Creative Industries
Innovation Vouchers*

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Contents

The role of vouchers in innovation policies

Vouchers, together with project loans and research grants, are generally seen as supply-side policy tools, i.e. government programmes aiming at increasing the amount and level of 'supply' by firms. Aim of innovation vouchers, which often subsidise the purchase of collaborative research, is to facilitate demand oriented cooperation in SMEs with the effect of increasing innovation capabilities of the beneficiaries (usually SMEs) and often also suppliers (OECD, 2011).

This kind of schemes reduces barriers to SMEs' capacity to develop and market new products, services or processes as they support better matching between know-how demand and supply and facilitate the access to external knowledge. Therefore, they do not respond only to market failures, but also to learning and system failures due to: misallocations of efforts and cognitive attention, failures in selecting technologies and practices, rigidity of cooperative structures, lack of appropriate institutions for the creation and diffusion of knowledge, and limited knowledge processing capabilities (Bach and Matt, 2005).

What vouchers are and how do they work

According to Schade and Grigore (2009), key features of innovation vouchers are:

- They support innovation in products, services and processes
- They are issued by a regional/national agency that commits to pay directly to the service provider (which may be freely selected by the beneficiary or short listed by the agency) or to reimburse part or all the costs borne by the beneficiary
- They fund sole proprietorships, start-ups, micro and SMEs to purchase services to increase knowledge and competitiveness:
  - Research, development, testing
  - New product development and design
  - Technology transfer, Legal & IP advice
  - Business (including market studies), Innovation Management, Fiscal and Tax, and IT consulting
  - Training and coaching
- As they are limited in scope and amount committed (max 20 000 €), voucher schemes are usually 'lighter' and 'faster' both in application and reporting than standard grants and this makes them a tool particularly appealing to SMEs.

The first innovation voucher schemes were meant to offer research, technology and development services to SMEs. The suppliers were academic institutions and research centres. In this document, schemes in which the beneficiaries are innovative creative firms and the providers are specialized knowledge organizations are called Type A, to distinguish them from Type B voucher schemes, in which innovative creative firms supply knowledge to beneficiaries from other industries. We call Type C schemes when both the service provider and the beneficiary belong to the same industry.

There are several reasons for launching innovation vouchers programmes, mostly related to the difficulties of micro-firms and SMEs, which are generally the beneficiaries, to access public knowledge providers such as universities and research organisations and the expertise of specialized suppliers (OECD, 2010). On one side small companies have limited time and skills resources to search and identify relevant providers. On the other side, public knowledge providers such as primary universities may have little interest in clients with limited means and less challenging needs and objectives (these can be considered as market failures).

Innovation voucher are useful to build relationships between suppliers which will transfer services and knowledge to beneficiaries and may lead to long-term partnerships between them. The voucher gives the opportunity to satisfy an innovation-related need. Thanks to its conceptual and operational simplicity, the measure can easily be adopted by countries and regions worldwide.

In recent years, there have been several experiences across Europe with positive results in terms of increased innovation activities by beneficiary firms and strengthened ties with knowledge providers, and this has been confirmed by the participants to the Riga Declaration[1]. With flexible and non-bureaucratic instruments such as the vouchers, innovation support may become more efficient in all Member States. In recent years, they have been launched voucher schemes with the aim to develop a market for specific services such as the German ‘go-inno’ programme (vouchers exclusively for ‘innovation management consultancy’) and the ‘go-effizient’ (material & resource efficiency voucher).[2]

However, innovation vouchers are not a panacea but need to be complemented with other provisions such as business incubators, collaborative research programmes, incentives for internal R&D, clusters and networks for innovation, etc. (OECD, 2010). Indeed, because of their limited size, vouchers can address only minor technological or managerial problems or they can be utilized to scope out larger technological issues. This suggest that innovation voucher schemes should be part of a “systemic” innovation or cluster support approach. Moreover, all these provisions should articulated together with a range of demand side instruments, which include public procurement, regulation, support to private demand (like tax incentives and awareness campaigns) and systemic policies such as those of Lead Markets EU programme (Tsipouri, 2013).

Innovation voucher schemes should deliver *output additionality* and *behavioural additionality* (OECD, 2010). Output additionality refers to whether or not the assignment for which the voucher was granted would have been carried out anyway (in order to counteract systemic failures, public programmes should fund projects that would not have gone on anyway). Behavioural additionality refers to whether or not the vouchers’ beneficiaries have had other business or innovation interactions with the supplier. Similarly, to respond to market failures, vouchers should be granted to the new partnerships (to increase the chance of finding new avenues of development and innovation).

Examples of innovation voucher schemes

Here we have listed initiatives that are noteworthy either for historical, conceptual or practical reason. They are useful to see in some detail how innovation voucher schemes work and what has been their evolution.

Innovation vouchers for SMEs in Limburg (The Netherlands)

In 1997, the region of Limburg was the first one to come up with the idea of innovation vouchers. Their aim was to encourage the transfer of knowledge and collaboration between SMEs and research institutions. The scheme ran until 1999. The scheme target group were SMEs but not micro-enterprises, while the only institution where vouchers could be utilised was Royal DSM, a Dutch-based global science-based company active in health, nutrition and materials. The managing authorities were the NV Industriebank LIOF, a regional development and investment company and the Provincial Government of Limburg. The voucher did not have a maximum monetary amount, but could be used only for contract research of less than three years. The interim evaluations carried out during the project showed that it had been generally successful,

[1] Retrievable from http://www.kvoucher.eu/945/news-documents/news/riga-declaration-realising-the-full-potential-of-innovation-voucher-programmes.html (no longer retrievable from the Europe Innova website).
[2] http://kongress.achema.de/Beitragseinreichung/Congress+Planner/Datei_handler-tagung-559-file-5591-p-44.html

though at the outset it was difficult to raise interest in the voucher scheme and in most cases, benefits have been incremental rather than radical innovations (Technopolis, 2011).

The Limburg voucher scheme was followed by the Dutch national programme which has been considered a big success for a long period, though there currently less interest towards this instrument.

