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The Innovating Regions in Europe (IRE) Network aims to facilitate the exchange of experience between regions interested in regional innovation policies, strategies and schemes, and to improve access to good practice.

The IRE network comprises more than 200 members. Over 100 IRE regions have developed regional innovation strategies. In 2002, the network was enlarged with the addition of 14 new Thematic Networks, and of 16 central and eastern European regions developing their own regional innovation strategies.

Particular effort will be made to facilitate the participation in the IRE network of all regions with an interest in regional innovation.

EDITORIAL

The IRE Network Steering Group met in Brussels in February and once again offered valuable advice to the Central Unit on the new services it plans to offer members in the coming months. These services include more targeted support for the formation of partnerships and an upgrade of the technological platform supporting the IRE website.

In this issue of the IRE newsletter, we report on the regional aspects of the new Communication on Innovation Policy (see page 6) and the 2002 European Innovation Trend Chart, which provides an update on the latest innovation policy developments (go to page 7). We also review a new publication called 'Innovation tomorrow' which calls for a new 'third-generation' innovation policy.

Continuing our series of regional case studies, we turn the spotlight on Wales – a region that has identified innovation as one of the key factors necessary to transform its economy over the next ten years. Our feature on page 4 presents the main elements of 'Innovation for Wales', the region's new innovation strategy that was recently adopted after thorough consultation with the main regional stakeholders. Finally, we look at the latest activities and achievements of the IRE Thematic Networks that are now entering the second half of their contracts.

The Central Unit

INDICATIVE CALENDAR OF NETWORK ACTIVITIES

MAY

Conference of the Thematic Network VERITE on Technology Transfer and Technology Clinics, Helsinki (FI), 8-9 May 2003. Contact: Juha Suuronen, juha.suuronen@tekes.fi

First PARTNER meeting on Improving Innovation Finance and on Fostering a Culture of Innovation, Tartu (EE), 8-10 May 2003. Contact: Eva Trier, etcmi.uk@virgin.net

IRE Thematic Network co-ordinators meeting, Luxembourg (L), 15-16 May 2003. Contact: Jaime Moll de Alba, j.moll@irc-ire.lu

JUNE

PARTNER Methodology Clinic, Poznan (PL), 10-11 June 2003. Contact: Eva Trier, etcmi.uk@virgin.net

Industrial Regions Group meeting, Poznan (PL), 11 June 2003. Contact: Jaime Moll de Alba, j.moll@irc-ire.lu

Meeting of the Thematic Network BIGEAR, Aragon (ES), 16-18 June 2003. Contact: James Tweed, James.Tweed@accentus.co.uk

Meeting of the Thematic Network SAIL, Iceland (IS), 20 June 2003. Contact: Clive Winters, c.winters@cov.ac.uk

IRC-IRE TTG meeting, Luxembourg (L), 25-26 June 2003. Contact: Jaime Moll de Alba, j.moll@irc-ire.lu

Joint meeting of the Thematic Networks STRINNOP and INNOBA-SME, Brittany (FR), 25-28 June 2003. Contact: Cornelia Hamann, hamann@bia-bremen.de

IRE Steering Group meeting, Brussels (BE), 30 June 2003. Contact: Jaime Moll de Alba, j.moll@irc-ire.lu

WALES: A FIVE-POINT ACTION PLAN FOR INNOVATION

The Welsh National Assembly's economic development strategy, 'A Winning Wales', pinpoints innovation as one of the crucial factors necessary to transform the region into the 'Dragon Economy' over the next ten years. To back up this strategy, the government recently launched an Innovation Action Plan which will spend up to £260 million (€384.1 million) in this area. 'Wales for Innovation' sets out the programmes and initiatives necessary to boost Welsh innovation performance.

The British region of Wales is located to the west of England, covers an area of over 20,000 km^2 and has a population of 2.9 million. Following major economic restructuring in the 1980s, Welsh reliance on the coal and steel industries has declined. Wales now has a more modern and mixed economy, one still based on manufacturing, but in new industries such as automotive components, consumer electronics, aerospace, healthcare and ICT. As a result of devolution in the UK, the region set up its own national assembly and political structure in 1999. The elected assembly has powers to develop and implement policy in areas such as industry, transport, environment, education, agriculture, social services and local government.

The new innovation action plan, 'Wales for Innovation', is the Welsh Assembly Government's main tool to deliver on its commitment to make the region more competitive in the global economy. It builds on the success of the 1996 EU-funded regional technology plan (RTP), which created a broad consensus on the main innovation and technology issues facing companies in the region.

'Wales for Innovation' focuses on five action areas, each aimed at providing businesses with the help they need to become more innovative. To implement the plan, the Assembly will work in close partnership with the region's main innovation support organisations – the Welsh Development Agency (WDA) and the two councils of Education and Learning Wales (ELWa) – the National Council for Education and Training for Wales (NCETW), and the Higher Education Funding Council for Wales (HEFCW).

