Ex-post evaluation of the RIS, RTTs and RISI ERDF innovative actions for the period 1994-99

ANALITICAL REPORT STRAND A (RIS)
# TABLE OF CONTENTS

1. **BACKGROUND** .................................................................................................................. 1
   1.1 **THE DEVELOPMENT OF REGIONAL STRATEGIES** ................................................... 1
       1.1.1 **Regional Innovation Strategies** ................................................................. 1
       1.1.2 **Regional Information Society Initiatives** ....................................................... 3
   1.2 **EVALUATION OBJECTIVES** .................................................................................. 4
   1.3 **SCOPE OF THE EVALUATION** ........................................................................ 5
       1.3.1 **Scope** .............................................................................................................. 5
       1.3.2 **Common themes within the strands** ................................................................ 6
       1.3.3 **Some key definitions** .................................................................................... 6
   1.4 **BUILDING ON FINDINGS OF PREVIOUS EVALUATIONS** ..................................... 6

2. **METHODOLOGY** ............................................................................................................. 10
   2.1 **OVERVIEW** ........................................................................................................... 10
   2.2 **DEVELOPING THE EVALUATION FRAMEWORK** .................................................. 11
   2.3 **GATHERING INFORMATION** ............................................................................. 12
   2.4 **STRENGTHS AND LIMITATIONS OF THE MATERIALS USED** ............................... 14
       2.4.1 **Contacting stakeholders** ........................................................................... 14
       2.4.2 **Fieldwork** ................................................................................................... 14

3. **ANALYSIS OF STRAND A: REGIONAL INNOVATION** ............................................ 15
   3.1 **RELEVANCE OF THE STRATEGY AND EXPENDITURE** ......................................... 15
       3.1.1 **Broad regional typologies** ........................................................................... 16
       3.1.2 **Relevance of the strategies adopted in the regions** ....................................... 17
       3.1.3 **Relevance of the RTT inter-regional co-operation process** .............................. 20
       3.1.4 **Relationship and coherence with other European innovation policies and the structural funds mainstream** .................................................................................... 21
       3.1.5 **Continuity and evolution of the Regional Innovation Strategies** ..................... 23
       3.1.6 **The implementation of the RIS strategies on the ground and the economic impact and outputs of RTT pilot actions** .............................................................. 24
       3.1.7 **The structure and evolution of expenditure** ................................................... 25
       3.1.8 **Conclusions** .................................................................................................. 26
   3.2 **EFFECTIVENESS OF THE PROGRAMME IN PROMOTING THE DEVELOPMENT OF REGIONAL INNOVATION STRATEGIES** .............................................. 27
       3.2.1 **Raising regional awareness, consensus and partnership building** .................... 28
       3.2.2 **Assessing innovation relevant regional assets and identifying opportunities** ... 30
       3.2.3 **Turning strategy into action: from decision making to implementation** ............ 31
       3.2.4 **Defining and influencing funding priorities** .................................................. 34
       3.2.5 **Conclusions** .................................................................................................. 36
   3.3 **ROLE OF DELIVERY MECHANISMS** .................................................................. 37
       3.3.1 **Composition, working methods and role of the RISI steering committees** ....... 37
       3.3.2 **Composition and performance of the project management team** .................... 40
       3.3.3 **The eventual roles and outcomes of external consultancy** ............................... 43
       3.3.4 **Input from and coverage of sectoral and horizontal working groups** ............... 46
3.3.5 Functioning of monitoring systems and role and influence of evaluation procedures ................................................................. 47
3.3.6 Functioning and means of the partnerships and networks .............................................. 50
3.3.7 Overall assessment of strategic planning capabilities ........................................ 51
3.3.8 Conclusions ........................................................................................................ 52
3.4 IMPACT OF REGIONAL INNOVATION STRATEGIES ........................................ 53
3.4.1 Impact on the functioning of the regional innovation systems .......................... 54
3.4.2 Impact on new strategic building capabilities at regional level with a special focus on components and processes linked with the development of a knowledge-based society ......................................................... 56
3.4.3 Support to and influence in the programming of relevant SF schemes (mainstreaming) and other EU and national innovation/IS promotion schemes ............. 57
3.4.4 Identification of new innovation projects ............................................................. 58
3.4.5 Modernisation effect and cost-effectiveness of pilot projects, ...................... 60
3.4.6 Improvement and extension of public-private partnerships; creation of new regional (and inter-regional) partnerships for development ................................................................. 62
3.4.7 Impact on SMEs and their links to RTD or IS infrastructure ......................... 63
3.4.8 Conclusions ........................................................................................................ 65
3.5 EUROPEAN ADDED-VALUE ........................................................................ 65
3.5.1 International exchange of experience and promotion of good practice .......... 67
3.5.2 The provision of a co-ordinated EU framework for RIS/RISI ............................... 69
3.5.3 Encouragement to develop regional innovation strategies ................................. 66
3.5.4 EU impact on awareness raising and capacity and consensus building ........ 70
3.5.5 Mobilisation of additional EU, national and private resources ..................... 72
3.5.6 Mainstreaming into Structural Fund regional programmes ............................. 72
3.5.7 Conclusions ........................................................................................................ 73
4. CONCLUSIONS ........................................................................................................ 74
4.1 WHEN ARE PROJECTS SUCCESSFUL? .............................................................. 74
4.2 DRIVERS FOR SUCCESS ...................................................................................... 76
4.2.1 Relevance .......................................................................................................... 76
4.2.2 Effectiveness ...................................................................................................... 77
4.2.3 Delivery system .................................................................................................. 79
4.2.4 European Added-values ..................................................................................... 80
4.3 SUSTAINABILITY ............................................................................................................. 82
1. BACKGROUND

1.1 THE DEVELOPMENT OF REGIONAL STRATEGIES

As Europe continues its quest to remain a competitive player on the world stage, the investment in the renewal of capacity and capabilities becomes evermore important. The heralded knowledge society has not reached all Europeans in an equal manner, neither have the benefits been reaped by all. Regional disparities have continued to grow in most European countries and the differences can be particularly acute between the great European cities and those areas that are remote, suffering from the decline of traditional industries or predominantly rural.

It is unlikely that economic prosperity can be pursued in isolation from other policies. The European approach to sustainable development, set out in the Lisbon-Gothenburg strategy, aims to work towards achieving a “…development model by focusing on competitiveness, jobs and solidarity between regions and between generations.”

Measures that help re-dress imbalances between regions are thus seen to benefit Europe as a whole.

It is against this backdrop that the ex-post evaluation of the Innovative Actions funded under Article 10 of the ERDF and Article 6 of the ESF takes place. The evaluation seeks to assess the longer-term impact of the then-groundbreaking concept of developing regional strategies to promote innovation and the information society in regions that were at risk of being left behind.

1.1.1 Regional Innovation Strategies

One of the definitions of Innovation is “the renewal and enlargement of the range of products and services and the associated markets; the establishment of new methods of production, supply and distribution; the introduction of changes in management, work organization, and the working conditions and skills of the workforce.”

The Oslo Manual, edited by the OECD, recognises that the acquisition of knowledge lies at the heart of social and economic development. It goes on to state that opportunities to generate and acquire knowledge can only be fully exploited through the interaction between the different agents in a given society.

This systemic approach to innovation, previously applied to flows of knowledge at national level, was extended to encompass the interaction of innovation actors on a regional plane. Targeted at regions covered by the European Regional Development Funds 1994-1999, the Regional Innovation Strategies (RIS), building on the success enjoyed by their immediate precursors, the Regional Technology Plans (RTP), sought

---

1 Romano Prodi, President of the European Commission, SPEECH/04/225, The first Commission of the new Europe, European Parliament, Strasbourg, 5 May 2004
3 OECD, 2002
4 Regions covered by the four Objectives (1,2,5b and 6) and generically termed “less favoured regions”.
to provide a loose blueprint for Innovation by involving a variety of stakeholders in the development of relevant and workable strategies.

The Information Pack states the aims of the Programme as: 5

a) To encourage regions to develop regional innovation strategies and to improve the capacity of regional actors to make policies that take into account the real needs of the productive sector and the strengths and capabilities of the regional R&TD and Innovation Community.

b) To provide a framework for both the European Union and the regions for optimising policy decisions regarding future investments in R&TD, Innovations and Technology Transfer initiatives at regional level.

In parallel, the Regional Innovation and Technology Transfer projects (RITTS) were launched by DG ENTERPRISE 6, as a cornerstone of the Community policy response to the urgent need to strengthen competitiveness at regional level, through extending and improving the innovation capacity of the business sector, particularly SMEs. While RIS were more oriented towards the promotion of the innovation capability for regional development, the RITTS focus was on the efficiency of the innovation support infrastructure and policies.

A second line of support centred on the inter-regional technology transfer projects (RTT), aimed at high impact and visibility sectors, in order to promote economic development through technological co-operation between regions.

A third line, reinforced the strategy development process, through the interchange of good practices: both the IRE Network and the RINNO project aimed to create a database of good practices which could build on experiences and provide a launch pad for new initiatives.

Lastly, once the regions had developed their innovation strategies, the RIS+ initiative was launched to provide a stimulus to the implementation of the measures that had been defined. Thus, RIS+ projects took the form of pilot actions, to test assumptions and act as demonstration projects.

---

5 Information Pack for the Second Project of Inter-regional Cooperation and Innovative Actions within the Structural Funds 1995-1999. DGXVI, Regional Policy and Cohesion.

6 Formerly DG XIII
1.1.2 Regional Information Society Initiatives

The information society was expected to revolutionise the way that people lived and worked. It has been defined\(^7\) as a society that:

a) Makes extensive use of:

Information networks (meaning systems of IT hardware and services which provides users with delivery and retrieval services in a given area- e.g. electronic mail, directories and video services) and,

IT (information technology meaning the hardware, software and methods used for the automatic processing and transfer of data, and the skills needed to use them),

b) Produces large quantities of information and communication products and services

c) Possesses a diversified content industry

Reflecting the anticipated importance of the nascent concept of an Information Society, the IRISI (Inter Regional Information Society Initiative), was launched in 1995 by 6 regions to develop a regional strategy and action plan to meet the challenges and the opportunities that could arise from the application of the new information and communication technologies.

The IRISI experience gave rise to RISI for “the translation of the “Information Society” concept into real life through demonstration of innovative applications and services, a high stimulation of user’s involvement and the diffusion of best practice, in particular for the less favoured regions (LFRs) of the European Union”. One of the founding principles of the initiative was based of the role of the region as a “shaper” of future developments, as opposed to a mere user of the technology developed.

---

\(^7\) *Developing a Finish Information Society*, Council of state (1995) quoted in the Information Pack developed by DG XVI
RISI 1 mirrored the RIS approach, helping the regions to prepare their information society strategy and action plan. Specifically, the objectives were:

a) “To develop consensus and partnership amongst key regional players around a regional information society strategy, describing how to face in a regional context the challenges, and to profit from the opportunities offered by the “Information Society” in the making.

b) “and, to promote their commitment and cooperation in view of the development of a regional action plan, including an assessment of the feasibility of key applications, characterised by a strong contribution to economic development.”

The rationale behind RISI 2 was similar to that of the RTT, focusing on the preparation and launching of pluri-regional pilot applications for in the regional deployment of best practice. The projects could focus on the collaborative development of applications, transfer and customisation of existing applications or the creation of inter-regional information society applications networks.

The information society was thought to be a new societal paradigm and, as such, to be a force for achieving positive change. The RISI+, akin to the RIS+ initiative, aimed to enable policy makers to test the underlying theories of their strategies and begin the process of implementing the priority projects identified.

1.2 EVALUATION OBJECTIVES

This document outlines the finding of the ex-post evaluation of the RIS/RTT/RISI ERDF innovative actions for the 1994-1999 funding period. The five key objectives, as stated in the Terms of Reference, are the following:

• To assess the rationale as well as the appropriateness of the innovative actions for promoting regional policy.

• To assess the effectiveness of the pilot actions, comparing its achievements and results to the initial objectives of the Programme, including the leverage effect on the regional economies concerned, notably in terms of investment and new economic opportunities.

• To assess the institutional impacts of the pilot actions in terms of promoting regional governance notably in terms of fostering partnership, networks and building regional strategic capabilities, as well as the effects and outcomes of the actual implementation of inter-regional co-operation projects (RTTs, RISI2).

• To assess the quality an effectiveness of the delivery system put in place, notably the organisation of the work at regional level.

• To identify the Community added value involved in these pilot projects, including the relevance of EU action in their launching and follow-up.

---

8 Information Pack for the Second Project of Inter-regional Cooperation and Innovative Actions within the Structural Funds 1995-1999. DGXVI, Regional Policy and Cohesion.
1.3 **Scope of the Evaluation**

1.3.1 **Scope**

Following the requirements set out in the terms of reference, the evaluation has two distinct strands with a common methodology:

- **Strand A:** deals with the evaluation of the Innovation Strategies and the implementation of actions identified in them. It comprises:
  - 26 RIS projects
  - 25 RIS + projects
  - 5 RITTS selected for RIS +
  - 6 RTTs projects

- **Strand B:** is concerned with the strategies and actions relating to the Information Society. It includes:
  - The IRISI initiative
  - 14 RISI 1 projects plus 3 accompanying measures
  - 7 RISI 2 projects
  - 13 RISI + projects

The table following provides an overview of the distribution of each type of project by country:

<table>
<thead>
<tr>
<th>Country</th>
<th>STRAND A</th>
<th>% RIS</th>
<th>STRAND B</th>
<th>% RIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUSTRIA</td>
<td>1</td>
<td>1,89</td>
<td>3</td>
<td>8,82</td>
</tr>
<tr>
<td>BELGIUM</td>
<td>2</td>
<td>3,77</td>
<td>1</td>
<td>2,94</td>
</tr>
<tr>
<td>FINLAND</td>
<td>2</td>
<td>3,77</td>
<td>2</td>
<td>5,88</td>
</tr>
<tr>
<td>FRANCE</td>
<td>1</td>
<td>1,89</td>
<td>5</td>
<td>14,71</td>
</tr>
<tr>
<td>GERMANY</td>
<td>5</td>
<td>9,43</td>
<td>4</td>
<td>11,76</td>
</tr>
<tr>
<td>GREECE</td>
<td>10</td>
<td>18,87</td>
<td>3</td>
<td>8,82</td>
</tr>
<tr>
<td>IRELAND</td>
<td>2</td>
<td>3,77</td>
<td>3</td>
<td>8,82</td>
</tr>
<tr>
<td>ITALY</td>
<td>8</td>
<td>15,09</td>
<td>2</td>
<td>5,88</td>
</tr>
<tr>
<td>NETHERLANDS</td>
<td>3</td>
<td>5,66</td>
<td>0</td>
<td>0,00</td>
</tr>
<tr>
<td>PORTUGAL</td>
<td>2</td>
<td>3,77</td>
<td>0</td>
<td>0,00</td>
</tr>
<tr>
<td>SPAIN</td>
<td>15</td>
<td>28,30</td>
<td>2</td>
<td>5,88</td>
</tr>
<tr>
<td>SWEDEN</td>
<td>2</td>
<td>3,77</td>
<td>3</td>
<td>8,82</td>
</tr>
<tr>
<td>U. KINGDOM</td>
<td>9</td>
<td>16,98</td>
<td>3</td>
<td>8,82</td>
</tr>
<tr>
<td>TOTAL</td>
<td>61</td>
<td>34</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Evaluation consortium*

---

9 The full list of projects that were included in the evaluation may be found at Annex 1.
1.3.2 Common themes within the strands

The analysis in each report shares some common features as a result of the similarities in the procedures and guidelines supporting the Programme implementation processes. Common chapters are Introduction, Background and Methodology. The section on previous evaluations is specific to each strand.

The relevance of the strategy and expenditure, the assessment of the effectiveness, impact and European added value has been assessed on an individual strand basis, although there may be sections that are similar in content, as is the case, for example, with the description of the new Innovative Actions Programme for 2000-2006.

The analysis of the delivery mechanisms is similar in both reports but draws comparisons between the two strands in areas that have a bearing on the effectiveness and impact of the RIS and RISI exercises.

Conclusions are presented at the end of each key evaluation area.

The Synthesis report will incorporate particularly interesting areas of analysis, indicating the differences between strand A and strand B, as necessary. This report will include the main findings and incorporate the recommendations for the current and future programming periods.

1.3.3 Some key definitions

For clarity, the following meanings have been used throughout the report:

Programme: refers to the 1994-1999 ERDF funded innovative actions programme

Initiative: refers to each of the individual elements of the innovation and information society strands, i.e., RIS, RITTS, RTT, RIS+, RISI 1, 2 or RISI+

Project: refers to the individual projects undertaken by the regions and funded under the Programme

Region: refers to the geographical boundaries associated with the administrative units responsible for submitting and justifying the proposals, or the lead region in the case of pluri-regional submissions. In some cases these may no longer equate to the current NUTS II classification (e.g. Bedfordshire).

1.4 Building on findings of previous evaluations

There have been a number of evaluations, relating both to the structural funds and each of the individual projects launched in the 1994-1999 funding period. In addition, the accompanying measures and genuine interest in the achievements of the regions in relation to Innovation and the Information Society, have given rise to conferences to share experiences and best practices, networks and publications.

---

10 A full bibliography is provided at Annex 2.
### Table 2: Summary of selected evaluations and reports on Innovation

<table>
<thead>
<tr>
<th>EVALUATION NAME</th>
<th>AREA</th>
<th>MAIN FINDINGS</th>
</tr>
</thead>
</table>
| The Evaluation of the pre-pilot actions under Article 10 (1998) Technopolis, University of Athens | RTPs   | 1. RTPs have contributed to establishing a strategic planning culture  
2. RTPs have refocused expenditure towards meeting needs of business  
3. Participation has increased the international perspective of the regions  
4. The choice of project promoter is key to success  
5. Ideas and proposals must be acted upon within a reasonable period  
6. RTPs have acted as “change agents” in the regions |
| The ongoing evaluation of Regional Strategies Pilot Projects (1999) Ecotec Research and Consulting | RIS    | 1. The added value at Community level arises from the development of the RIS concept (amalgamated best practices from the various member states), the use of consultants and experts from other countries, the support offered by the EC and networking between regions  
2. General ineffectiveness in the implementation of monitoring and evaluation systems  
3. High measure of consensus  
4. Challenges (by and large being met) relate to retaining knowledge and expertise generated through the experience, maintaining political commitment and completing a detailed work programme |
| Five year assessment report related to the specific programme: Innovation and Innovation-SME (2000) Mandl et al | RIS/RITTs | 1. Regional Actions had a high leverage effect in creating an environment to favour innovation  
2. RITTS gave a strong impulse for regional players and decision makers to work together  
3. RITTS was not the appropriate mechanism for achieving strategy results- this was the aim of the subsequent “mechanisms to facilitate the setting up and development of innovative firms” |
| Assessment of the Regional Innovation and Technology Transfer Strategies and Infrastructures (2000) CURDS consortium | RITTS  | 1. RITTS supported the upgrade of TTI infrastructure to better respond to SME needs  
2. Contributed to capacity building in the regions  
3. The programme was very ambitious and it has not been possible to achieve all the objectives set out  
4. It is not sequential but involves a more complex system of interaction  
5. RITTS was a key moment in the policy development process  
6. Criteria for success include political backing at all stages, sound management of consultants, capable project leaders of good standing, intense, bottom-up involvement of stakeholders |
| The Thematic Evaluation on the Contribution of the Structural Funds to Sustainable Development (2002) GHK | Structural Funds | 1. There has been an increasing level of integration of SF programmes with regional development strategies  
2. Economic and social convergence at the EU level must be based on sustainable development at the regional level |
| Third Report on Economic and Social Cohesion (2003) | Structural Funds | 1. Organisations in cohesion countries accounted for 17.8% of participants in RTD contracts. They account for 17.1% of the population  
2. There is a widening gap in innovative capacity between the stronger regions in central parts of the Union and others  
3. Convergence has been most pronounced in the least prosperous regions |

Source: Evaluations and reports indicated
The evaluation of the pre-pilot actions under Article 10 focused on the economic and institutional impact of the RTPs and their capacity to be innovative and demonstrative. Among the key findings was the observation that the RTPs effect on the regional innovation system was dependent on the approach in each region. Success is relative to the position in each region. Common benefits included placing innovation in a prominent position in the regional policy agenda, re-focusing expenditure to areas that better address the needs of companies and establishing systematic working relationships.

