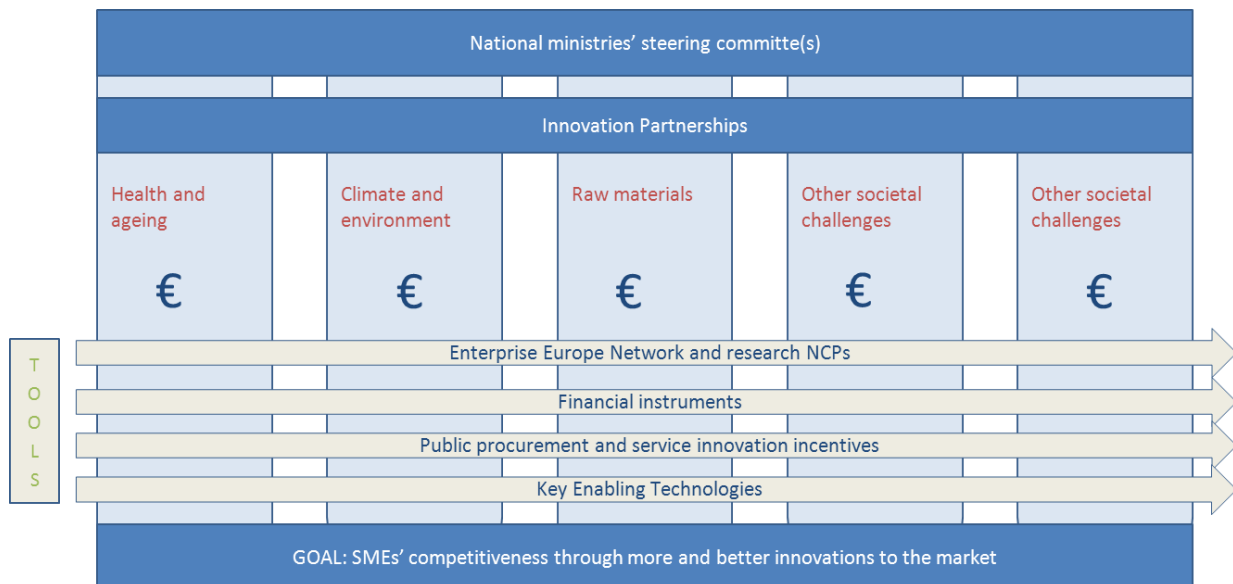
The NCPs and the Enterprise Europe Network should play an active role in bridging the gaps between research and innovation projects and areas of societal interest.

Structure

A new strategic framework for research, innovation and competitiveness should be organised into pillars, each representing areas of strong societal interest, with a variety of instruments and tools available within each area; thus the possibility of applying for projects within the whole frame of the

innovation cycle and related areas. This structure will open up for stronger links between research, innovation and competitiveness. Concrete policy tools would be financial instruments, procurement and service innovation incentives as well as key enabling technologies etc. The one stop shop consisting of the NCP and EEN networks should have a strong role in the actual connecting and networking of all “grass root” stakeholders involved.

Steering committees should be made up of for instance Ministries of Industry/Economy in charge of competitiveness and SMEs – and Ministries of Research/Innovation . A super structure should be put in place at the European level, ensuring a coordinated approach to the research and innovation issues. Please view illustration below:



The role of the One-stop-shop/Enterprise Europe Network

Innovation Norway supports the idea of a one-stop shop in the new framework programme. We think that the established infrastructure of Enterprise Europe Network is the most suitable and sensible infrastructure to further develop in this regard.

- The EU and the Member States/third countries have already spent an extensive amount of money to develop the permanent infrastructure of local offices that guide businesses to innovation and research funding.
- The role of the Enterprise Europe Network should be further developed. The Enterprise Europe Network is in all European regions, they have a unique knowledge of EU affairs as well as of SME challenges and problems. They work in the local business support infrastructure already.
- The network's focus on internal market affairs and technological transfer should be maintained and further developed. These services are of vital importance to the business environment and the functioning of the Internal Market. It helps to support innovation beyond technological innovation and seize market opportunities for innovative solutions.
- The network could substantially increase its focus mobilisation and advice on EU research and innovation programmes, especially related to industry participation.
- The target groups for the new research, innovation and competitiveness framework programme will be very diverse; i.e. from basic researchers to small SMEs and would need a careful consideration on how to approach each target groups as talking to and encouraging an SME cannot be compared to talking to and encouraging the research community.

The geographical scope should not be limited to the EU27 as there are more countries participating in the Internal Market, in addition to all the other third countries that express interest in the European businesses, knowledge and research through their active participation in the network. This helps improve the competitiveness and innovative nature of the European businesses. Furthermore, we believe that the internationalisation of companies to markets outside the EU is important, and the network helps accommodate this.

An elaborated role for the network is welcomed but budgets must reflect the need for necessary competence building and widening of activities. As applies to all EU measures, the network's role and functions should not duplicate any national services already in place. The new tasks would need to have a clear European value-added.

- The network could play an extended role in the process of getting EU funding to cover the whole innovation cycle, R&D environments and skilled researchers with the business environment, assisting in EU finance processes as well as helping out in partner searches and cross-country market orientation.

