



# Northern Connections

## Policy Recommendations and Tools

# Northern Connections

The joint challenge is to test the use of domestic innovation support measures transnationally and address barriers to competition which exist between clusters and regions. Innovation support is mainly applied within narrow geographies where calls to action are not visible transnationally and cities & clusters lack capacity to involve SMEs broadly.

Our objective is to get more enterprises to participate in transnational innovation collaboration via strengthening transnational cluster and city/region cooperation.

Main output is building capacity and transnational relations of sustainable energy clusters to provide demand-led innovation support. This creates the foundation for involving more SMEs in innovation. Develop broader political backing using northern connections to create coherence between political ambitions and cluster potential for innovation support.

Our approach is to provide a bridge between private and public sector on transnational innovation support. This will be achieved through improving/aligning innovation support measures by creating incentives for transnational SME innovation partnerships to collaborate and establish a critical mass of innovation activity on a transnational basis. We will pilot joint transnational innovation support measures aimed at broadening opportunities for SMEs from different NSRs to participate in regional innovation activities, which ultimately will strengthen their ability to take part in global markets and create new value-chains.

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# INTRODUCTION to policy recommendations and tools

## INTRODUCTION

In Europe, globalization has reached the city and regional levels, even rural areas. Very few European cities are large enough to remain at eye-level with their international competitors and most so-called functional business regions remain too small. Therefore, engaging in bilateral or multilateral cooperation with other innovative partners, often across large distances and national borders is pivotal. Their cooperation is based on common interest and, increasingly, on long-term agreements with a clearly defined economic added value, replacing traditional city2city twinning.

“**Northern Connections**”, an INTERREG North Sea partnership of 21 cities, regions, clusters and knowledge institutions from six EU member states and Norway, is a concrete example of partners sharing the vision of a Europe whose ability for innovation and whose competitiveness on a global scale will be driven and assured by a long-term cooperation between and among cities and regions in Europe. Within “Northern Connections” we have chosen to focus on the renewable energy sector to establish closer, trustful, mutually beneficial and long-term relations between and among the cities and business regions involved and their respective cluster organisations. Therefore, we encourage the renewable energy clusters with their communities of small and medium enterprises to engage in this internationalisation process and to explore possible fields of bilateral or multilateral cooperation.

The following recommendations and practical tools are targeted at policy makers and public and private actors in Europe and are intended to facilitate transnational innovation collaboration among cities and regions as well as between their cluster organisations.

## I. Recommendation

### Knowledge sharing

#### **Recommendation I: Knowledge sharing and best practice collaboration.**

We recommend cities to engage in European networks, to share knowledge, experience and challenges in the search for new solutions. Studying “best practice” from other cities is not enough since preconditions differ strongly between cities and types of areas – one size doesn’t fit all.

#### **THE CHALLENGE**

The pace of urbanisation is increasing, powered by the search for new economic opportunities, employment and a better way of life. Solutions to societal, economic and environmental challenges are not handed over on a silver plate – solutions are found locally, regionally, nationally and internationally. Cities advance and develop by sharing knowledge, experiences and best practices. Impact and replicability of actions are to be seen as common goods, as many cities face similar challenges. And by adapting best practices we can fulfil our obligation to find the best possible solutions to our local challenges.

#### **ACTION EXAMPLE**

- Eurocities network (<http://www.eurocities.eu>) brings together over 140 of Europe's largest cities and over 45 partner cities, which between them govern 130 million citizens across 39 countries. The Eurocities network acts as a lobby organisation, as well, with significant impact on many Commission policies and tools. These, in turn, are elaborated in six thematic forums and a wide range of working groups of people like ourselves – dedicated civil servants. The Eurocities network shapes the opinions of Brussels stakeholders and ultimately shift the focus of EU legislation in a way, which allows city governments to tackle strategic challenges at local level.

## II. Recommendation

### Transnational cooperation

#### **Recommendation II: Transnational Cooperation.**

We recommend cities and regions to pool resources and knowledge to gain critical mass to solve joint challenges and create potential for increased innovation in companies. Not only to keep up with international competition, but to take a leading role. We recommend policy makers to join forces and cooperate in larger geographical areas – virtual mega-regions.

#### **THE CHALLENGE**

Due to limited critical mass, most European cities remain too small to be visible and competitive on a global scale. Therefore, joining forces makes sense and provides cities and regions with opportunities for pushing innovation and maintain competitiveness and increase visibility on the global scale.