The recommendations made by the evaluators referred principally to three points:

1. Linking strategic planning and implementation
2. Linking the strategic policy framework, project ideas and the use of structural funds
3. Developing evaluation and monitoring systems that set clear targets and performance indicators.

The ongoing evaluation of Regional Strategies Pilot Projects carried out in 1999 found that the RIS projects had been effective in achieving their broad aims of consensus building and assessing the demand and supply for innovation in the region. It also found that there had been significant European Community added value in three respects: use of an EU developed methodology that could be adapted to different regional settings, use of consultants and experts from other member states and the management support and opportunities for networking that had been provided by the Commission.

Echoing the evaluation of the RTPs, it also found that the project had been “largely ineffective” in developing and implementing monitoring and evaluation systems. Among the foreseeable future challenges were:

1. The need to complete a detailed work programme
2. The need to maintain political and financial commitment to the RIS
3. The need to retain the body of knowledge generated by pilot projects to inform future activity.

In terms of the move towards mainstreaming into the structural funds, the Thematic Evaluation on the Contribution of the Structural Funds to Sustainable Development (2002) found that there has been an increasing level of integration of SF programmes with regional development strategies, although the degree of integration varies between passive (coherent but working in parallel) and strong (integrated at policy delivery stage).

The findings of previous evaluations, summarised in table above, have served to develop a fieldwork methodology that delves in greater detail into some of issues that have arisen in past.
The questionnaire sought to test the degree to which previous findings are still relevant, as well as exploring new issues that may have arisen post completion. The contribution of the delivery mechanisms to the success of the project has been explored through the questionnaire, as has the RIS contribution to regional development. The in-depth interviews have sought further details on how relevant the strategies developed have been for the regions, their effectiveness and their impact.
2. **METHODOLOGY**

2.1 **OVERVIEW**

The evaluation has been carried out in four main stages. Once the basic structure, content and approach were agreed with the Commission, the search for key contacts in each of the regions commenced. In parallel, the material for the fieldwork was developed, using information gathered from previous evaluations, conference reports, EC documents and the projects’ own final reports.

The Innovating regions website\(^{11}\) was a particularly rich source of information and has been an invaluable reference throughout the evaluation.

---

Figure 2: Methodology

---

Source: Evaluation consortium

\(^{11}\) [http://www.innovating-regions.org](http://www.innovating-regions.org)
2.2 DEVELOPING THE EVALUATION FRAMEWORK

The five key areas on which the evaluation focuses are summarised in the table that follows, linked to the main sources of verification:

Table 3: Information sources used to assess the Key evaluation areas

<table>
<thead>
<tr>
<th>KEY EVALUATION AREA</th>
<th>SOURCE OF VERIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance of the strategy and expenditure</td>
<td>Programme documentation European Commission documents Proceedings of the Stratford upon Avon conference Sample of SWOTS (RIS) and options papers (RISI) Questionnaires Interviews</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Regional websites Questionnaires Interviews</td>
</tr>
<tr>
<td>Impact</td>
<td>Sample of project documentation for strategic building capabilities Sample of Single Programming Documents Questionnaires Interviews Innovation Scoreboard and other statistical reports and databases</td>
</tr>
<tr>
<td>Delivery systems</td>
<td>Sample of project documentation referring to the make up of delivery channels Questionnaires Interviews</td>
</tr>
<tr>
<td>Community added-value</td>
<td>Questionnaires Interviews</td>
</tr>
</tbody>
</table>

Source: EVALUATION CONSORTIUM

The relevance of the strategy and expenditure was firstly established by reference to the Programme documents and the surrounding policy framework at the time it was launched. European Commission officials were interviewed to gain an insight into the possible overlap between policy areas. The information on the regions was sourced through Eurostat data and the ex-ante assessments, contrasted with that obtained through the fieldwork.

The main source for establishing the effectiveness of the Programme was the fieldwork. Structural funds documents were consulted for the subsection on Defining and influencing funding priorities.

The evaluation of the impact of the Programme was based on the information gathered from regional web sites, project documents, fieldwork and Eurostat data (for GDP and R&D expenditure).

Lastly, the assessment of the delivery systems and community added value was based on project documents and the information gathered from key stakeholders in the regions.
It is worth noting that these aspects were not considered in relation to each of the individual RIS and RISI exercises but against the wider context of the RIS and RISI initiatives’ objectives, linking them, where possible, to the aims pursued by the structural funds:

*Figure 3: Intervention logic*

The team worked from a “reverse intervention logic” that linked the objectives that linked all three levels (Structural funds, RIS/RISI 1994-1999 Programme and individual RIS/RISI), briefly outlined in the figure above.

These objectives, contrasted with previous evaluation findings, led to hypotheses that were then tested through the fieldwork. The structure of the report reflects this methodology, presenting the hypothesis, analysing the material and presenting the findings, with an illustration where possible.

### 2.3 Gathering Information

In compiling the database, the team has collected information from a wide variety of sources in order to ensure a broad representation in terms of regional stakeholders, past and present. Over 600 contacts were identified and the database can be said to be fairly representative of the strands (i.e., RIS or RISI), type of stakeholder, country and region.

The questionnaires[^12] for the quantitative fieldwork were in English, French and Spanish. Respondents could choose to complete the questionnaire on-line, by return e-mail or fax.

[^12]: Annex 2
A total of 126 questionnaires have been received, which amounts to a response rate of 21%, representing the views from stakeholders in 36 regions of a total of 57 regions that received funding during the 1994-1999 funding period for RIS/RTT/RISI (+) exercises.

Table 4: Responses received

<table>
<thead>
<tr>
<th>TYPE OF PROJECT</th>
<th>TOTAL PER STRAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIS/RITTS</td>
<td>40</td>
</tr>
<tr>
<td>RISI 1</td>
<td>16</td>
</tr>
<tr>
<td>RISI 2</td>
<td>6</td>
</tr>
<tr>
<td>RISI+</td>
<td>11</td>
</tr>
<tr>
<td>STRAND A</td>
<td>93</td>
</tr>
<tr>
<td>STRAND B</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: Survey

As can be seen from the table above, RIS contacts were more identifiable and had a higher response rate than RISI respondents. This was despite an intensive telephone and e-mail follow up of all contacts. Nevertheless, the RISI responses represent approximately a third of all regions that received funding in the 1994-1999 period. Nevertheless, the RISI responses represent approximately a third of all regions that received funding in the 1994-1999 period. 

Twenty regions were visited in 10 of the 13 countries to undertake RIS or RISI strategy development or implementation projects. The criteria for choosing the regions for the interviews process were:

- Broad equivalence to the proportion of the strand to the overall number of projects
- Broad equivalence to the subset of projects, e.g., RIS-v-RTT-v-RIS+
- Geographical representation
- Availability of information on the projects at regional level
- Availability and willingness of the individuals contacted to be interviewed

A further, more subjective, criterion was also introduced: to attempt a balance between “successful” and “unsuccessful” projects so that the conditions for success could be more easily distinguished from other factors.

For the strand A (regional innovation strategy), 19 projects in 14 regions were visited and a total of 33 stakeholders interviewed.

For strand B (information society), 15 projects in 7 regions were visited and a total of 14 stakeholders interviewed.

---

13 A further 6 exercises were undertaken by cross border partnerships and these have been the most difficult to trace.
14 Also, some regions that participated in the qualitative stages did not participate in the quantitative survey.
15 This was established through discussions with EC officers.
2.4 STRENGTHS AND LIMITATIONS OF THE MATERIALS USED

2.4.1 Contacting stakeholders

The projects under evaluation commenced up to a decade ago. Many of the individuals originally responsible for designing, implementing and championing the initial strategy development process are no longer in post. This has inevitably had an effect on the accuracy of some of the finer details regarding the project administration but is unlikely to have affected the perceptions regarding the achievements and impact of the strategy development exercises in the long term.

It is worth noting that the cross border projects were considerably more difficult to evaluate. The original contacts were generally either not contactable or unwilling to take part.

2.4.2 Fieldwork

The quantitative part of the evaluation required respondents to complete a separate questionnaire for each project in which they had participated. Thus a respondent who had participated in RIS and RIS+ would complete two distinct questionnaires that would refer to each project. To ensure standard treatment of data, where a respondent has used a single questionnaire to respond to more than one project, the questionnaire has been replicated. The team has felt that this is the least arbitrary way to guarantee the equal weighting of responses.

In arranging the interviews, the evaluation team sought to involve a variety of individuals that had been involved in the initial strategy development or implementation processes. This approach was more successful with the innovation than with the information society strategy interviews.

Involving a wider range of regional stakeholders resulted in more balanced views on the impact of the strategies or their implementation. As an example, in one region, the official responsible for carrying out the RIS exercise has very negative views regarding the outcomes of the process and refused to take part in the process. These views are not echoed in interviews with other organisations that have felt that the process, while it did not live up to the high expectations it had engendered, has brought innovation to the agenda of companies in the region.

The information gathered from interviews inevitably carries with it the respondents’ subjective perceptions. In some cases, this information is not consistent with documentary evidence. In these cases, the evaluation team have attempted to find reasons for these inconsistencies.

Finally, with regard to pre-conceptions regarding the validity or impact of the strategy development or action plan implementation, the team has not been able to draw conclusions on the basis of geographical positioning, make of the regional economy or previous experience of European programmes. Nevertheless, the broad typology developed has been used to assess the starting point in the regions subject to the in-depth analysis and the progress they have made, both during the 1994-1999 funding period and beyond.
3. **ANALYSIS OF STRAND A: REGIONAL INNOVATION**

This chapter follows the key evaluation areas set out in the terms of reference:

- **RELEVANCE** of the strategy and expenditure, assessing the rationale as well as the appropriateness of the innovative actions for promoting regional policy
- **EFFECTIVENESS**, assessing the effectiveness of the pilot actions, comparing its achievements and results to the initial objectives of the Programme, including the leverage effect on the regional economies concerned, notably in terms of investment and new economic opportunities
- **DELIVERY SYSTEMS**, assessing the quality and effectiveness of the delivery system put in place, notably the organisation of the work at regional level
- **IMPACT**, defined as institutional impacts of the pilot actions in terms of promoting regional governance notably in terms of fostering partnership, networks and building regional strategic capabilities, as well as the effects and outcomes of the actual implementation of inter-regional co-operation projects
- **COMMUNITY ADDED-VALUE**, including the relevance of EU action in their launching and follow-up

### 3.1 **RELEVANCE OF THE STRATEGY AND EXPENDITURE**

For the purposes of this analysis, relevance and coherence are defined as the relation between the objectives of the Programme and the needs of the regions on the one hand, and the contribution to the overall European strategy of enhancing European well-being and competitiveness, on the other.

The success of Innovation programmes deployed in a region is preconditioned by the extent to which policy makers have correctly identified societal needs at the outset, as well as the resources that can be marshalled to implement them. The relevance of the strategy and expenditure can thus be said to incorporate two primary elements:

- In the first instance, the extent to which the strategies developed through the RIS process have correctly addressed regional requirements,
- Secondly, the extent to which the regional authorities have the capacity, both in terms of authority and resources, to carry out the actions identified in the strategies.
This following table provides an indication of the content of each section, according to how it relates to each of these components:

Table 5: Evaluating regional needs and resources

<table>
<thead>
<tr>
<th>ADDRESSING REGIONAL NEEDS</th>
<th>RELATED TO REGIONAL RESOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance of the strategies adopted in the regions</td>
<td>The implementation of the RIS strategies on the ground and the economic impact and outputs of RTT pilot actions</td>
</tr>
<tr>
<td>The classification of regions into broad typologies according to their development stage</td>
<td>Continuity and evolution of the RIS initiatives,</td>
</tr>
<tr>
<td>Relevance of the RTT inter-regional co-operation process</td>
<td>The structure and evolution of expenditure on regional innovation</td>
</tr>
</tbody>
</table>

Source: Project documents

In addition, the following points will be considered from a Programme perspective:

- Relationship and coherence with other European innovation policies and the structural funds mainstream
- Continuity and evolution of the RIS initiatives

3.1.1 Broad regional typologies

To aid the assessment process, the different regions have been placed within a scheme representing broad development stages, based on their approach and access to the basic levers of effective intervention.

When setting out to develop their innovation strategies, regions will generally fit into stages 0-2 of the following:

- **STAGE 0**: Regions have no previous innovation strategies. They may not have the political competence to act, resources may not be accessible for innovation, or there may be no political will to act.
- **STAGE 1**: Regions have the competence to act, the political will to aim for increased innovation in the regions and an idea of the strengths and weaknesses of the region.
- **STAGE 2**: Regions have allocated their resources, priority or focus action areas have been defined and the regional actors have been identified and mobilised.
- **STAGE 3**: Regions have put their resources to achieve concrete results through action plans, activity is monitored in order to ensure that needs are fulfilled and there is communication between innovation agents and transparency in the system. Everyone is aware of their role and responsibilities
- **MAINSTREAMING**: The culture of innovation is embedded in the region and innovation is part of most spheres of activity. The need for a specific innovation department may even be superseded, or its aim may be redirected towards a co-ordination, rather than lead, role. The move has been made from project to system.
The aim for all regions is to move to MAINSTREAMING. This requires ambition and maintaining constant and consistent governmental support at the highest level for the goals to be achieved. Progress is not necessarily linear and the move to “mainstreamed status” is likely to take a number of years. The EU provision of a long-term framework to encourage innovation in the regions has clearly been an aid to the process of developing relevant and coherent strategies.  

Table 6: Levers for effective intervention

<table>
<thead>
<tr>
<th>Stage 0</th>
<th>To be able to do something…</th>
<th>Resources</th>
<th>Allocation</th>
<th>Action plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To know what to do…</td>
<td>Need &amp; regional strength orientation</td>
<td>Focus areas defined</td>
<td>Monitoring</td>
</tr>
<tr>
<td></td>
<td>To have the will to do something…</td>
<td>Buy in commitment</td>
<td>Mobilising &amp; coordination</td>
<td>Communication &amp; transparency</td>
</tr>
</tbody>
</table>

NIEDERÖSTERREICH
WESER EMS
ARAGON
CASTILLA-LA MANCHA
CALABRIA
NORTHERN SWEDEN
YORKS & HUMBER

LIMBURG (NL)
CASTILLA Y LEÓN
CENTRAL MACEDONIA
WALES

Source: Evaluation team

3.1.2 Relevance of the strategies adopted in the regions

The methodology developed through the Regional Technology Pilots aimed to incorporate a bottom up approach to ensure that the resulting product was a tailor-made strategy that would lead to increased innovation in the region. This approach was incorporated into the next generation of programmes to ensure that the strategies developed would be relevant to the particular needs of each region.

There are two key components in this philosophy:

- How and who develops the strategies will have a bearing on their relevance to the region

---

16 The role of the EU is also examined at 4.4.3, Building strategic capabilities and 4.5 European Added Value. The typology relating to the stage of development will be revisited at section 4.3: Impact.
• The content of the strategies must be firmly rooted in regional needs. The bottom-up approach is best exemplified in the RIS of Yorkshire & Humberside. After decades of industrial decline, the aim of the strategy was "to put business in the driving seat", thereby ensuring that the supply-side was relevant for the SME-dominant private sector. This strategy was executed from the start by nominating a steering committee almost entirely composed of business representatives. The strategy they developed directly reflected the needs of the region and its ability to implement the actions identified.

A contrasting approach was taken in the RIS+ project carried out in Northern Sweden, which sought to improve technology transfer to the companies. This aim was not reflected in the delivery mechanisms chosen: there were no direct links to the business community, research organisations or technology transfer institutions. The strategy may have been appropriate to the needs, but the resources chosen for its implementation were inadequate and resulted in the aims not being achieved.

As stated earlier, the relevance of the strategies relates to the extent to which regions have built upon their particular needs. The team analysed the RIS strategies developed in 12 of the regions to assess the differences and similarities between them. This analysis reveals a basic menu of 8 strategic objectives:

Table 7: RIS objectives in the regions

<table>
<thead>
<tr>
<th>Objective</th>
<th>NIEDERROTE</th>
<th>FRANCHE</th>
<th>LIMBURG (NL)</th>
<th>WESER EMS</th>
<th>ARAGON</th>
<th>CASTILLA-LA MANCHA</th>
<th>CASTILLA Y LEON</th>
<th>CENTRAL MACEDONIA</th>
<th>CALABRIA</th>
<th>TOSCANA</th>
<th>YORKS &amp; HUMBER</th>
<th>WALES</th>
<th>NORTHERN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networking between innovation agents</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural change</td>
<td></td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td>☆</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optimise the generation and transfer of technology</td>
<td>☆</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Build skills base/optimise HR</td>
<td>☆</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation management support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural areas/industrial strategies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop new entrepreneurial activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance innovation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Project documents

17 RTP in Limburg (NL), Castilla y León, Central Macedonia and Wales, RITTS in Toscana and Northern Sweden
The following comments can be made:

- The objective of achieving networking between the different agents in the innovation system was present in different formats in all the RIS and the Northern Sweden RITTS but only implied in the RITTS of Toscana.
- Niederösterreich was the only RIS region that did not address of building an innovation culture directly, neither did this appear in the RITTS analysed (Toscana and Northern Sweden).
- There is certain similarity between the RIS developed by Spanish regions who addressed the issue of innovation from a supply-demand perspective.
- Most Objective 1 regions also chose to devote resources to strengthening the role of government in encouraging innovation, reflecting their need to focus on building administrative capacity.
- Innovation in rural areas, on the other hand, has only been addressed explicitly by Castilla y León and Castilla-La Mancha, despite there being other regions that could fit the “rural” typology.

The table above simplifies the regional strategies developed and has sought similarities between the diverse objectives. Nevertheless, given the differences in the regional economies, access to innovation resources and processes followed to develop the strategies, it is surprising that the differences are so few.

An explanation can be found in the need to build solid foundations before the creative architecture for innovation can be attempted. In due course, and as the regions develop strategies that are more ambitious in reach and content, differences in needs and approach may have become more apparent.

<table>
<thead>
<tr>
<th>RIS OBJECTIVES</th>
<th>MAIN REGIONAL STRATEGY OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop regional innovation strategies</td>
<td>Cultural change, Innovation management support</td>
</tr>
<tr>
<td>Improve the capacity of regional actors</td>
<td>Optimise the generation and transfer of technology, Build skills base/optimise HR</td>
</tr>
<tr>
<td>Take into account the real needs of the productive sector and the strengths and capabilities of the regional R&amp;TD and Innovation Community</td>
<td>Networking between innovation agents, Rural areas/industrial strategies</td>
</tr>
</tbody>
</table>

Source: Project documents

A further interesting point can be made comparing the strategies developed with the Programme objectives. The content of the strategies developed through the RIS exercises match those of the Programme itself. In that respect, the design of the Programme has been not only coherent with regional needs but to a certain degree, has correctly foreseen them.

---

18 The different approaches followed for the strategy development process are explored at 4.4, Delivery Mechanisms, below.
3.1.3 Relevance of the RTT inter-regional co-operation process

The RTT technology transfer process offers two added-value points:

1. **WHY**: Establishing the factors that will motivate innovation, particularly in SMEs, derived from a showcase that links technology transfer with competitiveness.

2. **HOW**: demonstrating how the process actually can be put into effect

According to the call for proposals, the main objective of the Regional Technology Transfer projects was to organise the demonstration of the technology transfer process and its economic benefits for the economic development of the Less Favoured Regions (LFRs). The RTTs were based on the principle of pooling knowledge between regions either transferring technology from an advanced region to another LFR, or grouping a number of LFRs facing a common problem.

Focusing on sectors of strategic importance to the regions, the projects integrate all aspects of the technology transfer process from an in-depth assessment of regional needs to commercialisation of the technology. Projects were able to present an application to determine technical, financial and commercial feasibility. If appropriate, projects could then apply for funding for implementation.

The qualitative work with the RTT projects suggests that the key to success in RTTs is based on functionality rather than geographical positioning. That is, that companies are likely to co-operate with others in their sphere of activity on the basis that it improves their competitiveness and may well have more in common with companies in other regions in the same sector than with those in other sectors within their own regions.

