

**The Prime Minister's Address at the Opening Conference
“Financial Instruments for Research, Innovation and
Entrepreneurship 2015”**

June 15, at 10:00

Ladies and gentlemen, participants of the conference!

Let me welcome you all in Rīga!

The global economy and society are becoming increasingly dependent on knowledge and the rate of knowledge exchange, on increased efficiency of production and compatibility of new products with market requirements.

Our national economy is becoming increasingly dependent on innovation.

Data of the *Innovation Union Scoreboard 2015* show that, in the period from 2007–2014, the performance of EU innovations has grown by an average 1% a year, and relatively good results were achieved regarding such indicators as human capital, intellectual property, and business investment in R&D.

Innovation is a driving force for economic growth and competitiveness. Innovation starts with a creative and open mind, talents, science, R&D. And it comes to life thanks to entrepreneurs who take risks and let the new ideas see the daylight. In the process of innovation, knowledge is converted into cash, generating marketable, competitive products and services with high added value. However, to create something, you must first make an investment.

An open and creative framework is required in both production and the service sector in its various forms, incl. process, service, product and technology.

Therefore, one of the priorities of Latvia and the whole of Europe is the support for businesses in their efforts to invest in innovation and develop cooperation between industry and the science sector.

Innovation consists of a number of stages. And it requires the interaction among all stages of the innovation system - science and education, business, as well as the financial and legal systems.

Assessing the role of science, it is important that the state supported research activities, first, make a contribution to the implementation of practical research projects. Second, it is important that these projects are demanded on the market.

Therefore a significant role should be assigned to cooperation between business and the science sector. This is the only way to ensure that the scientific and research developments have a commercialization potential and can offer competitive innovative technologies, products or services on the market.

The first Research and Innovation Council that brought together economists, scientists, and the ministers for science and economics met a year ago under my guidance. The Council works to coordinate cross-sectoral cooperation for successful implementation of research, technology development and innovation policy. The Council is a good instrument to discuss current issues and advance smart solutions to facilitate development and competitiveness of Latvia.

One of the priorities of Latvia and the whole of Europe is to support businesses in their efforts to invest in innovation.

And one of the challenges here for business development is access to finance, taking into account the reduction of venture capital investment over the past eight years.

And therefore, the theme of this conference - access to finance for research, innovation and development of small and medium-sized enterprises - is particularly acute. It provides an opportunity to discuss a wide range of financial instruments and programs, and how to achieve the best result through targeted support and joint efforts.

European countries have recognized the small and medium-sized enterprises (SMEs) as a significant player in national development. European economic success largely depends on whether small and medium-sized enterprises will be able to use their growth potential. Over the last five years, SMEs have provided more than half of the total value added in the EU economy and have provided 80% of all new jobs in Europe.

A number of important initiatives have been launched at the EU level that will significantly improve the investment environment, will allow improvement of quality of the public investment, as well as to attract more investment of the private sector.

Within the framework of current financial instruments, it is essential to provide small and medium sized enterprises in all Member States with access to financial resources. Therefore, we call on the European Commission to ensure that, within the framework of programs “Horizon 2020” and COSME (“Competitiveness of Enterprises and Small and Medium-sized Enterprises”), the support in form of financial instruments is available with a balanced geographical coverage.

Today, within the framework of the conference, an agreement will be signed between the European Commission and the European Investment

Bank on new financial instruments under the EU Framework Programme for Research and Innovation "Horizon 2020".

I am delighted with the intention to improve the access to finance for entrepreneurs within the framework of "Horizon 2020" that is considerably burdened by the cautious lending policy of banks.

The Latvian Presidency has done an enormous job and has reached an agreement between the EU institutions and Member States on the legal framework for the establishment of the European Fund for Strategic Investment. Thus, the implementation of the Investment Plan for Europe will be launched in the coming months. This will stimulate investment for growth and job creation.

At the same time, the steps are being taken towards the establishment of the Capital Markets Union in 28 EU Member States that will reduce the fragmentation of financial markets, diversify the funding sources, facilitate cross-border capital flow and improve access to finance for entrepreneurship.

Ladies and gentlemen,
A few words about creative industries.

Creative industries have become a significant component of a knowledge-based economy. They provide the basis for national identity and cultural diversity. However, the creative industries, while at crossroads of art, business and technology industries, also serve as catalysts for innovation creation and transfer to other industries. Therefore, we should think about ways to ensure and strengthen a favorable ecosystem that would contribute to creative industries.

As regards innovation, we cannot forget the need to introduce new solutions to the public sector. The funding allocated to public

administration is decreasing, while the public demand for high-quality and affordable services increases. Consequently, the public administration needs to offer innovative management solutions to adapt to the 21st century requirements and to reduce the administrative burden, as well as to offer innovations for economic growth.

The government's task is to work in close cooperation with scientists, entrepreneurs and investors to ensure that investment in research and development, commercialization of science and technology transfer would result in growth of productivity and prosperity. At the same time, we have to think about a business-friendly environment, protection of intellectual property and provision of access to external markets.

Dear participants of the conference,

May your days in Rīga be rich in creative ideas and inspiring discussions!