

**OECD Innovation Strategy:  
“Fostering the Cooperation between the Public and Private Sector in R&D and  
Innovation”**

**Conclusions from the Roundtable discussion**

**Prague 31/03/2010**

**General remarks**

1. In the context of the present economic downturn (crisis) innovation can significantly help speed up the economic recovery, ensure long term competitiveness and economic growth.
2. Increasing innovation activity is a challenge particularly for the Central and Eastern Europe, which is currently undergoing a transition from an efficiency-driven economy to an innovation-driven economy. To maintain future competitiveness, it will be necessary to continuously push the technological limits of production while introducing innovations.
3. According to the EIS the innovation performance of the Czech Republic and Poland is lagging behind Austria, Germany and Denmark, which belong to Innovation leaders or Innovation followers. The main differences in particular aspects of innovation between these two groups of countries can be seen in the level of firm investments into innovation (substantially lower in PL and CZ compared to DE, AT and DK), in the intensity and quality of linkages among various actors within the national innovation system and in the use and utilization of IPR in innovation activities. Both groups with the exception of Denmark are also suffering from lack of graduates corresponding to the needs of economy (esp. S&T graduates).
4. The role of policies at the national and even regional level is essential. There is a particular need for responsible policy making with respect to long-term sources of economic growth and fulfilling societal needs. Therefore, it is vital to place emphasis on policies aimed at stimulating research and development, education policy and policies facilitating business innovation.
5. In this respect the main general policy recommendations drawn from the roundtable presentations and subsequent discussion are:
  - To improve the governance of the innovation system while introducing strategic and well coordinated governance; in this respect, R&D priorities, evaluation of R&D results and impact assessment of RDI activities play essential role.
  - To strengthen the science and technology base by means of effective use of public funds.
  - To foster science- industry linkages and effective knowledge transfer.
  - To strengthen human resources for science and technology and to motivate researchers to collaborate at the national and international level.

6. The focal point of this round table was “how to foster cooperation in RDI between the public and private sector”, i.e. how to help resolve the “European paradox”, which is a pressing issue tackled by both the OECD Innovation Strategy and the Strategy Europe 2020.
7. The OECD Innovation Strategy stated in this respect that *“Policy should remove barriers and regulations that limit the effective interaction between universities, firms and public laboratories and foster collaborative arrangements that can facilitate the formation of networks. Ensuring that researchers, public research institutions and higher education institutions have incentives and opportunities to collaborate among themselves and with industry is essential.”*
8. Likewise the Strategy Europe 2020 encourages the Member States to *“reform national and regional R&D and innovation systems so that they create excellence and reinforce cooperation between universities, research and businesses.”*
9. The roundtable discussion proved that it is impossible to tackle this issue separately without taking into account broader context of the RDI and education policy.

## **Conclusions from the discussion sessions**

### ***Session I – Role of the innovation policy***

10. Good governance of the innovation system requires a clear strategy at the national level in line with the strategy at the European level (Europe 2020). This strategy has to go beyond the system of allocating public money while taking into account also fiscal policy, venture capital structures, regulatory policy, IPR policy and other aspects of innovation environment.
11. Formulation of a clear national strategy for innovation in the CR should go along with strategic governance of the national innovation system and establishment of one coordinating executive body (authority) for the innovation policy. This step requires a strong political leadership and commitment.
12. With the purpose of efficient use of public funds it is advisable to set research priorities based on socio-economic needs (challenges) and capabilities for application in the industry. Therefore, it is necessary to identify the needs of society and research directions that help to satisfy these needs. To these research directions (priorities) an exceptional attention should be given in formulating the innovation policy and allocation of public R&D funds.
13. At the same time, innovation policy has to avoid undesirable motivation and moral hazard behaviour.
14. In addition, innovation policy should address not only deficiencies on the supply side but also on the demand side.

### ***Session II – Addressing Barriers***

15. Range of barriers to cooperation between public research and industry have been identified and subsequently discussed:

- Lack of motivation to innovate and cooperate with industry.
- Academic environment is isolated from the outside world; there is a visible resistance to involvement of people from industry into both the educational and research activities at universities (to bring new trends).
- System of university management supports isolation of the academic world.
- Both the legislation and the IPR protection processes are too complicated.
- Reluctance to clearly select and label the best universities as research universities, which leads to lack of universities acting as leaders in technology development.
- Technology parks do not play the catalytic role.
- Lack of capital and experience in venture investments.

16. Different cultures is another important aspect which hampers efficient cooperation between public research and industry in R&D; since academia is focused mainly on scientific content of research activities, business sector has a clearly defined goal derived from the market opportunities.

17. Some of the above mentioned barriers can be addressed by fostering formulation of strategies at public research organisations for knowledge transfer and establishment of technology-oriented firms (including spin-offs), and principles for co-operation in research and for contract research (based on the Code of Practice).

18. Furthermore, it is important to change systems of management at public research organisations in order to increase their openness towards industry and society.

19. Finally, public research organisations need a motivation system for researchers that adequately takes into account the practical usability of R&D results and stimulates the researchers to propose innovative solutions and get contracts from the industry.

### ***Session III – Measures and actions to foster cooperation***

20. At the national level, it is vital to encourage universities to extend their role in the society and tighten their links to industry (i.e. to fulfil the so called third role of universities) and to stimulate entrepreneurship of the university staff, students and graduates. In the CR this is one of the tasks of the Tertiary education reform.

21. Furthermore, it is helpful to directly promote cooperation between public research organisations (incl. universities) and industry by respective supporting schemes. In the CR, this is particularly the task of the new Technology Agency.

22. Another supporting tool might be the tax incentives scheme for contract research. In the CR, there is a potential to extend the existing tax incentive on R&D (include the cost of research purchased from the higher education institutes in the items that are deductible from the tax base).

23. In Europe, there is a well-established measure to support mutual cooperation in R&D in form of innovation vouchers programme introduced for example in the Netherlands, Germany, Austria, Poland and as a pilot project also in Brno region).

24. There is also space for actions at the regional level. Key assumption for successful actions at the regional level is an achievement of consensus on regional innovation strategies.

25. For this purpose it is helpful to establish triple helix cooperation among key sectors in the region – universities, business sector and regional government.

26. Local governments may also play a significant role in facilitating creation of innovation infrastructure (incl. business incubators) and infrastructure for technology transfer.

To sum up, the main conclusions of the roundtable discussion can be described by the use of following key words:

- Strong political leadership
- Strategic governance
- Problem oriented R&D priorities
- Tertiary education reform
- University management improvement, incl. commercialization (and IPR) issues