Innovation vouchers for SMEs in Baden-Wurttemberg (Germany)

In 2008, the Baden-Wurttemberg Land was the first German Region introducing an innovation voucher scheme for SMEs called Innovationsgutscheine[3]. Aim of the programme was to strengthen the innovation potential of SMEs belongings to sectors such as trade, small industrial supply, health business services, ICT, renewable energies and nanotechnology.

The innovation vouchers gave to enterprises with fewer than 50 employees the possibility to make use of R&D (research and development) services for product, service and process innovation. Each voucher had a value between €2,500 and €6,000 and could be used with public and private providers across Europe. In the period 2008-2010, the Land of Baden-Württemberg put €3M for this programme.

Preliminary investigation shows that not all potential beneficiaries accessed the scheme in the same way. Indeed, in this programme, larger firms as well as manufacturing firms (in particular IT firms) were more likely to apply for a subsidy. Firms located in areas with high innovative capabilities were more likely to apply to the scheme than those from backward regions. On one side, 70% of applying companies did not have previous cooperation with R&D institutions, so the innovation voucher was the occasion to create a bridge between the two worlds. Interestingly enough, 2/3 of voucher were used with service providers from the private sector, often engineering companies, while 1/3 was used with public R&D institutions. Despite the openness to national and foreign service providers, the majority of vouchers was used in the region (less than 10% were used elsewhere), and this is similar to the outcome of other voucher schemes.

This programme is considered a success and was still running in 2014. The funding instrument innovation vouchers was extended with a special coupon (called B) for innovative start-up companies in the high-tech area in January 2012. Requests for innovation vouchers A and B can be submitted continuously to the Ministry of Finance and Economy and promptly processed, tested on and approved. By March 2013 2.600 applications for innovation vouchers have been received and 2,000 were approved.[4]

Since Spring 2013 there is also an innovation voucher C (Creative voucher) for micro-enterprises and professionals of the cultural and creative industries called Kreativgutschein. Its objective is to facilitate beneficiaries to access the market with new products and services and to positively influence the development of the company as a result. The Innovation Voucher C is granted with a maximum amount of 5,000 € and 50% of the costs incurred by the beneficiary.

Technology vouchers for start-ups and SMEs in Lombardy (Italy)

In recent years, the Lombardy Region has introduced a range of instruments to foster research, development and innovation on its territory. In particular, the Regional Government launched in 2011 the “Voucher per ricerca e innovazione e contributi per processi di brevettazione” (Vouchers for research and innovation and contribution to patent processes). The scheme was endowed with a 8 million € fund (half coming from the Region, half from the Chambers of Commerce) to be given to micro- and SMEs through the five categories of vouchers of which the A. was related to the Identification of innovation requirements and development of knowledge supply.

This voucher was articulated in two subcategories:

[3] http://ec.europa.eu/enterprise/policies/innovation/policy/regional-innovation/monitor/index.cfm?q=p.support&n=14348&r=DE1
[4] https://www.innovationsgutscheine.de/ Retrieved on the 22th August 2013

- A1: Mapping of innovation needs
- A2. Developing an innovation solution

Vouchers A1, amounting to 2000 € (for an investment of the beneficiary of at least 4000 €), could be used to pay service providers registered in a regional database called QuESTIO[5] in the consulting roster. Consultants were supposed not only to find out what were the specific technological innovation needs of the beneficiary, but also to identify a suitable knowledge partner among those registered as research centres in the QuESTIO database.

Vouchers A2, amounting to 9000 € (for an investment of the beneficiary of at least 15000 €), funded contract research related to the technological needs of the firm to be carried out by accredited research centres.

Service providers could not be granted both vouchers A1 and A2 on the same project (i.e. they had to choose whether to be involved in the analyisis or in the execution phase).

An extensive evaluation survey has been carried out and these are the key findings: service providers and beneficiaries came generally from the same province, apparently preferring proximity of location rather than the best available knowledge. A reason could be that Chambers of Commerce (which in Italy are organized on provincial basis) as well as potential service providers were heavily involved in the scheme promotion. Moreover, beneficiaries and suppliers knew each other already in 43% of awarded vouchers, while in 37% of the cases, the beneficiary firm selected as supplier the service provider that contacted them. Planned objectives were reached in 96% of cases, whereas in 38% of cases there were additional unexpected results, due to the development of new technologies (53%), technological skills (76%) and managerial skills (41%). Only 21% of the sample would have carried out the project also without the voucher, whereas 56% would have carried out the project but in a different way (Del Bò, 2012).

An econometric analysis of results has shown that firms with a clear idea of their needs developed solutions that were judged positively by beneficiaries. Moreover, firms with clear and already defined ideas of innovation were more likely to undertake the project even without the voucher. However, an early definition of scope with the supplier increased the chance of the project to be implemented and most of the actually implemented solutions had a more explorative and serendipitous nature. In other words, the scheme showed an excellent output additionality and a good behavioural additionality. For this reason, the scheme has been replicated with little modifications in 2012 and 2013.

Creative Credits in the UK

The Creative Credits pilot was launched in Manchester City Region in the North West of England in September 2009 to encourage innovation in SMEs. The scheme lasted for one year, during which 150 SMEs (in two waves) received credits worth £4,000 to be used to purchase a variety of services from creative businesses.

Creative Credits was designed as an experimental, innovative scheme for many reasons. First, acknowledging the innovation potential of creative firms, this is the first scheme to address them specifically. Second, creative companies were providers rather than beneficiaries of services (Type B scheme). Third, this has been the first innovation voucher. scheme in the UK not involving universities.

The mechanism was that service providers registered to an online ‘Creative Gallery where they could chosen by beneficiaries, therefore there was equal access to all potential providers. The cost of administration and brokerage was negligible because vouchers were assigned randomly to the applicants. “This random allocation was used to avoid any systematic bias in the characteristics of firms winning credits and to help provide a more robust indication of the extent of additionality of the credits” (Nesta, 2011b). Applicants who

[5] www.questio.it

did not receive credits are also tracked over time, to provide a control group to be compared to the voucher “lottery” winners, the “treatment” group.

