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Regional Policy

Conference proceedings

Regions for economic change

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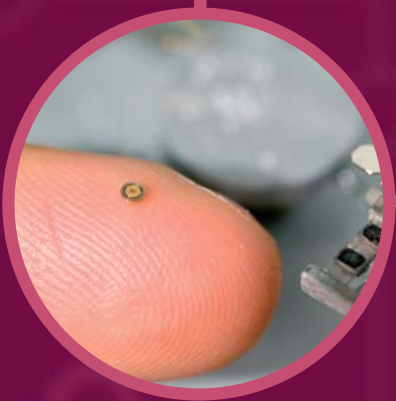

Innovating through EU Regional Policy

12 – 13 June 2006

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Regions for Economic Change: Innovating through EU Regional Policy

Brussels, 12-13 June 2006

Background

The purpose of this conference – the first of a series of conferences organized by DG REGIO on regions and economic change – was to give interested parties, particularly Structural Funds Managing Authorities, insight into successful strategies and practices for "improving knowledge and innovation for growth", as recommended by the Community Strategic Guidelines for Cohesion Policy for 2007-2013. Debate and conclusions of the conference were intended to enrich Structural Funds programmes, particularly those being prepared for the period 2007-2013, as regions adapt to the conditions of the global economy, where competitiveness depends on the capacity to create new value-added goods and services. Effective investment in research, technological development and innovation on the basis of a sound regional innovation strategy is critical to this.

In the current programming period (2000-2006) EU regional policy provides the framework for a considerable amount of support to research and innovation. First, there is the direct support from the EU Structural Funds, principally the European Regional Development Fund, for investment in research, technological development and innovation, which now amounts to €10.6 billion. This support covers measures for technology transfer, research projects in public research organizations and research and innovation infrastructure, plus training for researchers. However, the Structural Funds have also provided indirect support through the "innovative actions" programmes, which enable regional authorities to develop or adapt regional innovation strategies and experiment with innovative approaches and actions, and the ERIK – European Regions Knowledge-based Innovation – Network. The results of the innovative actions feed back into mainstream Structural Funds programmes, further improving the quality of the support they provide for innovation.

Significant though the current level of support for innovation now is, it needs to be stepped up to address the economic and social disparities arising from processes of economic adaptation and the enlargement of the EU and to reinforce the competitiveness of the EU economy as a whole. Research and innovation activity tends to be highly concentrated, often in capital regions. Such concentration both risks exacerbating existing economic and social disparities within

the EU and undermines Europe's economic performance with regard to its global competitors.

In order to address these issues and ensure that the considerable support for innovation which is available through EU regional policy is used to its full potential, the conference focused on examining best practices as regards fostering knowledge transfer, innovation and clusters, with particular attention to those strategies and projects which have succeeded in less prosperous regions.

The one-and-a-half day event was based around three sessions of workshops bringing together policy makers, expert advisers and practitioners. Alongside the conference, to facilitate the opportunities for informal discussion and networking, there was an exhibition of innovative projects from across the EU, stands with information on relevant Community programmes, such as those for research and innovation, and advisory booths on clustering and venture capital where participants could receive individual advice from experts in the field.

Conference programme

The conference was opened by Ms Danuta Hübner, Member of the European Commission responsible for Regional Policy. The first keynote address was given by Mr José Manuel Barroso, President of the European Commission, who set out the strategic context for the EU's Lisbon strategy and its policies on innovation and cohesion, emphasizing the steps

the Commission had taken to achieve results on the growth and jobs agenda. He shared with participants his perspective on the part that cohesion policy played in this, stating that «a successful cohesion policy is not just about solidarity for solidarity's sake. It has tangible economic benefits for the whole of the EU, responds directly to the concerns of our citizens and therefore contributes to the political success of the whole EU project.» Ms Hübner took up these points in her keynote speech, highlighting both the reasons why innovation was central to competitiveness and why the regional level was ideally placed to foster innovation and growth, explaining that «it is more and more evident that growth strategies run from the centre are not sufficient anymore: to be effective, they must be integrated with tailored local and regional strategies». She also emphasized the innovative nature of regional policy, explaining why its unique partnership approach, its role in improving the management of major public investment programmes, and its support for experimentation meant that «EU regional policy goes well beyond funding. It is also about strategic reflection on the future of local and regional economies. It is a way of doing things.»

Mr Günter Verheugen, Vice-President of the European Commission and Commissioner responsible for Enterprise and Industry opened the afternoon session of the conference. He stressed that regions play a leading role in creating favourable conditions for innovation and indicated that the new Competitiveness and Innovation Programme would both provide a framework for promoting co-operation between regions and have an important leverage effect on fostering innovation. In the afternoon plenary session, Ms Françoise Le Bail, Deputy Director-General of the Commission's DG Enterprise and Industry, presented analysis and conclusions on «benchmarking regional innovation performance: results and future perspectives». She set out the findings from the current European Innovation Scoreboard and pointed to the further work which would be done to develop a Regional Innovation Scoreboard and a European cluster map providing a full statistical analysis of clusters in Europe. The first day was concluded by a keynote speech from Mr Vladimír Špidla, Commissioner for Employment, Social Affairs and Equal Opportunities, who stressed not only the centrality of human resources to the capacity to innovate but also that innovation was also a matter of how social questions were addressed.

Whilst the plenary sessions served to present the Commission's perspective on policies, the three workshop sessions engaged with specific themes, designed to cover the main issues a regional authority might face in fostering innovation. The workshop sessions began with how to create the right environment for innovation, looking at the role of public authorities in managing innovation and experimentation, the role of public authorities in nurturing clusters, and the setting up of innovation infrastructure and support services. The second workshop session examined how to strengthen collaboration between public and private stakeholders, focusing on mobilising and sustaining private investment, developing partnerships between research institutions and businesses and the handling of intellectual property. The final session addressed the question of partnerships and synergies from three different angles: knowledge transfer between different types of partners, trans-regional research and innovation projects and combining national and Community funding. Each of the workshops combined theoretical analysis and overviews with examples of good practice in innovation, largely projects supported through Structural Funds programmes. A feature of the workshops was the range of perspectives presented, with panellists and participants from Structural Fund Managing Authorities and other public authorities, national and regional innovation agencies and technology institutes, the academic community, business people and business support managers,

intellectual property specialists, as well as representatives of financial institutions, non-governmental organizations and the Commission services. Demonstrating that good approaches to fostering innovation can be found in many different types of regions, speakers came from regions across the EU, as well as from the OECD, the EFTA countries and the US. Synthetic reports on each workshop are set out on the following pages.

The conference concluded with a plenary session addressed by Mr José Antonio Zamora, Director General of Community Funds at Spain's Ministerio de Hacienda, and Mr Graham Meadows, Director General of DG Regional Policy. Mr Zamora presented the Spanish authorities' conclusions from their

experience of using the Structural Funds to support research and innovation and set out the perspectives for increased investment in the next programming period. He highlighted the need for sound investment strategies, not simply increased expenditure, and the need to develop systems which were adequate to the greater challenge of managing innovation measures. Mr Meadows presented an initial summary of conference conclusions, focusing on the close link between innovation and competitiveness, the role which public authorities could play in fostering innovation through the Structural Funds' programmes and the importance of building bridges between the public sector and business.

Conclusion

In all, the conference, which was attended by around 600 people from almost 30 countries, was well received by stakeholders. It provided an international forum for the transfer of knowledge and know-how about innovation and how to use EU regional policy to support it. There was a strong consensus about the importance of regions and regional policy in fostering innovation. The ultimate test of the conference is however yet to come. As Ms Hübner stated in her keynote address, despite regional policy's considerable role in supporting innovation in the current programming period, «the key question for all of us with a stake in the next generation of cohesion policy programmes is how to build on what's been achieved and go even further.» The final success of the conference will therefore depend on the extent to which the next generation of Structural Funds programmes take up and implement the material presented and address the recommendations on "improving knowledge and innovation for growth" set out in the "Community Strategic Guidelines on Cohesion Policy in Support of Growth and Jobs, 2007-2013". The Commission services will fully support national and regional authorities in their efforts to do this and thus to use EU regional policy to its maximum potential.

