



# EU Innovation in a Changing World –

# the concept of innovation

A handwritten signature in black ink, appearing to read "Peter Dröll".

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Innovation Policy

Brussels, 30 January 2013



European  
Commission

# WOW!

Research and  
Innovation



29% GDP



32%  
PUB  
PAT



24%  
R&D



7%



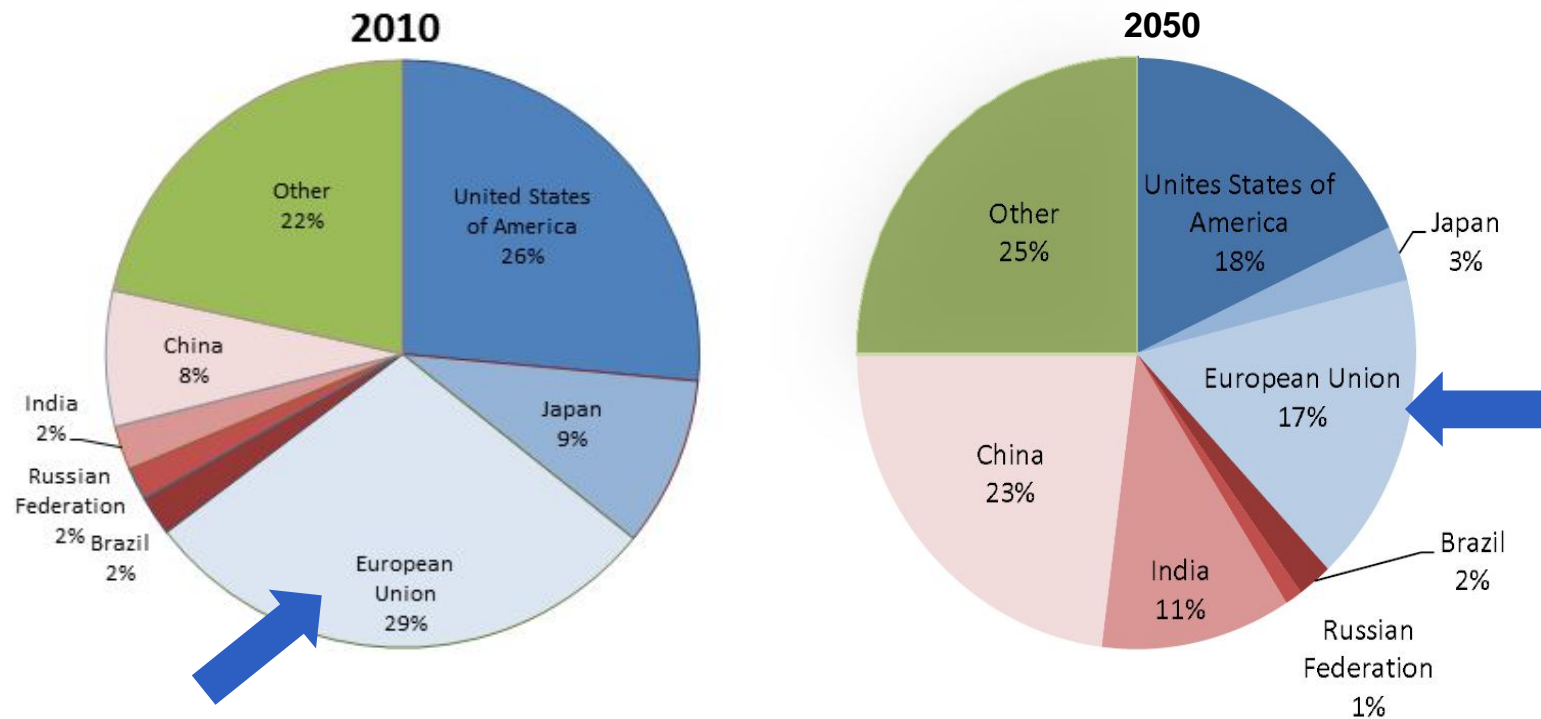


European  
Commission

# *Outch!*

Research and  
Innovation

# The relative size of the EU 2010 - 2050



World GDP (constant USD), Source: Global Europe 2050



# *Can innovation fix it ?*



# Innovation – and ...

## ***... THE PUBLIC UNDERSTANDING***

- *synonymous with "hope" ?*
- *"dangerous" (Flaubert)*
- *the common misunderstandings*

## ***... THE OECD DEFINITION ...***

- *new/significantly improved product or process*

## ***... THE ACTORS***

- *companies*
- *public sector*
- *"third sector"*



# Horizon 2020 approach to innovation

1. Increased support to innovative **processes** (testing, piloting, demonstration...)
2. Support to innovation “**market demand**”:
  - ✓ standards
  - ✓ public procurement
  - ✓ inducement prizes
  - ✓ bottom-up activities (more flexible call for proposals)
3. All forms of innovation: design, business models, social, public
4. A new **SME instrument** (on “Leadership in enabling and industrial technologies” e “Societal challenges”)
5. More extensive use of financial instruments with **leverage** effect
6. Support through **EIT / KICs**





# How?

1. **Structure**: one Programme – entire value creation chain
2. **Rules**: one set of rules for the whole Programme.
3. **Simpler cost eligibility, VAT, interest rates on advance payments**
4. **Extension of the guarantee fund to actions to reduce**
  - *ex-ante financial capacity checks*
  - number of *certificates on financial statements*
5. **Two reimbursement rates?**: 100% for research actions, 70% for demonstration, piloting, market replication, programme co-fund actions =  
No differentiation based on legal status
6. **One method** to calculate indirect cost (single flat rate)



**WOW ?**



# State of the Innovation Union 2012 (1)

Europe's ambition to become an Innovation Union is **at a crossroads**.

## POSITIVES

- exemplary progress with initiatives
- still relatively strong performance

## BUT

- impact seriously hampered by the crisis;
- fewer countries maintain their R&D spending
- risk of innovation divide



# State of the Innovation Union 2012 (2)

***EUROPE's ANSWER should be:***

- 1) pursue rigourously measures in Innovation Union
- 2) do more because of the crisis

Commission will prepare next steps for deepening:

- Supporting high-growing companies
- Public sector
- Open innovation/knowledge transfer
- IPR value
- Retail sector
- Business models
- Speed and risk-taking in EU funding
- *and ...*