



Study on the development of diagnoses and regional innovation strategies in the French regions under the ERDF Operational Programmes for the 2007 – 2013 programming period

Volume 1 - Final report (synthesis)

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Study carried out by ADE in collaboration with LL&A

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Acronyms

ADE	<i>Analysis for Economic Decisions</i>
ADIT	<i>Agency for the Diffusion of Technological Information</i>
ARF	<i>Association of French Regions</i>
CCI	<i>Chambers of Commerce and Industry</i>
CIADT	<i>Inter-Ministerial Committee for Territorial Development</i>
CPER	<i>State-regional Planning Contracts</i>
CRCI	<i>Regional Chamber of Commerce and Industry</i>
DGE	<i>General Directorate for Enterprises (Ministry of Economy, Finance and Industry)</i>
DG REGIO	<i>Directorate-General for Regional Policy</i>
DIACT	<i>Interministerial Regional Planning and Development Committee</i>
DOM	<i>Overseas Departments</i>
DOMO	<i>“Implementation Documents”</i>
DRAF	<i>Regional Directorate for Agriculture and Forest</i>
DRIRE	<i>Regional Directorate for Industry, Research and Technology</i>
DRRT	<i>Regional Directorate for Research and Technology</i>
DRTEFP	<i>Regional Directorate of Labour, Employment and Vocational training</i>
EAFRD	<i>European Agricultural Fund for Rural Development</i>
EC	<i>European Commission</i>
ERDF	<i>European Regional Development Fund</i>
ESF	<i>European Social Fund</i>
GDP	<i>Gross Domestic Product</i>
ICT	<i>Information and Communication Technologies</i>
LL&A	<i>Louis Lengrand Associés</i>
LPS	<i>Local Productive System</i>
NSRF	<i>National Strategic Reference Framework</i>
OECD	<i>Organisation for Economic Cooperation and Development</i>

OP	<i>Operational Programme</i>
PACA	<i>Provence-Alpes-Côte d'Azur</i>
PRES	<i>Research and higher education clusters</i>
R&D	<i>Research and Development</i>
RDT	<i>Technology Development Network</i>
RIS	<i>Regional Innovation Strategy</i>
RITTS	<i>Regional Innovation and Technology Transfer Strategy and Infrastructure</i>
SGAR	<i>Secretariat General for Regional Affairs</i>
SME	<i>Small and medium-sized enterprises</i>
SMI	<i>Small and Medium-sized Industries</i>
SNRI	<i>National Strategy for Research and Innovation</i>
SRDE	<i>Regional Plans for Economic Development</i>
SWOT	<i>Strengths, Weaknesses, Opportunities, Threats</i>
VSE	<i>Very small enterprises</i>

1. Introduction

This summary report is part of the mission *study on the development of diagnoses and regional innovation strategies in the French regions under the ERDF Operational Programmes for the 2007-2013 programming period* (the 22 metropolitan regions and 4 overseas departments) – n° 2008.CE.16.0.AT.055 - entrusted in January 2009 to the company *Analysis for Economic Decisions* (ADE s.a.), associated to the firm *Louis Lengrand & Associés* (LL&A.)

The summary of this mission consists of two reports:

- A **first report** (*volume 1*) presents a **summary** of the main lessons learnt from the regional studies. It is not intended for completeness, but aims to highlight significant traits of the process in regions and the main developments in terms of understanding the strategic issues and priorities.
- A **second report** (*volume 2*) presents the 26 regional summary reports corresponding to each of the 4 overseas departments and 22 metropolitan French regions studied. These reports, about ten pages each, are the primary objective of the mission.

The situation described in these present reports was stopped at the first semester of 2010 and does not necessarily reflect recent evolutions and later works.

This first introductory section will give a reminder of the context and objectives of the study, as well as some elements of the method and organisation of the mission.

1.1 Context of the study

1.1.1 Political and regulatory context

Lisbon strategy and cohesion policy: priority given to innovation and knowledge

In today's globalised economy, innovation and the knowledge economy are key factors in maintaining the competitiveness of economies, in developed countries in particular.

This finding is a cornerstone of the *Lisbon Strategy* initiated in 2000 and renewed in 2005. The *European Council* wished to refocus efforts on the priorities of growth and employment, while maintaining the objective level of investment in the field of research and development (R&D) at 3% of Gross Domestic Product (GDP), with an adequate distribution between private investment (2%) and public investment (1%), and at the same time encouraging member States to develop innovation policies based on their own specific characteristics.

At the community level, the cohesion policy is the primary tool for carrying out this strategy for the period 2007-2013, in particular through its objectives of '*Regional Competitiveness and Employment*' and '*Convergence*'. In accordance with the renewed Lisbon

agenda, the Community strategic guidelines on cohesion (*adopted by the Council on October 6 2006*) indicate that programmes receiving assistance from the cohesion policy must seek to focus their resources on three priorities, one of which is to encourage innovation, entrepreneurship and growth of the knowledge economy by fostering research and innovation.

The same guidelines stipulate that cohesion policy has notably two important roles to play. Firstly, it aims to help regions implement innovation strategies and regional action plans as effective as possible for the region's competitiveness and the Union as a whole. Secondly, it aims to increase research and innovation capability in the region up to the point where it can participate in transnational research projects.

Innovation, determining the competitiveness of regional territories

Innovation and research policies are initiated at several levels: European, national, regional and local. However, it is mainly at the regional level that the various aspects of these policies are articulated and coordinated. The territorial dimension remains essential in the initiation of dynamics and implementation of these policies. Within this framework, the regions have a central role to play in the definition of innovation strategies in the territorial approach, but also in the organisation of the system of stakeholders at regional level.

In fact, a regional territory's competitiveness is significantly influenced by the innovation capability of its economic fabric and players, both public and private, and by their collective dynamic. Innovation can, thus, only be approached comprehensively in an all encompassing and partnership oriented manner, involving all the players of a given territory. This collective dynamic remains, however, difficult to comprehend as it is about understanding the functioning of a complex *regional innovation system*, interactions between its stakeholders, public/private and research/industry partnerships, and cooperation between networks that are just being created.

The challenge of innovation, the issue of governance

In order to help regions better address this issue, the *Directorate General for Regional Policy* (DG REGIO) and the *Interministerial Regional Planning and Development Committee* (DIACT) set up a working group on innovation which met in 2005 and 2006. The group made a report "le défi de l'innovation, l'enjeu de la gouvernance" (*"the challenge of innovation, the issue of governance"*)¹ which raises a number of questions and offers some recommendations that could guide regional partners in the preparation of the Operational Programmes (OPs) and the development of their strategies with respect to innovation.

¹ "Le défi de l'innovation, l'enjeu de la gouvernance: Contribution à la réflexion sur le cadre de références stratégique national et la préparation des programmes opérationnels de la politique régionale européenne 2007-2013 dans le domaine de l'innovation" (*"The challenge of innovation, the stake of governance: contribution to the reflection on the national strategic reference framework and the preparation of European regional policy operational programmes for 2007 - 2013 in the field of innovation"*), summary of the work of the working group concerning innovation co-steered by the DIACT and DG REGIO, March 2006, <http://www.drmmip.cict.fr/IMG/pdf/060331RapportGroupeInnovationFinal.pdf>

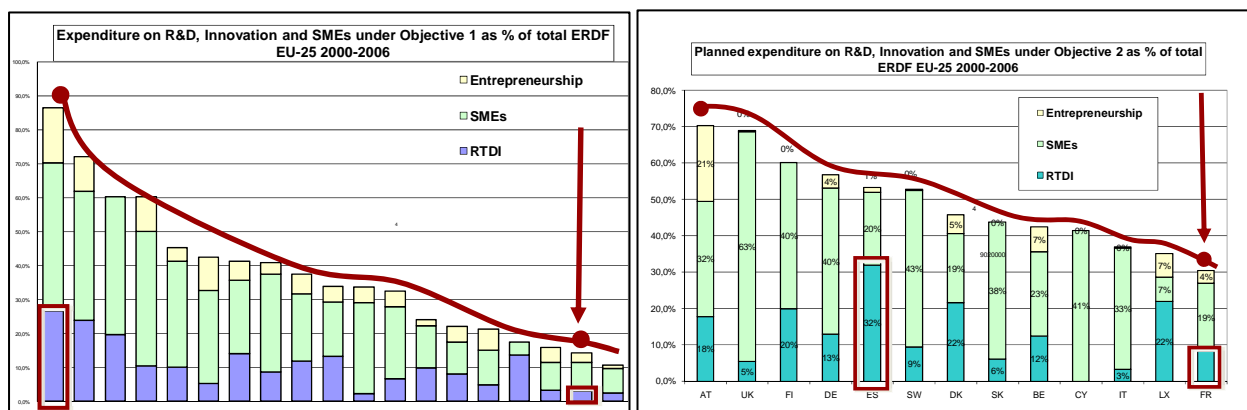
This shared reflection confirmed not only the strategic emphasis on the policy of supporting innovation, but also the leading role given to regional partners and the importance of open modes of governance to define and implement strategic priorities.

The French National Strategic Reference Framework

The French *National Strategic Reference Framework* (NSRF), giving the broad strategic guideline for the policies supported by the *European Regional Development Fund* (ERDF) and the *European Social Fund* (ESF) in France, placed innovation and the knowledge economy at the top of its strategic objectives for the 2007-2013 period. Thereby, it confirms the Community priority given to this field. The objective was to ensure long-term growth, employment and cohesion in the French regions. The NSRF planned that 45% of the ERDF funding provided for the 2007-2013 period would be focused on the policies of Research and Technological Development, innovation, entrepreneurship and information society, thus contrasting with the relatively limited amounts of the previous programming period. (*cf. next section*).

1.1.2 The situation of France in Europe

From the point of view of the European Structural Funds, the recap of 2000-2006 expenditure showed limited mobilisation from most French regions on investments in R&D and innovation, since less than 5% of their ERDF funding were devoted to research and innovation, which is almost three times less than in other Member States².



