



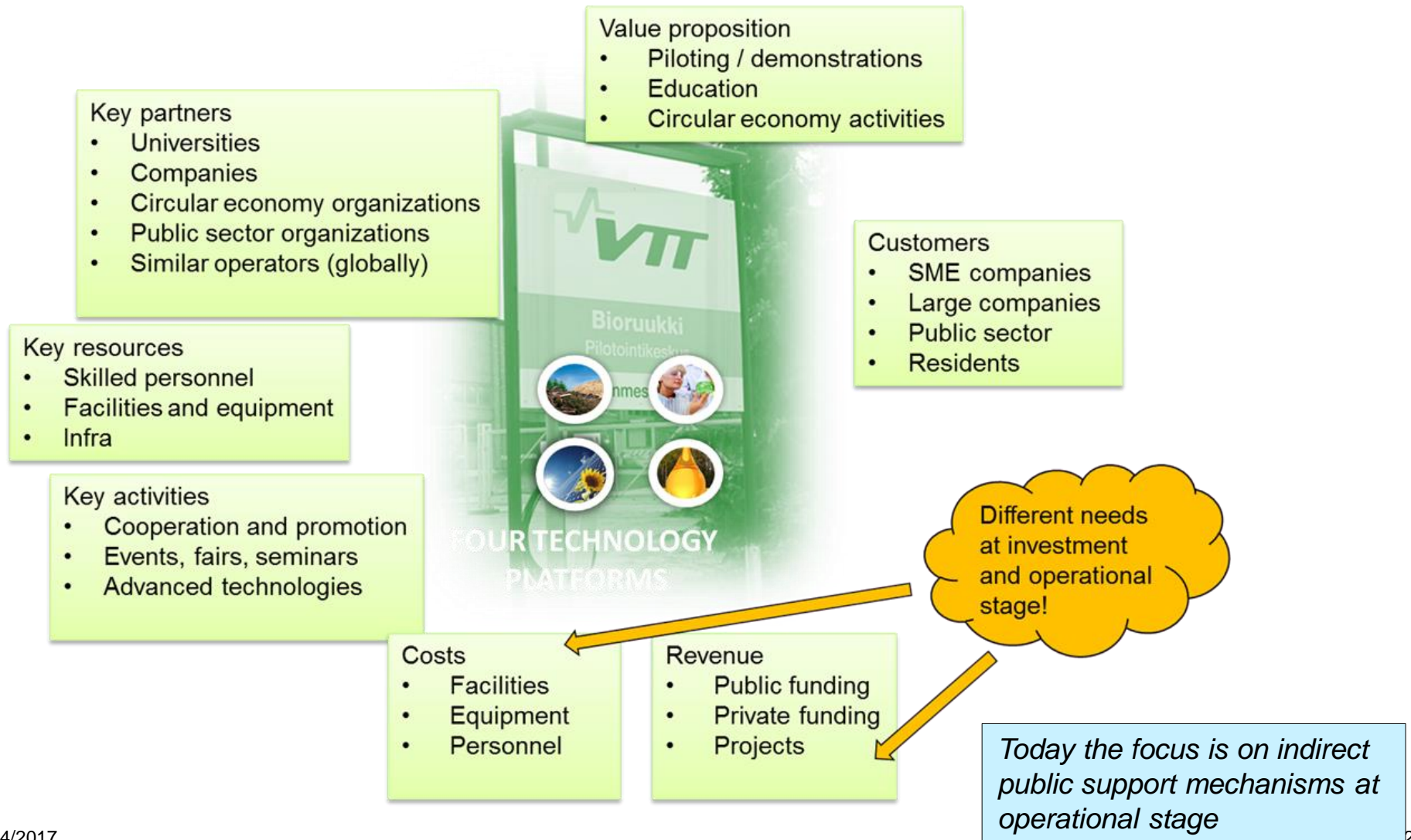
Indirect Support mechanisms for Shared Pilot Facilities in Finland

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support mechanisms for shared pilot facilities

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Combination of several funding sources ensures flexible operation



OVERVIEW OF FINNISH FUNDING LANDSCAPE FOR SPFs

From pure research over commercialisation to value creation:

- OKM – Ministry of Education and Culture
 - Academy of Finland: funding for researchers, research and **research environments**
- TEM – Ministry of Economic Affairs and Employment
 - Tekes – the Finnish Funding Agency for Innovation: funding for **startups, SMEs, large companies**, research organisations and public services
- EU funding