In other words, firms are less interested in geography than in the opportunity to gain a competitive edge.

Another important motivating factor for company participation is the chance to work with other companies who are not direct competitors. Within a given region, it is more likely that companies in the same sector would be competing to obtain high quality suppliers, customers or unique ideas that will contribute to a dominant position in the market.

In the same way, benefits can accrue on a regional level, where the regions gain from investing in the search for one technological solution but gain from the investment and testing carried out by other partners. This cooperation can raise the results of R&D exponentially. The question that arises is that if the benefits are clear, why there is not more evidence of regional co-operation within national boundaries\(^\text{19}\) and the reason may once again relate to the competition between regions.

There is a further factor that can lead to inter-regional co-operation. For smaller regions, for example some in Finland or Sweden, size can be a hindrance in the promotion of innovation. RTT projects, where successful, could be showcases stimulating such regions to go beyond their own administrative boundaries and seeking suitable partners to work on finding solutions to common needs. This raises new needs for skills within the region in public organisations, and can be an outlook-changing experience for those involved.

\(^{19}\) National co-operation between regions is outside the scope of this report but sheds light on the issue of European added-value, to be discussed at section 4.5.
3.1.4 **Relationship and coherence with other European innovation policies and the structural funds mainstream**

The RIS/RTT/RIS+ initiatives were fully in line with existing European policy on innovation and cohesion at the time they were launched.

The issue of coherence with other European innovation policies and the Structural funds will be considered in relation to 1994-1999 funding period. At that time, the link between knowledge generation, innovation and competitiveness had been acknowledged in European policy\(^\text{20}\).

The European *Green Paper on Innovation*\(^\text{21}\) stressed the increasing importance of SMEs and regions. The 12\(^{th}\) action line of provided “The local or regional level is in fact the best level for contacting enterprises and providing them with the necessary support for the external skills they need (resources in terms of manpower, technology, management and finance). It is also the basic level at which there is natural solidarity and where relations are easily forged”\(^\text{22}\).

This policy, enshrined in Article 10 of the Structural Funds provides the support of innovation in Less Favoured Regions, based on two principles:

- The introduction of a culture based on mobilising key actors and co-operation
- The need to test actions developed and implemented by local actors and to provide a supportive Programme that takes into account the length of the innovation process.

In the field of RTD policy, the Innovation Programme co-ordinated by the then DGXIII was aimed at encouraging innovation at Community level. It pursued the spread of an innovation culture and the participation of SMEs in R&D activity. The 4\(^{th}\) Framework Programme funded the RITTS activity and the establishment of a Regional Innovation Observatory to support regional government in promoting innovation in firms\(^\text{23}\).

The differences and complementarities were clearly set out in the calls for proposals and can be summarised as follows:

---

\(^{20}\) COM (93) 208

\(^{21}\) COM(95)688

\(^{22}\) Also in the First Action Plan for Innovation in Europe states that “…the main effort must be made at local, regional or national level”.

Table 9: Differences and similarities RITTS- RIS

<table>
<thead>
<tr>
<th>SCHEME</th>
<th>RITTS</th>
<th>RIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELIGIBILITY</td>
<td>Any EU region or part of a region</td>
<td>In principle, regions NUTS level II</td>
</tr>
<tr>
<td>PROJECT LEADER</td>
<td>Any stakeholder institution</td>
<td>Authority responsible for economic development in the region</td>
</tr>
<tr>
<td>PURPOSE</td>
<td>To help the bodies responsible for regional development to evaluate, develop and optimise regional infrastructure and the policies and strategies for supporting innovation and technology transfers</td>
<td>To create partnerships among key actors in a region with a view to defining an innovation strategy for the region in the context of regional development policy</td>
</tr>
<tr>
<td>FOCUS</td>
<td>Regional infrastructure and policies with respect to supporting innovation and technology transfers</td>
<td>All aspects of regional policy on innovation and R&amp;TD (including training) and, where relevant, feasibility studies for proposed innovation projects.</td>
</tr>
<tr>
<td>USE OF CONSULTANTS</td>
<td>To carry out all the work, to include one consultant from another Community country (for at least 1/3 of the work)</td>
<td>Approved process consultant for a limited part of the work programme only</td>
</tr>
<tr>
<td>INTEGRATION WITH OTHER SCHEMES</td>
<td>Projects are “self-standing”. They are carried out for the intrinsic benefits to the region</td>
<td>Projects should help the region to use Structural Fund moneys linked to innovation schemes.</td>
</tr>
<tr>
<td>FINANCIAL SUPPORT</td>
<td>Max. ECU 250.000 for Assisted regions (ECU 175.000 for other regions)</td>
<td>Max ECU 250.000</td>
</tr>
</tbody>
</table>

Source: Call for proposals; information pack

The RIS/RTT/RIS+ objectives of can be traced to an overarching EU aim, contributing to cohesion and socio-economic development. The fact that they were developed through a DGV- DGXIII partnership sent a clear message on the importance of innovation and the role of SMEs through their respective channels.

A further comment can be made on the basis of the resources allocated to the Programme. The budget was similar for both RIS and RITTS would have obviated any preference for implementing one or other on the basis of financial resources alone. The dual approach enables other regional agencies to spread the concept of innovation in the absence of lead taking by regional government, possibly because there are no structures with the appropriate competence at the outset, or because those structures are focused on other issues. Nevertheless, for enduring impact, the mantle must at some stage pass to the appropriate regional government body.
3.1.5 Continuity and evolution of the Regional Innovation Strategies

European funding support for the RIS has continued and been further developed to meet the changing regional needs over time.

The recommendations from the RTPs\(^{24}\) were incorporated into the RIS/RTT design. From the outset, RIS was designed as a tool to maximise synergies between RTD and social cohesion policy. The Programme provided for an evolutionary process, linking planning and implementation. RIS+ initiative gave regions the opportunity to reduce the expectation gap between the strategy definition phase and the time required for its translation into action.

The long-term view of the strategy development process has enabled regions to proceed to the next of development. In the case of Niederösterreich, Weser Ems, Aragon, Castilla- La Mancha, Calabria, Northern Sweden, Yorkshire & Humberside, the regions have moved to stage 2 through the development of RIS+ actions: resources have been identified, the priority areas have been defined and the regional innovation agents have been mobilised and co-ordinated.

In the case of Limburg (NL), Castilla y León, Central Macedonia, Wales, the progression on from RIS+ to stage 3, actions are planned, there is monitoring and communication and transparency in the system, is less uniform\(^{25}\) but also clear:

- In Weser Ems the regional innovation network still exists and is mainly member-financed.
- In Castilla y León, the INNORED activity funded under RIS+ has evolved into the LEGITE network that deployed innovation agents to rural areas to work alongside companies evolved into INNORED.
- In Central Macedonia, the some of the RIS+ initiatives, such as the Regional Development Fund or the Wine Growers Association.
- In Wales, the investment in innovation has continued to grow and is now approximately 20 times higher than during the RIS+ implementation. The Welsh Development Agency has a long-term commitment to innovation expressed in its recently launched Innovation action plan.

The development of regional strategies opened up an appetite for continuing activity in the Innovation arena. The Innovative Actions programme for the 2000-2006 period has enabled a number of regions to implement further RIS/RISI under the three major themes:

- Regional economies based on knowledge and technological innovation
- e-Europe Regio: the information society at the service of regional development
- Regional identity and sustainable development

---

\(^{24}\) The Evaluation of the pre-pilot actions under Article 10: Innovative measures regarding Regional Technology Plans (1998) Technopolis and the University of Athens

\(^{25}\) This supports the earlier conclusión on relevance: the greater the region’s experience in innovation, the more ambitious and regional-needs specific it becomes.
The general impression is that the Innovative Actions enable regions to test new practices: The guideline for Innovative Actions states that they “…can be seen as a laboratory for the development of Community regional policy and its adaptation to new challenges”. Regions are able to try out new concepts and ways of addressing old or new problems. They do, however, build on previous know-how.

The experience gathered from nearly a decade of developing regional innovation strategies is now being translated to the Regional Innovation Strategies for NACs funded through the 6th Framework programme. Similarly, the Innovative Actions 2000-2006 programme highlights issues of strategic importance for Europe and gives regions the opportunity to incorporate them into their strategies and act on them.26

3.1.6 The implementation of the RIS strategies on the ground and the economic impact and outputs of RTT pilot actions

The track record in starting to implement actions identified in the regional strategies is, on the whole, very good. Regions that are particularly worthy of note are Central Macedonia, who have implemented 9 priority actions, Toscana, who invited ideas from the Cultural Heritage business sector, four of which were then built into the RIS+ project or Weser Ems who created a regional structure to co-ordinate innovation matters in the region and which is still up and running, without EU funds.

In a very small minority of regions, the projects chosen for implementation seemed to follow political expediency rather than the order of priority that had been agreed by the stakeholders. In most projects, they were a way of maintaining the momentum and interest generated through the strategy definition stage and signalled the regions continuing commitment to innovation.

Whether or not RIS+ funded, it is very difficult to establish the prioritisation of actions that arose from the RIS development process from documentary evidence. Most regions confirm that a prioritisation exercise was carried out, and the RIS+ actions can be traced to RIS documents.

However, an in depth study of some regions suggests that, although the priorities were set with relatively high degrees of consensus, there appears to be a lack of follow through from RIS to RIS+. That is, some actions selected for RIS+ implementation, although mentioned in the Regional Innovation Strategies, were not amongst the priority actions.

There could be a number of reasons for this:

- **TIME-SENSITIVE**: Some of the non-priority actions were time-sensitive and were subject to a window of opportunity.
- **IMPLEMENTATION ORDER**: They required implementation before the priority actions.
- **LOWER RISK**: They were perceived at less risky and therefore served as demonstration projects.
- **HIGHER PROFILE**: The projects selected were higher profile from a political perspective.

26 Some options for the next stage in the evolution process are explored in section 6, at the end of this report.
3.1.7 The structure and evolution of expenditure

The rationale behind the RIS initiative was to encourage regional governments to build an innovation friendly environment. Ultimately, the only available objective figure to plot this from the stage at which most RIS were commenced (1997) is R&D expenditure.²⁷ The European Trend Chart on Innovation provides figures on regional R&D for 2001, depicting a much more comprehensive picture of R&D resources. For the New Accession States, the starting point these figures should be the starting point.

The table below compares regions that completed the RIS²⁸ with the national and EU average growth rates from 1997 to 2001 or latest year available:

![Figure 4: Typology of regions]

Although innovation involves much more than R&D expenditure, some further comments can be made:

- Calabria and Castilla- La Mancha are both very rural regions that are facing long-term decline. The private sector in both regions is very weak and this is reflected in the figures for business expenditure. GOVERD increased by a third. Business expenditure in Calabria doubled in the period 1997-1999²⁹ from €1 million to €2 million. The net growth in GERD was of –1.52%. In Castilla- La Mancha, business

²⁷ A full table for all of the regions that completed an activity under the ERDF 1994-1999 funding period can be found at Annex 3. It presents regional expenditure in RIS/RTT/RIS+ regions for 1997 and 2001, disaggregated by government (GOVERD), business (BERD) and higher education expenditure (HERD).

²⁸ Castilla y León and Wales were RTPs

²⁹ Last figures available
expenditure in the same period decreased by half and, although GOVERD increased by 27% from 1997-1999, the total decrease in this period amounted to over 33%.

- Central Macedonia’s expenditure grew over 31%, although the growth rate for Greece as a whole was over 46%.
- Of the remaining regions, Limburg (NL) stands out as a curious case for warranting an EU funded Innovation Strategy. BERD stood at a healthy €484 million in 1997, and although it dropped slightly in 1999, by 2001 it has grown to €492 million. In comparison, 2001 government expenditure stood at €9 million. This raises the question of whether the regional authorities have the capacity to influence innovation in the region.
- Wales more than doubled its government expenditure on R&D from 1997-1999. Whereas GOVERD in Yorkshire and Humberside dropped by 6%, its BERD grew by a more than satisfactory 27%. This is revealing given the objective of “putting business in the driving seat” and suggests that the strategy has achieved its aims.

As stated earlier, the conclusions drawn from the above data must be drawn with caution. The role of the regional government as described in the regional innovation strategies is more about creating an innovation-friendly climate and mainstreaming expenditure, rather than investing in R&D pure and simple.

Nevertheless, whether some regions should be attempting to shape innovation when it would appear that the private sector clearly has the lead, is questionable. Another question relates to the appropriateness of the investment made, expenditure per se does not indicate whether the region has invested at the right amounts (it may have invested more or less than was appropriate)\(^{30}\), or whether it has invested in the correct manner.

### 3.1.8 Conclusions

**ONE:** The Programme was launched at a time when there was an unmet need to develop an innovation-friendly environment at regional level.

**TWO:** Given the novelty of the concept, the strategies developed by the regions were relevant and coherent with their regional contexts at the time. The similarities can be attributed to the need to build a basic framework that can become more ambitious and experimental as the innovation-maturity level increases.

**THREE:** The degree of relevance can be determined with reference to development stages, plotted from a state of no capacity or political will for innovation, to a stage where innovation is mainstreamed and part of the system, rather than undertaken on a project-by-project basis.

**FOUR:** Progress is not necessarily linear and the move to “mainstreamed status” is likely to take a number of years. The EU provision of a long-term framework to encourage innovation in the regions has clearly been an aid to the process of developing relevant and coherent strategies.

---

\(^{30}\) Find reference.
FIVE: Although the RTTs have provided a framework for testing innovation concepts through demonstration projects between regions, the value has arisen from the provision of a common theme, within which companies and regions can co-operate. In this respect, if the benefits are proven, national initiatives should also encourage inter-regional co-operation.

SIX: From the RIS to the current Innovative Actions, there has been a logical evolution of the Programme that has taken into account the maturity levels of the strategies, as well as the contribution of the regions to achieved European strategies objectives.

SEVEN: The evolution from Strategy to Implementation at regional level has been less linear. In a very small minority of regions, the projects chosen for implementation seemed to follow political expediency rather than the order of priority that had been agreed by the stakeholders. In most projects, they were a way of maintaining the momentum and interest generated through the strategy definition stage and signalled the regions continuing commitment to innovation.

EIGHT: The levels of expenditure on innovation have generally increased the regions that have taken part in the RIS. This has not necessarily had a macro-economic impact but the figures suggest a correlation between innovation expenditure, support from high-level politicians and above-average economic growth.

3.2 EFFECTIVENESS OF THE PROGRAMME IN PROMOTING THE DEVELOPMENT OF REGIONAL INNOVATION STRATEGIES

The effectiveness will be assessed on two levels:

- **Programme level**, by exploring the strategy development and implementation in the regions
- **Project level**, by exploring the paths towards implementation, e.g. strengths and weaknesses in the strategy development process.

Projects take different paths towards the ultimate target: introduction of innovation planning and strategies on the regional agenda on a permanent basis (Mainstreaming). This allows them to take into account differences in prevailing conditions and levels of maturity. Nevertheless, experience shows that some fundamental levers have to be considered in the strategy development process that will enhance its effectiveness and favour the conditions for long-term success.

Projects can reach their objectives and fulfil their mission without taking the levers into account. But from an effectiveness point of view, the question is within what time frame and at what cost? There are three possible scenarios:

1. A region rich in financial resources (To be able...) which has gained a broad commitment from regional agents (The will...) but lacks knowledge of regional needs (To know...) will risk misallocating resources and acting inefficiently.

---

31 Described in section 4.1.2
2. In contrast, a high degree of commitment and engagement from regional agents and businesses in combination with scarce financial means will sap the organisational energy in the long run and lead to an ineffective use of human resources and common competencies.

3. A third possibility is that rich regions with a great awareness of its own needs but which lacks appropriate delivery mechanisms will either have problems in allocating its financial resources, or allocating them ineffectively.

In the analysis of the different levers the requirements in the Terms of Reference will be addressed in the following way:

**Table 10: Chapter analysis correlation with ToR requirements**

<table>
<thead>
<tr>
<th>TERMS OF REFERENCE</th>
<th>LEVERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing an innovation culture through raising regional awareness, achieving consensus and building partnerships.</td>
<td>Commitment, Mobilising, coordination</td>
</tr>
<tr>
<td>Identifying the relevant regional assets for innovation within the region and the opportunities that they offer, including the extent to which the action plan projects have been operational.</td>
<td>Resources, allocation, action plan</td>
</tr>
<tr>
<td>Influencing future funding arrangements in the region, in particular the expenditure of the structural funds mainstream programmes.</td>
<td></td>
</tr>
<tr>
<td>The effectiveness of the decision-making process and priorities set.</td>
<td>Need orientation, defined focus areas, monitoring</td>
</tr>
<tr>
<td>Mobilising the private sector and leveraging private investment</td>
<td></td>
</tr>
<tr>
<td>Influencing future funding arrangements in the region, in particular the expenditure of the structural funds mainstream programmes.</td>
<td>Mainstreaming &amp; sustainability^32</td>
</tr>
</tbody>
</table>

3.2.1 Raising regional awareness, consensus and partnership building

The methodology developed by the European Commission and provided as guidelines to the regions as an aid to the strategy development and implementation process states that “a dialogue of quality is...essential in ensuring that the work accomplished matches the programmes objectives.”^33 It goes on to state that the action plan can only be implemented through a strong mobilisation of partners.

There is a strong body of evidence that the Programme was effective in bringing together those individuals that had the ability to influence innovation in the region. Responses to the questionnaires overwhelmingly show that exercise had brought together the relevant regional stakeholders (average score of 4.43 out of 5).

^32 In this evaluation mainstreaming is merely defined as an impact resulting from an effective strategic development process. Nevertheless, the influence on funding priorities, such as structural funds programmes, could also be one way of measuring the extent to which the project is needed in the region (need orientation) and to what extent commitment has generated new money (resources).

How this was achieved can be traced back to the composition of the project management committee, which was seen to have made a high contribution to gathering new personalities and organisations that did not usually interact with each other. In contrast, the steering committee was seen to have played a less significant role in this respect.

The interviews in the regions also testify to the effectiveness of the exercises in terms of consensus building, raising regional awareness and building partnerships. In all of the regions there was a clear vision that innovation had emerged as a key issue for society and that regional actors were aware of the need to act. This is even the case in regions in which the strategy development and implementation process is not considered to have been a success.

CASTILLA-LA MANCHA

“Although the regional strategy cannot be said to have been an immediate success, given the lack of subsequent political support, its impact as an instrument of social dialogue and promotion of innovation can still be see today. In some ways, it has survived the changed in political leadership and may still be taken up by incoming governments.”

Intermediary organisation

The process of reaching consensus through building solid partnerships is a powerful operational success factor\(^{34}\), but it also contributes to the effectiveness of projects in other ways:

- **AUDIENCE**: It the means by which to reach a wider audience. It “opens ears”. Niederösterreich.
- **COMMUNICATION**: It communicates the benefits of innovation in terms that are understood by the diverse regional interest groups. It raises understanding. Yorkshire & Humberside.
- **ANCHORING**: It connects the interests of the region with the interests of its stakeholders. Toscana.
- **OPTIMISING IMPLEMENTATION**: Adding efficiency to implementation by using existing assets and avoiding duplication. Castilla y León.

\(^{34}\) See 4.3 below, on delivery mechanisms, below
• **FOUNDATION FOR THE FUTURE:** It sows the seeds of co-operation that can bear fruit over the long-term. Weser-Ems.

It can be concluded that the projects have been successful, in terms of mobilising human resources and creating commitment among crucial regional agents, a necessary foundation for the implementation phase. Two such examples are Castilla La Mancha and Yorkshire and Humberside.

In Castilla La Mancha, the trade unions were invited to form part of the process. They were able to participate and contribute to the development of policy in a subject that they had previously seen as a having a negative impact on employment. Participation in the strategy development process led to a shift from seeing innovation as a net destroyer of jobs to an opportunity to create better, higher quality employment in the region.

Yorkshire & Humberside report that although consensus was not reached on all levels, it was certainly reached amongst businesses. The traditional textile industry, suffering from long-term decline, was organised into clusters and this co-operation is still ongoing today.