Source : The General Directorate for Enterprises (DGE) of the Ministry of Economy, Finance and Industry

² Nevertheless, it should be noted that this finding was also a result of the priority given to local development to the ERDF by France for the 2000-2006 period

Furthermore, several sources converge to show that, compared to other European regions, most French regions have average results and/or are at risk of falling behind in terms of innovation.

Successive European innovation scoreboards³ have ranked France around 10th among European countries since 2007, very slightly above the European average. France is classified in the "*innovation followers*" group alongside countries such as Austria, Belgium, the Netherlands, and Ireland; "*innovation leaders*" are notably Denmark, Finland, Germany, Sweden and the UK. They also highlight a number of structural weaknesses displayed by France: *lifelong training, share of private research, internal innovation of small and medium-sized enterprises (SMEs), investment in Information and Communication Technologies (ICT), brand commercialisation, etc.*

This situation is reflected at the regional level at varying degrees. In this way, in 2006, only 3 French regions were part of 125 regions located above the European average, and two of them were ranked among the first thirty regions in Europe. All of these rankings raise the question of the efficiency of innovation policies, translated by the ratio between the resources deployed and the results obtained. Indeed, French regions, including those that invest high levels of resources, record an innovation efficiency level typically lower than that found in comparable European regions.

1.1.3 Negotiation of the 2007-2013 operational programmes

Given the different points raised above, the issue of innovation was to hold a special place in the strategies presented under the 2007-2013 ERDF OP. Earmarking determines funding priorities in each ERDF thematic intervention field. In the *Competitiveness and employment* Objective zones, 75% of funds must be used for projects that came directly from these fields, whereas it is capped at 60% in Objective « *convergence* » regions (the DOM in France). Innovation constitutes an important theme of Earmarking.

ERDF funding dedicated to innovation under the 2007-2013 programming period has accordingly increased substantially in all EU countries compared to the previous 2000-2006 period. With 31.4% of ERDF funding, the effort made by France deserves to be emphasised. However, it remains behind compared to other EU leader countries such as Denmark (69.2%), Finland (54%), Austria (49.2%), UK (45.8%) and Sweden (45.6%).

Beyond an increase in the amounts allocated to this policy, the challenge for the 2007-2013 OP was to place innovation at the heart of regional development strategies and strengthen the effectiveness of the public authorities' action of in this field.

The OP projects presented by regions in 2007 only answered incompletely the expectations and questions of the Working Group on innovation established in 2005 jointly by the DG Regio and the DIACT to help regions better deal with this issue.

³ Based on the *Summary Innovation Index* indicator calculated annually within the framework of *The European Innovation Scoreboard 2007, 2008, 2009* - UNU-MERIT <http://www.proinno-europe.eu/page/european-innovation-scoreboard-2009>

In order not to delay the OP's adoption during negotiations, the *European Commission* proposed the introduction of a measure intended to formalise a consolidated *Regional Innovation Strategy (RIS)* which could be validated by the programmes' *monitoring committees* before the end of 2009.

1.1.4 Formalisation process of the Regional Innovation Strategies (RIS)

French regions have accepted, after negotiation, to take part in the *European Commission's* proposal to define and formalise a RIS within 2 years following the adoption of their ERDF OP. Although their status did not require them to do so, the four regions under "Convergence" objective (*Guadeloupe, Martinique, Guyane and La Réunion*) also joined the exercise aiming to develop a *Regional Innovation Strategy*.

The RIS approach is organised in three phases:

- A first phase aiming to position the region in terms of economic and innovation dynamics based on macroeconomic indicators;
- A second phase of consolidation and enrichment of the diagnosis (*originally scheduled for the end of 2008*).
- A third phase to develop the strategy itself.

Regional authorities have been supported in this approach by different forms of expertise and initiatives both at the national and regional level (*training cycles, assistance, methodological guides, complementary works, regional committees, etc.*). In particular, a methodological guide was proposed to the regions who wanted it⁴.

1.2 Objectives of the study

1.2.1 Object of the study

The study aims to **analyse the evolution of diagnosis and Regional Innovation Strategies (RIS)** following the revision launched under the 2007–2013 ERDF operational programmes. Specifically it aims to shed light on:

- the **organisation and implementation of the development or adaptation process** of the RIS in place in the region, as well as the modes of governance to conduct this exercise;
- the major **developments** with respect to the initial situation, i.e. at the time of the OP's adoption in 2007;
- the **manner in which the process** and its characteristics **may have contributed to make this situation evolve**;
- the **major lessons** from this RIS exercise.

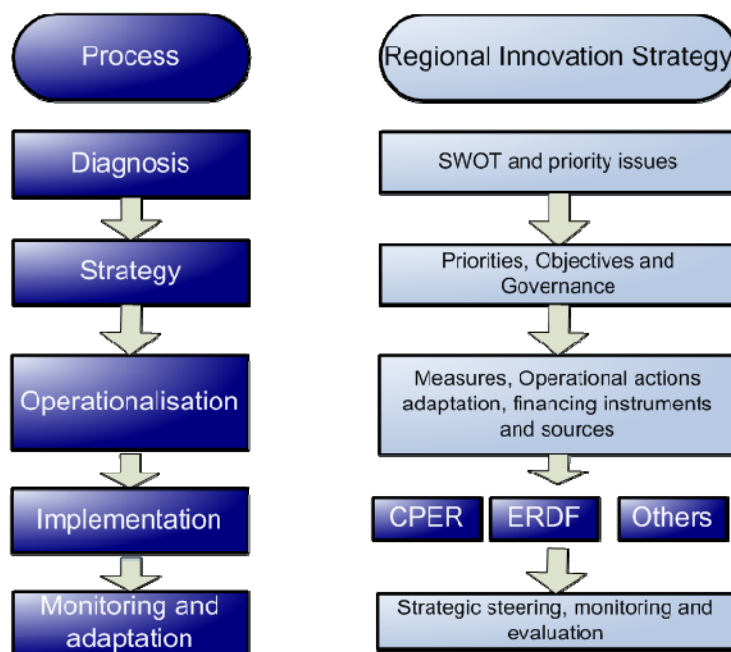
⁴ "Diagnosis method of the innovation system in French regions", study carried out by the *Agency for the Diffusion of Technological Information (ADIT)* on behalf of the *General Directorate for Enterprises (DGE)*.

The study covers 22 French metropolitan regions with the objective '*Competitiveness and Employment*', as well as the 4 Overseas Departments (DOM) with the '*Convergence*' objective.

1.2.2 Study of the process

It should be remembered that the **study focuses on** reviewing a **process**. Indeed, any strategy is above all a process (*see Figure 1.1 below*).

Figure 1.1: adaptation process of regional innovation strategies



Schematically, this process involves **several steps**:

- **Step 1:** Deepening and validation by the regional partnership of the diagnosis and shared synthetic vision of regional priority issues and their hierarchy.
- **Step 2:** Definition and validation by the regional partnership of the RIS' objectives, priority actions and principles of governance of the strategy;
- **Step 3:** Developing the operational arrangements of the strategy, aiming to define how to attain objectives effectively and to implement the necessary tools and provisions: *definition or adaptation of an operational action plan and necessary instruments and sources of financing, phasing, operational governance procedures, budget, etc.*

To be complete, a strategic approach cannot be limited to only setting objectives or strategic priorities, it must also specify how objectives must be achieved (*its priorities for actions, distribution of financial means and phasing*).

One of the key determinants of quality of this process is **the articulation** between each of these steps and the logical declination of the diagnosis into issues, of the issues into objectives and priorities, and finally, priorities into actions.

1.2.3 Limitations

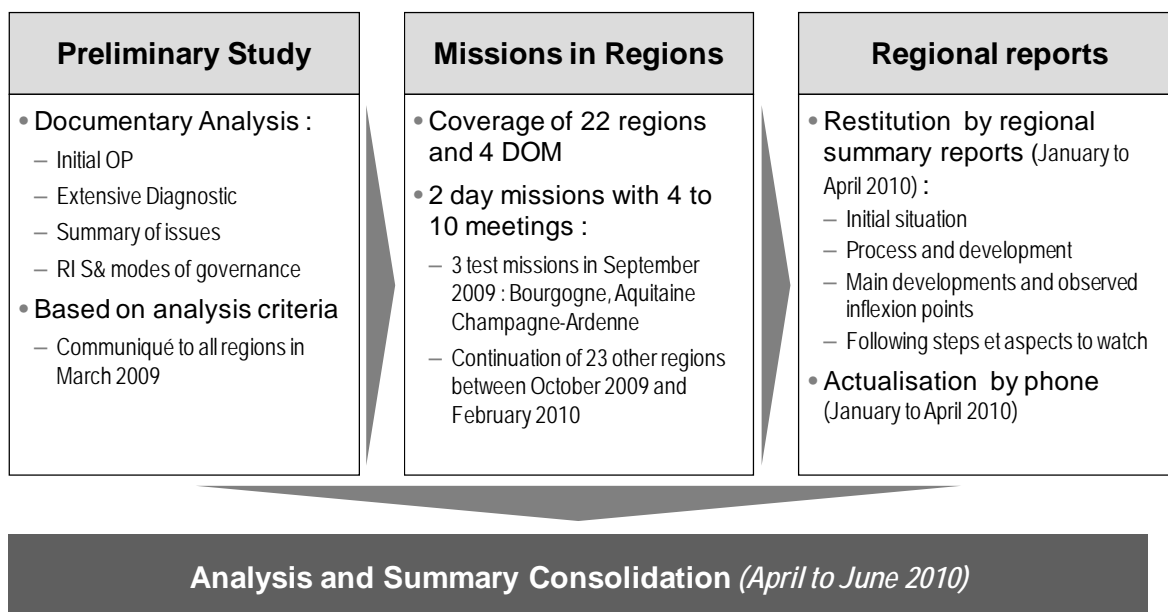
To properly frame the objective and setting of the mission, **its limitations** must be remembered.