#### **ACTION EXAMPLE**

- “Northern Connections” is a concrete example of partners sharing the vision of a Europe whose ability for innovation and whose competitiveness on a global scale will be driven and assured by a long-term cooperation between and among cities and regions in Europe. Northern Connections have chosen the energy sector as selected field to establish close, trustful, mutually beneficial and long-term relations between and among the cities, business regions and their respective cluster organisations. The renewable energy clusters involved are supported in this internationalization process while exploring possible fields of cooperation.

## III. Recommendation

### Transnational cluster2cluster cooperation

**Recommendation III: Transnational Cluster2cluster cooperation – increasing interaction and collaboration between clusters in the North Sea Region.**

We recommend cities and regions to work for increased cluster2cluster cooperation across national borders. Clusters traditionally operate in regional markets and 38% of European jobs are based on such regional strongholds.

Hence, collaboration between clusters across borders can release unused potential and increase the innovation potential of SME's thus creating the foundation for more jobs and registration of more international trademarks and patents than they would alone.

#### **THE CHALLENGE**

Quite often cluster organizations are emerging from regionally financed initiatives, based on Regional Innovation Strategies (RIS) or similar. However, the innovation aim and the analysis of the value chains as well as the opportunities of transnational / international cooperation are often neglected.

#### **ACTION EXAMPLES:**

- The public authorities responsible for funding the cluster can support the organization in getting access to transnational cooperation. This could help enable cluster organizations to become an active partner in transnational city2city, region2region or city2region cooperation (see: Policy Recommendation I).
- In case a regional public authority is mandated to implement a regional programme (e. g. from ERDF) also dealing with a RIS3, energy or climate strategy or alike, this authority can make related European transnational cooperation mandatory to organisations requesting funding to establish/run a cluster or similar network agency.

## IV. Recommendation

### Use possibilities of ERDF funding to stimulate transnational collaboration between clusters and SMEs

#### **Recommendation IV: Use possibilities of ERDF funding to stimulate collaboration between clusters and SMEs.**

We recommend that cities and regions take advantage of the possibilities in the regional ERDF funding to help finance further transnational innovation cooperation especially with regards to partners outside the given region.

This experience based recommendation refers to the [Draft ERDF Regulation](#) tabled by the European Commission late May 2018 for the upcoming EU Financial Period 2021-2027.

#### **THE CHALLENGE – MISSED OPPORTUNITIES**

“Research and Innovation Smart Specialization Strategies” (RIS3) are presently a prerequisite for all European regions to claim funding from the European Regional Development Fund (ERDF). These strategies identify main regional challenges, as well as the focus points each region wants to address. These strategies often have an explicit focus on the individual region only, and mainly regional organisations are supported by the ERDF funding in that given region.

Even though it is allowed to spend ERDF funds on cooperation partners outside the given region, e.g. foreign partners, this opportunity is rarely used.

- ERDF is often regarded as an instrument supporting individual regions only.
- In most cases, no explicit and/or binding internationalization strategy has been included in the RIS3 and regional Operational Programmes for implementing the ERDF funding at regional level.

#### **ACTION EXAMPLES**

- Take advantage of the possibility in the regional ERDF funding to spend ex 15% of the budget on partners outside your own region – to increase collaboration possibilities between SMEs.



- In the [Draft ERDF Regulation](#) (consideration 13) the European Commission underlines the needs of enhanced cooperation with partners on implementing regional (innovation) strategies in line with the specific objectives set out in article 2 (para 1) of this Draft Regulation. Partner (regions) should come from any regions across the European Union, cross-border regions or from regions covered by a EU macro-regional or sea basin strategy (see article 2, para 4.).

## 1.Tool

### Converting political ambitions into measurable actions and budget

#### THE WHY

Turning political ambitions into concrete actions – giving both a green and economic outcome to businesses and the city. Cities can benchmark themselves and their region by adding concrete targets to their political ambitions – and setting money aside to achieve it.

By linking innovation and green economy ambitions with a budget, cities can play a key role in pushing innovative solutions and the green economy. Cities can give a long-term direction for enterprises and what they can come to expect of demands from the public sector – thus raising the bar for innovative solutions. And companies can test their solutions to city challenges together with the public sector providing foundation for transnational growth possibilities.

