



European Commission

Enterprise and Industry Directorate-General
Unit D1 Innovation Policy development

Non-technological innovation and EU innovation policies

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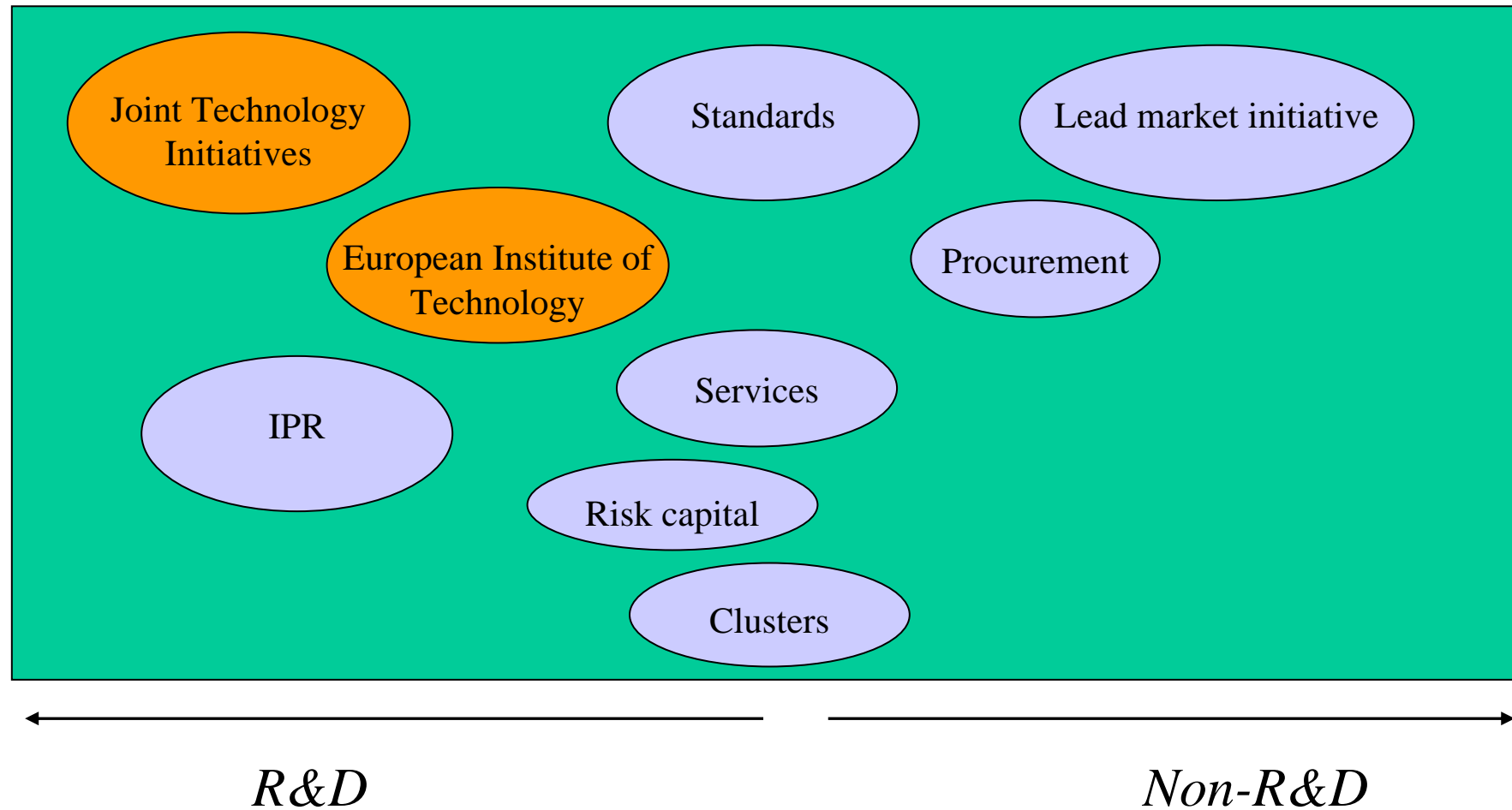
Policies



The Broad Based Innovation Strategy

- Current basis for EU innovation policy
- Presented by Commission and endorsed by Council in December 2006
- Package of nine measures
- New emphasis on demand side measures through the Lead Market Initiative