MANAGING INNOVATION AND EXPERIMENTATION

12 JUNE 2006

CHAIRWOMAN: MS NATALIJA KAZLAUSKIENE, DIRECTOR, DG REGIONAL POLICY, EUROPEAN COMMISSION

SPEAKERS: DR LYNN MARTIN, UNIVERSITY OF CENTRAL ENGLAND, UK
MR FRANZ SCHÖPFF, DIRECTOR, INNOVATION OFFICE, BOLZANO, ITALY
MR LAURI HIETANIEMI, PROJECT MANAGER, GREEN NET FINLAND, FINLAND

RAPPORTEUR: DR MIKEL LANDABASO, DG REGIONAL POLICY, EUROPEAN COMMISSION

Introduction

Workshop 1A was one of three workshops in the session on «creating the right environment». It focused on the role of regional authorities in managing innovation and experimentation.

Managing innovation promotion policies has become a major issue in current regional policy debate following increased attention to the inter-regional technology gap as a source of regional disparities in Europe and the new political impetus stemming from the revised Lisbon strategy. This workshop explored the role which regional authorities can play in this context, including the need for policy experimentation in order to identify new policy avenues in this area.

Lauri Hietaniemi and Natalija Kazlauskiene

Debate

Mrs Natalija Kazlauskiene, Director responsible for «Thematic Development, Impact, Evaluation and Innovative Actions» at the Directorate General for Regional Policy, chaired the workshop and set out the policy framework for the ensuing presentations. The keynote speaker Dr Lynn Martin, Director of Entrepreneurship and Innovation at the University of Central England reflected on the conditions for the creation of regional innovative capacity based on recent policy experiences in the region of the West Midlands (UK).

Dr Martin stressed the importance of «soft factors» and regional context in building regional innovative capacity. She referred in particular to the importance of entrepreneurial culture, including attitudes to innovation and risk-taking by the public and private sectors, social capital and the quality of institutions (including leadership, networking and vision) in order to establish a so-called «learning region»: a region which efficiently generates, disseminates and uses knowledge for economic development. She also underlined the economic relevance of a region's image in a global context, including the availability of flexible finance, low bureaucracy and attractiveness for new talent. She concluded that regional governments should recognize the complexity of the innovation process in order to identify the right policy mix between «soft» and «hard» factors (e.g. technology infrastructures), and include all forms of innovation and stages of the innovation process.

Two good practice projects were presented by Mr Franz Schöpff, Director of the Innovation Office of the Autonomous Province of Bolzano, who focused on cluster development in the South Tirol – Alto Adige region (Italy), and Mr Lauri Hietaniemi, Project Manager from Green Net (Finland), who explained his experience with the South Finland Innovative Actions Programme «InnoElli» in developing environmental mini-clusters.

Mr Schöpff described the CAN project of the South Tirol region and the economic results achieved through the four clusters developed. He thought that this innovative actions programme had been very successful in spurring innovation in the region thanks to the 300 companies involved in 40 cooperation projects and increased private partnerships with research and development (R&D)

institutes. Moreover, he underlined the political success achieved in terms of the definition of clusters in law, the creation of a new department on innovation and R&D and of a new financial tool for cluster development. He concluded that the opportunity given to his regional government to experiment through the innovative actions programme had unique advantages such as the possibility of risk-taking by the public sector, flexibility and long-term orientation, the exploitation of endogenous capacities and the strengthening of networking among key regional economic players.

Franz Shöpff

Mr Lauri Hietaniemi explained how he had achieved a strong public-private partnership in the Finnish environmental technology and services area through an innovative actions programme largely based on the setting-up of five mini clusters involving over 50 local companies in this promising new field. He showed that one of the key interests of this programme was the practical translation of the latest cluster theory into projects on the ground. Moreover, he insisted that this programme had shown concretely the benefits of working together across regional borders on the basis of a strong partnership between private, public and the research and technological development (RTD) communities.

Four main issues were raised by the chair and from the floor during discussion. The first revolved around the need for institutional change in the public sector to manage innovation. It was asked whether, in order to promote innovation efficiently, it was first necessary for the public sector itself to become more innovative and experimental in its planning and implementation approaches, thus shifting away from traditional policy-making methods adapted to more traditional forms of regional policy like infrastructure development or investment attraction. The following question was also raised: given that entrepreneurial capacities are embedded in the business culture of a region, which itself is largely historically determined, to what extent the public sector can effectively influence them?

The second issue raised in debate was the relevance of cluster policy as a cost-efficient policy tool for promoting regional innovation and what the role of public authorities should be in the funding and operation of clusters. Mr Simone Sorbi from the region of Emilia Romania highlighted the importance of clusters as instruments to obtain critical mass for collaboration among companies, thus helping to overcome the problem of firm size in generating innovation. He also stressed the need for synergies within each of the clusters' companies and for giving priority to building up human capital.

Thirdly, the need was discussed to mainstream small-scale pilot actions such as successful regional programmes of innovative actions, like the two case studies, into the main Operational Programmes of the Structural Funds and the difficulties encountered in doing so.

Conclusions

One of the major benefits and aspects of value-added attributable to the Structural Funds in the area of innovation promotion is improved strategic thinking amongst regional actors, notably in the form of increased networking and collaboration between the public sector, the private sector and the knowledge base, including universities, technology centres, etc. The three case studies presented in this workshop demonstrate that the most efficient programmes in the promotion of regional innovation are those which were developed and supervised by strong regional partnerships, often using Structural Funds experimental instruments such as Innovative Actions Programmes.

Lynn Martin

This is critically important since regional innovation is understood as the result of complex and interactive processes, not simply a «linear» uni-directional process from R&D to the market, including the ability of regional authorities to establish a business environment which facilitates the connection of business to complementary knowledge from other companies and from research, technological development and innovation organisations.

In this sense, it follows from the presentations and the ensuing discussion that regional policy- making in the field of innovation should evolve from a «technology-push» perspective largely based on support to research, technological development and innovation (RTDI) physical infrastructure and equipment towards a «demand-pull» approach supporting more «intangible» investments in the areas of innovation management, entrepreneurship, technology forecasting and auditing in firms, especially in SMEs, access to advanced business services (quality, design etc.), university-enterprise technology transfer etc..

Mikel Landabaso

Clusters, understood as geographically concentrated interdependent companies which exploit complementarities that often generate economic externalities (e.g. R&D centres, financial institutions and specialized training organisations which serve firms in the cluster, enable productivity growth and attract further RTDI investment and personnel) and accelerate business innovation, are a particularly interesting instrument in the latter approach. In this respect, the two case studies presented in this workshop are good examples of how cluster policies can contribute to regional innovation. The promotion of a risk-taking entrepreneurial culture is clearly another area which should be an integral part of the new regional policy approach.

Another critically important lesson is the need to provide public authorities with a framework for policy experimentation, i.e. the possibility to take risks in exploring new innovation policy avenues based on strong public and private partnerships which allow each region to find a policy mix adapted to its particular socio-economic and institutional conditions. Policy learning through inter-regional exchanges of good practice is seen as an important source of knowledge to improve policy making and one in which European regional policy can play a key role.

This workshop's presentations and discussions lead to the conclusion that the role of regional authorities in managing innovation and experimentation is one of providing the leadership and vision which promote public-private partnerships and co-operation networks among key regional players. This means that regional authorities should act as «brokers» and «catalysts» who understand the systemic nature of the innovation process and pay due attention to the soft and hard factors underpinning a region's innovation capacities, particularly as regards cluster building and the promotion of entrepreneurship.

