



Project Development Info Sheets

The Interreg IVB North Sea Region Programme

Making the North Sea Region a better place to live, work and invest in.

Introduction – How to use this document

This document presents the cornerstones of the unfolding agenda that determines the profile of the new Interreg IV B North Sea Region Programme. The new programme profile will continue to evolve throughout the funding period 2007-2013. As it will continuously influence programme implementation, guidance and direction for project development will regularly be provided and renewed and disseminated to stakeholders.

For this purpose, this document contains a series **Project Development Info Sheets** on selected key topics that determine the profile of the new programme. These will be continuously complemented as programme implementation is progressing by additional project info sheets. They are taking account of the changing political and socio-economic context in which the North Sea Region Programme operates and give background information on the refined direction and focus the programme is looking to with regard to forthcoming project proposals.

Project Development Info Sheets

- Info Sheet 1 Interreg IVB North Sea Region Programme profile
- Info Sheet 2 Transnationality
- Info Sheet 3 The Lisbon and Gothenburg Strategies for Competitiveness and Sustainability
- Info Sheet 4 Innovation



Interreg IVB North Sea Region Programme profile:

INFO SHEET NO 1

New Programme – New Profile – Lasting Impact

Interreg: a Continuum

A wealth of experience and knowledge has been built up since the launch of Interreg. Today it has become an objective in its own right to support territorial cohesion, complementing economic and social cohesion.

- Interreg II C promoted studies and the creation of networks to generate common transnational understanding;
- Interreg III B supports the implementation of pilot investments and infrastructure to build a bank of good practice;
- Interreg IV B will encourage integration and coordination of policy objectives, development priorities and strategies and corresponding funding instruments; it will support, for example long-term strategies, implementation of plans and political agreements that lead to concrete transnational results, public-private partnerships and the involvement of SMEs.

A New Agenda for Transnational Co-Operation

The Lisbon and Gothenburg strategies are the new fundament for EU cohesion policy and regional development in Europe (see also Project Development Note no. 3). Guidance for their implementation is given through the Community Strategic Guidelines and the corresponding National Strategic Reference Frameworks (NSRF; for a summary see Operational Programme Appendix 3.1).

The Territorial Agenda of the EU was adopted in May 2007 by the EU Member States to strive for territorial cohesion in support of the Lisbon and Gothenburg objectives.

The **Lisbon Agenda** promotes policy measures in three main areas of economic development:

- Knowledge and innovation for growth
- Making Europe a more attractive place to invest and work
- Create more and better jobs

The **Gothenburg Agenda** promotes sustainable development as a catalyst for policy-making and awareness raising. The purpose is to ensure that:

- Economic growth supports social progress and respects the environment,
- Social policy underpins economic performance,
- Environmental policy is cost-effective.
- Businesses encounter favourable conditions to invest and create jobs, and citizens to act responsibly.

The **Territorial Agenda** of the EU aims to enhance the influence on EU sector policy and to promote regional identities. The Territorial agenda promotes a holistic and place-based approach, through which it should help achieving the objectives of the Lisbon-Gothenburg Strategy. It should:

- Promote cities and urban areas as motors of Europe's development (innovation, business, decision-making, culture, physical access points).
- Strengthen urban-rural partnerships for balanced development.
- Promote transnational research, business and regional development.
- Strengthen trans-European networks (TEN – transport, energy, ICT).
- Promote trans-European technological and natural risk management (maritime, coastal zones, civic security).
- Strengthening trans-European ecosystems and cultural resources and heritage.

A New Programme Profile

The strategic focus and direction is laid down in the Joint Transnational Strategy of the Operational Programme, giving the programme a distinct profile for actions in regional development in the North Sea Region.

The **Programme Aim** is to make the North Sea Region a better place to live, work and invest in.

The **Strategic Objectives** of the programme are to:

- Increase the overall level of innovation taking place across the North Sea Region,
- Enhance the quality of the environment in the North Sea Region,
- Improve the accessibility of places in the North Sea Region,
- Deliver sustainable and competitive communities across the North Sea Region.

4 Priorities are defined in correspondence to these objectives:

1. Building on our capacity for innovation.
2. The sustainable management of our environment.
3. Improving the accessibility of places in the NSR.
4. Promoting sustainable and competitive communities.