The Broad Based Innovation Strategy



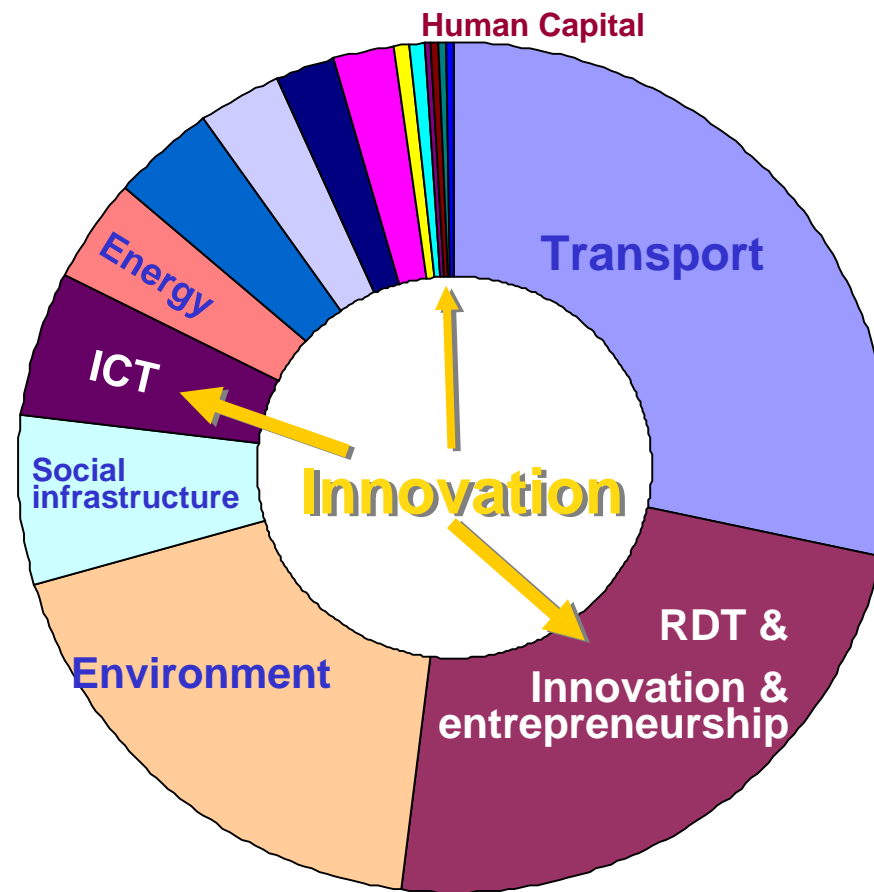


Main EU Spending Programmes

- **7th Framework Programme for RTD**
 - €4 billion
 - Main programmes on cooperation, ideas (ERC), people (Marie Curie) and capacities.
- **Structural Funds**
 - Focused on convergence regions (<75% average EU GDP/ person)
 - Lisbon targets
- **Competitiveness and Innovation Programme**
 - €3.6 billion
 - Programmes on entrepreneurship & innovation, ICT and intelligent energy.

