Schemes to increase demand for innovation in business

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LIC – your innovation advisor

- **Lithuanian Innovation Centre** – innovation support services since 1996
- Non-profit – business support
- **Shareholders**
  - Min of Economy, Min of Education and Science, Lithuanian Confederation of Industrialists
- **Country-wide** operations
- **Public consultants – innovation advisors**
  - 1800+ clients – SMEs, R&D labs, public administrations
- Staff - 28, with head office in Vilnius and 5 representative offices across Lithuania
- **Project-based** (work) organisation
  - More than 60 projects, more than 300 partners
  - FP5-FP7, CIP, Structural Funds (ERDF, ESF), national funds, INTERREG III-IV, PHARE, UNDP, etc.
- **Networked** approach
  - 300+ partners abroad, member of T.I.I.
  - 20+ partners in Lithuania
Business Activities-Innovation Support

Expertise

**Innovation & Technology Diffusion — To increase supply for innovation**

- Transnational technology transfer and partnership – *FEMIRC Lithuania (1997-2000), IRC Lithuania 2000-2008*, Member of the *Enterprise Europe Network 2008-2014*
- Innovation partnership & networking (catalogue - [www.gate2inno.lt](http://www.gate2inno.lt))
- EU program participation and promotion
- ~1300 clients: SMEs & R&D laboratories

**Innovation Capacity Building — To increase demand for innovation**

- Innovation Capacity Building
  - Advisory services in innovation project design and access to finances (grant schemes)
  - Awareness raising (publications, Innovation Portal, etc.)
  - Annual National Contest “Innovation Prize”
- National innovation system (InnoNet) and Innovation policy development (national innovation programs)
- Innovative cluster & networks (competence) support
- ~1500 clients: SMEs + Science and Technology Parks + business associations + public authorities
Innovative enterprises and their turnover (LT, 2006-2008, % of all enterprises)

- Total: 58.9%
- 10-49: 28.8%
- 50-249: 49.3%
- 250+: 83.4%

Source: Development of Innovation Activity, Department of Statistics, Lithuania, 2010
IF SCIENCE IS THE TRANSFORMATION OF $MONEY$ INTO $KNOWLEDGE$, INNOVATION IS THE TRANSFORMATION OF $KNOWLEDGE$ INTO $MONEY$
Innovation. Two (policy) approaches

R&D-based innovation

- Technology push
- Technology transfer = exploitation of R&D results, linear
- Absorption capacity in businesses, incl. R&D capacity
- Technological innovation dominates
- Innovative enterprises = knowledge-intensive (high-tech,…)
- “Vertical” priority areas – e.g. ICT, biotech, nano… – “breakthrough”

Innovation diffusion

- Market pull, value innovation
- Technology transfer = technology partnerships
- Innovation capacity in businesses, incl. R&D capacity
- Technological and non-technological innovation
- Innovative enterprises = any (“Innovation everywhere”)
- Horizontal priority areas
- Infrastructure: advisory services
- Networking, clustering

To increase supply for innovation

To increase demand for innovation

Innovation management
R&D-based innovation vs. innovation diffusion

Source: European Innovation Scoreboard’ 2003
Knowledge economy engine – the three drivers

Innovation networking: elements + links + medium
RTD activity in business, % of asked companies

Source: Innobarometer’2007
R&D expenditure

Source: Innobarometer’2007
Direct support to innovation in business. I.

Technological innovation

- **1. Idea LT** – Identification of possibilities for the product innovation – feasibility studies
- **2. Intellect LT** – Development of new products – R&D activities.
- **3. Intellect LT +** – Investment in company R&D infrastructure.
- **4. Leader LT** – Investment into new manufacturing technologies
- **5. Innovation vouchers** – access to R&D consultancy
- **6. Support to Industrial Property**
- **7. Support to researchers’ mobility to business**
What is more important and useful

• Technological innovation

• Non-technological innovation
Non-technological innovation, 2006-2008

Direct support to innovation in business. II.

