



**Directorate General for
Enterprise and Innovation**
Department for Innovation

Bezuidenhoutseweg 20
2500 EC Den Haag
The Netherlands
T +31 (0)70 379 8911
www.rijksoverheid.nl/eleni

Dealt with by
dhr. P.H.J. Silvertant MSc MA
T +31 (0)70 379 6823
p.silvertant@minez.nl

Date 3 February 2011

Contribution from the Netherlands Directorate General for Enterprise
and Innovation to the CIP public consultation

Mrs. L. van Duivenbode MSc
T +31 (0)70 379 7728
l.vanDuivenbode@minez.nl

This contribution to the CIP public consultation concerns the aspects of competitiveness and innovation covered by the current CIP only and is based on experiences with the current programme. The Netherlands considers it important that the design of the future programme on competitiveness and innovation is dealt with in an integral manner with the research funding. The Dutch integral vision on Research, Innovation and Competitiveness funding will therefore be the subject of our response the announced green paper on the future Research and Innovation funding.

A. Key messages

Research and innovation rightfully occupy a central position in the Europe 2020 strategy. Europe has to act to fulfil its research and innovation potential. Major challenges are the limited level of investment and the limited ability to convert our knowledge into innovative products, services and improvements in the production process. This calls for action at national as well as European level, with due regard for the subsidiary principle and EU added value.

To overcome these challenges, Europe needs to work on a more favourable business environment by improving framework conditions, strengthening the internal market, reducing administrative burdens, improving access to capital and using the power of procurement to drive innovation.

It also requires a more effective use and streamlining of EU instruments, to avoid duplication and to keep focus. The number of instruments at EU level should be drastically reduced. Future Innovation and Competitiveness actions should form an integral part of a strategic framework for research, development and innovation. A clear link to the policy objectives of the Europe 2020 strategy is needed, as well as policy analysis to support the implementation. The Commission should implement a user-centred design of its instruments, wherein end users are not burdened by the configuration of the back-office.

B Designing a future EU programme for competitiveness & innovation

B1 To what extent do you consider that there is a need for an EU programme targeting the creation of a favourable business environment including support for commercialisation of innovative products and services?

The Innovation Union outlines market failures and barriers to competitiveness and innovation in Europe. A future programme should focus on ensuring framework conditions that encourage sustainable competitiveness, innovation and entrepreneurship in a single European market.

As mentioned above, such a programme should address the major challenges that remain, such as improving access to finance for business, in particular SMEs (e.g. by creating a pan-European venture capital market) and improving knowledge transfer so that new technologies and ideas find their way to the market.

B2 How relevant would an EU programme targeting SMEs be?

SMEs play a central role in the EU economy; they are the engine for economic growth and innovation. The “think small first” principle should be applied when developing new policies and programmes.

The Small Business Act forms the policy framework for creating an SME friendly business environment and stimulating entrepreneurship and innovation. A future programme should focus on the implementation of measures with clear EU added value, for example in the areas of the internal market and better regulation in Europe.

A priority is access to finance as a key condition for an enterprising and innovative industry. The financial instruments of the EU (including the EIB/EIF) play a supportive role in facilitating financial means in addition to the national instruments. The effectiveness of the available means for entrepreneurship and innovation should be increased. This can be achieved by improving coordination and increasing coherence among EU-instruments and public and private sources of finance, while budget discipline is safeguarded.

B3 To what extent do you consider it to be relevant for the future programme to provide sector-specific support (e.g. ICT, eco-innovation, energy efficiency, etc.)?

- The EU should focus primarily on horizontal and generic measures, including
 - improving framework conditions to create a favourable business environment for all business sectors, including emerging sectors as creative or service industries;
 - improving the single market;
 - setting up an EU patent system;
 - speeding up the (market-driven) process of adopting standards.
- Key-enabling technologies can foster the competitiveness of the industry as a whole.

- As an example, effective use of ICT, energy efficiency (before, during, and after the production process) and an efficient use of resources (eco-innovation) have much broader effects on the sustainability and competitiveness of Europe.
- Where there is market failure or a legitimate government role, sector-specific measures can be justified (e.g. recent joint effort at European level for electric vehicles).
- CIP currently includes measures in the areas of energy, ICT and eco-innovation that complement the R&D taking place in the FP7. These are enablers in the transition to a smart and sustainable economy; for example ICT for energy efficiency and healthy ageing, more energy efficient transport systems and recycling of materials. This does not prelude to a decision on the inclusion of these or any other such enabling themes in a future programme. The Dutch position on themes and enabling technologies will however be part of our integral position on research and innovation funding. Characteristic should be that they are demand driven, user-led, promote EU wide uptake, address areas of public interest and societal challenges.

