

**ACTION PLAN OF  
PROJECT PARTNERS**

**POLICY INSTRUMENT  
“INNOVOUCHER”**

March 2018

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## Annex 1 – Action plan

This Action Plan is a document providing details on how the lessons learnt from the P2L2 project will be implemented in order to improve the Innovouchers policy instrument tackled

within Lithuania. It specifies the nature of the actions to be implemented, their timeframe, the players involved, the costs and funding sources.

### Part I – General information

**Project:** Public Policy Living Lab

**Partner organisation:** MITA (Agency for Science, Innovation and Technology)

**Other partner organisations involved:** MOSTA (Research and Higher Education Monitoring and Analysis Centre)

**Country:** Lithuania

**NUTS2 region:** Lithuania

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### Part II – Policy context

The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

Name of the policy instrument addressed: Innovation Vouchers (further – Innovouchers)

Due to the number of local initiatives and EU support, results showing the development of Lithuanian R&D ecosystem are improving. Yet, it remains moderate in comparison to other EU countries. During the P2L2 project implementation, a thorough analysis of policy instrument “Innovation Vouchers” in Lithuania was executed. It included analysis of case studies of similar instruments in Denmark and Poland and evaluation of participants’ survey results.

Policy instrument “Innovation vouchers” aims to promote innovation in Lithuanian SMEs, encourages business-science cooperation and commercialization of public research results by providing up to 6000 euros financial support for these activities. SMEs can use financial support for buying R&D expertise services or knowledge from research institutions. “Innovation Vouchers” is a greatly valued instrument as it encourages early business innovation, promotes collaboration among private industry players and public research institutions and contributes to

commercialization of innovative products and services.

However, implementation of “Innovation vouchers” is facing number of challenges. These include insufficient funding, short duration of projects, administrative burden, inconsistency of the instrument calls and insufficient amount of services which are eligible to receive funding. Analysis of case studies revealed that implementation practices in Denmark and Poland differ from Lithuania. The amount of funding in these countries depends on the project activities, giving opportunity for bigger projects to also get funded. The administration procedures are also simplified and takes less time comparing to Lithuania. It is planned to implement similar practices in “Innovation Vouchers” in Lithuania as it is expected to help solving challenges that currently this instrument is facing in Lithuania. Action plan is expected to contribute to improving “Innovation Voucher” scheme in Lithuania.

# Part III – Details of the actions envisaged

## ACTION 1

### Increasing the maximum amount of funding available to SME

#### 1. The background

Currently, the maximum financial support provided by the “Innovation Vouchers” (hereinafter – Innovouchers) does not allow to achieve adequate results that are needed to generate sustainable effects of the policy instrument, such as increased productivity of Lithuanian SMEs, increased number of employees and turnover, significantly increased private sector spending on R&D. “Visionary Analytics” carried out a survey in 2017 on behalf of Ministry of Economy of the Republic of Lithuania and interviewed 149 representatives of research institutions (hereinafter – RI) and 513 of SMEs which participated in the instrument. 49% of the SMEs and 78% of the RIs representatives said that the amount of money allocated is appropriate to carry out feasibility studies rather than significant R&D activities. Moreover, due to low funding researchers are not interested in participating in small-scale studies, and results of policy instrument do not generate sustainable effects for SMEs, RIs and the economy.

Lessons learnt from Danish and Polish partners influenced policy change. Danish Inno-Booster instrument invests in knowledge-based innovative projects and, depending on business needs and perspective, provides financial support with up to DKK 5 million (approx. 670 thousand euros). Innovouchers in Poland has similar structure as Denmark – amount of funding highly depends on company’s’ needs with maximum amount of allocated funding being around 92 thousand euros. It has been demonstrated that a higher amount would attract more quality projects with an increased impact following the experience from countries /regions like Denmark, Podkarpackie or Bremen.

The Peer review of Innovouchers conducted as part of P2L2 project, recommended to raise the level of financing to at least 12.000 Euros

#### 2. Action

This action should result in increasing the maximum funding available to SMEs. The ex-

act increase in maximum funding will be determined by assessing prices of R&D services which could be provided by RIs. It is recommended to increase the amount of funding based on activities to be performed during the project, as well as the SMEs experience in R&D. Projects implemented by experienced innovators and containing experimental development activities (TRL 6-9) should receive higher funding. Such funding scheme is expected to create higher incentives for SMEs and researchers to participate in the policy instrument. Higher funding for experimental development activities should also have more solid impact on success of the project and SME, increase the chances of innovative solutions to be developed and introduced to the market. Funding for technical feasibility studies and research activities (TRL 2-5) should be slightly increased. This will support activities aimed at researching the relevance of the problems and it will motivate companies and researches to explore more innovative ideas. Due to implementation of the projects containing experimental development activities, the scale of private investment is expected to increase. Therefore, the indicators for this action are: 1) Increased share of private investments from 35% (baseline) to 40% (target value); 2) Increased share of projects submitted for experimental activities (TRL6,TRL7,TRL8,TRL9) from 32% (baseline) to 40% (target value).