Action area 1: Communicating what can be achieved through more innovation

Like other regions in Europe, Wales needs to develop a stronger innovation culture. To help achieve this, the WDA will launch a £3 million (€4.4 million) innovation campaign, which will include road shows and exhibitions, conferences, an annual innovation week, innovation awards, one-to-one advice and seminars. In an effort to drive home the 'innovation message' at local level, 'Innovation Network Partnerships' will be created in the four WDA regions and the 'Commitment to Innovation' programme for companies will be expanded. Also, the HEFCW plans to run round-table discussions with higher-education sector managers, academics and risk-finance experts.

Action area 2: Developing more high growth potential businesses

If Wales is to succeed in meeting the ambitious targets set out in the economic development strategy, it will have to boost R&D investment, technology transfer and research exploitation.

The region has earmarked £15 million (€22.1 million) to encourage businesses to increase R&D spending and to help local companies to develop spin-out activities.

The region plans to invest £150 million (€221 million) over three years to develop its 'Technium' network of innovation centres. These provide incubation facilities for new companies with growth potential and act as an important link between companies and universities. The new 'Technology Commercialisation Centre' will

work together with the Technium network and other key players to identify and support the setting up of new cutting-edge operations with serious commercial possibilities.

Action area 3: Better equipping people to innovate

This action area will provide managers and employees with the skills needed to innovate in their particular business sector.

The regional authorities will identify the most appropriate training needs, particularly through the 'Management and Leadership Development Training in Wales – an Agenda for Action'.

To encourage discussion and exchange of good practice among industrialists, the region plans to set up sectoral extranets where companies from the same industry can keep up with the latest developments in their sector. A pilot will be launched later this year with the Welsh Automotive Forum.

In an effort to encourage more employee participation in innovation, the Assembly will work with the social partners to launch workplace initiatives. It will be up to individual businesses to discuss and decide on appropriate measures depending on their needs. The forthcoming action plan 'Partnership Working – Business Improvement through Employee Involvement' will recommend ways of improving workplace collaboration.

Action area 4: Simpler, more effective innovation support and funding

The aim with action area 4 is to build a stronger, more pro-active and effective innovation support service for the region, one that offers specialised advice tailored to the needs of regional innovators.

As part of the plan, the Assembly Government and the Welsh business advisory services will promote the UK's R&D tax credits in order to increase take-up. Also, a new £25 million (€37 million) innovation grant scheme for SMEs and potential small inward investors will be developed by the WDA. This will provide support during the whole innovation process from concept to market.

Action area 5: Maximising the economic development impact of universities and colleges

Welsh higher education institutions (HEIs) are a rich source of knowledge, facilities, and talent. Tapping into these resources is essential if the region is to achieve its economic objectives. The goal of the final action area is to encourage more links between Welsh knowledge centres and business, and to ensure the region's HEIs remain outward-looking and international.

The plan is to provide more support for existing programmes and to make it easier for businesses, particularly SMEs, to get access to academic expertise. The Higher Education Funding Council (HEFCW) will provide up to £9.3 million (€13.7 million) for its Higher Economic Development Fund to drive forward the development and implementation of commercially orientated strategic business plans by HEIs. The fund has had a major impact on accelerating academic entrepreneurship and technology transfer activity in Wales. It helps to focus the efforts of universities and ensures the full exploitation of their in-house technology and knowledge.

Find out more about **'Wales for Innovation'**, at: http://www.wales.gov.uk/subitradeindustry/content/action-e.pdf

A showcase of Welsh innovation is available at: www.wales4innovation.com

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STENGTHENING LOCAL INNOVATION

Developing policies at local and regional level to support companies and innovation is critical to European economic growth, argues the European Commission's recent Communication on Innovation policy. Even though regions need to address their own specific situations, to gain most, they ought to develop more formal and informal contacts to learn from the experiences of other regions. This article looks at those aspects of the Communication which concern regions directly.

"Innovation policy must be directed at providing the skills and developing the motivation for what we call 'entrepreneurial innovation," said Erkki Liikanen, Commissioner for Enterprise and the Information Society, speaking at a conference to launch the Communication. "It must also work on the enterprise's immediate operating environment – the firm's interactions with its suppliers and customers, its sources of advice and of finance. Enterprises cannot expect to be innovative purely on the basis of their own in-house knowledge and capabilities. They increasingly depend on external inputs, in the form of skills, advice and co-operation networks."

For most companies, that means inputs from their local region – where regular personal contact is possible at acceptable cost, and where there is a common background, in terms of culture, understanding and environment. Successful small firms are generally strongly rooted in their home region.