NURTURING LOCAL AND REGIONAL CLUSTERS: THE ROLE OF THE PUBLIC AUTHORITIES

12 JUNE 2006

CHAIRMAN: MR JEAN-CHARLES LEYGUES, DEPUTY DIRECTOR-GENERAL, DG REGIONAL POLICY, EC

SPEAKERS: DR ZBIGNIEW BOCHNIARZ, UNIVERSITY OF MINNESOTA, USA
DR KARIN MARKIDES, DEPUTY DIRECTOR-GENERAL, VINNOVA, SWEDEN
DR MARTIN HENNICKE, MINISTRY OF ECONOMIC AFFAIRS, NORDRHEIN-WESTFALEN, GERMANY
MR MAREK DARECKI, PRESIDENT OF THE BOARD, CENTRAL EUROPEAN AVIATION VALLEY, RZESZOW, POLAND

RAPPORTEUR: MS LUISA SANCHES, DG REGIONAL POLICY, EC

Introduction

Clusters, which Porter introduced to the policy arena in the 80s as a key issue for competitiveness and innovative growth, are seen as a key component of industrial policies. The workshop centred on if and when public intervention is useful for cluster development. The speakers described different cluster policies in more and least developed regions, focusing debate on the roles played by public authorities in cluster development, the organisational structures and methods devised to implement this and, finally, which aspects of experience could be transposed between countries and regions.

Debate

Two key speakers began by taking participants through the theory and its application. The first keynote speaker, Professor Zbigniew Bochniarz, Director of the Hubert H. Humphrey Institute's Center for Nations in Transition at the University of Minnesota, started the session by setting out the fundamentals of the concept of a cluster and its relevance for regional policy. He presented a comparative analysis of several 'innovation models' implemented by European countries and groups of countries, compared factors in their relative success and examined impacts on competition, productivity, innovation growth and business start-ups before drawing a series of recommendations to the Commission.

Dr Karin Markides, the Deputy Director General of the Swedish Governmental Agency for Innovation Systems (VINNOVA), presented the main features of the Swedish National Innovation System. Sweden has developed its innovation system in the context of an open and highly international economy characterized by strong private investment in R&D dominated by multi-national companies and, to a much smaller degree, public investment led by universities which are obliged to co-operate with companies and civil society.

Dr Markides explained that cluster policy in the Baltic Sea region, which is focused on a knowledge-based economy and informed by an awareness of the non-linearity of the innovation process, is highly dynamic and covers activities from the traditional (e.g. forest and fishing products) to high-tech (e.g. fibre optic, biotech etc.) activities. A key feature of success is the provision of sector-specific and long-term financial support in the form of seed capital to stimulate R&D investment in SMEs. The aim is to build up a significant mass of SMEs which strive for international competitiveness whilst remaining rooted in the local territory, interacting with universities and public research institutes and building networks and clusters. Dr Markides concluded that cluster

Jean-Charles Leygues

development requires a long-term strategy, based on the involvement from the start of private companies, the creation of a brand, and iterative strategic evaluations.

The workshop then turned to examples of good practice. The first was presented by Dr Martin Hennicke, Head of the Managing Authority of the Ministry of Economic Affairs, Small Businesses and Energy of North Rhein-Westphalia

(NRW), Germany, who spoke on the topic of 'Innovation Management under the Structural Funds in NRW – Today and in the Future'. Mr Hennicke's presentation focused on the drivers and main characteristics of the innovation strategy implemented in NRW, which is the largest industrial region in Europe and whose economy was in the past based on the coal and steel industries. He explained that innovation strategy in NRW is seen as an integrated approach with four components: innovation processes in specific fields of excellence with a strong technological orientation, regional fields of competence with potential for development, private investment in R&D and high-tech and knowledge-based start-ups. Several initiative centres offer a wide range of promotional activities: joint R&D projects, cluster management, setting up of centres of excellence, broadening skills, developing knowledge-based services, transfer of knowledge, marketing strategies, etc.

Zbigniew Bochniarz

Dr Hennicke explained that an important feature of the strategy is the launching by public authorities of competitions targeted at internationally-driven innovations in order to provide multi-annual support to the development of firms which are competitive in inter-regional and international terms. Competitors must demonstrate how their projects fit into a comprehensive development strategy.

A second example of good practice – the 'Aviation Valley – Polish innovative cluster' was presented by Mr Marek Darecki, President of the Board of the Central European Aviation Valley, WSK Rzeszow. Rzeszow is located in the Southeast of Poland. It is the poorest region in the EU with an average per capita GDP of 33 and unemployment rate of 18%. Though the area is mainly agricultural, a significant concentration of the aerospace industry began to develop there some 70 years ago. With the introduction of the free market in Poland and the privatisation and restructuring of the aerospace industry, effective leadership based on regional stakeholders enabled the creation of the 'Aviation Valley'. The strengths of the region encompass a cost-effective environment, a strong work ethic and a University of Technology with an Aerospace Engineering Faculty. An existing international airport and the construction of a highway that will link the region to Western Poland and Germany, together with a clean environment, are other assets that provide a basis for attracting and retaining highly-skilled workers. The cluster has now 53 members, employs 16 000 workers and has a turnover of 550 million dollars. International recognition has been established through an efficient international marketing campaign. Resources from mainstream Structural Funds programmes and from one INTERREG project have been used in synergy to support this cluster, as well as a US technology investment fund. The cluster's main future objectives are to develop a low-cost supply chain, attract new investors, reinforce co-operation with academia, and develop relationships with other European aerospace centres.

Subsequent discussion focused on the conditions for cluster development in regions which are lagging behind, what type of training on innovation should be provided to public officials and how it is possible to ensure that companies used to competing co-operate for a common purpose. The speakers' responses to these questions are contained in the following conclusions.

Conclusions

Three main sets of conclusions could be drawn from workshop, relating to governance, the efficiency of public policies and the role of social capital.

First, in terms of governance, it was concluded that national and regional authorities must play a catalytic role, particularly when regions are lagging behind or are suffering structural problems, but also the European Commission must have an active role in the area of cluster policy. At **regional level** work to support clusters must be based on an in-depth analysis of regional potentials and value-added structures. The functional structure of the value-added chain, the institutional environment, existing infrastructure, the cluster's incorporation into the region and competitive strength are amongst the factors which must be assessed on an iterative basis, applying previously fixed criteria.

At **national level** responsibilities should encompass the identification of emerging clusters, assessing appropriate assistance and co-ordinating support from different sources; informing all stakeholders on the cluster approach as opposed to traditional industrial policy; facilitating networking and partnership dialogue between cluster participants;

Karin Markides

encouraging private public partnerships, matching resources for common projects and mobilizing venture capital.

At **European Union level**, the Commission should focus on the need for a cluster policy; establish effective co-ordination amongst funding instruments, mainly the Structural Funds, the Competitiveness and Innovation Programme and the 7th RTD Framework Programme; support effective partnerships for the design of strategies; support capacity building within regional administrations and training on clusters for them and other relevant stakeholders.

Second, the workshop concluded that, in order to be efficient, public policies on clusters need to do the following:

- provide proactive capacities for local, regional and national innovation systems
- develop unique strongholds from bottom-up processes
- bind in stakeholders and keep dynamics going
- build attractive functional regions up to critical mass
- provide seed capital with long-term and sector-specific knowledge
- make infrastructures into meeting places and drivers of change
- use the international scene to make globalisation an opportunity and not a threat
- address the long term
- gather significant financial resources

The third and final conclusion to emerge from the workshop was the importance of social capital, meaning that successful cluster development requires three elements: strong leadership with vision, passion and execution skills; the integration of business, local authorities and education systems behind a common purpose and the development of relations between all stakeholders which are based on respect, loyalty and trust.