Programme Principles

- **Transnational Co-operation and Partnership:** Working between different levels of government, embracing different sectors of policy, across national boundaries in a large territory (transnational macro-region), developing, preparing and implementing joint solutions, is essential to exploit what transnational co-operation is uniquely equipped to achieve.
- **Innovation:** Actions are supported to promote innovation and assist the transition to a knowledge-based economy in the North Sea Region. Developing a positive innovation-orientated culture towards e.g. standard-setting approaches will encourage innovative responses in a transnational regional development context.
- **Sustainable Development:** Endorsing the principles of sustainable development as a catalyst for policy-making and raising public awareness is a fundamental precondition for programme actions. Defining clear, stable, long-term objectives for transnational partnerships will shape expectations and create the conditions in which businesses have the confidence to invest in innovative solutions, and to create new, high-quality jobs.
- **Territorial cohesion:** Valuing the diversity of the European territory and supporting the European social model will enable people to continue to live in their home regions. The purpose is to better use territorial potentials, to strengthen the regional profiles and to promote the coherence of policies with a territorial impact.

- **Equal opportunities:** By considering the wider economic benefits that emerge from ensured gender equality and non-discrimination, e.g. in terms of tackling skills shortages, increasing employment levels, higher income levels and increasing levels of entrepreneurship within the economy, activities under the programme promote to making full use of the productive potential of the North Sea Region's work force.
- **Additionality:** Projects are reaching beyond what will be implemented by the partners anyway.

A New Direction for Programme and Project Development towards high quality transnational projects

Based on this profile, the programme advocates a new direction for transnational territorial co-operation actions with the aim to raise the quality of transnational projects:

Ambitious Approaches

- Strengthening Transnational Co-operation: organisational and institutional learning and integration;
- Regional initiatives are anchored in Community and national policy objectives to achieve clear transnational impact;
- Mobilising strong partnerships: Strong national involvement (mix of bottom-up and top-down initiative/approaches), strong private involvement and public-private partnerships (PPP); new partners and target groups (businesses, business incubators, technology transfer centres, chambers of commerce, NGOs, SMEs, etc.), more diverse and complete composition of regional partnerships in the national contexts.
- Enhancing co-ordination: building links to other policy instruments, across policies, programmes, territories, institutions and organisations. Actions are linked to other funds and initiatives and consider experiences and outcomes from former ERDF-funded activities.
- Improving dissemination, publicity and communication strategies and actions.

Focused Actions

- Identifying institutional, policy, economic added value;
- Targeted at fewer issues but with greater strategic impact;
- More sector-oriented actions in a transnational context (e.g. sustainable energy and transport) that are conducive to and underpinning integrated sustainable territorial development.
- Effective implementation mechanisms: at project level, effective project management structures tailor-made to the needs of the partnerships (e.g. common use of tools and databases); at programme level, flexible and focused project generation actions for maintaining the strategic focus of the programme and its operations.

Concrete Results

- Ensuring lasting impact: delivering structural change, managing transition processes, preparing major follow-on projects.
- Tangible and measurable results preparing major projects (e.g. investments, business clusters, master plans, business plans);
- Action-oriented results, e.g. towards future financing of identified investment needs, follow-up actions in other (larger) programmes, lasting support structures and institutions.

Related links

- Community Strategic Guidelines for Cohesion 2007-2013:
http://ec.europa.eu/regional_policy/sources/docoffic/2007/osc/050706osc_en.pdf
- The Territorial Agenda of the EU:
http://www.bmvbs.de/Anlage/original_995374/Territorial-Agenda-of-the-EU-Final-Draft.pdf



Transnationality

Background

Transnationality in the context of North Sea Region Programme encourages highly integrated partnerships that work across and represent different levels of government and administration (**vertical integration**) and embrace both public and private sector entities and different sectors of policy (**horizontal integration**), whilst acting beyond national boundaries in a large territory (**geographic integration** in the NSR as a transnational macro-region). Through these partnerships, transnational cooperation projects are enabled to develop, prepare and implement joint solutions so that they can exploit what transnational cooperation is uniquely equipped to achieve.

Transnational cooperation is designed to achieve and generate **added value in the form of strengthened social, institutional and territorial capital in the North Sea Region** through a shared and integrative process. With its unique focus transnationality strives to deepen the integration between regions and trigger structural changes in the way regional development policies are run and actions conducted. It is, therefore, **best employed as a working method where obstacles posed by national borders, natural, geographical, institutional or organisational barriers hinder integration and the qualitative improvement in regional development policy performance**. To achieve this, the NSR programme supports the cooperation between relevant institutions, organisations and (groups of) stakeholders in the North Sea Region.

Transnational programmes, through projects, thus occupy an important 'niche' in the European Structural Funds system since they can act as a catalyst to trigger larger initiatives and ultimately be a **driving force for regional integration**.

Guidance

A rationale for transnational cooperation

North Sea Region Programme funds are targeted on NSR wide development issues that are linked to specific needs of regions. **Projects with a transnational perspective can best address the common problems and meet common challenges that are inherent in a large part of the North Sea Region**. Projects must demonstrate that the transnational approach taken adds value to the way in which a topic is addressed to achieve significant impact in the NSR.