#### 3. Players involved

Ministry of Economy of the Republic of Lithuania – should approve the new funding scheme.

MITA – responsible for implementing the action, informing applicants about the changes. Ministry of Economy in partnership with MITA should also update the application process.

#### 4. Timeframe

Innovouchers in Lithuania works under Operational Programme for EU Structural Funds Investments for 2014-2020. Therefore, running time for new action is 2018-2020.



## 5. Costs (if relevant)

There will be no additional costs as the overall budget of Innovouchers remains the same.

## 6. Funding sources (if relevant)

The funding source for Innovouchers will remain the same as it is currently.

# ACTION 2

## Abolition of the pre-defined list of R&D services which are eligible to be funded

### 7. The background

Currently, if a company wants to participate in Innovouchers, it has to choose a R&D service from a pre-defined list provided by RIs and confirmed by implementing organization (MITA). Although the list of R&D services is quite extensive and constantly expanding (in 2016, 2559 services were available for funding, while in 2012 only – 886), the services are not always relevant to the actual needs of SMEs the instruments are described in a complex manner, that does not add to user-friendly experience regarding the goal-oriented business applicants. Although Innovouchers are aimed to benefit SMEs, current system prevents RIs of tailoring the services to address the challenges of SMEs. Moreover, such list enables applicants to get funding by submitting patterned applications.

During discussions with project partners, we compared the lists of R&D services. We came to conclusion that Lithuanian R&D services list is too long, complicated and required simplification.

### 8. Action

It is recommended to publish a list of service providers and their contact details with a brief description of the range of services they can provide (e.g. biotechnology research for food products) instead of the list of the R&D services. The list should be compiled according to Lithuanian smart specialization priority areas. It is suggested to use the breakdown and descriptions provided here: <http://sumani2020.lt/en/>. Applicants and RIs should be allowed to modify and combine services on demand with the condition that services meet the criteria for smart specialization. It is expected that if detailed list of

services is abandoned, the applying SMEs would be able to acquire specific services that fit the needs of the company instead of standardized services. As a result, this action could lead to the increased interest of SMEs to execute R&D activities. It is also expected that applicants would spend less time when matching the R&D services to their needs and would be preparing higher quality applications. Therefore, the indicator for this action is: success ratio (selected projects vs applications) increases from baseline of 56% to 70%.

### 9. Players involved

Ministry of Economy of the Republic of Lithuania – responsible for approving the action.

MITA, as the implementing organization, should approve the RIs that can provide services under the Innovouchers instrument and execute the action.

RI institutions will have to update their services to comply with smart specialization priority areas and provide this information to Ministry of Economy and MITA.

### 10. Timeframe

Innovouchers in Lithuania works under Operational Programme for EU Structural Funds Investments for 2014-2020. Therefore, running time for new action is 2018-2020.

### 11. Costs (if relevant)

Not relevant.

### 12. Funding sources (if relevant)

Not Relevant.

## ACTION 3

### Improving the process for submitting and evaluating the project application

#### 13. The background

As explained in Action 1, it is planned to increase grants per project for Innovouchers. The additional funding will require a more detailed application form that would enable robust evaluation and quality assessment of future applications, business potential and added value of collaboration between the applicants and RIs.

The current application form for Innovouchers provides insufficient information to accurately evaluate and assess the challenges of the applicants, the research significance of the project activities and compliance with the smart specialization strategy of Lithuania. The application form also lacks more detailed information about the R&D activities to be implemented, the planned project results and possible continuity of collaboration between the applicants and the RIs as well as significance of the project results. Moreover, lack of afore mentioned information in the current application form may stipulate difficulties for evaluator to identify high quality projects and reject project applications which do not create added value for the company, RI and/ Lithuanian business economic strength. Seeking to select projects with the highest potential to create added value, as well as in order to decrease the number of questionable applications, it is recommended to change the current application form by asking project applicant to provide more specific information about the project and its activities.

In Denmark InnoBooster's requirements significantly differ based on the project type and size. Such funding scheme provides the possibility for SMEs to get smaller funding for smaller and urgent projects as well as get support for long-term and expensive research, significantly contributing to company's development. In Podkarpacie region SMEs can also apply for smaller funding which also has simplified application and administration procedures.