SETTING UP INNOVATION INFRASTRUCTURE AND INNOVATION SUPPORT SERVICES

12 JUNE 2006

CHAIRMAN:	MR JOSE PALMA ANDRES, DIRECTOR, DG REGIONAL POLICY, EUROPEAN COMMISSION
SPEAKERS:	PROFESSOR PETER HEYDEBRECK, CEO, INNO A.G. GERMANY MR FABRIZIO CONICELLA, BUSINESS DEVELOPMENT MANAGER, BIOINDUSTRY PARK DEL CANAVESE, PIEDMONT, ITALY DR GERT-JAN EUVERINK, DEPUTY DIRECTOR, WETSUS RESEARCH INSTITUTE, NETHERLANDS
RAPPORTEUR:	MR JORDI TORREBADELLA, DG REGIONAL POLICY, EUROPEAN COMMISSION

Introduction

The main aim of this workshop was to examine the range of facilities and services needed to support innovation. The questions addressed included the main factors underlying success stories, the role of sound, long-term strategies in consolidating innovative projects, the key elements for attracting private investment and how to make best use of the material resources and knowledge of all stakeholders.

Debate

Professor Peter Heydebreck, founding partner and Managing Director of the Inno Group (Germany) and expert in innovation policy and management, gave the workshop's introductory presentation. He emphasized the evolution experienced by innovation policy, which can be a key driver of economic growth provided it satisfies a number of quality criteria and meets companies' needs, which tend to be more extensive amongst innovative companies. Professor Heydebreck stressed the importance of well designed and implemented innovative strategies, concluding that there is no ideal model to be followed everywhere, but a range of attitudes and qualitative factors which should be pursued and adapted on a case-by-case basis.

Mr Fabrizio Conicella, Business Development Manager of the Bioindustry Park del Canavese in Piedmont, Italy, presented the main features of this science and technology park as an example of good practice. Supported by the ERDF since 1995, the park's mission is to promote and develop biotechnological research by hosting enterprises who want to set up research and pilot production in the chemical, pharmaceutical, diagnostic, veterinary, food, cosmetic, bio-engineering and information science fields. The park's main activities are the attraction and settlement of life science companies, the provision of general and customized services, technology transfer, R&D and support for start-up firms. The business model is based on a public-private partnership, where public investment (concentrated mainly in infrastructures and technology transfer activities) is a key lever for attracting private capital. As a consequence, the park is financially self-sustaining.

Peter Heydebreck

Dr Gert-Jan Euverink, Deputy Director of Research of the Wetsus Institute in the Netherlands, presented a second example of best practice. Wetsus, set up in 2003, is a centre for sustainable water technology which intends to develop new water technology, in particular by bridging the gap between bio-technology and separation technology and between drinking water and waste water. Its aim is not only to be a national incubator for water technology start-ups but to become an internationally acknowledged 'hot spot' in this field. In the framework of co-operation agreements, the institute hosts PhD students and post-doctoral researchers from universities collaborating on a multi-disciplinary basis. Industrial partners are involved both in research activities and in funding and they benefit from priority access to the intellectual property rights generated by research. The local and regional governments play an important role as catalysts in the process. The institute, which is still growing, has already become a reference in the region for attracting both highly educated people and firms.

Debate focused on six questions. First, whether it was possible to set up the type of project presented from scratch or not.

Mr Conicella replied that that the most important element was to have a clear strategy and ensure efficient networking. By doing so, he considered that the Bioindustry Park del Canavese has developed, perhaps not a cluster (which in his view could not be created from scratch), but certainly a hot-spot. Mr Conicella also pointed out the decisive role of the public authorities in promoting the Bioindustry Park in an area affected by the decline of other more traditional industrial activities (e.g. Olivetti). Dr Euverink acknowledged that the involvement of the public authorities acted as a catalyst to make universities and firms work together in the case of Wetsus.

Second, a representative of the ERIK network (European Regions' Knowledge-based Innovation Network) raised the question of collecting best practices in the field of innovation and designing strategies on this basis. In reply, Professor Heydebreck described a fruitful experience in Baden-Württemberg, Germany. In this region, several networks of young university professors and local SMEs were built up with the view of outlining specific solutions for the challenges and needs that local firms have to face. He emphasized that a pre-requisite for the success of these networks was the fact that both sides, researchers and firms, should know the environment in which they operate and share the same language.

The third main issue discussed was that of how to create local capacity in convergence regions, including in accession countries. In particular, the relative priority of setting up infrastructure or fostering human capital was raised, as well as the role of international networking. Mr Conicella argued that complementarity between all these factors was essential and that hot-spots or poles of competence could also be successfully developed in convergence regions. In his view, the key element was to design and implement sound, regionally-specific and forward-looking strategies.

Fourth, as regards the cultural factors influencing the success of innovative projects, Professor Heydebreck identified the need to nurture an environment favourable to entrepreneurship, providing not only adapted services to firms but also the framework conditions in which they can grow and the need to stimulate risk-taking and to develop suitable models for these activities.

A fifth and more specific question was raised by the European University Association regarding the status of researchers and PhD students in the Wetsus Institute and the kind of links it had established with universities. Dr. Euverink explained that PhD students were supervised by their own universities and that their research activities were then tracked throughout their career.

Finally, a representative of the Austrian Institute of Regional Studies expressed the view that that ERDF investments, particularly in Objective 2 regions, are currently too focused on R&D and that more emphasis should be put on innovative activities for the benefit of firms as well as on human capital development. The panel endorsed this view.

Fabrizio Concinella

Main conclusions

Drawing on the key speaker's and practitioners' presentations and subsequent debate, the following conclusions emerged from the workshop.

First, there was a broad consensus on the need to invest in and promote innovation as the best means to stimulate Europe's regional competitiveness and to secure sustainable economic growth in the context of globalisation.

Second, although R&D activities have a high added value, innovation should be seen more as a wide range of activities allowing firms (in particular SMEs) to obtain and keep competitive advantage in the market. In this sense, innovation is a wider concept which cannot be understood without taking into account the specific needs of businesses.

Third, despite the fact that innovative projects can be found and should be promoted across all EU regions, there is no one-size-fits-all model. Each region and project should build on its competitive advantages by designing and implementing well adapted and forward-looking strategies.

Fourth, a range of criteria can be identified in most of the success stories for innovation infrastructure and support services: mutual learning; benchmarking; the involvement of firms, universities and the public sector, with the latter acting as a catalyst (the «triple helix» model); leadership and strategic vision; effective networking at regional, national and international level; focus on firms' needs in order to attract private investment; the importance not only of having risk-capital schemes in place but also qualified people open to taking risk.

MOBILISING AND SUSTAINING PRIVATE INVESTMENT

12 JUNE 2006

CHAIRMAN: MR ALEJANDRO CHECCHI LANG, DIRECTOR, DG REGIONAL POLICY, EUROPEAN COMMISSION

SPEAKERS: MS SANDRINE EVRARD, INVESTMENT MANAGER, SOCIETE REGIONALE D'INVESTISSEMENT DE BRUXELLES-CAPITALE, BELGIUM
MR JUAN CALLEJON, DIRECTOR OF INNOVATION, AGENCIA DE INNOVACIÓN Y DESARROLLO DE ANDALUCÍA, SPAIN
MR JON-GUNNAR AASEN, PROJECT MANAGER, OSLO TEKNOPOL IKS, NORWAY

RAPPORTEUR: MR JOHANN SOLLGRUBER, DG REGIONAL POLICY, EUROPEAN COMMISSION

Introduction

The Community Strategic Guidelines for Cohesion Policy 2007-2013 identify measures to improve access to finance as a key ingredient in promoting innovation, making several specific recommendations to the authorities responsible for designing and managing Structural Funds programmes. This workshop aimed at presenting case studies and best practice examples on how to improve access to finance, to discuss the EC vision behind innovative financing (private equity, venture capital, rotating funds and business angels) and to discuss how to stimulate private capital. The following main elements of EU policy were at the centre of discussion:

- the Lisbon objective: building the world's most competitive economy
- entrepreneurship: Green Paper and Action Plan
- access to finance as a key issue, in particular for new businesses

Debate

The starting point of debate was the fact that while progress in financial market integration has accelerated markedly since the introduction of the euro and the near-completion of the Financial Services Action Plan, consistent implementation and enforcement of the regulatory framework remains a concern. The Risk Capital Action Plan was completed in 2003 and the European risk capital industry is now much larger, more mature and professional. The European Investment Fund's equity investment capacity in risk capital for high tech SMEs in their start-up and early growth phases has been increased to €4 billion. The European Investment Fund currently supports more than 1,500 high-tech undertakings through 185 risk capital funds. However, the gap with the United States remains large, as Europe invested €10.7 billion into venture capital in 2003, as opposed to $18.4 billion in the United States. It is difficult for SMEs in particular to get (sufficient) credits, not least due to banks' relative lack of experience and skills as regards SME lending. The effects of the very limited availability of early-stage finance, insufficient availability of bank guarantees and the fact that in new Member States at least the instrument of leasing is often under-developed were also discussed, as were the effects on lending of the general economic situation, including interest rate policy, and the emergence of new partnerships and different types of lender other than private banks were also raised.