An effective strategy will outlive political changes and will not be dependant on the continued support of a single person. This may seem at odds with previous evaluation findings that confirm the need for a strong regional project champion. In fact, a leading figure can be invaluable in marshalling initial resources, but long-term effectiveness is better achieved by involving a range of stakeholders that represent the key forces in the regional innovation scene. The role of the project champion becomes one of a “connector” of relevant regional resources and a “communicator” of the vision for the region.

### 3.2.2 Assessing innovation relevant regional assets and identifying opportunities

The purpose of this stage of the strategy development process is to safeguard some crucial success factors for the remaining process: needs orientation and how regional strengths could be exploited and coordinated to meet those needs.

The process of strategy development included the identification of regional needs, strengths and weaknesses, discovering potential threats to ongoing regional development and revealing the opportunities that innovation could bring. Securing an initial awareness about existing regional resources and competencies is also a condition for knowing the resources that can be applied to achieving the aims. SWOT analyses are one instrument at this stage of the process, but an investigation of the RIS developed also reveals that there are other approaches.

SWOT analyses are a well-established private-sector management tool, but were not necessarily in widespread use in the public sector. The approach to the SWOT exercise varied greatly between regions, as did the results emanating from them.

---

35 In some regions the SWOT was carried out as part of the preceding RTP or RITTS exercises.
In most regions, the exercise acted as a confirmation of a situation that was well known. The value derived from the exercise varied from “there doesn’t seem to have been much attention paid to the SWOT analysis” to “The SWOT …highlighted the rivalry inside the region and the lack of innovation. Something needed to be done. It also showed that it should focus on the historically strong sectors of the region.”

The techniques varied from desk research to organising sectoral round tables or sending out questionnaires to the business community:

<table>
<thead>
<tr>
<th>EXISTING DOCUMENTS</th>
<th>QUESTIONNAIRE</th>
<th>FACE-TO-FACE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIMBURG</td>
<td>NIEDERÖSTERREICH (6000 FIMS)</td>
<td>ARAGÓN</td>
</tr>
<tr>
<td>NORTH SWEDEN</td>
<td>WESER-EMS</td>
<td>CALABRIA</td>
</tr>
<tr>
<td></td>
<td>TOSCANA</td>
<td>CASTILLA- LA MANCHA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CENTRAL MACEDONIA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CASTILLA Y LEON</td>
</tr>
<tr>
<td></td>
<td></td>
<td>YORSHIRE &amp; HUMBERSIDE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>WALES</td>
</tr>
</tbody>
</table>

Source: Qualitative fieldwork and programme documents

There is a strong correlation between those regions in which this analysis was undertaken and the ultimate success of the strategy development and implementation exercises. This does not necessarily imply that carrying out a SWOT analysis is a precondition of success. It may be that it is a symptom of a deeper-rooted cause of failure, such as lack of real commitment to the objectives of the exercise.

In summary, although the identification of assets and opportunities was not carried out systematically, the regions that did use the information gathered to map out the baseline situation found the following:

- The SWOT analysis did not unearth any previously unknown hidden threats or opportunities.
- The SWOT did, however, begin to link the main factors that can act as drivers or obstacles to Innovation and provide a valuable starting point for discussions.

The effectiveness of these base-line analyses relates to more than the correct identification of assets, threats and opportunities. Once again, the process by which information was gathered provided an early opportunity to establish contact with stakeholders. Inviting them to share their views and experience was a valuable way to signal the importance of innovation in the region and to start to identify individuals who could play an active role in the process.

### 3.2.3 Mobilising the private business sector and leveraging private investment

The full integration of innovation into regional economies requires the active participation of the private sector. The guidelines provided for the Programme strategy development process stressed the need to take a bottom-up approach that would lead to a clear understanding of the needs of local businesses and provide a framework for on-going dialogue and co-operation.
Mobilising the private sector and leveraging private investments can point towards to the extent that projects have succeeded in establishing demand-oriented content. In addition, private funding brings in and affects a demand-led and customer-oriented culture in projects run by the public sector.

One of the most valuable tools for engaging the private sector was through the working groups and although the strategy development processes have been successful in attracting the participation of business, business investment in monetary terms has not been as easy to establish.

** YORKSHIRE & HUMBERSIDE **

“The RIS & RIS+ programmes engaged the business community in the region in directing the innovation support community. This has continued via the new regional development agency who adopted the RIS activity at the end of the project and used as the basis for socioeconomic development.”

** SME **

Leveraging private investment for the development and implementation of RIS strategies does not even appear to have been an aim of the regions. One notable exception to this is the RIS+ of Toscana. The qualitative information obtained confirmed that the businesses had invested their own funds in participating in the development of technology for the Cultural Heritage sector in Tuscany. One company saw an opportunity to expand its products to a different market, while another was willing to invest in the use of technology for carrying out its core business in the renovation sector.

Two correlated points can be drawn from this example:

- Businesses analyse the return on investment: the investment of hard cash must be related to a quantifiable benefit at an identified point in the future.
- Businesses respond to concrete calls to co-operate in which they can see the opportunity to access new markets or otherwise gain a competitive edge.

** 3.2.4 Turning strategy into action: from decision making to implementation **

So far the different paths towards implementation has been discussed by exploring essential levers. The effectiveness on a Programme level is assessed by also exploring the extent to which projects have actually implemented their strategies. In turn, the effective implementation of strategies is partially dependent on prioritising actions according the particular regional needs that have been identified.

The decision making process in the regions interviewed and its results are, again, varied. The table below indicates:

- Type of strategy developed by each region
- Regions that had set priorities

---

36 See 4.4, delivery mechanisms below
• Regions in which external stakeholders, and the private sector in particular, played an active role in determining priorities

• Regions in which the priorities chosen were in fact implemented

Table 12: From Strategy to Implementation

<table>
<thead>
<tr>
<th>TYPE OF STRATEGY DEVELOPED</th>
<th>STAKEHOLDER PARTICIPATION IN THE DECISION-MAKING PROCESS</th>
<th>PRIORITISATION OF ACTIONS TO BE IMPLEMENTED</th>
<th>IMPLEMENTATION OF PRIORITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIEDERÖSTERREICH (RIS)</td>
<td>WESER-EMS</td>
<td>NIEDERÖSTERREICH</td>
<td>NIEDERÖSTERREICH</td>
</tr>
<tr>
<td>WESER-EMS</td>
<td>CALABRIA</td>
<td>WESER-EMS</td>
<td>WESER-EMS</td>
</tr>
<tr>
<td>CALABRIA (RIS)</td>
<td>ARAGON</td>
<td>ARAGON</td>
<td>ARAGON</td>
</tr>
<tr>
<td>TOSCANA (RITTS)</td>
<td>CASTILLA- LA MANCHA</td>
<td>CASTILLA- LA MANCHA</td>
<td>CASTILLA- LA MANCHA</td>
</tr>
<tr>
<td>LIMBURG (RTP)</td>
<td>CASTILLA Y LEON</td>
<td>CASTILLA Y LEON</td>
<td>CASTILLA Y LEON</td>
</tr>
<tr>
<td>ARAGON (RIS)</td>
<td>COMUNIDAD VALENCIANA</td>
<td>COMUNIDAD VALENCIANA</td>
<td>COMUNIDAD VALENCIANA</td>
</tr>
<tr>
<td>CASTILLA- LA MANCHA (RIS)</td>
<td>TOSCANA</td>
<td>TOSCANA</td>
<td>TOSCANA</td>
</tr>
<tr>
<td>CASTILLA Y LEON (RTP)</td>
<td>WALES</td>
<td>WALES</td>
<td>WALES</td>
</tr>
<tr>
<td>COMUNIDAD VALENCIANA (RTT)</td>
<td>YORKS. &amp; HUMBERSIDE</td>
<td>YORKS. &amp; HUMBERSIDE</td>
<td>YORKS. &amp; HUMBERSIDE</td>
</tr>
<tr>
<td>NORTHERN SWEDEN (RITTS)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEDFORSHIRE (RTT)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WALES (RTP)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YORKS. &amp; HUMBERSIDE (RIS)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Project documentation

The follow through rate is very good overall. Some regions experienced difficulties with particular stages of the process and Calabria and Castilla- La Mancha are cases in point. The process for developing the strategy was inclusive. It involved the relevant stakeholders and drew an accurate picture of the strengths and weaknesses of the region. The strategy document itself is thorough and complete. Yet the implementation of the strategy has not lived up to its promise. Although the main aim of the RIS+ of creating a support structure for innovation has been achieved, its effectiveness has fallen short of expectations. The main reasons for this appear to be:

• The lack of continuity of the key people involved in the original strategy development process (Calabria)

• The lack of consistent support at the highest political level (Calabria and Castilla- La Mancha).

GALICIA

“We took part in the work groups to develop the strategy. The document was developed…and we never again heard about the subject”

University

37 The respondent was unable to confirm the decision making process in the RTP.
On the other side of the scale in the Bedfordshire experience. The project focused on finding best practices in environmentally friendly manufacturing. Each of the regions identified its own environmental priority: in Bedfordshire it was water quality, in Attica, air quality and in Germany, waste disposal.

The case of Castilla y León is also worthy of note. Actions were implemented in parallel and had an identified project manager who was responsible for ensuring the specific tasks were completed.

The qualitative fieldwork reveals the general perception that the degree of implementation of actions outlined in the strategy document indicates how successful the development process has been. It is submitted that this is not necessarily the case. The implementation of certain actions may not have the effect expected or may simply require resources that are not available in the region. In these cases a truly effective management system would enable a change in tactics in order to achieve the strategic objectives in the most efficient and effective manner.

The selection and prioritisation of actions for implementation is not sufficient. A crucial factor in the success and continuity of promoting innovation in the region is the selection of actions that are “manageable”. This echoes a point made earlier in this report: the regional organisation must have the capacity to act and to some degrees be able to exercise control over the outcomes of those actions.

### 3.2.5 Defining and influencing funding priorities

Promoting and supporting innovation requires resources. These resources can be obtained from new sources or from adapting existing funding and creating synergies. One of the underlying aims of the Programme was to mainstream innovation into the Structural Funds and dedicate more regional sources to innovation on the basis that it is one of the levers for regional development.

Among the criteria set out in the practical guide to regional innovation actions\(^\text{38}\) for projects to meet in order to exploit regional synergies and become integrated into national and European measures are:

- The approach should be regional, bringing together regional agents, but take into account the national context
- The strategy should aim at increasing regional productivity and competitiveness and aim to maximise the impact of Structural Funds
- The project should consider the need to operate in a global environment and, therefore, incorporate national and international co-operation

### National context

It is clear that the regions have brought together regional agents\(^\text{39}\), except in the case of Northern Sweden and Weser Ems, there is less evidence of interaction with innovation policy makers at the national level. It is likely that the reason for this stems from the ongoing negotiations between regional versus national competence, which may still be a sensitive issues in some member states.

---

\(^{38}\) Paragraph 4.2.3 above

\(^{39}\) Paragraph 4.2.3 above
Maximise impact of structural funds

In relation to the influence of the RIS over how the structural funds can support innovation and how innovation can help to achieving cohesion, the evidence is mixed. The clearest cases of where this has been achieved are Niederösterreich, Castilla y León, Central Macedonia, Wales and Yorkshire & Humberside. In each of these cases the organisations were either directly responsible for preparing the single programming documents (SPDs) in their region or had very good links to those that did.

In the case of the RTTs, the link to the structural funds seems to be missing. The projects, although intended as demonstrations of how to implement innovation in the region, could also have incorporated a formal link to the SPD drafters.

Operation in a global environment

International co-operation was not a requirement of the strategy development process and where it was carried out, it was through study visits that were of limited value and did not lead to any specific action (as, for example, in Northern Sweden).

Co-operation was a condition in the RTT projects and the approach appears to have been based on the search for specific technology that could act as a catalyst in the culture and methods of operation of traditional industries (for example, in the Comunidad Valenciana).

Influencing funding priorities

There is evidence of influence of regional funding priorities in Central Macedonia, where pre-RIS innovation expenditure was 2% of the regional budget and is now at 15%, and Wales, where the WDA now spends 20 times the amount allocated to the RIS exercise.

Another example of effectiveness in certain regions of the strategy development exercise is Castilla y León, whose commitment to innovation can be surmised through the table following:

<table>
<thead>
<tr>
<th>Department of Science &amp; Technology (€ Million)</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Science &amp; Technology (€ Million)</td>
<td>53.7</td>
<td>66.2</td>
<td>104.4</td>
<td>162.9</td>
<td>188.2</td>
</tr>
<tr>
<td>% Total Regional budget</td>
<td>1.19%</td>
<td>1.35%</td>
<td>2.04%</td>
<td>2.19%</td>
<td>2.35%</td>
</tr>
<tr>
<td>% Annual growth</td>
<td>23.4%</td>
<td>57.65%</td>
<td>56.03%</td>
<td>15.53%</td>
<td></td>
</tr>
<tr>
<td>% Overall growth</td>
<td>350%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Agencia de Desarrollo Económico de Castilla y León

---

40 See also 4.3.2 The move towards mainstreaming
Best Practice 1: Mainstreaming in Niederösterreich

RIS+ (NIEDERÖSTERREICH)

DESCRIPTION

Launched in 1999, the basic idea behind ETEK is to proactively manage the communication and co-ordination of the available innovation support mechanisms. It is a direct response to the expressed needs of companies for a transparent system in which innovation supply and demand agents are readily identifiable.

Well integrated in the Regional Innovation System Lower Austria, EXEK contributes to a significant increase of transparency on different levels – (a) companies have learned about entries into the innovation support system, (b) mediators have learned about companies’ needs and providers’ competencies, (c) providers have learned about complementary competence suppliers and potential partners for offering system solutions.

As a communication node, EXEK serves as a neutral mediator and broker of information. A wide network of ambassadors has been set up (e.g. banks and consultants) in order to achieve a more intensive communication with companies, the internal communication processes at the department of industry have been very positively influenced by EXEK.

BEST PRACTICE

The planned transition from kick-start to mainstream, from project to system:

RESULTS

For two years, EXEK has been serving as a significant tool for further developing and implementing the Regional Innovation Strategy 2000-2006 for the economic and structural development funds WST2 in Lower Austria. The scope of responsibilities comprises the complete execution of awareness raising, surveying of support applications as well as mentoring and monitoring of the project process.

The result is a transparent system that is able to exploit synergies and maximise impact by connecting regional innovation strategy with on-going economic development.

In other cases it has not been possible to quantify the exact amounts either because the respondents are no longer in post or because they are not responsible for innovation policy.

3.2.6 Conclusions

ONE: The Programme sought the development of regional strategies through the involvement of key regional actors. Excepting isolated cases, it was particularly effective in the following:

- Firstly, developing strategies through a process that encourage dialogue.
- Secondly, in cementing relationships through building partnerships with key organisations.
- Thirdly, in using these partnerships to raise awareness.

TWO: This effectiveness is best seen in the transfer of the vision for the project from the generator of the idea to a wider group of organisations, who in turn communicated the importance of innovation to a wider audience in terms that were relevant to them.
THREE: Dedicating time to identifying assets, opportunities and threats adds to the probability of success of the strategy development exercise. The value primarily arises from taking a holistic view of innovation in the region and assessing interdependencies between policies, initiatives and resources.

FOUR: The ultimate effectiveness of the implementation of the strategy is highly dependent on continued political support.

FIVE: The Programme can be said to have been effective, in general, in mobilising the private sector. Most of the strategies were demand-led and involved business in their development.

SIX: The Programme was less effective in generating funds from the private sector to support the strategy development process or its implementation.

SEVEN: There is considerable evidence of the Programme's effectiveness in influencing regional funding priorities but less evidence of the “upwards” influence on national or European funding or policy development. In other words, the influence seems to be horizontal, rather than vertical.

3.3 ROLE OF DELIVERY MECHANISMS

This section is concerned with the evaluation of the delivery system. The delivery system is, or should be, the mechanism for ensuring the efficiency of the project and, on an aggregated level, that of the Programme itself. The background of participants, the way in which they have been organised, and how their work is characterised, are important factors that can precondition impacts on outcomes and effects.

The delivery system is defined as the channel through which the project is “taken to market”. The evaluation has consider issues related to the composition of the project organisation teams (steering committee, project management, consultants), channels that can contribute to achieving project aims (working groups) and internal procedures that help keep the project on track and help make future interventions more effective (monitoring and evaluation activities).

This section includes:

- Composition, working methods and role of the RIS steering committees
- Composition and performance of the project management team
- The eventual roles and outcomes of external consultancy
- Input from and coverage of sectoral and horizontal working groups
- Functioning of monitoring systems and role and influence of evaluation procedures
- Functioning and means of the partnerships and networks
- Overall assessment of strategic planning capabilities

3.3.1 Composition, working methods and role of the steering committees

The composition of the steering committee is broad to enable building consensus and anchoring the project in the region.
The fieldwork indicates that there is no single method for identifying and selecting steering committee members and, consequently, the composition differs for each project. The size varies from a few members, in the case of Limburg (NL) and Wales, to 20-25 members in the case of Castilla Y Leon and Weser-Ems. The differences can usually be attributed to the strategic or operational outlook of the project. Regions that had been through the strategy development process and were focused on implementation chose smaller steering committees that had the specific knowledge or contacts required for the project, while regions focusing on the strategy drafting process chose wider, all encompassing steering committees that could act as conduits into society.

The steering committees in RTT projects were slightly different and were more focused on ensuring the representation of all the partners in the project. In the case of Bedfordshire, the lead team was composed of two people from each region. This group acted as both steering committee and project managers concurrently.

Membership is usually drawn from regional authorities, trade associations, educational organisations, trade unions etc. By involving these actors in the discussions and the decision-making process, projects are more firmly anchored in the local community and accepted within the region.

A non-representative steering group can adverse effects on the credibility of the project. One notable example of this is the RIS+ of Northern Sweden: although technology transfer was one of its main aims, there were no business representatives or technology providers on the steering committee and, consequently, it was difficult to engage the SME target audience.

The opposite approach can also be problematic: Yorkshire & Humberside was completely demand-oriented and incorporated mostly businesses into its steering committee. Although this was very efficient during the lifetime of the project, problems arose when the project was transferred to the regional authority. The dearth of prior public involvement made the mainstreaming objective difficult to achieve.

Figure 6: Composition steering committee RIS and RISI, respectively

Source: Survey
Steering committees members were chosen for their ability to provide legitimacy and political support to the project, rather than for their ability to actively contribute to the project. To put it another way, their intrinsic characteristics were significantly more important than their contribution to the implementation tasks.

The characteristics against the steering committees were measured by respondents to the survey were:

- **ACTIVENESS**: (Members actually spent time on the project and contributed actively to its progress)
- **COMPETENCE** (Appropriate level and mix of competencies according to the project content)
- **INTEREST** (Members showed an interest in innovation issues and for the project’s potential)
- **SKILLED MANAGEMENT** (Managers ability to guide, stimulate the progress of the project.)
- **OPENNESS** (Acted as a forum for open discussion and exchange of ideas and competencies)

These characteristics included openness and an interest in innovation. The main contribution was in creating a new forum for discussion and gathering new personalities. It is perhaps surprising that the steering committees were not particularly considered be a pool of strategic capacity: the average score was 3.71 for RIS.41

Once again, this reinforces the view that the steering committees’ main role relates to the provision of a forum to discuss and communicate, in order to build consensus on how innovation should be integrated into plans for regional development.

*Figure 7: RIS steering committee characteristics and contribution to project*

---

41 The score was only slightly higher for RISI with 3.93 out of 5.
The interviews highlighted the diminishing importance of the role of the steering committee as the project goes on. The need for the strategic support is much lower after the progression to the RIS+ and implementation phase. In other words, the need for strategic resources decreases as projects become more operative. There are two points to take into account in relation to this transition:

- **CHANGE IN ROLES**: Where the transition is not managed, the progression from strategy to implementation may lead to demotivation and a lower involvement of the steering committee during the second phase of the project.

- **CLARITY OF OBJECTIVES AT EACH STAGE**: Also related to the transitional stage, the terms of reference for the steering committee should change to reflect their roles between RIS and RIS+. To maintain members active and their roles relevant, the objectives of the project should be repeated during the whole process.