Non-technological innovation

- 8. E–business LT – support to installation of ICT solutions
- 9. Process LT – support for SMEs employing modern management methods and systems - management innovation
- 10. New opportunities – support to export marketing - marketing innovation
- 11. Invest LT+ – support to FDI
“Placing” the support into company

IdeaLT

Innovation vouchers

IntellectLT

Product development subdivision

Supply subdivision

Production subdivision

Marketing subdivision

IntellectLT+

IPR protection

New opportunities

LeaderLT

ProcessLT

E-businessLT

InvestLT

Innovation vouchers
Indirect support

Innovation support services

- **12. Innogeb LT-1** – Innovation capacity development. Provision of the innovation support services.
- **13. Innogeb LT-2** - Development of the innovation support infrastructure.

Business support services

- **16. Invest LT** – investment into infrastructure of the industrial parks
- **17. Assistant–1** – Support to business associations
- **18. Assistant–2** – Investment into creative industries infrastructure
- **19. Assistant–3** – support for public services for businesses.

Cluster support

- **15. InnoCluster LT+** - Investment into infrastructure of innovative clusters.
EU SF for R&D&I

Measures of priority 1 “Research and development for competitiveness and growth of the economy” for 2007 – 2013 (255,8 MEUR)

Source: Ministry of Economy of Lithuania, 2010
EU SF for Business

Measures of priority 2 “Increasing business productivity and improving environment for business ” for 2007 – 2013 (292,5 MEUR)

Source: Ministry of Economy of Lithuania, 2010
21. Innovation vouchers

21. Financial support for SMEs in order to encourage co-operation between business and research institutions (finance of R&D services)

In 2010 – 282 thou. Euro for 86 SMEs

Value of voucher
- 10 000 Lt (2 900 Euro) – with no requirement for its own contribution
- 20 000 Lt (5 800 Euro) – SME is required to contribute ¼ of this amount from its own resources

Source: Ministry of Economy of Lithuania, 2010
22. Tax Incentives for R&D&I investment

Tax relief to the Law on Corporate Income Tax

Encourage companies to invest in R&D through financial incentives

- Expenditures for R&D reduce taxable income 3 times
- Depreciation process is reduced to 2 year period

Tax Relief for Investments into New Technologies

- Assessable profit for the enterprises could be reduced up to 50 % of expenditures incurred by investing into equipment, means of communication, computers, etc.
23. National support to Industrial property

Financial support for legal persons and private individuals to secure their IPR...

...covering up to 95% of eligible costs for European Patent or Patent granted following PCT application procedures.

In 2009 – 235 KEuro for 41 international patent (up to 100% of costs)
In 2010 – 208 KEuro for 43 international patents (up to 95% of costs)

3 ways of support
1. prepayment
2. payment on accounts
3. reimbursement

Eligible costs
- Filling fee
- Search fee
- Examination fee
- Designation fee
- Fee for grant
- The first 5-year renewal fee (if paid before patent is granted)
- Translation costs
- Patent attorney services

Source: Ministry of Economy of Lithuania, 2010
24. Support to mobility of researchers and developers to businesses

State aid for employment of high-skilled personnel in companies

Encourage companies to invest in R&D through employment of researchers and developers

- SMEs only, new workplaces, no restrictions on numbers and/or geographical origin
- Secondment from R&D or large company for up to 36 (+6) months for implementation of company industrial R&D projects
- Eligible costs: Labour costs, travel, administration costs
25. Financial engineering

Credits, risk capital, guarantees

**INVEGA fund:**
1. **Small credit scheme.** Max. 350000 LTL. Total - 100 mln. LTL, credit line to the banks.
2. **Open credit fund. tviras kredity fondas.** Max. 2 mln. LTL, Total - 100 mln. LTL, credit line to the banks.

**GUARANTEE fund.** Total - 129 mln. LTL. Guarantees to bank loans.

**JEREMIE fondas (EIF):**
1. **Loans.** Total - 507 mln. LTL. credit line to the banks. Max - 2 proc. of bank credit line.
2. **Risk capital funds.** Total - 96,7 mln. LTL. Managed by private companies. Max. investment - 10 mln. LTL.
3. **Business angels fund.** Total - 27,6 mln. LTL + the same private. Managed by private company. Max. 1,38 mln. LTL.
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...innovation does not wait