

## **CDTI preliminary inputs for CIP-II**

### **(WORKING DOCUMENT)**

The economic downturn is affecting European expectations. Solutions should drive not only to recovery but to guarantee the sustainability of European welfare standards. In this sense, **Research, Development and Innovation policies will play a crucial role to restore European credibility and confidence**, fostering sustainable productive entrepreneurship and promoting high-quality employment while bringing social & territorial cohesion. The major European challenges identified require a balanced combination of Research, Innovation, Enterprise, Education and Cohesion policies. **Major efforts have been done in these fields, but not enough in linking them in order to foster the innovation chain to competitiveness**, as stated in the Innovation Union flagship initiative of the Europe 2020 Strategy.

#### **1 Towards CIP-II: Strong connection of innovation to R&D.**

Although the Framework Programme for RTD (FP) has been the major instrument for high quality research in Europe, the Framework Programme for Competitiveness and Innovation (CIP) is called to complement it to guarantee that the large potential impact from EU funded research becomes a reality on European industry competitiveness.

**In this context, CIP support can not be just limited to enabling conditions and supportive framework for innovation but also on maximizing the integration of the research and innovation support at EU level**, to ensure that the vast investment done on research returns positively to the European society and enterprises' competitiveness.

Although it is evident that innovation not only comes from R&D, it is also evident that R&D would need innovation to transform its outputs into reality. This alignment has already been demonstrated to work successfully in the small programme of Eco-innovation (run under CIP-EIP) so this type of scheme should be **one of the key elements of the next CIP-II Programme, ensuring that CIP direct support instruments became the natural follow up of the**

**most successful projects/initiatives from FP independently on their theme.** To serve this purpose, the budget for CIP-II Programme should be significantly incremented in order to cover effectively demonstration and trials, as well as implementation roadmaps for those FP projects showing promising results. In this sense, **successful FP projects** would be given the opportunity **to result in promising close to market products and services**, financing under CIP the demonstration and trials phases of the technologies developed as well as spreading its use to other industrial and service sectors, opening up its geographical implementation or developing further additional applications in related or complementary fields.

This can be approached through joint measures between FP8 and CIP or integrating these CIP activities as part of FP8, providing continuity to European Research and Innovation Projects, ensuring that **All proposals coming from successful FP projects, independently on their theme, would be directly eligible to be granted for further trials and demonstration.** It would be implemented through an international evaluation process but without fund competition, since it would be previously assumed that the budget has been already reserved for this purpose.

This direct support that promotes that EU R&D investment reach the market should be complemented in CIP-II with the demand side of the innovation, using the “CIP PSP Pilot” type of projects in areas where public administrations working together can benefit from developed innovative solutions or tender them together through innovative public procurement actions.

In the case of innovative public procurement, it has a huge potential as an important innovation market, (particularly in areas such as health, environment, transport or energy) but the current fragmentation across Europe lacks critical mass to trigger European wider innovative investments. A broader support from CIP to integrate European innovative public procurement markets would overcome the current fragmentation and would mean an important step forward towards a real single innovation market in Europe.

This double approach for innovation projects would encourage participants and funding bodies to undertake more risky EU RTD initiatives with the guarantee that successful projects will have an opportunity to end up closer to their market and societal objectives. Moreover, with the EU fostering the public

administration to uptake innovative solutions, a number of new markets will be untapped in areas where the innovation benefits can only be achieved if a large number of public administration acts as a trigger.

## **2 CIP-II: Working for a single innovation market in Europe.**

Besides this overwhelming need on direct support, **CIP-II should also need to approach of tackling the unsatisfactory framework conditions on innovation at UE level to facilitate the Innovation Union commitments of “getting good ideas to the market” and “achieving a single innovation market in Europe”**. This involvement should be focused on those areas where there is strong intervention logic for EU support and strong prospects for European added value being generated. Considering these two issues priority should be given to:

- **Focus the CIP financial instrument**, in connection with the EIB, on providing support at UE level to overcome the too fragmented and intermittent market of **private capital for seed and start-up innovative SMEs**. Innovative SMEs with the potential to expand into international markets have limited access to growth finance from venture capital and Europe needs to improve its venture capital market, so it is a clear opportunity to ensure a high leverage effect of UE public money.
- **Gain efficiency in the business innovation services provided by the Enterprise Europe Network**, putting especial emphasis on its transnational activities. During CIP, the network has been established achieving a high capillarity through Europe that can be exploited largely in the future if the nodes work as a network and are focused in providing added value transnational services to the SMEs from their regions.
- **Concentrate CIP measures on actions directly targeting the core needs to build the single innovation market from a transnational perspective**: Standardization, regulation, interoperability of products/ services and activation of policies that stimulate the demand for innovation, i.e. through public procurement, are some of the key elements to build the single innovation market, while the absence of a cheap and simple EU patent is one of its more harmful limitations. Being

SMEs essential drivers of innovation, CIP should guarantee their involvement in all these processes as stakeholders and where possible, encourage their active participation.

### **3 Simplification and better Coordination of the Research and innovation programmes at EU level.**

The ongoing debates on simplification also cover the clarification of the research and innovation programmes and initiatives at European level.

**The proliferation of ERA-related instruments and schemes** already put in place during the late period of former FP6, the implementations of the current FP7 and CIP and a number of other policy related initiatives **are generating the adverse effect of introducing confusion to participants and programmes' managers involved**, due to the tremendous overlap of S&T contents in calls across these new initiatives, besides possible overlaps with standard FP calls and the opportunity costs related to different participation rules or funding schemes that have to be learnt by all involved agents.

Synergies of programmes and instruments, leading to minimizing the risks of inefficiencies, fragmentation, lack of coordination and minimal impact shall be sought by **reducing and streamlining the already too large portfolio of policy objectives and related instruments at EU level and by harmonizing and providing coherence to the rules and procedures across all funding mechanisms.**

The principle of proportionality and best-use of public funds should be respected before an "experiment" or pilot is definitively incorporated in the official EU-portfolio of policy instruments. A critical analysis of all the initiatives / schemes already in use (or upcoming) must be conducted before launching new ones, especially before starting the design process for FP8 and CIP-II.

**New relevant initiatives should be 1) the exception, not the rule; 2) very well justified and 3) their foreseen impact quantitatively sized in advance.**

Otherwise, the signals transmitted to the constituencies may indicate that the aim is to satisfy internal political needs rather than market and system failures in terms of competitiveness and RTDI investments.

At present, there are several large scale initiatives on preparation: SET Plan spearheads projects, nine new Joint Programmes of Members & Associated States, European Large Scale Actions (ICT sector) and more recently the European Innovation Partnerships.

**In order to really clarify the EU landscape, the European Innovation Partnerships (EIP), as something more ambitious, should merge and bundle up the different action lines.**

#### **4 Structure and content.**

The current structure from CIP is the results of bringing together a number of predecessor programmes to increase their visibility and to relate them more clearly to the wider competitiveness and innovation objectives of the EU, however this has been more confusing than beneficial as the overall concept of CIP as an entity has been hardly understood. The wide range of interventions which are relatively complex and target many different stakeholders has not helped to give a single CIP message and moreover, the predecessor programmes are still keeping their own identity.

Moreover, the limited budget attached to current CIP implies that it has to achieve its ambitious and broadly defined objectives though leveraging its ideas, products and partnerships into other policies and programmes and this has resulted in little measurable impact so far at European level.

Given that CIP was conceived at a time of relatively high economic growth globally and within the EU and the current boundary conditions for CIP-II are radically different, including an important political consensus to align research and innovation to address societal problems, **CIP-II can not be just limited to look for leverage effects but instead, it should have a real powerful position to contribute significantly to the Innovation Union implementation with at least two powerful project based strands: one for project coming from successful R&D results in FP and other one from projects in areas where public administration can trigger new innovative markets .**

This commitment not only would be needed to be reflected in CIP-II objectives but also would need a significant increase of their budget. **Lessons learnt from the present CIP regarding where to focus and the current shift of the**

**innovation policies towards grand challenges should steer CIP-II structure and budget allocation.**

BORRADOR