Regional dimension

Strengthening the regional dimension of innovation policy is one key area outlined in the Communication. The Commission recognises that innovation-support measures are increasingly being devised and implemented at regional level, taking account of regions' specific strengths, weaknesses and ambitions. On the other hand, this trend brings the risk that regions design their own strategies in isolation, without taking advantage of experience gained elsewhere and without seizing opportunities to benefit from transregional or transnational networks.

The Communication underlines the increasing importance of regional policies for promoting innovation, which take fully into account the distinctiveness and social and economic characteristics of individual regions. "Regions must learn from others, but avoid simple duplication," it argues. They must each develop their own specific route to improved innovation capacity.

The Communication also stresses the role of metropolitan areas in fostering innovation, since most Europeans live in metropolitan areas. Cities try to attract and retain entrepreneurs and talented people who will not move to a new city without reasonable assurance of finding another job in the future, as well as a good lifestyle. The authorities of European cities are gradually becoming major players in designing and shaping facilities and conditions conducive to new business ventures. The challenge is to develop a dynamic and vibrant European approach, building on the richness of experiences for improved economic growth.

Clusters

Developing 'clusters of excellence' – where infrastructure, skills and experience, R&D centres and innovative companies all come together in one location – is crucial for improving innovation performance. Such clusters will almost always develop in regions, perhaps sometimes in cross-border areas, so supporting these should be a key objective for regional authorities. Where the various conditions do come together in one location, it is important that innovation capacities are encouraged to develop and create competitiveness at world level. Centres of learning may act as the nucleus for the formation of a cluster, with spin-offs from academic research forming the foundations of an 'innovation hotspot'.

The Commission intends to support the efforts of regional authorities in devising and

implementing good quality innovation policies with European-level links. In particular, it will build on existing innovation support networks and regional-support activities, such as the Innovating Regions in Europe and Innovation Relay Centres networks.

Spreading innovation

The best understood route to innovation is the exploitation of an invention from the research lab. But many other forms of innovation need to be studied with a view to developing understanding and the means to encourage and support them, the Communication argues.

The focus of innovation policy must be on finding the bottlenecks hindering innovation, and proposing solutions. "Implementation of these solutions will be through one or more of the traditional policy areas which have a bearing on the behaviour of enterprises," according to Liikanen. "We need a better understanding of the interfaces between innovation, and competition, employment, regional and education policies, to give a few examples."

Member States are urged to build and strengthen their innovation strategies, adopting an approach that is well coordinated across all government departments with responsibility for policies with a bearing on innovation.

"We would like to see Member States defining their own sets of policy objectives for innovation, setting their own targets, and having their own statistical indicators to measure progress," said Liikanen. "We also propose to strengthen the framework between the Commission and Member States for the exchange of information on innovation policies and performance. We ask Member States to join with the Commission in analysing the innovation process. Together we can develop a better understanding of the innovation process in the European context, and what is needed to make it work more effectively," Liikanen stated.

The Innovation Communication is available at: http://europa.eu.int/eur-lex/en/com/pdf/2003/com2003_0112en01.pdf

Further analysis of the Communication is available in *Innovation & Technology Transfer* at: ftp://ftp.cordis.lu/pub/itt/docs/itt03-3-spec_en.pdf

The IRE's METROPOLIS Thematic Network is promoting innovation in Europe's cities. Find out about it at: http://www.madridmasd.org/ingles/regionalpolicies/

THE EUROPEAN TREND CHART ON INNOVATION 2002: TRACKING EUROPE'S INNOVATION PROGRESS

Launched in 1999, the European Trend Chart on Innovation is the Commission's main tool to support and encourage countries to improve coordination of their innovation policies. The latest Trend Chart annual report assesses Member States' progress towards meeting the policy objectives set by the Commission in 2000 to improve Europe's innovation performance.

When EU leaders met in Lisbon in March 2000, they not only set the ambitious goal of making Europe the most competitive and dynamic knowledge-based economy in the world by 2010, they also outlined a new method to make sure this goal was achieved. This so-called 'open coordination method' involves spreading best practice and achieving greater convergence in innovation policy among Member States.

The European Commission implements this open coordination method using the European Trend Chart on Innovation. It is made up of three related strands – a database of innovation policies, measures and schemes implemented in 30 countries; policy benchmarking workshops on specific topics of policy design or implementation; and finally the annual Innovation Scoreboard, which summarises data on 17

indicators of innovation performance in each Member State (see IRE newsletter, number 40).

This year's Trend Chart annual report, called 'Innovation policy in Europe 2002', draws on the work undertaken in these three areas to assess Member States' progress in achieving the five policy objectives set out in the September 2000 Communication 'Innovation in a knowledge-driven economy'. These can be summarised as follows:

- **Coherence of innovation policies:** the first objective of the Communication was for Member States to improve coordination of innovation policies at EU level and between relevant departments at national and regional level. Efforts should be made to take into account 'best practice' from across Europe and to develop monitoring and evaluation tools for national and regional innovation activities.

