

Alpine Space Forum:  
Polling Potential for Competitiveness  
Ljubljana 27-28 September 2011

# Regions and Innovation Policy: Lessons from OECD countries

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# WHY WORRY ABOUT INNOVATION AND REGIONS?

- **Innovation** has received increased priority to address not only productivity gaps, but also societal challenges in the move towards smart, sustainable and inclusive societies
- Regions are called as innovation **catalysers** in their countries. Two moves: attention to territories in national innovation policies; more stress on innovation in regional development policies
- The adoption of a **broader concept of innovation** gives a chance to regions that are not at the technology frontier



✓ How to organise **complementarity/synergies** between policies at various levels of government?



✓ How **effective** are innovation policies by, for, in regions?

# PLAN

- 1. Changing framework for innovation and innovation policy**
- 2. State-of-the-art and challenges for innovation policy by, in, for regions**
- 3. Regions and Innovation Policy : the way forward**

# The changing framework for innovation

1. Increased **awareness** of the role of innovation as crucial ingredient for economic development
2. **Interactive** view of innovation - innovation differs from R&D
3. **System-based** approach to innovation, emphasis on learning and diffusion / absorption of knowledge
4. Diffusion of **tacit knowledge** embedded in humans becomes a key performance factor
5. **Glocalisation** : localised nature of (tacit) knowledge spillovers - importance of global connections

# New innovation policy approach

## Traditional policy

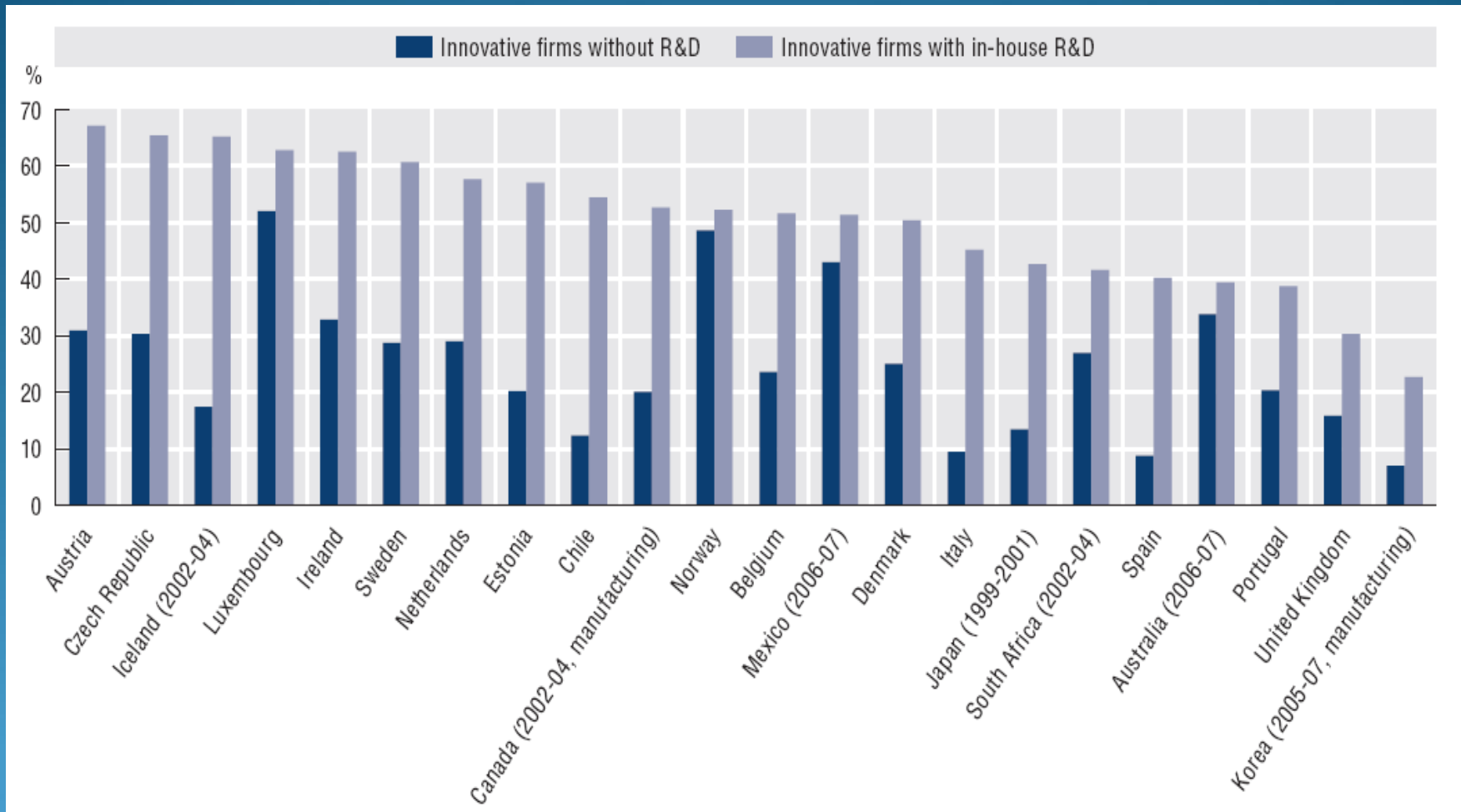
- ✓ Innovation as R&D
- ✓ Focus on research and technology
- ✓ High-tech focus
- ✓ R&D and transfer institutions
- ✓ Knowledge creation and diffusion

