

**To:** Committee Members

**From:** Jim McManus, Committee Clerk

**Date:** 24<sup>th</sup> May 2013

**Subject:** **R&D Related Issues from the Irish EU Presidency Meeting of Chairpersons of Employment, Enterprise, Innovation and Social Affairs Committees**

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### **Background**

1. The Clerk attended the meeting in Dublin on 29<sup>th</sup> April 2013. A number of matters were raised in relation to innovation and R&D which may assist the Committee in its consideration of the next steps following the Committee visit to Brussels. These are outlined below

### **Summary of Relevant Issues**

#### ***Presentation from Richard Bruton TD, Minister for Jobs, Enterprise & Innovation***

2. Most new jobs come from young companies in the first five years of their lives.
3. Trade agreements currently in play in the EU could generate millions of jobs. There is a need to position companies to open up opportunities beyond the EU.
4. Access to finance is still an issue. Ireland is good at seed funding but is not good at scaling. Ireland has developed VC support from the state to provide to SMEs. There is a need to look at non-bank sources of finance.
5. The EU makes about one third of global investment in new technologies but only one sixth of commercialisation. This will shape thinking on Horizon 2020.
6. Ireland is reshaping the type of R&D funding to get more return in terms of commercialisation. For example, there must be 30% of private investment in any funding.
7. The debate is still on-going between blue sky research and applied research.

#### ***Presentation from Joanne Drake, Deputy Special Envoy for SMEs, DG Enterprise and Industry, European Commission***

8. The EU needs to create more entrepreneurs and create the right atmosphere so they are prepared to take risks.
9. The Entrepreneurship Action Plan to create an environment for entrepreneurs to grow, was considered. Key issues included:
  - Changing culture and mind-set;
  - Building entrepreneurial know-how and skills;
  - Providing the correct environment – either the public sector helps entrepreneurs or it needs to ‘get out of the way’;
  - Changing the public perception of entrepreneurs;

- Supporting women's entrepreneurship;
  - Support from national and regional government; and
  - School business starts have been shown to result in more than the average number of entrepreneurs.
10. There is a vacuum in the VC market. A VC passport is needed to allow VC companies to sell across the EU.
11. The Action Plan calls on Member States to embed core entrepreneurial values in the curriculum before 2015.

***Presentation from Wolfgang Burtscher, Deputy Director-General, DG Research & Innovation, EU Commission***

12. Commitment from industry in Europe is not as high as in Asia. The US and EU are declining in terms of percentage share of innovation compared to Asia.
13. SME participation in FP7 has increased in the last few years as funding has been ring-fenced.
14. Because there are so many Member States collaborating under FP7, this adds to the burden of checking and audit and the related bureaucracy. This is the price for the added value compared to a national funding stream. However the position is improving in relation to the time to grant. It has improved from around 270 days average to 220 days. Partners can also cause delays and this is not always highlighted. For example, if there are eight partners and one is not on time, the others are delayed. The only other option would be to pull out but this is not in the interests of the research community.

***Presentation from Dr Imelda Lambkin, Director of the Irish National Support Network for FP7, Enterprise Ireland***

15. Irish companies have drawn down more than four times the funding under FP7 than they did under other Framework Programmes. Enterprise Ireland can show a portfolio of SMEs which have received funding.
16. The National Support Network for FP7 has worked well. The success rate of applications has improved from less than 20% to around 33%.
17. The National Support Network is now focusing on Horizon 2020 and is aiming to be ready the minute that projects start. Research teams are currently forming and will be ready to go.
18. In response to a question on attracting more businesses to Framework Programmes: There is a target audience. Advertising to newcomers has produced very mixed results. Doors can be opened but many are not individuals or companies who will make it through the process. It is wrong to raise false expectations. The National Support Network knows the people who have the best chance of making it without advertising widely.

***Presentation from Dr Mazhar Bari, Co-Founder and Chief Technology Officer, SolarPrint***

19. Dr Bari is a young entrepreneur. His presentation was on successful participation in FP7 from an industrial perspective. His company, SolarPrint is at the cutting edge of providing photo-voltaic

energy harvesting solutions for wireless sensors. The company is developing the next generation of high-performance indoor solar cells. Despite being a small SME with only 17 employees, SolarPrint made five applications for funding under FP7 and currently has three active FP7 projects including one in collaboration with Fiat Cars.

20. Dr Bari provided an excellent example of how a small company can, with the right support, have a positive experience in working under FP7.
21. Seed funding in Ireland is available but any advanced level Venture Capital must be sought overseas. This is a problem for companies such as SolarPrint.