- This study **is not an evaluation** and does not aim to pass judgement on the relevance of the regions' strategic choices. It concerns, above all, looking at a process and the "*mechanics*" of developing the regional innovation strategy. It also aims to show to what extent and how it helped change the situation that existed in 2007 at the time of the OP's adoption.
- For each region, the team spent two days in the region on mission, and three to four days of analysis and writing the regional summary reports.
- This report and the regional summary reports were **stopped in the first quarter of 2010**, in February or March 2010 depending on regions, and do not necessarily reflect later developments and work.
- Regional summary reports are **in no case a summary of the RIS** adopted by region and are not exhaustive. They are intended to show how the development process was carried out and its contributions to the formulation of the RIS. They are therefore complementary information, which cannot substitute reading RIS documents by region and studies and documents linked to this approach.

1.3 Methodological and organisational elements of the mission

The mission is organised into four phases that are listed in a schematic way below.

Figure 1.2 – The 4 Phases of the Study



The exercise began with a **first documentary analysis phase**. On one hand it focused on the analysis of diagnosis and strategies presented in the original 2007-2013 ERDF OP. On the other hand it focused on the first documents and information related to the RIS sent gradually by the regions. This analysis relied on a list of common evaluation and analysis criteria (*listed under Annex 1*), which enabled it to cover all 26 regions in a systematic and balanced manner. These criteria were established from the questioning of the terms of reference, the methodological guide and the team’s own experience.

The **second phase** was devoted to the **meetings in regions** with a mission of two to three days in each of the 26 regions. These meetings aimed to increase understanding of regional strategic issues, the revision process and the way it is carried out, governance and the degree of ownership of the exercise by local authorities, as well as to work out what the real breakthroughs and their sources were.

The meetings followed a semi-directive framework, helped by two separate aids, a shared interview guide (*see Annex 2*) and the preliminary documentary analysis results. The interviews were conducted with 4 to 10 players involved in the RIS or privileged observers from the State level (*SGAR, DRIRE, DRRT, OSEO-innovation based on their participation in the exercise*), the Regional Council (*an elected official, the service(s) in charge of steering and possibly the directorate general of the services*) and finally people (*players, observers, enterprises*) who can bring a particular point of view on the exercise, including representatives of the private sector. The programme for the meetings was set up in consultation with the services in charge of the RIS.

1.4 Content of the report

The chapters that follow are not intended to be exhaustive, but specify the outstanding findings of the analyses carried out at the regional level.

Chapter 2 gives a reminder of **the situations** that existed in each region **at the start of the exercise** at the moment of the ERDF OP's adoption, for good measure of progress. On the one hand, it explains the general situation concerning the levels of structuring of the innovation support policies and regional innovation systems as they were in the region in 2007. On the other hand, it tries to shed light on the key aspects of the analysis of diagnosis and strategies presented in the initial ERDF OP, i.e. as they were adopted in 2007.

Chapter 3 deals with the analysis of the **process** that was **engaged** to adapt / develop and formalise the RIS in each region. Although the regions had a shared methodology, they developed different revision/adaptation processes, relating to governance, participation of innovation players in the region, involvement of the private sector and the use of external service providers to support the approach. Ownership of the approach and results by decision makers also proved variable from one region to another. Ultimately, the analysis shows significant changes in terms of governance and ownership of innovation policies, and can point to a number of favourable factors that brought about these changes and those which have hindered the process.

Chapter 4 will examine the main results and **(possible) contributions of the RIS approach** in the region, and on the conduct of innovation policies in the region.

Through the RIS, regions have committed themselves to a process/dynamic that should continue in the medium/long term to ensure that objectives are actually attained. **Chapter 5** will cover the **major lessons** learned from this type of approach **and the points to watch** with the need to remain attentive later in the process, concerning among others its operationalisation, implementation, follow-up and evaluation. Finally, **Chapter 6** will summarise the study's main **conclusions**.

The analyses specific to each of the 26 regions are included as regional summary reports of about 10 pages in volume 2 of this report. Preparing these regional summary reports is the main purpose of the mission.

Each of these reports is structured similarly, dealing successively with four points:

1. Presentation of the initial situation at the start of the exercise in 2007, at the time of the OP's;
2. Presentation of the progress and striking features of the RIS' adaptation process.
3. The main contribution of the exercise through inflection points brought by the RIS process;
4. A gaze into the future based on the next steps and points to keep an eye on.

2. Initial situation

In order to analyse the contributions of the RIS conducted in the 26 French regions, it is necessary to understand each region's situation at the time of the ERDF OP's adoption in 2007.

This chapter aims to:

- On one hand, make a general assessment of the level of structuring of innovation support policies and regional innovation systems in the region at the time of the OP's adoption by the Commission in 2007;
- On the other hand, highlight key points of the analysis of diagnoses and strategies presented in the initial ERDF OP, those adopted in 2007.

2.1 State of regional innovation policies in 2007

A prosperous movement

The RIS approach took place in a prosperous movement as a process of reflection and research had already been initiated in most regions, particularly through various initiatives taken at regional, national or community level.

In the three or four years prior to the OP's adoption, reflections on policies, measures or the organisation of innovation support systems were initiated or were already intensified in most regions. Several factors or reference frameworks participated/contributed.

Regions were assigned the role of coordinating economic policies within the frameworks of the second act of decentralisation undertaken between 2002 and 2004. The development process of the *Regional Plans for Economic Development (SRDE)* launched in 2005 to fulfil this new role proved to be an important step in many regions, as were the reflections which have accompanied it. This reflection framework had already permitted to initiate or intensify a reflection on innovation from a global and territorial perspective, linked to economic policies in place. Several specific studies were initiated as well as various initiatives.

In parallel, at the national level, multiple initiatives and reforms were launched with significant consequences for regions. These include the launch of the *competitive clusters* that participated in the structuring of regional players, the creation building of *Research and higher education clusters (PRES)*, etc.

Finally, *Structural funds* also made several reflections, through evaluations, actions carried out during the 2000-2006 programming period, or reflections carried out during the 2007-2013 OP's development.

These different reflection frameworks made several regions question the effectiveness of their regional innovation systems, already steering some regions to partially reorganise their player network, to create structures in charge of improving operational coordination of some groups of players, such as the *regional innovation agency* (ex: *Alsace, Aquitaine, Languedoc Roussillon, Midi-Pyrénées, Centre, Champagne-Ardenne, Haute-Normandie*) or other ad-hoc structures (ex: *COSIC in Corse*) or to develop tools to support SMEs innovation (ex: *Pays de la Loire*).

Box 2.1 - illustrations by regional cases: (1) previous initiatives

- **Auvergne:** the region had, at the start of the ERDF OP's development, a solid base to tackle regional issues in terms of innovation. Many studies⁵ were made by multiple players, translated in the SRDE. The diagnosis on the strengths and weaknesses of the innovation system appeared to be quite clear as early as 2006 and shared by different players. Important decisions were taken at the same time: creation of *Innovergne*⁶ in the autumn of 2007, taking into account the issue of creating innovative businesses with the creation in 2007 of the *regional innovation fund* (FRI) and a little later, participation in the European JEREMIE programme. Additionally, there was some level of coordination between different sources of funding to support innovation.
- In **Franche-Comté**, preparatory reflections of the SRDE has already led to several initiatives aimed at structuring the regional system such as *the grouping of 7 transfer centres, the launch of competitiveness assistance contracts to initiate strategic thinking in subsectors and directing at least 50% of funding to businesses, etc*
- In **Lorraine**, the SRDE had already placed emphasis on innovation financing aspects. It took shape in the creation in 2006 of a shared mechanism between the Regional Council and Oseo to finance innovation projects and the creation of innovative enterprises: the '*Regional Fund for innovation in Lorraine*' (FRIL). The main goal was to make the regional offer of assistance and innovation financing faster, more efficient and easier to read.

Structuring levels of policies and regional innovation systems starting from the RIS exercise

Different levels of structuring were often the result of the characteristics/dynamism of the regional economic fabric and its players, political support, integration of regions or their players in European networks, etc.

For several years, some regions were politically devoted to policies supporting innovation (ex: *Rhône-Alpes, Bretagne, Aquitaine, Midi-Pyrénées, Alsace, Ile-de-France, Nord-Pas-de-Calais*). They acquired some experience in the conduct of these policies and already had a fairly developed and partially structured network of players. For these regions, the RIS exercise should have enabled the refinement of certain regional systems or their supplementing from specific studies. Other regions on the other hand, had only very little experience in the conduct of these policies or had started only recently. For these regions, the aim was

⁵ INSEE, "*L' Auvergne un diagnostic pour préparer l'avenir*" (June 2005); "*Diagnostic de l'économie auvergnate*" (ACSEL 2005), "*Evaluation des besoins d'aide par les entreprises auvergnates*" (2005); audits conducted under the CPER as well as a study on constraints in terms of access to finance ("*Rapport region-Auvergne - European investment fund*" (September 2007), which led to the implementation of the JEREMIE instrument)

⁶ Innovergne is a Committee gathering all players associated with the valorisation of research (RDT, Oseo, Valor, DRRRT,...) whose mission is to support the creation of innovative activities. The Committee meets several times a year, examines projects of activity creation, advises those carrying out the project and mobilises the right financial tools. More than 100 projects have been thus reviewed in 3 years.

first to educate players to what a RIS offering a coherent strategic framework can provide and to structure the network of players.

The situation was thus quite contrasting between regions which had already put in place specific instruments during the 2000-2006 period and regions that essentially operate through subsidies (*in particular objective 1 regions*).

The initial regional situations being different, the level and nature of results that could be expected from the RIS approach are also different from one region to another. The results of the process must not be assessed in absolute terms, but rather in terms of progress from the initial situation.