  The 2002 Trend Chart shows that 'general awareness' of the benefits of transnational learning in the field of innovation policy is growing, but that most Member States are only now establishing permanent policies to learn from other countries. As regards coordination mechanisms, many governments are taking steps to coordinate innovation policies across different departments. The importance of evaluating and monitoring the impact of innovation support is now widely accepted, but the extent to which this actually happens varies across the EU.

- **The regulatory framework:** the second objective calls on Member States to develop a regulatory framework conducive to innovation. Two areas were selected for action – the rules for the diffusion of R&D results, and fiscal measures to encourage private investment in research and innovation.

  According to the Trend Chart, many European countries have adopted measures to improve the transfer of R&D results from public research institutions to industry and to improve the environment for co-operation between the two sectors. When it comes to fiscal measures, almost all Member States are actively developing incentives to optimise their innovation systems. However, the report notes that the efforts made so far are restricted by the lack of a suitable definition of non-R&D innovation activities.

- **Encouraging new innovative firms:** supporting the creation and growth of innovative businesses is another objective set out in the 2000 Communication. Member States are called upon to improve the legal, fiscal and regulatory framework for these firms, to foster the creation of support services and structures, and to set up training schemes for entrepreneurs.

  Many Member States have put in place finance schemes to support university spin-offs. As for innovation support services, countries are mainly focusing efforts on improving the effectiveness of business incubators and on establishing new training schemes for entrepreneurs.

- **Improving key interfaces:** the fourth objective urges Member States to strengthen the interface and improve the transfer of knowledge between universities, research institutes and industry. It also encourages large public research facilities to benchmark their activities in technology transfer and partnerships with industry.

  According to the report, there is widespread recognition in Europe that universities need to interact more with business. Many

countries are introducing changes to the legal rules governing universities to allow them to work more closely with industry and new schemes to encourage researcher mobility are being implemented in several Member States.

The Trend Chart also notes that efforts to benchmark public research institutions' industrial partnerships and technology transfer performance have been 'limited'. Nevertheless, evaluation of these activities is widespread in some Member States – particularly the UK, Germany and Finland.

- **Making society more open to innovation:** The final objective encourages Member States to put in place 'stakeholder' debates on innovation, involving scientists, industry, consumers and public authorities.

  The Trend Chart states that most Member States have put in place initiatives to raise public awareness of innovation, although the level of activity varies considerably.

Since the Communication was adopted, EU enlargement has come to the top of Europe's political agenda. The accession of ten or more new Member States will dramatically change the Union's innovation profile. The Trend Chart reports on the innovation performance of the candidate countries and demonstrates that there are wide disparities between the current and future Member States. None of the candidate countries has yet implemented a coherent national innovation strategy and long-term efforts will be needed to develop their innovation performance. The current Member States need to encourage these efforts by sharing experience, tools and know-how. Co-operation is already underway, but is usually driven by geographical and cultural proximity.

The full text of the 2002 Trend Chart annual report is available online at: http://trendchart.cordis.lu

NATIONAL NETWORKS OF INNOVATING REGIONS

A new report published by the Central Unit helps to shed light on the origins and activities of Europe's national networks of innovating regions.

The main aim of national networks is to foster collaboration between geographically close regions and to influence national innovation policies by increasing their visibility and achieving a critical mass.

The new report provides readers with an overall description of the origins, members, activities, funding, outcomes and future perspectives of national networks of innovating regions. In some cases, these networks cover more than one country. The publication covers the following networks: Greece/Cyprus, Italy, Spain/Portugal, Sweden and the United Kingdom.

In most cases, members have carried out Regional Innovation Strategies with the support of the European Commission.

In general, the objectives of these networks can be summarised as follows:

- to maintain the momentum created by Regional Innovation Strategies
- to enhance regional innovation by creating links to national policies
- to adapt national programmes to distinct regional conditions
- to foster the exchange of experience by bringing together similar regions
- to act as an interface with the IRE network

National networks usually include all regions. The report shows that they have improved networking within countries and have increased awareness of the activities of the participating regions. In general, their activities are funded through a combination of national and European funding.

You can download the full report from the IRE website at http://www.innovating-regions.org/download/National_network_report.pdf

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RIS NAC AND THEMATIC NETWORKS WORK PROGRESS

In this issue, we report on the efforts of Silesia in Poland and South Great Plain in Hungary to foster innovation by developing a regional innovation strategy and take a closer look at the work of four IRE Thematic Networks – ACENET, BASAN, SCONE and SRTINNOP.

The goal of **RIS Silesia** is to set up a regional innovation system to promote innovation and knowledge dissemination between R&D actors, business support organisations and companies. It also aims to prepare Silesia for integration into the European Union.