## New policy

- ✓ Innovation as economic exploitation of new combinations
- ✓ Includes broad set of activities (design, organisational..)
- ✓ Innovation in all sectors
- ✓ Companies at the centre
- ✓ Knowledge absorption

# Innovation is more than R&D

New-to-market product innovators with and without R&D, 2004-06  
*As a percentage of innovative firms by R&D status*



Source: OECD (2010) *Measuring Innovation: A New Perspective*.

Notes: These estimates are based on national studies. They do not yet reflect standardised methods and definitions.

# OPENING THE BLACK BOX OF POLICIES: IDENTIFYING RELEVANT POLICY SPACES

## Potential and limits for innovation policy in regions

1. Variety of institutional arrangements
2. Different types of innovation potential
3. Diversity in regional development & innovation strategies



**Three dimensions** to take into account

## Innovating for what?

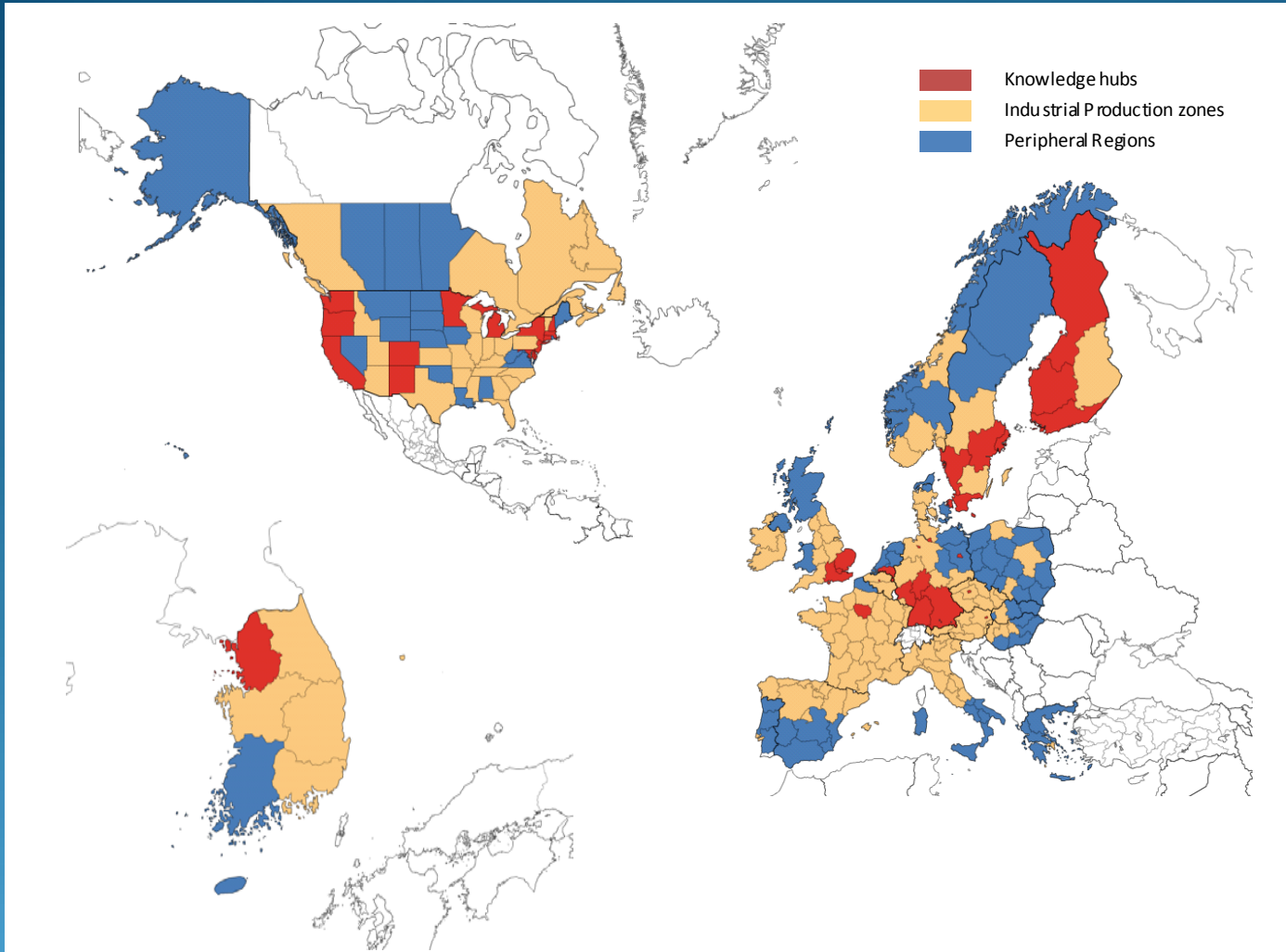
- Building on current advantages
- Supporting socio-economic transformation
- Catching up: towards creation of knowledge-based capabilities