Financial Instruments

Innovation Norway is of the opinion that the efficiency of the financial instruments of the current CIP could be even higher in a new framework structure if:

- The risk level taken in the SMEG loan guarantees was higher (up to 50%).
- The legal and administrative procedures for the financial intermediaries are somewhat simplified, especially when it comes to reporting.
- The time from application to an agreement with EIF was shortened considerably. One year from application to a deal is too long, and could hamper the survival of funds for instance.
- The main beneficiaries should be innovative, high growth companies.
- The EU could support traditional industry could be supported, but perhaps more from debt based financial instruments.

Innovation policy development

As highlighted in the evaluation of the CIP, there is a strong rationale for cooperation in innovation policy development on a European level. Innovation Norway supports the continued EU funding of the development of common policy roadmaps, learning platforms and pilot projects where there is a clear European added value of the pooling of resources and experience.

The current PRO INNO Europe and Europe INNOVA settings provide experts and stakeholders direct access to European knowledge bases and networks. They function as a breeding ground for new ideas where actors from the 'triple helix' can sit together in a multinational setting to discuss and exchange experiences and best practice. Formal and informal networking among European policy actors creates valuable reference points for creating national policy support instruments and perhaps in the future cross border support instruments and thinking outside the box. These platforms should be continued and further developed;

- Results, knowledge and new tools need to find their way into stakeholders' minds and networks – in order to seep into national legislation and policy development
- Some relevant focus areas could be innovation through procurement and service innovation.
- One practical policy tool to be tested and piloted could be the funding of public-private projects where innovative SMEs were paired with large public buyers for a common

(technological or non-technological) development project, thus creating a critical mass for the product or service development.

- The development of new tools directed especially at the needs of high-growth companies and high-potential start-ups.
- The EU should uphold and further develop its focus on the broad based innovation and not see innovation purely as a linear process from research to innovation idea.
- The tested and well-functioning work of PRO INNO Europe and Europe INNOVA should be continued in a new framework programme for Research, Innovation and Competitiveness.

How can funding become more attractive and easy to implement?

- Simplification and accessibility for SMEs and industry. You could have one set of rules for SMEs and industry, very simple. Their own accounting rules apply, forms are simplified. Extended use of pre qualified auditors, and then selective checks on a few projects.
- More bottom-up approaches where excellent research environments and/or innovative companies define the project scope.
- ONE common database for partner searches for EU programmes.
- A bigger role for the Enterprise Europe Network when it comes to mobilising the very best actors.
- A European application should be made valid for funding also at the national level if the programme goals match.

Further efforts in the way of joint programming could be an exploratory way of creating greater coherence in European national innovation policies and measures – and lead to further piloting the opening of programmes on a wider scale. European added value and the focus on European or global challenges are the main characteristics that funding at the European level has. MS funding could be a part of this, for instance that some MS funding is leverage once you get European funding for your projects.

What support should we put in place for SMEs and industry participation?

There should be a commercial element and a clear market strategy in place at the start of a project (perhaps with the exception of basic research projects). The earlier you focus on the market the more competitive you become. An innovation is not an innovation until it is at the market.

- SME support at EU level should be directed mainly to (young) companies with high growth and/or international potential and/or a particularly innovative profile.
- There should be a continued focus on excellence in all programme areas and tools.
- More public-private partnerships where SMEs define the project scope.
- Shorter applications, simpler language in calls and documents (less EU-lingo).
- The limited funding in many programmes (10-15% success rate) is also a barrier for many companies. We could improve accessibility for SMEs by creating a two step procedure where the first step is the evaluation of a concept paper and the second is a full application. This would help SMEs to make sure that they are within the scope of the programme and limit the costs of developing an application.
- National funding could also be made available for projects that were judged fit for funding but where European funds were not enough.

- An electronic submission system that has a sufficient capacity so that it does not crash when you try to submit your application.
- Shorter procedures, 6-8 months is a very long time from submission to approval for a young company. The aim should be 3 months.
- The need for a financial guarantee for SMEs should be reviewed.
- There should be money for small projects aimed at SMEs and industry. Sometimes only a limited amount of funding is necessary to realise a project. Innovation projects often have shorter life spans and need fewer partners to realise a good idea.
- The Structural Funds should fund local projects to enhance the competitiveness of that region. The funding at EU level should ensure the competitiveness of Europe as a whole.
- It should be the responsibility of the member states not to duplicate European funding.

*What should be the measures of success for EU research and innovation funding?
Which performance indicators could be used?*

Any innovative solution needs a market in order to become innovation. Creating these markets is the key. It should be done by making funding available for any solution that helps solve an issue, and the effect “new markets” can be measured

- The success rate of research close to the market should be market entry.
- Amount of follow up projects, further research or commercialisation projects based on the results.

How should intellectual property rules governing EU funding strike the right balance between competitiveness aspects and the need for access to and dissemination of scientific results?

- The EU could retain a stronger right to disseminate the results coming out of EU funded projects
- Commercialisation of results within a certain number of years - protection of IPR rights perhaps for 3-5 years. If no exploitation in the market has been realised the results, there should be procedures for release the results for other actors to commercialise. Establish a “good ideas” market so someone else could commercialise the ideas.