The first phase involved finalising the project structures and work programme, which was successfully achieved with support from the partner regions of Limburg (Belgium) and Nord-Pas de Calais (France).

Following this, the analysis phase of RIS Silesia was launched in October 2002. The analysis of SMEs' innovation needs was based on interviews with over 300 firms. Thirty business support organisations – providing advice on financing, technology transfer and training – and 50 R&D units were covered in the supply-side analysis. An analysis of the economic structure in Silesia was also undertaken.

According to the needs analysis, many regional companies are improving their products and services. However, these improvements stem from a need to catch up with competitors rather than from genuinely new innovations. Firms tend to be preoccupied with day-to-day survival and few have strategic plans. Supporting companies' innovativeness and long-term strategic thinking is therefore an important objective of RIS Silesia.

The results of the analyses, as well as a first draft of the regional innovation strategy, were presented during two meetings of the Regional Innovation Forum in March and April 2003. Around 120 representatives from universities, research centres, business support organisations, companies and local government bodies took part in the forum.

The innovation strategy will be submitted to the regional parliament in June 2003. During the second half of 2003, RIS Silesia will mainly focus on the creation of concrete projects to strengthen the regional innovation system.

The South Great Plain region is located in the south east of Hungary, bordering Yugoslavia to the south and Romania to the east. Its **Regional Innovation Strategy** is already playing an important role in the restructuring of the economy, as it strives to become less dependent on agriculture and more competitive and innovative.

RIS South Great Plain, which started in November 2001, is managed by the South Great Plain Regional Development Agency and includes the English region of Kent as an international partner. The project has the following objectives:

- to create a wider infrastructure of innovation and technology transfer that is more visible to the SME community;
- to identify the key industries and technologies in the region where technology transfer initiatives can be focused;
- to establish stronger links with the participating regional and international partners through partnering programmes and the exchange of best practices;
- and to create a positive culture for entrepreneurs.

In Phase 0, the RIS NAC consortium organised a conference and numerous workshops with regional actors about their vision of the future and to reach a consensus concerning the project development. It was widely recognised that innovation activities in companies had significantly declined over the past decade, even though the region's R&D still ranks second highest in Hungary.

Phase 1 of the project, which focuses on the analysis of innovation needs and supply in the region, started in November 2002. In order to develop an appropriate innovation strategy, the management team is considering the integration of technology foresight activities. The region has also established cross-border co-operation in innovation with the neighbouring regions of West Romania and Voivodina (Serbia).

The region expects the successful implementation of the RIS NAC activities to strengthen regional competitiveness and economic growth and to prepare South Great Plain for accession to the European Union in 2004.

Thematic network update

- The **ACENET** network brings together 11 regions to investigate how clusters and company networks can be created and developed.

  In the last few months, the network organised three study tours. The first tour took place in October 2002 to Graz, Austria, close to the world famous Automobile Cluster in the Styria region. The second visit, to the French region of Rhônes Alpes in December 2002, included study visits to a number of clusters, such as the 'industrial vehicles' cluster, a health and biotechnological cluster and a screw-cutting cluster. The final visit was organised in the last week of March 2003 to Krakow in Poland and focused on the region's newly developed plastics cluster. The visit was held in conjunction with a national conference on SMEs and cluster policies, where members of the ACENET network made valuable contributions.

  In recent months, bilateral contacts between ACENET members have increased in a number of fields. For example, the regions of Styria (Austria), Rhône Alpes (France), Skaraborg and Aluminiumriket (Sweden) are working together to identify business opportunities in the automobile sector, while Veneto (Italy) and Styria have initiated a co-operative venture in the wood sector. Further business opportunities between ACENET members are being explored.

  ACENET members that have yet to develop clusters are beginning to benefit from participation in the network.

  An example of this is the Czech region of Moravia and Silesia, which has recently established an engineering cluster in the region. This new cluster will receive support from ACENET on how to successfully manage the crucial early stages of setting up and developing a cluster.

  In other ACENET news, members are currently undertaking an analysis of successful communication systems within clusters – one of the key factors for success.

  The analysis will look at the communication between companies in a cluster and the cluster co-ordinator (e.g. a regional development agency), and the communication between animators of different clusters.

  The study will examine clusters up and running in ACENET member regions. However, desk research on existing communication systems outside the network will also be undertaken.

- **BASAN** strives to identify barriers and incentives to the setting up of small-scale agro-food industries in the Baltic Sea area. Now more than halfway through the project, BASAN members

are beginning to distinguish the main innovation barriers in the region.

The lack of language skills is a major barrier for knowledge transfer and exploitation. Local stakeholders – with the exception of the Scandinavian countries – do not have a sufficient level of English for transnational co-operation.

The lack of entrepreneurs willing to exploit potential ideas is another barrier, as is the reluctance among venture capitalists to invest in the agro-industrial sector.

