

**2002 SPECIFIC MONITORING REPORT ON THE
SPECIFIC PROGRAMME FOR
RESEARCH AND TECHNOLOGICAL
DEVELOPMENT**

**IN THE FIELD OF
“INNOVATION AND SMEs”**

March 2003

This Report is part of the series of the annual monitoring reports prepared relating the EC Framework Programme and the Euratom Framework Programme, and their constituent Specific Programmes as well as to the European Research Area (ERA) related activities.

The Commission has, over the years, given increased emphasis to the evaluation of Community RTD activities. With the overall reform of the Commission, evaluation activities are increasingly placed at the heart of the decision making process.

In line with this continuous effort for improvement, a revised programme monitoring scheme was introduced in 2001, based on the system launched in 1995 which involved independent external experts in the monitoring activities. The new mechanism aims at a better synergy between the monitoring of ERA and specific programmes and of the Framework Programme.

The timely response by the Programme management to the recommendations produced by the experts will enable a quick response to programme developments, through the implementation, as far as possible, of the experts recommendations.

This is the fifth and final report of the Fifth Framework Programme covering the specific programme "Promotion of Innovation and Encouragement of SME Participation". This specific programme will not exist under the Sixth Framework Programme but its legacy will be shared between two new specific programmes, namely "Structuring the ERA" and "Integrating and strengthening the ERA". This final report will, therefore, include comment on the implications of these changes for the promotion of innovation and for the participation of SMEs, in addition to progress made in the past year towards implementation of the ERA.

The report consists of two parts:

Part A: *External monitoring report prepared by the following independent external experts:*

Mr Giorgio Tuninetti (Chairman)

Prof. Joseph Cogan (Rapporteur)

Mr Julio Guzman Rodriguez

Part B: *Responses of the Programme management to the external monitoring report.*

PART A:

Report of the external Monitoring Panel

1. Executive Summary

1. Two different activities, Innovation Promotion and Encouragement of SME Participation in FP5, are coupled together in this specific programme. The historical or other reasons that led to this arrangement no longer obtain and this fact has been recognised under FP6. On the one hand the participation of SMEs will now have its sponsor in one Unit of DG Research while, on the other, the promotion of innovation will be under the responsibility of DG Enterprise and shared between two new specific programmes: the policy component goes to *Integrating and Strengthening the ERA* and the research and service elements will be part of *Structuring the ERA*.
2. These developments are welcomed but serious concerns remain as to how 'SME Participation' and 'Innovation Promotion' will be progressed and implemented under the new dispensation. The main route for SME participation will now be through *networks of excellence, integrated projects and specific targeted research projects* in the seven priority research areas. This is expected to raise the entry barrier for SME participation in EU research and to impact adversely on SMEs of limited research intensity. At the same time, the closer integration of innovation promotion with the research activity is in danger of reinforcing the perception that innovation is merely the successful application of research results. This could impair recent progress by this specific programme in putting the innovation process at the heart of enterprise and promoting policies that recognise the diversity of factors influencing innovation.
3. Much of the efforts of the Innovation and SME Programme during 2002 were concentrated on the future of its activities under FP6. Another external factor that intruded upon the work of the programme during the year was the problem with management software in DG Enterprise. New 'informatics' were installed in November 2002 but failed to perform to expectation, thus leading to an extension of the 'time to contract' for projects. The planned relocation to Brussels of the Innovation Directorate of DG Enterprise, however, was the

issue that impacted most on the work of the directorate because of its adverse effect on staff morale, resulting in twelve vacant posts (more than 10 per cent) in the directorate in the Spring of 2003.

4. Under the circumstances, the commitment and achievements of the programme during 2002 are commendable. Highlights were the work on a new Communication on European Innovation Policy and the increased activity of the IRC network in terms of transnational agreements and the extension of its operations (2002-2004). The latter was prompted by the mid-term review of the network. CORDIS continued to improve its operations and to expand its interactive services. The findings of an external evaluation, however, portray it as an “extremely complex” service lacking in user–friendliness. With regard to promoting innovation, the report simply states that while “CORDIS is recognised as the web of the R&D programmes . . . users are not yet clearly identifying it as the web for innovation”.
5. This monitoring report reiterates a number of recommendations from 2001 that remain to be acted upon, mainly because the Programme was endeavouring to safeguard and strengthen the future of Innovation and SME activities under FP6. The key recommendations from this particular monitoring exercise, however, relate to the transition from FP5 to the new Framework Programme.
6. The Panel is of the view that the term “Encouraging SME Participation”, as used in the Work-programme, needs qualification in so far as it does not take cognisance of the fact that the vast majority of SMEs (probably more than 95 per cent) lack the capability to participate in EU research projects. The Panel recommends early publication of the promised comprehensive review of all aspects of SME participation in Framework programmes, with particular emphasis on the nature and quality of that participation.
7. The Innovation Directorate has responsibility for articulating an innovation vision and spreading the EU innovation imperative to other policy areas of the

Commission. The Panel is concerned that the directorate is under-resourced to carry out this decisive mandate at a time when “progress towards an innovative European economy is proving tentative and fragile.”¹

8. The Panel commends the progress that has been made in the past couple of years towards promoting open policy co-ordination through the medium of the Trendchart, including its Innovation Scoreboard. There are fears, however, that the credibility of the Trendchart process may be undermined if action is not taken to remedy the limitations in its statistical base. These limitations relate to the poor frequency of the Community Innovation Survey and to the narrow base of the Union’s innovation statistics. The Panel wishes to know if there are plans to address these concerns about the Union’s innovation statistics.

9. The co-ordination aspect of innovation activities in FP5 was part of the mandate of Innovation and SMEs, which exercised this responsibility by setting up and chairing a co-ordination group with the thematic programmes. The achievements of the co-ordination group in FP5 were adversely affected by competing priorities and a lack of resources. The Panel wish to be reassured that the innovation co-ordination activities, formerly entrusted to this co-ordinating group, will be legislated for under FP6.

10. The Innovation Directorate has acquired very valuable experience through a number of imaginative actions, designed to promote an understanding of the non-technical aspects of the innovation process. The Panel recommends that specific measures be put in place to ensure that the economic, social and organisational dimensions of innovation are given emphasis in the new instruments of FP6.

11. There is a notable absence of indicators of performance and of innovation impact, relating to actions undertaken by Innovation and SMEs under FP5. In

¹ Commission communication on *Innovation Policy: updating the Union’s approach in the context of the Lisbon strategy*, COM (2003) 11 final

the interest of the imminent Five Year Assessment, the Panel recommends that selected innovation impact studies should be carried out.

12. The Panel notes the increased activity of the IRC Network and its extension to newly associated countries, but is concerned that the proportion of IRCs categorised as ‘good’ in the mid-term review, is only one in five. The Panel wishes to know if the Commission has an improvement target in mind and how it plans to achieve it.

13. The Panel takes note of the results of the recent report by external experts on the performance of CORDIS, and in particular the finding that CORDIS is not deemed to be fulfilling its mandate to promote innovation. The Panel wishes to know what actions are proposed by the Commission to address this situation.

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2. Panel Methodology

The terms of reference for the 2002 monitoring exercise of the Innovation and SME specific programme stipulate two main areas of focus:

- Analysis and synthesis of recommendations and their follow-up and results, from the 1999 to 2001 exercises. These are presented in the form of a standardised matrix. (Annex 4)
- Monitoring of the implementation of the specific programme in 2002 (including questions linked to the transition from FP5 to FP6).

The current monitoring exercise commenced with a joint meeting in Brussels on November 7, 2002, of all ERA/FP/SP experts. This was followed by the first meeting of the Innovation and SME monitoring panel in Luxembourg on November 22, 2002. Further meetings of the panel took place in January (two), February and March 2003. A second joint meeting, to present a FP synthesis and ERA/SP Specific monitoring reports is scheduled for April 10, 2003. The Innovation and SME panel received full co-operation and extensive documentation (Annex 3) from the Commission Services, including a comprehensive internal self-assessment document of programme activities during the past year. Interviews were conducted with all six Heads of Unit responsible for the programme and also with the director in charge of the programme. The panel also received an extended summary of the results of an external evaluation of CORDIS, conducted during 2002.

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3. Introduction

3.1 Programme Characteristics

Enhancing innovation is a cornerstone of the strategy to meet the Lisbon target. Yet the innovation performance of the Union, as measured by the 2002 Innovation Scoreboard, remains low in comparison with the United States and Japan. Performance to date does not allow us to expect that the Lisbon target will be attained within the planned timetable.

The objective of the Innovation and SME programme is to promote innovation at the Community level and to encourage SME participation in FP5 and, according to its Work Programme, it serves three main functions:

- As a “service provider”, offering information services to innovative firms including SMEs
- As a “clearing house”, collecting data on innovation and analysing trends, good practices and policies, at European and Member State level
- As a “test bed”, running pilot actions to test new ideas towards developing a European innovation culture

The programme builds on a long tradition in the field of innovation support and was endowed with a budget of 97M€ in 2002 (Annex I). The programme has been jointly managed by Directorate C of DG Enterprise (the “Innovation Directorate”) in Luxembourg and Directorate B of DG Research in Brussels.

3.2 Programme Activities in 2002

According to the internal self-assessment referred to earlier:

“ . . . activities in 2002 consisted of launching two calls for proposals for Innovation Projects and Collective Research Pilot Action. Contracts have been concluded for PAXIS, following a call for proposals which closed in September 2001. The programme has actively participated and contributed to different policy areas to develop a coherent approach to the promotion of innovation. It has disseminated information through CORDIS, publications, seminars and workshops to reach a targeted audience for innovation and SMEs in Europe. Activities such as the

European Trendchart on Innovation, the Community Innovation Survey and the IRC Network have been further strengthened. Much of the year's effort has been concentrated on the future of the current activities under FP6².

An important part of the work throughout 2002 was the continuation of ongoing elements of the programme such as conferences, the maintenance of networks and the management of projects launched in earlier calls. Significant progress has been made in effecting closure on legacy projects: only four RITTS projects (out of 45) and one Trans Regional Innovation project from FP5, remain to be finalised. The Commission attributes the delay in all outstanding cases to political difficulties at the implementation stage.

3.3 Activities reviewed in this Monitoring Exercise

The first part of Analysis and Findings (the next section of this report), deals with the implementation of the monitoring recommendations from earlier exercises, and the second part deals with progress in implementing the Innovation and SME specific programme in 2002.

