

CAN EU FUNDS TRIGGER INNOVATIONS?

EVIDENCE FROM POLAND

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“THE WORLD LEADERS IN INNOVATION AND CREATIVITY WILL ALSO BE WORLD LEADERS IN EVERYTHING ELSE” ~ HAROLD R. Mc ALINDON

- Interventions in the field of research technology development and innovation remain the key interest of EU policy-makers.
- EU pays special attention to the development of RTDI within Cohesion Policy.
- From 2004, as an EU member state, Poland has benefited from aid given under the Cohesion Policy.
- In the years 2004-2006, this amounted to just under 13 billion euro, but in the subsequent period 2007-2013, a total of 68.9 billion euro was earmarked for Poland.



AIM OF THE STUDY

The aim of the study was to give answer to main research questions:

- How much EU funds were dedicated to support innovations in the Poland?
- What is the actual use of funds for innovations?
- Can any improvement in innovation level be seen after 8 years of implementation of EU funds?

- Adopted methods:
 - Meta analyses of evaluation reports, annual interim reports, regional operational programs, other reports on innovations in Poland
 - Analyses of KSI database
 - Lubelskie Region case study



POLISH REGIONS NEEDED INTENSIVE INVESTMENTS IN INNOVATIONS

- **Global Consolidation Regions** on the top rung of the ladder of European innovative regions. (Copenhagen, Ile de France, London, Prague, Stockholm and Vienna, etc.)
- **Sustaining Competitive Advantage Regions** relatively strong on private technology and on learning families but much weaker in public knowledge and urban services. (Baden-Württemberg, Flanders, Ireland, Piemonte, Rhône-Alpes, Salzburg and Scotland, etc.)
- **The Boosting Entrepreneurial Knowledge Regions** strong on public knowledge and relatively competitive in terms of urban services but need to boost private technology (Athens, Berlin, Bratislava, Catalunya, Lisbon, Midi-Pyrénées, Warsaw, and Wallonia, etc.).
- **The Entering Knowledge Economy Regions** broadly similar to the SF “Convergence” regions (Greece, southern Spain, Poland except Warsaw, Estonia, Lithuania, Portugal except Lisbon, the Mezzogiorno, etc.). These regions are broadly speaking ‘users’ rather than ‘producers’ of technology

Source: (Strategic Evaluation on Innovation and the knowledge..., 2006)



2007-2013 EU FUND SUPPORTING INNOVATIONS

- Operational Programs providing funds for projects that could trigger innovations were:
- OP Innovative Economy
- OP Infrastructure and Environment
- OP Development of Eastern Poland
- 16 Regional Operational Programs

Twofold categories of supported areas:

- Activities, which should provide short term results
- Activities, which should provide positive results in longtime perspective