The main indirect funding channel

Finland overview: indirect funding mechanisms

Player	Full name of the support	Programme	Support type	EURO amount
1. TEKES (national)	The Finnish funding agency for innovation	i. TEMPO for start-ups	Grant	50 000 EURO
		ii. SME innovation voucher	Grant	5 000 EURO
		iii. R&D and piloting support for SME's	Loan	case dependent typically 0.5 to 3 Million EURO
		iv. R&D and piloting support for large firms	Loan	case dependent typically 0.5 to 3 Million EURO
		v. Public research networked with companies	Grant	n.a.
2. ELY (regional)	The Centres for Economic Development, Transport and the Environment	SME development support	Grant	n.a.
3. ESI (European)	European structural and investment funds (via the regional councils)	The production and utilization of new knowledge and skills	n.a.	n.a.

TEKES RESEARCH AND DEVELOPMENT FUNDING FOR COMPANIES		
Project types and funding levels for companies Tekes funds companies' projects that seek to increase their competitive advantage internationally.	COMPANIES' RESEARCH PROJECTS Create new knowledge and competence	DEVELOPMENT AND PILOTING Develop or renew products, services and business model. Demonstrate the functionality of your solution
SME's Targeted competitive advantage at a selected international level	Grant max. 50 %	Loan 50 % / 70 %
MIDCAP COMPANIES turnover max. 300 M€ Targeted competitive advantage at a selected international level	Grant max. 40 %	Loan 50 %
LARGE CORPORATIONS Targeted competitive advantage at a global level.	Grant max. 40 % Tekes requires that large companies buy services from SME's and / or research organisations or implement the project as a joint project with them. The share of the bought services has to be 40 % of the project's overall costs.	Loan 50 % Tekes requires that large companies buy services from SME's and / or research organisations or implement the project as a joint project with them. The share of the bought services has to be 15 % of the project's overall costs.

Finnish landscape of indirect funding for pilot activities

- The key player that finances piloting activities of companies is **Tekes**, the Finnish funding agency for innovation.
- The activities of Tekes are characterised as follows:
 - Shift from supporting large firms to SME's and start-ups.
 - Shift from Manufacturing sector to service sector.
 - Shift from grants to loans. Today Tekes support for piloting are mostly loans (Low interest rate loans with no full repayment if the R&D initiative is not successful -> risk mitigating function)
- Tekes budget has been cut heavily during the last years, but the current OECD evaluation of the Finnish Innovation System advocates to stop the cuts and instead invest more.
- Other indirect financing channels run via the regional councils (ESI funding) and the regional ELY centres. However, Southern Finland has very limited access to European structural funds.



Case example Chemigate for indirect funding, SME support in process scale-up

- Development of new industrial production processes and production recipes for chemical modification of starch.
- Chemigate Ltd (a Finnish medium size company), received in 2012-2015 R&D support from Tekes on average 95 k€/a.
- Due to new funding guidelines in 2015, the direct support has been switched mostly to R&D-loan (in 2015 loan 82% of the support).
- Support has been used for own R&D expenses and for buying R&D services, such as piloting from VTT.

“VTT’s flexibility and ability to deliver skilled research and scale-up testing at the pilot plant have proven invaluable.”

Seppo Lamminmäki
CEO, Chemigate Oy



Chemigate



Finland Focus: SmartPilots Users Experience & Expectations Survey

- Survey was answered by 9 respondents from Finland (total sample has 34 respondents).
- No clear information can be obtained on how different Finnish respondents have answered the survey. Three things stood out:
 - Funding sources: In Finland no vouchers exist (as for example in NL)
 - Funding sources: Finland is the only country that mentioned loans as a funding source for pilots. Due to budget cuts Finland has been pushing the use of loans instead of grants.
 - Potential for increased use of SPF:s and need for indirect support exists. Outsourcing of piloting was mentioned.



Summary challenges indirect funding mechanisms

- There is a **shift in support focus from large firms to SME's**. In Finland this shift took place even earlier than at the EU-level. Funding schemes and policies for pilot activities need to take this more into account.
- **Tekes funding has dropped by 30 %** in 2011-2016 due to budget cuts. Current OECD evaluation may turn this around.
- A challenge but also an opportunity is that Finnish pilot players can loose client firms that go abroad but it can also win foreign clients. As Finland is a small open economy **it is key to aim to attract SME's from Europe** and beyond as to be able to run in a sustainable way.
- Regarding VT Bioruukki Pilot Centre the **access to European Structural Funds is limited** due to the location in the Helsinki-metropolitan area. (But other VTT locations can utilise ERDF funding to larger extend.)