The relevant Work-programme consists of three strands, encompassing eleven lines of action. Two of the strands are managed by Directorate C of DG Enterprise and one by Unit B3 of DG Research. The members of the monitoring panel have reviewed the different action lines of the programme under these strands, bearing in mind the terms of reference in the Monitoring Guidelines.

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² 2002 Self-assessment for Innovation and SMEs

4. Analysis and Findings

4.1 Analysis and Synthesis of Recommendations and their Follow-up from the 1999-2001 Monitoring Exercises

The guidelines for the 2002 Monitoring exercise call for an analysis and synthesis of the recommendations of the previous three years (Annex 4). The Commission has, for the most part, been responsive to these recommendations and many are already implemented, or are in the process of implementation. The focus here is on areas where further progress is needed.

4.1.1. Strategy and Objectives

The 2001 monitoring report addressed issues of strategy and programme orientation. The lack of attention to these areas in earlier monitoring reports is consistent with the ‘operational’ character of the annual monitoring reports, in contrast with the more ‘strategic’ character of the five-year monitoring exercise.

A recommendation to turn ERA into ERIA (European Research and Innovation Area) evoked a Commission response to the effect that it was proposed to give innovation full consideration under the existing title. This does not completely reassure those who believe that innovation policy occupies a lower priority than research policy within the Commission.

Repeated calls to rationalise and streamline business support networks throughout the Community have not been met with decisive action.

The qualitative and quantitative analysis of SME participation, promised for the end of 2003, is eagerly awaited so that the lessons emerging can be applied to the new instruments of FP6, namely ‘integrated projects’ and ‘networks of excellence’.

4.1.2 Management and processes

The need to improve the operation of the ‘innovation units’ in the thematic programmes has been a recurring theme in the monitoring of Innovation and SMEs.

The mandate for this activity now passes to the individual policy units. This raises concerns that, under FP6, there may be less transparency and less attention given to the innovation dimension of research projects and securing the follow-up of technology development.

A call for simplification and rationalisation of management procedures appears in a succession of monitoring reports. The present procedures are clearly inimical to SME participation in respect to issues such as administrative burden, time-to-contract and financial evaluation. The Commission Services response has tended to be that a radical shift in the current management model is expected under FP6.

CORDIS has been the subject of repeated calls for increased user-friendliness and the extension of specific services. There is also the broader question as to what extent CORDIS has extended its gaze beyond its historic role as a web of R&D programmes and funding, and has expanded to embrace the innovation imperative.

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4.2. Monitoring of the Implementation in 2002

4.2.1 Follow up of 2001 Recommendations

A number of factors have adversely affected the full implementation of the recommendations of the 2001 Monitoring Panel. These factors include a pre-occupation with planning the future of the programme's activities under FP6, the planned relocation of the Innovation Directorate to Brussels, and the inordinate delay in implementing the new 'informatics' to administer the programme. The situation was compounded by the scope and number of recommendations emanating from the 2001 exercise. The recommendations numbered 27 in total but there was a degree of overlap in so far as three (Numbers 6, 11 and 23) were concerned primarily with the quality of SME participation and two (Numbers 10 and 12) related to reducing time-to-contract. The Commission Services deemed, correctly in our view, that several of these were more apposite to improving the programme target relevance and policy development than its management. In that context the present panel suggests that the

Five-Year Assessment Panel might review some of the very interesting and original recommendations emanating from the work of the 2001 Monitoring Panel.

Management Issues

The two recommendations under this heading (Numbers 1 and 2) were both broad in concept: a cost-benefit analysis of activities under the programme and an acceleration of the initiative to rationalise the business support networks. No targets were set against which the Commission Services could report progress. There appears to be a retreat, however, from an earlier commitment to promote all the Community's business networks under a common name.

In the context of preparing for FP 6 there was a further recommendation that the time to project decision should more closely matched to 'real-time' decision making (No 10). The Services responded that it is currently carrying out an analysis of the events and procedures that are involved in the time to contract process. The disruption to the 'informatics' has, however, prevented them from completing that study by the end of 2002.

Policy Issues

The three recommendations of the Panel in the policy area (Numbers 3, 4 and 5) did not invoke any commitment to action by the Commission Services because they related to issues deemed more appropriate to other fora.

Towards FP6

The Panel recommended that the transition period between FP5 and FP6 be used to train intermediaries (No 7). The Services made a commitment to address the issue in two ways, first by bringing forward the launch date of proposals to September 2002, and secondly, to become active in promoting the new FP and in training the new SME NCP Network. In the event, the first call for the successor to Innovation and SMEs, under FP6, was not issued until March 2003.

The Panel recommended a more entrepreneurial approach to financial evaluation (No 17) and suggested a global insurance or bank guarantee at the Commission level, in deference to the difficulties in bank financing being experienced by SMEs. The Services, noting the rules imposed by the Council, responded that a radical shift in the current management model is proposed under FP6. In addition, there will be increased co-ordination and harmonisation between Framework Programme activities and those of EIB and EUREKA.

The Panel recommended that positive action be taken to protect the IP rights of SMEs and to ensure that young researchers and women should not be disadvantaged under the rules of FP6 (No 9). The Services believe that these issues are important but did not concede that they require any new commitments.

The Panel had concerns that the participation of SMEs, and in particular their capacity to act as co-ordinators, will be prejudiced under FP6 (No 8). The panel further recommended that a qualitative analysis should be undertaken of the benefits to SMEs, of participating in European research programmes (No 23). The Services responded that an external study, scheduled to be completed at end of 2003, is addressing the qualitative and quantitative aspects of SME participation in FP5, including their role as project leaders and co-ordinators. According to the Commission, new approaches for SME involvement in FP6 will be developed after taking careful note of the results of this study.

Specific Recommendations

The Panel recommended that documents should be simplified and project proposals rationalised (No 16) and this has received a generic response from the Services in so far as rules and procedures are to be simplified across the Commission. In addition a project management tool (the PMS Tool) is now available for all consortia participating in the Innovation and SME projects.

A recommendation on the broader issue of simplifying administrative procedures, and empowering administrators to take more initiative (No 14), elicited the response that,

in the White Paper on Commission reform, there is a commitment to introducing a service-based culture. Procedural and contractual simplification is in hand for FP6, with a view to increasing the responsibility given to Commission officials. The Panel's further and very specific recommendation, on mechanisms to improve the exploitation of research results (No 10), has led to a number of actions. The results of the Transtracc project have been widely distributed to NCPs and the Technology Marketplace was re-launched at the beginning of 2002, based on e-TIP data. A call for tender, relating to specific upgrades to the Technology Marketplace, was scheduled to be launched at the end of 2002 but is still awaited.

The Panel recommended that the role of intermediaries be studied to assess what value-added they bring to the formation of partnerships (No 24). The Commission promised to launch an internal assessment followed by an external study in 2003. No progress was reported on this matter.

Recommendations to continue the programme of improvements to CORDIS (No 20) and to take specific steps to achieve a wider and more timely dissemination of the Innovation and SMEs programme's policy studies and research output, evoked a number of actions. An overhaul of innovation activities on the CORDIS server, including a new 'Innovation Policy Portal' is due for completion by mid-2003. With regard to dissemination of output and results (No 21) there was an undertaking to actively approach some of the major journals, and to market Commission publications on scientific news web-services like Alpha Galileo.

Other specific recommendations by the Panel (Numbers 13, 15 and 22) included dispensing with the role of Programme Committees in the awarding of contracts, adopting a less legalistic approach to managing contracts and a reduction in time spent by officers in producing reports requested by the various stakeholders of the European research system. These issues, however, were deemed to be outside the discretion of the Commission Services.

Monitoring Issues

The Panel made three recommendations (Numbers 25, 26 and 27), specific to the monitoring process itself: inclusion of customers on the monitoring panel, provision of an information CD-Rom for each member of the panel and the development of a set of performance indicators to act as a measurement template for future monitoring panels. The Commission Services contended that further interaction with users would be more appropriate for the Five Year Assessment Panel and that the setting up of CIRCA, an internet for expert groups, has satisfied the function of a CD-Rom. The Services undertook to analyse, in conjunction with other research DGs, the details of the Panel's proposal for a set of performance indicators, to assist future monitoring exercises.

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4.2.2 Promoting Innovation

The Work-programme of Innovation and SME describes three categories of specific activity: *Promoting Innovation*, *Encouraging SME Participation*, and *Joint Innovation and SME Participation*.

Promoting Innovation is the first of the specific actions listed in the Work-programme of this Specific Programme. Innovation is clearly an imperative for the Union, in the light of the call from the Lisbon Council in March 2000, to boost innovation to meet the challenge posed by the knowledge-driven economy. The response of the Commission was articulated through the Innovation Directorate, which instituted the Trend Chart on Innovation in Europe and a portfolio of studies on innovation policy issues. The Innovation Scoreboard, the second edition of which was published in November 2002, is an intrinsic and perhaps the most visible part of the Trend Chart. The Scoreboard draws on a range of statistical sources including the 4-yearly Community Innovation Survey and the newly introduced Innobarometer.

Transcending these important initiatives, however, is the responsibility that rests on the Innovation Directorate to define a common vision, a set of priorities and objectives for a Community innovation policy. The directorate is currently completing an important Communication on innovation, to complement its 2000 Communication “Innovation in a knowledge-driven economy”. The directorate is kept informed of policy initiatives across the Commission through the procedure of “inter-service consultation” (100 documents circulated in the first nine months of 2002). The challenge is now to go beyond managing the traditional research/innovation interface and to take the innovation imperative into other policy areas, such as competition policy, employment policy and environmental policy.

Officials in the *Promoting Innovation* area were exercised during 2002 on two calls. Following the 2001 call for tenders for studies on specific innovation policy issues, a number of studies were launched in March-April 2002. These studies had a total budget allocation of EUR 1M and they are expected to be published in the first half of 2003:

- *Innovation Management and the knowledge-driven economy*
- *New products and services: analysis of regulations shaping new market*
- *Innovation in the service sector: issues at stake and trends*
- *Review and analysis of selected results from innovation policy studie*

Under this strand of activity, there was also a call under a second action line, *New approaches to technology transfer* (a.k.a. “Innovation Projects”). Calls for proposals for this action line closed in March 2002. This was the third and final call in an action that has been funded to the extent of EUR 81M under FP5, including EUR 28M for the 31 proposals that were successful in the 2002 call. Four contracts have been signed at this date. These projects are organised in clusters and are designed to emphasise the non-technical aspects of the innovation process i.e. economic, organisational and social factors critical for sustainable implementation of innovation. In the absence of suitable indicators of performance, it is difficult to assess the extent to which these projects meet their objective “to contribute as showcases to the implementation of European innovation policy”. In the light of the resources committed to this action, however, it is imperative that an innovation impact study be

carried out, so that future FPs can benefit from the lessons of this ambitious experiment.