### 3.3.2 Composition and performance of the project management team

The choice of the project management team is crucial for the success of the project. Project managers are drawn from a broad range of organisations, of which just over half are regional authorities:

![Figure 8: Composition project management group RIS and RISI, respectively](image)

RIS projects have, on the whole, a lower proportion of members of the public sector, 51% are from the regional authority, with a further 14% from national government, as opposed to a total of 75% governmental representatives that are part of the RISI project management teams. Innovation projects also have a higher proportion of members from national authorities than those relating to the information society, which could suggest that they are better linked to national innovation programmes.

In a number of regions, the strategies developed identify the need to continue to draw upon a dedicated group of people that are responsible for managing innovation in the region. The RIS+ initiatives of Niederösterreich, Central Macedonia, Aragon, Calabria and Wales, for example, all included the creation of management structure to support regional innovation.
“The project management group was very effective. They were close to the businesses and knew people personally and because of this were empowered by the steering committee to make decisions. They also had sectoral knowledge. In short, the human factor was essential to success.”

Regional Development Agency

Both interviews and questionnaire respondents state that the project management contribute more to the success of the project in overall terms than the steering committee:

Figure 9: Contribution of project management and steering committee to the success of the project, for RIS and RISI

<table>
<thead>
<tr>
<th>Contribution to success of project</th>
<th>SC</th>
<th>PM</th>
</tr>
</thead>
<tbody>
<tr>
<td>RISI</td>
<td>3.97</td>
<td>4.79</td>
</tr>
<tr>
<td>RIS</td>
<td>3.75</td>
<td>4.53</td>
</tr>
</tbody>
</table>

Source: Survey

The main characteristics of the project management team, evaluated against the same yardstick as the steering committee42 are activeness, management skills, competence and interest.

The project managers’ local knowledge is also invaluable in several respects:

- **CONTACTS**: They know who to contact in the local community for specialist advice (Toscana)
- **SPATIAL KNOWLEDGE**: They are aware of geographical differences within the region (Weser-Ems)
- **LOCAL STANDING**: They are respected by business and may have particular sectoral knowledge (Yorkshire & Humberside, Castilla y León)
- **CONTINUITY**: They have a continuity in the region and a commitment to the long-term, evidenced in the continuity of the regional team responsible for promoting innovation (Niederösterreich)

---

42 see 4.4.1, above
As can be expected, the main contribution of the project management unit according to the respondents is the project monitoring and the guidance of the project development.

In line with the findings of the interim Programme evaluation, the project management team are clearly seen as the driving force behind the project. The choice of individuals, their skills and commitment to the project clearly influence the success of both strategy development and implementation processes. Their role is not limited to managing operations but clearly involves the strategic development of the initiatives.

**Best Practice2 : Weser Ems Delivery Systems**

**DESCRIPTION**

The delivery system of RIS Weser-Ems has been chosen for the following reasons:

- The design has enabled the participation of all main stakeholders in the region
- The design has enabled concrete results for the businesses in the regions
- The project has benefited the entire region
- The design was built on the basis of sustainability, enabling the system to live on without external funding.

The RIS Weser-Ems was primarily designed to provide companies in the region with a reliable long-term programme and framework for action, thus acknowledging their central role in the regional economy.

The aim was to keep the existing high-performance resources in the region, and to strengthen them through targeted development of suppliers and service providers, as well as by optimising the infrastructure and overall conditions. New resources were to be brought into the region to cover competence gaps. Resources that did not yield a sufficiently high performance were to be optimised.

**BEST PRACTICE**

Weser-Ems is an example of the cooperation between business, education and public administration. This co-operation is reflected in the RIS Steering Committee (seats: business (10), education (5), public administration (8)). All Weser-Ems subregions have been represented (seats: Osnabrück-Emsland (8), Oldenburg (10), Ostfriesland (5)).

The regional council consists of the Federal Government, the “Land” and the local Government. This implies that there is support for the project at all levels of the German Public hierarchy.

The consultants are of three sorts: European Commission, International Experts and regional experts, enabling a broad range of advice.

The Structure conferences are then divided into sub-regions like City of Delmenhorst, Distri. of Cloppenburg, City of Oldenburg etc. Those subgroups were then responsible of sectors about which they possessed specific knowledge or were especially interested in. For example, the Land of Oldenburg focused on services for the future like Modern information and communication technologies, Osnabrück for the food industry and Ostfriesland on health services. Most of the work was done at sub-regional level by “Structure Conferences”, bringing together representatives from local administrations, business and technical experts.

**RESULTS**

The design of this delivery system has enabled the project to get a broad support at all levels:

- In all sectors of the German society: Public administration, Businesses and the Academic Community and at all levels of the German Public administration
- In the entire region through the dissemination of the subgroups and not only in the main city which can be the case.
- Through the sectoral approach the project created 4 centres of competence for different sectors, where businesses, academia and regional authorities are meeting and sharing sectoral knowledge. There are now 7 of those centres running.
- The long-term approach has resulted in an ongoing process: the 7 centres of competence are now 100% auto-financed by the region and the companies.
The project management team for the regional innovation projects were seen to be both interested in the strategy development and implementation processes and active. Their main contribution was in guiding operations and monitoring progress.

The information society project management team, in addition to being interested and active, were seen as a source of management skills and to have contributed to the success of the project through marketing, that is heightening its profile.

*Figure 10: Project management characteristics and contribution to project for RIS and RISI*

In both cases, a skilled and highly involved project management team is often the key to a successful project. This goes beyond fulfilling the role of a purely operative unit. The team can, in fact, be a powerful aid to strategy development. This has particularly been the case in the implementation phases of the strategy, where the experience of carrying out the actions and activities can lead to tactical improvements and also provide valuable feedback on what works and what does not for future strategy development.

### 3.3.3 The eventual roles and outcomes of external consultancy

The use of external expertise can boost project management and dismantle regional “box-thinking” by contributing with external ideas and approaches.

Consultants have been used either for short-term or one-off activities such as market surveys etc., or for more long-term in process support. Echoing the findings of previous evaluations, the fieldwork shows that:

- Long-term consultancy generates higher value for the regional governments
- Consultants can bring new ideas and approaches.

*Source: Survey*
The regions tend to be more satisfied with consultancy services that have been contracted for longer periods. An example of this is Niederösterreich, who are still working with the same team of consultants today. This type of consultancy builds up trust and boosts the learning processes for both parties. Regions that have employed consultants for shorter periods of time and for isolated tasks, are less satisfied with the consultancy inputs and contribution to the progress of the project. With the benefit of hindsight, these regions now claim that they would have used the consultants for process support.

Whether the engagement was long- or short-term, the most important motive for bringing in consultants is the need to access external expertise and new ideas, dismantling limitations in traditional regional methods and approaches.

*Figure 11: RIS Consultants contribution to project*

![Figure 11: RIS Consultants contribution to project](image)

*Source: Survey*

Respondents were asked the extent to which they believe that the consultants have contributed to the following areas (on a 5-point scale of very low, low, medium, high or very high):

- Improvements in the managing process
- Improvements in the monitoring of the project
- Bringing in external views & experiences
- Improvements regarding benchmarking
- Bringing in specific competencies
- Stimulating and coordinating the process

The findings are in line with the underlying motives for contracting the consultancy services in the first place, the most evident of which is the consultants’ contributed of external views and experiences: almost 80% of the respondents claim that this is the
most apparent benefit. The external experts are also believed to have contributed with specific competences, thus filling in regional knowledge and experience gaps. The overall level of satisfaction with consultants is slightly higher in the case of RIS than RISI.
The benefit of bringing in external expertise is contingent on the degree of regional openness and receptivity for new ideas and approaches coming from the outside. Given the learning curve inherent in new policy areas, a long-term approach to assignments and relationships create the best possible conditions for optimising the investment in effort required by both parties.

3.3.4 Input from and coverage of sectoral and horizontal working groups

Working groups are a valuable channel to raise awareness amongst the target audience. Given that a requirement for both regional innovation and information society strategy development processes was to ensure a bottom up approach, inviting companies to become members of working groups is a direct way of achieving this. The groups can reveal the crucial factors that should be considered when developing the strategies, including the potential impact of policies and actions.

Just over half of the projects claim they had sectoral working groups (55%). The definition of what constitutes a sectoral working group differs greatly. In Limburg (NL) and Northern Sweden, the sectoral groups did not have an industry sector focus and appear to have existed only on paper. On the opposite side of the spectrum lie the Spanish regions, Toscana and Weser-Ems, who used the groups to develop or implement the innovation strategies. In Aragon, they focused on priority areas for the region, such as automotive or electronics. In Weser-Ems the sectoral groups took the form of centre of competences that are still in operation today.

Yorkshire & Humberside are a particularly good example of how sectoral groups can function. The RIS project itself was constructed around sectors, each of which had a steering committee, a sector champion and a senior secretariat. They were well resourced and had a clear remit.

The main contribution of the working groups, according to the questionnaires, is knowledge- rather than action-based. That is, the groups contributed with specific sectoral knowledge that would not have been otherwise accessible. The figures below also highlight a missed opportunity: the contributions are limited to “thinking” as opposed to “doing”. The sectoral groups, in particular, could have played more active roles in testing theories or marshalling further support through, for example, supplier or customer contacts.

The make up of horizontal working groups was more varied. A good example is that of Aragon that used the groups to address key issues for the region such as the role to be played by the public sector, logistics and rurality. Another interesting example of a potential horizontal working group can be found in the RIS+ of Northern Sweden, where one person on the project management team was responsible for equality.

The use of horizontal working groups was not as widespread as the sectoral groups. By their nature, it is probably more difficult to identify the individuals with the specific skills to actively contribute to these issues. The added value should derive from checking the implications of the strategies and actions as they develop on non sector-specific issues. In this way, an objective to increase technological skills in an areas would also be addressed from the point of view of how the centres of learning can be accessed from remote rural areas, how women can be encouraged to acquire skills that are traditionally male, etc.
3.3.5 Functioning of monitoring systems and role and influence of evaluation procedures

A monitoring system and evaluation procedure that is designed and implemented in an appropriate way is a powerful tool for controlling progress as well as a fruitful source of information for improvement actions.

Previous evaluations have remarked on the failure to implement verifiable monitoring systems in the regions. This section explores the extent to which this outstanding issue has been taken up by projects in a systematic manner. The monitoring system has been defined as a clearly defined approach for controlling project processes. This section also considers the extent to which mid-term and final evaluations have been incorporated into future activity.

While monitoring and evaluation per se are defined as all kind of actions related to follow-up of outputs and outcomes, the notion of “system” is only applied to activities performed on a regular basis, against a clear set of initial objectives.

AD-HOC-V- SYSTEMISED MONITORING

This definition of systemised approaches can be contrasted with ad hoc activities and will be used as a framework to explore the monitoring approaches that have been put into practice.

According to the respondents, procedures for monitoring project progress have been integrated in the set up of the project organisation: 82% of the projects claim that monitoring systems existed, a lower figure than for RISI projects. However, further scrutiny into the actual use of the system reveals that a higher percentage of the projects fully used the monitoring system in RIS than in RISI (45% and 37%
respectively), but only 22% agree that these activities have resulted in improvement actions in RIS case, as opposed to a figure of 27% in RISI.

These monitoring and evaluation activities consists of two main actions:

- Progress reports and financial follow-ups and, in some cases,
- Internal project meetings, mostly involving members from project management and steering committee.

These monitoring procedures and activities have been mostly used as a feedback interface between project management and steering committees on the one hand and between steering committees and the European Commission on the other hand.

The information gathered from the interviews reveals that the notion of monitoring systems is vague. Monitoring has in most cases been performed “on the job” (Calabria, Castilla y León, Limburg (NL)). These follow up activities could more properly be characterised as ad hoc, rather than systemised monitoring activities. The high degree of implementation of monitoring systems accredited by the survey respondents could, therefore, be questioned.

In the RTTs the responsibility for monitoring systems was delegated to individuals within the project structures or to partner regions, but information regarding routines and results could seldom be given. This could be an indication of the lack of importance attached to the activity.

There is one clear example of systemised monitoring: Niederösterreich. Each activity was linked to core challenges in the innovation system and measured prior, during and post completion of the activity. Pilot projects were then launched to test the veracity of the changes.

Some projects claim that they have had evaluation procedures but a more thorough analysis show that these “evaluation activities” could be more properly defined as monitoring. Consequently, there is a lack of overall follow up limited to individual projects where important project mid-term milestones and final outcomes are being explored by the projects themselves, rather than impartial third parties.

The extent to which this deficiency is serious is dependent on the individual regional needs. Even though overall project evaluations provide important input into issues to be considered and offer ideas on areas for further development, specific evaluations can provide tailor-made recommendations on how to overcome obstacles, what constitutes best practice, etc. Secondly, evaluations on regional level should be regarded as an opportunity to assess monitoring outcomes on an aggregated level, offering a global overview of projects real contribution to societal impacts.

**GOALS & INDICATORS AS A BASIS FOR MONITORING:**

The success of monitoring activities is partially dependent on the extent to which project personnel is aware of and acknowledge Programme and project goals. The existence of appropriate indicators related to the goals (where applicable) is crucial in order to gather information about discrepancies in achievement of project goals and planned progress milestones.

The goals of the RIS initiatives were clear to almost everyone within the project organisations. The goals are considered to be relevant and are described as important
for the development of the region by the respondents. Even in regions with weaker notion regarding the mission of the Programme, there is an acknowledgement that the supporting documents, especially the guidelines, became a “learning tool” at the time the projects were set up. An example of where this had not been perceived to be the case to a sufficient degree is the RIS and RIS+ of Calabria. There was a lack of political support and belief in the project at the highest level and this, despite the fact that the need to develop relevant indicators had been identified, was reflected in the lack of monitoring or follow up of areas of potential benefit to the region.

On the other hand, the use of indicators as an instrument for handling project progress is limited. In some projects quantifiable deliverables have been/are being used indicating for example (number of seminars planned, planned number of company visits etc). But indicators signalling whether the projects are on the right track in relation to its objectives are not common and impact indicators have seldom been developed and used in a systemised manner.

**ARAGON**

“Monitoring was carried out and it was carried out well. The problem is that there was no objective way of measuring the impact that the programme was having. In other words, there were no relevant impact indicators.”

Regional Government

There are, nevertheless, some particularly good examples of monitoring through indicators. The responsibility for monitoring the RIS+ in Central Macedonia lay with the steering committee. Over 30 indicators were identified as relevant to the actions and included concepts such as innovation success, human resources, as well as impact data such as import and export rates.

**MONITORING AS AN ADMINISTRATIVE TOOL**

The monitoring activity was, to a great extent, limited to administrative check-ups, such as financial reporting, fulfilment of Commission monitoring criteria etc. These activities were undertaken thoroughly and diligently. There is, however, a great opportunity to change the philosophy behind the monitoring activity to enable it to be used as a powerful instrument for learning: 78% of the projects did not initiate improvements based on monitoring outcomes. This could be explained by the fact that project personnel tended to regard monitoring as an administrative obligation rather than a source of inspiration for strategic or operational improvement.

The unfulfilled monitoring potential is also reflected by the fact that just over half (54%) of the projects relate the monitoring system to the project’s success. Among the projects that have performed improvement actions is the RIS+ in Castilla y León, who appear to have instituted a dynamic, receptive and flexible system in which the project managers were empowered to make tactical changes on the basis of the information obtained through the monitoring system:

**CASTILLA Y LEON**

“All the things that were not functioning were changed at the moment the problem was identified. In short, it was a dynamic process that incorporated changes as needs arose.”

Regional Development Agency
In assessing the procedures in place in each of the regions, the monitoring appear to have undertaken as administrative or reactive tools, rather than used proactively as a source of learning.

A systemised approach is characterised by a predefined strategy for the monitoring performance including:

- **KNOWLEDGE**: A clear knowledge of what is to be followed up.
- **MEASURES**: Indicators or other appropriate instruments for measuring progress
- **USE OF RESULTS**: Ideas on how results will be used
- **ALLOCATION OF TASKS**: The division of responsibilities and tasks.
- **ONGOING IMPROVEMENT**: The possibility of influencing future activity, defining ownership of monitoring/evaluation outcomes, defining control procedures and acting on monitoring/evaluation results.

Evaluations, performed by impartial third parties, should also be properly costed into the activity. A review of results should be scheduled into the work programme and allowances made for any operational changes necessary.

### 3.3.6 Functioning and means of the partnerships and networks

A strong partnership between the project delivery systems and the business community optimises the functioning of the region’s innovation system.

One of the founding principles of the Programme was to achieve consensus between different stakeholders of the regions for the purpose of increasing the regions’ innovation/IS capacity. Creating networks, in which the project delivery channels, the business community and other innovation actors such as universities, research institutes and other regions and co-operate, was intended to increase the transparency between different organisations limit the duplication of effort.

The evidence of the involvement of the business sector is varies greatly between regions. In broad terms, the experiences can fit into one of the following three categories:

- **NO LINKS**: Non-existence of links with the business community: Limburg, Northern Sweden,
- **INEFFECTIVE LINKS**: Business links existed but were not effective: Calabria, Wales, Castilla- La Mancha
- **SUCCESSFUL LINKS**: Business links existed and effective: Niederösterreich, Weser-Ems, Central Macedonia, Toscana, Yorkshire & Humberside, Weser-Ems, Aragón, Castilla y León

**Wales**

“SMEs were not receiving the innovation message. Innovation doesn’t sell as well as “product development.”

Ex- Regional Development Agency
The inter-regional approach does not appear to have been strongly valued in the RIS projects. Very few regions saw the benefits in such an approach and the study trips that were carried out were classified as interesting but without contributing substantially or in a quantifiable manner to the effectiveness or the impact.

This notwithstanding, most of the regions are members of the RINNO and IRE networks which would suggest that links are pursued for strategic rather than tactical reasons. That is, although linking with other regions may not have been perceived as adding value for the strategy development exercise, establishing or maintaining links with other regions is perceived as way to access information on new opportunities or, at the very least, to avoid being left out.

### 3.3.7 Overall assessment of strategic planning capabilities

The strategy development process to enhance innovation in the regions was concerned with creating competence and capacity at the regional level. Through the involvement of regional actors in the strategy development process, the RIS exercises sought to build expertise and awareness in the organisations taking part.

With regard to the projects ability to gather relevant and enough competencies, project personnel (steering committee and project management) are, in general, highly thought of by respondents, although the average scores are marginally lower that for RISI delivery structures:

<table>
<thead>
<tr>
<th>Organisational unit</th>
<th>Critical mass areas</th>
<th>Average score/Full score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steering committee</td>
<td>Competence</td>
<td>4/5</td>
</tr>
<tr>
<td>Steering committee</td>
<td>Strategic capacity</td>
<td>3.7/5</td>
</tr>
<tr>
<td>Project management</td>
<td>Competence</td>
<td>4.3/5</td>
</tr>
<tr>
<td>Project management</td>
<td>Skilled management</td>
<td>4.3/5</td>
</tr>
</tbody>
</table>

(Average score based on a scale from 1 to 5 where 1 is very low and 5 is very high)

Source: Survey

Regions tend to be satisfied with competencies in both steering committees and project management in relation to project contents and aims. There is room for improvement regarding the strategic capacity of the steering committees, which is, after all, their main role.

In more specific terms, there are two regions that serve to exemplify the two extremes:

- Northern Sweden RIS+ failed to build strategic capacity, although it was successful in obtaining regional funding. This issue has a clear link to the benefits of mainstreaming innovation activity.

---

43 Other than in the case of the RITTS and RTT exercises in which inter-regional contacts were a requirement of funding
The RIS project in Yorkshire is interesting from a number of perspectives. A strong focus on private businesses, organised into sectors has secured a strong need orientation and a forward-looking demand-supply relationship. The project has contributed to the creation and establishment of 15 sectoral centres of excellence where each sector, during the performance of the project, had a champion, steering committee, and secretariat. These were the means by which the capacity for looking at innovation in a strategic way was achieved.

The evidence gathered from the fieldwork supports the finding that projects have been successful in mobilising a critical mass for strategic planning capabilities.

Sustainability and perseverance in initiatives are crucial for critical mass and the Commission’s provision of a long-term framework to support innovation in the regions has helped the regions to address the issue over the different waves of political and societal changes. In order to invest appropriately in the innovation required to fully implement the information society, some framework conditions should remain stable. Amongst those factors are the regulations on intellectual property rights and the strategies and services of the support providers (in respect of finance, technological support etc.)

