

JOINT STATEMENT OF THE NATIONAL EVENT OF THE SLOVAK REPUBLIC The Synergies with Research and Innovation Funds

Organised by
European Commission, Joint Research Centre (Stairway to Excellence Initiative)
and
The Ministry of Education, Science, Research and Sport of the Slovak Republic
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In order to foster economic growth and wellbeing, R&D and innovation investments have to reach a critical mass and need to be accompanied by measures to increase skills, education levels and knowledge infrastructure¹. This requires a coherent and strategic policy approach.

The development of efficient national/regional research and innovation strategies for smart specialisation (RIS3)² 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 that context, *the Stairway to Excellence (S2E)* 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 and close the innovation gap, thus promote economic growth and job creation.

The S2E national event - jointly organised by the European Commission, Directorate General Joint Research Centre (JRC) and the Ministry of Education, Science, Research and Sport of the Slovak Republic - took place in Bratislava on 25 June 2015 as part of capacity building activities of the S2E project in the EU13 Member States³. The event brought different stakeholders together and provided a platform for a better understanding of MS innovation ecosystem, 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 business. Moreover, a number of international experts from other European countries (namely Czech Republic, Italy and Germany) presented their experience on innovation governance, policies and the creation of synergies. All these inputs offered insightful elements for discussion in the different panel and participatory sessions throughout the event.

¹ Also see [COM\(2010\) 553 final](#).

² <http://s3platform.jrc.ec.europa.eu/home>

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

Main Issues under the Different Topics

1. Stakeholders' involvement in building synergies

a. The lack of interest of public researchers in participating in EU programmes

The Country Profile⁴ prepared by the S2E analytical team underlines the negative trend of EU13 countries in terms of both budget and participation in the EU programme (namely FP7 and Horizon 2020). This is particularly the case for Slovakia where stakeholders lack motivation to participate in large EU programmes. In particular, researchers from the public sector do not get enough incentives – neither as salary increase nor as non-pecuniary rewards (i.e. career progression) to take part in Horizon 2020 collaborative research projects.

One reason mentioned in the conference discussion refers to the calculation of personnel cost in H2020⁵ since this is based on real costs (actual hourly rate). This creates unbalanced financial treatment in collaborative projects between researchers in different Member States. Although the salary difference is meant to reflect a different cost of living, in countries where the wage of researchers in public organisation is low (such as Slovakia), it appears that this allocation method for European collaborative projects does not motivate researchers. Indeed, since this financial contribution appears lower than the expected researcher salary gain in many EU15 countries, it does not stop the brain drain from eastern to western countries while hindering the opposite trend (brain gain). Moreover, it was mentioned during the event that national taxation rules generates the surprising situation that post-doc are paid less than PhD students.

As a result, one of the effects of the lack of a proper incentive structure is the country's difficulty to retain and attract talents. This phenomenon may have a long term impact on the national R&I system as well as on the overall national economy.

Key Issue 1: *Researchers from public organisations are not motivated to participating in Horizon 2020 collaborative research projects*

Possible Action(s):

- At national level, legislation regarding public researchers' wages in public research organisations and universities could be updated to consider the total income of researcher in H2020 projects (normal salary and various bonuses).
- At institutional level, public organisations (especially Universities) should be encouraged to set their own rule and the whole researchers remuneration package (incl. those additional to salary)
- At the European level, the Commission is currently analysing the linkage between low participation and the calculation of personnel cost in H2020 collaborative project. Different approaches are under discussion with Member States, including the introduction of a Unit Cost system, similar to Marie Skłodowska Curie actions. to tackle this problem.

⁴ Available at http://s3platform.jrc.ec.europa.eu/documents/10157/851954/SK_national_profile.pdf

⁵ Horizon 2020 Rules for Participation Article 27 – Direct eligible personnel costs.

http://ec.europa.eu/research/participants/data/ref/h2020/legal_basis/rules_participation/h2020-rulesparticipation_en.pdf

Horizon 2020 Annotated Model Grant Agreement Article 6 – Eligible and ineligible costs

http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

b. The coordination and the circulation of information about EU opportunities

The lack of awareness about the opportunities offered by synergies between EU funding instruments was discussed throughout the conference. Appropriate policy actions can only be taken based on a proper understanding of such opportunities by the stakeholders.

At policy-maker level, a better coordination and communication between public bodies (e.g. ministries) could avoid the so-called "silo" phenomenon while reinforcing a shared vision of R&I national policy priorities. In order to do so, it is fundamental to take into account stakeholders view (public research organisation, business) both in the design and implementation of R&I policy instruments and programmes. As was mentioned in the event, this "silo" phenomenon could delay funding decision beyond creating additional administrative burden. This is an important issue for the R&I actors in the country.