The contrast between the resources allocated to the two lines of action under the specific activity, *Promoting Innovation*, is stark³. The panel learnt that the complement of staff assigned to the policy area is only one officer, at a time when enhanced innovation is the acknowledged route to preventing Europe being outpaced in innovation performance by the United States and Japan. The demands of the “inter-service consultation process” are increasing and the Innovation Directorate is in danger of failing to fully exploit this instrument for transmitting the imperative of innovation to the other policy areas of the Commission.

The authority of the Innovation Policy function of the programme is also being undermined from another direction. Its Trend Chart on Innovation in Europe, running since January 2000, serves the Union’s open policy co-ordination approach and is promoted as the “practical tool for innovation policy makers in Europe”. There are questions, however, about its statistical base, in particular the Community Innovation Survey (CIS), one of the primary sources of information for the Trend Chart’s Innovation Scoreboard. “Eurostat concluded that both the frequency and timeliness of innovation data were not satisfactory, and consequently CIS, as a statistical source for innovation data, loses credibility and our obligations towards the user are not met”⁴. This statement was made at an “R&D and Innovation Statistics” working party meeting in the context of the fact that the results of the 4-yearly CIS, due in 2000, have yet to appear.

One must also ask, is there too much reliance on the Innovation Scoreboard in its present form, as an instrument for evaluating progress towards the Lisbon commitment to open innovation policy co-ordination. The Scoreboard is heavily biased towards technology indicators at a time when there is universal recognition that innovation encompasses much more than the successful application of research results. Capacities and performances with respect to other forms of innovation are not

³ The total budget for Promoting Innovation under FP5 was EUR 91M. Of this EUR 81M went to *New approaches to technology transfer* and EUR 10M to *Innovation Studies*. The budget for the latter in 2002 was only EUR 1M

captured in the Scoreboard. The Trend Chart itself highlights three key categories of innovation policy and the Scoreboard is silent on two of these⁵.

Finally, in the transition to FP6, there are serious concerns that much of the expertise that has been built up over many years by the Innovation Directorate, regarding the multi-dimensional nature of the innovation process, may be lost in the closer embrace of Research DG. Take as an example the action line *New approaches to technology transfer*, whose focus on the wider socio-economic aspects of innovation will be subsumed, under FP6, into the ‘integrated projects’ of the main thematic research areas. What metrics, what channels of communication will be established to ensure that the lessons from these “showcases to the implementation of European innovation policy” are assimilated into the new Framework Programme?

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4.2.3 Encouraging SME Participation

With regard to the specific activities covered in this section, their objective is simply put as encouraging SME participation in European research. The only other qualification in the Work-programme is that, in the CRAFT measure, “special attention will be given to SMEs with limited or no research capability of their own”. There is some difficulty, therefore, in measuring performance against objective. The self-assessment report counts success in terms of 20,000 SMEs participating in the Framework Programme between 1996 and 2001. Although the absolute number may sound impressive this confirms the fact, frequently overlooked, that the great majority of SMEs do not have the capability to participate in Framework Programmes. Eurostat⁶ gives the number of SMEs in the non-agricultural market sector in Member Countries at well over 10 million (excluding owner-only firms and self-employed).

⁴ “R&D and Statistics” working party, 13-15 November 2002, Short Minutes

⁵ The Trendcart uses a three-way innovation policy classification system: *Fostering an Innovation Culture; Establishing a Framework conducive to Innovation; and Gearing Research to Innovation*

⁶ *Statistics in Focus* “SME Statistics”, Theme 4-16/1999

With reference to promoting participation of SMEs with limited research capability through CRAFT projects, there is some evidence from FP4 that this has had very limited success. The latest study known to the panel⁷, based on the years 1995 and 1996, found that 17% of the SMEs participating in the CRAFT programme under FP4 were investing more than 20% of their turnover in R&D, and a further 77% were investing 11% on average. Predictably, SMEs participating in the Thematic Programmes had a significantly higher R&D intensity: 43% of these firms were in the higher R&D category and a further 55% had an average R&D expenditure in excess of 11% of turnover.

Apart from managing existing proposals and contracts, there was one new call (closed end of February) during 2002: a Pilot Action on Collective Research. This has resulted in five contracts being agreed and “likely to be signed shortly”, requiring an EC funding contribution of EUR 6.6M⁸. This pilot action was designed to assess the interest of associations/groupings, representing SMEs, in collective research. Even though there has not been time to evaluate this experimental action, the scheme will be expanded in FP6 where collective research is one of the specific instruments of SMEs. The research in these Collective projects is carried out, on behalf of the industrial grouping, by one or more RTD performing institutions. The Commission Services are encouraged by the level of interest shown: 91 proposals were received, 18 were selected for funding and five contracts have been signed.

There were no calls during 2002 for the three other measures listed under the *Encouraging SMEs* specific activity: Single Complementary Entry Point; Joint Support and Assistance Instruments; and Economic and Technological Intelligence.

Looking ahead to FP6, at least 15% of budget has been targeted for SMEs in the seven Priority Thematic Areas, with a further EUR 430M allocated to Horizontal Research Areas (CRAFT and Collective Research). The entry barriers to SMEs have been raised, however, because the main route to participation in the thematic areas will be through Networks of Excellence, large Integrated Projects and only to a lesser extent Specific Targeted Projects i.e. traditional research projects known from

⁷ Vertica Oy et al, (1998), “SME Participation in FP4 – Final Report”

previous FPs. The Panel is concerned that the new instruments in FP6 will prejudice the capacity of SMEs to participate, even if the promise of procedural and contractual simplification is realised. It is critical, therefore, that the Commission is aware, from the outset of the new programme, of the potential difficulties ahead. Consideration should be given to possible mechanisms for reducing the barriers to SME participation that are likely to arise.

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4.2.4 Joint Innovation and SME Activities

This specific activity in the Innovation and SME Work-programme is an umbrella for a range of innovation support services such as the IPR Help-desk and networks to promote innovation in regions of the Member States and Associated Countries. The networks are primarily the IRCs, the Innovating Regions in Europe (IRE), Thematic Networks and Gate2Growth.

The Commission Services were exercised during the year in completing the 69 addenda for existing IRC contracts to extend their operations from April 2002 to March 2004. These contracts appear to have absorbed a budget of EUR 36.5M. The other action line which absorbed significant budget in 2002 was the completion of 30 contracts for pilot actions to study mechanisms for setting up and developing innovative firms (the PAXIS action). The EC budget in this case was EUR19M. In addition three pilot actions were launched in May 2002 to improve the role that National Patent Offices can play in the exchange of best practice and the increase of awareness in Intellectual Property matters.

The Services report progress in the operation of the IRCs in 2002, a year when 280 transnational technology transfer agreements were completed, an increase of 65% over 2001. There is no indication of what achievement the Services would consider satisfactory in this regard. It would be interesting to know how many of the transnational agreements involved NACs (Newly Associated Countries). The Mid-

⁸ This constituted 92% of the budget for this specific activity

term Review (November 2001) graded 22% of IRCs as good, 75% as satisfactory and 3% as under-performing. More recognition must be given to the gap between the best and the worst IRCs, a gap that has widened with eastern enlargement. The weaker IRCs need a different set of performance indicators, and interventions such as seminars, consultancy and tutoring, if they are to acquire know-how and best practice from the better performing IRCs.

The other area where substantial resources (EUR 29M) were committed in 2002 was the PAXIS action, under the framework of the pilot action to study mechanisms for the setting up of and development of innovative firms. According to the evaluation criteria the objective is to identify “European areas having conditions and schemes of excellence, favourable to the creation of start-ups”. Pilot actions tend to go unnoticed outside their own birthplace and such a risk is very manifest in this case unless a work-plan is put in place expounding how it is proposed to apply the information obtained and specifying its potential innovation impact. The PAXIS action has parallels with Gate2Growth in so far as the *raison d’être* of both measures is to make a positive contribution to an understanding of the multi-faceted problem of translating research results into innovation, an important goal of European policy. This mandate is even more difficult and more important in the context of the transition from FP5 to FP6.

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4.2.5 Communications and Awareness: CORDIS and Printed Publications

In this section we are dealing with a group of activities designed to foster awareness of the Framework Programmes generally, and of their research output. Because these activities are located in the Innovation Directorate they appear in the ‘Joint Innovation and SME Participation’ section of the Work-programme, but they embrace all the Framework research programmes. CORDIS (the Community R&D and Information Service), described as “mission critical” for FP6, is the dominant activity covered in this section. Other activities relate to conferences, exhibitions and help-desks. This group of activities has a manpower complement of about 100 people if CORDIS operating and external monitoring contractors are included. The budget for 2002 was

EUR 16.8M, and this covered an addendum to the CORDIS contract for a supplementary 12 months period, until September 2003.

The activities and achievements of CORDIS and other dissemination activities in 2002, as given in the Innovation and SME self-assessment report, include a service dedicated to FP6, a re-start of Technology Marketplace, a new weekly electronic newsletter and a free platform for press releases. The Panel is conscious of the complexity and very extensive scope of CORDIS and the dangers in making general judgements without a reference baseline, relying only on personal experience with specific parts of the system. The Panel, however, received a report⁹ on CORDIS, carried out by external experts during 2002. While acknowledging the unique value of CORDIS to EU Research the report criticised its complexity and lack of user-friendliness. We conclude with some extracts from page 20 of that report, relating to one important mandate of CORDIS i.e. to facilitate innovation in Europe:

“CORDIS Innovation support services use-rate is actually low. Less than 20% of users are utilising these areas of CORDIS, when close to 50% of the potential users included in the survey are particularly interested in technology transfer and innovation issues. This contradictory situation of growing interest and low use of existing services, indicates that clearly an improvement is needed in these areas of CORDIS.”