The network has also discovered big differences in the agro-food sectors of member regions. For example, investors hesitate to establish agro-food production in Polish regions where farms are small and the supply of raw materials more uncertain. This is less of a problem in Germany where farms are larger.

BASAN has set up a pilot 'scout function' to identify agro-food research projects with results that may be interesting for commercial exploitation in the Baltic Sea area. BASAN has already looked at EU-funded research projects undertaken since 1999 and has identified around 70 projects of potential interest. The project managers of these projects are being contacted and so far six positive answers have been received.

BASAN's final results will be presented at an open conference due to take place in September 2003. The conference will include successful regional case studies and will look at the future prospects for the region's agro-food industry. It will also discuss innovation incentives for the agro-food sector at regional level.

- **SCONE** is made up of 25 regions, each working to promote the exploitation of academic knowledge as a way to create new ventures and to bridge the regional scientific-technological supply with the productive system.

The second plenary meeting was held last October in Prague and analysed several subjects related to venture creation.

Following this event, the network organised a number of visits to SCONE regions.

The objective of these visits was to investigate the needs of individual regions and to encourage future co-operation among SCONE members. Using a methodology developed by the network, the coordinator was able to draw a clear picture of what is available in these regions to support the creation and development of new companies.

During the visits, measures already implemented in the region and future schemes were discussed with key regional actors and policy-makers. Particular attention was paid to aspects such as:

- actions at regional level to support company creation;
- business support activities and programmes to stimulate the growth and development of technology-based firms;
- entrepreneurship and new business development programmes for people in universities or firms who intend to start a new business;
- programmes for entrepreneurs who want to upgrade their business skills;
- public-private funding and multi-regional funds;
- 'scouting activities' to evaluate the market readiness of business ideas developed inside universities, labs, research centres, etc.; and
- regional schemes to create new businesses spin-outs.

So far, the coordination team has undertaken visits to 15 SCONE regions. Key findings from these meetings suggest that:

- more emphasis should be put on fostering and facilitating the creation of new innovation-based companies rather than supporting existing businesses;
- creating new local companies requires a set of services, not offered in most of the regions, that start-ups could not easily access on an individual basis;
- apart from incubation services, effective and well-established in most SCONE regions, there is a scarcity of training actions; few co-operative schemes between local higher education institutions and new companies facilitating the commercialisation of research; a lack of permanent managerial advice and support to new companies from specialised private companies; very limited access to international networks; and insufficient availability of seed capital.

In the coming months, a special effort will be made to support SCONE members in the development of tools and schemes for the creation of new ventures.

- The Thematic Network **STRINNOP** – 'Strengthening the Regional Innovation Potential' – aims to strengthen the competitiveness of regional SMEs by improving innovation services and promoting regional innovation activities. The focus of the network activities is to develop a platform for the exchange of good practice examples according to STRINNOP's step-by-step approach to strengthening regional innovation.

  Good practice examples have been identified and presented by the STRINNOP member regions in the following areas:

  - identifying regional competences;
  - creating regional knowledge;
  - stimulating and implementing firms' innovation activities;
  - clustering and networking; and
  - entering new international markets with innovation. Short descriptions of the good practices are being published on the STRINNOP web site (www.strinnop.net).

  STRINNOP is also developing a methodology for regional benchmarking. Using the regional indicators available in the Innovation Scoreboard 2002 as a starting point, the network has selected quantitative and qualitative indicators linked to the areas above. The members are currently searching for relevant data in each region. This methodology aims to help STRINNOP members not only to become aware of their strengths and skills within the innovation supporting process, but also to find suitable external methodologies, i.e. the best practice examples which can be applied in their region to help overcome gaps in their innovation system.

  Bilateral co-operation between STRINNOP members is also increasing. A delegation from the Pest-Basc-Kiskun region in Hungary visited Flanders recently to find out about the Flemish innovation support system. The Hungarian region will use some of this information in their regional innovation strategy.

  Furthermore, STRINNOP collaborates with other Thematic Networks. For example, a joint meeting with INNOBA-SME will be organised in June 2003.

  The outcomes of STRINNOP, with a focus on regional benchmarking and good practices in the areas of clusters, incubation and fostering entrepreneurship, will be presented at the network's final conference on 16-17 October 2003 in Bremen (Germany).

You can access the description of the IRE Thematic Networks at: http://www.innovating-regions.org/network/presentation/themanetworks.cfm.

Information on IRE events is available at: www.innovating-regions.org/network/events/

GOOD PRACTICE IN MANAGING THEMATIC NETWORKS

What management lessons can be learned from the IRE thematic networks? The IRC-IRE Central Unit carried out a survey among coordinators to find out.

The main aim of the Central Unit thematic network survey was to identify good practice in managing inter-regional co-operation networks.