CLASSIFICATION OF SUPPORTED AREAS NATIONAL OPs

Short time results = 31% of allocation

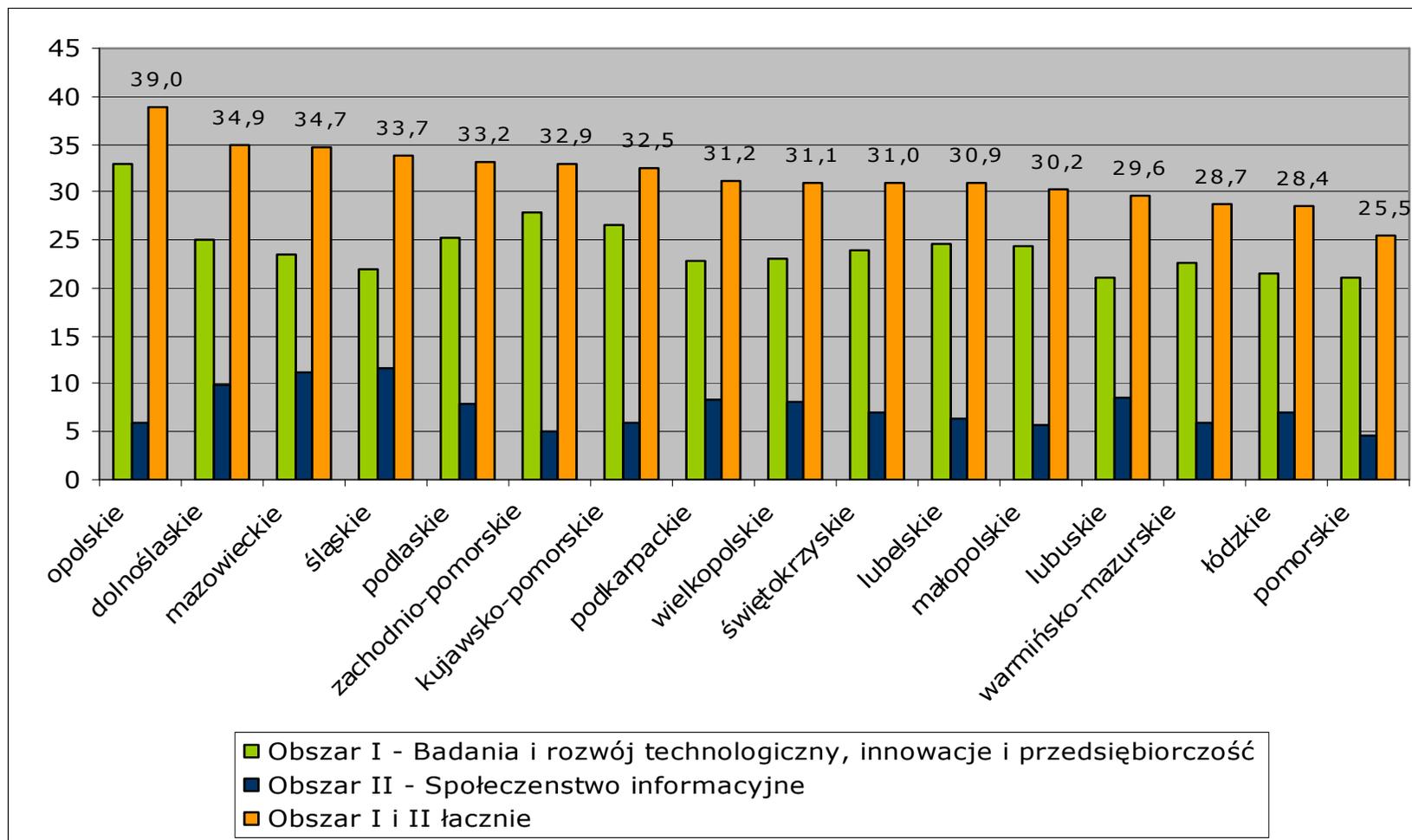
- Support for R & D projects for entrepreneurs carried out by scientific units
- Support for the protection of industrial property generated in scientific entities as a result of R&D
- Initiating innovative activity
- Support for venture capital funds
- Creating system facilitating investing in SMEs .
- Support for the implementation of the results of R&D.
- Stimulation R & D in business sector
- Technological credit
- New investments of high innovative potential
- Supporting business environment institutions providing pro-innovative services and their networks of supra-regional
- Support for innovation centers

Long time results = 69% of allocation

- Support for scientific research for the development of a knowledge-based economy
- Strengthening the human potential of science
- Development of entities with high research potential.
- Support for development of research infrastructure for scientific research.
- Investments in IT infrastructure for creation of science.
- Higher education infrastructure.



AS FOR THE ROPS



Research and technological development, entrepreneurship (21%-33%)

