



Mr Robert-Jan Smits
Director General for Research and Innovation
DG Research and Innovation
SDME 2/2
European Commission
B-1049 Brussels
Belgium

19 May 2011

*Re: The Response from Ireland to the EC Green Paper on a
Common Strategic Framework for EU Research and Innovation*

Dear Mr Smits

Forfás, Ireland's policy advisory board for enterprise, trade, science, technology and innovation, welcomes the European Commission's Green Paper "From Challenges to Opportunities: Towards a Common Strategic Framework for EU Research and Innovation Funding" which it sees as a useful first step in the development of a robust framework for research and innovation from 2014.

Forfás endorses the Irish national submission to the European Commission on the proposed common strategic framework for research and innovation (Response by Ireland to the EC Green Paper, May 2011), in particular its focus on increasing the participation of the enterprise sector. Forfás was significantly involved in the preparation of the national submission, managing the national consultation for the ACSTI Council and providing expert input. With its mandate of supporting the enterprise sector, Forfás would strongly welcome efforts in the common strategic framework to grow research and innovation in European companies. In particular, Forfás values the Commission's aims of supporting actors across the full innovation cycle, ensuring greater exploitation of research results and simplifying the schemes and rules to facilitate participation and increase efficiency.

The accelerating pace of technological change, the pressure on natural resources, and the changes in economic structures globally point to the importance for Europe of research and innovation as a key component of competitiveness policy for the future. Europe's strengths need to be further developed to succeed in world markets, to contribute to world progress, and to meet the needs of its citizens. Enterprise is at the heart of economic competitiveness and can be the engine of economic recovery in Europe as a whole.

Innovation is a key driver of socio-economic growth. It means many things to many people. The definition of innovation used within the common strategic framework should include innovative business models and innovation in services in addition to the technological innovation on which European research funding has been focused in the past. Forfás supports the move to encompass innovation within the framework, supporting it in a more explicit and structured way. Forfás endorses the national views and particularly encourages the Commission to consider the proposal to provide top-up funding supplements for commercialisation of research and innovative ideas as laid out there. In addition, Forfás believes that the framework should support enterprises to *absorb* innovation, with the aim of improving their capacity and capability, which can lead to enhanced European competitiveness.

Forfás welcomes the support in the Irish submission for the continued fostering of collaborative research through the Co-operation Programme. This programme, which is largely top-down and thematic, has proved to be of benefit to industry and academia alike and to ably and equitably support a broad range of sizes and types of collaborative partnerships. Forfás believes that the bulk of funding under the common strategic framework should be allocated competitively through this type of programme.

While business expenditure on research and development (BERD) is growing in Ireland¹, some sectors of industry are less active than others. This is also true in Europe. Small enterprises, with less than 50 employees, provide 70% of employment in firms in Ireland but were responsible for only 16% of BERD. SMEs remain under-represented in European research, although they number 23 million and account for 99% of all businesses, and Forfás welcomes measures to make the European research and innovation supports easier to access for companies, and SMEs in particular due to their limited resources and high potential contribution. Forfás would particularly welcome supports for companies in the application process and fast-track measures to facilitate their access to programmes. Moreover, the role of start-ups and entrepreneurship should receive appropriate emphasis and special measures to encourage entrepreneurs with technological strengths but with limited business experience should be considered. The Commission, in its revision of rules and procedures, should also inculcate greater flexibility for projects to adapt their duration, consortium and scope to assist companies in responding as needed to market developments.

Forfás is conscious of the national role to be played in supporting companies to engage and believes that the greatest effect can be achieved if there is also strong support at European level through the Commission structures. By simplifying the application and grant processes and relying on a more risk-tolerant (managing risk rather than avoiding it, along the lines of industry practice) and trust-based approach, the Commission can reduce the workload not just for applicants but also for the national structures which have been put in place to support them. This will lead to a more effective use of resources across Member States and the Commission.

In optimising the framework and integrating the measures identified here and others in the Irish submission, the complementarities of the measures in the current Competitiveness and Innovation Framework Programme (CIP), the European Institute of Innovation and Technology (EIT), the Structural Funds and the Framework Programme should be fully identified and brought together. Merging the current CIP into the future framework and adding aspects such as large-scale pilots and demonstration activities could enable a continuous system

¹ In Ireland, business expenditure on R&D (BERD) has grown by almost 50% since 2003 (CSO Statistical Release 11 March 2011: BERD 2009/2010), albeit with a slight dip in more recent times, with medium to large companies contributing 80% of that R&D spend.

for research, innovation, development, demonstration and deployment to be put in place and to support European research to the point of market uptake. Fragmentation in the current system has led to silos being created. Opportunities may be missed if the system remains in separate parts and potential participants choose to engage with one part of the system because they lack the expertise, time or resources to participate more broadly. Simplicity, transparency and ease of access will benefit the European research community. A significant harmonisation of applicable rules, procedures and definitions will be needed.

Mobility and knowledge exchange provide impetus within the research and innovation cycle, sparking new ideas, new networks and new modes of innovation transfer. The Marie Curie Actions are excellent models for such exchanges. Forfás would welcome an increase in the engagement of the private sector in these schemes and requests the Commission to explore how best it might facilitate this, in particular by prioritising its COFUND initiative under Marie Curie. The private sector should be a target area for growth of participation in the COFUND scheme, with the focus being on partnerships between industry and academic and/or public sector organisations. In addition, there should be a new focus on venture capital, with steps being taken to ensure that the broad thrusts of the emerging activity is aligned, at least to some degree, with the technological perspectives and priorities of the sources of finance for the future.

The fostering at European levels of interactions with third countries could lead to significant added value for Europe over bilateral and multi-lateral engagements by Member States on an ad hoc basis. Forfás welcomes the initiatives currently underway in this area at European levels while supporting the Irish recommendation that there must be a clear rationale for engagement. In addition, a wider approach to international co-operation in this field can be followed through appropriate emphasis on inward direct investment: Ireland has been successful in encouraging MNCs to undertake research and development activities, and this not only adds to the R&D already under way but also provides opportunities for local companies and institutions to join global research activities.

Forfás will continue to emphasise these considerations as Ireland develops and strengthens its policies in this regard. Forfás welcomes this opportunity to contribute to the European process to develop a common strategic framework for EU research and innovation funding and looks forward to engaging further with the Commission as the proposals are developed and become more detailed, based on inputs from the Member States and their organisations and people.

Yours sincerely



Martin Shanahan
Chief Executive

Cc: Mr Brendan Hawdon, Head of Unit, CSFRI and Simplification, European Commission