Before analysing the results, it was decided that management practices matching the following three criteria could be characterised as good practices:

- Contribution to the quality and added value of the network work
- Innovativeness of the practice
- Transferability to other contexts

After a thorough review of the information collected, two management practices were selected.

- The 'Regional Dissemination and Promotion Operational Plans' developed by the METROPOLIS (Innovation and Networking in Large Metropolitan Areas) Thematic Network.

  These plans explain how members will disseminate the results of their work and the steps they will take to promote a new or improved innovation scheme in their region. Information on the results achieved and the promotional activities undertaken in each region is collected by the coordinator. The Plans might thus be a useful tool for encouraging member regions to work actively in their regions to implement innovation-related projects and schemes.

- The 'Spinning Club' is a reference group set up by SCONE, an IRE Thematic Network dealing with the valorisation of knowledge. The club comprises 20 new and innovative companies with comprehensive knowledge of the support available for company creation. The Spinning Club will be used to validate the outcomes of SCONE. This will ensure that the tools and schemes identified by the network are useful and interesting for the target companies.

If you want to learn more about the METROPOLIS Operational Plans and the SCONE Spinning Club, please go to: http://www.innovating-regions.org/services/pub_library/index.cfm?level=3&name1=ABD&cat_id=219

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ECONOMIC AND TECHNOLOGICAL INTELLIGENCE: MASTERING THE FUTURE

A guide on how economic and technological intelligence can help companies to improve decision-making procedures has been published by the EU-funded project CETISME. The project brought together representatives from Lorraine, Madrid, Toscana and West Midlands.

Making the most of economic and technological intelligence (ETI) is one way for European SMEs to boost their competitive performance. ETI helps companies to improve the decision-making process by providing them with up-to-date information on external conditions and factors which could have an impact on their business. The ETI methodology first identifies the relevant information sources, and then analyses and processes any useful data to support the decision-making

process within regions and/or companies.

To date, however, not many SMEs in Europe are taking advantage of this tool, mainly due to lack of awareness and training. A European Commission project, 'Co-operation to promote Economic and Technological Intelligence in SMEs' (CETISME), was set up to encourage more SMEs to make use of ETI tools and techniques.

As part of the project, the following activities were carried out:

- A survey on SMEs' use of ETI;
- ETI awareness-raising events;
- Benchmarking report on SMEs' use of ETI in Europe. This gave a good overview and helped identify good practice;
- Proposal preparations for the EU's Fifth Framework Programme for R&D.

The project resulted in the publication 'Economic Intelligence – Guide for beginners and practitioners'.

The guide is divided into two parts:

Part I is a guide for beginners and presents the various concepts, tools and methods used in different contexts to raise awareness of the importance of ETI.

Part II focuses on the implementation of ETI by professionals. It explains the main concepts, methods and tools.

The CETISME project concluded that despite a slow start, the uptake of ETI in Europe is increasing both in companies and support organisations. The project has come up with a number of ways for SMEs to use ETI and provides useful guidelines to help companies put ETI strategies in place.

You can download the guide in English from http://www.madridmasd.org/CirculosInnovacion/cetisme/CETISME-ETI-guide.pdf. The French version is available at: http://www.cr-lorraine.fr/conseil_regional/eic/eic.asp

IRC-IRE WORKSHOP: PROMOTING FORESIGHT IN THE REGIONS

On 3-4 March 2003, delegates from 16 European countries took part in a workshop on 'Regional Foresight' in Ljubljana, co-organised by the IRC-IRE Central Unit and the City of Ljubljana, in co-operation with the European Foresight Academy consortium. The workshop provided practical tips and guidance to local institutions on how to implement foresight programmes in their regions and gave good practice examples from Malta, North-East England and Uusimaa in Finland.

Regional Foresight (RF) is a process used by policy-makers to build a long-term vision for their region. It involves assessing the early signs of risks and opportunities associated with scientific and technological breakthroughs. At the Ljubljana event, foresight was presented as a tool that can enhance policy analysis and strategy planning in regions, municipalities and localities. Expert speakers stressed that RF is not only about forecasting but also involves influencing and shaping the future.

Technology is one area where foresight has proved particularly relevant. However, when it comes to the formulation of regional innovation policy, foresight is not limited to technological issues. Foresight can also help regions respond to a large range of economic, societal, educational and cultural challenges.

Regional foresight and the IRE Network

Delegates heard how RF could be a useful tool for IRE members designing regional innovation policies and strategies. While these strategies are mainly based on an analysis of the present (for example, the demand and supply sides of innovation), RF could help innovation policy-makers to factor in future trends.

National vs. Regional Foresight

While foresight activities have been successfully carried out at national level in several European countries, regions have so far benefited less from the catalytic role that foresight can have on innovation systems. There is a need to promote the use of foresight at regional level, as national foresight programmes do not necessarily respond to a region's needs, interests, problems and ambitions. RF requires regions to fully exploit their own innovative capabilities, which is not the main emphasis of national programmes.