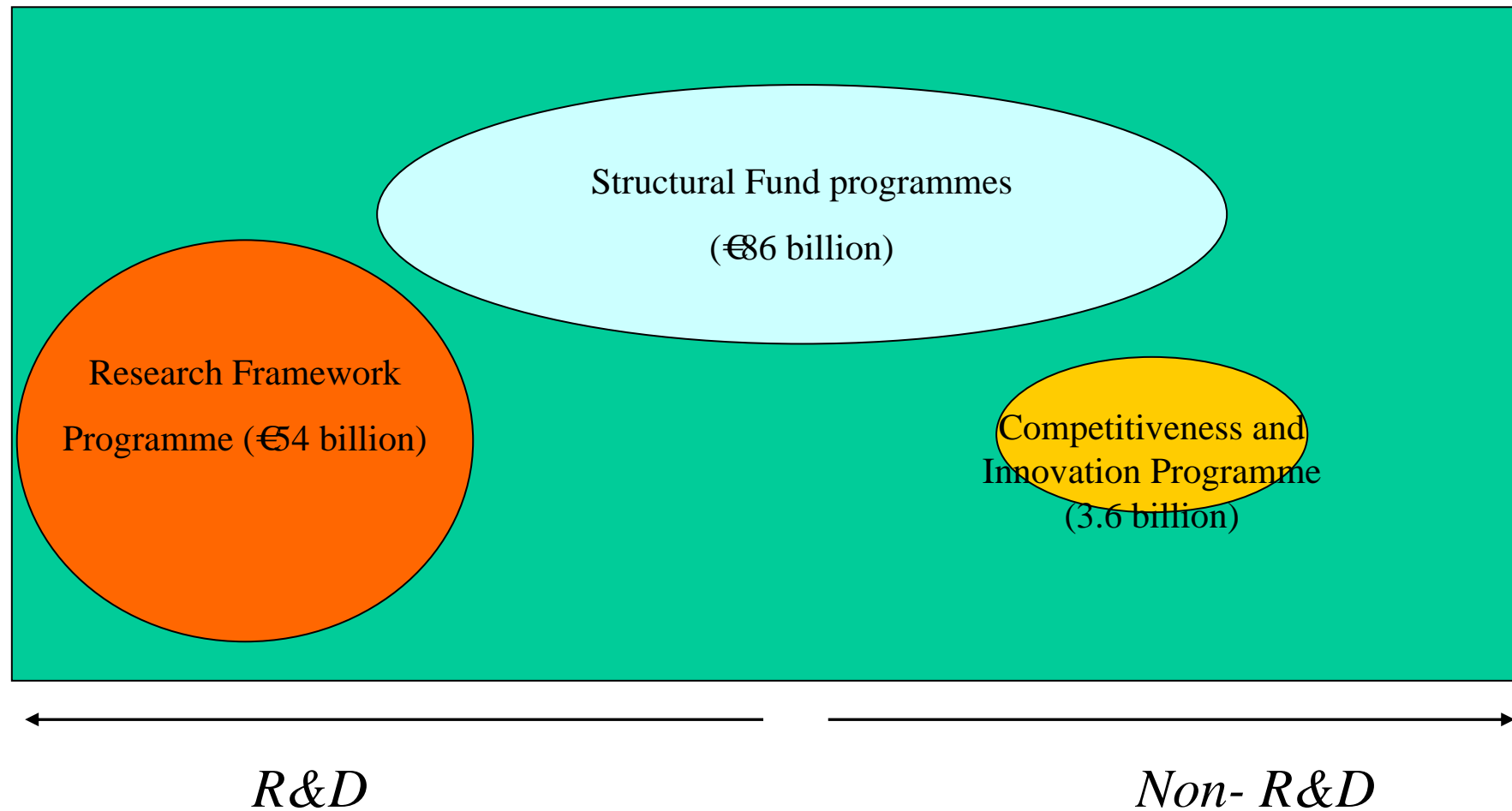
Structural funds 2007-13

- 1 Transport 28%
- 2 RTD & innovation 24%
- 3 Environmental protection and risk prevention 19%
- 4 Investment in social infrastructure 6.2%
- 5 Information society 5.6%
- 6 Energy 4%
- 7 Urban and rural regeneration 3.8%
- 8 Technical assistance 3%
- 9 Tourism 2.4%
- 10 2.2%
- 11 Strengthening institutional capacity at national, regional and local level 0.6%
- 12 Improving access to employment 0.4%
- 13 Improving human capital 0.4%
- 14 Adaptability of workers and firms 0.3%
- 15 Reduction of additional costs hindering the outermost regions development 0.2%
- 16 Reforms in the fields of employment and inclusion 0.1%
- 17 Improving the social inclusion of less-favoured persons 0.1%