At Academic level, awareness about opportunities potentially generated by EU funding is low amongst students and young researchers. Universities should better promote a culture for EU funding mechanisms and other sources of funding (e.g. venture capital). Moreover, in order to submit competitive grant proposals to international agencies or programmes, the universities or research organisations need to build grant offices with the knowledge and experience. Most offices depend solely on the national grant schemes which are written in a very different style. Experience could be gained by exchange of talented people with offices around the EU with good offices.

The fragmentation of the Slovak research system⁶ generates a lack of prioritization and instability over time in terms of research funding. This affects the attractiveness of the research environment in Slovakia. In order to reinforce their visibility and attractiveness at European level, universities could organise international conferences and workshops of high quality, especially inviting scientists that are successful. This will expose the host organisation to robust science from outside, and lend itself to establishing collaborations with

Key Issue 2: *The lack of information circulation between stakeholders inhibits the development of synergies between funding*

Possible Action(s):

At policy makers and public administration level, communication and coordination between public bodies in charge of the different EU funding should be improved.

Legislative and administrative framework should be stabilized to encourage business initiatives.

At academic level, students' awareness about EU programmes, cooperation and entrepreneurship could be raised and grant office should be created in each universities. The organisation of international conferences on specific topics could reinforce the attractiveness of Universities.

At business level, financial training should be given to strengthen EU grant management skills.

At all level, the use of Slovak Liaison Office for Research and Development (SLORD) based in Brussels should be encouraged.

⁶ See SK country report on <http://s3platform.jrc.ec.europa.eu/facts-figures>

outside countries for the eventual submission of new grants. Innovation culture could be also improved by using positive examples (i.e. advertising past and current participation to successful international projects).

At institution level (public organisations in general), lack of strategy and prioritisation were pointed out. Resources, in spite of their scarcity, are not concentrated on specific topics. In turn, this negatively affects their visibility and attractiveness at European level. It is important to take the most of the opportunities offered by the priority exercise selection conducted in the context of the design of the smart specialization strategies.

At business level, the lack of stability of the regulation impairs the innovation development and the creation of economic value. Financial skills and awareness of funding opportunities should also be reinforced. Further, would relationship between companies and the academic world be improved, young generations would be better informed about business opportunities (development of entrepreneurship spirit). Municipalities could favour such connection by creating brokerage or cultural events.

2. Upstream activities: How to build capacities to create appropriate conditions for Research & Innovation?

a. Improvement of Public-Private cooperation with a better use of public funded infrastructures and equipment

Participants at the event pointed out that national legislation prevents research infrastructures (equipment or buildings) funded from public resources being used for private purpose during the first five years of its acquisition. While this aims to avoid any conflict of interest between private and public spheres, it may impede public private cooperation and the creation of economic value from public investment by being more restrictive than that allowed in the EU state aid regulation⁷.

Then again, another barrier to public-private cooperation is the lack of concrete action (and legislation) at national level to foster such cooperation. Moreover, according to some participants to the event, the law concerning public procurement does not facilitate the implementation of infrastructure projects.

Key Issue 3: *The framework to use research infrastructure is not optimized*

Potential Action(s):

The national regulation may prohibit private organisations from using recently publicly funded Research infrastructures or by being more restrictive than the EU State aid Framework. Clarification should be brought by national authorities in order to favour the optimal use of research infrastructures.

⁷ Research infrastructure projects that cost less than 20 M€ and receives no more than 50 % aid of the eligible costs do not need to be notified and can run as much profit making activities as they like. (see General Block Exemption Regulation)

For more expensive Research infrastructures or with a higher aid rate, up to 20% of the infrastructure or equipment capacity can be dedicated to business purposes (this is considered as "ancillary" to the non-profit making activities). However, there is no restriction on the profit that can be made within this 20% limit.

The economic return from public funded infrastructures is also threatened by severe budget cut resulting in insufficient financial resources to maintain the infrastructure.

b. Building capacities with human resources management

Capacity building targets Research infrastructures and equipment but also the people contributing (directly or not) to the creation of new knowledge and/or economic value through innovation processes or products. A significant number of Slovak researchers are running their professional career abroad. To slow down the brain drain and favour the brain gain, Slovakia should create good conditions to bring back researchers from abroad by means of:

- A human resources strategy for public research organizations with a transparent selection of people and the introduction of performance indicators (i.e. bibliometrics-based ones and participation to competitive research projects) with regular assessment performed by peers and external evaluators.
- Longer term contracts and mobility programme to allow for the flexibility needed to maintain competitiveness in research organizations.
- Access to the pension system for researchers coming from abroad should improve the attractiveness of the country (Remove legal and other barriers which hamper cross-border access to and portability of national grants).

