

European Innovation Council

The Center for Industrial and Technological Development (CDTI), as representative of ES position, concurs with Commissioner Moedas that to develop and exploit effective innovation capabilities is one of the priorities or R&I policies for enabling growth, employment creation and competitiveness in Europe grounded on advanced scientific and technological knowledge.

In this context, CDTI welcomes the Commission initiative to explore the feasibility of establishing a European Innovation Council on the basis of previous diagnosis to: (a) effectively promote high impact research and innovation in terms of both growth and employment; (b) encourage bottom-up disruptive innovations to foster SMEs' growth and competitiveness; (c) strength European innovation funding markets; (d) reduce the complexity generated by a myriad, and not always fine-tuned, of funding instruments to support innovative activities carried out by business firms; and (d) build a new innovation policy model able to cope with the demands of a fast, dynamic and dramatically changing environment (and market) shaped by the openness of both science and innovation.

Our comments refer to the EIC (1) Mission and scope and (2) structure and governance.

1. Mission and scope

In spite of progress fueled by Horizon 2020 and benefits derived from the greater integration between research and innovation, it is indispensable to accelerate the catching up process and to provide a **more efficient framework** to overcome factors hampering innovation at European scale. The **implementation of Horizon 2020 has result in increasing managerial complexity** in the number of instruments, information, adequacy, time to resolution, effectiveness, etc. Such complexity implies substantial transaction costs supported by applicants in particular for those seeking access to funding opportunities for high risk projects that may led to high market impact. In addition, the **current organizational and management structure of Horizon 2020 may contribute to create silos between Horizon 2020's pillars, programs and instruments, which are damaging the potential exploitation of knowledge circulation**. Moreover such structure is clearly the opposite to open science and innovation as well as to the creation of open markets for knowledge.

Even if there is a substantial need for improvement in the management and implementation of funding instruments to support innovation within Horizon 2020 **the European Innovation Council should not cover such wide range of activities to provide a one-stop access** (web based) to assist participants. The need for improving information and devoting additional resources to extend the portfolio of services provided by the participant's portal should be properly addressed by the Commission independently of the European Innovation Council initiative.

Pillar on «Industrial Leadership» under Horizon 2020 has a fundamental role in the promotion and diffusion of research and innovation across European business companies contributing to create absorptive knowledge capabilities leading to innovation, mainly incremental. Midterm evaluation of Horizon 2020 should address directly how to define an effective portfolio of instruments of wider impact across different industries, technologies and challenges. However, the set of actions to be defined under pillar on «Industrial Leadership» **should not be directly part of the European Innovation Council**.

The **European Innovation Council must have a clear focus** based on the promotion of those activities that are critical to speed up the innovation across Europe, and in particular it should cover the gaps that are not properly addressed by existing mechanisms.

The European Innovation Council should have both an **executive and advisory role**. Therefore, as an **executive** body:

1. The European Innovation Council main task should be to **promote disruptive (market) innovations, bottom-up, and emerging as result of complex and unexpected interactions across industries, technologies, scientific domains and society**. From this perspective, the European Innovation Council should be able to: (i) **foster entrepreneurship**; (ii) **allow for multiple and flexible forms of cooperative research**; (iii) **support breakthrough innovations** (both technological and non-technological); (iv) **contribute to the valorization of R&D results**; (v) **operate under simple and fast track procedures**; (vi) **facilitate access to alternative funding sources, mainly venture and risk capital**, and (vii) **stimulate the advancement of a society open to adopt innovations and be part of such process**.

In addition to open and bottom-up approaches across technologies and economic sectors, the **European Innovation Council should foster and speed up the pace to innovation, knowledge spill overs**, and entrepreneurial activities out of research activities carried on **under the FET program**.

2. The EIC should focus as well on providing access to different financial mechanisms, and the best possible combination of such instruments depending on the type of project (i.e. different phases of the project or scale) and available set of options. The EIC should provide from grants to loans, equity, and guarantees, closely collaborating with other European Investment Fund, European Fund for Strategic Investments, etc. It should be part of EIC to establish specific mechanisms to leverage private investments (i.e. Paneuropean Venture Capital Fund of Funds).
3. The EIC should **take into account the relevance of being «open to the world»** and introduce a new dimension on international cooperation with third countries for innovation which is an important missing link at the present in research and innovation European policies. We consider that the EIC should take advantage and **support the transformation of existing multilateral organizations such EUREKA** to capitalize on existing capabilities to accelerate the path towards innovation and create opportunities for further economic cooperation.

Finally, the European Innovation Council should be designed to play an **advisory role, and be active in the definition, promotion and implementation of a new (research and) innovation policy** at European level, and to promote greater areas for collaboration with countries and regions. The EIC should provide also permanent advice **concerning regulation to foster innovation and the emergence of new markets, and the promotion of innovation friendly framework conditions**. Furthermore, the EIC should act as a tenet to promote innovation and **coordination among different sectorial policies** (i.e. industrial, energy, environmental, ICT, health, etc.) since they **are critical in the further development of the markets for breakthrough innovations**.

2. Structure and governance

Based on previously foreseen mission and activities (both advisory and executive), the European Innovation Council is conceived as an evolving **hybrid structure**. Evolving means that while it should be

created in 2017 as an advisory body after the mid-term evaluation of Horizon 2020 the aim is to set up the executive structure after Horizon 2020. During 2018-2020, appointed members of the European Innovation Council will act as advisors and experts in the definition of new innovation policies and instruments, and they should put in place the right organizational structure and governance structure and to create a vibrant project supported by main stakeholders.

The proposed dual nature (advisory and executive) mirrors ERC' structure and it will include: an executive agency (EIC EXECUTIVE AGENCY) and an INNOVATION COUNCIL, the latter being the core element for innovation policy advice.

The Innovation Council of the EIC must include top level representatives of the national innovation agencies to provide expert advice and to contribute to increase coordination and alignment, including strategic orientations and priority setting. National innovation agencies will be key elements in the widespread of EIC's activities, and the search (and promotion) of bottom-up entrepreneurial, open and disruptive technologies and services across Europe and its regions. National innovation agencies will contribute to direct systemic actions as well as to promote effective interaction among different stakeholders related to EIC activities and they representing a strategic asset that EIC has to capitalize on.

However, we consider that it will be relevant to include also individual experts mainly to bring scientific as well as social issues into the debate. Rules for the functioning of the Innovation Council (ADVISORY) should be transparent and based upon strict norms and ethics codes since conflict of interest and blockages based on national interest must be avoided. President [and Vice-Presidents of this Innovation Council (number to be determined)] will serve as special advisor on innovation to the Commissioner for Research, Science and Innovation.

While the Innovation Council (ADVISORY) will not have decision making capacity to determine budget allocation across different programs and activities across framework programs they will advise on the optimal allocation of EIC budget across different instruments.

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