In those regions where new organisations are created, mergers are conducted, actors change their strategies, new support schemes are launched at a pace, target group companies become frustrated. The investment in relationships with rapidly changing bodies and to learn about the specifics of support schemes that could become obsolete overnight is not cost-effective.

In this respect, mainstreaming would appear to bring significant value. A constant message regarding the importance of innovation, communicated through the diverse activities, strategies and policies developed and deployed regionally would allay any fears regarding the political “flavour of the month”.

Lastly, the strength and composition of the delivery mechanisms set up for the strategy development exercise have an impact on the sustainability of the knowledge-base created. An effective process deploys knowledge bearers throughout the region and consequently ensures that the focus on innovation is maintained into the long-term. The extent to which these capabilities have been developed on a sustainable level will be considered at in the analysis of the impact of the Programme on regional strategic building capabilities, at 4.4.2, below.

3.3.8 Conclusions

ONE: The main role of the steering committee is to act as a forum that brings together key personalities in the region for the purpose of discussion and establishing common ground.

TWO: The role of the steering committee adds particular value to a strategic process but the transition to implementation has not been managed proactively. Consequently, there may have been some demotivation among members that were no longer as involved in the later stages.
THREE: The project management team contributes directly to the success of the project for various reasons: they have contacts with key people, are aware of relevant intra-regional differences, they are respected in the local community and have a commitment to the long-term development of the region.

FOUR: Consultants are more effective when used as a long-term resource. This can be due to the need to build in-depth knowledge of the region, the investment in building relationships and the steep learning curve for all parties in dealing with a new policy area.

FIVE: The use of working groups was not as action-focused as it could have been. Spanish regions were more successful, on the whole, than other regions, in establishing horizontal groups.

SIX: In line with previous evaluations, monitoring and evaluation activities were not undertaken systematically and, in most regions, there does not appear to be a formal process for taking improvement actions.

SEVEN: Capacity building requires stable framework conditions. It is best achieved through the development of skills in key people that can then act as disseminators of knowledge throughout the region.

EIGHT: The networks have proved to be useful for enhancing the transparency of the innovation system and limit the duplication of efforts by establishing communication links between demand and supply. The links are specific their relevance to innovation clear. The inter-regional networks appear to have less to the strategy development process and are probably pursued as an exercise in foresight as links to future opportunities.

3.4 IMPACT OF REGIONAL INNOVATION STRATEGIES

The impact of the innovation strategies on a regional level bears relation to the extent to which the initial investment has reaped results that have been sustainable in the medium to long-term. It is an issue that is difficult to evaluate, as there are many other intervening factors that affect how outcomes of a project eventually lead to desired or undesired results.

As with other evaluation areas, impact must be referenced to the initial aims and to the original financial outlay. The aim of the Programme was to encourage the development of regional innovation strategies that took into account the needs of the productive sector and the innovation assets available, while building a framework for future policy development.

The impact of the Programme on the regions can be considered on two levels, strategic and operational. The areas of analysis outlined in the TOR have been categorised in terms of their relationship to each of these:

1. Firstly, the impact on the strategic capacity to plan and shape innovation in the region:
   • Impact on the functioning of the regional innovation systems
• Impact on new strategic building capabilities at regional level with a special focus on components and processes linked with the development of a knowledge-based society

• Support to and influence in the programming of relevant SF schemes (mainstreaming) and other EU and national innovation/IS promotion schemes

2. Secondly, impact on the operational capacity to carry out innovation actions, itself dependent on the ability to draw in resources and expertise from the regional innovation players.

• New innovation projects

• Economic impact of pilot projects, including modernisation and diversification effects in the regional economies concerned, as well as cost-effectiveness of the implemented RTTs projects

• Improvement and extension of public-private partnerships

• Creation of new regional (and inter-regional) partnerships for development

• Impact on SMEs and their links to RTD infrastructure

3.4.1 Impact on the functioning of the regional innovation systems

Well-functioning innovation systems tend to possess a common set of traits that set the scene for effective innovation:

● TRANSPARENCY: it is clear which knowledge exists in the region and who “owns” it

● EXPERT COMPETENCE: strong expertise and know-how within R&D providers-(universities etc)

● TRANSFER COMPETENCE: the ability of R&D providers to communicate with businesses etc)

● CO-OPERATION: both suppliers and consumers of R&D are willing to co-operate with each other

● CRITICAL MASS : In human resources, competencies and financial capabilities

● SUSTAINABILITY: long term commitment from the public sector regarding financial resources- not only project-based

● INTERNATIONALITY: ability of both supply and demand agents to operate in a global environment

The degree to which the strategies developed in the regions have achieved each of these features has been ascertained with reference to the responses to the survey:
The greater the experience of the regions in developing and implementing innovation strategies, the greater the impact on the functioning of the system. Figure 6 shows that in stage 2 regions (Limburg (NL), Castilla y León, Central Macedonia and Wales), the impact achieved through the regional innovation activity was considerably higher than either the average or that achieved by stage 1 regions (Niederösterreich, Weser Ems, Aragon, Castilla- La Mancha, Calabria, Northern Sweden, Yorkshire & Humberside):

- The general impact on the system was seen most strongly in relation to Co-operation, Transparency and, to a lesser degree, the strengthening of Expert competence.
- The greater the experience in implementing strategies, the greater the impact on the innovation agents’ willingness to co-operate
- The strategies were seen to have had a positive impact on the ability of technology providers to communicate with their client group
- Regions with a lower degree of experience of designing and implementing strategies were less able to see an impact on the critical mass of resources available (human, knowledge-related and financial)
- Similarly, stage 2 regions have experienced a positive impact on the ability to operate in a global environment. Again, this could be seen as a logical corollary to the RIS+ requirement that there should be an international exchange of good practice

\[44\] See 4.1.2 above.
But perhaps the most important observation is that stage 2 regions would appear to tend to a higher degree of sustainability. This could be seen as the logical result of ongoing effort and commitment of the regional governments in promoting innovation but also of the greater rewards to be reaped through continued investment in regional innovation.

### 3.4.2 Impact on new strategic building capabilities at regional level with a special focus on components and processes linked with the development of a knowledge-based society

The Programme has led to a gradual build-up of innovation capacity at regional level. In a knowledge-based society, this capacity is primarily evidenced by access to three key components:

- The existence of a qualified human resource base
- Access to competence and know-how
- Availability of financial resources

Each of these must be available in sufficient quantity to carry out the actions necessary to implement the strategies developed and enable innovation agents to operate in the most effective manner.

The projects’ individual impact on the mobilisation of human resources, competence and funding related to promoting innovation in the regions, has been assessed through the qualitative fieldwork:

*Table 15: Capacity components in the regions built up as a result of RIS/RIS+*

<table>
<thead>
<tr>
<th></th>
<th>HUMAN RESOURCES</th>
<th>COMPETENCES</th>
<th>REGIONAL FINANCING</th>
<th>NATIONAL FINANCING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Niederösterreich</td>
<td>✫</td>
<td>✫</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weser-Ems</td>
<td>✫</td>
<td>✫</td>
<td>✫</td>
<td></td>
</tr>
<tr>
<td>Castilla la Mancha</td>
<td>✫</td>
<td>✫</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Castilla Y Leon</td>
<td>✫</td>
<td>✫</td>
<td>✫</td>
<td></td>
</tr>
<tr>
<td>Aragón</td>
<td>✫</td>
<td>✫</td>
<td>✫</td>
<td>✫</td>
</tr>
<tr>
<td>Central Macedonia</td>
<td>✫</td>
<td>✫</td>
<td></td>
<td>✫</td>
</tr>
<tr>
<td>Calabria</td>
<td></td>
<td>✫</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toscana</td>
<td>✫</td>
<td>✫</td>
<td></td>
<td>✫</td>
</tr>
<tr>
<td>Limburg</td>
<td>✫</td>
<td>✫</td>
<td>✫</td>
<td>✫</td>
</tr>
<tr>
<td>Yorkshire &amp; Humber</td>
<td>✫</td>
<td>✫</td>
<td></td>
<td>✫</td>
</tr>
<tr>
<td>Wales</td>
<td>✫</td>
<td>✫</td>
<td></td>
<td>✫</td>
</tr>
<tr>
<td>Northern Sweden</td>
<td></td>
<td>✫</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>3</td>
</tr>
</tbody>
</table>

*Source: Interviews*
Most policy makers in the regions that drafted regional innovation strategies have mobilised human resources, competences and regional financing. Notable exceptions in the achieving a positive impact on the strategic regional innovation capabilities are Calabria, Castilla-La Mancha and Northern Sweden and also, perhaps more surprisingly given the high level of success attributed to the RIS in the region, Niederösterreich. In this last case, the regional government, rather than allocating further financial resources, had focused on increasing the efficiency and the effectiveness of existing funds.

In most other regions, there has been no impact on national funding. This could indicate that regions are committed to innovation but either do not pursue national support or have problems obtaining it. Human resources, on the other hand, appear to be easier to marshal, a direct result of the high level of involvement and interest in innovation issues in the regions. The region of Weser-Emms, managed to involve thousands of actors in the region, but claims, “to get financing is always a struggle”.

The Regional Innovation Strategies have highlighted the role of innovation in achieving social and economic well-being in the regions. The Programme has succeeded in encouraging the regions to act in this sphere and, at European level, can be seen to have positively influenced the policy surrounding the Structural Funds.

At present, European co-financing for innovation can be accessed through:

- Mainstream Operational Programmes (Objectives 1 and 2);
- The Innovative Actions Programme

For the current programme, 143 of the 156 eligible regions submitted proposals for regional programmes. Of the regions that took part in the 1994-1999 Programme, nearly 80% have gone on to receive funding under the 2000-2006 programme.

### Table 16: Innovative actions and the ERDF

<table>
<thead>
<tr>
<th>Year</th>
<th>Programmes submitted</th>
<th>Programmes approved</th>
<th>Total ERDF intervention</th>
<th>Total amount for approved programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>103</td>
<td>81</td>
<td>206 000 000 €</td>
<td>393 000 000 €</td>
</tr>
<tr>
<td>2002</td>
<td>51</td>
<td>45</td>
<td>106 000 000 €</td>
<td>199 000 000 €</td>
</tr>
<tr>
<td>2003</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


The new programme incorporates many of the recommendations made in the ex-ante and interim 1994-1999 evaluation reports. The mainstream operational programmes, for instance, build on theme of broad-based partnerships rather than relying on the one-dimensional policy planning that had previously been the norm.
The mainstream programme represents over 90% of the financial envelope available (€213 billion). The Commission also states that in the future, measures to support innovation under the Operational Programmes in the future will:

- Provide less support for physical infrastructure and focus to a greater extent on mechanisms to promote innovation in the regions with emphasis on market needs and self-sustainability
- Evolve away from supporting general RTD&I efforts towards the promotion of innovation
- Concentrate on creating access to technology sources in disadvantaged regions.

Mainstreaming innovation into the structural funds is intended to make it second nature to region development plans. It will require a considerable shift in what is currently seen as a structural (sometimes equivalent to “infrastructural”) project. As with mainstreaming equal opportunities, the integration of the “innovation dimension” into structural funds projects is likely to continue to embed an innovation culture and to provide a more effective framework in which policy makers can consider regional development.

Not least, the amounts originally invested in the regional innovation strategies were seen at odds with the professed importance of the initiatives. In comparison with other structural funds invested, 250,000 ecu was considered to be a paltry sum in comparison with amounts to be invested in initiatives that require physical infrastructures.

“The new generation of Innovative Actions (2000-2006) aims to continue to act as a seed bed for new ideas and approaches to be transplanted into mainstream Structural Fund actions. They will be addressed directly to the regional government and will cover the whole of that region regardless of status under Objective 1 or 2.”  

This “laboratory” principal is one of the most valuable roles to be fulfilled by the European funding programmes. The financial risk of investing in a new approach or demonstrating the potential impact of a new idea can be shared. The cost of “failure” is therefore lower and the value of learning from the experience can be shared with regions across Europe.

3.4.4 Identification of new innovation projects

One of the impacts of the innovation strategy development process should be an “innovation pipeline”. The strategies and their successors should have evolved into further activity that seeks to build upon the idiosyncrasies of regional innovation.

Several previous evaluations have noted the importance of continuing with projects that highlight the role of innovation in the region and its contribution to competitiveness. This importance has been particularly clearly expressed in the following quote from one of the questionnaires received:
"Innovation in the conservation of cultural heritage is needed for the proper maintenance of cultural and also physical regional assets. This is true in general and is a strategic matter for the Tuscany Region, given the importance of our monuments and museums collection. To be effective the transfer of technology in this sector needs time and continuity, because the curators have to be involved directly to fully understand the benefits of the new technologies, and the professional end-users need to be trained and experienced before they may offer services with the new technologies. The RIS+ Toscana project has demonstrated effectiveness in quite short time. Other initiatives could follow this approach to consolidate the result achieved so far“.

The extent to which new innovation projects have been identified in the regions can be gathered from three principal sources:

- Quantitative information gathered from the responses to the survey
- Qualitative information gathered from the in-depth interviews
- Published information on the DG Regio web site on regions who have obtained funding for Innovative Actions under the 2000-2006 programme.

The survey responses indicate a high level of continuing activity in the post-strategy period. Stakeholders were asked the extent to which they agreed that their RIS or RISI initiative had led to the launch of new innovation or information society projects. The average scores are 4.27 for RIS and a marginally higher 4.30 for RISI, out of a maximum of 5. Comparing the regions with the development stage typology developed earlier, there does not appear to be a correlation between the stage of development and the propensity to launch new initiatives.

Figure 14: New innovation or IS projects launched

Source: Survey
All of the regions have continued to implement projects with varying degrees of success. The impact of those innovation projects on innovation in the region, however, still needs to be adequately established. Some examples of subsequent projects launched are:

- Niederösterreich has implemented a number of projects that directly relate to the RIS priorities such as Platform INFINOE, an initiative directed at SMEs or STRINNOP, a project focused on process optimisation.
- Castilla y León has launched LEGITE that aims to, firstly, address the issue of innovation in periphery of the region and, secondly, unite the digital content sector with the regions considerable literary assets.
- Yorkshire & Humberside have transformed the sectoral working groups into “Yorkshire Forward Cluster Network”

3.4.5 Modernisation effect and cost-effectiveness of pilot projects,

The impact of the regional technology pilots, intended to demonstrate the effects of technology transfer on regional development, can be measured in either social or economic terms.

For instance, the FOOTWEAR RTT carried out by the Comunidad Valenciana intended to modernise the traditional footwear industry in 6 regions. This industry has been in long-term decline due to the displacement of traditional production to other countries with cheaper labour costs. The investment of 137,290 ecu, of which 75,000 ecu was contributed through the innovative actions programme, has resulted in:

- All companies reported lower costs
- Increased turnover in a third of the participating companies of between 5-10% and of up to 20% in a further 10% of companies
- An estimated 4,000 jobs have been saved

The investment has clearly been cost-effective in terms of its impact on the sector, at an estimated rate of 18.75 ecu per job saved.

---

46 Valencia, Castilla-La Mancha, Murcia, Centro, Norte, Central Macedonia, Lombardia
**Best Practice 3: Modernising traditional industries Footwear RTT (Comunidad Valenciana)**

**FOOTWEAR (COMUNIDAD DE VALENCIA)**

**DESCRIPTION**

The FOOTWEAR program aimed to revitalise the footwear sector in six objective 1 regions in Spain, Portugal and Greece by incorporating leading edge technology to a highly traditional sector.

The shoe-making process was based on the manual production of lasts, made of wood and polished to the shape required. The sector was suffering from long-term decline: during the 1984-1994 decade, employment declined by an annual average of 4%.

The project, lead by INESCOP, the technology centre for the footwear industry in Valencia, (Spain) involved adapting a software-based production system (FORMA 3D) to the needs of footwear manufacturers in the 6 regions, through pilots in 4 SMEs. The project explored all the phases in the process of taking new technology to market, from conducting market research to providing training in each of the SMEs to ensure the potential of the new technology was fully realised.

**BEST PRACTICE**

Taking results to market is a key stage in the effective transfer of technology. FOOTWEAR selected pilot SMEs who would be willing to open their doors and demonstrate the competitive advantages brought by the new technology. This is contrary to the prevailing behavioural rules of competition and the experience revealed that the following incentives would encourage firms to participate:

- Financial incentives to make the purchase of the technology especially profitable
- Advance availability of the technology for the SMEs
- Demonstrations carried out by technology centre, using real photographs and data of its implementation in SMEs

**RESULTS**

The results come from a questionnaire sent to 50 companies who had, at that point in time, implemented the FORMA 3D technology: 35% of the companies had increased their turnover by 5-10%, a further 10% had enjoyed an increase of up to 20%. All companies reported lower costs, the main source of which was a reduction in the wood required to make the lasts.

An estimated 4,000 jobs have been saved and a further 150 high-technology jobs created.

A further example is the ESTEEM project led by Bedfordshire. The objective was to transfer technologies for environmentally friendly manufacturing to SMEs, through a network of technology centres. The expected impact was on the reduction of environmental waste. Translating the positive effect of actions on the environment into economic terms requires an in-depth economic analysis that the project managers were unable to carry out, particularly as environmental impacts can only be felt through the cumulative effects of modified behaviour at firm level.

It is unlikely that the impact can be attributed to a single project or action. Nevertheless, the project management team estimate that the direct economic benefit from reduced input costs (energy, water and materials), together with an increased efficient use of resources, which itself leads to lower costs, amounts to an approximate annual figure of € 900,000. Once again, this would be particularly cost-effective given the initial total investment of 100,000 ecu.

In both of the cases analysed, there is likely to have been an impact on the long-term survival of the SMEs who would otherwise not have been introduced to the benefits of innovation. However, there is no evidence of a formal link between the RTT results and the regional strategy implementation. The practical translation of the benefits of using technology to reverse a sectoral trend into bottom-line results for companies would have been a particularly effective communication tool for innovation policy development.

---

47 with partners in Attica, South-West Saxony, Sevilla, Vassa and Uusimaa

48 EU funding of 75,000 ecu
3.4.6 Improvement and extension of public-private partnerships; creation of new regional (and inter-regional) partnerships for development

The longevity of the strategies is partially dependent on the extent to which the partnerships formed to leverage resources and ideas have been either maintained or furthered with key innovation agents. These partnerships belong, primarily, to two spheres of activity:

- **INTRA-REGIONAL**: Inward focused partnerships, involving the private sector, intermediaries and other intra-regional governmental structures.
- **OUTWARD**: primarily concerned with partnership building with other regions, although this could also include partnerships with national or European-level organisations.

The continuity of partnerships is not of itself a good indicator of the impact of regional innovation strategies. Partnerships are created and developed on the basis of mutual benefit and a convergence of interests. The resources and expertise that each partner brings to the table must be appropriate for the particular objectives being pursued at that particular point in time.

Nevertheless, the effort required to build the trust on which partnerships thrive can mean that working with a known organisation is more efficient than having to re-invest in the establishment of new links, personal and organisational. Thus the survey sought to ascertain the degree to which respondents were now:

- a) Part of innovation networks that provide access to contacts in the innovation arena
- b) Working with partners met during the innovation or information strategy development exercises
- c) Working with other partners on innovation issues

*Figure 15: Impact on partnerships*

<table>
<thead>
<tr>
<th>Impact on partnerships</th>
<th>Regional</th>
<th>National</th>
<th>EU Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member of an innovation network</td>
<td><img src="chart1.png" alt="Bar Chart" /></td>
<td><img src="chart2.png" alt="Bar Chart" /></td>
<td><img src="chart3.png" alt="Bar Chart" /></td>
</tr>
<tr>
<td>Working with other partners on innovation issues</td>
<td><img src="chart4.png" alt="Bar Chart" /></td>
<td><img src="chart5.png" alt="Bar Chart" /></td>
<td><img src="chart6.png" alt="Bar Chart" /></td>
</tr>
<tr>
<td>Working with partners met during RIS/RTTs/RTT to develop new technology</td>
<td><img src="chart7.png" alt="Bar Chart" /></td>
<td><img src="chart8.png" alt="Bar Chart" /></td>
<td><img src="chart9.png" alt="Bar Chart" /></td>
</tr>
</tbody>
</table>

*Source: Survey*
A considerable proportion of respondents (36%) were members of innovation networks, and one in five of all the regional innovation respondents were members of European networks.