Inspiration for this action comes from the Danish project partner. Their application consists of an administrative part, where applicants provide various factual information and statements and create the project budget, and a project description of: the idea, project, compa-

ny, activity plan, market, commercial gains and team. Danish partner remarked that more detailed description of project (activity plan, team, commercial viability) helps to evaluate applications more comprehensively.

#### 14. Action

It is recommended to supplement the accompanying list of documents for the application with an additional Annex. This annex should contain a detailed description of the developed or improved product (including existing challenges, product description, justification of novelty and uniqueness, current and planned TRL after the project is implemented, justification of continuity of project activities). Furthermore, the Annex should contain information on implementation of the project (including description of the project team, justification of choice of service provider - RI, plan of R&D activities (tasks, scientific uncertainties, expected results, target indicators). The Annex could be prepared by the applicant collaborating with the RI. The Annex could be evaluated by three independent experts, rating each Annex's section by from 1 to 5 points. Financing would be granted to the application, which is evaluated above the set threshold. Submission of detailed information in the application and its Annex would encourage applicants to better analyse the problematics related with their project and would help to evaluate their own ability to successfully implement the project and continue R&D activities further. Moreover, if application and its Annex contain more detailed information about the project, the evaluator would be able to make comprehensive evaluation and could recommend to fund projects with higher potential added value. All in all, it is expected that the implementation of this action would result in receiving well-prepared and more challenge-oriented applications, what would lead to more effective public support for SMEs. The indicators for this action are: 1) share of SMEs that received funding through Innovouchers executing other R&D activities (increase from 41% to 50%); 2) success ratio (selected projects vs applications) increases from baseline of 56% to 70%.

### 15. Players involved

Ministry of Economy of the Republic of Lithuania – responsible for approving updated application form.

MITA – responsible for implementing the action, informing applicants about the changes.

### 16. Timeframe

Innovouchers in Lithuania works under Operational Programme for EU Structural Funds Investments for 2014-2020. Therefore, running time for new action is 2018-2020.

### 17. Costs (if relevant)

Due to extended scope of the application (including additional Annex), evaluators would spend more time for evaluating. Thus, the compensation for evaluators should increase proportionally.

### 18. Funding sources (if relevant):

The extra costs will be covered from Technical assistance budget allocated to Innovoucher's policy instrument.

## ACTION 4

### Introducing continuous call for application to participate in Innovouchers

#### 19. The background

Participants face challenges in preparing the applications, because currently the calls are irregular and announced with a short notice before the deadline is set. There is no confirmed call schedule, so the exact date of the call is announced only few months before application can be submitted. Moreover, majority of the projects start at the same time, making it difficult for RIs to execute all projects they are involved with on schedule.

In Denmark, Innobooster application procedure has been adapted to the needs of SMEs establishing an application process on an ongoing basis, SMEs can submit their application when it fits with the company's development plans and only closes for operational reasons from June 1 to August 15 and from December 1 to February 15. From DK we learned that a very large number of applications are received just before the above periods, which increases the processing time (from 1 month). It can therefore be recommendable to promote submission of applications in good time before these periods.

#### 20. Action

The action is focused on introducing a continuous call for applications, so applicants could seek for funding on demand. This would ensure that start-ups have access to this policy instrument at the early stage of company's develop-

ment and application process is better planned. If action is implemented, Innovouchers would be more attractive for SMEs as well as RIs as they could implement projects at different time. Moreover, it is expected that due to continuous call, projects will start at different times, making it easier for RIs to plan their activities. Therefore, the indicator for this action is: smaller share of projects that requires extending the time for the project implementation (from 10% to 5%).

#### 21. Players involved

Ministry of Economy should approve the new structure of the calls for applications.

MITA – responsible for implementing the action, informing applicants about the changes, monitoring the transition process.

#### 22. Timeframe

Innovouchers in Lithuania works under Operational Programme for EU Structural Funds Investments for 2014-2020. Therefore, running time for new action is 2018-2020.

#### 23. Costs (if relevant)

Not relevant.

#### 24. Funding sources (if relevant)

Not relevant.

## ACTION 5

### Lengthening of the duration of projects

#### 25. The background

Currently, the implementation of the projects funded under the Innovouchers scheme is 9 months. Due to such time constraints, some R&D activities cannot be implemented on time. Therefore, companies either do not seek for financial support under Innovouchers, or ask to extend the time for project implementation, or R&D activities are finished after the formal completion of the project. The current duration of the project is also a disadvantage for the RIs, as the approved projects start around the same time and researchers often must work on multiple projects simultaneously. Both, SME representatives and researchers, find the given time period as too short for project implementation.

