

Abstract

Subsidization of knowledge centers for the promotion of innovation

The Court of Audit examined how subsidies to knowledge centers responsible for fostering innovation in the Flemish Region were working as an instrument. It concluded that the introduction of a policy frame for knowledge centers increased a transparent access to the support measures for innovative initiatives. This transparent access, however, was not yet fully warranted because, among others, of the maintenance of an ad-hoc funding. Moreover the present monitoring system with covenants and management contracts has been no sufficient guarantee for an efficient steering, follow-up and communication of the policy instrument. The Court considered that the knowledge center instrument needed further fine-tuning and the existing regulated funding channels had all to be adjusted to this instrument.

Policy frame

The Flemish Region grants subsidies to many knowledge centers in the policy domain Economy, Science and Innovation. In 2006 it accounted for about 133 million EUR. The term *knowledge center* emerged when on 22 July 2005 a policy frame was introduced for providing *support to knowledge centers for innovative projects*. The policy frame was designed to bridle the previously uncontrolled proliferation of assisted innovative project initiatives. It broke down the existing and future initiatives into two categories of knowledge centers: the competence pillars and the strategic research centers.

Access to subsidization

The policy frame resulted in a drastic increase in a transparent access to the subsidies instrument knowledge centers, but guarantees are not complete. And as a result the distinction between both types of knowledge centers turned out to be insufficiently delineated and the policy frame sometimes referred to a remaining inadequate regulation. Moreover several adjustments and thus the implementation of the policy frame were still in the offing. Although the former system of ad hoc funding remained only possible in exceptional cases for the new competence pillars, it was still regularly used. Besides, in the motivation for the subsidy of the present and future initiatives there was never any matching with other, possibly worthwhile projects.

Funding

In the future the funding of the competence pillars will be channeled through the existing usual support measures but some of them still need adjustments. In practice the funding was scattered among various budget headings. It was therefore difficult to find out how much support aid the competence pillars received in total. Moreover the choice of a specific funding channel was hardly motivated in content and the difference in subsidy allowance per knowledge center was still based on past habits rather than on the cost price of the performance of the centers to achieve their objectives.

Monitoring and follow-up

The policy frame was designed to provide knowledge centers with covenants or management contracts. The existing contracts did not meet all conditions to work as efficient monitoring and follow-up instruments. As a matter of fact there

was neither a uniform regulation for the basic aspects of these contracts nor for the follow-up and evaluation obligations.

Moreover effect indicators seemed hardly to be used and goals were sometimes rarely verifiable. A central service for overseeing all knowledge centers was missing. The knowledge of files was spread among various IWT-Vlaanderen staff members (competence pillars) and the department Economy, Science and Innovation (strategic research centers).

Information transfer to the Flemish Parliament

Most available information relating to the competence pillars (including the new policy frame) was theoretical and did not allow any proper general assessment of this instrument. The terminology used was often hardly accessible and was confusing. In the budget, the funding of the competence pillars lacked transparency.

Minister's response

The minister answered that she subscribed the Court's conclusions and recommendations. She added that she intended to push forward the implementation of the policy frame regarding knowledge centers and avoid ad-hoc initiatives as much as possible.