

## **Background Note for the XVIII EUREKA Inter-Parliamentary Conference:**

### **SUPPORTING INNOVATION: AN OPPORTUNITY FOR GLOBAL ECONOMIC RECOVERY**

#### ***Innovation: a key priority of Europe***

Innovation is widely acclaimed as a key solution to Grand Societal Challenges such as climate change, energy and resource scarcity and health and ageing. Moreover, innovation can give Europe an important means to challenge the current economic climate and redefine and assert its position in a changing global order. Therefore, and unsurprisingly, the European Union (EU) has made innovation one of its priorities: its Europe 2020 strategy envisages that by 2020 at least 3% of the EU Member States' GDP be devoted to R&D-related activities.

***Framework conditions to favour innovation need to be in place for getting ideas to the market:*** a unitary patent protection which will reduce costs of patents in Europe; standardisation rules aiming to modernise European standard-setting in the face of present and future challenges and to speed up standard-setting processes; a new regime for venture capital funds so that they can easily raise capital across Europe; a modernised EU public procurement legislation with concrete measures to facilitate innovation, such as a simplified competitive dialogue procedure, facilitated cross-border joint procurements, and the inclusion of 'innovative character' as a contract award criteria.

#### ***Financing instruments for innovation: opportunities and bottlenecks***

Europe's innovation efforts have been traditionally supported by grant-based instruments. Grant-based funding primarily operates as a risk-mitigation instrument, delivering support to R&D projects which - from a market-perspective - are either too risky or fail to generate sufficient revenue. But with the current climate of austerity, Europe must explore other, non-grant based means of funding, such as venture capital and business angel investments or high-risk loans. However, regulatory fragmentation, evasion of risks, lack of knowledge and a limited availability of funds have so far hindered the take-up of innovation financing instruments.



### ***Exploring further complementarities between EUREKA and the EU***

Supporting market-oriented, bottom-up research, EUREKA has been at the heart of Europe's innovation system since 1985. Not only has it successfully promoted and supported market-oriented innovation via smaller transnational R&D projects and larger strategic initiatives known as Clusters: it has also actively fostered cooperation with other components of the European Research Area, exploring how possible complementarities can be best exploited.

Since 2008, EUREKA and the EU's Seventh Framework Programme (FP7) have provided joint support to R&D-performing, highly innovative SMEs, by means of the Eurostars programme. Horizon 2020, the successor to FP7, already foresees the next phase of Eurostars based on an enhanced partnership leading to more integration and synchronisation of national R&I programmes as well as possible greater complementarities between national R&D support instruments and those of the EU, especially in the commercialization phase.

### ***The XVIII Inter-Parliamentary Conference: discussing financing for R&D+I***

Organised under the auspices of Turkish EUREKA Chairmanship, the Grand National Assembly of Turkey will convene the XVIII Inter-Parliamentary Conference (IPC) of EUREKA on 16 May 2013 at the European Parliament in Brussels.

The XVIII IPC will provide a platform for national parliamentarians from EUREKA member countries, members of the European Parliament, representatives of the European Commission and key stakeholders to discuss the status, opportunities and bottlenecks of existing support for innovation in Europe. Particular attention will be devoted to the opportunities of fostering synergies between the national innovation systems of EUREKA member countries and the European Union.