Conclusions

On the basis of the presentations and debate, the workshop concluded that financial engineering measures can indeed compensate for market failure as regards the financing gap. However, it was also evident that it is equally important to compensate for the 'information gap' and the 'risk gap'. The latter offers the possibility to modify substantially an entrepreneur's risk/preference framework.

Alejandro Checchi Lang

It also facilitates the start of projects because strategic risk is taken by the Financial Structure at the right moment (the beginning of the project is particularly crucial) and in the right proportion (whereby the proportion of public financing can be variable over time, decreasing and even disappearing after a few years). A critical mass of venture capital is a prerequisite.

It was clear also that time is necessary to allow bodies offering financial engineering in all its forms to become mature structures. This makes programmes that will run until 2013 useful because they enable public support for new structures in their first years.

It was also concluded that the financial engineering companies already in place have acquired valuable experience. The sharing of this experience can play a very important role in diminishing the costs and risks for new structures. Networks and similar structures to encourage, promote and sustain the exchange of concrete information should therefore be supported through future Operational Programmes, as should access to assistance for the organisation and the early stages of implementation of measures at regional and local level to improve access to finance.

Sandrine Evrard

DEVELOPING POLES OF EXCELLENCE: PARTNERSHIPS BETWEEN BUSINESSES AND RESEARCH INSTITUTIONS

12 JUNE 2006

CHAIRMAN: MR XAVIER PRATS MONNÉ, DIRECTOR, DG EMPLOYMENT, EUROPEAN COMMISSION

SPEAKERS: MR JOHN DRYDEN, DEPUTY DIRECTOR, DIRECTORATE OF SCIENCE, TECHNOLOGY AND INDUSTRY, OECD
DR JOHN H. SMITH, DEPUTY SECRETARY GENERAL, EUROPEAN UNIVERSITY ASSOCIATION
MR MALCOLM HAROLD, WARWICK MANUFACTURING GROUP, UNIVERSITY OF WARWICK, UK
MR PIERRE-ALAIN WEITE, DELEGUE GENERAL A LA RECHERCHE, POLE REGIONAL DE CONCEPTION ET D'INNOVATION, FRANCHE-COMTE, FRANCE

RAPPORTEUR: MR JOERGEN GREN, DG REGIONAL POLICY, EUROPEAN COMMISSION

John H. Smith

The key speakers and practitioners examined the issue from various perspectives. Mr John Dryden, Deputy Director of the Directorate of Science, Technology and Industry of the OECD spoke about the relationship between innovation and economic growth and about policies to foster innovation. Dr John H. Smith, Deputy Secretary General of the European University Association: presented universities' views of partnerships between research institutions and businesses. Mr Malcolm Harold of the Warwick Manufacturing Group at the University of Warwick explained the experience of the project 'Plastics West Midlands' and the resulting policy conclusions. Finally, Mr Pierre-Alain Weite of the Regional strategy and innovation pole of Franche-Comté presented the lessons of the PReCi project.

Introduction

The presence of public research institutions in a region offers an economic resource and a potential that needs to be nurtured and expanded to include also close links to the business community or even long-term partnerships with it. However, experience in many European regions has shown that these links have been and still are difficult to establish. In addition, the basic conditions for solid partnerships - such as well-functioning - regional or national – markets for knowledge (spin-off firms, mechanisms for patenting and licensing, labour mobility between science and industry), efficient bridging institutions and platforms (incubators, science parks, clusters) or the creation of social and professional networks (e.g. through joint publications, conferences and fairs) – are not always present at sub-national level. This workshop therefore dealt with the issue of «what can be done to bridge the gap between academic and business worlds».

Debate

The debate focused on the central issue of bridging the gap between academia and business. Changes in mindset on all sides appeared central, as well as the need to improve understanding and communication between researchers in public institutions and people in business in order to overcome the barriers which arise from their different perspectives. Stimulating the flow of graduates from science to industry was mentioned as a major problem for most regions (and countries) of the EU: the attitudes of young researchers could be critical to this process. Dr Smith noted that in this respect the tide might be turning, with not more than 50% of PhD students in Europe now entering academia after the end of doctoral studies. It was noted that those who are innovative (in the commercial sense of the word) are not always awarded in university systems and that «too few innovate in universities». On the business side, it was pointed out that co-operation was actually more about trying to stimulate enterprises' appetite for innovating and not just about getting knowledge out of universities. It was also questioned whether the long-standing nature of the discussion on the gap between academia and business did not indicate that a change of paradigm was needed.

Pierre-Alain Weite

Conclusions

The workshop resulted in the following ten main conclusions:

- The importance of intermediaries when working with the academic world, as demonstrated in the cases of Warwick or Franche-Comté where business executives with roots in the academic world would act as intermediaries to convince and gain the trust of regional industry managers. Indeed, the need to support motivation and commitment to a common project was stressed by all speakers, together with the importance of making the links permanent e.g. in the form of common institutes or laboratories, as mentioned below.

- On the university side it was stressed that collaborative research needs to be treated as part of university excellence but also that the recognition of different partners' legitimate individual interests is very important in order to succeed.

- In order to find areas for cooperation in a region, it was noted that certain changes to policy were needed such as promoting entrepreneurship and science education at very early stages, but also a shift from the traditional top-down approach of «picking winners» to a more operational focus of «backing local leaders».

- The importance of the international dimension was repeatedly stressed, i.e. investing in inter-regional co-operation and participation in international innovation initiatives. This also had the advantage of making it easier to attract outsiders, especially new firms.

- One practical way forward lies in making public-private co-operation operational and permanent through joint laboratories. The role of the public sector can be very important in this respect, including support for individual guidance geared mainly towards businesses.

- The importance of changing mindsets in order to create a common language and thus hopefully change the paradigm for partnerships between businesses and research institutions.

- Making a reality of partnerships between businesses and research institutions depends on managers of public programmes (e.g. those of the Structural Funds) giving clear preference to project managers who are familiar with both the business and public research perspectives.

- A need exists for more and better disseminated research on the interactions (public-private) that actually make innovation happen.

- Effective collaboration between the public and private sectors also depended on the quality of education and education systems and on life-long learning as a factor in innovation.

- Finally, it was concluded that it was essential to create a «critical mass» of institutions, human capital etc. in order for a region to benefit fully from innovation and potential synergies and make cohesion policy a necessary complement to innovation excellence.

Malcolm Harold

BRINGING KNOWLEDGE TO THE MARKET: LICENSING AND IPR

12 JUNE 2006

CHAIRMAN:	MR ISI SARAGOSSI, DIRECTOR, DG RESEARCH, EUROPEAN COMMISSION
SPEAKERS:	MR GILLES CAPART, CHAIRMAN, PROTON EUROPEAN COMMISSION MR ANDREW J. BEALE, DIRECTOR, IP WALES, UK MS MARGARET MCGARRY, DIRECTOR OF TECHNOLOGY COLLABORATION, SCOTTISH ENTERPRISE, UK MS CHARLOTTE MAYNTZ, DANISH PATENT OFFICE, DENMARK
RAPPORTEUR:	MR CHRISTER E. HAMMARLUND, BUREAU OF EUROPEAN POLICY ADVISERS, EUROPEAN COMMISSION

Gilles Capart

Introduction

The trend over the past years is away from closed innovation, where the innovation process is done inside an organisation (whether universities or companies), towards innovation being done in an open, collaborative manner. The two driving forces behind this change are the low cost of accessing large amounts of knowledge and the multi-technology nature of new products.

