

# Governance of Regional Innovation Policy

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## Variety, role and Impact of Regional Agencies dealing with Innovation:

### Key issues

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# Aim

- 1. Highlight the diversity of models and options available to regional authorities to implement innovation policies through the use of agencies**
- 2. Identify key issues for the definition and operation of regional agencies in view of enhancing their effectiveness**



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# Plan

1. Introduction on regional innovation policies
2. Definition of scope for RIA
3. Role of RIA in the regional innovation system
4. Missions, activities and services of RIAs
5. Governance and ownership of RIAs
6. Picture of diversity of RIAs in the EU
7. Strengths, weaknesses, threats and opportunities faced by RIAs
8. Key strategic questions for RIAs



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# 1. 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. **Mobility of tacit knowledge** embedded in humans becomes a key performance factor
5. **Glocalisation** : localised nature of (tacit) knowledge spillovers - importance of **global** connections



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# 1. Common features of successful policies

- ✓ Background : *interactive* innovation
- ✓ *Coordination* and synergy of support
- ✓ Target = SMEs needs, *bottom-up* defined
- ✓ *Behavioural* additionality
- ✓ Focus *networks* of actors (system oriented)
- ✓ *Learning in* policy making

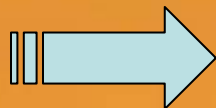


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## 2. Definition and scope for RIA

- **Public mission** : complementary to private services, responding to market failures
- In charge of execution of regional **policies**: missions defined and controlled by regional authorities
- **Geographically** bounded at sub-national level
- **Permanent**: not projects but structures with an indefinite lifetime
- In charge of **innovation promotion in a broad sense**



Room for a large variety of options

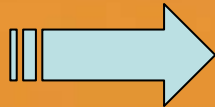


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### 3. Role of RIA in the regional innovation system

- RIA's role depends on orientations and priorities of regional innovation policy
- Need for explicit and well-governed policies:
  - **Balanced policy mix**
  - **Definition of realistic priorities**
  - **Use of policy intelligence tools**



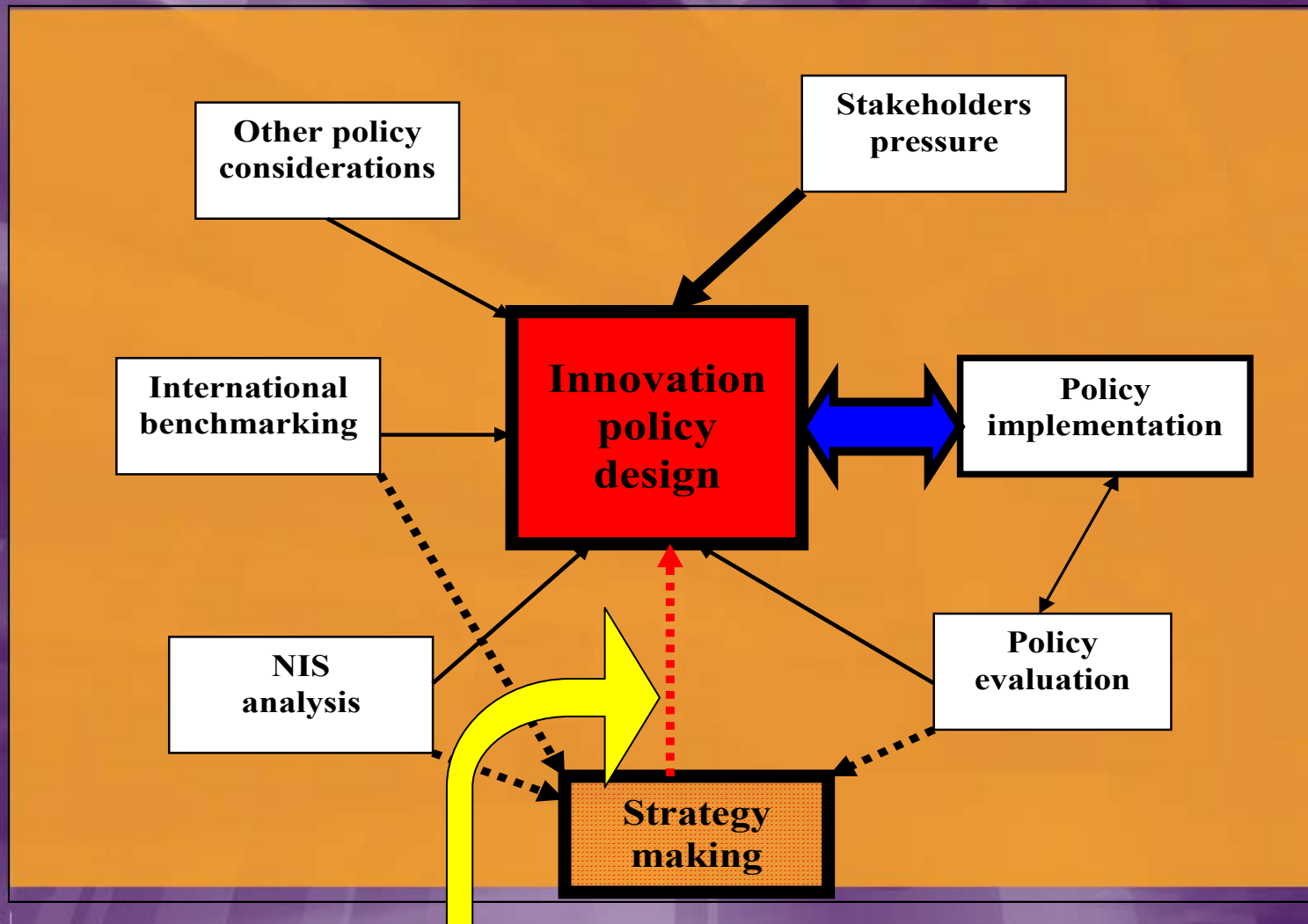
**A strategic approach to regional innovation policy is a pre-requisite to discuss role and effectiveness of RIAs**



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# Inside the black box of policy-making



How to reinforce this loop ?