Transnational cooperation addresses the territorial dynamics in urban, rural, remote, maritime and other types of areas in the NSR. It is hence imperative that a broad variety of stakeholders from the public and the private sector, as well as research and educational institutions are involved to reflect this territorial diversity. This enables transnational projects to reinforce regional innovation, economic growth, increased employment, competitiveness and sustainable and balanced development of the North Sea Region. It is through this focus that the NSR programme contributes to the Lisbon and Gothenburg Agenda and, respectively the EU Sustainable Development Strategy (SDS).

Minimum requirements

A project must include partners from **at least three different countries** within the cooperation area, two of which must be from an EU member state. Furthermore, transnational collaboration is required to take place in **at least two of the following ways**: joint development, joint implementation, joint staffing and joint financing¹. This rule acknowledges the fact that the quality of a transnational project is dependent on its ability to build highly integrated partnerships and pool all the skills and competences of relevant actors in a consortium in order to effectively address issues of regional development in transnational projects. It should be noted, however, that bidding for project funds is a highly competitive process and that **meeting the minimum requirements may not be sufficient**.

Partnership composition

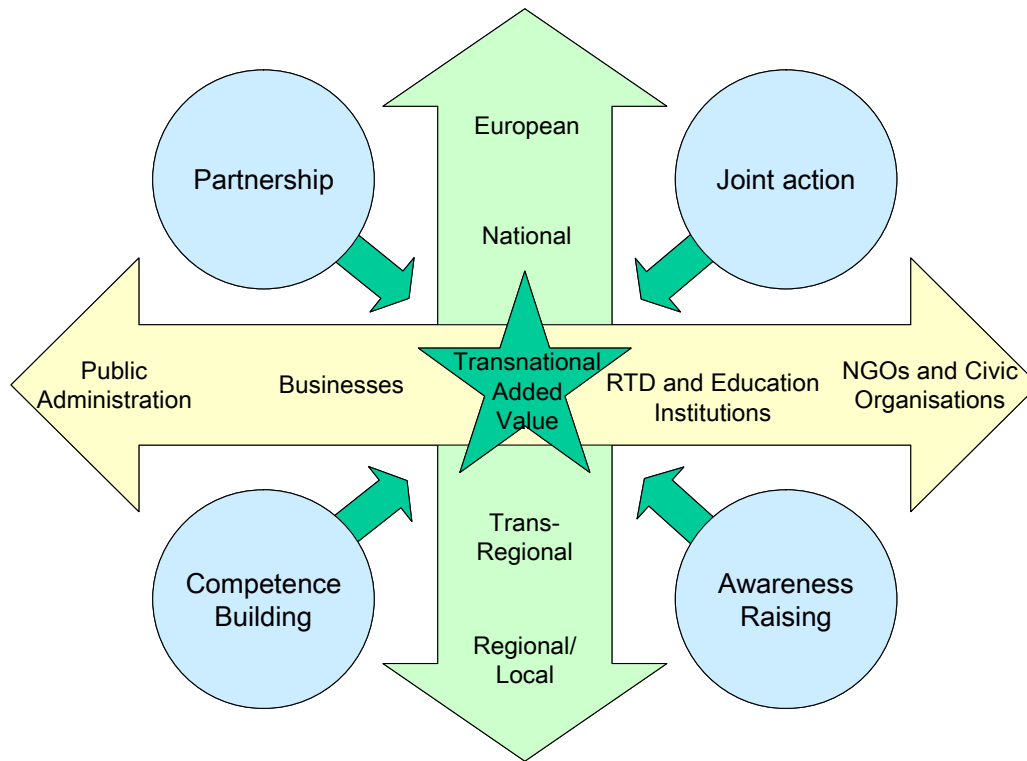
Due to the nature of the issues addressed in the NSR, transnational cooperation typically requires the involvement of national level institutions as a complement to diverse and complete partnerships at the regional level in the respective national contexts (**combination of bottom-up and top-down approaches**), reflecting the project objectives. At the same time, projects will need to create **strong links to the private sector**, for example businesses (SMEs), business incubators, technology transfer centres, and chambers of commerce to promote public-private partnerships (PPP). Wherever the partner organisations are located it is imperative that the activities benefit the programme area. Projects need to demonstrate the role of each partner in the partnership and make the case why and how the actors are relevant and take part in the project as well as how they interact. Generally, it is vital to consider both, **stakeholders/decision-makers, target groups and user groups** alike to trigger concrete effects of a project.