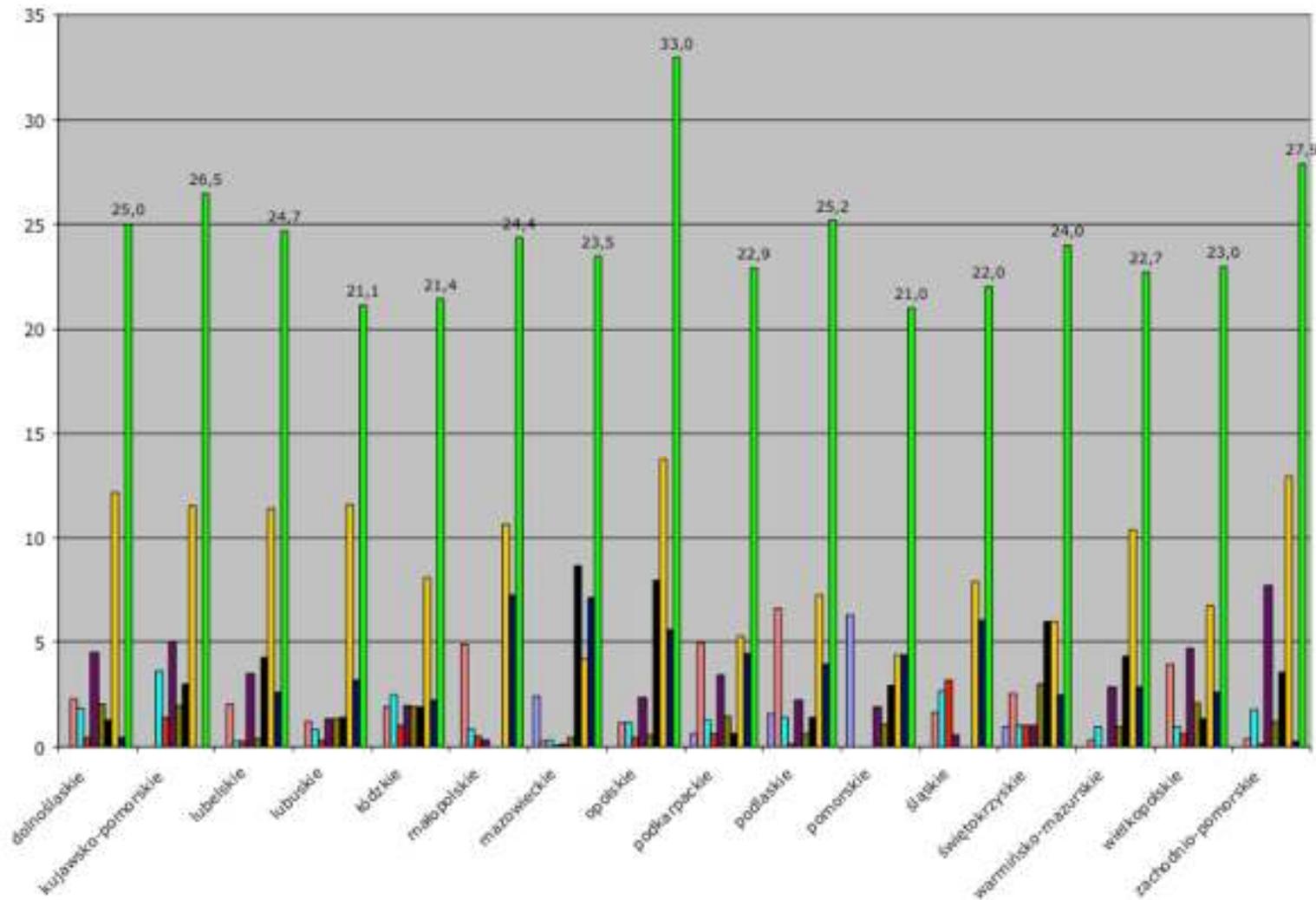
Information Society

Both

Source: own elaboration on the basis of analyses of sums allocated within intervention categories



