



Consultation on the Effectiveness of Innovation Support in Europe

Introduction note

As international competition intensifies, the innovative capacity of the EU economy is an increasingly important factor of competitiveness. At the same time, the current global economic crisis will lead to increasing pressure on public budgets and force governments to review the allocation of scarce resources. In such a situation, the risk exists that priorities may be shifted away from projects that are likely to create returns in the long run, like innovation support, towards measures that promise to address urgent and short term challenges. In order to maintain long term support for innovation, there is therefore a need for better demonstrating the actual and/or potential benefits of innovation support instruments.

Innovation support in the EU needs to be based on a clear and widely accepted policy rationale in order to be credible and effective. The main purpose of the public consultation is therefore to get insights on how to best improve the effectiveness of public innovation support mechanisms in the EU, against the background of constantly evolving innovation patterns in enterprises.

As part of the Lisbon Strategy for Growth and Jobs, most Member States have undertaken in recent years great efforts to further improve their innovation support mechanisms by investing in infrastructure and implementing new or better instruments. Further major improvements are expected in the coming years, including through the Structural Funds which are planned to be increasingly used for innovation capacity building. The INNO-Policy TrendChart currently identifies more than 1100 horizontal and specific measures across Europe, including measures supporting technology transfer, incubation, access to finance, etc. This public consultation could shed some more light on the question which support would create most impact for enterprises. This will help the Commission to better advise Member States on how to focus their innovation support measures in line with the expectations of stakeholders and ensuring better value for money.

At the same time, the consultation should allow for a better understanding on the right "division of labour" between the EU and national or regional levels when it comes to innovation support. Indeed, since innovation support is typically provided at different –levels of government, there is without doubt a risk of overlaps between support mechanisms. In particular, the optimum relation between regional or national instruments on one side and possible EU-level efforts on the other to help enterprises to innovate faster and better has until now never been subject to a detailed analysis.

In this respect, the results of the public consultation will complement the ongoing and planned evaluations of FP6, FP7 and CIP Programmes. The general impression is that most innovation measures in the EU have only little impact on the capability of enterprises to innovate. The Innobarometer 2007 survey¹, for example, asked managers of innovative enterprises if public support was instrumental in any of their previous innovation-linked projects, such that they could not have taken place without the assistance received from public support schemes. On average, not many enterprises in the EU have relied on the availability of public support schemes in carrying out innovation. For most firms that have received some form of publicly funded innovation support, this support was not crucial for their innovation activities. This perception is further confirmed by a latest opinion poll conducted at the Europe INNOVA Conference 2008 in Lyon where over 2/3 of the delegates would characterise public innovation support rather as a "vitamin pill or placebo" than as a tailored remedy to improve their innovative activity.

The focus of this consultation is on better innovation support for SMEs, as announced by the Small Business Act. Innovation processes change over time and with that also the needs of enterprises in support of innovation. With the shift of innovation support mechanisms from the Framework Programme on Research and Development (FP) to the Competitiveness and Innovation Programme (CIP) even more emphasis than before has to be put on effective business support for innovation in SMEs. Community innovation support measures funded under the CIP will have to be more result-oriented than previous pilot actions launched under FP.

Directorate General Enterprise & Industry invites institutional players active in the design, funding, implementation, and evaluation of innovation support measures at regional, national and European levels as well as the beneficiaries of innovation support measures to give their opinion, until midday, 4 May 2009, on the questions raised by this public consultation. It should result in a sufficient number of responses to provide statistically significant data that allow drawing meaningful lessons and policy conclusions.

This public consultation of stakeholders will be complemented by an internal assessment of the scope for better synergies between different Community instruments (CIP, FP7, and Structural Funds) in support of innovation. The results of both exercises will be summarised in a Commission Staff Working Document scheduled for publication in June 2009 so that they can feed into the discussions on the European Plan for Innovation, called for by the Brussels European Council in December.

¹ Innobarometer 2007 survey (Gallup, 2007) see at: http://www.proinno-europe.eu/admin/uploaded_documents/FI215_Analytical_Report_2007.pdf