



Ibec policy brief

ISSUE 07.15 · NOVEMBER 2015

A strategy for science, technology and innovation 2015-2020

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What is it?

The Department of Jobs, Enterprise and Innovation (DJEI) is drafting a revised national strategy for science, technology and innovation. This is to be published in late 2015 and will replace the old Strategy for Science, Technology and Innovation 2006-2013 (SSTI).

Why is this important for industry?

Investing in science, technology and innovation is a key factor in driving sustainable economic growth. As a small open economy, it is imperative we have a world-class innovation eco-system that attracts R&D, facilitates the growth and scale of indigenous firms and encourages innovative activity in less intensive sectors.

Ireland has taken significant steps over the past fifteen years in order to become a more knowledge and innovation-intensive economy.

However, according to the European Commission's 2015 Innovation Union Scoreboard, Ireland remains an *innovation follower* and we continue to lag well behind world leaders like Finland, Germany and the Netherlands.

Ibec is calling on Government to use this as an opportunity to think big and be ambitious. This means developing a long-term strategy that is brave with strategic investments, sets bold targets and introduces a range of new policy

measures that support innovation.

Our submission to government includes the following five recommendations to make Ireland a *global innovation leader*.

Increase investment

Becoming an innovation leader will require a significant increase in both public and private investment.

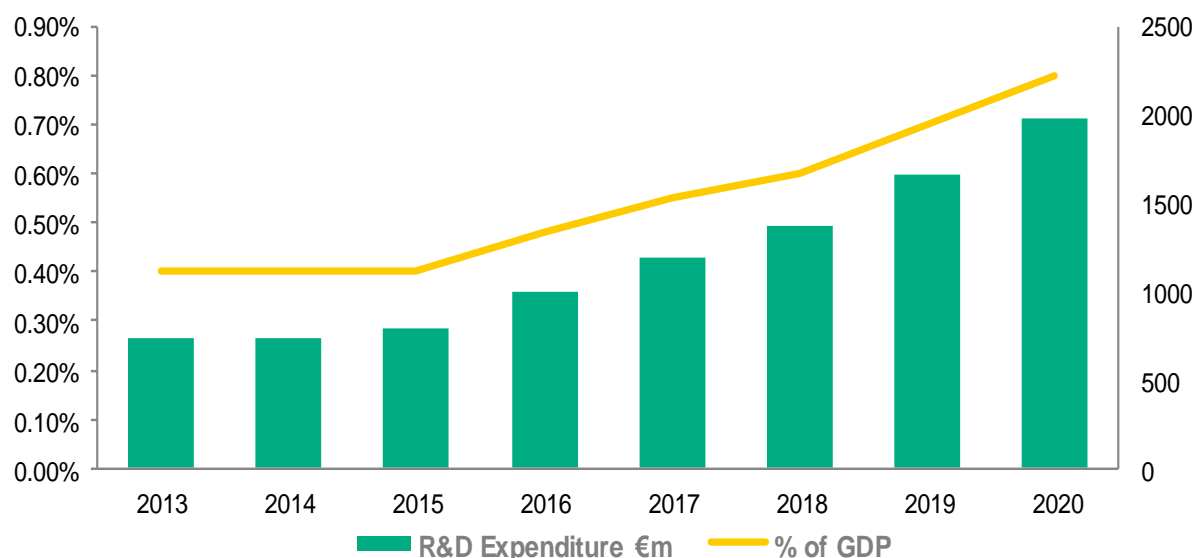
In 2006 Ireland agreed to the Europe 2020 target – to increase total R&D investment to 3% of GDP by 2020. During this crisis, this target was reversed to 2% of GDP. Given that the economy is now showing strong signs of recovery, Government should be more ambitious and increase this target to 2.5% of GDP by 2020.

This target can be reached through a combination of public and private industry funding. The government should be prepared to spend 0.8% of GDP (€1.9 billion) on R&D by 2020 and industry should finance the remainder. (**Figure 1**)

This investment is crucial if we want to increase economic productivity, boost competitiveness, attract and maintain high quality jobs and find solutions to key life, social and environmental problems.

Innovation leaders like Denmark and Finland have public investment in R&D that is twice the

Figure 1.
R&D appending by
gvernment



rate of Ireland's. Cutting back may provide short-term fiscal relief, but will damage the foundations of long term growth and competitiveness.

Focus on skills and talent

Talented people are at the heart of all innovation. Therefore, the new strategy must emphasise this connection between innovation and skills development at all levels.

In what is an increasingly knowledge-based global society, it is critical that we have a high-quality education and training system that is dynamic and responsive. A system that provides learners - from pre-primary right through further and higher education and in-career training – with the knowledge and skills they need to participate fully in society and the economy.

The new strategy should therefore help progress education reform and align with the forthcoming National Skills Strategy 2015-2025 and other initiatives that aim to improve the availability of talent in this country.

Support enterprise

In recent years Government has developed a range support programmes for R&D and innovation. These include both direct supports (e.g. grants) and indirect supports (e.g. taxation).

However there has been a lack of clear and consistent information on the wide range of supports available and there are ongoing issues around accessibility and administrative red tape. These problems are particularly acute for SMEs and those starting a new business.

The new strategy should include a comprehensive review of the current support framework and develop specific financial and information resource supports for SMEs to encourage their innovation activity and

collaboration with higher education institutions (HEIs) and research performing organisations (RPOs).