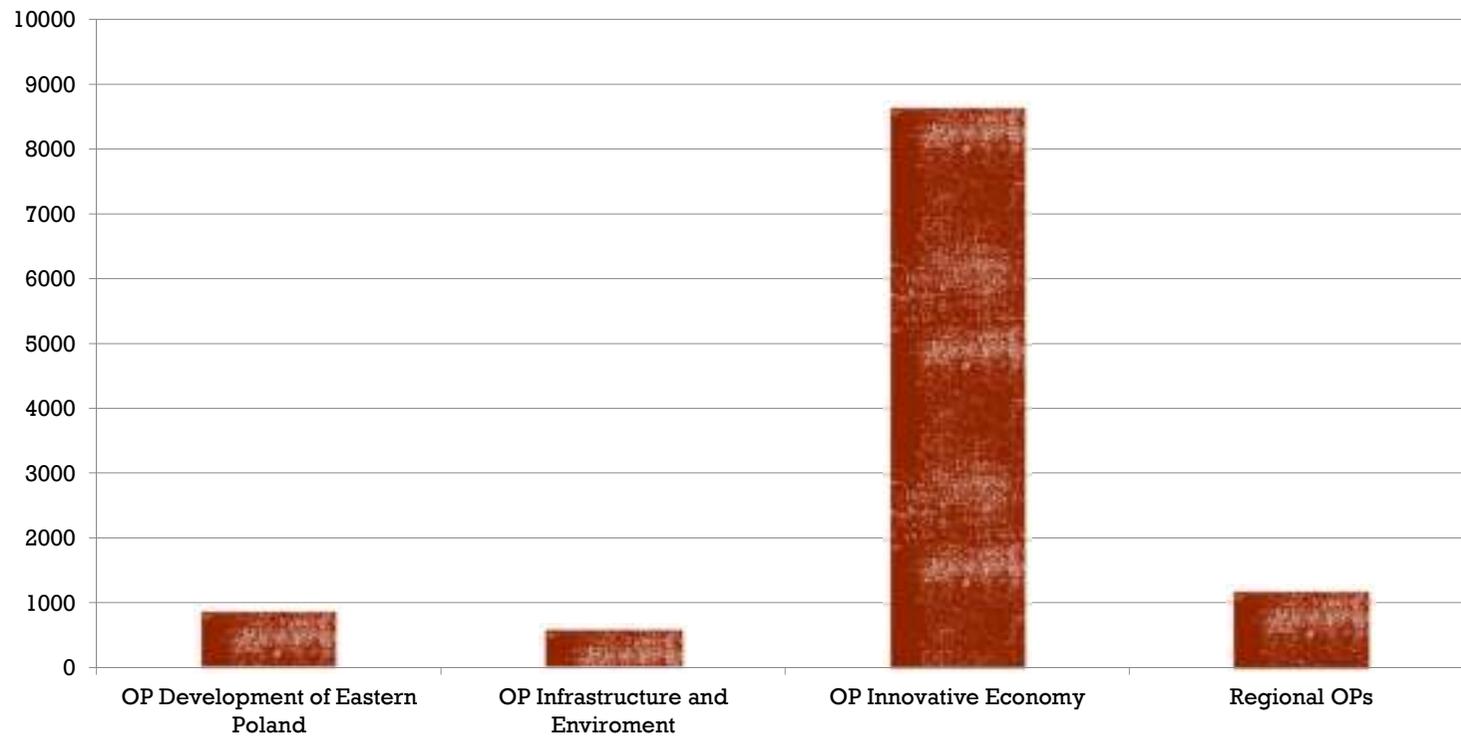
DOES THE ALLOCATION DIFFER AMONG THE REGIONS?



Source: own elaboration on the basis of analyses of sums allocated within intervention categories

- R & D activities in research centers
- R & D infrastructure and centers of competence in technology
- Technology transfer and improvement of cooperation networks
- **Support R & D in SMEs (dark violet)**
- Services for advanced support for entrepreneurs and business groups
- Investment in firms directly linked to research and innovation
- **Other investment in firms (yellow)**
- Other measures to stimulate research, innovation and entrepreneurship in SMEs
- **Research and technological development, innovation and entrepreneurship (green)**

ACTIVITIES SUPPORTING INNOVATIONS 2007-2013 (TOTAL ALLOCATION IN BILLION EURO)



Source: own elaboration on the basis of analyses of sums allocated within intervention categories



WHAT IS THE ACTUAL USE OF FUNDS FOR INNOVATIONS?

- Many projects co-financed within „innovation supporting” areas are hard to classify as such (eg. investments in firms, investment in higher education infrastructure, participation in foreign fairs).
- Problems with commercialization of research projects. Firms, despite an earlier interest in the results of research, often resigned from the acquisition of research results (acquisition at the level of 40%).
- Up to 2012 in some Measures within PO IE there was no obligation of applying for support with the cooperation of the company.



