

As plans are underway to establish yet another instrument to support innovation in Europe, dubbed the European Innovation Council, entrepreneurs and research-based organisations have questioned the proposal. The determination that Research, Innovation and Science Commissioner Carlos Moedas has shown in developing the concept, begs for further questioning concerning the details of the implementation of the proposed EIC. In this article, EuroScientist investigates whether those closely involved in innovation believe EIC is a good idea.



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Do we need a European Innovation Council?



Yet another innovation instrument could bring more red tape than practical help for entrepreneurs

Plans are underway to establish yet another European instrument to support innovation. This time, it will take the form of a new [European Innovation Council](#) (EIC). One suggestion, among others, is that it could take the form of an ERC-like EIC. This may, however, not lead to the creation of yet another institution. The new instrument is [championed by Research, Innovation and Science Commissioner](#)

[Carlos Moedas](#). It aims to help create more disruptive innovation and to support the scaling up of start-up businesses at the European level.

By the end of April 2016, more than 1,000 stakeholders [responded to Moedas' call for ideas](#) to design the proposed European Innovation Council. Respondents included universities, university associations, research funders and networks, businesses and industry associations. Together they contributed a total of 176 supporting documents. But how exactly the Council will reach its ambitious goal is still a matter of passionate debate. In this article, [EuroScientist](#), explores the views of experts in innovation to understand where this new Council--which could become a reality in a pilot phase as early as 2018--would fit in the already crowded European innovation landscape.

Europe's competitiveness

The path to a true knowledge-based economy is not a well-trodden one. Europe has still to overcome some hurdles. According to international league tables, Switzerland, Japan, South Korea and the United States continue to be more innovative places than the EU at large. In 2015, indicators point to an overall stalled [European innovation performance](#). As a consequence, the [EU lags behind the US](#) in terms of per capita GDP and GDP growth.

This situation is not due to the lack of efforts to support innovation. There are already various European instruments designed to support innovators. For example, Horizon2020's SME programme, the [European Fund for Strategic Investments](#) (EFSI) or the [European Institute of Innovation and Technology](#) (EIT)--to name but a few. In reality, these efforts yielded mixed results. The number of SMEs [involved in Horizon2020](#) is still limited. And in April 2016, the European Court of Auditors heavily [criticised the EIT](#) for not having the impact envisaged.

Cutting red tape

There are widely [different views](#) on how to tackle Europe's innovation problems. However, many experts agree that European bureaucracy often gives innovators and entrepreneurs a hard time. "The EU has created an extremely complex innovation funding landscape," says David Bohmert, secretary general of the [Conference of European Schools for Advancing Engineering Education and Research](#) (CESAER) based in Leuven, Belgium. Indeed, "the roles of the different instruments need to be clarified," adds Ernst Schmachtenberg, rector of the higher education and research institute [RWTH Aachen](#), Germany, and President-elect of CESAER.

During a public meeting of the [EU Competitiveness Council](#) in Brussels on 27 May 2016, Commissioner Moedas thus stressed that the objective is not to add even more bureaucracy or another institution to the current system. Rather, he pointed out, it is about simplifying access to funding, speeding up the processes and reforming existing innovation support instruments, such as the SME instrument in Horizon 2020.

One stop shop

One way to implement these ideas is to set up the EIC as a virtual institute, says Kerstin Cuhls, foresight expert at the [Fraunhofer Institute for Systems and Innovation Research](#) in Karlsruhe,

Germany and member of the High Level Group [Research, Innovation and Science Policy Experts](#) (RISE). The EIC could serve as a one-stop-shop, which would provide a central entrance point at the Commission, for example for entrepreneurs, Cuhls says. “Currently, such a point does not exist,” she adds.

Such EIC could become the “glue between innovators and researchers,” says Maria Anvret, senior advisor external relations at the Sahlgrenska Academy of the [University of Gothenburg](#), Sweden. She had been involved in the [evaluation of the 7th European Framework Programme](#). “There is a lack in the EU [of place to allow] different disciplines [to] meet”, she maintains. This is why cross-fertilisation does not happen as much as it could. The EIC could precisely fill this gap, she says. Moreover, it could help meet the challenge “to get society aware of the benefits of science and innovation,” Anvret adds.