“Our study indicates that CORDIS is recognised as the web of the R&D programmes and funding, but actual users are not yet clearly identifying CORDIS as the web of innovation”

“Some issues to be addressed, in the advancement of CORDIS as an effective innovation tool are:

- Innovation is based on interaction between different actors. Tools to improve interaction should be improved in the CORDIS innovation area
- Improvement of technology transfer tools, better integrated into project lifecycles and facilitating easier inter-relations between results and innovation demands

⁹ CORDIS Monitoring Draft Final Report, Project ENTR/01/037, December 2002

- Improve the participation of SMEs in CORDIS, by simplifying the complex structure and adapting it to their needs”

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4.2.6 Co-ordination of Innovation Activities under FP5

In FP5 great emphasis was placed on the process of innovation to ensure that the output of EU research was translated into tangible benefits. The aim was to promote innovative activities, stimulate the creation of an innovation culture in Europe and to facilitate the dissemination and exploitation of research results. The achievement of these goals was to be addressed by a specially convened cross-programme group (the “Co-ordination Group”): under the auspices of the Innovation Directorate. As FP5 draws to a close, the secretariat of the Co-ordination Group has carried out a self-assessment exercise¹⁰ to review the experience of the Co-ordination of Innovation Activities action line. Responses were received from the GROWTH, IST, QoL and EESD programmes. The main findings emanating from this review are:

- The co-ordination group has had limited success in its task (rated 2.4 out of 5)
- The factors that contributed to loss of effectiveness include lack of resources, competing priorities and inconsistent attendance at meetings
- Achievements of the action line are listed as developing the eTIP service and the stimulation of networking among Commission Services

The Panel is concerned that there is no explicit provision for carrying forward the former responsibilities of the co-ordination group into FP6, at a time when the imperative of exploiting the output of EU research is more pressing than ever.

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5. Conclusions and Recommendations

5.1 Conclusions

1. The implementation of Monitoring Panel recommendations in 2002 was adversely affected by a number of factors, notably problems with the new “informatics” system. There was also a heavy workload in making the transition from FP5 to FP6, at a time when Commission staff was well below its complement. While some progress was made, some recurring issues such as excessive time to contract and poor co-ordination of business networks remain unresolved. High hopes are placed on the procedural and contractual simplification foreseen under FP6, and on the outcome of Commission reform.
2. The Panel is of the view that the stated objective of “Encouraging SME participation” should be decoded into realistic operational goals focused on the nature and quality of such participation. Only 3 to 5 percent of SMEs have probably the capability to participate in the thematic priorities of FP6¹¹. For the vast majority of SMEs innovation is not based on the outcome of their own leading edge research, but on technology development and on adapting and absorbing knowledge from external sources.¹² A comprehensive review of all aspects of SME participation in Community R&D, including their potential role in the new instruments of FP6, is now a priority.
3. The Innovation Directorate is responsible for articulating the innovation vision and proposing the innovation priorities of the Union. It must also spread the innovation imperative to other policy areas of the Commission. This responsibility has assumed an added urgency arising from the Lisbon goal of making the Union “the most dynamic and competitive knowledge-based economy in the world” by 2010. The Panel is not convinced that the

¹⁰ Innovation Activities in FP5 and Co-ordination Aspects Action Line Wrap-up report, Luxembourg November 2002

¹¹ Freeman, Chris and Luc Soete, *The Economics of Industrial Innovation*, p.228: 1997 Pinter: “For France, Britain and the United States, and probably most other countries, the proportion of small firms performing R&D is almost certainly less than 5 per cent (if small is defined as less than 200 employees)”

¹² Richard Nelson, *National Innovation Systems*, p.10 calls this “the process of cumulative improvement and variegation”, which counts for the majority of industrial innovation

recognition and resources currently dedicated to that goal are commensurate with the task ahead.

4. The Innovation Directorate has, through its Trendchart, including the Innovation Scoreboard, made significant progress in providing policy-makers with valuable information and statistics on innovation policies, performances and trends in the EU. This is an integral part of the Lisbon commitment to promoting “open policy co-ordination”. This decisive part of the directorate’s work is being undermined by the limitations of the Community Innovation Survey and, more generally, by the narrow base of the Union’s innovation statistics. A recent Trendchart benchmarking workshop¹³ has explored ways to improve the European Innovation Scoreboard. The Panel wish to know if any corrective actions are planned, with particular reference to the concerns highlighted here.
5. The final review of the work of the Co-ordination Group, set-up under FP5 to co-ordinate the activities of the innovation units, has highlighted a number of limitations in its operation. The Panel would like to know what explicit steps are being taken under FP6 to rectify current deficiencies in the promotion of innovation activities and the exploitation of the output of EU research.
6. The Innovation Directorate has acquired invaluable know-how and experience, through a number of imaginative actions designed to develop awareness of the non-technical aspects of the innovation process. The Panel is concerned that there may be no strategy, no interventions to ensure that this hard-earned experience is available to help exploit and disseminate the research results of the ‘integrated projects’ of FP6.
7. In many cases the work of monitoring panels is not helped by the absence of explicit indicators of performance and innovation impact. Targets such as “improving innovation culture” and “contributing as showcases of innovation policy” are not a substitute for more tangible indicators of innovation impact.

The rules of good management and the principle of accountability would suggest that the Commission should institute impact studies, wherever possible, and set a timetable for their execution.

8. Managing networks and innovation support services is an important function of the Innovation Directorate. This activity has become more onerous as the Community expands and the number of networks increases. This has made the case for rationalisation and a common platform for business networks more pressing.
9. The uneven quality of IRCs has become more pronounced with eastern enlargement. Performance criteria, other than number of transnational technology agreements, should be considered during the transition period. In addition, the Commission's interventions should be strengthened to accelerate the transfer of best practice from the stronger to the weaker IRCs.
10. CORDIS, which is now a very sophisticated service whose day-to-day operations consume some eighty contract staff, continues its programme of expansion and improvement. The architecture of the system is in the process of being updated to improve maintainability, create a robust platform for developing new services and achieve long-term cost benefits. A comprehensive report on the performance of CORDIS, prepared by external experts, was seen by the Panel. This report acknowledged the unique value of CORDIS to EU Research but criticised its complexity and lack of user-friendliness. With respect to Innovation and SMEs, the report pointed out that CORDIS was failing in its mandate to promote innovation and to adapt to the needs of SMEs.

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¹³ Benchmarking Workshop: The Future of the European Innovation Scoreboard, 24-25 February 2003, Luxembourg

5.2 *Recommendations*

1. Take urgent action to reduce the time-to-contract arising from the Commission's ongoing analysis of events and procedures involved in the time to contract process. (repeat of 2001 monitoring recommendation)
2. Provide a schedule of actions designed to rationalise and co-ordinate the management of business support networks (repeat of 2001 recommendation)
3. Expedite publication of the eagerly-awaited study on the quality and extent of SME participation in FP5 in order to ensure the timely transfer of the lessons learned to FP6. Respond, in particular, to the impression of the Panel that, with few exceptions, only R&D intensive SMEs (>10% of turnover spent on R&D) have the capability to take part in research projects
4. Respond to the concerns of the Panel that the Innovation Directorate is under-resourced to fulfil its mission to articulate the Union's innovation vision and to spread the innovation imperative to other policy areas
5. Respond to the Panel's concerns that there is a threat to the credibility of the Trendchart process, including its Innovation Scoreboard, because of the limitations of its statistical base
6. Respond to the concerns of the Panel that the Co-ordination Group, set up to co-ordinate the activities of the "innovation units" under FP5, will not operate under FP6 and that there is no explicit provision to transfer its mandate, or the lessons learned from its operation in FP5, to the new instruments of FP6
7. Re-assure the Panel that there is an explicit strategy for transferring to FP6 the cumulative experience of the Innovation and SMEs Programme. Give prominence to the steps that will be taken to ensure that the economic, social and organisational dimensions of innovation are given emphasis in the new instruments of FP6

- 8.** Institute selected innovation impact studies as soon as possible. This is necessary in the interest of the imminent Five-Year Assessment, and in the absence of indicators of performance and of innovation impact of actions undertaken by Innovation and SMEs under FP5

- 9.** Institute a programme of action to increase the proportion of ‘good’ IRCs from its present level of one in five. This will require the allocation of more resources to transferring best practice to the weaker IRCs

- 10.** Respond to the findings of the report of external experts on the operation of CORDIS: the Panel is concerned, in particular, about serious deficiencies identified in CORDIS, with respect to its mandate to promote innovation and to adapt to the needs of SMEs

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ANNEXES

1. *Budget for Innovation and SME Specific Programme:
Commitments 1999-2001 and forecast for 2002*
2. *Abbreviations*
3. *Information provided to the Experts by the Programme
Management*
4. *Matrix: Analysis and synthesis of recommendations and their
follow-up from the 1999–2001 monitoring exercises*

ANNEX 1: BUDGET FOR INNOVATION AND SME PROGRAMME

		1999	2000	2001	Total Committed 1999-2001	Forecast 2002	Total Committed and Forecast 1999-2002	Budget FPV 1999-02 (*)	Deviation
A.	PROMOTING INNOVATION								
A.1	Studies and Good Practices	3,185	1,118	4,603	8,906	1,092	9,998		
A.2	New approaches to technology transfer	16,642	11,180	24,496	52,318	28,581	80,899		
<i>Total A</i>		19,827	12,298	29,099	61,224	29,673	90,897	110,000	-19,103
B.	ENCOURAGING SME PARTICIPATION								
B.1	Single complementary entry point	0,289	0,480	0,000	0,769	0,520	1,289		
B.2	Joint support and assistance instruments		3,707	0,000	3,707	0,000	3,707		
B.3	Economic and technological intelligence	6,538	22,402	0,375	29,315	0,000	29,315		
B.4	Pilot Action on Collective Research SME			0,051		6,654	6,654		
<i>Total B</i>		6,827	26,589	0,426	33,842	7,174	41,016	41,000	0,016
C.	JOINT INNOVATION AND SME PARTICIPATION								
C.1	European support network for the promotion of research, technology transfer and innovation	15,113	22,987	8,897	46,997	29,208	76,205		
C.2	Electronic information services and other means of dissemination	3,710	17,146	4,423	25,279	12,584	37,863		
C.3	Intellectual property	1,100	4,315	10,332	15,747	1,533	17,280		
C.4	Access to Private Innovation Financing	0,868	3,595	12,827	17,290	0,000	17,290		
C.5	Mechanisms to Facilitate the Setting-up and Development of Innovative Firms	0,190	14,422	13,966	28,578	16,782	45,360		
<i>Total C</i>		20,981	62,465	50,445	133,891	60,107	193,998	185,000	8,998
IV	COORDINATION AND SUPPORT ACTIVITIES	0,307	0,065	0,065	0,437	0,045	0,482		
TOTAL A+B+C+IV		47,942	101,417	80,035	229,394	96,999	326,393	336,000	-9,607

