

A BRAND NEW HORIZON

THE EU'S NEW €80 BILLION HORIZON 2020 FRAMEWORK PROGRAMME IS AN IMPORTANT NEW SOURCE OF RESEARCH AND DEVELOPMENT FUNDING. *By Irene Demetriou*

WITH THE INCREASING STRENGTH OF LOCAL UNIVERSITIES IN CYPRUS, ACADEMIA-BUSINESS COLLABORATION SHOULD BE FURTHER PROMOTED, ESPECIALLY AS INSTRUMENTS HAVE BEEN CREATED TO PROVIDE ACCESS TO FINANCE



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he recent banking crisis in Cyprus has created a new array of liquidity and access-to-finance issues for Small-Medium Sized Enterprises (SMEs) in Cyprus, on top of the difficulties already faced by many enterprises prior to the events of March, regarding growth stimulation and innovation investment. However, the European Union, which has become the new 'swear word' for many and the 'root of all evil' for others, has always offered vast opportunities for the funding of innovation and development projects, and as the EU 2007-2013 programming period comes to an end, it promises that new funding programmes, covering 2014-2020, will help boost SMEs' productivity and improve the marketisation of new products and services. Innovation is a broad concept

at EU level and one which has been included as a flagship initiative in the Europe 2020 strategy. Innovation, as a principle, refers to the development of new products and processes, new ways of marketing, or an original approach to organisational methods. All the organs of the EU – especially the European Commission – recognise that supporting innovation can play an important role in delivering high quality and cost-effective public services, in creating jobs and in strengthening the European economy.

Recent impact assessments have shown that there is a strong relationship between internationalisation and innovation but it appears that SMEs are not aware of the EU's support programmes. Not understanding the benefits of internationalisation creates serious problems since internationalisation creates opportunities for further cooperation, better synergies, a wider market reach, more job creation and a greater innovation potential.

The EU plays a crucial role in the promotion of research and innovation and its new €80 billion Horizon 2020 Framework Programme is an important new source of research and development funding for enterprises, organisations and research facilities across Europe. Horizon 2020 is one of the main European funding schemes and the new European programme for research kicks off in January 2014, offering major funding opportunities for the creation of new products and services and their promotion at a European and international level.

The objectives of Horizon 2020 are to

stimulate new growth and jobs in Europe and strengthen the EU's capacity in science and its leadership in innovation. The Programme also aims to address major issues such as climate change, renewable energy, food safety and the challenges of an ageing population as well as smart, green and integrated transport, sustainable agriculture and innovative and secure societies. Horizon 2020 places great importance on promoting competitiveness and making Europe an attractive location in which to invest in research and innovation. It aims to stimulate the growth of SMEs by facilitating access to risk finance.

Horizon 2020 reflects Europe 2020, the key strategy document for the future initiatives and pillars of development for the European Union, bringing all EU research and innovation funding together in a coherent scheme. It will place special emphasis on less-developed economies within the EU in order to promote equilibrium in research-oriented activities among member states. The commitment to innovation throughout Horizon 2020 further supports and entrenches the idea of an 'Innovation Union', which is one of seven flagship initiatives of the Europe 2020 strategy for a smart, sustainable and inclusive economy. The Innovation Union plan contains over thirty actions points, with the aim of achieving three key objectives:

- To make Europe a world-class performer in science;
- To remove obstacles to innovation – such as expensive patenting, market fragmentation, slow standard-setting and skills

shortages – which currently prevent ideas getting quickly to market; and

- To revolutionise the way public and private sectors work together, notably through Innovation Partnerships between the European institutions, national and regional authorities and business.

Cypriot enterprises and any other type of legal entity may apply for funding to turn their project concept into commercially-exploitable reality. Horizon 2020 will particularly help innovative enterprises develop technological breakthroughs into viable products. It offers a real market-driven approach and includes the formation of partnerships among various types of legal entities such as private organisations, public authorities, academia and researchers, aiming at the creation of project Consortia eligible to receive funding.

Furthermore, the new Horizon 2020 Framework Programme proposes the creation of public-private partnerships in the form of Joint Technology Initiatives (JTIs). They represent the joining of forces between the EU and industry and provide vital funding for large-scale, longer-term and high risk/reward research. JTIs bring together companies, universities, research laboratories, innovative SMEs and other groups and organisations around major research and innovation challenges. With the increasing strength of local universities in Cyprus, academia-business collaboration should be further promoted, especially as instruments have been created to provide access to finance. **G**