Box 2.2 - Illustrations by regional cases : (1) previous initiatives

- **Bretagne** had been acquiring experience since the 1980s. Confrontation to other European regions, more advanced in terms of European pilot projects, some of which being already in the 3rd generation of RIS, enabled the region to position itself and to insert in its SRDE as early as 2006 its willingness to enter an RIS approach and carry out several studies.
- **Provence-Alpes-Côte d'Azur**: Since 2006, the region's innovation policy in the SRDE and CPER has aimed to strengthen the dynamics of corporate networks and structuring of the intermediation system. This led to the launch of 14 Regional Innovation and Solidarity Economic Development Clusters (PRIDES) and the creation of the regional innovation network in 2007.

A segmented approach to innovation between different schemes supported by various partners

In 2007, the regional strategic priorities were (*partly*) translated in several **complementary reference documents, but were not specific** to innovation. It is essentially the SRDE at the regional level, and its reflection within the *State-regional Planning Contracts* (CPER) and ERDF OP.

Beyond these three complementary reference frames, there were no other guideline documents formalised and specific to innovation offering a comprehensive and shared vision between all regional partners.

Although there was no true formalised strategic framework in the regions as understood in the RIS, strategic priorities appeared implicitly through the tools in place and the structures supported by different partners. The innovation support policy thus appeared to be relatively segmented between these different support schemes.

A certain convergence in the priorities pursued in the previous period

Although situations are rather contrasted between regions, the orientations given to innovation support policies showed a number of similarities in the period preceding the 2007-2013 programming:

- Predominance of an institutional logic of financing of existing support structures;
- Predominance of a logic of offering services in a number of regions, as well as a concern for strengthening coordination of the stakeholder network (*see for example, Aquitaine, Bourgogne, Bretagne, Franche Comté, PACA, Pays de la Loire*);
- Developing new incubator type "*services*", RDT;
- A logic of structuring fields, subsectors or sectors through clusters: *research of expanding subsectors/ key technologies of the future*;
- Innovation financing instruments and broadly developed innovative businesses (*Aquitaine, Auvergne, Lorraine, etc.*);
- Priority to innovative businesses with a strong technological component ;
- A very partial/superficial consideration of the needs of slightly or non-innovative businesses (*with some exceptions*) as much by lack of awareness than by the difficulties of dealing with the issue;
- In the DOM, a focus on the development of research and taking into account biodiversity as a possible major source of innovation.

These guidelines were widely reflected in the formulation of the OP. However, despite taking all these aspects into account, the regions have experienced difficulty in placing innovation at the heart of regional development strategies.

2.2 Place of innovation in diagnoses and strategies in the 2007-2013 ERDF OPs

2.2.1 Introduction

A systematic analysis of the OP adopted by the European Commission in 2007 was carried out based on a list of common analysis criteria (*cf. Appendix 1*). The analysis focused on the diagnosis, on the strategy, and on its manner of preparing the OP.

To present the major lessons of this analysis, two points deserve to be highlighted.

Firstly, the diagnosis and strategies presented in the OP provide only a partial view and do not necessarily reflect all debates on innovation conducted in the regions. Indeed,

- on one hand, the OP is a funding instrument for regional projects in connection with other sources of funding (*CPER, Region, State, etc.*), and generally only focuses on segments of policies supported by the ERDF.

- on the other hand, the OP (*developed in a relatively short time*) builds on acquired knowledge and findings developed in other reference frameworks, including the SRDE, without necessarily explaining them.

Thus, it is difficult to make a simple comparison between, on the one hand, diagnosis and strategies presented in the OP, and, on the other hand, the final RIS documents that usually have a broader scope exceeding framework of the ERDF programming.

Secondly, the ERDF's intervention logic has deeply changed between the 2000-2006 and 2007-2013 programming periods (*refocusing on 3 strategic priorities, among which innovation and abandonment of the zones for the regions with objective Competitiveness*). During the 2000-2006 period, ERDF was indeed primarily oriented towards the reduction of disparities which translated in France in the development, infrastructure and equipment of the territories, and mainly benefiting local communities. The central place of innovation in strategies and the eligibility of the whole regional territory in the *Competitiveness* objective was a real turning point in the regions.

2.2.2 Main observations on the 2007 OPs diagnoses

Figure 2.1 below presents, in a summarised and transverse fashion, the results of the preliminary analysis of the initial diagnosis as they were in the 2007 - 2013 ERDF OP at the time of their adoption by the *Commission* in 2007.

Figure 2.1 - Results of screening of original OPs diagnoses

Diagnoses and Regional Innovation Strategies in the French regions

	Alsace	Aquitaine	Auvergne	Basse-Normandie	Bourgogne	Bretagne	Centre	Champagne-Ardenne	Corse	Franche-Comté	Haute-Normandie	Ile-de-France	Languedoc-Roussillon	Limousin	Lorraine	Midi-Pyrénées	Nord-Pas-de-Calais	PACA	Pays de la Loire	Picardie	Poitou-Charente	Rhône-Alpes	Guadeloupe	Guyane	Martinique	Réunion	nb	!	0	!	2				
<table border="1"> <tr> <td>0</td> <td>Missing element</td> </tr> <tr> <td>!</td> <td>Mentionned, weak or insufficient element</td> </tr> <tr> <td>2</td> <td>Treated element</td> </tr> <tr> <td>3</td> <td>Element treated with much detail</td> </tr> </table>																												0	Missing element	!	Mentionned, weak or insufficient element	2	Treated element	3	Element treated with much detail
0	Missing element																																		
!	Mentionned, weak or insufficient element																																		
2	Treated element																																		
3	Element treated with much detail																																		
A. Appreciation criteria of the diagnosis																																			
1. Analysis of global components																																			
1.1 Quantified and appropriated global component	3	2	2	!	1	2	2	!	!	!	!	2	2	2	2	2	!	!	2	!	!	2	2	!	!	2	2	2	2	26	10	16			
1.2 Benchmarking of relative performances with respect to other regions	3	2	2	2	!	!	!	!	!	2	2	2	2	2	!	!	2	2	!	!	2	2	!	!	!	!	2	2	2	2	26	2	9	15	
1.3 Structure of economic activities and sectorial analysis	2	!	2	2	!	!	!	!	2	2	2	2	2	!	!	2	2	!	!	2	2	!	!	2	!	!	2	2	2	2	26	10	16		
1.4 Report and lessons drawn from previous experiences, including the 2000-2006 OP	!	!	2	!	!	2	2	0	2	2	!	2	2	2	0	2	2	!	2	0	2	0	2	2	2	!	!	2	2	26	4	7	15		
2. Analysis of the innovation system players and their relations																																			
2.1 Supply – knowledge producers	2	2	!	2	2	2	2	2	2	2	2	2	!	2	!	!	!	2	2	2	2	!	!	2	2	3	2	2	2	26	1	6	19		
2.2 Valorisation and knowledge transfers	!	!	2	2	!	2	0	!	0	2	2	2	2	2	0	3	!	0	2	!	2	2	2	2	0	!	!	2	2	26	5	8	13		
2.3 Demand – needs and expectation of companies, in particular SME	0	0	!	0	0	0	0	0	0	0	0	!	0	0	!	0	0	0	0	0	0	0	0	0	!	!	!	2	26	22	4				
2.4 Particular governance modalities of innovation	2	!	0	!	!	!	2	!	0	0	!	!	2	2	0	3	!	!	!	!	2	0	!	!	0	!	!	2	26	6	14	6			
2.5 Examination of main strategic activity clusters (PdC, Clusters, SPL, etc.) and their specific dynamics	2	!	2	2	!	!	!	!	!	!	2	!	2	2	2	!	!	!	2	!	2	!	!	!	2	!	!	2	26	15	11				
3. Summarised vision																																			
3.1 SWOT analysis linked to elements of the diagnosis	2	2	2	!	!	2	!	2	2	2	2	2	2	2	!	3	2	!	!	!	!	!	!	!	2	!	!	2	26	12	14				
3.2 Identification of priority issues linked to SWOT	3	2	2	2	2	2	!	!	!	2	2	2	2	2	0	3	2	!	!	!	!	0	2	!	!	!	2	2	26	2	9	15			
4. Particular optional themes																																			
4.1 Training/ qualification/ expertise in the jobs and bodies of innovation support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	!	0	0	26	25	1			
4.2 Private supply of assistance and council to companies, in particular to SME	0	0	0	0	!	!	0	0	0	0	0	!	!	!	0	0	!	!	0	!	!	0	0	0	0	!	2	2	26	20	5	1			
4.3 Role of financial bodies and risk capital	!	0	2	!	!	!	0	0	0	0	0	2	!	!	0	2	!	!	0	!	!	0	0	!	2	2	2	26	12	9	5				
4.4 Innovation in the service sector	!	0	0	0	0	0	0	0	0	0	0	0	0	0	!	0	0	0	0	0	0	0	0	!	!	!	2	26	22	4					
4.5 Intellectual property management issue	!	0	0	2	0	0	0	0	0	0	0	!	!	0	!	0	0	0	0	0	0	0	0	0	0	0	0	26	21	4	1				
4.6 Others																												1	1						

The major lessons from this analysis are:

1. The first point relates to the analysis of the diagnoses' global components⁷ based on criteria such as the fact that diagnoses are based on global indicators, comparisons with other regions, analysis of the regional economic structure and activity sectors or even on lessons learnt from previous experiences and programmes.

The analysis showed that these different aspects were generally treated in the majority of OP. Nevertheless, for each of these basic criteria, the elements presented in the OP emerged as weak or insufficient, or even absent, for 10 to 11 regions (*approximately 40% of the 26 regions*).

2. The second point relates to the regional innovation systems and subsystems, their players and relations between them. The OP review showed very clearly that the analysis of innovation systems was partial, in particular because it was mainly focused on supply. It was often limited to the identification of regional players, and looking a little or not at all at the interactions or identification of the support system's shortcomings.

If the "knowledge supply" part was generally correctly treated in most regions (19 out of 26), the analysis of the knowledge valorisation and transfer services was very often limited to the identification of specialised structures, and did not look at the system's response capability.