(*) Budget adopted by Council Decision 1999/172/EC of 25-01-99, excl. administrative credits, AELE and Third Country contribution (approx. 13 MEUR)

ANNEX 2: ABBREVIATIONS

CIS	Community Innovation Survey
CORDIS	Community Research and Development Information System
CRAFT	Co-operative Research Action for Technology
DG	Directorate General
EESD	Energy, Environment and Sustainable Development
EIB	European Investment Bank
ERA	European Research Area
EU	European Union
EUREKA	European Co-operation in the Field of Research
FP	Framework Programme
Gate2Growth	European Portal to Help Entrepreneurs
GROWTH	Competitive and Sustainable Growth
IPR	Intellectual Property Rights
IRC	Innovation Relay Centre
IRE	Innovating Regions of Europe
IST	User-friendly Information Society
NAC	Newly Associated Country
NCP	National Contact Point
NPO	National Patent Office
PAXIS	Mechanism to Set up and Develop Innovative Firms
PMS	Project Management System
QoL	Quality of Life and Management of Living Resources
RITTS	Regional Innovation and Technology Transfer Strategies
RTD	Research and Technological Development
SP	Specific Programme
SMEs	Small and Medium-sized Enterprises

ANNEX 3: INFORMATION PROVIDED TO THE EXPERTS BY THE PROGRAMME MANAGEMENT

Monitoring reports

- 1999 - 2001 Innovation and SME programme monitoring reports and the corresponding Commission services' responses
- 2001 ERA monitoring report
- 2001 FP monitoring report
- Innovation and SME Five-Year Assessment 1995 - 1999

Programme-specific information

- 2002 Self assessment for Innovation and SME
 - including*
 - Analysis of good practice TTP/TVP projects (FP4), external report
 - Budget table of programme activities
 - Collective Research call diagrams, call evaluation and call statistics
 - Communication plan (publications/web) for the Innovation Directorate
 - Co-ordination of innovation activities in 2001
 - Council Decision for FP5, Official Journal L 26/1 of 1.2.1999
 - Council Decision Innovation and SME programme, Official Journal L 64/91 of 12.3.1999
 - December 2001 work programme for Innovation and SME
 - Evaluation procedure, short summary
 - Innovation Policy studies and candidate countries, (internal summary)
 - Innovation Project call: clustering, evaluation and statistics
 - New approaches to technology transfer (Status of Innovation Projects under FP5), external report
 - Organigrammes DG Enterprise, DG Research, Innovation and SME Programme
 - PAXIS call evaluation
- 2002 Innovation Scoreboard <http://trendchart.cordis.lu/Scoreboard2002/index.html>
- Commission communication on Innovation Policy: updating the Union's approach in the context of the Lisbon strategy, COM (2003) 11 final <http://www.cordis.lu/innovation-policy/communications/home.html>
- Co-ordination of innovation activities during FP5, Luxembourg, 12 September 2002
- CORDIS external monitoring report, Executive Summary, CARSA, January 2003
- CORDIS: various statistics and summary of new architecture (internal documents)
- CORDIS Focus supplement on 2002 Innovation Scoreboard <http://www.cordis.lu/focus/en/src/supplements.htm>
- e-TIP statistics (internal document)
- ETI information brochure http://sme.cordis.lu/economic/eti_projects.cfm
- Financial Regulation of 25 June 2002, Official Journal L 248 p1 of 16.9.2002

- Innovation Papers #16, 28, 29 <http://europa.eu.int/comm/enterprise/library/lib-innovation/innovation-papers.htm>
- Innovation Policy workshop proceedings
- IPR Help desk website <http://www.ipr-helpdesk.org/index.htm>
- IRC indicators for newly associated states, success stories, user guide
- IRE journal October 2002, May 2002, October 2001
- Innovation and Technology Transfer September 2002 issue on Gate2Growth <http://www.cordis.lu/itt/itt-en/home.html>
- SME participation in FP4 and FP5, statistics
- SME participation in FP4, external report, Vertica OY et al, 1998

Information on FP6

- FP6 homepage on CORDIS <http://www.cordis.lu/fp6/>
- Council Decision on FP6, Official Journal L 232/1 of 29.8.2002
- Council Decision on Structuring the ERA, Official Journal L 294/44 of 29.10.2002
- Council Decision on Integrating the ERA, Official Journal L 294/1 of 29.10.2002
- Communication Towards ERA, COM(2000) 6 final of 18.1.2000
- Support for SME participation in FP6, available on http://sme.cordis.lu/research/fp6_support.cfm
- Work programme Integrating and Strengthening the ERA http://www.cordis.lu/fp6/sp1_wp.htm
- Work programme Structuring the ERA http://www.cordis.lu/fp6/sp2_wp.htm

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ANNEX 4: MATRIX OF RECOMMENDATIONS OF YEARS 1999, 2000 AND 2001

ISSUES	<i>RECOMMENDATIONS</i>		
	1999	2000	2001
1. STRATEGY AND OBJECTIVES			
Overall strategy and objectives			<p>1. <u>A customer-orientation</u>: The various activities of the directorate seem to be rather production-oriented. This is somewhat ironic, given that research in innovation suggests that a customer-focus is crucial for maintaining leadership in innovation policy and practice. <i>The panel therefore recommends that the schemes should be customer-oriented.</i> The panel recommends that the technological needs of SMEs should be assessed by industrial sector or geographic region. The Commission should focus on the customer, more particularly the final customer, i.e. the SMEs, the companies and the research institutes and universities that benefit from its financial support.</p> <p><i>In this respect, the panel recommends that a</i></p>

<p>Overall strategy and objectives (cont.)</p>			<p><i>value chain analysis</i> should be carried out in order to see what added value the various projects can offer. This analysis should include a cost-benefit analysis of the outputs compared to the inputs. This together with a qualitative analysis of the needs of the customer will ensure a more effective use of the means of the Commission.</p> <p>11. <u>Programmes based on customer's needs:</u> <i>The panel recommends that the research programmes be based on needs of customers.</i> Some rejected SMEs have the impression that they were either too small or too big, but never the right size. An improved feedback system can help to avoid frustration and encourage further applications. For projects in operation the administrators should give a quick response to interims report, in order to be able to adjust where necessary as soon as possible.</p> <p>The Commission's services should understand the practical problems of contractors regarding co-ordination and timing of projects. In times of quick turnover due to staff shortage in the companies, it is not easy to have the right co-incidence between the availability of researcher and the timing of start of the</p>
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<p>Overall strategy and objectives (cont.)</p>			<p>project. Unnecessary delay can result in the loss of the intended researcher who maybe assigned in the meanwhile to another contract, or may have changed jobs.</p> <p>2. <u>Rationalising and streamlining the existing Community business support networks</u>: In this regard, the panel supports the initiative to rationalise and streamline the existing Community business support networks, an initiative designed to eliminate the potential for overlapping, risk of duplication and reduce costs of support infrastructures. More integrated innovation policies are needed which link RTD policy directly with policies in other areas. (Report Majo, Five Year Assessment RTD Projects, July 2000). This should also help improve a situation, which currently can be a source of confusion to the enterprises they are destined to serve (cf. Communication from Mr. Liikanen to the Commission). <i>The panel urges the implementation of this initiative.</i></p>
<p>ERA</p>			<p>5. <u>European Research and Innovation Area – ERIA</u>: The ERA (European Research Area) concept is focusing on Research. Research has a primary rather academic connotation. This could be a reason why the concept of ERA has not been well</p>

ERA (cont.)			introduced yet in the economic environment. Innovation is the complement to research with a more applied focus and is more widespread amongst the industrial companies and dynamic SMEs. In order to have a broader support from the industrial world to the rather academic notion of ERA, <i>the panel recommends to extend the concept of a European Research Area towards a European Innovation Area, or better to integrate both in a European Research and Innovation Area (ERIA) : ERA + EIA = ERIA.</i>
Candidate countries		2. There is a substantial quality gap between the IRCs based in Member States and those set up in the Accession Countries as a result of the recent extension of the network. Measures such as the exchange of personnel, transfer of know-how by teaching and training, consultancy for the establishment of efficient structures in the Accession Countries seem to be a necessity for closing the gap.	
SMEs			23. <u>A qualitative analysis of the benefits of participation of SMEs:</u> <i>The panel recommends a qualitative analysis of the benefits of participation of SMEs, in European research programmes, besides the existing quantitative approach. in order</i>

SMEs (cont.)			<i>the existing quantitative approach, in order to design adequate programmes corresponding to the needs of the SMEs.</i>
Innovation (including patenting)	3. CORDIS could also propose on-line information on copyrights, trademarks and examples of technology transfer agreements (with financial and legal questions)....	6. The current Technology Market Place is basically an information base with a limited number of project results; although promising, this pilot version is not yet fulfilling any commercial purpose. It is recommended that plans be made to bring the Technology Market Place to the latest stage of on-line services (e.g., auction and brokerage models) with the explicit objective to commercialise the outcome of EU funded projects.	8. <u>Exploitation rights and SMEs:</u> FP6 will give more flexibility to make agreements concerning the commercial rights of the results of the project. As SMEs will not be project leaders but more subcontractors, the fear for SMEs is that the bigger companies will impose their demands, and will take the exploitation rights for them, while until now all participants have equal access to the results. The panel recommends that the Commission takes care that the projects have a fair agreement on exploitation rights, in particular that the big companies do not use their power to impose their unilateral views.
Gender awareness			9. <u>Special attention towards quality proposals from young researchers and women scientists:</u> The research projects often tend to go to the well-known university research centres, with the well-known senior professors. It is probably more difficult for a younger researcher to have access to research funds. The move towards centres of excellence could emphasise this tendency. The panel