Difficulties in the implementation of RF

The idea that RF is a rather complex, time-consuming process involving large resources was raised during the workshop. Several difficulties in carrying out RF were discussed. These include:

- involving all the relevant partners in a foresight project;
- securing the necessary resources, such as financing, cultural, infra-structure and human resources;
- making sure the project has political backing;
- ensuring the correct foresight methods are applied and that the outcomes are evaluated thoroughly; and
- meeting the need for tangible results, the only possible way of living up to regional expectations and ensuring support for RF.

RF is under exploited in Europe. Several participants felt that there is still limited knowledge about the application of foresight methods. They pointed to the lack of expertise and training actions, insufficient dissemination of good practice and an insufficient networking amongst regions.

Many opportunities to fund RF initiatives are available in the Sixth Framework Programme (FP6). This is true not only for the specific programmes 'Strengthening the foundations of the European Research Area' and 'Structuring the European Research Area', but also for the seven thematic priorities of FP6.

All presentations delivered at this event are available on the IRE website, under the 'Library' section at: http://www.innovating-regions.org/services/pub_library/index.cfm?level=5&name1=AABLC&cat_id=226

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REVIEW: TAKING INNOVATION POLICY FORWARD

The changing nature of innovation in the knowledge-based economy requires a new third-generation innovation policy, according to the authors of a recent Innovation Policy Study published by the European Commission's Enterprise DG. This would involve mainstreaming innovation into a range of policy areas, and would require significant coordination and commitment by policy-makers at all levels.

As part of the Commission's support to innovation policy-making, the Innovation Directorate regularly analyses the factors shaping innovative performance in Europe. The latest Innovation Policy Study, 'Innovation Tomorrow', focuses on the relationship between innovation, policy and policy-making. The study had two main objectives: to look at new approaches to innovation policy brought about by today's knowledge-based society; and to identify and review links between innovation policy and other policies, in particular those relating to the legal and regulatory framework for innovation.

Three generations of policy

First-generation innovation policy was based on a 'linear model'. The laboratory was the main source of all innovation, and policy tended to focus on strengthening the chain from research to product. Current innovation

policy, or second-generation policy, recognises that innovation is a more complex process – it emphasises the importance of systems and infrastructures that support innovation. At the moment, innovation is viewed as a horizontal policy, but the time has come for it to be integrated into other policy areas – such as research, intellectual property rights, education, taxation, competition and regional policy – where action could have a direct impact on innovation performance.

This calls for a third-generation policy, one which places innovation at the heart of all relevant policy areas. The implementation of a new generation of policy, which the authors believe should be a 'political objective' for the EU, will involve huge coordination efforts at European, national and regional levels, backed up by political leadership and commitment.

The report acknowledges, however, that this change cannot be introduced quickly and will require much more than the issuing of pronouncements about a new policy. Decision-making must involve all the relevant stakeholders, and suitable mechanisms to allow for the pooling of knowledge and experience must be developed. In parallel with developing coordination among different policy areas, efforts need to be made to improve understanding of innovation, particularly among policy-makers in all fields.

Three successful innovation policy case studies are highlighted in the report:

- **UK:** a new and innovative R&D tax credit was introduced for SMEs in 2000 and extended to all firms in 2002. Devising the scheme, the main government department concerned, the Treasury, consulted widely with other departments across the policy spectrum.
- **Finland:** the second case study looks at Finland's innovation-relevant policies and relates this to the historical, entrepreneurial and cultural reasons for the country's economic success.
- **Catalonia:** an example of a European region that is pursuing an innovation strategy with a fair degree of independence from its national context. Catalonia has developed an administrative structure that encourages innovation.

Of particular interest to IRE Network members is the report's emphasis on sharing experiences. The authors stress, however, that successful schemes cannot simply be transferred from one place to another, but that lessons can be learned and customised to fit specific circumstances. It is not what has been done elsewhere that is important, but how it has been done.

The full text of 'Innovation Tomorrow – innovation policy and the regulatory framework: making innovation an integral part of the broader structural agenda' can be found at: http://www.cordis.lu/innovation-policy/studies/gen_study7.htm

FROM THE READERS

Are you looking for partners from other IRE regions? Do you have an experience you would like to share or a problem you think somebody else in the network might be able to answer? Do you have a seminar or a publication you would like to promote?

If so, please send information to Jaime Moll de Alba (j.moll@irc-ire.lu, fax: +352 44 10 12 2055) and it may be published in the next newsletter.

Innovating Regions in Europe
RITTS-RIS Network

The latest European news, calls for tender, events and publications are regularly updated at http://www.innovating-regions.org

If you wish to achieve wider dissemination of your innovation activities and results, please contact: j.moll@irc-ire.lu

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