The main rationale of this programme was that firms making greater use of services from the creative industries have higher innovation performance. A total of 300 eligible creative businesses (mostly micro and small enterprises) from Manchester City Region applied to become service providers, while 670 SMEs applied to receive credits. A noteworthy feature of creative businesses involved in the scheme was that generally they were already investors in R&D and engaged in innovation partnerships. From a preliminary assessment, it appears that most credits awarded created relationships that would not have formed in the absence of the scheme and more than half of the providers claimed to have serviced a beneficiary that was in a different sector from their usual clients.

Over 80 per cent of businesses awarded credits claimed that the projects had increased their innovative strengths and over three quarters declared that it had stimulated further project ideas. However, the scheme uncovered the differences of perception concerning the value of creativity between creative providers and the other businesses. Moreover, it emerged that many beneficiaries would have carried out their creative projects in any case, though in a longer term (Nesta, 2011). The scheme was so revolutionary that it has become a reference model for many others.[6]

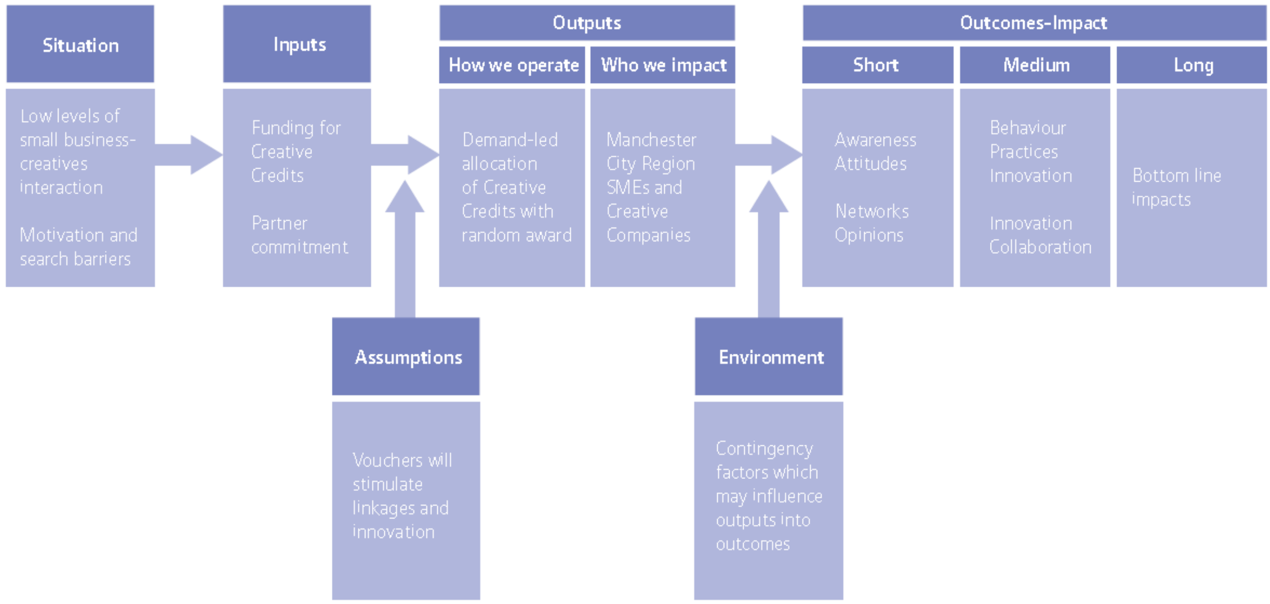

Fig. 1 - Logic of the creative credit scheme (Source: Nesta 2011b)

[6] For further information on the Creative Credits scheme, see the presentation on mid-term effects given at the Proinno partnering event in Porto 2012.

Policy Issues in the Creative and Cultural Industries

We have seen that the Creative Credits scheme in Manchester was the first one to address the innovation needs of traditional SMEs through the provision of services by creative supplier firms. One can wonder what is the rationale of such a scheme and for this reason it may be useful to look at a general policy cycle and its four main phases (see Fig. 2) and analyze for each of them issues and challenges relevant to the Creative and Cultural Enterprises (CCIs).

Fig. 2 - The Policy Cycle

In the first phase of the policy cycle, local competitiveness needs are mapped with particular reference to the CCIs state and potential, as well as resources and political constraints. When CCIs can provide useful innovation inputs to the local firms, there is scope for a Type B voucher scheme. A key step is the identification of possible beneficiaries of CCIs services. This is supposed to foster cross-innovation, i.e. knowledge transfer between different sectors[7]. The challenges here are that neither policy-makers nor SMEs are aware of the impact of creativity on innovation (this is one of the scopes of the ECIAP). Indeed, it is very difficult to assess ex-ante what could be the contribution of creative providers in a new product or service. A simple instrument like the innovation voucher is very suited to the task, provided that is well designed and promoted.

The second phase is about deciding the role of the Voucher scheme in the Policy Mix and designing the scheme. Indeed vouchers are only one of the tools to be used to foster innovation and competitiveness and they should be part of a synergic set of public policies involving supply- and demand-side instruments (Tsipouri, 2013). It is crucial that the scheme allows for voucher recipients to access the best available knowledge suppliers in order to maximise impact. Flexibility and openness in suppliers selection favours free circulation of knowledge, while the availability of non-local providers increases the talent pool and at the chances of behavioural additionality. Here the challenge is to overcome lack of trust towards unknown suppliers as well as cultural and geographical barriers. Collaboration between local and non-local creative suppliers may ease the barriers and foster spill-over effects.

[7] see ECIA thematic report on Cross Innovation for further detail

The third phase of our Policy Cycle is about Scheme execution. Main scope should be the impact maximization of vouchers on firms and professionals. The challenge here is to fund projects that are innovative in content and valorize not easily imitable components of innovation. This is indeed the distinguishing factor and competitive advantage of cultural and creative firms and professionals. Another benefit of the voucher programme should be the output additionality, i.e. when traditional firms can explore innovation directions that otherwise would be neglected.