Importance of setting **policy priorities**

# TYPOLGY OF OECD REGIONS DISPLAYS

## VARIETY



### **Knowledge Hubs** ■

- ✓ Small sized knowledge intensive capital districts
- ✓ Regional knowledge and technology hubs

### **Industrial Production Zones** ■

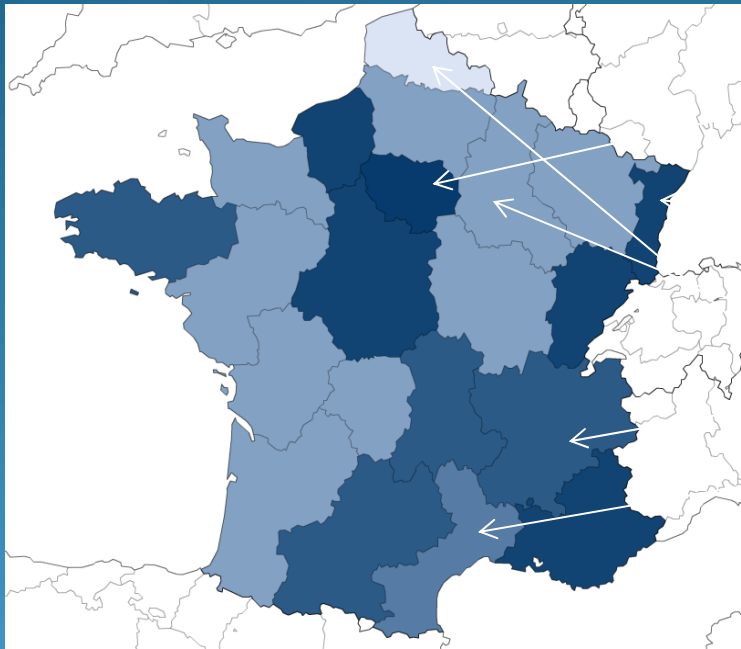
- ✓ Core manufacturing and service providers
- ✓ Skill-intensive production centres
- ✓ Service and rural production centres
- ✓ Old manufacturing centres

### **Peripheral Regions** ■

- ✓ Low populated peripheral regions in rich countries
- ✓ Structural inertia/de-industrialising regions
- ✓ Rural low populated regions



# TYOLOGY OF OECD REGIONS: WITHIN COUNTRY DIVERSITY



## Knowledge Hubs

- Small sized knowledge intensive capital districts
- Regional knowledge and technology hubs **1**

## Industrial Production Zones

- Core manufacturing and service providers **5**
- Skill-intensive production centres **4**
- Service and rural production centres **1**
- Old manufacturing centres **9**