The vast **majority of regions** (22 out of 26) presented **no element of the state of demand, expectations or needs of companies** in terms of innovation support systems. No region presented a genuine study of needs based on consultation with businesses, or at least did not refer to it.

The description and **analysis of modes of governance** of innovation were mentioned only **partially**. Although the strategic clusters (*Competitive clusters, Local Productive System (LPS), etc.*) were generally identified and presented, the diagnosis rarely analysed the subsystem they represented and their own dynamic.

3. The third point aims to determine if the diagnoses have a summarised vision in the form of a SWOT⁸ analysis, from which are identified the priority regional issues in the field of innovation, issues on which the policy should be based. It is an essential element as it is the articulation point between diagnosis and strategy.

More than half of the regions (*14 and 15 regions out of 26 respectively*) had formally presented this summarised vision. But the analysis also showed that, in some cases, the presented summarised vision remained very general on the question of innovation and/or was poorly articulated with certain important items raised by the

⁷ In reference to the first chapter of the ADIT methodological guide

⁸ SWOT analysis: strengths - weaknesses - opportunities - threats

diagnosis, or even omitted them. In other cases, it appeared that the stakes were presumably defined retroactively to justify an action programme, without real logical or obvious links with the SWOT analysis or OP diagnosis.

- 4 The last point focuses on different **specific thematic issues**, such as the *qualifications of the staff of support organisations, the state of the private-sector supply of support to businesses, the role of financial organisations, innovation in the service sector, and the issue of intellectual property management*. Although important, these themes are of course optional, but they nevertheless constitute a revelation on the level of deepening of the diagnoses. The analysis showed that **these different themes were typically not addressed in the initial diagnosis** or only very partially or not specifically to innovation (e.g. risky capital).

2.2.3 Main observations on the policies and measures proposed in the 2007 OPs

The exercise continued with the review of the initial strategies presented in the OP. The key lessons learnt are:

- 5 The first point concerns the assessment of the strategic objectives. They must be sufficiently precise and explicitly linked to the priority issues identified by the diagnosis. The analysis showed that close to half of the OP (12 regions out of 26) did not meet these criteria. In addition to too general formulations in some cases, the main grievance was the lack of articulation with the issues of the diagnosis. Links were blurred or non-explicit, particularly because the identification of priority issues already presented a problem.

Quantified indicators reflecting these objectives should also have been defined. The analysis of the OP showed a **real effort** from the vast majority of regions to define indicators for each level of the objective in association with target values. Although it remained difficult to decide on the relevance of selected indicators, the analysis had nevertheless noted in many cases the use of a list of conventional indicators, but these did not really reflect the specificity of the retained strategy and objectives.

- 6 The second point relates to the definition of operational measures. Not surprisingly, the majority of the OP defined their strategic objectives by operational measures and action programmes. In some cases, however, the definition of these actions was **not sufficiently precise, focused or operational** to ensure an effective strategy and implementation. In other cases, the list of the actions envisaged was so wide-ranging, **without prioritizing**, that it limited the strategy's credibility. Several OP provided only transversal actions, without taking any action specific or targeted to a sector or particular category of companies, often rendering a diagnosis too superficial to support the strategy definition with sufficient precision.

- 7 Following point 4 of the diagnosis, the following point focuses on different optional actions or modalities related to specific themes identified such as: *improvement of the qualifications of the staff of support organisations, development modalities of a private-sector supply of support service to companies or a structured collective demand, the role of financial organisations in supporting innovation, innovation in the service sector, intellectual property management tools*. Except on the issue of risky capital, the OP offered only very rarely actions or special modalities in these specific fields. Although certain aspects could have been raised, they are most often indirectly, partially or with a vision not specific to innovation (*e.g. risky capital*).
- 8 The fourth point relates to the special governance modalities of the strategy or regional innovation policy. These modalities are essential to meeting the challenges of innovation. The analysis showed that these detailed modalities were rarely developed in the OP beyond the identification of a steering structure.
- 9 Finally, the majority of OP referred to other strategic frameworks like the SRDE and/or the CPER or other national or community programmes. But, in many cases, it is only mentioned, without precise explanation of how these strategic frameworks are articulated in practice with the OP.

2.2.4 Conclusion of the OPs analysis

Firstly, the review of initial diagnoses clearly showed that the analysis of innovation systems was partial, mainly focused on supply. This finding is essential. However it is not a matter of opposing a vision of supply with another of demand, but rather to establish an intersecting vision based on these two visions. Indeed, by focusing the diagnosis analysis on the existing regional supply, without the ability to confront it to the real needs of the local fabric, diagnoses could not identify the shortcomings of the regional innovation support system, or the necessary actions to complete it. **The diagnosis therefore did not necessarily enable to measure response capability and efficiency of the regional innovation systems.**

Secondly, the analysis also highlights certain weaknesses **of the OP in the logical articulation between each step in a development process** (*logical links between diagnosis – summarised SWOT vision/issues - priorities - actions*) or lack of explanation. It is interesting to note in this respect that most OP that were identified as weak in the definition of objectives already had difficulties defining a summarised vision of the diagnosis and identification of issues.

Thirdly, the OPs are the **reflection of a segmented approach to innovation** between different support schemes supported by each partner. The strategic priorities appeared more implicitly through the tools put in place and the structures supported by the different partners. In addition, **the OP also appeared very open, allowing the financing of many types of actions without a precise target or clear prioritisation.**

Fourthly, the governance modalities particular or specific to innovation policy were rarely developed in OP beyond the identification of a general steering structure.

Finally, many marginal but important themes were generally absent from OP, both in terms of the diagnosis and actions. Approaches remained quite conventional.

3. Conduct of the RIS process

One of the main objectives of the study is to shed light on the processes developed in the regions to conduct the approach of deepening diagnoses and of adaptation of the RIS. This approach, original in itself, mobilised significant resources, both from players and funds earmarked for its support. The manner in which these resources were mobilised was studied in each region. This chapter aims to highlight the salient traits as well as to identify the elements that played a positive role in leading to a more precise policy enabling to shed light on the place of regional policies, and on the other hand, those which could have hindered the process.

3.1 Main characteristics of the RIS preparation process

3.1.1 Start

Letter addressed to Prefects

The *European Commission's* proposal was accepted by all regions that committed themselves to expanding or deepening their reflections on the RIS in the two years following the adoption of the 2007-2013 ERDF OP.

At the national level, the letter that was addressed to all regional Prefects on 28 March 2008 formally marks the launch of the RIS exercise. It was jointly signed by the interministerial regional planning and development delegate (for the *Ministre de l'Écologie, de l'Énergie, du développement durable et de l'Aménagement du Territoire*), the director of the General Directorate for enterprises (for the *Ministre de l'Économie, de l'Industrie et de l'Emploi*) as well as the general director of research and innovation (for the *Ministre de l'Éducation Supérieure et de la Recherche*).

The letter also stated the objectives of the exercise and how it should be conducted. It stated inter alia that the RIS, *defined and implemented under close cooperation between the State and regions, must aim to improve the performance of French companies in terms of innovation, especially SMEs. They also concern all stakeholders involved in innovation, services, research and training institutions [and available exchange structures] and must be open to all dimensions of innovation (technological and non-technological) [...].*

Include a thorough [...] diagnosis phase." Diagnoses are not intended to replace all the work already carried out, but should supplement them and improve overall consistency [...]. The RIS must eventually enable optimizing public means granted to the funding and support for innovation. «[...] diagnoses should be finalized in June 2009 so that any strategic inflections can be decided before the end of 2009.

Finally, it states that *according to the needs and specificities of your region, you can rely on the diagnosis methodological guide developed for you [...]*

A fairly slow start-up time

Initially, the RIS exercise was perceived in various ways by the regions. Some regions immediately saw an opportunity to continue, accelerate or to achieve the reflections initiated since 2005 under the SRDE and/or move forward in setting their policies and the organisation of regional innovation systems. But a certain apprehension of the exercise was widespread. Some regions perceived it more as a constraint or an exercise imposed by the EU, and whose value was not necessarily obvious to the region, particularly in regions which were already heavily invested in this field. Others feared that the exercise could slow down the implementation of decisions made and actions already identified.

This apprehension was even stronger as the stakeholders/regions did not, at least initially, have a clear perception of exactly what was expected of the exercise, its scope and how to approach it.

This explains why the process began with a delay in a number of cases and with a different timing depending on regions. Some started directly at the time of the OP's adoption, even sometimes before, by capitalising on already conducted reflections (*Bretagne, Picardie, Nord-Pas-de-Calais, Haute-Normandie, Guadeloupe, etc.*). Others first hesitated or waited for the official order and presentation of the methodology before really committing to the exercise after mid-2008.

Box 3.1 - Illustrations by regional cases : Examples of conducted studies/ chronological advances before the 2007-2013 period

- **Guadeloupe** : Although Guadeloupe is a region under the *Convergence objective*, the approach of building a regional innovation strategy was already envisaged by the Regional Council - including through a study on research and another on the innovation potential of businesses. These initiatives were inserted into the RIS process.
- **Picardie**: In the summer of 2006, a consensus between the State and the Picardie Region materialised to ensure that innovation was a priority of the competitiveness operational programme, and to conduct a study on *the levers of innovation in Picardie*. In addition to the diagnosis of the strengths and weaknesses in terms of innovation, this study identified priority sectorial targets, stated the levers and players to use, proposed a mode of governance and finally made recommendations as to the axes of the strategic plan. Based on this study, the Picardie regions developed a regional innovation strategy as of 2007.
- **Haute-Normandie** : Partners - State and Region – of Haute-Normandie had engaged the exercise of development of the regional innovation strategy relatively early through a study⁹ finalised in June 2007 on the theme of *prospective analysis of regional structural factors in the field of innovation*. The latter opened first leads of deepening regional diagnosis and implementation of the Regional Innovation Agency. It proposed a diagnosis of innovation in the region, a comparison of how policies were carried out in other French and European regions, as well as an action plan for the development of a regional innovation strategy and a governance proposal for the latter.