The strategy should also incorporate a commitment to continually monitor and assess the incentives and supports available internationally to ensure Ireland's offering remains competitive and Irish-based firms do not get left behind.

In the coming years Ireland will face tough competition from neighbouring countries in this space. There is an opportunity to re-position post-crisis Ireland as a nimble, dynamic, pro-business and pro-entrepreneurship economy. If we get it right, we'll reap the rewards in terms of new jobs, quality investment, better public services and improved living standards.

Promote international collaboration

It is widely accepted that some of the greatest and most exciting innovation happens through international and interdisciplinary collaboration.

Therefore, to be a *global innovation leader*, greater and more strategic Irish participation in international and European research programmes is needed.

Horizon 2020 (H2020) presents an opportunity for Ireland. With a seven year budget of almost €80 billion, it is the largest EU R&D funding programme of its kind.

Ireland has set an ambitious national target to secure funding of €1.25 billion from this programme. Therefore, the high level of engagement that the programme seeks to encourage by companies, particularly SMEs must be quickly realised and developed over its lifetime.

The new strategy should therefore be aligned with the key pillars of H2020 and include strategic measures and supports that will help increase the success rate of Irish applications.

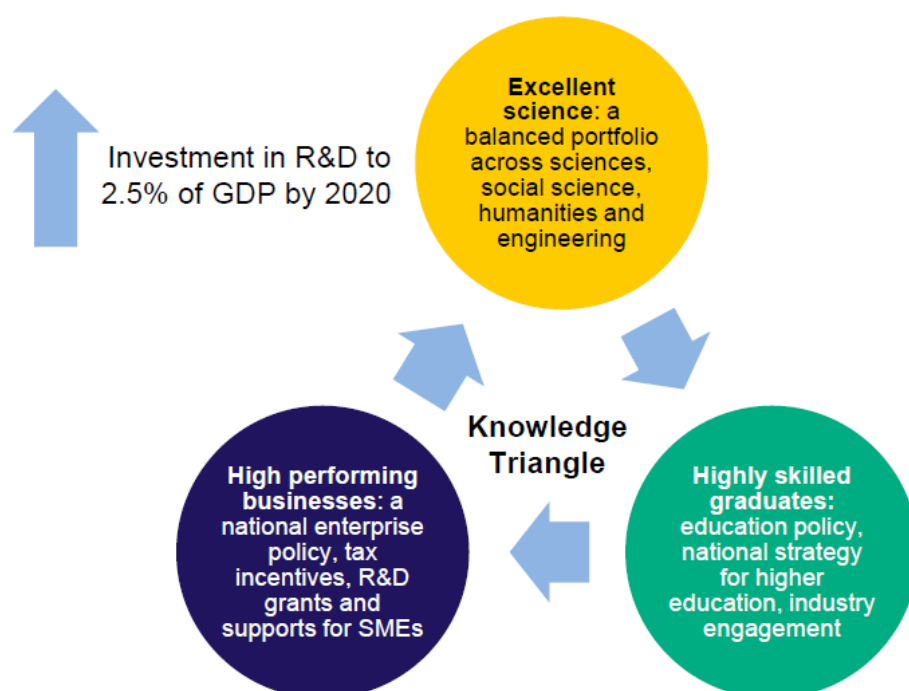
The new strategy must also include measures to help deepen engagement with other international programmes and promote the internationalisation of research programmes currently underway.

Independent oversight

In the spirit of better government and transparency, it is crucial that the new strategy has independent oversight. In our submission we recommend the establishment of an independent advisory committee on a permanent basis to review evaluate and inform the strategy as it evolves.

This committee should comprise key representatives of the main stakeholders involved in its delivery; key government departments implementing RDI policy, the HEIs, the RPOs, business representative organisations and specific state agencies.

Figure 2. A new science, technology and innovation strategy should aim to deliver



Key recommendations

Government to:

- develop a long-term strategy that is brave with strategic investments, sets bold targets and introduces a range of new policy measures that support innovation.
- increase R&D investment to 2.5% of GDP by 2020.
- enhance state supports to enable enterprise R&D and collaborative activity with the HEIs and RPOs.
- continually monitor Ireland's competitors with regard to innovation policy and tax incentives to ensure we retain and capture innovation-based FDI.
- Increase awareness of Knowledge Transfer Ireland (KTI) and its activities among the research and business community, SMEs in particular.

The new strategy to:

- align with the key pillars of H2020 and include strategic measures and supports to help increase the success rate of Irish applications.
- target other EU funding programmes and aim to increase the internationalisation of research programmes currently underway.
- ensure the review impact assessment of the National Research Prioritisation Exercise (NRPE) sets out clear directions for its improvement and increased effectiveness under phase two.
- include support measures to enhance Innovation in services and business processes.
- safeguard a sustainable research base with a balanced portfolio of activity across the research continuum.
- emphasise the connection between human capital, skills and innovation.
- further progress education reform at all levels and the development of a national entrepreneurial education policy
- establish an independent advisory committee to review, evaluate and inform the strategy as it evolves.

Ibec policy team



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Conor Minogue is a senior policy executive in Ibec. He works with Ibec members to develop and promote the innovation, R&D and skills policy agenda for Irish business. He previously worked in Food and Drink Industry Ireland, the Irish Software Association, Bank of Ireland and the European Commission.

Conor studied history and international politics at University College Dublin, the University of California Berkeley and Cambridge University.