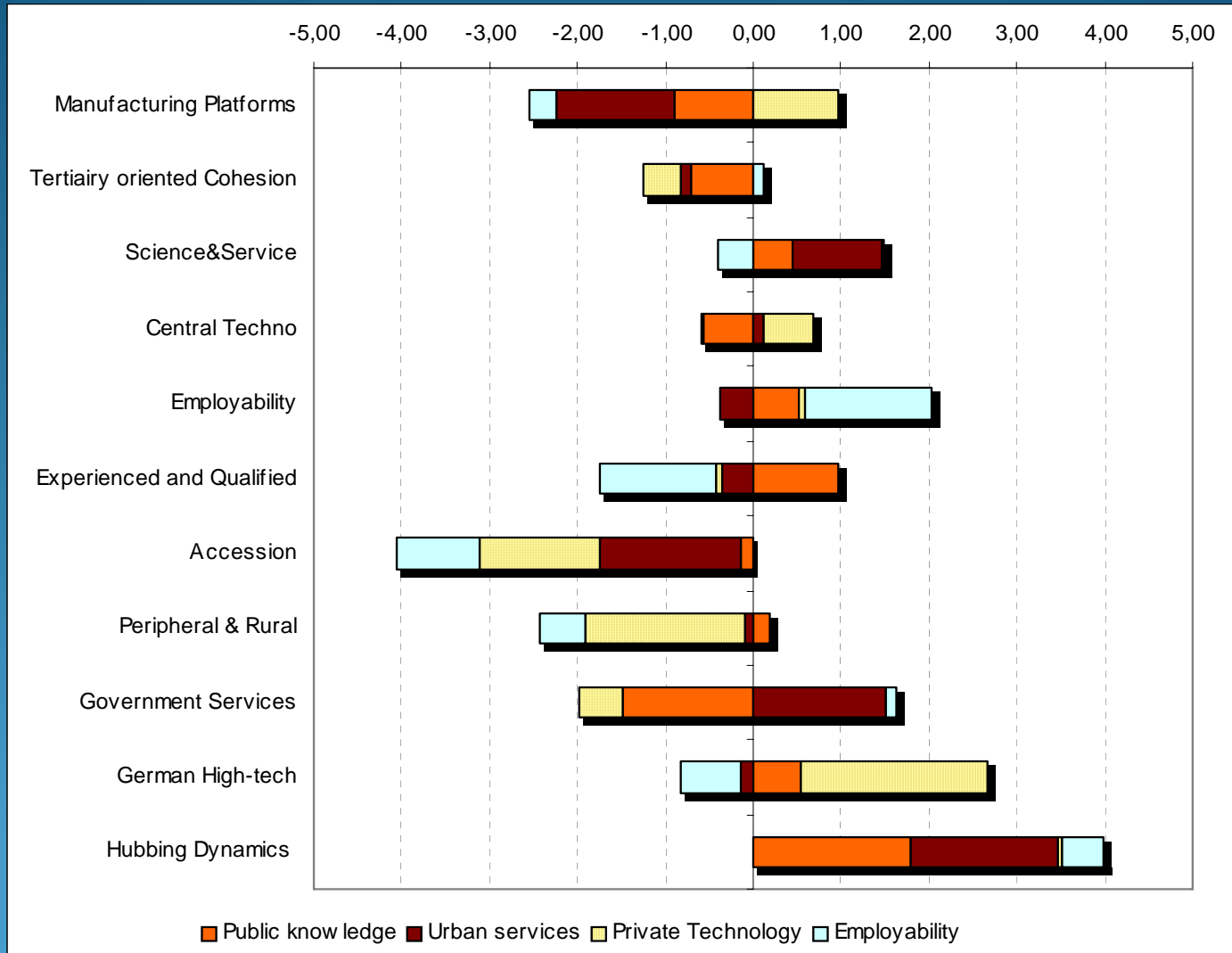
## Peripheral Regions

- Low populated peripheral regions in rich countries
- Structural inertia/de-industrialising regions **1**
- Rural low populated regions

**France (metropolitan):**

**21 regions belong to 6 types**

# The diversity of European regions



# Innovation policy instruments

Target of support	Form and focus of innovation support services for SMEs	
	Reactive tools providing inputs for innovation	Proactive tools focusing on learning to innovate
Global connections	Excellence poles Cross-border technology centres Funding for international R&D or innovation projects	International technology transfer schemes Mobility schemes Support for global networking of firms Cross-border innovation vouchers Lead market initiatives
Regional system	Collective technology or innovation centres	Cluster policies Proactive brokers, match-makers Innovation vouchers Support for regional networking of firms Schemes acting on the culture of innovation
Individual Firms	Incubators with “hard” support Traditional “reactive” technology centres Seed and venture capital funds R&D subsidies or tax incentives	Management advice Incubators with “soft” support “Proactive” Technology centres Audits, monitoring of needs Innovation Coach Innovation management training Techno-economic intelligence schemes

# Need for bridging initiatives between ALL actors

- Clusters programmes
- Regional growth initiatives
- ...