The last phase of the Policy Cycle is about evaluation of the scheme efficiency (have the objectives been reached?) and effectiveness (is the cost of running the scheme reasonable?) and more generally the policy rationale (shall local companies been supported in their innovation efforts? Is there any better option than innovation vouchers?). Beyond the technicalities of programme evaluation, there is the desire of public administrators to find the "best" tool. On their own, voucher schemes have only a partial impact on CCIs and the local economy, but combined with other measures have a greater leverage effect. The challenge here is to consider vouchers just as seeds that may flourish or not, and gather for a sufficient time a critical mass of resources and competences in support of the CCIs.

An overarching issue is the integration of CCIs in local, regional, national and European policies so that they can significantly contribute to the transformation of the economy. Returns of effective public policies for creativity and innovation could be economic growth and revitalization of areas in decline. Indeed CCIs contribute to the creation of qualified jobs and increase attractiveness of regions and cities through the promotion of cultural heritage and sustainable tourism. More generally, CCIs are able to shape or amplify social and cultural trends and therefore consumer demand.

The European Commission Concrete Actions

During the period 2006-2012, the DG Enterprise and Industry of the European Commission launched the Europe INNOVA[8] initiative as a laboratory for the development, testing and promotion of new tools and instruments in support of innovation in firms. Under this initiative, four Pilot Actions were meant to show the effectiveness of the innovation voucher as a policy instrument and the transformational power of creative and cultural industries. These Pilot Actions were part of the European Creative Industries Alliance[9], an integrated policy initiative (28 partner organisations and 12 countries) which includes concrete actions on innovation vouchers, better access to finance and cluster excellence & cooperation.

These actions – namely VINCI, 4CNW, FAD-INS and +Innova Creativity – are innovation voucher schemes aiming at stimulating a greater uptake by other industries of Creative Industries services, capabilities and knowledge. Three of the vouchers schemes supported the demand for Creative Industries' services and help traditional industries (i.e. domestic appliances, tourism or agri-food) to access such services and one scheme offered business support services to creative industries supplied by other creative industries. These schemes, which run in 2012-2013, will be here shortly presented (see also the synoptic table in the Appendix 1) in the order we interviewed their project managers.

VINCI

VINCI
Vouchers in Creative Industries

VINCI (Vouchers in Creative Industries) was a voucher scheme run by Austria Wirtschaftsservice GmbH (aws), the national business support agency of Austria, with the scope of bridging between CCI services and the needs of SME's from all different kind of sectors.

The initial rationale was that SMEs often don't cooperate with creative enterprises because they are not aware of the value that those firms could provide. SMEs may have prejudices against creative professionals, so a voucher could help overcome this barrier of mistrust and make a first cooperation possible. For this reason it was decided that there should not be co-contribution from firms.

The selected region for this pilot project was Salzburg, because of its high concentration of cultural and creative industries, the service oriented economy and the geographical proximity to CIP partner regions in Germany. It was planned since the beginning that if the project was successful, to extend this voucher scheme to the rest of the country with a national creative voucher.

Creative suppliers came from Design, Architecture, Multimedia/Games, Fashion, Music Industry, Audio-Visual and Film Production, the Media and Publishing Sectors, Graphics, the Advertising Sector, and the Art market. Eligible services were related to the following Innovation phases: idea generation, conception, development or application and implementation to market transition. Most of the applications were related to Design and concerned projects in the planning and prototype stages.

[8] http://ec.europa.eu/enterprise/policies/innovation/support/europe-innova/index_en.htm
[9] http://www.howtogrow.eu/ecia/about-ecia/

The scheme was well promoted and even better received, as there were 71 applications after just one month from the call opening. Despite the openness of the call, the vast majority of creative suppliers were from Salzburg (78%) and the remaining from other Austrian regions except one application which applied with a foreign creative supplier (from Germany). In 48% of the cases, potential beneficiaries and suppliers had already done business together before, while in 41% of the casees they hadn't (in 11% this was not specified). Among the 20 voucher beneficiaries, four were creative firms. They were given eight months to complete the project, which is the longest duration among the CAs.

The scheme has been highly successful and scaled up to a national programme (Kreativwirtschaftsscheck) with 300+300 vouchers for the year 2013 (they have received 932 applications within only 3 weeks). It is planned to keep the national voucher as a permanent programme with a total of 300 vouchers per year.

The results of a survey which has been sent out to the recipients of the national voucher are very positive: more than 50% of the applying SMEs haven't received any funding in the last 5 years, 90% said that without the voucher it wouldn't have been possible to implement their project in the planned way (only with a reduction of the project volume and a prolongation of time) and 80% of the SMEs claimed that they would continue working together with the creative service provider.

FAD-INS

The FAD-INS (Fashion, Audiovisual, Design Industries Innovation Schemes) project was run by the Barcelona Chamber of Commerce to promote innovation services in creative industries, through pilot projects addressing SMEs of the Catalonia Region (Spain), with particular regard for the Fashion, Design and Audiovisual sectors.

Scope of the project was to strengthen the interaction among the sector agents and to provide an effective response from the public administration to a sector notably affected by the recent economic downturn. FAD-INS represented the first initiative of this kind in Catalonia and attracted 43 applications from knowledge suppliers (of which 33 were qualified based in their professional experience and internal resources) including both national and foreign firms.

Among the many services financed by the FAD-INS vouchers, there were innovative retail management, cross channel strategies, brand image and design, strategy and innovation practices. The scheme offered funding to a total of 27 SMEs, for up to 5.000€ and not exceeding the 70% of the total of the project's costs. The funding consisted on individual vouchers with a schedule for execution set at 3 months following the award of the voucher. The vouchers were intended to cover SMEs' specific needs, by facilitating the access and immediate cooperation with innovation service providers and were expected to enhance the firms' business capacities and market development.