Project actions and results

There is a strong emphasis not only on the **transnational working arrangements of projects but also on the transnational dimension of the planned results**, with funds being primarily earmarked for transnational actions and less to networking and exchange of experience. Projects should typically contribute to a long-term vision, a big idea as a source for strategic action, e.g. in the field of NSR maritime policy, inter-modal transport corridors, urban and rural networks or transnationally interlinked innovation systems. In this way, transnational cooperation projects can greatly contribute to a **better coordination of sector policies with a territorial impact**. In order to maximise their leverage effect funded initiatives may connect to relevant national policies of the partner countries involved in the project, such as the National Strategic Reference Frameworks (NSRF) and to other funds and initiatives and consider experiences and outcomes from former ERDF-funded activities. Concrete and tangible transnational results in this respect, for example establishing organisational structures outliving the project implementation period, may serve as the foundation for preparing major projects in other (larger) programmes and initiatives (e.g. future investments, operating business clusters, implemented master plans and business plans etc.). Studies, 'road-maps' or action plans are possible but can only be an element of the transnational activities rather than a main result by themselves. This will lead to the **transnational impact on the NSR, functional or territorial**, becoming evident. Finally, effective dissemination and communication activities are vital to demonstrate the added value of transnational cooperation projects, particularly with regards to their contribution to higher-level regional development objectives at programme and European level.

¹ ERDF Regulation EC 1080/2006, Art. 19

Figure 1: Demonstrating the genuinely transnational character of projects within the North Sea Region Programme



References:

- Operational Programme Interreg IVB North Sea Region Programme 2007 – 2013
- Project Development Notes, particularly No. 1
- General Regulation EC1083/2006 of 11 July 2006
- ERDF Regulation EC1828/2006 of 8 December 2006, particularly Article 19



Lisbon and Gothenburg Strategies for Competitiveness and Sustainability

These notes have been compiled by the SPARC project (INTERACT). See page 12 for more information. The Lisbon and Gothenburg Strategies represent key policy commitments by the European Union of direct relevance to INTERREG projects. These are explained below, together with related concepts and policy development. These should be taken into account in all INTERREG projects.

Lisbon Strategy

The core of EU's strategies for competitiveness is the Lisbon Strategy, which outlines the steps to enhance the Union's competitiveness against global competition, while preserving and regenerating social cohesion and environmental quality. The main idea is to boost innovation in order to create more and better jobs in the EU. Specifically, the European Council of March 2000, in Lisbon, set out a ten-year strategy to make the Union "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion". The 'Lisbon Strategy' is a commitment by EU governments to concentrate their efforts on a single overarching goal to bring about economic, social and environmental renewal in the EU. Specific targets were set, e.g. to raise the employment rate in the EU to 70% from the current level of around 63%. However, progress with the Lisbon agenda seemed to be disappointing as laid out in Wim Kok's report on the first five years of the strategy.

The main instruments of the original Lisbon agenda were economic reforms, and investment in growth-enhancing areas like R&D and human capital. Much of the responsibility lay with individual Member States. In 2003, the Kok report concluded that little progress had been made over the first five years of implementation of the Lisbon Strategy, and it recommended a refocusing on growth and employment and on taking on more responsibility for the strategy by the Commission itself. Hence the European Commission proposed in 2005 a new start for the Lisbon strategy, focusing on stronger and sustained growth, and more and better jobs (renewed Lisbon Strategy for Growth and Jobs). Moreover, in 2005, EU heads of state and government adopted a declaration stating that the "renewed Lisbon agenda is an essential component of the over-arching objective of sustainable development". Related Europe-wide common key actions concern in particular the support of knowledge and innovation, which are considered the engines of "sustainable growth" in Europe. In order to achieve the Lisbon goal of full employment, as well as better quality and better



productivity at work, Europe needs to increase labour supply, improve the ability of workers and enterprises and increase investment in human capital through better education and skills.

Gothenburg Strategy

As a complement to the 'Lisbon Strategy', the EU adopted an ambitious strategy for sustainable development at the Gothenburg Summit in 2001 (hence also known as the 'Gothenburg Strategy'). The Gothenburg European Council added the environmental dimension to the Lisbon process as its 'third pillar' to be added to economic and social reform. In 2002, an external dimension to the strategy was added in Barcelona in view of the World Summit on Sustainable Development in Johannesburg the same year. In 2005, the Commission reviewed the Gothenburg Strategy, highlighting unsustainable trends since 2001, including climate change, threats to public health, increasing poverty and social exclusion, depletion of natural resources and loss of biodiversity. The Commission's report recommended urgent action and a new approach to policy making to improve policy coherence, with all policies having sustainable development as their core objective.

Building on the strategy adopted in 2001, the European Council adopted an ambitious and comprehensive renewed Sustainable Development Strategy (SDS) for the enlarged EU in 2006. Under the new strategy, a stronger economy will drive job creation alongside social and environmental policies that ensure sustainable development and social inclusion. The resulting commitment to sustainable development means that economic, social and environmental policies should be developed in a mutually reinforcing way. Resulting priorities include combating climate change, ensuring sustainable transport, addressing threats to public health and managing natural resources more responsibly.