#### CASE EXAMPLE

- Turning green political aims into a Climate budget (City of Oslo – Climate Budget ([link](#))). The purpose of the Climate Budget is to ensure implementation of the measures necessary to fulfil Oslo’s climate goals. The Climate Budget provides an overview of the measures that the City Government is planning to implement within the period of its current economic plan to fulfil Oslo’s climate goals. The Climate Budget is not restricted, to measures under municipal control. The budget also encompasses measures implemented or funded by the national government that have a direct impact on GHG emissions from Oslo.

## 2.Tool

### Policy lab – Generating and testing ideas for policy development

#### THE WHY

Whereas clusters and companies benefit from “living labs” to generate and test new ideas of innovation to solve challenges, the policy level can also benefit from forums or “policy labs” to generate and test new ideas for policy development. Public involvement in policy development is by far a new approach. By taking public involvement to another level, cities can create real “policy labs” to enhance relevance and appropriateness of visions, policies and actions.

#### CASE DESCRIPTIONS

- **2.1 Strategic place-building – example from Gothenburg ([link](#))**

In Gothenburg, Strategic Place-building has been used as a way of breathing new life into an area. As planning progresses the plan is tested through an open dialogue with the public through full-scale prototyping for various target groups with the aim of creating diverse meeting places. This strategy involves joining forces with a range of stakeholders, pooling expertise to come up with a dynamic plan and continually adding activities to the Local Development Plan through dialogue with the public – the future users. The process therefore involves planning and implementation in equal measure.

- **2.2 “Open source” process, example from Aarhus.**

In Aarhus an “open source” process has been adopted for elaborating a Climate Action Plan for the city. Local stakeholders were successfully involved across the triple helix. The approach was to involve key stakeholders across companies, trade organisations, knowledge institutions, key employees from the municipality and politicians. The Climate Secretariat partnered up with relevant local stakeholders and thereby managed to mobilize critical mass. To describe concrete business opportunities related to specific challenges, the Business Canvas Model was introduced, and role play was applied to challenge the participants forcing them to switch roles and represent different stakeholders (e.g. municipality, private company, NGO, politician etc.). By openly communicating the challenges of the municipality as a driver for commitment, the city became an attractive partner.

- **2.3 Temporary policy committee, example from Denmark.**

In Denmark, municipalities can set up a temporary policy committee with representation from the local city council as well as external experts picked by the city council with reference to the specific topic to be discussed in the committee. These committees work in the time frame of two years and are widely applied to address specific challenges to innovate and elaborate recommendations on new solutions to societal challenges or specific questions – independently from political discussions. In Aarhus, for instance, this approach has been used for the internationalization committee and sustainability committee.

Experience show, that in these temporary committees, politicians tend to set aside party differences and strategic acting and focus on the challenge together with the external experts. The temporary committees are free to choose different instruments for gathering further knowledge on the specific issue to be discussed (e.g. inviting further specialists to their meetings or conducting surveys). The approach seems to result in a more unprohibited discussion and more innovative as well as wide reaching recommendations. These recommendations are meant as a catalogue of ideas to be presented and - in case of majority - adopted by the city council.

- **2.4 Regional plan for Innovation – example from Oslo and Akershus.**

The Regional Plan for Innovation in Oslo and Akershus towards 2025 is an invitation to those engaged in sustainability, increased value creation and international competitiveness in the region. Making the region attractive for innovation and transforming it into the world's most sustainable, smart and innovative region will require collaborative efforts. The City will involve all those who want and can contribute with activities and enthusiasm that support the region's visions and objectives – businesses, academia, innovation environments or public authorities. This plan is a chosen direction for how to exploit the region's strong growth and realise the innovation potential that lies in the strengthened interaction between businesses, research and knowledge environments, talents, capital and public sector, in order to achieve increased value creation and competitiveness.

The Regional Plan for Innovation is comprised of strategies and an action programme with overarching activities targeting 2025 combined with annual activity and initiative plans.

- **2.5 Innovation transfer and participative processes – example from Hamburg.**  
As a big city and a federal state **Hamburg** is when it comes to innovation concentrated at its Clusters or innovative Networks. They are organizations built around a value-added chain (e.g. Renewable Energy, Health, Creative Industry...) In all clusters the Free and Hanseatic City of Hamburg plays an active role and with a permanent exchange of knowledge, ideas for innovation come quickly to the political arena. When there is a specific task for the city to handle, the political level quickly can invite the necessary players to present their ideas. With policy makers directly responsive to specific themes/sectors and their needs, the way for relevant policy changes is paved. This means that political and administrative barriers for transnational innovation may be faster dismantled.
- The City actively supports participative processes: Establishing “free space” for conversation, initiating of strategy processes, initiating trendsetting decisions in relation to smart specialization.
- The “Innovation Summit”: a platform for innovation transfer bringing together visionaries, technology creators, science, education and public sector.