LUBELSKIE CASE STUDY

Low absorption potencial:

- Problems with the implementation of projects under Area I - Research and technological development, innovation and entrepreneurship (1.6 Research and modern technologies in strategic areas for the region)
- A small number offirms applying for financing. Ralatively small projects were promoted financial constraints on the maximum amount of the total project cost and financing (respectively 400 000 and 230 000 zł).



LUBELSKIE CASE STUDY

Different Measures to support the same kind of investments (insufficient demarcation):

- Entities planning to invest in R & D infrastructure (mainly universities, research bodies) had the opportunity to receive grants on a much more favorable conditions within OP DEP than within ROP.
- Level of funding in ROP WL was 50 %,and OP DEP 85% (own contribution mostly covered by the Ministry of Science and Higher Education) .
- In addition, it was required that under Measure 2.2 laboratory facilities should be used **exclusively for commercial research conducted for companies** interested in acquiring new technologies.



LUBELSKIE CASE STUDY

Low absorption potential of entities localized in the region:

- Lubelskie received far less funding devoted to the development of innovations from OP Innovative Economy: absorption level reached only 47% of the national average. In the per capita terms from OP IE Lubelskie was granted 422 PLN , while in the whole country - 820 PLN.

The use of built infrastructure:

- Only 13 companies located in Lubelskie Science and Technology Park (eg. Piano Center, World of Senior). The Park's conference hall is being use as a theatre for the Musical Theatre in Lublin: where performances take place at the time of renewal of the theatre building.
- Universities in Lublin invested in infrastructure that is not-fully used (decreasing number of students, the high cost of maintaining the investment)