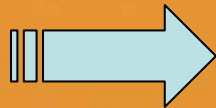


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## 4. RIAs' missions and activities

- Portfolio of missions defined according to regional innovation policy goals and place in the system
- Missions are translated in services
- Targets and indicators are set to monitor action



**Choice within a large menu**



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## 1. Soft support to companies

### 1.1. Generic support

- Information provision
- Awareness raising
- Training
- Stimulation and /or running of networks and clusters
- Promotion of internationalisation
- Promotion of foreign investors

### 1.2. Individual support

- Coaching, advice
- Training
- Needs assessment, audit
- Support for start-ups
- Access to finance, intermediary with business angels
- Science and technology services

## 2. Finance

- Delivery of public subsidies and loans

## 3. Infrastructure provision

- Incubators
- Science and Technology Parks

## 4. Support to policy

- Support to policy design (e.g. Structural Funds programmes)
- Monitoring and evaluation of regional policies
- Acting as a node for regional partnership
- Acting as a central coordinating body for a network of innovation support actors
- Regional marketing



## 4. RIAs' missions and activities

### Variety of profiles for regional innovation agencies

- Funds distribution or not
- Involved in policy advice or not
- Reliance on private versus public funding
- Coordinating role of regional network of actors, versus own services
- Etc.



**Large variation in operation mode, size, legitimacy, profile of staff, policy influence...**



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# 5. Ownership and governance

- **Tight link with regional authorities**
- **Genuine regional initiative or national initiative**
- **Degree of autonomy of the region = important determinant of model**
  - ❑ **Units within regional administration**
  - ❑ **Non-profit organizations owned by regional authorities**
  - ❑ **Independent entities with regional government as majority shareholder**
  - ❑ **Independent entities with regional government as minority shareholder**
  - ❑ **Subsidiary of national Regional Development company**



# 5. Ownership and governance

**Balance of power** differs between Board Members types:

- Regional government representatives (often key position);
- Local authorities (sub-regional entities, cities);
- Universities and Higher Education Institutions;
- Private sector representatives (chambers of commerce, professional federations...);
- Companies;
- Trade Unions.



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## 6. Variety in RIAs models

- **Size**
- **Scope of intervention:** coordination of other intermediaries and service providers, versus wide range of in-house services
- **Target of intervention:** priority between target groups
- **Degree of vertical integration** and extent of regional networking with other agencies
- **Funding** model: share of own resources, share of public support and composition of this support between local, regional, national, EU, share of structural versus project funding
- **Degree of professionalization of services**
- **Degree of linkage with regional development policy**
- **Sector focus**



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## 6. Variety in RIAs models

**A new recent tendency of “Biovalleys”, towards a new model for RIAs ??**

- Focus on one (broad) activity area;
- Trans-border orientation;
- Strong bottom-up character with the initiative coming mainly from actors in the innovation system (research institutions, companies) and to which public authorities respond and act as facilitators much more than initiators.



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# 6. SWOTS for RIAs

## Strengths

- Knowledge of specific local situation
- Proximity with local public and private actors in charge of innovation promotion
- Central position to enhance regional partnership and social capital, facilitator role

## Weaknesses

- Unclear mandate
- Lack of impact evaluation of activities
- Difficulty to find and retain qualified staff (due to unstable funding)
- Autarkic view constrained by administrative boundaries



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# 6. SWOTS for RIAs

## Threats

- Unfair competition with private services
- Dispersion into projects for financial reasons
- Public status and absence of competition induces lack of performance incentives
- Inward-looking strategies - unnecessary competition with other regions

## Opportunities

- Coordination and synergy of regional innovation support (to avoid fragmentation)
- Acquiring legitimacy through the demonstration of goals achievement
- Development of tools and professional support for own governance and strategic policy intelligence



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## 6. Success criteria for RIAs

- **Institutional recognition** as a legitimate regional policy instrument
- **Complementarity** of services, either internally or externally, in either one or another of two models: integrated or networked
- **Flexibility** in services portfolio definition (adaptability to new needs)
- **Strategic management** capacities
- **Goal-oriented** approach and performance-based funding (?)
- Quality of **human resources** (professionalism, specialisation)
- Suitability of structural **funding sources** (not too high, not too low).



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# 7. Key strategic questions for RIAs

- Identification of **market failures** as basis for action and boundary between private and public action
- **Organisational model**: choice between integrated (one-stop shop) and networked (first-stop shop) models, or intermediary model
- Definition of **Impact evaluation** framework
- Implementation of an **incentives structure** to enhance performance and value for money
- **Generic or specific** remit
- **Geographic** scope and definition of territorial partnership, including the possibility of trans-border operations
- **All-purpose** RDA (with innovation as one area of action) or **specialised** innovation agency;



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