Overall, the FAD-INS scheme proved to be a highly efficient way to provide concrete solutions for the participant firms' and a very effective pilot that effectively used European Regional Development Funds. The evaluation carried out throughout the implementation has demonstrated a very significant level of satisfaction with the system and a clear potential for replication and even expansion of the measure.

To ensure the replication of the FAD-INS initiative it will be fundamental to count with on support of public institutions both in funding and operational terms. In this sense, the FAD-INS experience has generated significant evidence of the benefits of institutionalizing and guaranteeing the implementation of an innovation vouchers long-term initiative.

4CNW

The 4CNW Concrete Action was a scheme managed by the Sligo County Council on behalf of the Creative State North West Public Private Partnership.

Public administrators were aware of the relevance and economic potential of the creative sector in the Western Region of Ireland since 2008, when they discovered that more than 11 thousand people are working in micro- and small creative businesses. These comprise a mix of firms established by people from the region and or people coming from other parts of Ireland and Europe. In 2011, an Economic Impact Assessment compiled by the National University of Ireland, Galway on behalf of the Western Development Commission recognized that “the creative sector stimulates innovation in other sectors, plays a key social role and can stimulate both rural and regional development.” Other findings were that two thirds of the companies don’t export, work in a rurally dispersed area and there is no network among them. The economic crisis put a further strain on this situation, therefore, it was necessary to find new ways to stimulate business in the area and to avoid a firm drain.

Inspired by the Creative Credits in Manchester, but willing to avoid the high rate of project failure of that scheme, they decided to keep separated project selection and matchmaking. Concerning the latter, they put in place a system of individual matchmaking in which the business applying for a voucher is guided in the selection of the most suitable creative supplier.

The project financed activities aiming at business model, product or service innovation. More than three hundred (336) creative providers applied (of which 35% came from North Western Ireland and the others from Northern Ireland and Scotland) to be included in the suppliers’ list (they had to prove their professional experience and internal resources). After the evaluation of an independent transnational peer review panel, 190 suppliers were qualified for the Directory and eventually 31 were involved in project delivery.

4CNW exceeded its targets: the project facilitated 26 creative micro-businesses to successfully solve innovation or creative challenges for 20 businesses. Beneficiaries of Talent Voucher (this was the name of the instruments) have expressed their satisfaction with the programme and creative suppliers appreciated the matchmaking service provided.

Overall the project has been very successful in showing to businesses that there is significant potential to be leveraged through collaborating with creative SMEs because of the innovation they bring to areas such as, marketing, digital technologies and service delivery. In particular, the programme has shown what creative input can give to business in terms of value, changed thinking, opening mind sets towards implementing new approaches and thereby enhancing capacity competiveness and innovation in industry.

The independent evaluator of the 4CNW programme has found that there is strong case to develop a successor programme which would have national reach and specifically supporting the development of solutions for businesses that require a more complex level of creative input.

The 4CNW scheme has been a bold project in several aspects, for instance in order to raise awareness among target sectors about the voucher opportunity, they invited to talk about their experience a representative of the Creative Credits as well as creative entrepreneurs. They also organized other promotion events that were even broadcasted in streaming. Another interesting feature of this scheme is that after a test phase in North Western Ireland, the programme has been replicated to Northern Ireland and Scotland.

The Irish Minister for Small Business has championed the project and convened a national group to establish a handover structure so that the learning from the project is consolidated and advanced to a national level.

+Innova Creativity

The scheme +Innova Creativity aimed at "Redefining Basque innovation performance trough excellence in creative industry services". Designed by the Infyde economic policy consulting firm, it was managed by the Department of Industry, Innovation, Trade and Tourism of the Basque Government.

Financed services were new product development and design, marketing and communication, business (including market studies) and a variety of consulting and training services. This scheme has been designed to specifically address the lack of non-technological innovation in traditional industry sectors in the Basque Country, in particular domestic appliances, machinery tools and electronic and ICT industries. The main purpose was to analyze the contribution of innovations fueled by creativity to traditional firms.

The design of this programme has been innovative in two key dimensions: first to identify a number of clusters and professional associations both of suppliers (like the Designer Association) and potential beneficiaries to promote this opportunity. However, due to the novelty of the scheme and the short time available (something more than a month but over Christmas vacations, in order to utilize the funds of the budget 2012), their contribution has been marginal. Unique of +Innova Creativity was the idea of having foreign creatives partnering with local providers to supply services to local firms.

If taken at face value, the end results can appear disappointing: indeed only four projects were completed out of 8-9 potential recipients that were interested to getting a voucher (20 vouchers available). However, there is a reason for this: the political elections of 2013 brought a change of administration and consequently of policy priorities. As the scheme was managed directly by the local Government, there was a impact also on the available support.

Lessons from the Concrete Actions

All the four Concrete Actions have demonstrated the validity of the innovation vouchers as a tool for SMEs policy. In most cases, creative suppliers and recipient firms have been really satisfied by this experience. Moreover, the variety of business environments, scheme designs and operations granted a good amount of lessons that have a general validity and that are hereinafter presented

From the discussions with the stakeholders of the Concrete Actions (mainly the scheme managers, but also consultants, beneficiaries, suppliers and other institutional representatives) it emerged that a common framework would be useful to analyzing and compare their experiences. This framework has been called The Innovation Voucher operational lifecycle and consists of seven phases as from Figure 3.