Total RTD & I budget: €86 billion

Main EU spending programmes

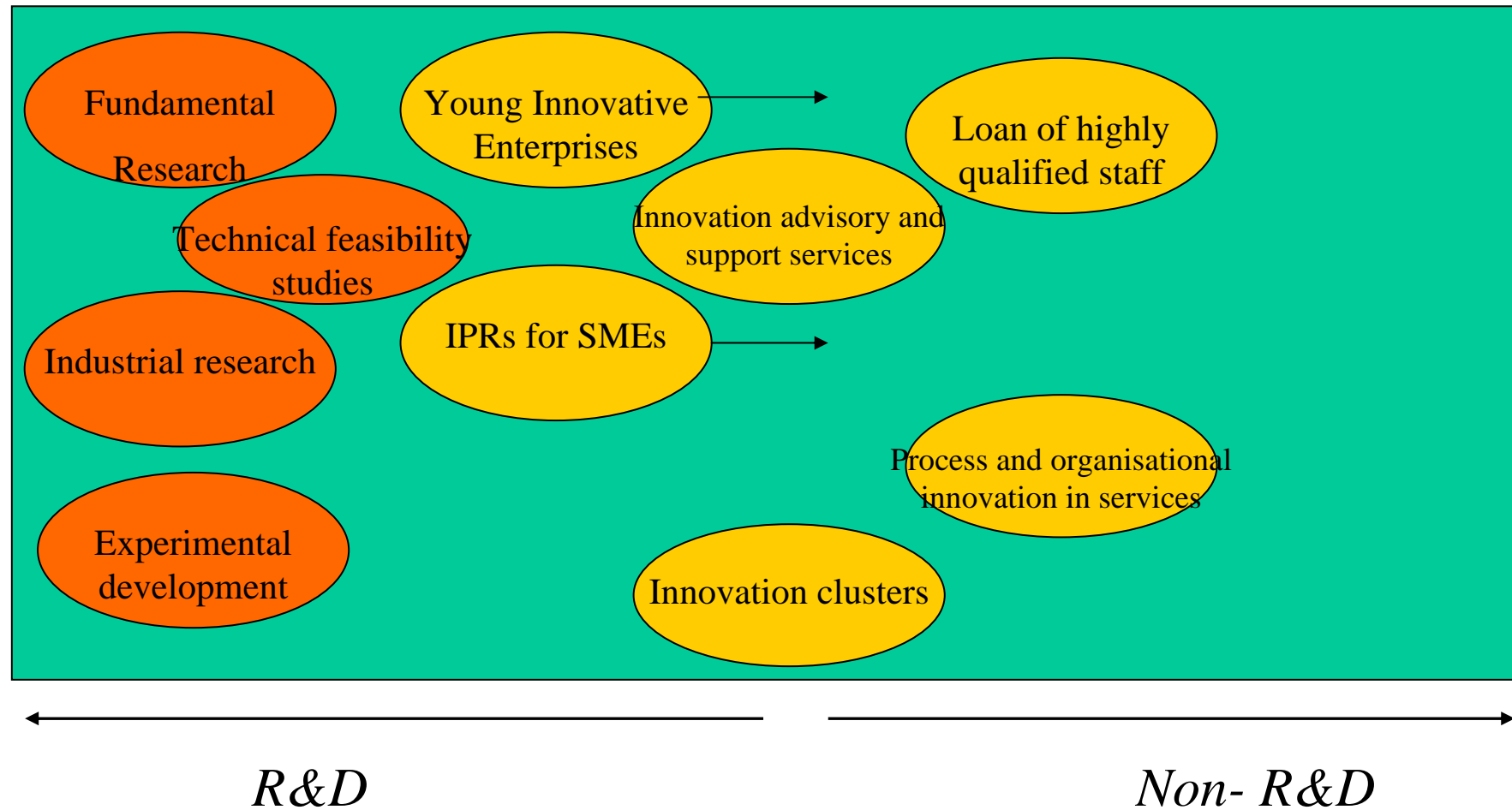




State Aid Framework

- Framework for State Aid for Research and Development and Innovation (December 2006)
- Sets out which measures are deemed compatible with the Single Market
- Applies to all Member State support programmes and measures

R&D&I State Aid Framework





Measurement

European Innovation Scoreboard

Revised methodology 2008-10

- Expanded human resource indicators:
 - S&E + *SSH graduates* + *doctorates*
- Less technology indicators:
 - balance between high/ medium-high tech manufacturing and *knowledge intensive services*
 - One patent indicator (*instead of three*)
- More on outputs:
 - Technological (product/process) vs *non- technological* (marketing/organisational) vs *resource efficiency* (costs/ resources)

http://www.proinno-europe.eu/extranet/admin/uploaded_documents/EIS_2008_Methodology_Report.pdf



2007 Innobarometer

- Survey of 4000 companies with detailed questions on innovation activities and policies
- *Neglected innovators: How do innovative firms that do not perform R&D innovate? - Results of an analysis of the Innobarometer 2007 survey No. 215. Arundel, Bordoy & Kanerva 2008*

http://www.proinno-europe.eu/admin/uploaded_documents/EIS%202007%20Neglected%20innovators.pdf