Overall European policy for sustainable development is formulated through three strands of action: the Lisbon Strategy; the Strategy for Sustainable Development (SDS) (the 'Gothenburg Strategy'); and the Cardiff Process describing the sector strategies for the integration of the environmental dimension into other policies. These policies are related to the Sixth Environmental Action Programme² (6th EAP), which is a binding agreement of the EU institutions, setting out guidelines for European Environmental Policy as well as defining the core environmental policy input of an EU sustainability strategy.

Implementation of the Strategies

The Structural and Cohesion Funds are now the main instruments the EU has for increasing growth-enhancing investment. This means that projects in the INTERREG initiative are asked to particularly take the renewed Lisbon Strategy and the Sustainable Development Strategy into account. In terms of further funding, instruments to implement the Lisbon strategy are also the Seventh Framework Programme for Research, Technological Development and Demonstration (RTD)³ activities and the Competitiveness and Innovation Framework Programme⁴.

Related concepts - competitiveness

A distinction must be made between the macro level (the competitiveness of a country), the micro level (the competitiveness of the individual firm) and the meso-level (the competitiveness of local economic systems). Place competitiveness is related to the location choices of firms and residents. Many modern businesses have become 'footloose', namely less and less dependent on particular locations.

Regions are seen as increasingly important units for creating competitive advantage. Geographic, cultural, and institutional proximity within a region means that companies may have closer relationships between each other, as well as better information and incentives. These kinds of advantages are difficult to create over distance. The more complex and dynamic the information-based economy becomes, the more proximity seems to increase in importance. Competitive advantage is more and more generated via tacit knowledge, face-to-face relationships, and inter-

² <http://ec.europa.eu/environment/newprg/index.htm>

³ http://ec.europa.eu/research/future/index_en.cfm

⁴ http://ec.europa.eu/enterprise/enterprise_policy/cip/index_en.htm

personal motivation. It used to be that for a region, access to markets was crucial. Now it is claimed that it is access to information that makes a region successful.

Local and regional policy frequently supports the development of 'clusters', in order to enhance competitiveness. Clusters in this context are groups of complementary, competing, and interdependent industries and services that drive wealth creation in a region, mainly through export of goods and services. By locating close to one another, businesses are able to acquire information, communicate and share inputs so as to achieve a "collective" advantage.

Innovation is sometimes more concentrated in some places than others, and increasingly, the region is the level at which innovation is produced. Innovative products and services are created by networks of innovators, local clusters and the "cross-fertilising effects" of research institutions. In this context, economic policy-making can encourage knowledge-based economies so as to reduce the vulnerability of regional economies, societies and environments to external pressures, while promoting economic health and quality of life. The role of government here is increasingly to encourage and assist others rather than to deliver services directly. An "innovative region" is one where novel goods and services are generated, and where clear and mutually reinforcing roles exist for government, universities, private businesses, citizens, and other actors.

The concept of a "learning economy" takes a wider perspective to foster innovation not only in new industries, but also in traditional ones. The underlying rationale is to prevent gaps between different industries. The learning economy concept relies on development of human resources, new organisational forms, and innovation networks. Innovation is considered as being interactive, multilateral and social in nature.

Cooperation between local firms, sectoral specialisation and "soft" location assets are the product of new views that have appeared since the 1980s. Regional competitiveness benefits especially from these "soft" factors, including human capital, education, cultural knowledge and creativity and environmental quality. In relation to creativity, the social theorist Richard Florida⁵ suggests that aesthetic, cultural and political creativity are also necessary for real economic growth. Hence many local authorities and related organisations have sought to provide services and promote their areas (place marketing) in order to enhance the attractiveness of the area or region for inhabitants and investors.

Related concepts - sustainability

Sustainable development means meeting the needs of present generations without compromising the needs of future generations. The landmark of the birth of the concept was a report by the United Nations in 1987, the so-called "Brundtland report", entitled "Our Common Future". An effective economy is often seen as an important precondition for sustainable development. Social sustainability should improve social cohesion and equity and should reduce social exclusion of particular groups of the population as well. Achieving these goals would reduce the costs of social exclusion and inequality. Sustainability is often said to include three "pillars": economic, social and environmental. Effective institutional change to bring together these elements is sometimes considered the "fourth dimension".

Economic sustainability means profitability due to sound business practices, with measurable cost benefit relations due to strategic sustainability policies, activities and product design. Sustainable economies also need to be competitive in a world market. Products that are too expensive to buy cannot be sustainable, even if they are environmentally-friendly. Locally, this means creating wealth and providing as high a standard of living as possible, including providing employment opportunities for people in the community, and new business development in the local economy.

