

Preparing joint programmes for trans-regional innovation governance: the Experience of the Lazio Region and Filas

- Ms. Michela Michilli

At the fifth IRE Plenary Conference on "Fostering the knowledge economy in Europe: Making regional innovations policies more innovative", Dr Françoise Le Bail, Deputy Director General of the Enterprise and Industry Directorate of the European Commission, once again pointed out that although Europe is developing competitive ideas, it continues to lag behind the US and Japan in bringing these concepts to the market.

Nonetheless, progress is slowly being made to bridge this gap in innovation; especially by regions, which embody the initial phase in which knowledge is created and transferred to SMEs, that are at the forefront in this challenge.

The integrated Lisbon Guidelines have long recognised the shortage of available finance for SMEs in Europe, with a particular emphasis on the early stage of SME creation, as one of the main factors that hinder innovation. Indeed, resolving the limited access of funding to start-ups and spin-offs is a key challenge for many European countries. In particular, the two main elements of this venture capital market failure, which particularly affects access to capital by SMEs and companies in their early stages of development, are the lack of information and the high transaction costs that normally accompany such operations.

In order to counter this situation, Regions enter the arena and act as venture capitalists to strengthen their markets and safeguard crucial regional sectors. Public authorities may decide to act in various ways to promote the development of venture capitalism. These include setting up investment funds, in which they are partners or investors; granting subsidies to existing funds to cover part of their administrative and management overhead costs; promoting other financial instruments to improve the provision and availability of equity for investment; guaranteeing venture capital fund investment; and granting tax incentives to investors in order to encourage them to close venture capital investment deals.

Venture Capital Activity in Italy

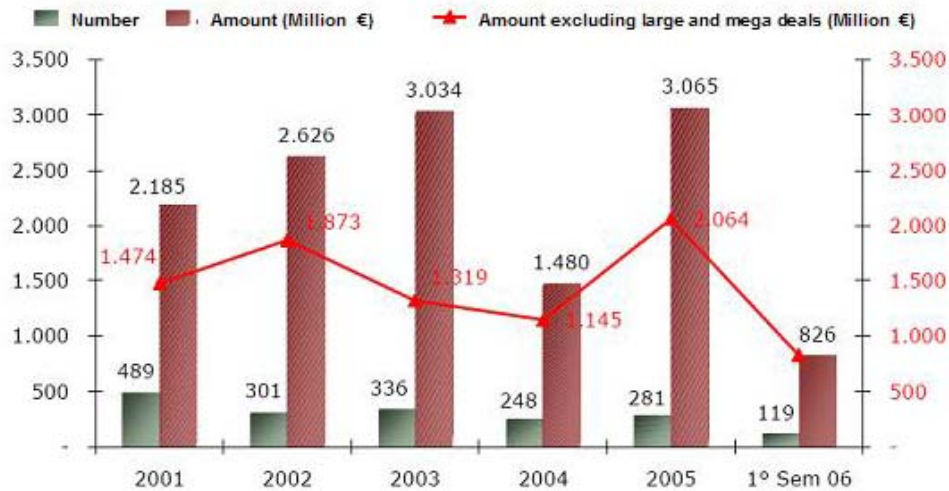
In line with a long-standing trend, during the first semester of 2006, the majority of financial resources in Italy was dedicated to buy-outs (nearly 54% of the market for a total of 34 operations against 36 in the first semester of 2005). However, a comparison of the same two periods shows a 60% increase in expansion capital (33% of the market and nearly 40% of all the operations).

Unfortunately, start-ups continue to receive little attention. The total invested in start-ups amounts to € 9 million (only 1% of the total) invested in 24 operations with an average investment of € 400.000.

Notwithstanding the absence of large deals, in the first semester of 2006, venture capitalists operating in Italy invested a total of € 826 million for a total of 119 operations, the second highest value recorded in five years.

In general, however, the decisional process of venture capitalists in Italy shows that only 1% of all business ideas are actually funded. This is the heart of the problem that Project Inno-Deal must confront.

INVESTMENTS: Historic trend vs. 1 sem. 2006



Project INNO-DEAL

In her presentation at the fifth IRE Plenary Conference held in Shannon, Ireland, Ms. Michela Michilli, Head of Filas EU Projects and Initiatives presented the experience of the Lazio Region and Filas in the preparation of joint programmes for trans-regional innovation governance.

In particular, Project Inno-Deal aims to create the necessary condition to promote a systematic exchange of information and good practices on existing programmes in twelve European regions fostering innovation and supporting start-ups and spin-offs.

Inno-Deal brings together eight partners from the Innov 4 Strand 2 call, including OMEN, which will provide the results of their benchmarking analysis and the identified good practices, and six partners representative of the regional programme managing organisations in charge of innovation measures. The latter will be, on behalf of their respective regional authorities, the main actors for the transfer and implementation of the identified solutions.

Project OMEN, one of the eight projects launched in 2005 as part of the Regional Innovation Policy Impact Assessment and Benchmarking Pilot Action, addresses the fact that European regions continue to suffer from a lack of effective and verifiable methodologies and tools to assess the impact of regional research and innovation policy.

In particular, Project Inno-Deal will be able to treasure many of the results produced by OMEN, including the policy impact assessment on the analysis of funding schemes for start-ups and spin-offs in the seven partner regions.

