

Context: While the MSME sector is acknowledged and admired for its agility, dynamism, innovativeness, adaptability and maintaining a sustained annual growth of 10%, there is no denial that the potential of this sector to achieve “high economic growth and create more jobs” has not yet been fully realised. Existing mechanisms to support the growth of the SME sector often fail to achieve the desired results in enabling innovation, as they impose pre-designed schematic solutions not matching with more complex real situations and also missing the concrete, actual demand and limitations of the target group. Innovation promotion measures often focus only on technology upgrade and transfer and fail to contribute to the establishment of an innovation eco-system; wherein cooperation and networking between different actors lead to innovation. Therefore, new approaches have to be identified and adopted to tackle the well-known challenges faced by the SME sector in its pursuit of innovation.

Innovation Vouchers The idea of Innovation Vouchers (IV) is not new, however, it approaches the support to SME from a different angle compared to existing mechanisms and tools. Rather than supporting entrepreneurs on a pre-decided areas, the Innovation Voucher concept aims to encourage entrepreneurs to come forward with their own ideas – where they want to innovate and with whom they want to cooperate. A paper, published by the OECD in 2010 on innovation vouchers explains it “as small lines of credit provided by governments to SMEs to purchase services from public knowledge providers with a view to introducing small-scale or incremental innovations (new products, processes or services) in their business operations”. The paper further identified two major impacts of innovation vouchers, both of which overcome major incentive barriers to the usual engagement between SMEs and knowledge providers. While the voucher on the one hand motivates SMEs to approach knowledge providers with their innovation-related problems - something that they might not have done in the absence of such an incentive, the voucher also provides an incentive for public knowledge providers to work with SMEs, although they usually tend to work with bigger corporates.

Workshop : Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Office of DC MSME, Ministry of MSME, Govt. of India are jointly implementing Indo German Bilateral Development Cooperation Project “Innovation promotion in MSME” ; with an objective of “Improved Innovation System – which systematically promotes cooperation between industry, academia & Govt.

With reference to the aim of systematic cooperation between Industry and Academia there are few SME support programmes in India, which fund cooperation between industry and academic institutes. However, those that do support cooperation differ from the IVP in following ways:

- They often have a specific objective outlined and thus provide very little flexibility for SMEs.
- Exploratory stages are normally not funded. Existing support programmes are thus not suitable for enterprise who are looking to fully develop or define their ideas.
- Many existing support programmes mandate the industry to apply jointly with a research partner and are thus not suitable for small enterprises that usually do not know about potential knowledge partner.

*Based on the international experiences and empirical evidences about the utility of this instrument for promoting innovation in SMEs, GIZ together with the Ministry of Micro, Small and Medium Enterprises (MoMSME) is organising an international workshop “**Innovation Voucher: Enabling SMEs to Innovate**”. Objective of the workshop is to understand and analyse the appropriateness, feasibility, schemes structure & implementation mechanism, different approaches, success & risks factors of “Innovation Voucher” – as a support instruments to facilitate innovation in SMEs – from Indian and International experiences.*



International Workshop
Innovation Vouchers: Enabling SMEs to Innovate
24th-25th November 2016, New Delhi



Organizers: Ministry of MSME, GIZ

Supported by: DST, NITI AAYOG

Co – Organizers/ International Knowledge Partners (Tentative): Steinbeis Advisory Centre, University of Cologne, Frankfurt School of Finance & Management

Co – Organizers / National Partners (Tentative): FISME /CII/FICCI others

Target Audience: Policy Makers from MoMSME, DST, DeitY, NITI Aayog, State Govts – Directorate of Industries; national associations and chambers, national and international agencies involved in SME development and Promotion

International Speakers Expected from: Germany, Sweden, Denmark, U.K

Agenda and Structure: This workshop in its first part would explain in some depth the principle of IVP, describe the varieties of embodiment it has found in different countries, as well as analyzing the pros and cons of the various models. The structure of and the experience with the pilot project in India would also be presented, its strong and weaker sides compared with the models applied in other countries and drawing first lessons for the potential future development of a strategy and a scheme for India, identifying needs and possibilities.