The risk of disruption of maintenance of Research infrastructure and equipment could be appropriately considered in public budget cuts.

Communication actions could be implemented to encourage the use of public research infrastructure.

Key Issue 4: *Slovakia is facing an excessive brain drain and insufficient brain gain.*

Potential Action(s):

The human resources process (selection, evaluation, type of contract, pension system) in public organisations could be improved through a better consideration of the human capacity building needs

3. Downstream activities: How to enhance the creation of economic value from the R&I system?

a. Improvement of Public-Private cooperation allowing for creation of economic value

The creation of economic value from research activities is one of the main objectives of European public policies. As many other European countries, Slovakia is facing scarce creation of economic value from its Research and Innovation system. The June event gave the opportunity to participants to point out the weak cooperation between public research organisations (including Universities) and private businesses. This constitutes a significant barrier to knowledge transfer and economic creation. In this respect, it is to be noted that the Slovak

government approved in June 2015 a set of measures⁸ under the "Concept for supporting start-ups" proposed by the Ministry of Finance. The purpose of this policy is to strengthen the business environment and create conditions to encourage the development of start-ups and support youth employment. The concept includes 18 measures related to legislation, education and financing of start-ups. These measures should encourage business creation for companies with a clear innovation potential. The concept proposes, for instance, tax relief for start-ups in the form of three-year tax holiday from paying licensing. It also foresees a new legislation for the establishment of a single joint stock company (to foster the gathering of investors and founders of start-ups within a single company).

Nevertheless the following suggestions were raised by participants and experts during the event:

- In order to facilitate public – private collaboration, Slovakia should develop a cluster policy that mixes public and private Organisations and create the conditions of such cooperation
- Infrastructures and equipment in universities are here but they are underused. Legal barriers preventing in some cases the use of public infrastructures by private organizations (see section 2: upstream activities) should be removed.
- The link between the academic world and private companies could be strengthened by information or technology-based workshops organized by companies at the university site. This makes it easier for the researchers/students to access the information and to get to know the people of the companies. Also, conversely organisation of workshops by the research organisation targeting companies around new infrastructure could have a positive impact.

Key Issue 5: *Public – private cooperation is weak and does not contribute enough to the creation of economic value.*

Potential Action(s):

Favourable conditions for the creation of economic value could be built through the development of a cluster policy and the revision of the relevant legislation.

b. Strengthening the communication and knowledge transfer between stakeholders

A more effective framework for accessing pre-existing knowledge and potential partners would increase opportunities to create economic value for R&I actors. In the respect, the following ideas have been raised during the event:

- Training focused on researchers should be organized to raise the awareness of potential benefit of public-private cooperation

⁸ Reference available only in Slovak language :
<http://www.finance.gov.sk/Default.aspx?CatID=84&NewsID=854>

- Systematic internship period in enterprises should be offered to University students Communication on success stories (successful projects, public-private cooperation, transnational collaborations) should be promoted;
- Communication on existing knowledge coming for public organizations towards businesses through an online catalogue should be implemented (make research outcome as available as possible);
- R&D infrastructures and equipment in Slovakia should be mapped and the information provided to the research actors;
- Exchange of best practices (workshop conference, business roundtable) mainly at regional level and on specific topics should be increased
- Optimization of the support to participation in Horizon 2020 capacity building projects and initiatives aiming at "spreading excellence & widening participation" (e.g. Teaming, Twinning, ERA Chairs, etc).
- ,Facilitation at the national level of the forthcoming initiative "Seals of excellence" launched by the Commission and aiming at implementing synergies through ESIF funding of excellent proposals which could not be funded by the Horizon 2020 SME Instrument.

Key Issue 6: *Communication between Research and innovation actors is too fragmented*

Possible Action(s):

Communication actions should be implemented and pre-existing knowledge and Research infrastructures should be promoted.

Organisation of events (workshops) gathering public and private actors around specific topics or infrastructures should foster public private cooperation

Enhancing Slovakia's participation to the forthcoming policy initiatives launched by the Commission aiming at increasing synergies between EU funding

4. The Way Forward

In order to widen the benefit of the discussion to the broader network involving all potential research and innovation stakeholders, the EC will disseminate relevant information to:

- Help Slovak stakeholders to build capacity and international networks.
- Establish information system for all involved stakeholders to inform on examples of synergies to take place in Slovakia.

The state of play about of the above key issues and actions would be assessed in a 12-month period.