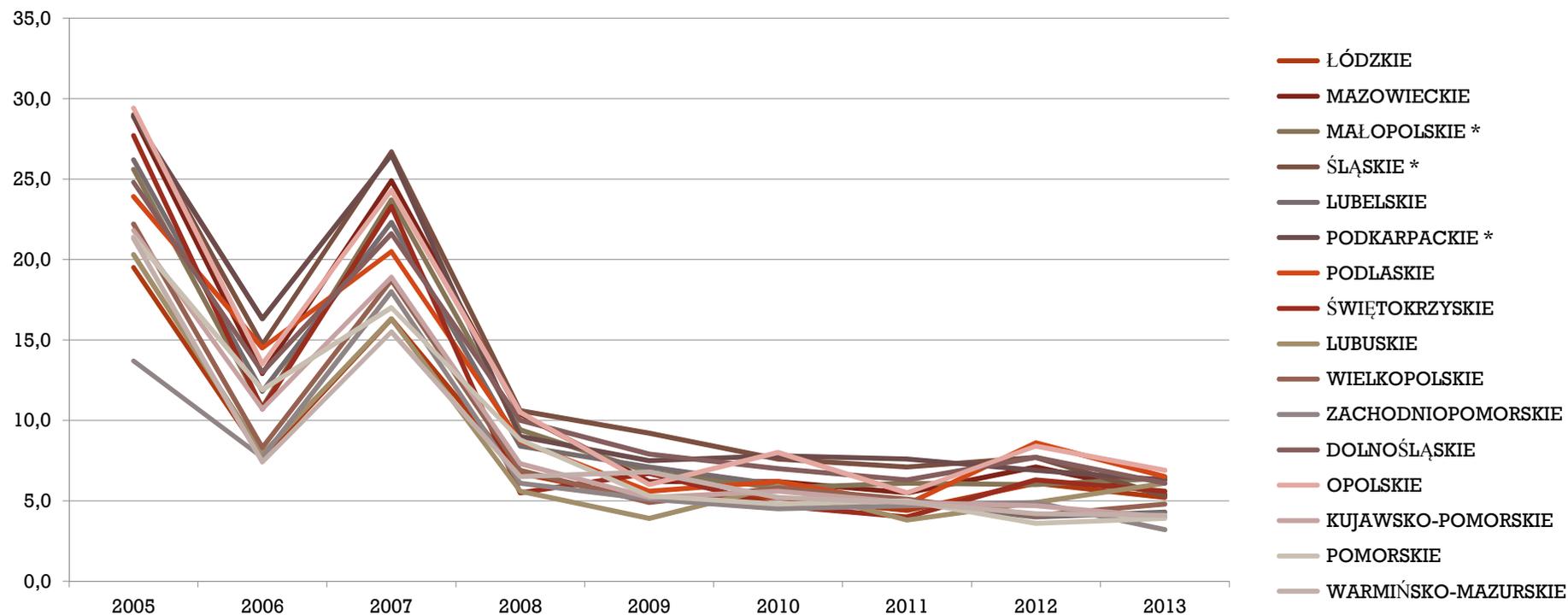


IS THERE ANY IMPROVEMENT OF INNOVATION LEVEL IN POLISH REGIONS?

- National statistics, evaluation reports and research show that the innovation level of Polish economy deteriorated.
- Neither Poland gained in European and Global rankings of innovation.



COMPANIES THAT COOPERATE IN THE FIELD OF INNOVATIVE ACTIVITY IN% OF TOTAL ENTERPRISES

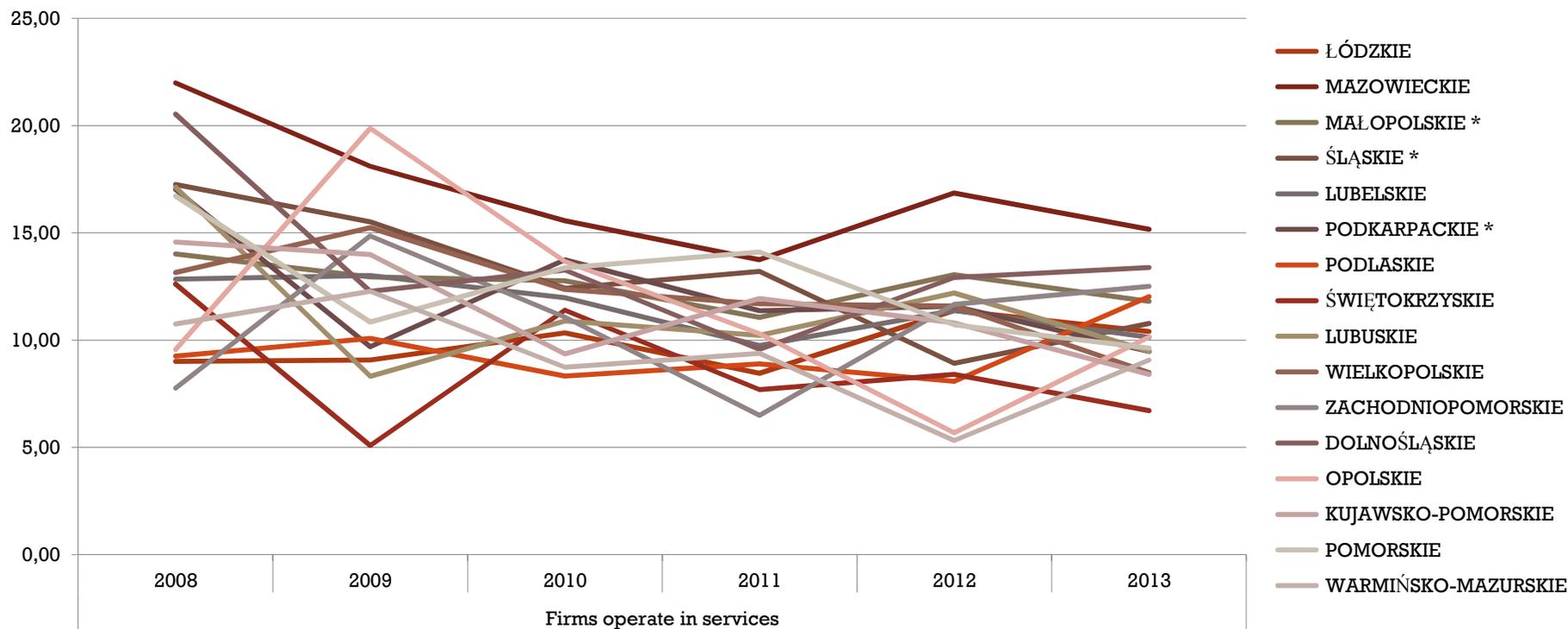


Cooperation in the field of innovation activity means active participation in joint projects on innovative activities with other enterprises or non-profit institutions. Such cooperation may be a long term and the long-term and does not necessarily imply immediately, direct, tangible economic benefits for the participating partners.