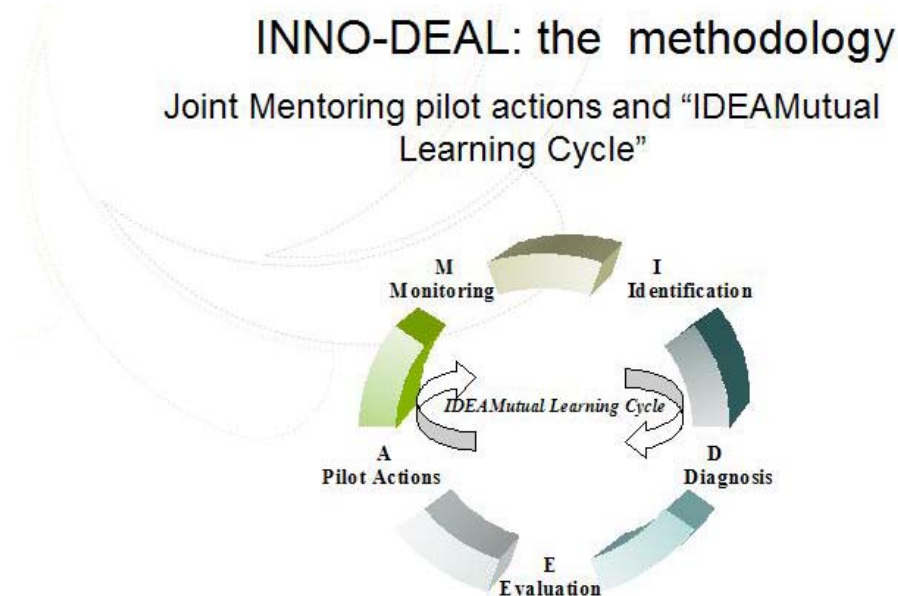
Project Inno-Deal is based on transregional cooperation. It aims to implement joint actions that will exploit regional best practices whilst avoiding all known barriers and issues. Moreover, trans-regional cooperation means providing bigger opportunities to unlock the economic potential of regions by facilitating a better sharing of resources in order to improve efficiency and comparative advantages.

Inno-Deal will have to face three main challenges to attain its goal:

- Create the necessary conditions, at a regional and national level, to provide an easier access to Venture Capital by start-ups;
- Promote new initiatives to allow the integration of sectors and/or clusters at a European level;
- Prepare the ground for transregional cooperation and future agreements.

The Inno-Deal model is based on analysis and streamlining; identification and analysis of common strategic issues in support of innovation and SME development in order to launch common and new Innovation activities; and definition of joint initiatives in support of innovation and launching of joint innovation programmes for SME development at a transregional level.

In greater detail, the activities implemented during the project have been structured as a cycle that will allow activities to be replicated as new needs come to the surface. The "IDEA Mutual Learning Cycle" is composed of the following steps: Identification, Diagnosis, Engineering, Pilot Actions and Monitoring process. The cycle aims to establish an autonomous, replicable system that will become self-sustainable once the Inno-Deal project is completed.



The next milestones of Project Inno-Deal include the completion of the identification phase by October 2007 and the first trans-regional workshop that will be held in Vienna in April 2008.

FILAS - The Financial Development Agency of the Lazio Region

Created in 1975, Filas is the operative agency of the Lazio Region for the development and management of programs and tools dedicated to promoting innovation and competitiveness in the enterprises, universities and research centres of Lazio.

A crucial role played by Filas is the assistance provided to Lazio Region in analysing strategies to better target new innovation policies. Furthermore Filas promotes and develops research activities, innovation and the transferral of knowledge and technological competencies throughout the regional system.

Filas operates through the management of financial tools dedicated to innovation (grants, fiscal benefits and venture capital operations, which represent the "historical" kern of Filas activities) as well as the management of funds for projecting and implementing specific programmes and initiatives.

www.filas.it/eng

Inno-Deal

*Analysis, Diagnosis, Evaluation, Pilot Actions and Learning processes
for Joint Innovation Programmes*

Inno-Deal (FP6-2005-INNOV-9) is coordinated by Filas, the Financial Development Agency of the Lazio Region.

Inno-Deal partners: Mediterranee technologies (FR), Vienna Science and Technology Fund (AU), North East Regional Development Agency (RO), Kouvola Region Federation of Municipalities (FIN), Central Bohemia Regional Development Agency (CZ), Advantage West Midlands Regional Development Agency (UK), Lithuanian Innovation Centre (LU), Municipality of Ljubljana (SL), Navarra Region(ES), Podlaska Regional Development Foundation PL), Stuttgart Region (DE).

Project OMEN

*Optimal Practices, Development Policies and Predictive Models
for Regions in an Enlarged EU*

Project OMEN (FP6-INNOV4FP6-2005-INNOV-9) is coordinated by Filas, the Financial Development Agency of the Lazio Region.

OMEN partners: IAT (Instituto Andaluz de Tecnología), Spain; AGENCIA IDEA (Instituto de Fomento de Andalucía), Spain; ISW (Institut für Strukturpolitik und Wirtschaftsförderung gemeinnützige GmbH) Halle, Germany; MARR (Regional Development Agency MARR) Podkarpackie, Poland; TC AS CR (Technologicke centrum Akademie ved Ceske republiky) Prague, Czech Republic; TALOS (RTD Talos Ltd.) Cyprus

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