## 3.Tool

### Position your city or region as a “buyer” – seeking innovative solutions

#### WHY

Cities and regions face various challenges for development and service delivery of the city. Climate, energy supply, CO<sub>2</sub>-emissions, green transport, etc. The challenges are many, and cities and regions rarely have the solutions to address all the challenges. The challenges often require innovative solutions – either technical, methodological or work processes.

How can your city or region gain access to the new solutions? How can you ask for something that might not exist – but you know you need the final solution?

A first step is to get an overview of your city or region challenges. When you have that, it will enable your city or region to:

- Position yourself as a buyer in need of an innovative solution where the details and technical specifications are not known. The first step towards transnational innovative procurement and innovation partnerships.
- Indirectly push for innovative solutions to your city or region challenges.
- Create an openness that allows companies and stakeholders interested in testing/providing solutions to the challenges to contact your city or region - regardless of geographical position. Enables enterprises to see where they might enter into an innovation partnership or where they can test new products and services.

#### CASE EXAMPLE

##### • 3.1 Test Beds from Gothenburg. ([link](#))

Gothenburg is a live testbed/living lab for innovative and sustainable solutions. There is a number of different testbeds/living labs where cooperation is key. There is a website with specific information on all the testbeds, who can participate and how to get in contact with the “owners” of the testbed – and the challenge.

Gothenburg considers testbeds a physical or virtual environment where businesses, knowledge institutions and other organization can cooperate in the development, test and implementation of new products, services, processes or organisational solutions.

## 4.Tool

### Innovative public procurement

#### WHY: SPEEDING UP SMART INNOVATION

To cope with today's increasing societal challenges, small or large, cities and regions want to offer sustainable solutions and qualitative services to their communities. Innovation procurement is an indispensable tool that offers necessary guidance and support for the development, evaluation and acquisition, purchase of innovative products and services.

Procurement of Innovation aims at speeding up smart innovation and removes the obstacles for purchasing innovative products and services. As such, procurement of Innovation stimulates and supports politicians, managers and buyers in the public sector to spend parts of the budget on innovation. Innovative procurement are purchases that aim at the development or the application of innovative solutions. This can be new or improved products or services, but also new methods or ways of working or organizing.

The purchasing power of the public sector is considerable and represents an important economic driver – and applied in a strategic way, it will work as a catalyst for innovation. E.g. in the region of Flanders, a budget of 30.000.000.000 Euro is spend every year for purchases by the public sector. Procurement of innovation will devote a part of this budget to develop and purchase innovative products and services. This process requires a mindset change in cities and regions.

#### OUTPUT

Procurement of innovation has distinct advantages for cities and regions as well as for enterprises. Cities and regions can better acquire cheaper, more optimal solutions, they become more involved in the development of solutions, and they will build enhanced knowledge of new evolutions and trends, enabling them to provide better answers to societal challenges. And private enterprises can find and get faster access to new markets, discover new insights in public needs, and get access to extra resources for innovation, enhanced collaboration and commercialization.

### CASE EXAMPLES

- **Tool 4.1 Innovative public procurement - legal seminars (baseline).**  
Getting the baseline in order and ensuring the staff of the public body is well acquainted with innovation procurement processes and legal possibilities.
- **Tool 4.2 Example of Innovative public procurement Oslo.**  
Oslo Municipality is Norway's second largest purchaser. The municipality's procurement strategy for food, goods, services, buildings and construction is to provide a common overall approach and behaviour by municipal agencies, so that procurement becomes an effective instrument for providing residents, businesses and industry with quality solutions and services in line with the needs of today and tomorrow. The strategy's main objective is that Oslo Municipality is to conduct appropriate and cost-effective procurement processes - providing sound and socially responsible solutions in both the short and long term. The procurement strategy is followed by an implementation plan, ensuring ownership and active implementation of the procurement strategy in municipal departments and other agencies.
- **Tool 4.3 Example Flanders: “Together for faster and smarter Innovation” Program for Innovation Procurement (PIP) ([link](#)).**  
The Programme for Innovation Procurement (PIP) helps the public sector to develop, test and/or purchase innovative products and services. All public sector organisations covered by the Public Procurement Act can turn to PIP for information, advice, guidance and co-financing on innovation procurement projects.  
A total of 5 million euro is available annually. The specific needs of each project determine the extent of possible co-financing. In principle, no maximum amounts are foreseen. To provide some guidance, the following indicative amounts for an ‘average’ innovation procurement:
  - Up to 30 000 euros for the use of external expertise, carrying out market consultations, organising user queries, etc.
  - Up to 1 000 000 000 euros for co-financing the procurement of R&D services developing an innovative solution.