Meaningful support

Other experts do not agree with this approach. “We don’t necessarily need an EIC. But if there is one it should be meaningful,” Bohmert says. In his view, “a one-stop-shop would never work” because groundbreaking inventions mainly take place at local or regional levels.

The Commission should thus be careful not to replace local innovation systems, he says. This is why CESAER recommends in a joint [position paper](#) to learn from the [European Research Council](#) (ERC). As ERC grants support individual researchers rather than large consortia, the focus is necessarily local and bottom-up. “It is people who have entrepreneurial spirit, not institutions,” Schmachtenberg says.

An ERC-like grant-scheme for innovators, based on careful evaluation and monitoring, could become a seal of excellence for individual entrepreneurs. This would work in a way, which is comparable to the high reputation of ERC grants, Schmachtenberg contends. In his view, this would foster both competition and entrepreneurial spirit, something that Europe is profoundly lacking compared to the United States and nations like Korea.

Public-private partnership

But how should the EIC be financed? Many stakeholders urge not to divert money from the Horizon2020 budget. During the Competition Council meeting of the 27th May 2016, Moedas stressed that the EIT—which is already funded by Horizon 2020—will be involved in any future efforts. However, according to Moedas, the EIC should also aim at attracting private financing.

Indeed, the EU should seek to attract more private innovation support, Bohmert agrees. “In Switzerland, for example, no public money is spent on R&D in business and industry,” he says. The EU should learn from the approach of the [Swiss Commission for Technology and Innovation](#) (CIT). One aspect of the programme is that companies involved in a project fund half of it themselves “to demonstrate their interest,” he explains.

Another expert also holds that the EU should not to give money directly to businesses. Rather, the EU should set up financial instruments to support promising projects and industrial development, for example with the help of the European Central Bank and private banks, says Rainer Kattel, professor

of innovation policy and technology governance at [Tallinn University of Technology](#), Estonia.

Role of VC

Some believe that the EU needs to improve its financial sector to minimise the access-to-finance barrier, according to a recent discussion paper published by [EuroTech Universities](#), a group of Danish, Dutch, German and Swiss universities. "In particular, high-risk financing and early-stage venture capital (VC) markets are pivotal and need to be reinforced," the paper says. Because of this lack of venture capital in the European stock market segment, many start-ups have been bought up by US companies, explains Dietmar Harhoff, director of the Max Planck Institute for Innovation and Competition in Munich, Germany.

The venture capital industry would even be better suited for driving a pan-European competition for best ideas than public institutions, according to Thomas Meyer of LDS Venture Capital based in Luxembourg. "Venture capitalists have the experience, the processes and incentives needed to select those disruptive, market-creating innovations needed to catapult European ideas into global markets," he writes in his [response](#) to the call for ideas.

Well-defined mission

In the view of innovation experts, it is also important that the EIC adopts a flexible approach, both regarding beneficiaries and ideas. A flexible set-up of the EIC "is important in order to create fields for experimenting," Cuhls points out. High flexibility in terms of beneficiaries and programmes is one of the reasons for the success of the US-programme [DARPA](#), she adds. However, setting up a professional agency like DARPA "would not fit into the European research landscape," she contends, because the EIC is supposed to work closely with the Commission.

But there are more reasons, why the EU cannot compare to US initiatives like DARPA, Kattel says. He points at the huge differences in the amount of funding allocated to innovation support between the two continents. Moreover, DARPA is extremely successful because of its "strong mission" relating to defence issues, Kattel adds. "The important lesson is that innovation policies and support need to have a strong mission," he says.

In Kattel's view, the EU's mission should be to solve grand societal problems. And thus focus its funding efforts on research with long prospects, which would otherwise not receive sufficient support on national or regional levels. However, when it comes to innovation support, the role of the EU should be to provide the political framework, such as finally creating the digital common market, he stresses. He concludes: "the EU should create the market," and then let markets work.

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