Environmental sustainability means aiming at protecting the environment to make sure environmental carrying capacity is not exceeded, environmental quality is not diminished, and resources are not exhausted. The point is not to deny the future generations of similar or better

⁵ Richard Florida (2003): The rise of the creative class: and how it's transforming work, leisure, community and everyday life. New York: Basic Books

environmental conditions. Current issues include global warming, over-fishing and deforestation with subsequent desertification.

Social sustainability means that the needs of people must be met equally. Access to medical care, suitable housing, clean water, food and sanitation are among the more basic needs. Opportunities for education, jobs, culture and social reproduction (leisure) are also included. A sustainable standard of living must be achieved in an adequate manner. Sustainable development addresses these needs by promoting equality, education and participation in local communities.

These three dimensions affect but also require one another. Economic development affects the availability of environmental resources. Economic growth without taking into consideration environmental quality is impossible in the long term. Hence economic growth can not be the only goal and can even be counterproductive in terms of quality of life. Equally, social stability is important for economic growth.

Sustainable regional development is the integration of sustainability principles into regional development practices. It should include all activities and instruments that promote sustainable development within the region's agenda. The different roles of regions across the EU account for widely differing levels of activity in regional sustainable development. Generally, regions provide frameworks as well as direct support for regional initiatives which are in some cases linked to Structural Fund activities. Supporting measures mainly consist of providing institutional frameworks for regional development which, in some cases, are crucial for regional sustainable development.

At the local level, 'Local Agenda 21'⁶ plans, or local sustainability plans, promote participatory, long-term, strategic processes that help municipalities identify local sustainability priorities and implement long-term action plans. They support good local governance and mobilize local governments and their citizens to undertake such multi-stakeholder processes. These processes lead to the preparation and implementation of long-term, strategic plans that address priority local sustainable development concerns.

Possibilities for integrating competitiveness and sustainability

The concepts of competitiveness and sustainability may seem contradictory, but in fact are meant to complement each other. The Sustainable Development Strategy is above all concerned with quality of life, intra- and intergenerational equality and coherence between policy areas. It forms the overall framework within which the Lisbon Strategy should supply the engine for a more dynamic economy. The most visible attempt at integrating competitiveness and sustainability in EU is the Lisbon Strategy and Process, in which such integration is clearly set out. The implementation of the strategy has, however, often been at the expense of sustainability aims. It seems that competitiveness and the economic agenda as a whole is strongly advocated in EU policies, whereas the sustainability component is more vulnerable to changes in the policy climate – despite its growing presence as rhetoric. It is apparent that for sustainability to gain an equal position with competitiveness, issues of sustainability must be brought to the European and national agendas with more institutional and political strength.

⁶ <http://www.un.org/esa/sustdev/documents/agenda21/index.htm>

The SPARC Module

The above summary is taken from a new distance learning Module - 'Spatial Planning and Regional Competitiveness' (SPARC) – produced since 2006 in collaboration of Heriot-Watt University in Edinburgh, the Universities of Luxembourg and Ljubljana, and the Politecnico di Milano. SPARC aims to enable spatial planning and economic development practitioners, policy-makers, or others with an interest or role in EU funded co-operation projects such as INTERREG, to develop their involvement in such projects. Participants who successfully complete the Module receive a Module Award. The Module has been updated to include details of the 2007-2013 structural funding period.

The Module develops knowledge of:

- concepts of territorial development, competitiveness and co-operation as applied at the EU level;
- linkages between the EU's sectoral policies and activities, and spatial planning policy at different levels; and
- recent and contemporary shifts in EU funding priorities and philosophies, including the implications of the Lisbon and Gothenburg Agendas on competitiveness and sustainable development, and implications for the new structural funding regimes.

The emphasis is on practical application, with detailed case studies of contemporary practice throughout Europe which show how projects can be developed effectively.

This Project is funded by INTERACT, which is part of the Community Initiative INTERREG. For more information on the INTERACT Programme, visit www.interact-eu.net.

Please see the SPARC website at www.sparcmodule.org for more information and an application form, or contact us at SPARC@sbe.hw.ac.uk.



Innovation

Background

The aim to promote more innovation has become a top policy priority of the EU in the wake of the **Lisbon Agenda**. The European Commission has communicated a “**broad-based innovation strategy for the EU**” in which it sets out the contours of future innovation policy and the instruments employed to promote more innovation. Innovation, in the framework of EU policy, is deemed to be an essential component to increase the competitiveness of regional economies in Europe with the ultimate goal to maintain our welfare and quality of life. The latter highlights the strong social and environmental dimension that innovation incorporates and emphasises that it is not just to be deployed to enhance economic performance.