Due to this change, the business model has become more important than a company's technological edge, and networking between partners in both the public and private sectors has increased in importance. The role of European universities has also increased in this new situation of open innovation, where they will need to contribute equally with industry to building the knowledge economy. At the same time, knowledge transfer professionals need to be trained to be able to advise universities and SMEs.

Where patents have previously played the role of protecting investments in development and market share, under the 'open innovation' paradigm, patents facilitate exchange, as instruments of trade in the knowledge economy, to create new markets. However, this second role is not efficient in Europe, as patents are too expensive and difficult to enforce. This is a major market failure to the Knowledge Economy.

Debate

Best practices in the field of licensing and IPR demonstrated in the Workshop included:

- a free web-based IP Guide to companies;
- Patent Libraries with IP librarians assisting SMEs to find existing patents;
- Free training and education, legal hotline and call centre provided by the national Patent and Trademark Office
- IPScore®, a framework for management insight into risk and potentials, building bridges for in-house communication between company's departments (Danish Patent and Trademark Office).
- IPAudit®, a national programme run by the Danish Patent and Trademark Office, which provides general awareness of IP issues to companies by focusing in a strategic perspective of IP in a company.

Charlotte Mayntz

Debate reflected the importance to the creation of a knowledge-based economy of assisting SMEs with IPR, not least since SMEs make up the majority of all companies in the European Union. Panellists and participants took the view that Europe will only be able to compete if we succeed in partnering:

- Universities, Research and Technology Organisations, SMEs and larger undertakings;
- Technology and social sciences;
- Public and private organisations;
- A change of mindset is needed from all stakeholders. This is easier to achieve at regional level;
- The knowledge market must become efficient as well;
- Training and education in the use of IPRs;
- More efficient instruments, patents in particular.

Andrew J. Beale

Agencies such as IP Wales and Scottish Enterprise demonstrated how they contribute to closing this knowledge transfer gap by offering adapted services to both industry and universities. Overall, it was clear that in the face of the challenge of ever-increasing globalisation and with limited public and private resources, better ways must be developed to exploit and commercialise research results. Patents are a necessary part in the building of the knowledge economy of the 21st century. Public agencies can play a valuable role in supporting understanding and application of intellectual property, particularly amongst SMEs.

Margaret McGarry

Conclusions

It was concluded that the main ingredients for the success of a knowledge-based business are management, finance and access to advanced technology & know-how. However, while universities have so far concentrated on excellent research, rather than on commercialisation of research results, industry has funded research for revenue and profit, based on a short-term agenda, whilst at the same time patenting research results. This has created the well-known knowledge-transfer gap between universities and industry, where university researchers excel through the number of cited publications per year rather than the number of registered patents.

Isi Saragossi

PROMOTING KNOWLEDGE TRANSFER: NETWORKS AND EXCHANGES

13 JUNE 2006

CHAIRMAN:	MR DAVID WHITE, DIRECTOR, DG ENTERPRISE, EUROPEAN COMMISSION
SPEAKERS:	PROF. LUC SOETE, UNIVERSITY OF MAASTRICHT, NETHERLANDS MR BALAZS BARTA-RADOK, WEST PANNON BUSINESS NETWORK, HUNGARY MS IRMA PRIEDL, REGIONAL ADMINISTRATION OF LOWER AUSTRIA
RAPPORTEUR:	MR OLIVIER BAUDELET, DG REGIONAL POLICY, EUROPEAN COMMISSION

Introduction

Most innovation derives from sharing knowledge and working together for a common objective. Innovation therefore requires interaction between different knowledge holders. These interactions should improve actors' level of knowledge, create new knowledge and establish operational partnerships to turn knowledge into marketable new products or services and thus into growth and jobs. This is what networks are about: exchanging knowledge for the benefit of all their members.

David White

Debate

The main issues that were discussed were as follows:

1. Networks are about people, therefore having the right people is crucial. As one representative of an EU-wide network said, «it is the ability to collaborate properly which matters». People who participate in networks should have knowledge to share, be willing to share it and, very importantly, should be ready to invest resources (namely time) to transform the knowledge gained into concrete actions.

2. Networks are about sharing knowledge. As there are different sources of knowledge, it is important to be able to include as broad a range as possible of knowledge-holders. This means that the members of a network should be varied. In particular, they should include SMEs as they can transform innovation into 'growth & jobs'. In addition, as a representative from a Swedish region pointed out, it is also important to involve the potential end-users of the knowledge or the innovation. In the same vein, international networks are also a valuable source of new knowledge.

3. Networks need a certain enthusiasm from their members. They should be ready to meet people and discuss openly with them. However, this enthusiasm is something that has to be built step by step. At the start, people are unsure about what they can get, unsure about what they can bring and above all unsure about the new ideas with which they will be presented. Therefore, time is an important condition for a network to be fruitful. With time, a network can become a credible source of knowledge and partners and therefore attract new members.

4. Networks at the regional level are the most fruitful. Members can meet easily, speak the same language and share the same values and objectives. In addition, regional networks are often more focused than national or international ones.

5. Networks can complement the policy challenges of the regions. Indeed, in terms of innovation, regions face four challenges:

   (a) establish human capital of a high quality,

   (b) be open and connected to other regions or countries,

   (c) generate local innovation and

   (d) have the capacity to absorb new knowledge.

Balazs Barta-Radok

Networks can be an instrument to meet these challenges by

(a) increasing the knowledge of members,

(b) creating partnerships at the international level (in the case of international networks),

(c) sharing knowledge to create new products and services and

(d) diffusing new knowledge between stakeholders. Networks can also influence innovation policy through lobbying.

6. Networks belong to their members. During debate, the question was raised as to whom do networks belong i.e. who has the decisional power. This is an issue as networks often feel that they belong to the body financing them. It fact, it is important that members can discuss openly and that they do not feel obliged to work in a pre-defined direction. Therefore, it is for its members to decide what to do with the network.

Irma Priedl

7. Networks should be effective. The representative of a Belgian university indicated that it is difficult to have indicators to measure the effectiveness of a network and to make a cost-benefit analysis.

The discussion highlighted two potential indicators:

(a) how well did the network contribute to generating cash for the companies involved and/or how well did it contribute to safeguarding jobs;

(b) how well did the network contribute to increasing the knowledge of its partners and to changing the innovation culture. In any case, there was an agreement that evaluation of a network is useful.

Luc Soete

Conclusions

The workshop agreed on the importance of innovation and the contribution of networks. It was highlighted that one of the challenges of innovation is that it covers so many different areas that it is difficult to find the right instrument to generate it. In any case the importance for public authorities of establishing a regional innovation strategy was emphasised. Finally, the main message to innovation stakeholders was that «you should not be afraid to share knowledge through networks, as it is for the benefit of all».

DEVELOPING TRANS-REGIONAL RESEARCH AND INNOVATION PROJECTS

13 JUNE 2006

CHAIRWOMAN:	DR ELISABETH HELANDER, DIRECTOR, DG REGIONAL POLICY, EUROPEAN COMMISSION
KEY SPEAKER:	PROF. NICOS KOMNINOS, URENIO RESEARCH UNIT, ARISTOTLE UNIVERSITY, THESSALONIKI, GREECE
BEST PRACTICE SPEAKER:	MR JENS ERIK LUND, SPECIAL ADVISOR, NORDIC INNOVATION CENTRE, OSLO, NORWAY
BEST PRACTICE SPEAKER:	MR IAN HILL, EU POLICY AND DEVELOPMENT OFFICER, CUMBRIA COUNTY COUNCIL, COCKERMOUTH, UK
RAPPORTEUR:	MS SUE BIRD, DG REGIONAL POLICY, EUROPEAN COMMISSION

Introduction

This workshop explored the nature of and success factors in co-operation between regions to bring about joint research and innovation supporting the development of those regions. The workshop examined different combinations of top-down and bottom-up approaches, reflected in the nature of public authorities' involvement as leaders, visionaries and as facilitators. The sustainability of networks was also examined, as networking can encourage learning, benchmarking, dialogue, visibility and the creation of a corporate identity.