« Systemic » innovation policies

- Challenge for Innovation policy : organise **complementarity** and **synergy** between policy areas – design effective **policy mixes**

# Ten Questions Relevant to the Design of Policy Mixes

- 1) Challenges for NIS
- 2) Policy Objectives
- 3) Gaps (between Challenges and Objectives)
- 4) Instruments (R&D, non R&D, using typology)
- 5) Gaps (between Objectives and Instruments)
- 6) History
- 7) Actors
- 8) Balances within policy portfolio
- 9) Interactions
- 10) Governance

# Implications for Science Parks

## The BRIDGE

- ✓ Technology transfer
- ✓ From source to recipient
- ✓ A specific place
- ✓ Focused support
- ✓ Material support
- ✓ In-house support
- ✓ Technology gap

## The CLUSTER of COMPETENCE

- ✓ Dialogue creation
- ✓ Multilateral exchanges
- ✓ A node in a system
- ✓ Multiple support
- ✓ “Learning support”
- ✓ Clearing house
- ✓ ...and managerial gap

# Key challenges for European Cohesion Policy

- ⇒ Need for differentiated policies based on regional **smart specialisation** strategies
- ⇒ Move towards supporting more **demand** than supply side of innovation (ex ante analysis !)
- ⇒ Balance technology focus with **other forms of innovation**
- ⇒ Give preference for **competitiveness** when developing strategies
- ⇒ Focus on **social capital**, the oil in the regional system
- ⇒ **Innovative** and more complex projects should be favoured over focus on funds absorption

# Innovation Policy :

## The way forward (1)

- Effectiveness of innovation systems depends on **balanced** combination of 3 capacities :
  - **creation of knowledge**
  - **diffusion of knowledge**
  - **absorption of knowledge**
- Growing importance of **framework conditions**
  - **entrepreneurship**
  - **competition rules**
  - **labour market conditions**
  - **financial market**
  - **social capital, ...**



# Innovation Policy :

## The way forward (2)

- Government's role shifts from investor to **facilitator** - promotion of public/private partnerships and **interface management**
- Improving **knowledge governance** in firms and clusters of firms becomes a key issue
- Policies need to « **open borders** »:
  - ✓ **In terms of content**
  - ✓ **In terms of applications space**

# Innovation Policy :

## The way forward (3)

1. The need for borderless **content** of innovation policies
  - “Hidden” forms of innovation, beyond R&D-driven innovation, should be stimulated through mixes of instruments from various policy areas: education, S&T, environment, infrastructure, etc.
2. The need for borderless **territory** for innovation policies
  - Innovation does not stop at administrative borders: cross-border collaborations in policies to target functional areas
  - RIS are not “small NIS”: complementarities need to be ensured between policies and instruments at various levels

# Innovation Policy :

## The way forward (4)

- More efficiency through “**Policy packages**” rather than isolated instruments – Consider **Policy Mix**
- **Demand oriented innovation policies**: a “*set of public measures to induce innovations and / or speed up diffusion of innovations through increasing the demand for innovations, defining new functional requirement for products and services or better articulating demand.*” (Edler 2007)
  - Public procurement.
  - “Soft steering” concepts geared to the willingness and ability to accept, demand and apply innovations
  - Measures stimulating the articulation of needs, preferences, ideas and fears of potential users
  - Shaping of regulations and norms

# Innovation Policy : The way forward (5)

- Need for more **strategic policy intelligence**
  - **monitoring and evaluation of policies**
  - **sound analyses of innovation systems**
  - **« intelligent » benchmarking practices**
  - **long term views**
  - **inclusive policy design processes**

# SUMMING UP

## FOUR KEY ARGUMENTS FOR MORE EFFECTIVE INNOVATION POLICIES IN AND FOR REGIONS

1. **Variety** in innovation policy models
2. **Openness** (content, space) of policies
3. **Synergy** of instruments (vertical, horizontal)
4. **Policy learning** and experimentation

Design and Evaluation of Innovation  
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