Close to 60% of respondents were still working with partners on innovation issues, mostly on a European or a regional level.

Over half (57%) were still working with partners met during the innovation strategy development or implementation initiatives.

The qualitative work sought to deepen understand on why some partnerships may thrived. The key appears to lie in the personal relationships established through the strategy development process that have been particularly effective due to one or more of the following reasons:

- **SPATIAL PROXIMITY**: Partners in remote areas are likely to cherish external links that can give them access to new opportunities. CASTILLA Y LEON.

- **CLUSTER FOCUS**: Amalgamates the communication efforts with a certain sector and channels resources and opportunities to an identified central point, usually an intermediary organisation. YORKS & HUMBER.

- **EXPERT FOCUS**: Clearly identified sources of expert knowledge or technology. BEDFORSHERE.

- **SPECIFIC BUSINESS OPPORTUNITIES**: Where the private sector has found an opportunity to continue with a business venture. TOSCANA.

### 3.4.7 Impact on SMEs and their links to RTD or IS infrastructure

The regional innovation projects have provided concrete opportunities to involve SMEs in the shaping and implementation of innovation policies.

- **RIS and RITTS**: through membership of the principal delivery systems, particularly through participation in working groups.

- **RTTs and RIS+**: through developers, co-developers or test-case beneficiaries of specific innovation projects.

Nevertheless, there is no evidence that the links with SMEs have been sustained or substantially built upon.

Linking SMEs with RTD infrastructure can be done at firm level or at intermediary level. The majority of European businesses are SMEs and the need to encourage innovation in small companies is reflected in a number of European policies to enhance the growth and competitiveness of the European economy.

The Information Pack which accompanied the call for proposals stated “Regional Innovation Strategies (RIS) are designed to respond to the question of how to promote co-operation between SMEs, the research community and public administration to assess technology requirements and to audit local needs, capabilities and potential with a view to improve the innovative capacity of a region.”

---

49 15% of the 6th Framework Programme for RTD has been reserved for SMEs
The Regional innovation policies have indeed reflected the importance of SMEs and most of the strategies developed specifically address the need to bring together the supply and demand-sides of innovation. Unfortunately, and reflecting the findings on the dearth of effective monitoring systems\(^{50}\), there is very little objective evidence of impact of these policies on SMEs.

Of the total number\(^{51}\) of questionnaires received, 16 were from businesses, 9 of them SMEs, all of who played an active role in the strategy development process\(^{52}\). Given the small sample, conclusions from the following figure can only be illustrative. It is nevertheless worth noting that, proportionately, more private firms continue to be in contact with partners met through the strategy development and implementation processes than R&D organisations and that they would seem to have better links to national structures than intermediaries.

The impact at SME level was generally evidenced in the degree of awareness regarding the importance of innovation for continued business survival. This was particularly confirmed in Yorkshire & Humberside, Toscana and Castilla y León, regions in which there appears to have been a change of mind-set as result of the involvement in the regional innovation strategy development process.

\[\text{Figure 16: Continuity of SME links to the RTD infrastructure}\]

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{continuity_sme_links_rtd_infrastructure}
\caption{Continuity of SME links to the RTD infrastructure}
\end{figure}

\textit{Source: Survey}

However, the in-depth fieldwork confirms the general lack of a procedure to record what works in establishing and maintaining active contact with SMEs. Information may be gathered through personal relations with particular businessmen and women but none of the in-depth interviews revealed objectively verifiable information on the impact of the strategies and their implementation on SMEs.

\(^{50}\) See x below  
\(^{51}\) Regional innovation and information society  
\(^{52}\) Another was a private finance firm, 2 were large companies and 4 were consulting companies
This lack of impact indicators could limit the effective development of future policy, particularly where the individuals in whom the personal knowledge of the SMEs is embodied moves on to other roles or leaves the region altogether.

3.4.8 Conclusions

ONE: The regional innovation strategies have achieved a ripple effect in innovation in the region. The initial minimal investment of 250,00 ecu succeeded in placing innovation on the regional policy agenda and that success is still apparent 5 to 10 years later.

TWO: The greater the investment, both in financial terms and effort, the greater the impact on the system. Sustainable results come with ongoing commitment to long-term aims.

THREE: The ultimate success of the Project is partly reflected in its ability to build competence in the regional innovation agents, both public and private, access a stock of qualified human resources that can contribute to the development and creation of further knowledge and the availability of financial resources to leverage residual value.

FOUR: Plans to incorporate innovation into the mainstream structural funds, require a move away from equating results with tangibility. Mainstreaming in this sense is intended to achieve a permanent modification in behaviour, incorporating the innovation dimension into all publicly funded areas of activity.

FIVE: All the regions have continued to undertake innovation-centred projects with varying degrees of success. Innovation activity, although an indication of the importance of innovation, cannot itself be considered an adequate impact indicator.

SIX: The RTTs have been particularly cost-effective, achieving a positive economic impact that outweighs the initial outlay. There does not appear to be a link between the impact achieved and subsequent policy formulation or implementation.

SEVEN: The Project appears to have been successful in providing an opportunity for ongoing co-operation, although the concept of public-private partnerships, as such, does not seem to be widespread.

EIGHT: It is not possible to objectively verify the impact of the Project on SMEs, although the information gathered suggests that links have been maintained through the personal relationships built up during the strategy development process. Objective indicators on impact would be more useful for informing future policy development and resource allocation.

3.5 European added-value

Community added value to the projects primarily relates to the identification and analysis of the benefits accruing from the fact that this was an EU supported programme. It considers the extent to which the projects would have been carried out without EU support. There are three main areas of potential added value:

- PRIME PUMPING: through the encouragement to develop regional innovation strategies in the first place.
- **INTERNATIONAL DIMENSION OF PILOT ACTIONS**: focusing on the international exchange of experience and promotion of good practice in the projects themselves.

- **LEVERAGE**: through the provision of a co-ordinated EU framework for RIS/RISI, providing an European forum for regional awareness raising and capacity and consensus building, and encouraging the mobilisation of additional EU, national and private resources.

- **SUSTAINABILITY**: through encouraging mainstreaming into Structural Fund regional programmes.

### 3.5.1 Encouragement to develop regional innovation strategies

The European Commission’s support in terms of the provision of advice, a methodology and funding has helped the regions to launch the processes for developing regional innovation. The Programme has contributed in three degrees:

- **EXISTENCE OF STRATEGIES**: Differences in whether or not the strategies would have been developed without the Programme

- **CONTENT**: Differences in organisation and content of the projects due to the Programme

- **PACE**: Differences in pace of the elaboration of the regional strategies

Some regions claim that the strategies would not have taken place with purely national or regional support. Others, exemplified by Weser-Ems, Yorkshire & Humber and Limburg (NL), believe that they would probably have undertaken the project sooner or later. They already had a clear idea of what was to be done but the Programme gave the ideas an impulse and probably accelerated the process. RTP regions such as Wales, Limburg and Northern Sweden also state that they would have carried out their RIS+ projects, even if there had been no EU funding.

Castilla-La Mancha exemplifies another scenario. Although the region believes that it would have carried out a strategy development exercise, it believes that it would not have had innovation as its main theme, but as a means to an end.

For Central Macedonia, the benefit of the EU Programme was to accelerate the process by highlighting the criticalness of the time factor. The region believes that the innovation scene in the region would be five years behind. This view is echoes in Aragon, whereas Castilla y León believes that the process would not have been as efficient. The use of a tried and tested methodology enabled the regions to dedicate less time to developing the “how” and concentrate on “what”.

There is evidence that the RTT demonstration projects would not have been undertaken without the EU support. As the respondent Bedfordshire puts it: ‘*without the RTT we would certainly have chosen another topic*’. The pluri-regional condition of the project, a key aspect that has led to greater efficiency through the concentration of expertise, is something the regions would not have undertaken without an EU initiative.
3.5.2 International exchange of experience and promotion of good practice

The evaluation team have found very varying results in terms of the exchange of good practice, depending on the regions and the type of project undertaken.

The Innovating Regions in Europe website has served as a central contact point for many regions wishing to highlight their achievement in both innovation and information society strategy development. Regions have been able to access the experience of others and use the information to get in touch with each other.

The European added value was assessed through the questionnaire. Respondents were asked to rank the impact of the international exchange of experience in four key areas:

- The internationality of the regional innovation system
- The ability to access other European opportunities
- The implementation of best practice from other regions
- Learning about best practices in other regions.

*Figure 17: Impact of international exchange of experience*

As can be seen in figure 17, the number of respondents that agree to having learnt about new experiences from the European exchanges is higher than those who have actually implemented changes as a result of the lessons learned:

This could indicate that:

- Regional representatives may discuss innovation issues in general but are less likely to discuss concrete implementation actions
- Experiences are simply not transferable. That they are subject to local culture, resources or even spatial links with other regions
RIS

Firstly, as one respondent from Castilla y Leon states “the RIS projects does not of itself require international participation”. In other words the international exchange of good practice is not mandatory; it is up to the regions themselves to seek exchange with other regions.

Since the exchange of good practice between RIS-regions is not mandatory, it is up to each region to exchange good-practice with relevant partners. This has led to very varying results depending on the region.

The exchange of good practice happens in certain regions: Central Macedonia contacted other associations abroad to seek best practice for the creation of the Federation of Industries of Northern Greece. In return, they are now helping Romania to set up such a federation. There are regions that are in contact with other regions in a broader sense through the network of regions in Europe (IRE)\textsuperscript{53}. Aragon is such an example.

Some regions are simply not interested at in the inter-regional exchange. As a representative from Weser-Ems put it: “If we have put so much effort into innovation in the region, why not keep it for ourselves?”. Similarly, in Yorkshire & Humberside the regional authorities did not think they would gain from inter-regional exchanges, but firmly believed that each region should come up with their own model applicable to its own socio-economic paradigm.

There are regions that had incorporated the international exchange element into their project but have gained no real positive benefit from it. In Northern Sweden study trips to other regions did not result in any concrete action or improvement. Wales, as one of the first regions to conduct an RTP, was a region that travelled to share their experiences with other regions. Although this may have benefited other regions embarking on the strategy development process, Wales itself sees it as a time-consuming process with little added value for them.

RTTs

RTT projects are by nature inter-regional, with several regions working together on a common topic. In the Bedfordshire RTT, five regions exchanged best practice on environmentally friendly manufacturing. In the Comunidad Valenciana, the subject matter was shoe manufacturing, a traditional, low-tech industry of great importance in the economies of the regions that took part. The main objective of both projects was the inter-regional exchange, since it permitted the region to obtain better results, more quickly than it could have done alone.

\textsuperscript{53} See also 4.4.7 above
RITTS
The RITTS-projects are a case of themselves. The main idea behind the RITTS projects is the exchange of best practice in the field of TTIs. The main vehicle for interregional exchange were the “recognised international consultants”. Two different forms existed: as an individual consultant advising the region or collectively as a reference panel. According to the report from MERIT and CURDS the interregional dimension of RITTS was rather weak.

BENEFITS TO INTER-REGIONAL CO-OPERATION
There can be benefits to the exchange of good practice:

- Dismantling of regional box-thinking
- Access to information and contacts otherwise not accessible for the regions
- Sourcing new ideas, methods and approaches that could be “imported” and adapted to contexts prevailing in individual regions
- Heightening the profile of the region globally
- Identification of other specific areas in which to co-operate
- Personal motivation for the individuals involved

Nevertheless, this requires incentivising the exchange for both host and visitor.

3.5.3 The provision of a co-ordinated EU framework for RIS/RISI

Both the regional innovation strategies and the strategies to shape the information society in the regions relied on a common methodology that sought to work from an ex-ante evaluation of the situation in the region and bring together those organisations that had the knowledge, skills and contacts to really make an impact. The EC provided a framework that was aimed at making the most of potential synergies, both in resources and know-how. The benefits could have thus been manifest in increased efficiency and greater impact, through co-ordinating complementary objectives for both creating a relevant regional innovation system and information society.

The benefits of this co-ordination should be felt on two levels: firstly, intra-regionally through the provision of a common methodology and guidelines for RIS and RISI; secondly, inter-regionally, through the simultaneous launch of initiative in regions across Europe.

COMMON FRAMEWORK AND GUIDELINES

Unfortunately, this co-ordination has not been apparent at regional level. Only 5 of the 57 regions undertook both the development of regional innovation and information society strategies: Extremadura, Epirus, Calabria, Shannon and Yorkshire & Humberside. The polarisation seems to have occurred on a country level: France, for example, despite the diversity of its regions in geo-economic terms launched 5 RISI

---

54 Assessment of the regional innovation and technology transfer strategies and infrastructures (RITTS) scheme, MERIT and CURDS, 2000
initiatives but only 1 RIS. On the other hand, in Italy, Greece, Ireland, Spain and the UK, the ratio of RIS to RISI is closer to 3:1. It has not been possible to establish the causes of this polarisation, although they could include:

- **NEED TO FOCUS RESOURCES**: applying a critical mass of resources to a single problem
- **STANDARD SETTING BY REGIONS WITHIN A COUNTRY**: where certain regions lead the way and others, then become aware of the opportunities and benefits of following suite
- **SPECIFIC RELEVANCE FOR THE REGIONAL CONTEXT**: some regions may have felt that their

Co-operation between strands is also appears to be lacking: there is little evidence of the RTTs link with RIS performed in the same region.

Even in the regions that developed both RIS and RISI initiatives, there was no interaction between the regional departments responsible for them: one of the regions even mentioned the competition between the agencies made co-operation impossible. Only in one region (Calabria) have the benefits of the co-ordinated method had an impact on the efficiency of the exercises. The region conducted both a RIS and RISI project and devoted resources to completing a single, thorough and comprehensive evaluation of the base-line situation, avoiding the duplication of work.

**INCREASED CO-OPERATION BETWEEN REGIONS**

The similarity of RIS and RISI processes and their simultaneous development was intended to enable the regions learn from each others experiences and accelerate the pace of learning in the development of regional strategies.

Co-operation on the strategy development has been scarce, and mostly limited to the RITTS regions, which were required to use external process consultants. These consultants would bring with them knowledge of other methodologies and approaches tried and tested in other regions. The evidence suggests that this experience has been positive. In Toscana, for example, the consultant is still in contact with the regional authorities although this relationship does not seem to have led to other inter-institutional links.

The experiences suggest that similarity and simultaneous development is not a reason in itself for cooperation. Regions, as companies will cooperate if there are specific benefits in doing so, or if co-operation is a pre-condition of receiving funding, as is the case with the RTT and RISI.

However, a further cause of the lack of inter-regional co-operation could be the low degree of innovation maturity in a region. Initial action is centred on the most basic requirements for building up a relevant regional innovation framework. As the level of maturity increases, so does the benefit in seeking ideas and innovative approaches from elsewhere.

**3.5.4 EU impact on awareness raising and capacity and consensus building**

One of the most powerful reasons for dedicating EU resources to interventions at regional level would be that the effectiveness of the intervention was greater than that undertaken by national or regional authorities.
In the context of the RIS/RIS+ and RTT the question is whether the fact that the Programme was funded and undertaken under an EU banner led to greater awareness raising and better consensus between the main regional stakeholders.

Table 17: Did the EU Programme contribute more to consensus building than a national or regional initiative would have?

<table>
<thead>
<tr>
<th>YES</th>
<th>YES...BUT...</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTH SWEDEN</td>
<td>NIEDERÖSTERREICH</td>
<td>LIMBURG</td>
</tr>
<tr>
<td>CALABRIA</td>
<td>WESER-EMS</td>
<td>YORKSHIRE &amp; HUMBER</td>
</tr>
<tr>
<td>TOSCANA</td>
<td></td>
<td>WALES</td>
</tr>
<tr>
<td>CENTRAL MACEDONIA</td>
<td></td>
<td>CASTILLA- LA MANCHA</td>
</tr>
<tr>
<td>CASTILLA Y LÉON</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARAGON</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEDFORDSHIRE</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

A majority of the regions interviewed declared that the European Commission initiative contributed more to the raising of awareness and the consensus building than what a national or regional initiative would have done. In some regions it was the first time the stakeholders met, and if the methodology proposed by the EU had not been adopted, it is possible that they would not have met as core group, influencing the shape of innovation in the region.

The status afforded by the EU support, for example in Castilla y León and Niederösterreich, made the process of recruiting key agents easier and enabled them to unite behind a common aim. There is evidence that some of the previously existing regional barriers to co-operation were removed by the provision of an EU framework and the importance attached to augmenting the innovation capacity at a regional level.

In other regions, however, the EU added value in this respect is not so clear as they believe that there was a pre-existing degree of awareness that would possibly have continued to grow, even without EU support. This was, for example, the situation in Weser Ems and Niederösterreich.

It is interesting to note that, bar Castilla- La Mancha, the regions that saw no added value from the EU support were regions that had already carried out RTPs. This would suggest that the EU framework adds most value at the early stages of the strategy development process.

The RTT are slightly different. European co-operation is a pre-requisite for obtaining funding. The topic itself may not even be a priority for the all involved but has been agreed through a process of negotiation and consensus between the partner regions. An example of this is the RTT led by Bedfordshire to transfer good practice in environmentally friendly manufacturing, which enabled all partners to benefit from the simultaneous development of techniques to reduce costs and waste generated through industrial production processes.
3.5.5 Mobilisation of additional EU, national and private resources

The EU funds had a leveraging effect on the resources dedicated to innovation in the regions. The projects were eligible for up to 50% finance by the EU, rising up to 80% in the case of objective 1 regions.

Most regions confirm that the strategy development stage required little more than the budget originally agreed and that, consequently, there was no need to mobilise additional resources. The in-depth fieldwork revealed that respondents did not generally consider the need to leverage resources. Income and expenditure was limited to the project at hand and there did not seem to be a particular awareness of the need to raise additional resources for implementing the more ambitious projects. It could be said that they did not feel it was within their remit, or their responsibility to develop a stable funding base.

There are some exceptions to this general rule:

- In Castilla y León one more million euro was allocated during three years by the regional authority to promote innovation in the region.
- In Yorkshire & Humberside, although the private businesses did not participate directly with money to the region, they contributed financially to the establishment of business support organisations, which were a direct result of the project.
- In Weser-Ems the companies contributed with additional money to their specific centre of competence, which are currently self-financed.

Even where pilot actions have not raised additional resources directly, they have served as a good base for integration into European schemes (Structural Funds) or national schemes (Tillväxtprogrammet in Sweden for example) which in turn can contribute with additional resources.

3.5.6 Mainstreaming into Structural Fund regional programmes

The RIS actions were a better basis for mainstreaming than national or regional initiative. The pilot actions were funded under article 10 and were essentially used to identify how the Structural Fund can be used to enhance regional development through innovation.

The regions interviewed declared almost unanimously that the RIS exercise has presented a better basis for mainstreaming than a national or regional initiative would have done. The RIS initiative has permitted the regions to test new approaches to regional strategy development, under the auspices of an external promoter. It has permitted the regions to experience the value of innovation in driving regional development and the importance of moving forward on a consensuated basis.

This view has facilitated the incorporation of innovation into the Single Programming Documents. The regions, by involving the key policy makers in the strategy development process, have been able to demonstrate its relationship with other regional development issues. In some cases, such as Wales, the individuals involved in the RIS exercise were also responsible for drafting the SPD.
One exception to this general rule is the region of Weser-Ems, where the RIS office has chosen to sever the link with the EU and to continue with their own project. Without external support. They have not sought to incorporate the project into regional Structural Funds but have preferred to maintain a standalone initiative that can act as an “innovation beacon”, illustrating its importance for the continued competitiveness of the companies associated.

3.5.7 Conclusions

**ONE:** There has been no increased effectiveness or greater impact as a result of the co-ordinated methodology and common guidelines, either between RIS and RISI or between the different pilot actions within each strand.

**TWO:** The Programme has provided an impulse for regions to tackle the issue of innovation. The extent to which the regions would have done so anyway, without EU support, is varied. While for some regions it has been crucial, for others it has merely enabled them to focus more on the innovation or has resulted in a quicker, more efficient process.

