Supporting Partnerships in Innovation and Entrepreneurship

**Draft-Recommendations**

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The key factor diminishing European global competitiveness is the fragmentation of its economic R&D and innovation capacities and resources, partly due to slow progress of integration in the domain of services (representing over 70% of GDP). This is particularly damaging in view of increasingly knowledge and innovation intensive services.

Stronger leadership is required on the part of EU institutions and national politicians to accelerate the creation of single market for services, with particular emphasis on knowledge-based services.
### Preparing Human Capital

Education and training institutions are still preparing people for jobs of yesterday instead of building competences required for jobs of tomorrow. This radical shift requires internal restructuring of the entire education and training system, and institutions and students should focus on:

- Designing curricula in view of employability of graduates;
- Reflecting specific requirements of their environment in general and labour market in particular;
- More emphasis on practical experience;
- Flexibility of career expectations;
- Readiness for lifelong learning by students and professors.

This radical change requires a top down approach and determined leadership.

### Complexity of Policy Making and Lack of Public Funding

Due to high complexity of the innovation process, the strategy and policies of strengthening knowledge economy require comprehensive approach and **concerted efforts from authorities (from many portfolios), the public and the private sectors.** Policy instruments have to be mutually supportive, flexible and consistent, while measures applied should be calibrated in proportion to their contribution to the innovation process. Particularly during the time of crisis, each of them should make a sizeable contribution, appreciating the fact that availability of public funding is more limited than ever.

### Policy makers should better understand the complexity of Business - Academia Partnership and give it higher priority in their knowledge economy oriented efforts, which have to integrate particularly policy areas of education, research, innovation, and entrepreneurship.

### Support Environment for Innovative Entrepreneurship

Innovation and entrepreneurship are the two pillars of economic growth and **competitiveness,** and without stable and sufficiently pro-active support environment they cannot be achieved and sustained.

Elements of support environment – targeting in particular the SMEs – have to be well conceived, realistic in reflecting specific market conditions at national and regional level, well structured and calibrated in order to provide sufficient motivation and encourage the innovation processes within the companies, and partnership between business and academia.

These elements should include instruments in the domains of: entrepreneurial education and training, including LLL, professional advise and mentorship, tax and access to finance facilities, internationalization, IPR counseling, providing R&D staff secondment, performing technology and innovation audit, etc.
Governments and regional authorities should be more innovative in designing and applying combination of these instruments and developing their combinations.

### 6 Dynamising Universities

**Greater openness of universities** to society and increased lifelong learning are mutually supportive. Retraining of the academic staff and their adaptation to new demands of the dynamically changing social and economic environment should be systematically encouraged. University leadership should encourage involvement of professors in research and consultancy activities related the curricula of the department.

Obstacles caused by **labour market regulations** should be removed, allowing and encouraging staff exchanges and favouring part time consultancy and other forms of interaction between the different sectors of business and academia.

All university curricula should pay more attention to entrepreneurship. **Commercial entities** (spin-offs, technology transfer centres, etc.) created and owned by universities should be facilitated by legislation and supported by university leadership.

### 7 Involving Business in National Research Priorities

**Business** should be involved in **setting priorities of national research programmes** so that they would take into account the needs and the trends in the economy.

### 8 Funding Business Academia Partnerships

Without **appropriate funding levels and effective systems stimulating excellence**, the innovation systems and indeed any kind of business academia partnerships cannot be truly successful.

Instead of short term contractual relations, **long term partnerships between business and academia** should be developed by respective stakeholders, and be encouraged and supported by **stable policy and financial instruments**.

**Result oriented research funding schemes** for universities and research centres as well as **government-business co-funding** should be further enhanced and supported. **R&D tax incentives**, rewarding knowledge-intensive companies, and especially targeting young innovative enterprises (start ups, spin-offs, etc.) should be enhanced and **applied on a broader scale**.

### 9 Early Stage Innovation Funding

The existence of a well developed **venture capital market** and **seed capital** is very important for the establishment and growth of university spin-offs and other forms of business- academia collaboration. These tasks cannot be left only to governments and banks.

All relevant policy makers at different levels should contribute to creating conditions...
for a more developed and accessible venture capital market.

10 Internationalisation and Networking of SMEs

Cross border collaboration and the creation of international research consortia involving both academic and business expertise should be further promoted. In particular, formal and informal networks between SMEs and academia should be enhanced supporting the scarce resources of SMEs in finding research contacts in academia.

Regulatory differences between Member States proved to be a disincentive for trans-national cooperation. In particular, harmonising rules regarding IPR ownership and royalty-sharing formulas, fostering joint ownership regimes and increasing universities’ expertise in managing the commercialisation of IPR deserves more attention. This will be particularly effective with greater opening of national research programmes.

11 Integrating Business and Research through S&T Parks

Science and technology parks are one of the key instruments of business academia collaboration and should therefore be encouraged and more effectively supported by local and regional authorities, national legislation, as well as by financial institutions and interested business.

12 Opening National Research Programmes and ERA

The process of opening national research programmes is far too slow, and without accelerating this process the creation of ERA will be strongly delayed. In view of fragmentation of European research capabilities and duplication of efforts, the opening process should be accepted as an important political priority, since it will provide an important boost to European RTD competitiveness.

13 Creation of co-investment funds through public–private partnerships (PPP)

Experience has shown that co-investment funds are an efficient way to leverage private sector participation in the market. Governments should create or increase special fiscal incentives for investments in young innovative companies, thereby stimulating the participation of a higher number of business angels in the market.

Obstacles to cross-border investments by venture capital funds through mutual recognition and a stronger and more transparent regulatory framework to conduct cross-border investments should also be removed.

Lighter regulation in the early-stage investment market is essential. Authorities should develop local financial communities and ecosystems as PPP, since they provide an incentive for investors to remain active in follow-on rounds and continue to make their time and network available to their investee companies.
KEN Secretariat will secure the **widest possible dissemination of these Recommendations** among all its members, and their relevant contacts, as well as 10,000 organisations on KEN dissemination list.

Co-organisers of the Workshop are also invited to disseminate the two documents among their members, partners and relevant contacts.