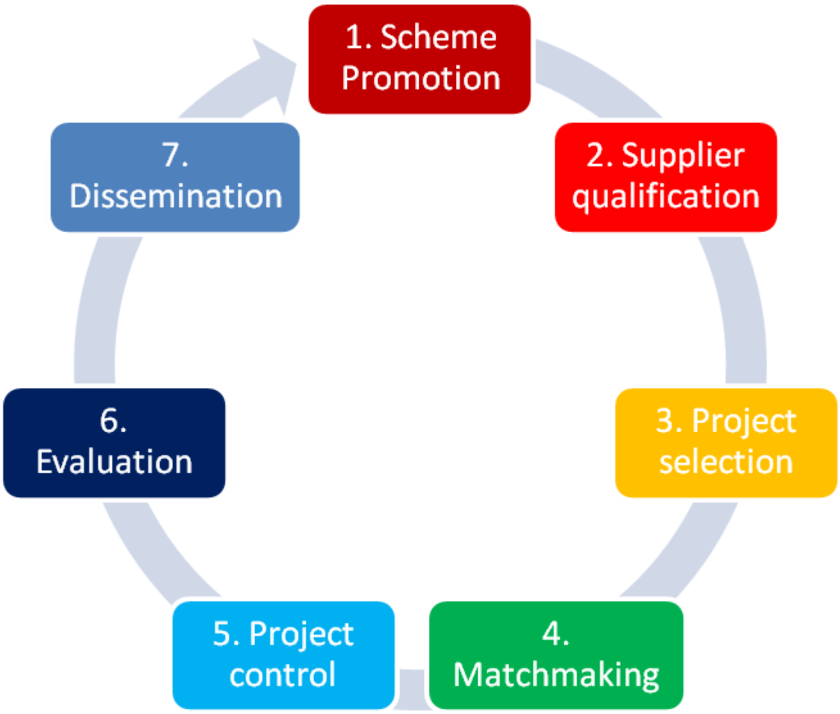

Fig. 3 – The Innovation Voucher operational lifecycle

1. Scheme Promotion

Promotion is necessary to attract a sufficient number of applications (together with the availability of enough vouchers to allow applicants for a reasonable rate of success). However, significant time and investment are required to make the scheme well known. Press articles and advertising, newsletters, social media campaigns, information passed to local clusters and professional associations, but also discovery and match-making should be considered.

It is also important to persuade policy makers about the importance of vouchers and their advantages. They should understand the relevance of the programme for the local economy and the potential to trigger innovation in firms, which should be ensured through accurate preliminary research and benchmarking.

The scheme can be promoted by the managing agency, potential suppliers and/or their associations, trade associations and clusters of potential recipients. Often a collateral effect of these activities is that even firms who do not need a voucher become acquainted with the innovation potential of the CCIs which they can exploit at a later stage. A good practice concerning this phase could be to plan enough communication to make the scheme known and attract a sufficient number of applications. Also suppliers and trade associations could be involved in promotion. Events are also a useful way to promote the scheme.

2. Supplier qualification

Suppliers qualification is a way to select the best available knowledge (at least among those that apply to the scheme). Qualification criteria may include parameters such years of experience, turnover, staff and resources, client list, professional insurances etc. However, criteria should not be too restrictive, otherwise smaller or younger creative businesses would be unduly excluded, no matter their talent. In fact, often creative providers work as independent professionals or in micro-enterprises and their innovation potential is not hampered by their relative inexperience.

Beneficiaries seem to prefer close suppliers, possibly because it is easier for them to assess their value and facilitates the business relationship. Moreover, suppliers are not encouraged to travel long distances when the voucher amount is too small, and even in the case of project funded, a continuation of their relationship may be unlikely. However, the Irish case suggests that in areas where geographic and cultural distances are not so high, there is scope for foreign suppliers. While, the Basque Concrete action shows that foreign suppliers may effectively collaborate with local suppliers with a double positive effect: 1st local suppliers have more competences than the beneficiary to select a suitable foreign partner, 2nd working together with the foreign creative supplier strengthens the competences of the local creative provider.

It is advisable to identify basic selection criteria for supplier qualification and the design mechanisms that enlarge the pool of available knowledge not only in nominal but in actual terms, with the trans-nationality of the suppliers being a real opportunity for both local CCIs and traditional firms.

3. Project selection

There are various ways to allocate vouchers, each one with its pros and cons. Vouchers can be awarded on the basis of a lottery (i.e. randomly to the applicants) as in the case of the Creative Credits scheme, or with a “first come, first served” process or on the evaluation of the project proposal. The rationale for a lottery mechanism is that this would avoid any bias in the characteristics of firms winning the voucher. Moreover, the comparison between firms with vouchers and firms without would provide indication about project additionality.

Lottery mechanisms are relatively easy to manage. Even easier are schemes based on *first come, first served* approaches which offer the additional advantage of giving some sense of merit to the winners. However, with these approaches many good projects can be lost and for this reason, several schemes entail some sort of grid to evaluate innovativeness and quality of the applications. Then a panel of experts can rank the projects against the grid. Sometimes external experts are brought in to guarantee fairness of judgment.

Project selection based on proposal evaluations is lengthier and more costly than the previous methods and may rise the protest of excluded applicants. However, it is likely the best option to foster innovativeness of applications and maximize output additionality (giving preference to more ambitious and exploratory projects). Nonetheless, it is crucial to keep this phase lean and fast (for instance, adopting simple grid evaluations).

4. Matchmaking

Some voucher schemes have a matchmaking phase, others leave the onus of choosing a supplier to the beneficiary. However, SMEs seldom have the competences to identify and assess suitable knowledge providers, and for this reason, most programmes envisage the creation of a supplier’s directory where to list firms and professionals able and willing to work with SMEs. However, this does not guarantees that the business relationship is smooth and effective.

In the 4CNW Concrete Action, the managing agency worked with the applicants to improve their innovation pitch in order to make their needs clearer, shortlist possible vendors based on skills and experiences required and help the beneficiaries to make their final choices. An individual brokerage of this intensity requires obviously a lot of time and competences from the matchmakers, though it produces higher success rate and recipient satisfaction. However it can be less feasible with very large schemes awarding hundreds awards or when creative suppliers can be sourced everywhere.

A good compromise could be to put in place a quick matchmaking process and all suggestions and inputs from the matchmakers could feed a database that may be consulted later on by other applicants. It is also advisable that vouchers are spread among suppliers in order to avoid that sources of innovation are limited and favour behavioral additionality (and also to encourage more potential suppliers to participate). More generally, some recipient co-funding of the project may further motivate beneficiaries to make the most of the voucher opportunity.