Nicos Komninos

Debate

Following the presentations by the key speaker and the presentations of the best practice examples, discussion within this workshop lasted about an hour, where several interesting issues were raised.

Ms Helander began discussion by asking whether the intention is that innovation poles in different regions cooperate and how this should be organised. Professor Komninos clarified that 10% of funding allocated to projects in this area could be placed outside the region concerned, whereby «outsiders» would be involved in establishing the objectives of co-operation and the tools by which co-operation would be brought about (digital tools, for example).

Ms Rusca from the Ministry of Economy in Italy asked a) if the clusters described by Professor Komninos were sustainable in the longer term, through public or private financing, b) how cooperation and inter-regional integration should be stimulated where there was a danger of overlap in future between the 7th Research Framework Programme, the Competitiveness and Innovation Programme, and the European Territorial Cooperation Objective of the new Structural Funds round, and c) whether innovation should be specifically linked to Territorial Cooperation. Professor Komninos indicated in reply to a) that in his experience, initial project design is important, and that consideration of the means to continue should be looked at early on. He felt that many public networks die after the initial support comes to an end. He thought that Networks of Excellence within the Research Framework Programme are unsustainable because they are too big. In reply to point (a), Mr Lund said he thought that sustainability meant that the private sector would take over. In reply to (b), Mr Lund and Professor Komninos both said that regions should focus inter-regional cooperation on adding value to each participating region rather than on seeking funding from the EU as their main objective. In reply to point (b), Mr Hill felt that the convergence of the different EU programmes was a positive thing in that it represented «joined-up thinking» by the European Commission. In response to (c), he indicated that a regional innovation strategy should be drawn up using SWOT analysis, where culture and tradition are very relevant economic factors. He gave examples from his own experience of where innovation has produced fruit – through skills in the defence industry being used for civilian purposes, or where wool from sheep is used now for insulation.

Another questioner felt that the Triple Helix concept (the cooperation between practitioners, policy-makers, and researchers, described by Mr Lund in his presentation) should involve regional governments. In reply, Mr Lund said he thought that all public authorities were important, and that they should act as facilitators, bottom-up. However, he also thought that they had a top-down role in framework-setting. Mr Hill felt that this top-down approach was a leadership and visionary role. It was noted that it was important to get the balance right.

Another questioner asked how public authorities could act as facilitators in inter-regional cooperation, especially public authorities in the New Member States. Would public authorities in the EU15 be prepared to share resources with those in the EU10? Mr Hill suggested that the important element is facilitation, and not control. The older Member States can and should learn from the new Member States. An Austrian representative said that whether commanding or facilitation was «the name of the game» depended on relationships between people. Mr Lund echoed this point, indicating that trust is needed in a multi-stakeholder environment.

In the context of sustainability and Ms Helander's question about how to improve collaboration between private companies and universities, Mr Lund indicated that it was a key task of regions to support the latter kind of interaction.

Conclusions

The following key conclusions can be drawn from the workshop:

- Many different activities and support measures are required to address the complexities of knowledge creation, regional diversity, and commercialisation. Relationship-building between different actors is key.
- Less-developed regions hold great problem-solving and innovative talent, which needs to be identified and harnessed. Linkages between regions and multi-dimensional relations offer a collaborative approach to problem-solving through dialogue, exchange of ideas and talent to produce learning and benchmarking, and business opportunities and trade links via greater visibility and creation of a corporate identity.
- Innovation can take the form of product, process, or organisational innovation, involving industry partnerships with academia, inter-firm strategic technology cooperation, and input from customers brought together in close collaboration.
- Networks can be differentiated according to the type of partner/stakeholder, to the way partners are connected, to the level of integration of the network, and to the geographical location of partners.
- Knowledge networks and partnerships can be intra-regional, interregional, even global, and mutually reinforcing.
- Knowledge networks need the support of the private sector to be sustainable. Identifying different competences, setting clear objectives, carrying out a clear work programme and delivering tangible results is important in this context. While the emphasis in network formation should be on connections and not on competition, it was acknowledged that in seeking sustainability, an element of competition between regions may creep in as these regions look for private sector support perhaps together, or perhaps separately.
- Network partners that are selected on the basis of competency and serious commitment are the most effective ones.
- The role of public authorities in trans-regional research and innovation collaboration is at once both top-down and bottom-up. Even if certain tensions exist between the two, public authorities can be both leaders and visionaries (top-down), and they can be facilitators (bottom-up).

Elisabeth Helander

Asked to describe the main success factors (or pitfalls) in research and innovation collaboration between regions, the speakers' advice was as follows. For Professor Komninos, the most important factors are to have clear objectives, and sufficient tools and measurement systems to facilitate and monitor the co-operation project. For Mr Lund, working and walking in the same way is key. It is important that no one party thinks that they have the (only) solution. Finally, Mr Hill felt that success lay in the existence of good communication channels between all partners.

COMBINING NATIONAL AND COMMUNITY FUNDING: EXPERIENCE AND PROSPECTS

13 JUNE 2006

CHAIRMAN: MR RONNIE HALL, ACTING DIRECTOR, DG REGIONAL POLICY, EUROPEAN COMMISSION

SPEAKERS: MR JACQUES EVRARD, PRESIDENT, EURADA
DR BRUNO BROICH, MANAGING DIRECTOR, TECHNOLOGIESTIFTUNG INNOVATIONSZENTRUM, BERLIN, GERMANY
MR LUBOS LUKASIK, DIRECTOR, CZECHINVEST, CZECH REPUBLIC

RAPPORTEUR: MR FRANCESCO AMODEO, DG REGIONAL POLICY, EUROPEAN COMMISSION

Introduction

The last workshop of Session 3 «Establishing partnerships and maximising synergies» looked at experience gained in combining public and private funds in the current programming period in order to promote innovation. Experience with clusters has been broken down in order to show up those elements that would determine the success of public intervention in this area. The workshop aimed to give policy and technical answers to practitioners who are involved in the design and implementation of cluster policy in the next programming period 2007-2013 and who are looking for the most efficient way to combine EU funds and financial contributions from enterprises and financial institutions.

Lubos Lukasik

Debate

In his introductory remarks, Mr Hall underlined that one of the challenges for the next programming period will be how to leverage the limited EU resources. With this objective, the varied experience of the three speakers provided the opportunity to open a constructive dialogue. Mr Jacques Evrard explained the role which the ERDF has played in the past and what role the ERDF is called to play in the future. He explained this by making reference to the ERDF's three characteristics: a) catalyst of regional, national and international funds; b) springboard for access to other Community funds and c) relay to other EU policies. A wide EU experience testified how these characteristics have been exploited. However, he made clear that there was not a single model for exploiting ERDF characteristics which could be applied everywhere and therefore invited regions to define their own «vision», valorising local assets and opportunities offered by the combination of all EU funds. The two practitioners gave practical meaning to this advice. Dr Broich spoke about the role of his institution in establishing Berlin as a leading knowledge-economy centre in Europe. Experience in Berlin shows the importance of defining a strategy based on the valorisation of local assets: in the case of Berlin the valorisation of its scientific and cultural potential. A second lesson from the Berlin clusters is the importance of having organisations that bring scientists and entrepreneurs to work together for the definition of a few common goals: in the case of Berlin, clusters' activities are focused on health and on traffic/mobility. The importance of having a business approach to the implementation of cluster policy was confirmed by Mr Lukasík. The Czech cluster strategy is characterized by a bottom-up approach. As in the case of OMNIPACK cluster in the Hradec Králové region, the role of the private sector and the issue of the self-sustainability of a project were key variables for the selection of a project for public financing.

