

## JOINT STATEMENT OF THE NATIONAL EVENT OF CROATIA "The Synergies with Research and Innovation Funds"

*organised by*  
**European Commission, Joint Research Centre (Stairway to Excellence Initiative) and  
Ministry of Economy of Croatia**

**26 March 2015, Zagreb-Croatia**

The development of efficient national/regional research and innovation strategies for smart specialisation (RIS3)<sup>1</sup> allows Member States (MSs) and their regions to identify a limited number of research areas and industrial activities with high innovation potential. In turn, this can ensure a more effective use of public funds while stimulating more effectively private investments.

In this context, *the Stairway to Excellence (S2E)*<sup>2</sup> project aims at facilitating synergies between different European Research and Innovation (R&I) frameworks and funding programmes, such as European Structural and Investment Funds (ESIFs), Horizon 2020, COSME, ERASMUS+, Creative Europe and so on. Supporting synergies will deliver additional gains in terms of innovation results, close the innovation gap and thus promote economic growth and job creation.

The S2E national event - jointly organised by the European Commission (EC) and the Ministry of Economy of Croatia - took place in Zagreb on 26 March 2015 as part of the effort being done by the Stairway to Excellence Project in capacity building in the EU13 Member States<sup>3</sup>. The event brought together different stakeholders and provided a platform for a better understanding of Croatian innovation ecosystem while raising awareness of the actions needed to enable synergies and drawing lessons for the future actions.

More than 50 participants joined the event from several academic/research institutions, public sector and managing authorities. Unfortunately, the business sector was not present in the event, despite the effort to engage companies in the process. A number of international experts from other European countries (namely Italy, Spain and Finland) presented their experience on innovation governance, policies and the creation of synergies. All these inputs from the speakers and participants offered insightful elements for discussion in the different panel and participatory sessions throughout the event.

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<sup>1</sup> <http://s3platform.jrc.ec.europa.eu>

<sup>2</sup> <http://s3platform.jrc.ec.europa.eu/stairway-to-excellence>

<sup>3</sup> EU13 indicates those 13 Member States which have joined the European Union since 2004.



## Main Issues under the Different Topics

### 1. Necessity of better communication between stakeholders

The event facilitated the communication of the two communities - managing authorities of ESIF and participants of Horizon 2020 funding programmes, as well as other stakeholders from public agencies, research institutes and businesses - which appear co-existing without enough communication and thus lowering the possibilities of the country to enhance its innovation potential and fill the innovation gap with the rest of Europe.

Among the suggestions discussed during the conference are the following:

- In order to develop a joint vision of future targets with respect to both R&D investments and R&D governance, communication needs to be reinforced between the main two actors dealing with ESIF and RIS3: Ministry of Economy and Ministry of Science, Education and Sports.
- R&D expenditure of the business sector (as % of GDP) in Croatia is 0.33, lower than the EU13 average (0.44) and far from the EU28 average (1.24)<sup>4</sup>. As acknowledged in the event, participation and involvement of the business sector is crucial for the strategic development of downstream activities. Thus, it would be necessary to further engage companies in the research and innovation process.
- Participants pointed out that there is a strong feeling of silo effect among relevant actors.

**Key Issue 1:** Active involvement of business in the innovation ecosystem.

**Potential Actions:** e.g. organise information sessions for targeted group of entrepreneurs (technology users, service providers, first buyers, etc.), building up a network, integrate Horizon2020 stakeholders in entrepreneurial discovery process, and provide technical support to potential applicants

### 2. Governance: Lack of strategic approach

There was a general consensus on the importance of the effective management of Horizon 2020 as well as ESIFs for enhancing the innovation potential in the Croat society.

In order to do so, a strategic approach with respect to the incentives put in place as well as the path that will be built for strengthening the process is required.

<sup>4</sup> See [JRC's Facts and Figure of Croatia \(2015\)](#).



The planned activities seem to properly identify the challenges and drive the process into the right direction. However, major effort has to be put on reinforcing a coordinated strategic approach by, for instance, better coordinating the role and collaboration between different Ministries.

In addition, a general remark underlined by stakeholders and end beneficiaries focused on the lack of information – especially with respect to the current activity planning and the calendar of calls.

It was agreed that:

- Croatian national authorities should take active role for the creation of information channels, follow-up mechanisms and the coordination of the activities.
- The Ministry of Regional Development and European Funds was pointed out by the participants to lead these actions.
- As presented by the Ministry of Economy of Croatia during the event<sup>5</sup>, it is envisaged the creation of the Industry Innovation Council by the end of 2015. The President of the Council will be the Ministry of Economy and the main stakeholders will be included (among others, the different Ministries, Rectors of Universities, Croatian County Association and Chamber of Economy). The Council will coordinate and lead the process of designing the thematic R&D&I strategies for each selected thematic priority area of the RIS3. Also it will monitor and focus the implementation of ESIF for each selected thematic priority area according to the needs of economy.