Gender awareness (cont.)			recommends that the selection process should also select quality proposals from young researchers with high potential, with particular attention for women scientists.
2. IMPLEMENTATION MANAGEMENT AND PROCESSES			
Procedures and tools in general	<p>5. A general comment expressed during the contacts, the panel members had with different users is that the procedures used by the Commission remain too complicated even if the introduction of the SEP and National Contact points are well received. This might be partly due to some overlap between actions at the different levels (Regional, National and European). The panel urges the Commission to take any action that can encourage co-operation between these different agencies.</p> <p>6. The panel members appreciate the creation of Innovation Units in the different thematic programmes. In the light of the information received, it seems that their role remains somewhat vague since they have no</p>	<p>1. The Co-ordination Group between the innovation cells shows clear structural weaknesses (no budget, no clear line of hierarchy involved). In the face of this the Commission should take action to improve the effectiveness of the Co-ordination Group as a place where good practice is transferred across programmes.</p>	<p>6. <u>The importance of the co-ordination and of the management of research projects:</u> The proposed change in FP6 towards larger projects does not appear to the panel to be based on unambiguous research results suggesting such a direction and can be considered worrying, especially for SMEs. For a company, the actual costs for preparation of a project are estimated around 25.000 Euros. In the foreseen scheme of integrated projects, the preparation costs will increase, while the chances for success should diminish. The panel fears that it may be more difficult to motivate companies to introduce projects. Especially the leader of a project will have a more difficult task in co-ordination with more partners, co-ordination work that is not decently reimbursed by the commission. <i>The panel suggests that the Commission includes a decent incentive for the co-ordination job of the project leader.</i> The</p>

<p>Procedures and tools in general (cont.)</p>	<p>specific instruments or possibilities of action. It is essential that those “Innovation units” receive a clear mandate with well-defined objectives in close co-operation with the programme “Innovation and SMEs”.</p>	<p>qualitative results of the research projects are in a substantial way dependent from the project leader and his co-ordination and project manager capabilities. Some good experience with hands-on independent consultants have given good results. The panel suggest to launch a study on the importance of the project leader and co-ordination in the Research programmes. The use of specialised consultants as independent project co-ordinator should be envisaged.</p> <p>15. <u>Pragmatic result above formality:</u> The panel recommends a more pragmatic approach in the follow up of projects, with more attention to result, rather than pure conformity to the contract's specification. 'The time spent on complying with internal procedures reduces the time available for effective supervision and contract management on the part of the Commission. Effective management should prioritise quality of results over compliance with administrative procedures' (2001 Monitoring Report in the field of Innovation and SMEs).</p> <p>Where necessary to improve the quality of the result, flexibility of the administrator should allow adjustments or adaptations.</p>
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Procedures and tools in general (cont.)			This approach would also contribute to reduce the work overload and understaffing problems of many units.
Launch of activities (calls for proposals, information to proposers, application tools...)	7. The organisation of the FP5, in particular the relationships between the representatives at different levels, European, National and Regional are not easy to understand for a small firm. Thus, the co-ordination between these different entities should results in a network having more visibility. Any small firm willing to participate in an RTD programme should be able to address any contact point, wherever its place in the European organisation: SEP, NCP, IRC, etc. This should be facilitated by an activity of “sign-posting” to the most relevant and appropriate local network as foreseen in the work programme of the FP5.	5. There is a need to shorten the updating cycle of CORDIS and improve the quality of some of its services, such as project partners and project results. This would require the development of interactive facilities for the collection of data, as well as the implementation of data mining and other activities to learn more about users’ preferences.	16. <u>Simplification of documents:</u> <i>The panels recommend simplification of the documents and rationalisation for the proposals of directorate innovation.</i> Information from the definition phase in 'Innovation and SME' proposals should be transferable to the implementation phase. A lot of editing work is needed. This administrative burden works as an entrance barrier without added value. If participants need a consultant to fill in the documents, there is a big chance that the funds are not efficiently used.
Evaluation and selection of proposals (evaluation manual, time to contract...)	8. The SMEs face difficulties to comply with some evaluation criteria: for example the standard financial evaluation criteria do not apply necessarily in any SME, in particular when it is a start-up; RTD programmes should allow SMEs to	7. Two new specific rules for encouraging SME participation should be considered: 1. allow reimbursement if a contract is obtained of project cost for work done in the period between the time when a positive proposal evaluation	4. <u>Clear communication of the objectives:</u> Some users pointed out the contradiction between the overall economic objective – increase the level of European research by developing centres of excellence – and the political objective – integrate the NAS countries. Some experiences of participants

<p>Evaluation and selection of proposals (evaluation manual, time to contract...) (cont.)</p>	<p>programmes should allow SMEs to undertake more risky technology projects with the financial support of the Commission but the evaluation criteria used result in encouraging technological improvements rather than technological breakthroughs while greater potential growth and competitiveness rely on the most innovative and risky projects. Furthermore professional consultants from the financial community may be included.</p> <p>Thus, specific rules for the participation of SMEs in the research project should be contemplated.</p>	<p>is received and the contract is signed;</p> <p>2. give SME start-ups with insufficient capital the option to take part in the projects, provided that they accept to be paid according to deliverables. This might also help improve the quality of work-plans.</p>	<p>have proven – or at least have given the impression – that in order to be selected a contract better includes a university of a new country rather than the best university in Europe. This double objective is fine, but criteria should be clear in advance. <i>The panel recommends a clear communication of the objectives and the selection criteria.</i></p> <p>9. <u>Special attention towards quality proposals from young researchers and women scientists:</u> The research projects often tend to go to the well-known university research centres, with the well-known senior professors. It is probably more difficult for a younger researcher to have access to research funds. The move towards centres of excellence could emphasise this tendency. The panel recommends that the selection process should also select quality proposals from young researchers with high potential, with particular attention for women scientists.</p> <p>10. <u>Management issues regarding FP6:</u> The panel suggests that the following recommendations are appropriate: – to organise the harmonisation of innovation resources within the proposed FP6</p>
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<p>Evaluation and selection of proposals (evaluation manual, time to contract...) (cont.)</p>			<p>– and, a recommendation which will be a big challenge: the integration of projects in the whole FP with the provision of the adequate quantity and quality of human resources.</p> <p>The panel recommends taking advantage of the FP’s catalytic effects in the decision-making process in companies – much of this could be written up as best-practice case studies and there should be a series of ‘best-practice’ conferences in order to disseminate the beneficial results of such effects. The time to FP project decision must more closely match the time it takes a company to reach a decision – i.e. more closely match ‘real-time’ decision making processes.</p> <p>12. <u>Reduction of the administrative burden and reduction of the time to contract:</u> The complexity of internal regulations and the rigidity of the procedures have been pointed out in previous monitoring reports and by the industrial federations. This seems to be a continuous problem, where no significant progress has been made from a customer point of view. Time to contract has been reduced in some cases, but some seems to be inappropriate in fast evolving areas as technology. As pointed out in our analysis</p>
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<p>Evaluation and selection of proposals (evaluation manual, time to contract...) (cont.)</p>			<p>technology. As pointed out in our analysis, in some contracts from DG Enterprise (Innovation) a period of more than one year between the close of a call and the signature of the contract is not an exception. In a field of innovation with need to fast adaptation to the changing environment this is unacceptable. Again, the tendency towards bigger projects, raises the justified fear that this all will lead to bigger delays. <i>The panel recommends a constant attention for reducing the administrative burden and reducing time to contract. Simplification of administration and procedures should be a constant concern for every organisation.</i> The proposed simplifications in DG Research seem to go into the right direction. <i>The panel urges the Commission to reduce the time to contract.</i></p> <p>The panel has two suggestions in this respect. As the evaluation phase seems under control, focus should be on the negotiation phase and on the officialisation phase. The panel recommends that the complete roadmap of a project should be followed up with the registration of the critical dates of the successive steps in the programme evaluation advancement. This time between phases should be monitored on a continuous base. The panel</p>
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<p>Evaluation and selection of proposals (evaluation manual, time to contract) (cont.)</p>			<p>recommends to use this roadmap list as a management tool. The cause of the delay – a consequence of negotiation or an internal administrative problem – should be registered. In these cases, <i>adequate feedback to all proposers of the consortium should be given on a regular basis.</i></p> <p>13. <u>Review of the procedure without official approval of the Committee of Member States:</u> <i>The panel recommends to review the official procedure especially the approval by the Committee of Member States. The panel acknowledges the importance of the decision of the programme by the Committee of Member States, but question the utility of having this Committee approve the awarding of the individual contracts. The past has proven that the proposals of the Commission were always followed. The proposed procedure could be to delegate the decision to the Commission, and requesting the Committee decision only by exception in cases of doubt or for special cases. The panel recommends to the Member States to review their position in this issue, in the interest of their own participants, of their own research centres and companies.</i></p> <p>17. <u>Financial evaluation and insurance:</u></p>
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<p>Evaluation and selection of proposals (evaluation manual, time to contract) (cont.)</p>			<p>Innovation remains a risky business. Not all research leads to successful new products. Failure is inherent to research and innovation. While acknowledging the need for control and to ensure that the Community money is spent efficiently and to avoid misuse of funds by not serious companies, the bureaucratic approach to have bank guarantees to start-up companies, is burdensome. <i>The panel recommends an efficient but entrepreneurial oriented financial evaluation to replace the existing constraints.</i> This financial evaluation could be outsourced. Given the present difficulties in bank financing for SMEs, the financial risk should be guaranteed on a national or regional level, following some examples, where the region takes up its responsibilities with local partners. An alternative is a global insurance or bank guarantee at the Commission's level.</p> <p>In this respect the present (indirect) support from the European Investment Bank is not effective for the majority of SMEs. The co-operation agreement between the EIB and the European Commission - DG Research - (Joint Memorandum - FP-Innovation 2000 Initiative) has apparently not yet lead to practical results.</p>
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<p>Management Information System/ Internal IT System</p>			<p>22. <u>Added value analysis of reports:</u> A lot of workload is created by the administrative imperatives. Requests for additional information or statistics from National Members States, Commissioners, Members of Parliament or monitoring panels, lead to new reports. Regarding the reduction of staff, one should question the added value of some of these occasional reports, that create additional overhead and tons of papers that nobody reads. The panel recommends that a value analysis should be carried out in this additional internal administration, by keeping the needs of the customer in mind. The database and the new MIS should be a valuable instrument for this objective.</p>
<p>Specific cases /programmes</p>	<p>4. Concerning economic technical intelligence, more attention should be paid to the economic characteristics of some sectors. For example, time is a particularly sensible parameter in the SW industry and the panel recommends that the project time should be reduced for SW projects.</p>	<p>8. In order to increase effectiveness of SME innovation financing, a close co-ordination between the activities of the Commission and the Innovation 2000 Initiative carried out by the European Investment Bank is recommended.</p> <p>10. In order to improve the quality of the Innovation Scoreboard, there is a need to strengthen the base of data drawn from the Community Innovation Surveys which should receive</p>	<p>3. <u>Co-ordination and coherence between DG Research and DG Enterprise:</u> Based upon the reactions of the NCPs and customers, <i>the panel recommends a debate on the organisation of the research and innovation activities of the Commission, in particular in order to achieve coherence and encourage co-operation between the DG Research and DG Enterprise.</i> The dual reporting structure to two different Commissioners and the geographical location of DG Innovation leads towards a split: the Innovation Directorate in</p>