Presentations from the two practitioners raised in particular regions' interest in the implementation of cluster policies. The question from the representative of the North East of England on the implementation of a project like that in Berlin on a regional scale gave Dr Broich the opportunity to underline how important it is to establish institutional co-operation. There are not rules for it. The difficulty of the task depends on the complexity of matching different needs, those of scientists and those of entrepreneurs. A practical solution is to foster these for the clusters, to focus on the valorisation of local strengths and to identify concrete measures. A second difficulty in the implementation of cluster actions is that their success depends on the will of entrepreneurs to co-operate. As underlined by the representative of the academic world, few companies are ready for joining efforts with others. Based on the Czech experience, Mr Lukasík argued that for CzechInvest it is very important to evaluate a project on the basis of its capacity to provide tangible results in the short term. He pointed out that public funds cannot be used to push enterprises if they do not want to co-operate; on the contrary, they can be used to provide the right platform for flourishing co-operation. The role of the public sector was further analysed when the issue of how to ensure a stable strategic framework, with full political commitment, was raised by representative of the Committee of Regions. The Czech experience gave an answer as regards this issue. The ERDF Operational Programme is a strategic document, agreed by the Czech Government, and therefore provides a stable long term framework. In Berlin, mutual understanding makes possible the combination of political goals and business objects. The Senate, the political organism in the Berlin model, has made job creation one of its main objectives and the Technology Foundation Berlin is committed to the realization of this objective. Both parties agreed that the quantification of this objective should be determined under the condition that clusters have to operate under market rules of valorisation and of added value of their products.

Conclusions

The workshop concluded that the combination of national and community funding is important in promoting innovation. As explained by Dr. Broich, the Technology Foundation Berlin helps to bridge the gap between science and economy, to carry new knowledge and ideas in product development and marketing. Once the function of public participation in the added value chain is ensured, the key question is on the methodology. The first lesson from the workshop was that the reply to the «how to do it» question is, as synthesised by the chairman, an invitation to joined-up thinking, to a strategic dialogue between science, economy and politics for the definition of a coherent innovation strategy. More specifically for regional stakeholders, it is a invitation to conduct what Mr Evrard termed a 6-stage exercise: making an inventory of acquired experience in the use of the ERDF's role as catalyst; evaluating also the springboard and relay effects of the ERDF in the region in the past; scanning of Community programmes in terms of their contribution to the strengthening of regional competitiveness; identifying regional strengths and weaknesses; coordinating activities, such as definition of priorities and instruments;

Bruno Broich

developing new forms of partnership – regional, national and international; and evaluating performance.

A second lesson from the workshop was that the innovation challenge is not solely addressed to EU regions as individual players. It requires co-operation among all local actors to define a vision and a master-plan, but it also requires EU inter-regional cooperation to improve, to develop added-value vis-à-vis our global competitors: those that are ahead, like the USA, and those that are catching-up, like China. In fact, in the speakers' view, there are no losers among regional clusters. The success of a cluster in technology Y in the region X does not imply the failure of another cluster in the same technology Y in the region Z. Two regional clusters which are competitors in the development of a technology may still have an interest in sharing their region-specific expertise. One example is the interest of the Technology Foundation Berlin in developing indicators for monitoring the success of a strategy in co-operation with other regional clusters

Finally, the workshop demonstrated that the ERDF is an important tool in the hands of regional stakeholders, who are invited to exploit its scope for designing and implementing an innovation strategy that best suits their needs. Cohesion policy for 2007-2013 provides a seven-year framework which guarantees the necessary stability for long-term investment. The strategic dimension of cohesion policy, which allows the integration of Community priorities into national and regional development, has been reinforced in the next programming period, consequently increasing the leverage effect of the Structural Funds. Financial engineering will also be fully integrated into the Structural Funds. In co-operation with the European Investment Bank Group and the Council of Europe Development Bank, the Commission has prepared tailor-made financial instruments, JEREMIE (Joint European Resources for Micro to Medium Enterprises) and JESSICA (Joint European Support for Sustainable Investment in City Areas), which will be available to regions in the period 2007-2013.

José Manuel Barroso, President of the European Commission

«The EU and its Member States have recognized that growth and jobs can only be delivered through the successful involvement of regional actors. »

«Cohesion policy is now the primary financial instrument at Community level of ensuring that the Community's resources are properly harnessed to implement the Lisbon strategy. »

«The contribution that cohesion policy is making to support research and innovation in less prosperous regions of the EU, in the form of direct investment and strategy development, is impressive. »

José Manuel Barroso

Danuta Hübner

Danuta Hübner, Commissioner for Regional Policy

«The Union's response to the challenges – and opportunities – created by globalisation has been the renewed Lisbon agenda and I am pleased that regional policy is now recognized as a key instrument in this response.»

«Europe's businesses need knowledge and the ability to apply knowledge to stay ahead of the game.»

«The regional authorities responsible for Structural Funds programmes are particularly well placed to act as a catalyst for innovation.»

«The crucial challenge lies in how we raise performance in economies where innovation now plays a lesser part. I firmly believe that the differences between regions mean that a tailored approach to innovation at regional level is needed – not standard policies or targets. It also means that we need to think about innovation in the broad sense.»

«I want to pass the message to you today that we should experiment through the Structural Funds. We should not only invest in tried and tested measures, but should allocate small amounts of resources on an ongoing basis to test new ideas and approaches.»

«Not only do competitiveness and cohesion go hand in hand: in an open global economy competitive advantage, sustainable prosperity and application of knowledge are the keys to sustainable cohesion.»

Günter Verheugen, Vice-President of the European Commission and Commissioner responsible for Enterprise and Industry Policy

«The problem is not that the EU is becoming less innovative. The trouble is that the others are not standing still. ... To face this challenge, we need to innovate more and faster. »

«There is a widespread prejudice that businesses go to locations where wages are low. This has been proved to be wrong.

Günter Verheugen

They choose to go where the workforce is well educated, where R&D labs are excellent and where strong clusters exist, which facilitate networking with universities and other enterprises. Regions play a leading role in creating favourable conditions for such co-operation at local level. »

«There is no contradiction between innovation policy that aims at excellence and the strategic objectives of Europe's cohesion policy. We must offer a future perspective for all regions in Europe.»

Vladimír Špidla

Vladimír Špidla, Commissioner for Employment, Social Affairs and Equal Opportunities

«One of the major challenges we must face is the adaptation of our economy to international competition. Our greatest asset is undeniably our human capital – the skills of the citizens of the European Union, the know-how they have acquired over the centuries and their capacity to acquire new knowledge.»

«Overcoming the economic disparities of certain regions depends mainly on innovation and investment in human capital.»

Françoise Le Bail, Deputy Director-General, DG for Enterprise and Industry

«What matters is not just how much you invest in research and innovation. What matters is how much you get out of it, measured in terms of new market and job opportunities.»

«Proposing an attractive innovation system is the ultimate challenge for European regions, for it is the unique solution to guarantee more and better jobs. »

Françoise Le Bail

José Antonio Zamora Rodriguez

José Antonio Zamora Rodriguez, Director General of Community Funds, Ministry of Finance, Spain

«Research, development and innovation policies will have a greater presence in the next programming period. Both central and regional governments are increasing the level of resources targeted on achieving this aim.»

«The methodology used for programming must be one based on dialogue and the involvement of all institutions concerned: the European Commission, central and regional governments, municipalities and civil society.»

Graham Meadows

Graham Meadows, Director General, DG Regional Policy

«Innovation is not the exclusive property of one type of region.... None of us need be left out.»

«The conference has demonstrated beyond doubt that public authorities can influence the rate of innovation in the economy. As public sector officials, as policy implementers, we can make a difference. »

Inforegio

Consult the Inforegio website for an overview of EU Regional Policy:

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