5. Project control

The main advantage of voucher schemes is that given the little amount of money involved for each voucher, they are usually simple and fast from the application to the reporting. There may be fraudulent behaviours like beneficiaries getting the money but not spending it, but these are rare and can be easily avoided if the managing agency pays directly the supplier (once the beneficiary is satisfied with the service received). More difficult is to spot cases in which suppliers and beneficiaries decide to split the money without doing any work, but again this seems to be a very marginal phenomenon. More relevant are the cases in which the supplier is not up to the job or the beneficiary is not interested anymore in the project. Here usually the voucher is not paid. Generally, to reduce these risks it is advisable to limit the time available for project completion to few months.

6. Evaluation

All public programmes should be evaluated by an independent body. In the case of vouchers, projects should be already completed in order to have a fair idea of their impact. Surveys and interviews could involve both beneficiaries and suppliers, and possibly also applicants that were not awarded a voucher.

However, the evaluation should assess the whole of the programme rather than individual projects (in particular concerning additionality) and be carried out at a reasonable cost and with little disturb on firms. Moreover, evaluation focus should evolve with the objectives of the programme. This phase could be used to identify successful showcases for dissemination and lines of development for following schemes.

7. Dissemination and follow-up

A good voucher scheme benefits not only those participating to projects but also the other firms that are involved during promotion activities. Indeed, it happens that companies participate to promotion events to look for ideas and possible suppliers, while postponing the implementation of a project at a later stage, no matter whether with a voucher or not.

Dissemination is expensive and it does not make sense if the voucher schemes are not replicated a number of times. Continuity is important to catch the interest of entrepreneurs in the voucher instrument, to convince all stakeholders about the transformative potential of CCIs and to reach the critical mass needed to have a lasting impact on the local economy. For this reason, after a successful pilot project, policy makers should launch multi-round schemes.

While the above discussed comments may be useful to managing agencies and public administrations already familiar with innovation vouchers, policy makers with little or no experience of this instrument may need a more high level advice, which will be proposed in the next section.

Policy recommendations

This section is the result of a mini-Delphi method. Based on the previous part of the report, a number of policy recommendations were proposed to the Concrete Actions in order to evaluate their relevance for policy makers. For each of the Concrete Actions, two-three people have been asked to reply to an online survey through SurveyMonkey. A meeting to evaluate and refine these results was held on the 7th February 2014 in Milano. Participants were the ECIAP Lead and Project Partners, representatives of the CAs, the ECIA spokesperson and regional policy-makers. This is the list of the main recommendations emerged from the discussion:

Policy Recommendations	**Comments**	**Good Practice**
Use vouchers to strengthen both beneficiaries and creative suppliers (included professionals and start-ups) and foster relationships between them in order to support the economy	This is the overarching goal of innovation vouchers, in particular when the creative sector is involved in supplying services. It is important to understand that the transformative power of the creative industries derives from their nature of being able bring in fresh air and for this reason their potential and reach should not be limited	Fad-Ins has obtained very high levels of satisfaction both from voucher beneficiaries and suppliers with the establishment of several fruitful relationships in the region of Catalonia
Innovation voucher schemes should be part of integrated sets of policies to improve competitiveness of SMEs	Support to entrepreneurship, internationalization, clusters, access to finance are example of other building blocks to foster cross-innovation between the creative industries and the other sectors	4CNW which is part of the Irish Creative State North West Initiative to promote cross sectoral integration and which has been based on intensive brokerage. This is in itself a piece of the measures aimed at building capabilities in both suppliers and beneficiaries
Keep voucher processes simple and fast to attract a large number of potential recipients and knowledge providers	Vouchers are light instruments that should be managed “lightly”. This is important also to make the voucher scheme efficient and easily scalable	The Austrian Vinci scheme was successful at regional level for its simplicity. This has allowed it to be enlarged at the national level with an even bigger success
Make communication and promotion investments to raise awareness of economic and political stakeholders on the transformative potential of CCIs	This is necessary to overcome skepticism by politicians and business people and spur indirect effects such as the intention of firms to innovate and the identification of creative suppliers as a source of ideas and solutions	In the Irish 4CNW programme this point has been given much attention, possibly because the managing agency was a local authority with a broad view of the issues at stake
Search for the knowledge wherever it is located and make sure that foreign creative providers collaborate not only with beneficiaries but also with local creative business to maximize spillover and cross-innovation	In a globalised world, talent is everywhere and in order to access the best suppliers it should be sourced also abroad. This causes the positive side effect of strengthening the relationships between different EU regions and hence the market	+Innova Creativity has been able to leverage on local and foreign creative skills building capabilities not only of beneficiaries but also of local creative suppliers

Conclusion: Creative Vouchers are innovation vouchers that work

A number of experiences in several European regions have shown that vouchers are an effective instrument to foster innovation and new business relationships in SMEs. Moreover, pilot projects such as the Concrete Actions have confirmed that the Creative and Cultural Industries can provide very useful knowledge inputs to firms in a wide range of sectors.

These EU-funded schemes have favoured the emersion of a latent demand in the market for creative input to businesses. Our regions host large untapped creative capabilities, therefore schemes of this kind will be essential to better exploit these resources. The transformative potential of creative industries can be fully exploited when they collaborate with firms from other sectors. The Concrete Actions have demonstrated viability and effectiveness of a specific kind of innovation voucher: the Type B, i.e. when CCIs act as suppliers of innovation. We would like to call this instrument a **Creative Voucher** and plea for its wide adoption across Europe.

However, we are not claiming that there is a standard model for these schemes. Accurate preliminary research should be carried out before designing a new programme. As public administrations tend to see the disadvantages of these schemes (in particular they granularity makes them less efficient than bulkier programmes), they should be encouraged to appreciate their potential.