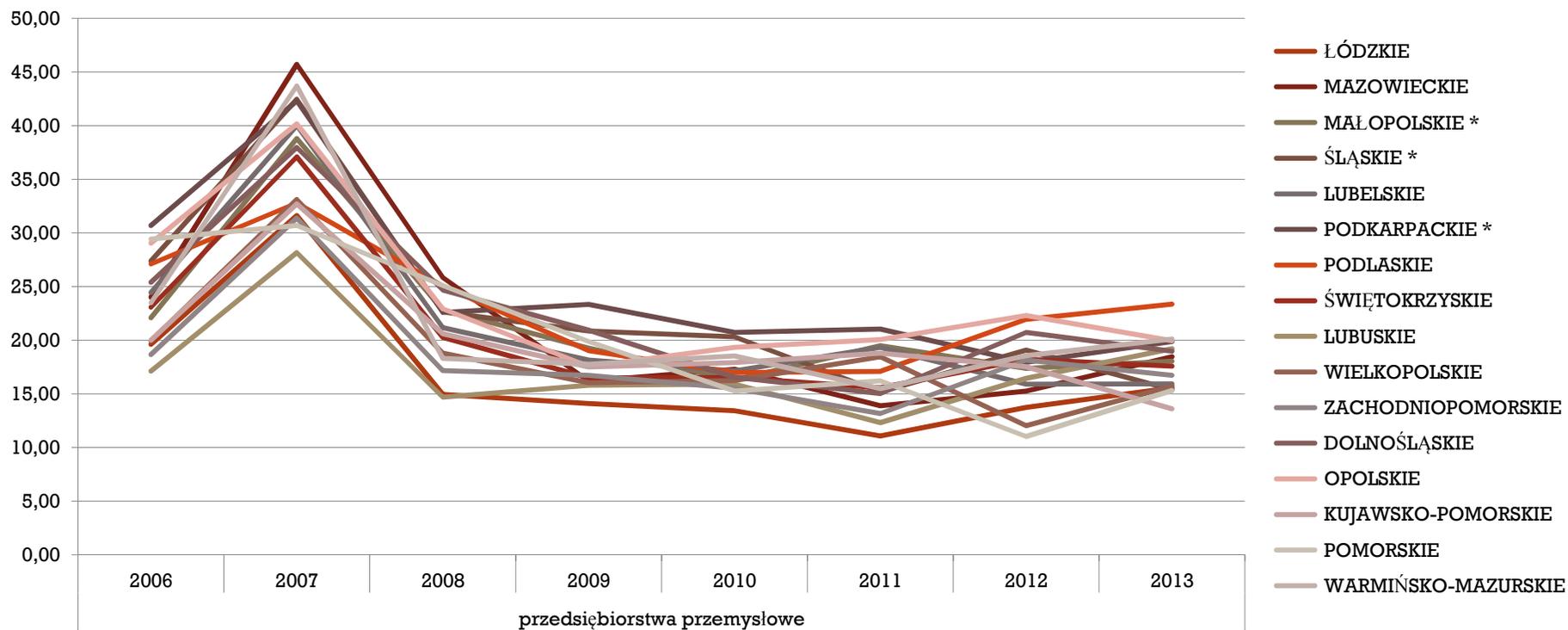
INNOVATIVE COMPANIES WHICH, IN THE ANALYZED PERIOD INTRODUCED TO THE MARKET AT LEAST ONE INNOVATED PRODUCT OR PROCESS (NEW OR SIGNIFICANTLY IMPROVED PRODUCT OR A NEW OR SIGNIFICANTLY IMPROVED PROCESS)

