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## **PUBLIC CONSULTATION ON A POSSIBLE SUCCESSOR TO THE COMPETITIVENESS AND INNOVATION FRAMEWORK PROGRAMME (CIP)**

### **Creation of a favourable business environment**

The creation of a favourable business environment is a central aim in enterprise policy. Thus, it should be a cross-cutting issue also at the EU level in the programmes and in other measures influencing the framework conditions of the companies.

An integrated and comprehensive approach for innovation policy and a stronger entrepreneurship perspective are called for. In Europe converting the investments in creating new knowledge into new enterprises as well as successful products and services is a real challenge. Therefore, at the EU level more attention should be paid to factors that enhance the commercialisation of knowledge. Thus, the measures should cover the full innovation cycle from science to the markets.

Broader forms of innovation, e.g. related to services, business models and other forms of non-technological innovation should be supported. In addition, there should be a stronger focus on the demand side of innovations, i.e. efforts to increase the uptake of innovations in society.

### **SMEs as a target group**

SMEs are potential growth engines of the European economy. Europe's SMEs, making up more than 99 % of all enterprises and employing more than two thirds of labour force, are key players in working towards ensuring the European Union's economic prosperity and employment. Therefore the needs of SMEs should be systematically taken into account in the measures at the EU level.

Specific programmes or programme modules that target primarily SMEs are needed. However, SMEs do not operate in isolation. There is a symbiosis between SMEs and larger companies as well as other stakeholders e.g. customers, universities and research institutes. This interconnection should be taken into consideration and supported in the EU programmes and initiatives as well.

The focus in policies targeted at SMEs should be shifted from the more traditional support mechanisms towards policies which aim to generate growth companies. An important issue for the EU innovation policy as a whole is the ability to reach

dynamic and innovative small firms and help them grow. At the same time incentives should be given to the more established companies to increase their capacity for renewal.

A real challenge is that many SMEs consider EU instruments too remote and bureaucratic.

SMEs do not first and foremost need specific policies but good policies in general, because bad ones tend to hinder their operations more.

### **From sector-specific approach towards addressing major societal challenges**

The emphasis should be shifted from sector-specific policies towards delivering on the key policy priorities of Europe 2020. The EU policies should have a stronger orientation towards addressing major societal challenges, with a focus played upon economic challenges and job creation as well as resource efficiency.

For example ICT, eco-innovation and energy efficiency, which are tackled in the present CIP programme, no doubt play an important role in meeting these challenges. However, these topics should not be managed as a separate programme, which is disconnected from the other programmes and commonly agreed strategic objectives. Rather, they should be integrated across different programmes in a coherent and well-coordinated manner.

### **CIP has many shortcomings**

Many aims of the CIP programme are worth supporting. These include stronger coordination between several policy sectors (e.g. innovation, enterprise, information society as well as energy and environment policies), intensified innovation perspective and its link to the SMEs as well as international networking and benchmarking at the policy level and as a result more consistent practices in different countries. The Enterprise Europe Network has functioned well in Finland.

However, several objectives of the CIP programme have not been realized. The present programme has severe shortcomings: the programme is very fragmented and, thus, lacks synergies and the linkages with other EU programmes are poor. This has resulted in a very low visibility towards the customers, especially the companies. The common objectives are not clear enough; the accomplishment of the objectives is not systematically monitored through a set of indicators.

The administrative burden with the current regulations and guidelines governing the CIP programme cause severe problems for many SMEs. It is especially pronounced with the small amount of funding available. EU has a very high number of funding and other support programmes. In addition, the current system lacks adequate synchronization. This leads to a fragmented system for the customers and it is unfit to reach SMEs effectively.

**The CIP in its current form should not be continued**

The key parts of CIP, e.g. sub-programmes providing financial support for the pilot and market replication projects, should be integrated in the FP8 so that it can address research as well as innovation in a coherent way. This would also increase the visibility of these actions towards the companies at the EU level. The funding for innovation activities should, however, be expanded across the whole future FP8, not just the topics of the current CIP. Thus, the FP8 should cover funding for innovation activities in addition to the current funding for research and development. This reorganisation presumes strong collaboration between the relevant DGs, since a more comprehensive and consistent governance of the EU's innovation policy is needed. Clear goals and indicators that enable follow-on monitoring and evaluation are essential.

The parts of CIP that promote cooperative actions in regional innovation policymaking should be closely integrated or fused with similar actions under cohesion policy and the 'Regions of Knowledge' initiative. These objectives and actions are very similar by nature and real synergies remain unexploited. CIP alone has had little relevance to regional policy-making in Europe.

Overhaul of the administrative processes is called for. There is an urgent need for a simple and predictable administration, which would lead to more rapid processes. The user support, guidance, transparency and IT tools should be improved in order to help SMEs participate in EU research and innovation programmes. Good experiences have been gained with public authorities offering assistance to SMEs in the application procedures for EU programmes.