Day 1 – Thursday 24th November 2016

Registration starts @ 9:30 am

Inaugural Session (10:00 – 11:00)

- Opening Remarks by GIZ country director / Programme Director
- Innovation and SMEs – Shri S N Tripathi , AS&DC MSME
- Key Note Speech by Shri K K Jalan - Secretary MSME ,
- Industry – Academia Linkages : Connecting the dots by Shri Amitabh Kant , CEO NITI Aayog
- Guest of Honour Shri Kalraj Mishra Hon’ble Minister MSME , Govt Of India
- Vote of Thanks

Networking over Tea /Coffee 11:00 -11:30 AM

Innovation Voucher : Basic Idea and Policy Framework (11:30 – 13:00 PM)

This session would present an overview of innovation supporting tool box used by policy makers, principle of Innovation Voucher programme, varieties found in different countries, pros and cons of the various models, in particular their effect under particular conditions and depending on the economic and political targets under which they were applied.

- **Session Moderation** – Shri Manoj Joshi – Joint Secretary , Ministry of MSME
- **Genesis, Growth and Impact of Innovation Voucher in Germany** - Dr. Werner Bruns – Senior Fellow University of Applied Science (RFH) in Cologne
- **Comparative Assessment of Innovation Voucher Schemes on the wider economy in EU** - Johana Skantze – Volante Research Sweden
- **Importance of Innovation Voucher in the Policy Tool Box** - Ms Maren Richter –Team Leader International Advisory Services- Frankfurt School of finance & Management

Lunch (13:00 -14:00 PM)
<p>IVP Implementation Experience: Learnings from the Practitioners (14:00-16:00 pm)</p> <p><i>This session is expected to introduce different International IVP Models: How do they differ in design, implementation and Impact. Including Experience and Learning from Indian Pilot in Tamil Nadu.</i></p> <ul style="list-style-type: none"> ▪ Session Moderation – Joint Secretary –DST , Govt. of India ▪ Innovation Vouchers Denmark - Mr. Peter H Andersen - Director ▪ Innovation Voucher UK - Dr Ruth Mckernan – Chief Executive Innovate UK ▪ Innovation Voucher Baden-Weerttemberg , Germany - Prof Peter Schafer , BMWI ▪ IVP in Tamilnadu, India - Ms Rajalakshmi -Tanstia FNS & Ms Maren Richter –Team Leader International Advisory Services- Frankfurt School of finance & Management
Tea /Coffee Break (16:00- 16:30 PM)
<p>Success Factors (16:30-17:15)</p> <ul style="list-style-type: none"> ▪ Introducing IVP: Essential Factors to be considered while integrating IVP in policy mix - Dr. Werner Bruns – Senior Fellow University of Applied Science (RFH) in Cologne
End of Day 1

Day 2 – Thursday 25th November 2016	
Parallel Tracks - 3 working group (10:00 – 12:00)	<p><i>Each group has 12-15 members from state govt , 1-2 sme rep , central govt. – facilitated by 1 moderator</i></p> <ul style="list-style-type: none"> ▪ Track 1 – Design and Customize IVP for India ; facilitated by Johana Skantze – Volante Research Sweden ▪ Track 2 - Implementing IVP in India ; facilitated by Dr. Werner Bruns – Senior Fellow University of Applied Science (RFH) in Cologne ▪ Track 3 - “Forget IVP – It won’t work/ applicable to Indian context”; facilitated by an Indian Expert (TBD)
Networking over Tea /Coffee 12:00-12:30 pm	
<p>Plenary Session (12:30 – 13:30)</p> <ul style="list-style-type: none"> ▪ Presentation of results from each group by the Moderator ▪ Session Moderation and Concluding Remarks – Shri S N Tripathi , AS & DC MSME , MoMSME 	
Ends with lunch	

“Innovation Promotion in MSME” project would undertake follow up measures for reaching conclusions about whether it makes sense to develop a uniform model for the whole of India or whether there have to regional differences etc. The final result is expected to be a roadmap for implementation of the IV idea in India; if found appropriate.