⁹ Study reported by the RAMBÖLL firm (Brussels) in June 2007 on the *prospective analysis of regional structural factors in the field of innovation*, commissioned by the *Préfecture de Région Haute-Normandie*.

Methodology and support proposed at the national level

In order to support the regions in drawing up their RIS, a methodological guide¹⁰ was developed and made available to the regions that wanted it, in a non-binding manner. It should be noted however that this non-binding nature was not clearly perceived as such from the onset by regions. This guide, whose drafting was entrusted to the *Agency for the Diffusion of Technological Information (ADIT)*, was the result of a collective reflection of the administration in relation to the *Association of French Regions (ARF)* and the *National Council of Regional Economies*, by also relying on a *Scientific Committee* comprising a dozen national and international experts.

A specific version adapted for the DOM was also prepared by the ADIT in cooperation with the Guadeloupe DRIRE, among others.

The methodological guide was systematically presented by the ADIT team in each region starting in early 2008.

In many regions, the method proposed by the ADIT and its presentation set off, or at least accelerated, the RIS process.

Indeed, although most regions had no clear vision of what was expected and how to achieve it, the proposed methodology constituted a useful framework to start with. It meant that a common language could be spoken, that there existed a basis for discussion to quickly agree on the process to follow, that possible complementary works could be identified and the terms of reference of studies to carry out could be developed or adapted. For regions that had already launched the exercise, the methodological guide primarily enabled a broadening of their thinking to new themes or fields and validation or supplementation of their approach.

The meetings of method presentation by the ADIT team in the regions also served as an opportunity, in many cases, to raise awareness and mobilise regional partners, even the various players, marking the actual start of the RIS exercise.

However, it should be noted that certain regions decided from the onset to direct the exercise based on their own methodology without using the ADIT guide (e.g. Bretagne).

Positioning of the exercise in a global and long-term perspective

Very early in the process, it was clear for most regions that, in order to be useful, the exercise had to:

- on the one hand, have a global scope, exceeding the strict and restrictive framework of the ERDF programme, cover all policies carried out in the regions and innovation support players. It therefore had to involve representatives of the main funding bodies of these policies, thereby meeting the expectations outlined in the letter to the prefects;

¹⁰ « *Méthode de diagnostic du système d'innovation dans les régions françaises* », by Jean-Claude Prager / Agency for the Diffusion of Technological Information (ADIT), 2008

- on the other hand, fit in an evolving medium or long term vision (*minimum 10 years*), at least in its principles and general priorities, and do not be restricted to a single programming period or current legislature.

Box 3.2 - illustrations by regional cases : global perspective of the exercise

- **Limousin:** As reminded in the preamble of the final RIS document, the term “*reference framework*” was retained as the title of the strategy paper to translate the will to “*converge, from common references, the means of each players of the regional innovation system for its realisation*”. Although this *research and innovation reference framework* is not prescriptive, it is intended to have global regional scope and is clearly not limited to ERDF programming.
- **Languedoc Roussillon:** The aim of the RIS is to coherently link the various sources of funding, and put them in the service of this shared vision. The implementation of the RIS will not be limited to the ERDF in terms of funding: it will be extended to other Community funds (ESF, JEREMIE), to the CPER etc.
- **Champagne-Ardenne:** From the start of the exercise, it was clear that the RIS must have a global regional scope. The RIS document reaffirms this principle, stating that the RIS ‘*is a reference document to all the institutions involved in the funding and direction of policies related to innovation in the champardennais territory*’.

However, the contrast between regions was more striking in terms of the expected results of the exercise and the nature of the final document. Schematically, the latter could be seen as a non-binding general framework giving the adopted guidelines or on the contrary, as being more blunt in terms of priorities, operational modalities including a precise, almost contractual, action plan. This differing vision of the expected output partly reflected some vagueness in the “order” as much as an anticipation of the institutional difficulties in completing the exercise.

3.1.2 Conduct of diagnoses and formulation of strategies

A difficult and changing context

The exercise took place in a difficult context, marked by fast and numerous changes, and many sources of uncertainty and instability. Before coming to the process itself, it is necessary to recall certain contextual elements which could have influenced the process or its results.

Firstly, many reforms had been initiated at the national level at a particularly fast pace, directly affecting policies related to innovation. The framework of policies and national support schemes has thus been constantly evolving throughout the exercise, although at the same time the RIS sought to link coherently all initiatives in the regional territory. Without passing judgement on the relevance of these reforms, the need to adapt to this changing context did not facilitate the RIS approach according to our interlocutors. In addition, other sources of difficulties were also noted:

- Certain national approaches or initiatives (*e.g.: Etats généraux de l’industrie et de l’outre-mer*) have at the same time or previously mobilised players, including from the private sector, in consultations. The multiplicity of these initiatives could have hidden the specific interest of the RIS approach and clouded messages for regional players.

- Certain State services said they sometimes felt "*torn apart*" between, on the one hand, instructions and guidelines laid down at the national level and, on the other hand, certain specific conclusions which came out of the approach, especially during the diagnosis and summaries of the issues. It has proved difficult to ensure perfect articulation between regional priorities identified during the exercise and initiatives taken at the national level.
- Finally, these reforms, including the reform of State services, logically occupied the staff of some State services in the region and led to a faster staff rotation in the services, creating a certain gap within an approach where interpersonal relationships played a leading role.

Secondly, the uncertainties related to the reforms of local and regional authorities, their funding, and in particular the corporate tax, made the operationalisation of the strategic guidelines more complex.

Thirdly, the context of the economic then financial crisis strongly affected the RIS exercise since it gradually modified certain issues and priorities of policies. Visions of the crisis' implications on the RIS exercise were however different depending on whom you spoke to or the regions depending whether they were in a perspective of:

- short-term: exercise should then not block or slow down decisions or answers to immediate needs, with immediate priority to the implementation of the anti-crisis plan;
- long-term: instead, the crisis demonstrated with further acuity the relevance of strengthening innovation support policies and the urgency to complete the RIS exercise to maintain the region's competitiveness in a rapidly changing globalised economy.

Finally, the exercise having been delayed, the strategy definition phase got closer to the period preceding the March 2010 regional elections. This period was less favourable to commitments and selective choices, especially in budgetary terms involving for example the questioning of existing innovation support system.

An approach primarily focused on the diagnosis, a shortened time to devise the strategy itself

As mentioned in the introduction (*see Section 1.2.2*), the development of a strategy is above all a process involving several successive steps: *Diagnosis -> SWOT -> summary of issues -> strategic priorities -> operationalisation modalities (action plan and funding)*.

In the vast majority of regions, these steps were completed in order, with a concern for coherence, ensuring the validation of the results of each step before considering the following. For many regions, this is in contrast with the modalities of developing the initial ERDF OP (*see Section 2.2*).

Box 3.3 - illustrations by regional cases : step by step

- **Guyane:** the revision process of the RIS was characterised by a coherent phasing of the different stages ranging from a summary of the existing, a deepening of the diagnosis through multiple studies/surveys, the summary of this diagnosis, the identification of regional challenges, the definition of strategic objectives and then drafting of a plan of actions and governance modalities. The Strategic Committee (*ComStrat*) validated these steps at three key moments of the process by the validation of i) the diagnosis, ii) the paper of issues and general objectives and iii) the strategic axes and actions connected to them. Finally, as soon as the RIS was validated, a dissemination phase of the strategy was conducted with the various stakeholders (*elected officials of the Regional Council, businesses, civil society, economic and research players*).

The exercise also showed that regions which had attempted to carry out the steps in parallel or to start with a preconceived plan of actions had considerably limited the development potential of their approaches, some found themselves quickly stuck by requests of players before even being able to put down the findings.

Most of the time was devoted to the diagnosis and its deepening (*between 12 and 18 months minimum*). This lengthy diagnosis phase is related, among other things, to the requirements of the proposed methodology (*some regions were sometimes lost*), the time it takes to start the consultants' work (*terms of reference and tender invitation procedures*). Although generally the work of consultants was handed in the allotted time.

The transition to the summary of issues and strategy definition was often more complex than expected and the time from diagnosis to a strategy was generally largely underestimated. This transition was also made more difficult by the greater than anticipated content richness of diagnosis (*extension of the scope of reflection and questioning of some of the predominant approaches*).

3.1.3 Resorting to the different internal and external supports to facilitate the exercise

The regions could benefit from different supports that they largely used to help them carry out the exercise. These supports concerned the methodological framework, extensive diagnoses, data availability, organising and leading working groups. The landscape of the supports activated by the regions shows very different situations, in terms of the combination of supports, use of expertise and the financial resources mobilised.

Appropriation of the proposed method

Generally, the methodology proposed by the ADIT guide was followed by regions, at least initially, but by simplifying or adapting it along the way to their own specific context and needs, as well as supplementing it with their own specific methodological elements or those provided by consultants. By this gradual ownership of the approach, most regions did not find it useful to continue the exercise on this basis in the strategy phase as well as because the guide was very brief on the strategy development method.

In addition to the initial presentation of the methodology in the regions, the ADIT representative was also mandated for several cycles of visits in the regions who wished it to support them in their efforts and to answer the questions raised by the exercise. Most regions have thus benefited from this external contribution at key stages of the process.

In most regions, this support was considered positive, especially at first, to the extent where it could mobilise, validate the first steps and progress in the reflection. But as the regions took ownership of the exercise, these visits were considered less useful, particularly during strategic decisions.

A massive but diversified use of consultants

Almost all regions resorted to consultants in order to support their approach. Financial resources were identified to this end during the OP negotiations. But it should be noted that in a number of cases, the studies were financed with the region's own funds (*e.g.*: *Pays de la Loire*).

Consultants were used in particular during the diagnosis phase (*23 out of 26 regions*) to conduct studies and necessary surveys. But they also participated in the strategy development phase (*14 regions out of 26*) or the drafting of the final document or summary of the RIS (*11 regions out of 26*).