*Innovation policy is, therefore, placed in the context of the overall strategic policy agenda of the EU, particularly the **renewed Sustainable Development Strategy of the EU (SDS)** and the **Lisbon and Gothenburg Agendas** at its heart.*

The North Sea Region Programme (NSRP) is designed in the context of this overall policy framework. The *new strategic focus has inspired a change of mindset in the North Sea Region Programme* where projects now have the **opportunity to focus on the transnational dimension of innovation promotion, an angle which other programmes do not capture**, and to practically apply actions for increased competitiveness in the context of territorial cohesion and sustainable development. Innovation is, therefore, a separate priority in the North Sea Region Programme but spans all four priorities to reflect the prominence of the topic.

The NSRP is so designed as to act as **catalyst and driver for strategic initiatives** across the North Sea Region (NSR) and provide a unique framework and directions of support to drive innovation and promote structural change in the economies and societies of the Region. It recognises the variations in defining innovation for the specific purposes of transnational projects.

Guidance

A rationale for promoting innovation in the transnational North Sea Region context

Innovation in a Programme perspective ought to be promoted through **actions that allow novel ideas be brought to the marketplace** to create value for a company, its customers and for society at large. It is recognised that this is most likely to happen in an open cooperation environment across the North Sea region towards the recovery and wide application of novelty.

There are **barriers for innovation** to be overcome, many of which have a **transnational dimension across the NSR**. Public authorities, intermediary organisations and knowledge-based institutions play a key role in addressing these and help eliminating obstacles through transnational cooperation to create economic, social and environmental benefit. The North Sea Region Programme is tailored to create favourable conditions so that innovation processes are accelerated across the NSR, and structural changes supported.

EU regional policy addresses innovation with an ever-wider focus, looking at the various spheres in which novel ideas can lead to innovation. **Technological innovation** is based on research and

technological development (RTD) activities, which are mainly performed by public research institutions but driven by businesses in seeking competitive advantage. **Business innovation** occurs through the application of new ways of doing business, management approaches, and the (re)organisation of supply linkages and value chains. **System innovation** relates to the organisational and institutional environment; to supporting and channelling of the accumulation and processing of new knowledge in diverse networks of government, business and academia/research⁷; to improving access to finance; and to exerting influence on policy (**policy innovation**).

Innovation has a clear local and regional dimension, since socio-economic conditions and potentials for innovation in the regions vary greatly and are not evenly distributed across the NSR. Small and Medium Enterprises (SMEs) typically seek tailor-made business services at a local level. This is why **territorial aspects play a key role** in the design of regional development strategies reflecting the specific assets of places. Local and regional authorities are the main providers of suitable services, and therefore key players to translate innovation principles into regional strategies to meet the specific regional needs. However, they need to adopt a transnational perspective as they are bound to be acting within national or supranational policy frameworks, are dependent on external resources such as national funds or access to higher-level decision-makers, and are often not well placed to tap on the benefits of international collaboration.

Promoting innovation necessitates **good governance, political leadership and efficiency in running regional development policies** in a coordinated way to strive for a knowledge-based society and an innovation-led economy. Partnerships with other regions in the transnational North Sea Region are an effective vehicle to support the diffusion and transfer of knowledge, creating a common regional profile, and exploiting fully the opportunities of cooperation towards innovation.

Scope for transnational partnerships and actions

The Operational Programme (OP) recognises the **transnational challenges** that impede regional competitiveness. It addresses them by reflecting the various spheres of innovation through its *Priority 1* but also *in the other priorities* regarding specific aspects regarding innovation.

Transnational projects can *encourage innovation indirectly* by creating an 'enabling environment' for innovation with regard to **innovation infrastructures, cultures and systems** in the regions.

We can also identify ways in which innovation can be encouraged *more directly*. Creating political commitment towards **long-term transnational visions and strategies** may be a **source for short-term action**. Deploying development principles, when implementing concrete actions is an indispensable precondition to achieve significant impact.

Transnational linkages between governments, businesses, incubators, intermediaries, and technology and knowledge transfer agents are the vehicle to create lasting transnational impacts, e.g. networks and institutions. As a result, better functioning 'markets' of ideas and shared objectives enable firms and researchers to **connect to sources of new knowledge**, and **commercialise new ideas** directly. Efforts of SMEs who see the global arena as their market can be supported to internationalise their scope of business. Political players and public authorities may do so by adopting a stronger **international perspective** in the regional development strategies, linked to a transnational vision, to increase the regional innovation capacities and meet the challenges of global competition for a qualified workforce, investment and companies.

Lastly, there is clear benefit in **linking innovation strategies up to high-level policy initiatives**, for example towards sustainable development. More innovation can contribute greatly to adapt to climate change, promote a low carbon economy, increase energy efficiency, support efficient transport and communication, or respond to demographic change and create dynamic and attractive urban and rural places by revitalising regional labour markets. Innovation, when set in such contexts will have a **clear focus towards concrete purposes**, which allows project actions being able to exploit the wider benefits of innovation, and ensuring greater **coherence of policies**.