<p>Specific cases /programmes (cont.)</p>		<p>Surveys, which should receive continuing attention and more resources.</p>	<p>Luxembourg sometimes has the impression of being isolated. This isolation is increased in regard to the budget involved. Suggestions for a reorganisation of the actual structure should be studied. Different alternatives include: an integration of the SME unit with CRAFT within DG Enterprise; the integration of the Innovation directorate within DG research; or a status quo situation with Directorate Innovation in DG Enterprise, but with a better implementation of the matrix organisation structure, and assigning responsibility for budget and evaluation within the same DG.</p> <p>19. <u>Continuity of IPR Helpdesk:</u> The IPR helpdesk has been interrupted for a short period. After 6 months already, the problem was not solved; reasons were internal co-ordination problems within the DG Enterprise and problems of the transfer of administration of the domain by the previous contractor. This lack of continuity is unacceptable for projects that had good evaluations. <i>The panel recommends appropriate action to avoid similar problems of discontinuity of major services in the future.</i></p>
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<p>Dissemination of information and results</p>	<p>1. Within the FP4, many pilot actions and studies have been carried out and their results are now available. The panel recommends that the Commission make every effort to carry out a synthesis of the experienced gathered and lessons learned from these actions and studies to provide appropriate tools and information services able to foster innovation management techniques, technology transfer and innovation through co-operation and setting-up of innovative firms.</p> <p>3. CORDIS could also propose on-line information on copyrights, trademarks and examples of technology transfer agreements (with financial and legal questions).</p> <p>CORDIS should develop “active channels / desktops” to push information to users rather than expect them to pull the right information from CORDIS. This include alternative means of access according to technological/scientific capability of the users. Among new</p>	<p>6. The current Technology Market Place is basically an information base with a limited number of project results; although promising, this pilot version is not yet fulfilling any commercial purpose. It is recommended that plans be made to bring the Technology Market Place to the latest stage of on-line services (e.g., auction and brokerage models) with the explicit objective to commercialise the outcome of EU funded projects.</p>	<p>18. <u>Efficient diffusion of information:</u> The task of exploiting the results of research is difficult and complex. The diffusion of the results by organising conferences or seminars, editing brochures or publishing on web-sites may not be the best way to reach SMEs where time and manpower are limited. The pro-active approach of technology transfer specialists with the ability to adapt to the SMEs practical level has shown good results. <i>The panel recommends that the Commission farther encourages such practical and customer oriented initiatives to enhance an efficient diffusion of information.</i> Technology transfer actors, as IRCs and other liaison agents, should play this active role on a local level. Given the positive results of the Transpacc project, the panel recommends that all NCPs would be integrated in the Transpacc project.</p> <p>20. <u>Continuous improvement in CORDIS</u> The panel has noticed the improvement of CORDIS and encourages further incremental improvements. The panel recommends a move to a more interactive site design for CORDIS.</p>
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<p>Dissemination of information and results (cont.)</p>	<p>services to be provided or new actions to be launched, we suggest the following: consider developing search methodologies on the lines of the Patent Office on-line facilities, increase awareness of the IPR Help Desk, provide initial short, precise abstract with further 1 page summaries of the principal objectives of project, provide “FAQ” section, propose “Translation” of scientific base information into something that the average SME can understand, increase awareness on “RAPIDUS”.</p>		<p>21. <u>Publication via classical scientific channels</u>: The impressive list of interesting studies in the field of innovation policy and management of innovation is published by the Commission in papers or booklets. They are disseminated to a number of policy makers, officials, journalists, etc. by the Commission’s own distribution, some free of charge, some for payment. Surprisingly, however, the classical distribution channels of the academic world seem not to be used. The expertise of the Commission’s team can compete with many business schools, while the critical mass is surely present. The level of many studies is probably more than acceptable for publication of a synthesis in the leading journals on Innovation and R&D.</p> <p><i>The panel recommends that the Commission utilise these channels in addition to the existing channels so as to ensure the widest possible dissemination of research in these areas. In case of publication by the Commission, the lead-time should be shortened drastically.</i></p>
<p>Evaluation and monitoring</p>		<p>4. The Commission should collect more detailed statistical figures and indicators on the participation of SMEs in FP5 and on the structure of the</p>	<p>24. <u>Study on the added value of the intermediary organisations in the formation of partnerships</u>: The panel suggests that the role of intermediary organisations should be studied, and especially their added value</p>

<p>Evaluation and monitoring (cont.)</p>		<p>relevant consortia, including the presence of global players. This would be helpful in setting the strategic baseline of future programmes as well as in implementing their activities. This would also help to measure the success of innovation policy initiatives in terms of their effect on SMEs. Finally, this would give the evidence for synergy effects between SMEs and large companies in R&D and marketing of products.</p>	<p>studied, and especially their added value and their contribution in the assistance to companies and the formation of partnerships. A special study should be carried out with applicants of recent research projects, that were successful and not successful. The study should find out best practices for intermediary organisations and a measurement system for the cost-benefit of their actions.</p> <p>25. <u>Inclusion of the customers at the monitoring stages:</u> <i>The inclusion at the monitoring stage of the customers of the FP activities must be a priority for future FPs.</i> This can be done either on a random sampling basis or other such method but should seek representatives of each activity line across regions, sectors, project size and scope, etc.</p> <p>Non-customers, i.e. those unsuccessful in receiving funding or those not taking part in FP activities, should also be consulted in a comprehensive customer relationship management exercise which should become a central element in future FPs.</p>
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<p>Evaluation and monitoring (cont.)</p>			<p>26. <u>An introduction/information CD-Rom</u> <i>The preparation for an effective monitoring process by the Commission via the provision of an Induction/Information CD-Rom for all monitoring panel members, containing:</i></p> <ul style="list-style-type: none"> (i). a synthesis of each directorate's activities, staffing, etc (ii). all relevant documents pertaining to their tasks; (iii). organisation chart of the commission structure; (iv). copies of prior years' monitoring reports; (v). copies of unit self-assessments; (vi). relevant information pertaining to the monitoring task, (vii). appropriate statistics <p>etc.</p> <p>Such a technologically-friendly move should reduce the volume of paper being ferried to and from Brussels and to and from the various homes of the panel members and permit also the creation of documents <i>enroute</i>, i.e. as the panels meet and from the date of their initial meeting. The synthetic overview of the year's programme would also allow a better</p>
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<p>Evaluation and monitoring (cont.)</p>			<p>preparation of the interviews by the panel. It would also facilitate the preparation of the report, reducing the time spent by the panel on the collection of facts and figures, and consequently allowing more time for analysis.</p> <p>27. <u>A Developmental Evaluation Scoreboard Europe DESE</u>: Evaluation mechanisms should be based on an appropriate set of performance indicators, of all activities within Innovation/SME, and should be consistently followed throughout each programme. The successful development of the European Innovation Scoreboard suggests that, for monitoring purposes, the creation of a similar approach could prove useful in increasing the clarity, effectiveness and comparability across the SP's in the annual monitoring exercise.</p> <p><i>The panel suggests, therefore, the development and adoption of DESE – the Developmental Evaluation Scoreboard Europe, to act as the measurement template for future monitoring exercises.</i> A brief explanation of the proposed method is found in annex 4. DESE is built around four key measures of unit/DG/SP/FP performance: budget, customer, process and</p>
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<p>Evaluation and monitoring (cont.)</p>		<p>learning/innovation, linked to the overall vision, mission and objectives of each specific work programme. It attempts to 'keep score' as the various levels of activity progress. The scoreboard can also act as an input-output measurement system in the more traditional sense.</p> <p><i>The panel recommends a pilot DESE project in one of the units of the Commission to be undertaken by the end of 2002 and a DESE workshop series to introduce the DESE concept be introduced in 2003 for all units of the Commission. The Commission should use the scoreboard framework for all activities in the 6th FP</i></p>
<p>Human resources</p>		<p><u>7. Training during transition period:</u> The phasing out of FP5 and launch of FP6 will create an interruption of 8 to 10 months. The practical result is that intermediaries and the networks that have been set up in the past year will be without work. <i>The panel recommends that the Commission transform this situation into an opportunity. It is important that the networks do not interrupt their activities. The training efforts could be done in this quieter period. More emphasis should be accorded to the active dissemination of the results, in place of motivation for new projects. This effort will avoid demotivation of the</i></p>

<p>Human resources (cont.)</p>			<p>intermediaries and disintegration of the existing networks.</p> <p>14. <u>Joint training program in service management:</u> <i>The panel urges for simplification of administrative procedures.</i></p> <p>In spite of the high quality and technical education level of the administrators, the service level is beneath the customer's expectation. The risk-aversion and the fear to make an error is working paralysing for the administration staff. The system does not allow the administrator to take initiatives. This leads towards delay, and administrative overwork without real added value for the staff. The panel recommends that a more entrepreneurial culture would be introduced in the Commission in order to promote service and to reward initiative. Therefore the selection system and the evaluation system should be reviewed. Managerial capacity and experience from private companies should be taken into account. In all modern management literature, empowerment is the message. <i>The panel recommends a joint training program in service management for the programme management including participants from the budget department and from the Cour des Comptes.</i> Job-</p>
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Evaluation and monitoring (cont.)			rotation or at least stages between operational services and budget department should help in understanding the mutual problems.
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3. IMPACT OF POLICY AND PROGRAMMES