- Up to 50 000 euros for costs resulting from setting up a validation or test phase prior to procuring an innovative solution.
- **4.4 Example of Circular procurement for a sustainable learning environment** (Aalborg, Denmark).

In 2017, we set up a new framework agreement for school furniture. We decided to use the opportunity to transform the approach to one that creates an inspiring learning environment that supports learners' needs while also strengthening the circular economy (rather than solely focus on tables and chairs).

We approached this procurement by asking potential suppliers/companies not just to deliver a product, but to inspire and challenge us, and provide a comprehensive proposal for a new classroom environment.

Following an extensive phase of market dialogue and engagement to prepare the launch of the procurement, along with including a long list of sustainable development requirements, we decided to include four example cases of potential classroom redesign briefs, which would allow bidding companies to showcase their ability to fulfil the overall purpose of the tender. These briefs included a description of classrooms' needs and an overview of the furniture in use (which could be reused or refurbished).

- **4.5 Transnational Innovative public procurement.**  
Innovative solutions to city service delivery and challenges are not always found locally. Solutions can be found in cooperation with companies from other regions and the purchaser can, during the market dialogue process benefit from including companies from other regions/countries as well. Opening for innovation partnerships with both local companies and companies from other countries provides opportunities to the local companies for entering collaboration and innovation partnerships foreign companies.

In this process, it is advantageous to involve the relevant cluster organization to identify the companies – locally and abroad.

## 5.Tool

### “Only the right door”

#### WHY

Provide companies enquiring support and information services with a single-entry point AND use of inter-organisational co-operation and shared customer handling systems to ensure that no matter the entry point the companies are directed appropriately and given assistance.

Companies seeking support to innovate face barriers to action, based on information failures (Where and how can they get assistance and advice?) and with risk aversion arising from poor understanding of both the support available and the potential benefits from undertaking innovation. These challenges are more acute for SMEs. A common criticism of public agencies supporting companies is that the landscape is cluttered, and they do not know who to go to, in order to access advice and support OR that with multiple supply agencies that they must make multiple approaches to different providers.

Recognizing this and the barriers that SMEs face, the public-sector partners can work together to devise customer facing approaches which provide signposting to a single-entry point and – behind the scenes – the different agencies/departments ensure that the customer is directed to the correct support agency or department and tracks that the enquiry is addressed by that agency.

#### CASE EXAMPLES

- **2.1 “The Textiles Connectors” Example from Scottish enterprise and Falkirk ([link](#))**

SMEs in the textiles industry are largely based outside the main centres of population making access to services difficult. The solution was to create a single web-based point of entry for enquiries and behind that to build the required architecture to ensure that there was a single systems-based approach to supporting the customer no matter which agency or provider provided the solution/s. The architecture of how this is done is of no interest to the company, simply that the right person in the right agency responds in a timely manner. The e-based customer relationship management (CRM) system is common across all the service supply agencies and can provide reporting on progress and outcomes to allow performance monitoring and evaluation.

## 6.Tool

### Transnational cooperation – projects

#### THE WHY

Through transnational cooperation projects cities and regions can bring together stakeholders from geographically similar areas to jointly address common challenges and opportunities. You can push innovation by testing and implement new solutions and new ways of working. You can create critical mass to address common challenges – between cities, regions, clusters.

Transnational projects have increasingly the focus on concrete implementation of measures, test of measures in smaller scale with perspective of scaling up to EU level.

#### Links

[https://northseablog.eu/10-good-points-about-transnational-cooperation/;](https://northseablog.eu/10-good-points-about-transnational-cooperation/)  
<https://cleancluster.box.com/s/10lthc8wrr3di1rd4xjhm9idi6vrl9ce>



## Policy Recommendations and Tools

This book contains recommendations and practical tools to policy makers and public and private actors in Europe and are intended to facilitate transnational innovation collaboration among cities and regions as well as between their cluster organisations.