B4 A future EU programme in this area should

A future EU programme for competitiveness and innovation should:

- Focus on the objectives and targets of the Europe 2020 strategy for smart, sustainable and inclusive growth.
- Include the broad scope of innovation, technological and non-technological forms of innovation, business processes, creative and services industries.
- Improve framework conditions targeting the business environment in which companies operate.
- Highlight (national) best practices in policy, and facilitate international comparisons (e.g. via benchmarks on entrepreneurship, best practices for entrepreneurship policy and valorisation). Mutual (policy) learning and quick adoption to changing circumstances is thereby encouraged.
- CIP is primarily designed for the execution of project-like activities with a fixed period and clearly defined outcome. In our experience the method of funding and management structure for activities within CIP did not combine easily with considerable complexity and a longer time line, such as the Enterprise Europe Network (EEN) and the Europeana project (PM ICT-PSP).

C Possible areas/actions to be covered by a future programme for competitiveness and innovation

C1a Relevance possible follow-up programme of the Entrepreneurship and Innovation Programme

Key message:

- Less is more. Focus on activities that have real EU added value instead of funding a multitude of small initiatives.

Lessons learnt from the current EIP programme for improvement of actions that have EU added value:

- Continual improvement of the financial instruments in order to improve access to finance especially for high-risk, starting and innovative companies. As indicated in numerous studies, lack of finance is a bottleneck for (innovative) entrepreneurs reaching the market. Therefore the following current elements should be continued or strengthened:
 - Support for debt financing to facilitate access to finance for SMEs, e.g. EU guarantees on a bank loan as leverage for national guarantee schemes, and risk sharing arrangements.
 - The Netherlands strongly supports a European approach, in addition to the activities that Member States undertake, to address bottlenecks in the capital market. Cooperation with existing national instruments is needed to foster accessibility of instruments and the use of expertise. However, it should be noted that (1) these instruments should not take over the role of private actions, (2) clarification should be given on the status of resources flowing back to the guarantors and (3) implementation should not lead to an increase in administrative burdens or additional management risks.
 - Facilitation of access to equity capital for new investment in innovative businesses, e.g. through venture capital or business angels.
 - Provide better access to finance via local actors (venture capital and loans) for start-up and growth of SMEs. Financial instruments like GIF and SME guarantee facilities have a positive leverage effect: allowing EU funding for loans to finance R&D and helping companies to finance RDI activities, even in times of economic crisis.
 - Better target innovative SMEs, by accepting a higher risk sharing profile and specific approaches like cooperation with similar national schemes.
- Support innovative public procurement, e.g. through transnational collaboration of procuring authorities.
- Continue the encouragement of demand-driven standardisation of technologies.
- Support innovative new technologies and services to become commercially successful on the market, e.g. through first application and market replication projects to stimulate market uptake of new products, processes and services.
- Give more emphasis to knowledge transfer: ensure that research finds its way to the market.
- Continue entrepreneurship benchmarks, the dissemination of best practices in entrepreneurship policy and implementation.
- Business support services are best provided at regional and national level, through already established intermediaries. Separate EU activities are too

small, fragmented and distant from the end user to have sufficient impact. The Enterprise Europe Network overcomes this dilemma by using existing local partners to create a European system.

- Business support services should focus on the European market. The opening of EU business support centres around the world is not a European task and diverts attention away from the European market where there is still considerable improvement to be made. Furthermore, it reduces transparency and stretches the capacity beyond available resources and management capabilities.
- To measure impact, objectives need to be translated into a roadmap of action; currently the activities and implementation report give no insight into getting results.

The following elements have merit but have resulted in a range of activities with low visibility and impact that have fragmented the available resources:

- Increased coordination and exchange of best practices between national / regional administrations regarding business related policies. There is an abundance of initiatives for policy learning and best practice exchange, via diverse channels such as FP7 projects, ERAC working groups and OECD. Not all initiatives reach their target groups.
- Support to clusters, e.g. through partnership agreement or through training of cluster managers. This has been too much a stand-alone activity and did link enough with the smart specialisation strategies and the framework programme for research and technology development.
- Support for the development of specific skills (such as eSkills, IPR skills, innovation management skills), e.g. through partnerships with industry. As with clusters this requires integration in a broader education, skills and learning agenda. The activity lacked mass, focus and influence in a programme like CIP.
- Support for the development of an entrepreneurship culture in the EU. There is no one-size fits all culture and therefore most of this should be left to member states. Focus the EU SME Week and the European Enterprise Awards on mutual learning and emphasise the adaptability of best practices to other countries.

C1b What other type of measure would you suggest adopting under such a possible future programme, if any?

NOTE: As already stated in the introduction this reaction does not prelude to the Dutch position on the selection of themes and (enabling) technologies for the future programme on research and innovation.

C2 In the current CIP, the partners of the Enterprise Europe Network provide business and technology partnering and other services strengthening the innovation capacity of SMEs. In case the Enterprise Europe Network is continued, should European support in this area primarily focus on (select only one option):

- Preferred option is to continue delivering both business and innovation support services as this provides an integrated service to the users.
- In case the Enterprise Europe Network is continued, it should be ensured that
:

- Activities have a clear European added value.
- Activities remain sufficiently far from the market to avoid competition with private actors.
- Enterprise Europe Network as a European one-stop-shop model is integrated in the national support systems, which often already strive towards their own one-stop-shop.