Impact assessment (incl. TIP)	2. The Technology Implementation Plan introduced under FP5 could help statistics on patents resulting from the EU programmes to be established. This would be an important evaluation and valorisation tool.	9. Further actions should be taken to encourage SMEs to protect IPR developed under EU contracts. The guidelines for the project TIP should be reviewed in order to confirm its viability as a mean for exploitation promotion and track keeping. For the SMEs, the relevant part of the TIP should be considered as an application for future funding for IPR protection after completion of the original project, and covering the same time period as the TIP. At the end of this time period the SME involved should be allowed to claim the approved extra IPR cost upon documentation. The aim should be to make to make the IPR costs for European SMEs equal to the costs for US SME's.	
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<p>Impact assessment (incl. TIP) (cont.)</p>		<p>3. The Commission has just completed the launch of a wide-ranging set of projects to provide SMEs with economic and technological intelligence by means of consultants and intermediary organisations acting as knowledge brokers. To make good use of the money spent on such activities, the Commission should launch actions to measure, assess and, if needed, increase the impact of such projects on their final beneficiaries.</p> <p>4. The Commission should collect more detailed statistical figures and indicators on the participation of SMEs in FP5 and on the structure of the relevant consortia, including the presence of global players. This would be helpful in setting the strategic baseline of future programmes as well as in implementing their activities. This would also help to measure the success of innovation policy initiatives in terms of their effect on SMEs. Finally, this would give the evidence for synergy effects between SMEs and large companies in R&D and marketing of products.</p>	
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PART B:

**Responses of the Programme Management to the
external Monitoring Report**

Experts Recommendations	Commission Services' Responses	Services' Commitments (if any)	Deadline
<p>1. Take urgent action to reduce the time-to-contract arising from the Commission's ongoing analysis of events and procedures involved in the time to contract process. (repeat of 2001 monitoring recommendation)</p>	<p>The Commission services are aware of the importance to reduce time-to-contract. Where possible, simplifications have been introduced and time scales shortened, without jeopardising the quality of standards and other management priorities. Measures have been taken to simplify the model contract for the Sixth Framework Programme instruments, including a reduction of administrative data required for drawing up the contract and a number of procedures to bring the contract into force faster.</p>	<p>Done</p>	
<p>2. Provide a schedule of actions designed to rationalise and co-ordinate the management of business support networks (repeat of 2001 recommendation)</p>	<p>The objective of the initiative 'Rationalisation of Community business support networks' coordinated by DG ENTR is to bring more coherence between the various business networks that have a link to the Commission, thus facilitating access for companies to these services, and to optimise the resources in managing these networks. At present the following networks are involved: Euro Info Centres (EIC), Innovation Relay Centres (IRC), Business and Innovation Centres (BIC), networks under the AI-Invest programme (COOPECO/ EUROCENTRES), and Organisations for the Promotion of Energy Technologies (OPET). Closely associated are NCPs and EURES.</p> <p>To this date, agreement has been reached between the Commission services involved to put into place a set of elements that will facilitate cooperation between the various business support networks.</p> <p>On the management level: a follow-up and/or management of EICs, IRCs is ensured within DG ENTR.</p>	<ul style="list-style-type: none"> • A common IT platform, in particular a public web site portal on the Dialogue with Business website, a common intranet for all members of Community business support networks and a common conferencing system. The Structure of the public website portal and Intranet have been defined. Now work has been taken up to produce a demo version • A signposting mechanism that will allow efficient transfer of clients to the most appropriate service • A code of ethics that defines the principles of cooperation • A name for the initiative: B2Europe. Not obligatory, but a good tool to promote the 	<ul style="list-style-type: none"> • D demo version of the public web site portal in 2004 • Signposting by end of June 2003 • Draft version of the Code of Ethics by end of June 2003. • The name B2Europe is currently filed as

RESPONSES BY COMMISSION SERVICES TO THE 2002 INNOVATION AND SME MONITORING REPORT

Experts Recommendations	Commission Services' Responses	Services' Commitments (if any)	Deadline
		initiative and signal to the business community that all networks have a privileged link to the Commission.	a trademark. Design proposals for the logo are available for final selection.
3. Expedite publication of the eagerly-awaited study on the quality and extent of SME participation in FP5 in order to ensure the timely transfer of the lessons learned to FP6. Respond, in particular, to the impression of the Panel that, with few exceptions, only R&D intensive SMEs (>10% of turnover spent on R&D) have the capability to take part in research projects	Following the results of the study on the quality and extent of participation of SME participation in the Fifth Framework Programme, which will be completed towards the end of the year, the Commission services will examine the concerns of the monitoring panel.	Study	End 2003/beginning 2004
4. Respond to the concerns of the Panel that the Innovation Directorate is under-resourced to fulfil its mission to articulate the Union's innovation vision and to spread the innovation imperative to other policy areas	The concerns of the panel will be taken into consideration in the framework of the restructuring of innovation activities inside the Commission, while considering the global timetable of staff resources.	Consider resources allocation	Ongoing
5. Respond to the Panel's concerns that there is a threat to the credibility of the Trendchart process, including its Innovation Scoreboard, because of the limitations of its statistical base	Eurostat has asked the Member States to carry out the Community Innovation Survey on core indicators on a biannual basis. In the future, the Scoreboard will better reflect entrepreneurial innovation and non-technological aspects of innovation which will require new statistical tools.	Next edition of the scoreboard	October 2003
6. Respond to the concerns of the Panel that the Co-ordination Group, set up to co-ordinate the activities of the "innovation units" under FP5, will not operate under FP6 and that there is no explicit provision to transfer its mandate, or the lessons learned from its operation in FP5, to the new instruments of FP6	The coordination group, set up to coordinate the actions of innovation cells under the Fifth Framework Programme will not continue its activities under the Sixth Framework Programme. It is envisaged that the Groups of Directors for each research priority will assure that the innovation dimension is taken into account.	A specific action line of the Research and Innovation activities, 'Analysing and evaluating innovation in Community research projects', will examine the impact of innovation on research activities.	Ongoing.

RESPONSES BY COMMISSION SERVICES TO THE 2002 INNOVATION AND SME MONITORING REPORT

Experts Recommendations	Commission Services' Responses	Services' Commitments (if any)	Deadline
7. Re-assure the Panel that there is an explicit strategy for transferring to FP6 the cumulative experience of the Innovation and SMEs Programme. Give prominence to the steps that will be taken to ensure that the economic, social and organisational dimensions of innovation are given emphasis in the new instruments of FP6	The Research and Innovation chapter of the Sixth Framework Programme specific programme 'Structuring the European Research Area' foresees an action line to analyse and evaluate innovation in Community research activities (including new instruments).		
8. Institute selected innovation impact studies as soon as possible. This is necessary in the interest of the imminent Five-Year Assessment, and in the absence of indicators of performance and of innovation impact of actions undertaken by Innovation and SMEs under FP5	The Commission services take note of the monitoring panel's recommendations and will gather requested information to evaluate the impact of their activities.	Evaluate the impact of the Fifth Framework Programme innovation and SME activities.	End 2003.
9. Institute a programme of action to increase the proportion of 'good' IRCs from its present level of one in five. This will require the allocation of more resources to transferring best practice to the weaker IRCs	The perception of the monitoring panel on a ratio of good Information Relay Centers (IRC)s one in five has been created following their interpretation of the results of the mid-term evaluation taken place in November 2001. This evaluation, which was not an "external evaluation" but a midterm evaluation of the IRCs FP 5 first year work progress, carried out by the Commission with the assistance of external experts, with the single objective to decide on the extension of the contracts for two additional years (2002-2004). All IRCs were ranked in accordance with the number of points obtained in the evaluation (the maximum possible was 150). It was decided that those IRCs with markings between 110 and 150 would be categorised as good, those between 75 and 109 categorised as satisfactory and those under 75 to be considered as under-performing. The decision on the terminology used for the possible grades resulting from the mid-term evaluation, was taken by the	A special assistance to 'TTT disadvantage IRCs' has been foreseen for the FP 6 IRC phase, as proposed by the experts. Special work packages have been requested for support IRCs in "innovation and TTT less-favoured regions (mentoring by more experienced IRCs which wish to do so). This support could focus on development, IRC management, TTT skills acquisition and promotion/delivery of IRC services. The mentoring action should not mean simply developing or implementing a "solution" but should be put on helping the assisted IRC develop	

RESPONSES BY COMMISSION SERVICES TO THE 2002 INNOVATION AND SME MONITORING REPORT

Experts Recommendations	Commission Services' Responses	Services' Commitments (if any)	Deadline
	<p>Commission services (and not by any of the external experts) and was totally arbitrary for the purposes of the exercise (instead of good-satisfactory-underperforming, it could have been used very good-good-satisfactory, as it was the case for the Fourth Framework Programme midterm evaluation). Therefore, an IRC being categorised as satisfactory is not due to the fact of not being good in absolute terms but of not being among the very best in relative terms. A large percentage of those classified as satisfactory had met their objectives but had not exceeded them as it was the case for most of those classified as good.</p>	<p>its own strategic and operational capabilities.</p> <p>Concerning the remaining FP5 phase (until April 2004), the Commission had already agreed with the contractor assisting the IRC network (IRC-Central Unit) under a service contract with the Commission, to include special 'ad-hoc assistance' actions to those IRCs needing to improve their performance in an attempt to close the gap with the stronger ones.</p>	
<p>10. Respond to the findings of the report of external experts on the option of CORDIS: the Panel is concerned, in particular, about serious deficiencies identified in CORDIS, with respect to its mandate to promote innovation and to adapt to the needs of SMEs</p>	<p>One of the main sections (a planet on the ellipse of the home page) of the service CORDIS is devoted to innovation.</p> <p>Next to policy related information (e.g. Trendchart, Policy Studies) this section contains information on regional excellence in innovation (PAXIS), it helps innovators through services like Gateway2Growth, Incubators data base, Technology Market Place (technology offers re-edited to become "easy to understand" and in five languages), Innovation magazines. Signposting to other networks (e.g. Innovation Relay Centres, National Contact Points is also available). The member States services contain innovation related information at national level.</p>	<p>In striving to ever better user friendliness (e.g. easier navigation, better searching) a major project to revise the Innovation service on CORDIS is inscribed in the work programme. The new Innovation Policy Portal will allow to target better the different interest groups (e.g. SMEs). A first step, called the Innovation News Centre will offer much improved searching for innovation related content.</p>	