Experience gained during study visits was very useful. Partners from Denmark presented InnoBooster instrument, which has a maximum project duration of three years, obtaining better impact and performance indicators. DK lessons helped us to decide to extend the duration of Innovouchers projects.

#### 26. Action

Action is aimed to extend the project implementation timeline to 12-18 months. Such timeline would ensure that long-term (time-consuming) and more complex R&D activities can be implemented during the project. Moreover, RIs could plan provision of the R&D services more efficiently and the project activities would not be implemented after the formal completion of the project. Due to the longer duration of the project implementation, the policy instrument would receive higher interest from both SMEs

and RIs. Also, during the project implementation, R&D activities which require more time, are more complex and, thus, created higher added value, could be implemented. Furthermore, it is expected that after implementing the action, fewer requests for extending the project implementation period would be submitted. Therefore, the indicators for this action are: 1) smaller share of projects that requires extending the time for the project implementation (from 10% to 5%); 2) Increased share of projects submitted for experimental activities (TRL6,TRL7,TRL8,TRL9) from 32% (baseline) to 40% (target value).

#### 27. Players involved

Ministry of Economy should approve new action.

MITA is responsible for changing the documents regulating the instrument and implementing the action.

#### 28. Timeframe

Innovouchers in Lithuania works under Operational Programme for EU Structural Funds Investments for 2014-2020. Therefore, running time for new action is 2018-2020.

#### 29. Costs (if relevant)

Not relevant.

#### 30. Funding sources (if relevant)

Not relevant.



## ACTION 6

### **Application submission and administration using Document Management System (DMS) and the computerized information management and supervision system of the EU structural assistance (SFMS)**

#### **31. The background**

The application and administration procedures are not efficient and create administrative burden. Procedures are rigid and time-consuming, required information cannot be submitted in electronic form.

During P2L2 project Document Management System (DMS) and the computerized information management and supervision system of the EU structural assistance (SFMS) was compared with the electronic application system e-grant.dk, which is used in Denmark. This system was developed based on a user survey conducted across all the Danish universities as well as select knowledge institutions and enterprises and received very good results from satisfaction survey.

#### **32. Action**

It is proposed to introduce DMS and SFMS to the application submission and administration process. As a result, applications could be submitted and evaluated online. Furthermore, this will let to adapt administration and payment management procedures to the measures of the global subsidies. In order to minimize the administrative burden during application process comprehensively, the whole process needs to be optimized. It is aimed that online application form would require providing only crucial and most relevant information. Submitting applications and administrating projects through the DMS would take less time. Furthermore, applicants and project promoters would be able to communicate with MITA through DMS. SFMS will ensure effective transfer of applications and related Annexes to the experts – evaluators and

responsible MITA employees. Due to introduction of DMS and SFMS the application, evaluation and project administration procedures are expected to be more effective and less time consuming. Moreover, SMEs would be able to receive the funding quicker. Therefore, the indicators for this action are: 1) Reduced time for reporting on project implementation (from 13,6 h to 6h); 2) Number of processes that became electronic (from 0 to 3, i.e. submission of the application, evaluation, project administration).

#### **33. Players involved**

Ministry of Economy of the Republic of Lithuania – responsible for approving the action.

MITA – responsible for implementing the action, informing applicants about the changes in application and payment management procedures.

#### **34. Timeframe**

Innovouchers in Lithuania works under Operational Programme for EU Structural Funds Investments for 2014-2020. Therefore, running time for new action is 2018-2020.

#### **35. Costs (if relevant)**

Costs will be incurred due to introduction of online application system. Exact costs will be known when the action would be confirmed.

#### **36. Funding sources (if relevant)**

Funding of online application system will be the responsibility of MITA.

## Part IV – Performance indicators

Action	Self-defined performance indicator	Baseline	Target
1	Increased share of private investments	35	40
1, 5	Increased share of projects submitted for experimental activities (TRL6,TRL7,TRL8,TRL9)	32	40
2, 3	Success ratio (selected projects vs applications)	56	70
3	Share of SMEs that received funding through Innovouchers executing other R&D activities	41	50
4, 5	Smaller share of projects that requires extending the time for the project implementation	10	5
6	Reduced time for reporting on project implementation	14	6
6	Number of processes that became electronic	0	3

Date: 2018-03-29

Signature: \_\_\_\_\_

Stamp of the organisation (if available)