⁷ The so-called triple-helix-model recognises the benefits of interaction between three kinds of actors in an innovation system – public administration and government, business, and the research community.

Tangible results in the field of innovation

Considering the above said, the North Sea Region Programme seeks **tangible results** in the field of innovation that add value to regional development across the NSR.

A culture of open innovation – through partnership – can materialise in common organisational intermediary setups with lasting impact. In these frameworks, new knowledge can be better accessed, assimilated, adapted, and applied widely. Creativity may be spread by individuals, but innovation is likely to occur in cooperation-driven settings like transnational project partnerships.

Critical mass in competencies and production/ distribution capacities is a key outcome to reach the threshold from which businesses or a market are recognised at a global scale. SMEs are of particular significance in the regional economies since they greatly depend on combined competencies to increase their competitive advantage.

Strengthened regional profiles are the result of a strategic orientation of policy measures and place marketing so that innovative assets already existing in a region can function as a basis to attract, e.g. more investment in Research and Development (R&D). Therefore, the competitiveness of regions depends partly on their ability to build on regional assets that are diverse and unique/specialised enough so that wealth is generated and kept in the region.

A common 'economic identity' in the NSR is an important step towards global competitiveness of individual regions. The ability of 'a region' to establish regional interlinkages may be as decisive for success as a defined regional profile, in order to pool common resources and competencies and create clusters across the NSR, based on both proximity and on complementing functions.

Good framework conditions are a vital prerequisite to enable the market participants to innovate. *They should be tailored to provide those products and services that the market fails to create, as opposed to provide all infrastructures.*

Added value through transnational cooperation on innovation

Approximately 500 innovation stakeholders⁸ were identified in the North Sea Region, which is only a selection. Projects may use the intrinsic cooperation potential and *create a momentum for innovation.*⁹ The projects in the North Sea Region Programme will be *laboratories for new types of action* through transnational cooperation. **The specific benefit derives from** undertaking joint actions across levels of government, sectors, and national boundaries both to **improve the ways in which policies are run** and to **transfer successful models** for wide adaptation and application.

Linking to complementary programmes and initiatives is, therefore, *a critical success factor for projects* to make a lasting strategic impact. In the field of innovation, this relates particularly to activities being undertaken through the 'Competitiveness' strands of the EU Structural Funds. It is also vital to build on previous experience from initiatives like RIS(+) and RITTS, among others. Likewise, the objectives set out in the relevant *National Strategic Reference Frameworks*, the *National Reform Programmes* and other *initiatives at different regional and local levels* may be an important source of reference for projects. In delivering Priority 1, the compliance with the State Aids Regulations is to be observed particularly, e.g. with regard to public-private partnerships.

In some cases, other initiatives may be better placed to support and fund certain actions (such as innovation infrastructure). Hence it is a *unique opportunity to focus actions on those aspects of innovation that require transnational cooperation.*

References

- Operational Programme Interreg IVB North Sea Region Programme 2007-2013
<http://northsearegion.eu/ivb/content/show/&tid=38>

⁸ As identified in a study called 'Facilitating Innovation' commissioned by the North Sea Region Programme in the course of updating 'Norvision', the spatial vision for the North Sea Region.

⁹ It should be borne in mind that the North Sea Region Programme is a mainstream programme. Actions may not necessarily be innovative but surely drive regional innovation and competitiveness in a transnational perspective.

- Project Development Info Sheets of the Interreg IVB North Sea Region Programme 2007-2013
- Video documentary "The Key to Innovation":
mms://webstream.ec.europa.eu/scic/entr/The_Key_to_Innovation_doc.wmv, May 2007
- "Putting knowledge into practice: A broad-based innovation strategy for the EU", COM (2006) 502 final, 13 September 2006
- "Future directions of innovation policy in Europe", Innovation Papers No 31, Innovation Directorate of the Enterprise Directorate-General
- "Innovation policy: updating the Union's approach in the context of the Lisbon strategy", COM(2003) 112 final, 11 March 2003
- "Common Actions for Growth and Employment: The Community Lisbon Programme", COM(2005) 330 final, 20 July 2005
- "Growing Regions, Growing Europe", Fourth Report on Economic and Social Cohesion, May 2007
- "Territorial Agenda of the EU: Towards a More Competitive and Sustainable Europe of Diverse Regions", Informal Ministerial Meeting on Urban Development and Territorial Cohesion, Leipzig, 24/25 May 2007
- "The renewed Sustainable Development Strategy of the EU" (10117/06), Council of the European Union, Brussels, 9 June 2000