R&D status and performance

Change in income	R&D status		
	No R&D	R&D in-house	Contract R&D only
Decreased > 25%	1.7%	1.7%	0.4%
Decreased 5% - 25%	7.8%	7.8%	8.3%
Little change	54.6%	52.9%	63.9%
Increased 10% to 50%	32.7%	34.6%	24.9%
Increased > 50%	3.2%	3.0%	2.5%
<i>Total</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>

R&D status and policy support

Policy	No R&D	In-house R&D	Contract R&D
<i>N (unweighted)</i>	1,996	2,093	306
<i>Programmes that require R&D</i>			
Direct support to finance R&D based innovation projects	2.7%	20.1%	12.1%
Tax reductions for R&D expenditures	2.1%	14.7%	5.9%
<i>Any R&D based programme</i>	4.3%	27.2%	15.8%
<i>Programmes that do not require R&D</i>			
Direct support to finance innovation projects with no R&D	5.6%	7.9%	8.0%
Subsidies for buildings/infrastructure for innovation activities	7.4%	8.6%	9.0%
Subsidies for acquiring machinery, equipment, software	10.4%	17.3%	21.7%
Tax reductions for innovation expenditures other than R&D	3.2%	7.2%	7.8%
Attending/participating in trade fairs or trade missions	15.0%	28.4%	36.3%
Information on market needs, conditions, new regulations etc	13.8%	27.1%	25.5%
<i>Any non-R&D based programme</i>	32.6%	47.2%	60.7%
<i>Programmes that are often linked to R&D</i>			
Networking with universities or research institutes	5.0%	15.9%	19.8%
Networking with companies	12.8%	22.0%	28.8%
<i>Any of the above ten programmes</i>	35.3%	55.3%	63.4%



Problems



- **Confusing terminology**

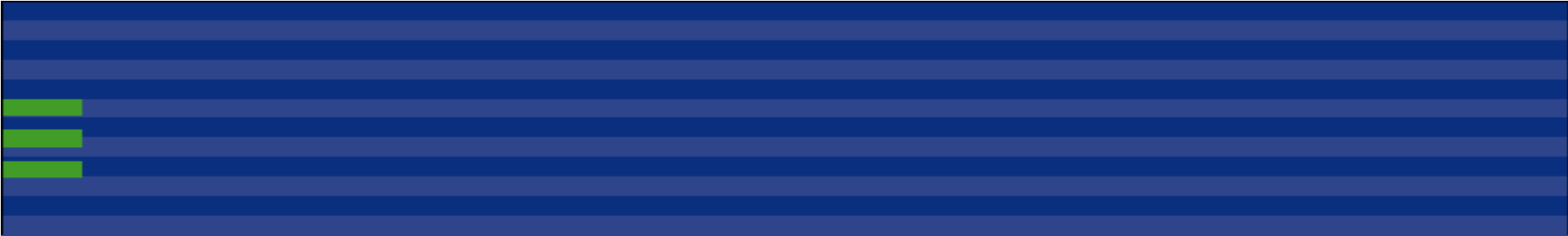
- Marketing and organisational innovation often related to technological development
- Product and process innovation often without formal R&D or technological development
- Technological development not necessarily associated with formal R&D
- ⇒ **Confusion between R&D (activities) and non-technological innovation (outputs)**
- ⇒ **Hard to relate non-technological innovation to policy**



- **Lack of operational definitions**

- For innovation expenditures other than R&D, e.g. design, training, marketing
- That relate to firm's activities (and accounts)
- Can be used for to identify costs (and incentivise the defined activities)

=> Difficult to target support to non-R&D innovation activities

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- **Insufficient economic and policy analysis**
 - What and where are the market failures in non-R&D innovation activities?
 - How do they compare with “classic” market failures in R&D activities?
 - Can we quantify them?
 - How do they relate to R&D activities and different forms (and success) of innovation outputs
 - ⇒ **Lacking key evidence needed for the policy debate**
 - ⇒ **Risk of artificial separation between different types of innovation activities and outputs**

New releases...

- **Calls for proposals** under Competitiveness and Innovation Programme

- Europe INNOVA,
- PRO INNO Europe
- Emphasis on clusters, services, eco-innovation



<http://www.europe-innova.org/index.jsp>

- Lead markets public procurement networks

http://ec.europa.eu/enterprise/leadmarket/public_procurement_networks.htm

- **Policy documents** foreseen for 2009

- Design as a tool for innovation
- Innovation and services