**THREE:** On the whole, regions do not appear to have taken advantage of the simultaneous development of strategies in other regions. The IRE network, however, does seem to have acted as a repository of information, good practice and results, although the extent to which the regions have incorporated any lessons learned by others, is unclear.

**FOUR:** The pilot actions were particular successful in uniting regional actors under a common banner, probably more so than purely national or regional initiatives would have been. There is some evidence, however, that this added value is limited to less innovation-mature regions.

**FIVE:** On the whole, the projects did not appear to have considered the need to mobilise direct additional resources as a long-term strategy. The indirect results of the strategy development processes would appear to be that regions spend more on innovation and do so in a more focused manner.

**SIX:** The RIS actions have provided a better base for mainstreaming into Structural Funds, through demonstrating the importance of innovation, the role of each of the stakeholders in relation to it and its contribution to ongoing regional development.
4. CONCLUSIONS

The conclusions that have arisen from the analysis of each of the individual key evaluation areas have been set out in each of the subsections above. This chapter aims to draw the main findings in relation to three principle questions that are of interest to policy makers at regional, national and European levels:

- What is a successful innovative action,
- What are the principal factors that contribute to that success, and lastly,
- How can the sustainability of that success be secured

4.1 WHEN ARE PROJECTS SUCCESSFUL?

The notion of success in the context of the RIS programmes must take into account the differences between regions in terms of:

- Existing regional assets,
- Level of innovation maturity as well as
- Existing level of co-operation and interaction between the diverse agents (businesses, R&D and policy makers) in the system

In this respect, it is the relative success that is important and, therefore, the assessment of the outcomes and results should take into account the region’s starting-point.

Bearing in mind the Programme’s philosophy, there is a further important consideration: the definition of project success is to a great extent related to intangible outcomes and impacts as they focus on the creation of frameworks that are necessary precondition to a higher rate of innovation.

To date, in less developed regions, the Structural funds have been mainly directed towards creating the physical infrastructures (roads, airports, water-treatment plants etc) that support the drive for social cohesion and economic development. That achieved, there is a need to move away from the investment in physical resources towards intangible assets that will positively affect the innovation climate. These are the current priorities for regional policy makers.

The success of intangibles as factors for innovation requires a different policy approach and planning. The delivery systems must be able to offer flexibility and be able to cope with an environment that is a state of flux. Improvements in mobilising and coordinating private and public resources as well as adapting the innovation support system to business needs will have a direct effect on the efficiency and the effectiveness of the innovation system.
At a regional level, these policies should foster an economic and institutional environment that promotes the creation, dissemination and adoption of knowledge that in turn increases the competitiveness and the attractiveness of the regional economy. The launch of the Programme, with its focus on collective learning about the importance and drivers of innovation as a basis for economic development, as well as a collective strategic planning process, was the first large scale Community initiative in this direction. Within this programme context, the areas of success identified by the evaluation could be characterised as follows:

*Figure 18: Determining success in the context of the Programme*

<table>
<thead>
<tr>
<th>INNOVATION STRATEGIES FAVOUR REGIONAL MOTIVATION ....</th>
</tr>
</thead>
<tbody>
<tr>
<td>(RIS/RTTS) to have the will...: commitment, mobilisation, co-ordination, communication and transparency</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INNOVATION STRATEGIES FAVOUR REGIONAL CAPACITY ....</th>
</tr>
</thead>
<tbody>
<tr>
<td>(RIS/RTTS) to be able...: resources, allocation, action plan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INNOVATIVE ACTIONS FAVOUR REGIONAL ACTION ....</th>
</tr>
</thead>
<tbody>
<tr>
<td>(RIS+/RITTS) to know what to do...: need and regional strength orientation, implementation &amp; monitoring</td>
</tr>
</tbody>
</table>

The definition of success in the context of the Programme is based on:

1. **REGIONAL MOTIVATION:**
   - A regional “wake-up-call” and greater understanding for the importance of innovation as a driver for economic development.
   - An introduction of innovation issues on the regional policy agenda.

2. **REGIONAL CAPACITY:**
   - A transition from “mono-culture” to “pluri-culture” in regional strategic planning, e.g. mobilising and gaining commitment from central agents on the regional scene.
   - A greater awareness about regional strengths and shortcoming in relation to innovation challenges.
   - Critical mass in terms of strategic capabilities.
3. REGIONAL ACTION:

- A transition from elaboration of strategies and planning to operations by implementing pilot activities within focus areas.
- Using programme approaches as source of influence for boosting existing regional strategic frameworks (Mainstreaming).

It is important to bear in mind that the presence of these symptoms of success has been confirmed in varying degrees in the individual Programme regions. Nevertheless, the assessment on an aggregated Programme level suggests that these areas to a great extent could be defined as programme attributes, serving to characterise what potential success will look like and giving the RIS/RTT/RITTS/RISI innovative actions a distinctive profile in comparison to other Commission initiatives.

4.2 DRIVERS FOR SUCCESS

Projects have followed different paths in seeking to achieve their respective missions. This notwithstanding, the evaluation has revealed certain general elements that can tip the scales in favour of achieving better results more efficiently. These success factors are presented in relation to the key evaluation areas analysed in the main body of the report:

4.2.1 Relevance

PREVAILING CONDITIONS DEFINE THE RELEVANCE OF THE STRATEGIES

The relevance of the RIS programmes is to some extent universal despite the considerable variations in the economic and institutional characteristics between the regions and in the extent and maturity of the existing innovation support activity. The relatively poor innovation capacity within the priority regions, the weak representation of the business sector and often poorly co-ordinated innovation support structures at the regional level are important regional factors but so too are the external factors that affect the status quo. The threat that technological change will adversely impact upon existing economic activity in priority regions, are original problem areas addressed within the context of the most successful projects and is used to convey the importance of acting at regional level.

TO KNOW WHAT TO DO AND WANT TO ACT

The success of Innovation programmes deployed in a region is preconditioned by the extent to which policy makers have:

- Correctly identified societal needs at the outset,
- Discovered possible ways to address them
• Calculated the resources that can be marshalled to implement them.

Thus, success is dependent on to what degree decisions are based on correct information about regional needs, strength and limitations. There is no one and only method for this purpose (SWOT-analyses, Delphi-methods and foresight-scenario planning), but the common factor in the more successful projects has been the policy makers’ ability and willingness to gather information and the importance attached to stimulating improvement actions.

4.2.2 Effectiveness

MOBILISING & CONSENSUS

The RIS projects have demonstrated how a variety of actors and interested parties can work together in a focused and progressive manner to appraise and reappraise an important dimension of regional development activity. Each project has had to take account of its particular institutional, economic and cultural context and to be responsive to the styles and outlook of the individuals involved.

However, the consistent focus on the innovation support system has helped generate the conditions for co-operation and commitment from actors in the private sector, the RTD and university communities as well as the public sector, and has been an aid in the process of considering the use of Structural Funds and innovation policy more generally. In addition to an optimised implementation, an appropriate consensus building generates extra benefits such as more effective communication, anchoring, as well as contributing to a foundation for the future by sowing the seeds for new patterns of cooperation for the future.

TRANSFER OF THE VISION TO A WIDER AUDIENCE

Projects that have succeeded in identifying and using “multipliers” or catalysts for change could be defined as being more effective than project where visions have been more isolated or limited to a core group of project representatives. The effectiveness is in this context best seen in the transfer of the vision for the project from the generator of the idea to a wider group of organisations, who in turn communicated the importance of innovation to a wider audience in terms that were relevant to them.

DEMAND-LED & BOTTOM-UP APPROACHES

Effectiveness could be understood in terms of the degree to which strategies have been actually implemented. Implementation success is, in turn, dependent on the existence of a recipient system for the project objectives. Projects should therefore be demand-led (focusing on firm’s innovation needs, SMEs in particular) and bottom-up (with a broad involvement of R&TDI regional actors) in their elaboration.

In order to be able to engage Industry, projects should be action-oriented and should include an action plan for implementation with clearly identified projects (at the end of the process new innovation projects in firms and/or new innovation policy schemes and
inter-firm networks should appear). The successful integration of businesses will also have a learning effect on public organisations through building the processes for ongoing understanding of business logic and the drivers for investing in innovation. Similarly, where a totally Industry-owned process might have risked sustainability due to a vulnerability to changes in markets and business trends, the creation of a system that offers public innovation support can add solidity and remove some of the uncertainty and risk of investing time and effort into long-term strategic co-operation. The challenge seems to lie in achieving the appropriate balance between private and public interests in project processes.

**INTEGRATION IN EXISTING REGIONAL STRATEGIC FRAMEWORKS**

The challenge of creating an innovation-friendly climate, as approached by the RIS programmes, is less a matter of overall resources deployed than a matter of the effective use of common resources to influence economic, institutional and, to some extent, cultural factors. Therefore, fruitful experiences, methods, approaches gained via the programmes should not be isolated from other regional initiatives but exploited, integrated and used within existing regional strategic frameworks.

The more successful regions have exploited the opportunity for mainstreaming, making the most of the fact that the strategic frameworks are being prepared at the same time as the plans for the deployment of the Structural Funds for the next planning period. Those RIS/RITTS/RTT projects which forged strong links with structural funds planning structures and processes are the best placed to leverage the effective use of regional resources.

Successful RIS/RITTS pilot projects have helped:

- Widen the concept of innovation and strengthen its position within the regional policy agenda
- Demonstrate how the innovation support system must itself exhibit the characteristics of an innovative and learning organisation
- Integrate innovation into other areas of regional planning

**INNOVATION SUCCESS REQUIRES A DYNAMIC AND HOLISTIC APPROACH**

As pointed out above, mainstreaming is important for an effective use of common regional resources, approaches and experiences mobilised and gained through the pilot actions. From an effectiveness point of view, it is most important, however, that strategic framework should leave a permanent legacy of widening the concept of innovation (from the narrow and linear view of research and development investment leading to new products and processes) and putting innovation support higher on the policy agenda, broadening its scope and logic.

A dynamic approach implies a notion of innovation success as being the result of effective and functional cooperation patterns and mutual learning rather than a linear process. It is not the performance of individual agents, but how these agents interact as integrated parts of a innovation system that creates effectiveness in innovation success. In this way the strategic frameworks can provide a platform for the initiation of new pilot projects, the revision of existing activities and on on-going review of the organisation of innovation support measures.
Dedicating resources to identifying assets, opportunities and threats adds to the probability of success of the strategy development exercise. The value primarily arises from taking a holistic view of innovation in the region and assessing interdependencies between policies, programmes and resources.

4.2.3 Delivery system

COMPOSITION OF PROJECT STAFF

A common factor in more successful projects is the choice of members to staff the key project structures, namely, the composition of the steering committees, management teams and working groups. These must mirror the target audience of the project in order to garner logistical support and the legitimacy to turn the strategies’ rhetoric into action.

A strong mandate for implementation seems to be facilitated by engaging steering committee representatives in the planning process that can take part in the implementation phase. The ultimate effectiveness is dependent on the extent to which project targets and processes have gained a strong political support that is not truncated before the strategy can be properly implemented. By extension, an understanding and strong mandate from regional politicians also favours sustainability.

SKILLED PROJECT MANAGEMENT

Previous evaluations have also confirmed that the choice of project managers is a critical success factor. The identification and final choice of manager/managers is decisive both for strategic development and for the implementation phase and its outcomes and impacts. In addition to management skills and motivation, the evaluation has revealed that project managers possess the following traits:

…be familiar with the local/regional community,
…be familiar with geographical differences with the region,
…be respected by businesses and may have particular sectoral knowledge,
…have long-term engagement and commitment.

SECTORAL WORKING GROUPS

The importance of demand-led and bottom-up processes and industrial engagement has been outlined above. Sectoral groups, as central organisational project units, are important conduits through which industrial priorities and knowledge are channelled. The more successful projects use them not only as an instrument for anchoring the project in the community but also to deliver pilot actions and implement strategies. Involving industry in the implementation phase will enable stakeholders to perceive the direct industrial relevance and benefits more clearly. This in turn will lead to stronger engagement and commitment from business sectors.
ROLES AND RESPONSIBILITIES

The overall project organisation must be transparent, e.g. roles and responsibilities must be clearly defined and delegated internally and project objectives and their relationship to existing regional initiatives must be clearly communicated to the community.

This highlights the importance of communication skills within steering committees and project management. The Programme has a clear identity that has a potential to be profiled towards other initiatives running in the regions. Communication and profiling are key words in this aspect where a success facilitates regional anchoring, as well as future mainstreaming into existing regional strategic frameworks.

SYSTEMISED LEARNING

The success of the projects could be further enhanced through a proactive process for learning from what works and what does not. The set-up of the project should consider how the experiences can be used for boosting the regional learning. This holds especially true if the pilot character of the projects is taken into account. For this purpose, experiences and knowledge gained, both from the positive aspects as well as from shortcomings and deviations from planned results, should be regarded as an invaluable source for designing improvements.

In this respect, the monitoring systems and evaluations should be used as instruments for helping project management boosting the learning curve. This implies in turn a transition from the use of monitoring as pure administrative check-up to a strategic use of the monitoring outcomes. The move is from a reactive use of what is essentially seen as an internal procedure to a proactive use of a tool to deliver more results, more effectively.

Consultants can help with developing capacity and assisting with the monitoring process. An appropriate selection of external competencies offers valuable inputs to project process where regional and organisation limitations and “lock-ins” can be dismantled. A long-term use of consultants is favourable for effectiveness where the motivation from both parties (clients and consultant) concerning relationship investments is strengthened. In addition, process consultants can act as a neutral driver for openness and discussion friendly climates, which are crucial for project learning.

4.2.4 European Added-values

DISMANTLING OF REGIONAL BOX-THINKING

Regions, from a system perspective, could be regarded as virtual organisations. They are liable to suffer to a greater or lesser degree from ingrained and traditional approaches to work and ways of thinking. This is an inherent problem in all creative processes limited by organisational or administrative boundaries.
To use a management term, the thinking inside the box syndrome is a result of cooperation patterns that are too traditional, as much as from limitations in business intelligence methods and approaches. In the RITTS and RTT, participation in a European project portfolio has served as a source for inputs of new ideas, methods and approaches. Initiatives coming from outside regional administrative boundaries in general, have great potential to introduce novelties into regional long-term planning and strategies, particularly if the region is suffering from the “not-invented-here-syndrome” that is prevalent in some cultures. Providing an opportunity for co-operation with regions in other European countries can help with any possible reticence to co-operate with competing regions within the same country.

INTERNATIONAL EXCHANGE OF EXPERIENCES AND PROMOTION OF GOOD PRACTICES

International cooperation is only a requirement for RTTs and RITTS. Successful projects appear to have focused on gathering information and knowledge on their own internal regional needs. The international benefits are more apparent when it comes to practical cost sharing, decreasing the time it takes to get results or accessing know-how that would not otherwise be accessible.

In these cases, partners attack common problem areas can be crucial for breakthroughs that could not have been achieved individually. In the more successful projects, each partner has brought a particular strength to the project and this has resulted in the creation of a win-win situation for all involved.

EUROPE - A PLATFORM FOR REGIONAL POSITIONING

As competition among companies is transferred to the global arena, the competition among regions inward investment, human resources and capital is increasingly undertaken in the European arena. In this context, regional awareness and know-how with regard to how to position the region becomes increasingly important.

Less favoured regions benefit from membership of the European Union to a greater by accessing relevant Community programmes and initiatives that are aimed at helping them catch up. To date, these advantages have generally been interpreted as financial inputs, complementing national and regional coffers.

A successful Programme, must also be considered as a “windows” towards obtaining extra competencies and experiences and a forum for regional positioning towards the surrounding world. Success ultimately will be determined on the basis of the regions’ ability to integrate holistic strategies that contemplate fostering continued regional development in the European arena.
4.3 SUSTAINABILITY

Sustainability refers to the survival of new structures, methods and approaches and can serve as an indicator of perceived value of project outcomes. “Good” projects will leave footprints. “Bad” projects, in the sense of projects from which nothing has been learnt, die without leaving traces of the experience that can feed into other initiatives and eventually turn into a sustainable and dynamic innovation system.

INNOVATION FOOTPRINTS

The overall conclusion is that RIS and RTTs projects have influenced changes in policy making frameworks on regional level, in some cases substantially, in other cases to a lesser extent but still notable. Innovation has been introduced on the regional policy agenda and programme philosophies have gained terrain among a majority of regions and still, to a certain extent, colours regional innovation settings. The continuation of regional challenges related to innovation have taken different paths and is for example evidenced by integration in Objective 2 programmes (Niederösterreich, Limburg (NL)), Innovative actions (Northern Sweden) or in regional policy frameworks (“Innovation plan”, Wales). In those cases where no mainstreaming has taken place (Weser-Ems), innovation is still a highlighted issue and innovation initiatives are being carried out with public and private funds.

DRIVERS FOR SUSTAINABILITY

The evaluation has identified some factors that favour sustainability in project outcomes and impacts.

1. Collective awareness and motivation

The RIS/ RTTs initiatives have been the first large scale exercises in which reaching awareness on innovation has been the aim. This momentum has to be kept in order to anchor the process in the future. It is essential that this collective awareness becomes ingrained and is not pursued on a project base, to be lost once the project is over.

It is important that the awareness and motivation are disseminated throughout the different organisations in the regions and not only held by a few individuals. Organisations must understand how innovation is created, not through a linear procedure but through the inter-connection of several actors.

RIS has led to the creation of innovation systems. In those systems the collective awareness and motivation for innovation exists not in individual organisations, but in society as whole. The different actors have realised the importance of innovation and this is why it has been placed high on the policy agenda. Those systems must now continue to develop, bringing in new actors and changing along with regional needs and strengths.
2. Institutional capacity building

Apart from awareness raising and raising motivation among regional agents, projects should contribute to an institutional capacity build-up in order to be able to stimulate implementation and action. This contains a critical mass of strategic planning capabilities implying sufficient human resources, competencies and financial means. The skills and interests of representatives must be relevant and “institutionalised”; that is, competencies must reflect and be able to contribute to the implementation phase and the innovation concept must be an integral part of the institutional day-to-day business and services, not dependent on a limited number of core enthusiasts.

In addition, intangible institutional assets such as consensus among central and driving agents on common interests, long term prioritised objectives and desired action lines that trace a path towards reaching these objectives signal to what extent institutions have the capacity to stimulate change on a long term basis.

3. Systematisation of regional capabilities

The institutional capacity build up should be regarded from an innovation system perspective taking into account the no-mans-land between the regional innovation supply and its match with business needs. The ability to grasp, genuinely understand and continuously adapt to industrial needs creates a sound demand for public initiatives, which in turn is favourable for sustainability. Clear complementarities and high transparency between other promoters of innovation and competence bearers within the regional innovation system generates, in combination with accessible and “user friendly” programmes and initiatives, a sound ground for sustainability.

4. Long-term Funding

Awareness, competences and human resources are not sufficient for the sustainability of innovation. Financial resources are also needed. There must be a long-term financial commitment to innovation from the different stakeholders. The need is for investments, rather than funding, i.e., the finances are required not only to achieve short-term results but also to create a climate of confidence for fostering innovation.

This long term view sets the “rules of the game” by assuring that money will be available tomorrow as well. The confidence in continued support helps all actors to invest in secure manner and undertake larger projects than would otherwise be the case. The long-term funding can be achieved through mainstreaming or through the involvement of specific regional structures dedicated to innovation. Once again there is a need to understand the importance of innovation and to place innovation high on the agenda. Only if innovation is placed high on the agenda, will there be a will to pay for it.

5. The capacity to learn

The linear approach of the 1994-1999 Programme with successive opportunities to progress from strategy development to implementation, (i.e., RIS/RITTS, RIS+) has for many regions resulted in a process through which lessons on shortcomings and good examples have been transferred into new projects or new contexts.
The capacity to learn and exploit new knowledge and experiences is an asset that helps to develop a innovation scene that is appropriate to particular regional circumstances. Apart from the inherent learning aspects that follow sequential programme structures, the dynamism of the innovation concept as such challenges the policy makers’ and innovation promoters’ capacity to draw lessons on a continuous basis and adapt approaches and planning procedures accordingly.

Openness to continuous improvements within a solid strategic framework secures the long-term survival and refinement of previous investments in relationships, programmes and initiatives.