C3a In your opinion, how relevant would each of the following types of action/support for eco-innovation under such a possible future programme be?

Although the current eco-innovation initiatives are well-received, future activities and the range of themes to be covered should be decided upon in an integrated manner.

Concerning the current support activities for eco-innovation, experiences and recommendations are as follows:

- Market replication projects are relevant to support eco-innovation, as targeted eco-innovation schemes are hard to find at national level and there is a clear pan-European added value. The approach used for eco-innovation can be used for other FP thematic knowledge transfer as well.
- Support for debt financing (e.g. EU guarantee on a bank loan; risk sharing arrangements) to facilitate the access to finance for eco-innovative companies, as well as the provision of venture capital, should be further explored.
- Current financial instruments targeting eco-innovation should be made more transparent and better integrated with other instruments within CIP/FP7/Structural Funds.
- Support to green public procurement for eco-innovative products and services is an important aspect of an eco-innovation programme, but should be better integrated. Current initiatives do not reach their target group.
- Widely accepted criteria that encourage sustainability in public procurement are needed.
- Exchange of practices on policies supporting eco-innovation should be stimulated.
- Knowledge transfer in eco-innovation is not entirely comparable to knowledge transfer in other innovation sectors, as developments are to a larger extent policy driven. Therefore, a strong relation to the future eco-innovation action plan is essential.

C4a How relevant would a possible follow-up programme of the "ICT Policy Support Programme" be in areas such as:

Key message:

If a follow-up to the ICT policy support programme is decided upon, this follow-up should be clearly linked to the policy goals that are indicated in the Digital Agenda.

Further comments:

- ICT related EU activities are currently performed under the umbrella of multiple programmes. Coordination and coherence between different strands of activities should be maintained.
- Standardisation is an important driver for innovation. Pilot projects (type B) that aim at the development of standards should be continued.
- Interoperability of ICT solutions within the European market has a valuable integrative effect on the EU market and can be encouraged with demonstration projects.
- The Netherlands have indicated their support for the Commission's intention to modernise legislation, to encourage standardisation.
- Promoting, monitoring and benchmarking the development of ICT and of the Digital economy in Europe should be an important element of a new programme. Up to date knowledge of developments in the European ICT sector is needed.
- It remains necessary to support the Digital Agenda for Europe by policy analysis, consensus building, and awareness raising events. Where feasible, this can be done via awards, contests, benchmarks organised at EU level that reach a large audience and are cost-effective.
- The future of the Europeana project should be decided upon in short term, as well as its position within the CIP programme. Because of the size, time line and complexity of this project, an autonomous management structure could be considered.

C5a How relevant would a possible follow-up programme of the Intelligent Energy Europe be in areas such as:

Key Messages:

- Efforts are needed to implement the European energy policy, by tackling non-technological barriers to the efficient use of energy and to the use of new and renewable energy sources.
- The IEE programme is valuable in encouraging policy-driven innovation.

Further comments per area:

Actions for fostering energy efficiency and the rational use of energy resources

- High relevance. Energy efficiency is an area of permanent concern. Activities should be related to the energy efficiency action plan.

Actions for fostering the use of renewable energies

- Medium relevance. A lot is already happening in this field and IEE is too small to make an effective addition. Work is needed in overcoming the barriers to European trade in renewables.

Actions for promoting energy efficiency and the use of new and renewable energy sources in transport.

- Low relevance. IEE is too small to be effective in this large and complex sector.

Actions supporting the development and implementation of the EU sustainable energy policy

- High relevance. We see this as the core business of IEE following the energy strategy 2020 as mentioned above.

Addressing skills gaps by setting up the private-partner partnerships for qualification and training schemes in energy efficiency and renewable energies

- Medium relevance. IEE should of course only address elements with a European dimension. It should be mentioned that private-partner partnerships are not the only instrument to be used when addressing skills gaps.

Leveraging significant investments in energy efficiency and renewable energy through flexible financial instruments in collaboration with financial institutions

- The use of existing, generic financial instruments should be encouraged. There is no need for a dedicated financial instrument for IEE.

Addressing the non-technology barriers to the deployment of energy efficiency and renewable energy through promotion and dissemination projects

- Medium relevance. It should be mentioned that promotion and dissemination projects are not the only instrument to be used when addressing this issue.

C5b What other type of measure would you suggest adopting under such a possible future programme, if any?

- Renewable energy and energy-efficiency remain the focus of a future programme. Nevertheless, it is important to include fossil fuels in the scope of a new IEE. All over Europe the implementation of CCS is running into non-technological barriers while the non-technological energy programme par excellence is not capable of any intervention because the legal basis is limited. The legal basis should be adjusted.
- The policy analysis and development activities of the IEE programme are regarded as important input for national policy. This function should be maintained, parts of the programme can be policy-driven.