**Key Issue 2:** Better coordination of different stakeholders to ensure exchange of information on calls for projects and results of projects

<b>Potential</b>	<b>Actions:</b>	e.g.
developing coordination and monitoring system;	review the implementation and the activities carried out by the Industry Innovation Council	information, and monitoring

### 3. Upstream activities

Croatia has well-established universities and research centres. As stated in the [JRC's Facts and Figures of Croatia \(2015\)](#), the FP7 financial contribution per inhabitant (20.5 €/inhabitant) is higher than the EU13 average (17.8). However, some critical issues were identified:

- Lack of skills and qualified staff to deal adequately with calls and projects proposal. Building administrative capacities in this area was considered important to facilitate the capacity building. Transparent and clear criteria for the different calls are crucial since they could be considered the base for the upstream activities.
- In order to increase its effectiveness, investments would need to take into account existing knowledge capacity and therefore focus more on human capital and less on novel infrastructure.

<sup>5</sup> See presentation of event in Session II available at : [http://s3platform.jrc.ec.europa.eu/documents/10157/809173/150326\\_2\\_GR\\_HR%20R%26I%20Ecosystem%20and%20the%20contribution%20of%20public%20policy.pdf](http://s3platform.jrc.ec.europa.eu/documents/10157/809173/150326_2_GR_HR%20R%26I%20Ecosystem%20and%20the%20contribution%20of%20public%20policy.pdf)



- Access to networks and building partnerships were proposed as another way for creating positive and motivational environment for researchers and business sector. The existing collaboration networks should be maintained and further exploited<sup>6</sup>.
- Brain drain appeared to be a critical issue for the participants. Mapping the brain drain would be necessary. The lack of data makes very difficult to put in place the right measures to counteract this phenomenon. Thus, there is a need to create a database to track researchers' mobility. The creation of national competitions, developing measures to foster the way back of PhD owners and the reinforcement of reward mechanisms were proposed as potential instruments to be quickly developed.

**Key Issue 3:** Facilitating the capacity building.

**Potential Actions:** e.g. organise internal training to improve administrative skills of the personnel of technology offices, publish assessment criteria of competitive calls, and include international experts in panels for assessing proposals, introduce entrepreneurship in research curriculum, enable exchange of staff between business and university/research institutes.

**Key Issue 4:** Preventing the brain drain.

**Potential Actions:** e.g. track brain-drain with up-to-date data, and develop motivational mechanisms for

#### 4. Downstream activities

Patenting activity and knowledge-based entrepreneurship in Croatia is low compared to EU average<sup>7</sup>.

Once more, a lack of competences was identified as one of the main factors of lagging behind in the successful development of downstream activities. Training and support for technology transfer offices' personnel is crucial to initiate the process.

The measures suggested during the conference were the following ones:

- Innovation vouchers to SMEs: small lines of credit to be provided to purchase services from public knowledge providers with a view to introducing innovation in a broader sense (new products, processes or services as well as marketing and organizational innovations) in business operations.
- Proof of Concept (PoC) Programme<sup>8</sup> to ensure pre-commercial capital for technical and commercial testing of innovation concept. The activities eligible for funding are: protection

**Key Issue 5:** Lack of competences and qualified staff.

**Potential Actions:** e.g. innovation vouchers to SMEs, reinforcement of the PoC programme and tax incentives for R&I, a pool of available experts by research discipline.

<sup>6</sup> See main collaboration networks of Croatia in the FP7 in [JRC's Facts and Figure of Croatia](#) (2015, p. 19)

<sup>7</sup> A total of 15 applications in 2011, 3 patents per million inhabitants with a negative average growth rate during the period 2005-2011 (-12.3) (see: [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Patent\\_applications\\_to\\_the\\_EPO,\\_2005\\_and\\_2011\\_%281%29\\_YB14.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Patent_applications_to_the_EPO,_2005_and_2011_%281%29_YB14.png)).



of intellectual property; demonstration of technical visibility; development of a functional prototype. The funds can be used for market analysis, business planning, concept development and / or strategies for the development and commercialization of products and business support for the establishment of market viability. This measure - implemented in 2010 - was considered a successful example.

- Taxation brakes for companies investing in R&D, also in place, were recognized as another effective policy instrument recently introduced in Croatia.

## The Way Forward

- To go beyond the current participants and to create broader network involving all potential stakeholders.
- The EC will disseminate relevant information to help Croatian stakeholder to build capacity and international networks.
- To establish information system for all involved stakeholders to inform on examples of synergies to take place in Croatia
- To assess the state of play in a 12-month period of the key issues and actions proposed in this statement.

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<sup>8</sup> For more information on the Programme, see:  
[http://erawatch.irc.ec.europa.eu/erawatch/opencms/information/country\\_pages/hr/supportmeasure/support\\_0028](http://erawatch.irc.ec.europa.eu/erawatch/opencms/information/country_pages/hr/supportmeasure/support_0028).