



# 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/research<sup>7</sup>; 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**.

<sup>7</sup> 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 stakeholders<sup>8</sup> 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*.<sup>9</sup> 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>

<sup>8</sup> 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.

<sup>9</sup> 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](mms://webstream.ec.europa.eu/scic/entr/The_Key_to_Innovation_doc.wmv), May 2007
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