The logics and models of resorting to consultants vary significantly from one region to another:

- Ranging from almost completely internalised approaches (*without resorting to external help, in Picardie, La Réunion or Lorraine*) to steps with approaches completely outsourced to a single provider;
- between the use of a single provider for consistency and the use of multiple providers to benefit from several different perspectives or not to be "imposed" choices;
- between global studies of the diagnosis and complementary studies focused on specific issues or themes.

These choices were made depending on the initial material available to the region (*studies and reflections prior to the RIS approach*) but also depending on the existing internal coordination capability of institutional structures.

Box 3.4 - Illustrations by regional cases : resorting to external service providers

- **Guyane:** The role of experts was limited to conducting inquiries. The summary work and the drafting of the diagnosis, issues and preparing the strategy was carried out by the DRRT (*with the support of a person hired as a volunteer specifically for RIS*) and the SGAR for a first draft, discussed and validated by members of the *Steering Committee*.
- **Aquitaine:** The *Steering Committee* wished to mobilise several external teams of consultants or academics to conduct the three planned separate thematic studies. The goal was to benefit from several points of view. But the work of diagnosis summary and strategic priorities development was carried out by partners of the *Steering Committee* without external support. This met the will to open fields of reflection while ensuring ownership of the exercise by the services from a technical and political perspective.
- **Bourgogne:** In the summary and strategy development phase, the authorities were accompanied by a consulting firm responding to the need of having an “*active writer*” not only for the drafting, but also for organising and conducting of consultations and meetings with a critical external view. In this context, authorities always remained driving players and the driving force of proposals in the development of the strategy, consultants essentially playing a role of facilitator and reporter at this stage.
- **Midi-Pyrénées:** The choice in Midi-Pyrénées was to establish a strong institutional partnership to ensure the steering of the exercise, and partially outsource the work under the supervision of *Midi-Pyrénées Innovation* (MPI) in charge of operational steering. Two persons from MPI shared this position of directing the works: one for the finance and management aspects of the project, the other recruited specifically for communication. The work was partially outsourced and entrusted, on the one hand, to an external consultant for *benchmarking*, and on the other hand, to local consultants for work related to diagnosis (*interviews, study, working groups*). These local consultants worked within the MPI team during the entire process, which enabled the regional partnership to take ownership of their work.
- **Champagne-Ardenne:** The region chose to be supported during the entire exercise by a single external consultant in charge of deepening the diagnosis, the RIS development phase and its declination in action fiches. The reasons behind this configuration were as follows: lack of qualified internal resources to complete the exercise on time, input of an external viewpoint and organising and leading capability and the benefit of a continuum in supporting the region from the diagnosis to the development of operational actions.

There is usually a consensus among the people encountered to emphasise that consultants first brought method, competencies and time that regional partners did not necessarily have internally. In this sense, the consultants’ contribution was deemed determinant to opening the scope of reflection as well as to completing the exercise and having a document in time. Consultants also have the necessary detachment to bring a novel and objective external view, and are above local institutional issues.

That said, the contribution of the work carried out by consultants did not always live up to the initial expectations. The quality of the consultants’ work remains diversely appreciated. The main criticisms were that:

- they did not really bring anything new compared to what was already known, but at best they put things into perspective and gave a global overview ;
- conclusions and recommendations were not always adapted to the local realities of the region, and were sometimes a simple “*copy - paste*”¹¹;

¹¹ Particularly when consultants covered several regions.

- conclusions and recommendations lacked “anchorage” in the field and were not always operational;
- consultants could not always respond to the regions’ expectations of obtaining a *benchmark* of actions carried out in other French or European regions.

These findings, however, must be somewhat nuanced. Firstly, they are not necessarily attributable to only consultants, but can be linked to the terms of reference and/or imprecise vision and especially constantly evolving expected outcomes (*learning by doing*). Secondly, although a large part of the lessons was already implicitly known by some players, the simple fact of giving a global and shared view by putting them into perspective was already a decisive contribution in some regions. Thirdly, the limitations of the methodology must be acknowledged, at least on the quantitative analysis of innovation capabilities part, which faced a lack of data and indicators to accurately understand the position of each region. This inherent limitation to the diagnosis part might have frustrated some regions that did not recognise themselves in the picture painted by certain studies.

Recourse to internal logistical support

Busy with ordinary work load, services managing the RIS approach, in particular at the State level, did not always have the necessary availabilities to truly carry out the exercise and maintain the dynamic throughout. In some regions, this has considerably slowed down the conduct of the exercise. Beyond the use of an external consultant, some regions (*Basse-Normandie, Guyane, Bretagne, Alsace, PACA, etc.*) resorted internally to a person or a structure (*e.g.: Regional agency*) specifically in charge of the support of the approach with a double objective. On the one hand, it was to benefit from logistical support, secretariat and coordination, for organisation and reporting the various meetings and exchanges. On the other hand, it was to ensure ownership and capitalisation of the approach. For these regions, this contribution was determinant.

Support and exchange at the national level

Regions were usually confronted with common issues and problems and found themselves scarcely equipped to tackle them or resolve them effectively.

In our study, several regions expressed the need or desire they felt for national coordination and a true place of exchange between those in charge of the RIS in the regions enabling the:

- *meeting of common challenges that appeared in the diagnosis,*
- *exchange of best practices and new action ideas,*
- *outlining of technical solution to (common) problems,*
- *conduct of a collective reflection to adapt certain support schemes or their modalities in order to respond to the issues raised, etc.*

Regions regretted that such a possibility of structured national exchanges could not be achieved during the exercise.

3.1.4 Consultation and involvement of the innovation stakeholders

An overall growing involvement

Although the RIS approach caused some initial apprehension, many regions became fully involved in the exercise along the way. As the work progressed, perception of the exercise tended to positively evolve.

The interest of the authorities involved in the exercise grew after the first reports of studies and diagnosis or when a dynamic among players began. Benchmarking and consultation of the private sector especially painted sometimes very different pictures from those of institutional players, particularly in terms of positioning the region (*strengths and weaknesses*), the view (*sometimes rather critical*) held by businesses on the support schemes in place and their effectiveness, and possible links with related policies (*economic development, human capital, etc.*).

RIS Steering: an exercise that remained institutional

The exercise remained globally institutional, mobilising primarily services of the State and Regional Councils.

The modes of governance and participation of stakeholders in the RIS process were specific to each region. But they generally included several levels/constants as follows:

The RIS exercise was a partnership exercise under the joint responsibility of the Regional Prefect and the President of the Regional Council. Governance of the exercise was therefore based on a collaborative approach around a State – Region basic core. In some cases, the region was designated as contracting authority (*Alsace, Bretagne*), with overall responsibility for the exercise.

At the strategic level, decisions were usually taken by the main funding bodies of these policies (*Region President, Prefect and possibly OSEO*) together with a **Strategic Committee**. This Committee intervened at the key stages of the process to monitor and validate the work and proposals of the operational bodies.

At the operational level, the RIS exercise was generally driven by a restricted **technical steering group** mainly comprising representatives of the services of the Regional Council (*research-innovation and/or economic development*) and the State (*generally the ex-Regional Directorate for Industry, Research and Technology (DRIRE), and depending on the regions the Secretariat General for Regional Affairs (SGAR), the Regional Directorate for Research and Technology (DRRT) and OSEO innovation*). Based on regular meetings and instructions of the strategic bodies, this small group was responsible for planning and operational coordination of the work.

It must also be stressed that the choice of the service which took charge of steering on the State side was not necessarily neutral as to the priorities taken by the RIS. Indeed, State services do not necessarily have a unique vision and go about the exercise differently (*SGAR with a territorial and financial vision, DRIRE focused on SMEs or the DRRT research*

oriented). In the case of joint ownership, the agreement on the priorities of the RIS was not always easy, requiring certain arbitrations within the State, with a research or business point of view.

Depending on regions, these steering committees were either restricted or established with a view of collaboration/consultation, and were extended to other services of the Region or State (*Local education authorities, Regional Directorate of Labour, Employment and Vocational training (DRTEFP), Regional Directorate for Agriculture and Forest (DRAF), etc.*), to institutional or business players (*Clusters, Technology Development Network (RDT), Regional Chamber of Commerce and Industry (CRCI), universities, intermediation services, etc.*), to local authorities and/or corporate leaders.

Box 3.5 - Illustrations by regional cases : Governance (1)

- **Auvergne:** *The Steering Committee* was formed around the core of the four bodies (DRIRE, DRRT, CR, and OSEO), extended to the SGAR, RDT, CRCI, universities and research representatives as well as Valeo. The approach remained open to other players of innovation some of which joined the *Steering Committee* along the way, including the competitive clusters, but also the DRAF. Working groups involving these different players were formed to monitor the thematic studies. Workshops were also organised under the study on strategic clusters gathering players supporting businesses in their approach to innovation (*Casimir, RDT, OSEO, CETIM...*) and enterprises.
- **Bretagne:** The Bretagne Region was the contracting authority of the RIS, with the logistical support of the regional agency *Bretagne Innovation (BI)*. The operational committee was composed of the quartet *Region - DRIRE - Regional Economic Agency (AEB) - BI* on the basis of weekly meetings. The role of consultants was centred on methodological support and organisation of the working groups. The approach was resolutely participative at various levels: 1) the *Strategic Committee* joined an existing structure, *the Bretagne Economic Agency* office bringing together the main players, making the link with economic development; 2) iterative cycles of the 5 working groups of the diagnosis to the proposals for actions involving players and businesses were organised; 3) a willingness to involve the local and consular communities in the front line of economic development and as a gateway for regional SMEs.
- **Corse:** The *innovation and strategic committee in Corse (COSIC)* was to define and monitor the regional innovation policy. The territorial communities of Corse (*through ADEC*) are the primary decision makers. The regional innovation cluster (*managed by the State, the local authority and OSEO*) is in charge of managing the policy defined by the COSIC and ensuring the monitoring and management of the incubator, the *Technology Development Network (RDT)*, and more generally of the aids created to support innovative enterprises.
- **Réunion:** The regional partnership (*State, Region and Department*), including the *Steering Committee*, delegated the preparation of the RIS to a *Regional Committee for innovation (CRI)* set up for the occasion. This choice openly aimed to, throughout the process, find a consensus between the players and an appropriation by the latter of the process and its outcome. In addition to the many meetings of the CRI, joint follow-up between the CRI and the Steering Committee helped both bodies share the different stages of the process. The establishment of the CRI and the important part it played in the RIS' development has made the approach truly participatory.