Vouchers have many benefits but limits too, so they should be complemented with other measures. A good policy includes a range of supply and demand side instruments, in particular to mobilize funds for larger innovation projects. Vouchers schemes can vary a lot, so good scheme design is crucial for success, and they are not to be restrained only to creative suppliers. Innovation vouchers may entail scientific, ICT or environmental services. Given the scarce public resources, it is crucial to avoid fragmentation or overlapping of tools and intervention.

Institutional cooperation and coordination is a clear need, both in public-public and public-private local partnerships, but also across different geographical areas, in particular in transnational schemes. Intermediary bodies such as trade associations and cluster organizations may be involved to increase the impact of voucher programmes. The value of these schemes lies not only in the enlarged pool of knowledge, but also because it gives suppliers and beneficiaries an opportunity to collaborate at international level and learn about new markets.

There are trade-offs when trying to reach the best available knowledge. Indeed, given the small size of vouchers and the limited investment potential of SMEs, it may be difficult to attract faraway suppliers. However, the CAs have shown that trans-border collaborations and sourcing of specific expertise abroad are feasible and useful.

Vouchers are key tools of innovation policy also at the project selection level: indeed, priority may be given to the most dynamic companies and ambitious proposals, hoping that they will trigger unexpected results and hence new paths of innovation. On the other hand, there may be situations where vouchers are an opportunity to catch-up for the laggard firms.

Voucher schemes have a significant potential in stimulating spillovers between beneficiaries but also between suppliers and cross-innovation effects between suppliers and beneficiaries. Key factors for scheme success and participants satisfaction are simplicity of procedures, a sufficient number of qualified suppliers, process speed, a number of applications high enough to increase quality of proposals (though quality must be seen as relative rather than in absolute terms), but not so high to discourage applicants. Suppliers committed to promote the scheme and some success stories to share will increase its indirect impact.

To maximize the effectiveness of these initiatives, public authorities should improve internal coordination among departments dealing with culture and those dealing with industry and innovation departments. By adopting a cooperative attitude and shared vision, it is possible to make better use of already existent instruments and develop more effective ways to respond to the needs of CCIs and traditional business. Indeed, especially when introducing a new policy instrument, there are often teething problems where personal commitment of people managing the scheme is necessary to make it work.

Platforms such as the ECIA are useful to share experiences and results and develop general guidelines to design effective voucher schemes. For this reason, it would be advisable to extend their duration through the funding of best practice exchanges for policy-makers and support agencies. Also at the local level there should be continuity, so that they can become well known by companies.

In conclusion, vouchers are tools that public administrations can use to promote innovation, especially when beneficiaries are small companies with limited access to information and funds. In particular, Creative Vouchers are instruments that benefit both suppliers and recipients and can contribute to transform Europe in a knowledge economy. Policy makers should adopt these new instruments and learn how to make the most of them. Hopefully the ECIAP plays a positive role in this.

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Appendix 1 – Links to the CAs
(retrieved on January 2014)

VINCI

Project website: www.**aws**g.at/**vinci**

FAD-INS

Project website: http://fad-ins.cambrabcn.org/?lang=en

4CNW

Project website: http://www.creativestatenorthwest.com/about/article/4cnw

+Innova Creativity

Project website: http://www.eciaplatform.eu/project/innova-creativity

Appendix 2 – Summary table of Concrete Action Voucher Schemes

Voucher scheme	+Innova Creativity	VINCI	4CNW	FAD-Ins
Country	Spain	Austria	Ireland	Spain
Region	Basque Country	Salzburg	Sligo	Catalonia
Lead Partner	Department of Economic Development and Competitiveness, Basque Government	Austria Wirtschaftsservice GmbH	Sligo County Council	Chamber of Commerce of Barcelona
Voucher Amount	max 10000 €	up to 5000€	between 1000 and 5000 €,	3500 € or 5000€
Co-contribution from beneficiaries	25%	not required	50%	30%
Primary goal of the scheme	To foster non-technological innovation in traditional industry sectors and access international markets	To show the relevance of creative services to innovation in traditional SMEs	To build capacity within the local CCIs and retain creative talent that otherwise would leave	To strengthen Catalonian CCIs and increase links among them
Eligible recipients	Local SMEs with 10 or more employees	SMEs based in the region of Salzburg generally active in traditional sectors	local companies of all sizes, though preferably SMEs belonging to Four target sectors: Life Sciences, Agri-Food, Technology and Tourism	local SMEs preferably below 100 employees, operating in Fashion, Audiovisual and Industrial Design
Eligible suppliers	Basque creative firms and professionals in cooperation with foreign providers	Creative providers had to show qualifications of their professional capabilities.	Creative service professionals/ businesses accredited by the scheme	Creative firms with a minimum turnover, experience in innovation with SMEs, with qualified staff to deliver the service
Selection and matchmaking	Projects selected by an internal committee on the basis of an evaluation grid. Local suppliers chosen by the beneficiaries, international providers found by local suppliers	A jury of experts evaluated project innovativeness. Beneficiaries could choose their suppliers by themselves, though there was a matchmaking event to facilitate the contacts	An independent panel of experts selected the most innovative creative challenges and recommended needed skills. Regional Brokers helped beneficiaries to find the best matches.	Selection done internally using an assessment grid. Beneficiaries select their suppliers from the list of qualified creative business (homologated providers)
Results	4 vouchers awarded and completed out of 9 applications	19 projects completed out of 20 vouchers awarded (71 applications)	146 applications, 38 vouchers awarded, 20 projects completed	66 applications received of which 27 were awarded an innovation voucher
Benefits	Beneficiaries are satisfied with the development and results of the project. Local creative suppliers will likely have further business opportunities with the beneficiaries.	Beneficiaries were very satisfied and in most cases declared that they will use again the same suppliers or other creative service providers.	Beneficiaries are generally very satisfied and there are good chances that the creative suppliers will have further business opportunities	High level of satisfaction of all beneficiaries and service providers
Follow-up	N.A.	The scheme has been scaled up to the Austrian national level	The scheme may be expanded to the Irish national level	N.A.

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All mistakes, misunderstandings and omissions remain my own responsibility.

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