FIRMS OPERATE IN SERVICES

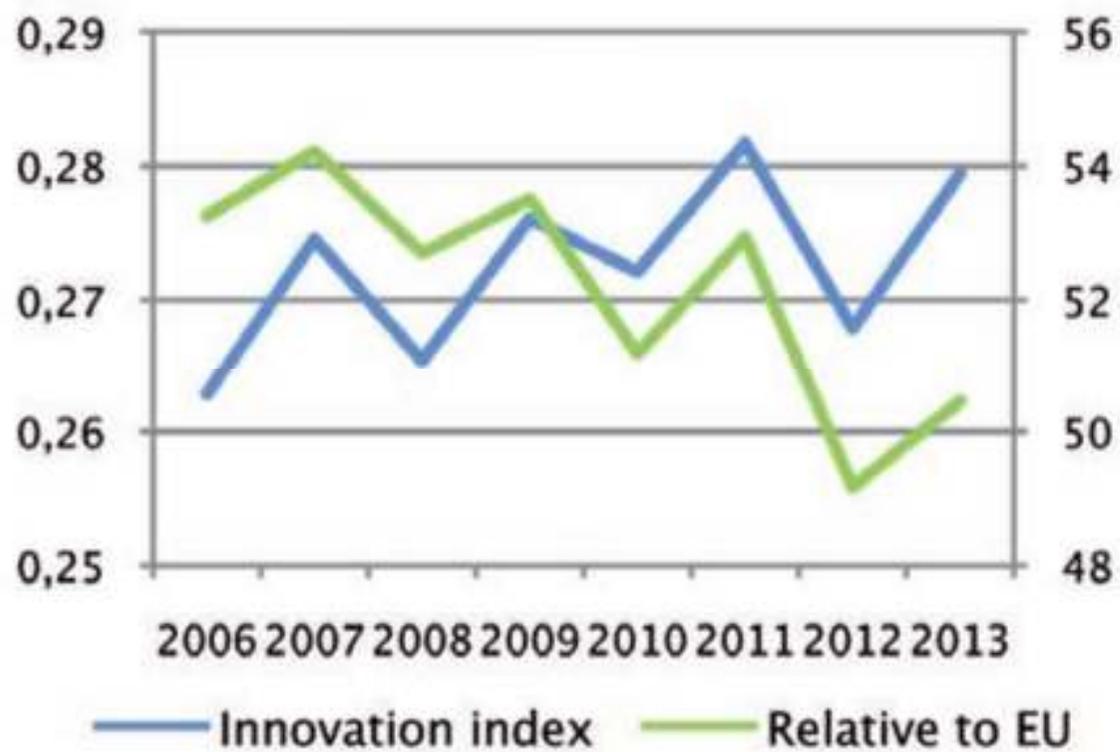


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FIRMAS OPERATE IN INDUSTRY



INNOVATION UNION SCOREBOARD 2014



- **Innovation Union Scoreboard 2014:** Poland dropped from being a Moderate innovator up until 2011 to being a Modest innovator in 2012.
- Poland is performing below the average of the EU for most indicators.
- Strong declines in growth are observed in Innovative SMEs collaborating with others, New doctorate graduates, SMEs innovating in-house and Sales share of new innovations.
- **Global Innovation Index** (Cornell University, INSEAD i WIPO): 2014 – Poland ranked 45.
- From EU Members only Romania was ranked lower.



MAIN IDENTIFIED BARRIERS

BENEFICIARIES' BARRIERS

- Problems with financial resources (own contribution).
- Lack of financial resources and of the competence of employees in the field of commercialization of research projects
- Lack of willingness to cooperate (lack of social capital?)
- Lack of absorption potential (specially in regions lagging behind)
- Universities benefiting from funds focused on teaching

IMPLEMENTATION SYSTEM WEAKNESSES

- Focusing on spending funds and achieving fixed indicators
- Unclear definition of innovation, insufficient determination in selecting innovative projects to be cofinanced (many projects are far from being classified as innovative ones)
- Activities design and requirements unsuited to the realities
- Insufficient degree of the commercialization of research





**THANK YOU
FOR YOUR ATTENTION!**