The involvement of institutional or socio-professional players or business leaders was thus not systematic, particularly in the strategy development phase and decision-making bodies. This participatory approach was mainly applied through the organisation of thematic

working groups during the diagnosis development phase and to a lesser extent during the development of strategic guidelines and action plans.

Wide consultation

The participatory approach and the involvement of players remained however essential. When they were carried out, they contributed, according to the persons we spoke to, to a collective awareness of issues and necessary changes to existing support system and strategic priorities. They also helped each player become aware of his role in a global system to support innovation. This collective learning should facilitate the implementation of policies, reorganisation of regional innovation systems and necessary reforms.

As an illustration, a few examples of the adopted modes of governance are shown below.

Box 3.6 - Illustrations by regional cases : modes of governance (2)

- **Alsace :** The diagnosis phase was based on a broad consultation with 35 meetings of work, exchange and restitution, mobilising public and private players. The strategy phase, steered by the Region, included the organisation of working groups, which was entrusted to an external firm on the basis of a consultative method based on the mobilisation of citizen-entrepreneurs. The advantage was the involvement of researchers and businesses as well as "*deinstitutionalising*" the process. It was organised in 2 steps: i) a restricted working group composed of 12 citizen- entrepreneurs or qualified individuals (*researchers, etc.*) to identify issues. The results of this consultation were communicated to 40 citizen-entrepreneurs identified by the Region ii) 6 working groups validating the issues and developing action leads. A special feature of the process is that representatives of the State and the Region voluntarily did not take part in these working groups.
- **Provence-Alpes-Côte d'Azur:** Beyond the setting-up of the Committees in charge of the RIS, the process was characterised by an enlarged consultation approach bringing together a large number of players. All of these consultations are presented in detail in a "Book of the consultation." Economic and institutional players gathered around a "technical" consultation and a "political and institutional" consultation in which the *General Councils* and Agglomerations, the Regional Innovation Network, the PRIDES member companies, consular chambers, knowledge producers, innovation experts and tourism industry players were all involved.
- **Centre:** The RIS development process was characterised by the organisation of two regional conferences for innovation (CRI). The first conference in 2008 enabled, with 300 participants, to determine, or at least complete, modify and validate collectively, the main axes of the regional innovation strategy available in the RIS project document. The second Regional Conference for innovation in 2009 with 200 participants aimed to validate actions for their practical implementation, as well as the determination of priorities. Broad participation in these events enabled the players to agree on a common strategy but nevertheless caused certain difficulties. Indeed, reflections carried out in the second CRI sometimes lacked pragmatism and a difficulty prioritising actions has been observed.

3.1.5 Involvement of the private sector

Various initiatives were taken to consult or involve the private sector

Almost all regions consulted or involved representatives from the private sector, or even directly enterprises or their leaders (*21 out of 26 regions*), which was a real turning point with respect to the development of the OP. The private sector was however only rarely actively involved in the governance of the whole exercise or in decision-making.

Consultation or participation of companies under the RIS process was carried out in the following ways:

First, in a majority of regions (*17 out of 26*), specific **surveys and/or** a series of **individual interviews** were conducted with companies or their leaders. These consultations were mainly conducted during the diagnosis phase by consultants and focused on business practices and/or needs.

In at least two regions (*Franche-Comté and Champagne-Ardenne*), businesses were also consulted at the end of the exercise to test retrospectively the proposed actions. In at least two other regions (*Guyane and Nord-Pas-de-Calais*), interviews or company visits were conducted by the members of the *Steering Committee* themselves, and have proved particularly instructive and determinant later in the process.

Box 3.7 - Illustrations : Involvement of the private sector (1): surveys and interviews

- **Basse-Normandie:** 20 preliminary interviews were initially conducted with regional innovation players with a view to better understanding the needs and requests of businesses. They were followed by 98 interviews with leaders of regional SMEs and *Small and Medium-sized Industries* (SMIs).
- **Guyane:** A preliminary survey was conducted with enterprises, but its contribution was limited. The main contribution came from the visit of 2 companies by members of the *Steering Committee*, on the initiative of the President of the AMIP. This visit was considered determinant by all members of the Steering Committee, in particular for institutional and research players, in their understanding of the realities and constraints faced by Guyanese SMIs.
- **Franche-Comté:** In addition to the initial survey of industrialists of the 5 sectors, an original approach launched at the end of the exercise must be pointed out: a marketing type survey (*Kano methodology*) of fifty Franche-Comté businesses. Its purpose was to test how they perceived different action proposals which illustrate the strategic priorities and to check if the proposed measures were relevant, if expectations of enterprises were homogeneous (*depending on the size or sector type*) and whether it was possible to identify other latent needs. This survey brought some nuances on differences depending on the types of businesses, confirmed interest in actions aimed at strengthening human resources or competency acquisition and highlighted several "*false good ideas*" of actions which were sometimes surprising.
- **Champagne-Ardenne:** In addition to the RIS exercise, a scoreboard was set up by the regional agency on the basis of an annual survey of a growing number of companies. It is expected to become a tool in the future.
- *Investigations and/or series of interviews with firms were also conducted in Bourgogne, Bretagne, Centre, Haute Normandie, Languedoc-Roussillon, Lorraine, Midi-Pyrénées, Pays-de-le-Loire and Poitou-Charentes.*

Involvement of companies was also achieved through participatory **working groups** or workshops held at different stages of the process (*approximately 12 regions out of 26*).

Needs of businesses were also indirectly taken into account through their institutional representatives (*CRCI, professional unions, competitive clusters, etc.*).

Some experiences of original participation methods

In some cases, regions went further by developing **novel participation modes** or by associating business leaders with steering and decision-making bodies.

Box 3.8 - Illustrations by regional cases : (2) Private sector involvement: experiences and novel ways of participation

- **Bretagne:** In Bretagne, the will was to invite 6 business leaders in each working group that met 5 times. But in light of the difficulties of mobilising them over time, an alternative was found in the establishment of a specific group comprised of 40 business leaders involved at two key moments. It should be noted that business leaders were also reporters or presidents of working groups, including the one relating to governance. This contribution was essential to the RIS.
- **Bourgogne:** In addition to operational steering by the four bodies (*CR, DRIRE, DRRT and OSEO*), a *Regional Strategic Committee for Innovation (CRSI)* was set up. An essential characteristic deserves to be stressed. It consisted of 4 business leaders and 4 people from the field of research. These 8 people, not experts of innovation systems, were chosen primarily for their personality and their capacity to bring a different or even critical external point of view, and not as representatives of an organisation. The CRSI voluntarily did not include intermediation or sectorial organisations in order to avoid any prescribing elements. This choice was crucial and was the key to success in Bourgogne. The contribution of this configuration was, firstly, a new and different look on existing support system and on proposals, including from the point of view of companies and secondly, a crossed look and integration of points of view of companies and research players.
- **Midi-Pyrénées:** The *Consultative Committee of Enterprises*, created for the development of the RIS and composed of, among others, entrepreneurs, was maintained as a governing body in charge of participating in the implementation of the RIS. Furthermore, throughout the RIS' elaboration process, a communication effort was made and helped to keep all regional players informed of the process' progress. The large attendance of the public presentation day demonstrated the interest in this communication strategy.
- **Guadeloupe:** In order to develop the strategy, 5 workshops (*governance, valorisation and transfer, opening out internationally, services, and innovation culture*) were set up (*each meeting 3 times*). In each workshop, two thirds of those present were entrepreneurs and one third institutional representatives. The private sector was also represented in the *Strategic Committee* and *Steering Committee*.
- **Languedoc-Roussillon and Alsace :** These regions resorted to "*citizen-entrepreneurs*" to conduct the consultation. These citizen entrepreneurs, identified by the *Regional Council* and consultants, had to contribute to the development of the RIS, but also remain involved in its implementation. Benefits: participation of the private sector at various stages (*sharing and discussion of the diagnosis, identification of issues and defining actions*), involvement and continuation of this involvement. Disadvantage: diagnosis mainly relied on this advisory method and lacked rigor (*data, deepened analysis,...*).

The contribution of businesses and their leaders proved determining

Especially when corporate leaders were actively involved, consultation or the involvement of the private sector was identified as a key success factor by many people.

The private sector, and in particular corporate leaders, brought a new and critical determining look on existing support schemes, on the system's organisation and effectiveness (see Section 4.2.1). In particular, they showed the gap which could exist between, on the one hand, the representation and institutional organisation of the support to innovation and on the other hand, the real constraints and needs of enterprises, and especially regional SMEs/*Very small enterprises* (VSEs) in traditional sectors. In certain cases it brought about greater pragmatism and a collective challenging of the priorities and organisation of the systems in place, in order to better address the concerns of businesses.

3.1.6 Appropriation by decision-makers and state officials

During the first half of 2010, the majority of RIS documents were sent to the *European Commission* under the joint signature of regional prefects and presidents of regional council.

In terms of political validation, the RIS was submitted to the vote of the *Regional Council* in many regions. In the 1st quarter of 2010, the RIS document, or its summary outlining key issues and priorities, was formally approved by the Regional Council (*signed by its President and / or voted in assembly*) in 17 of the 26 regions. In three other regions, it was validated in the presence of elected officials in ad - hoc bodies (*pluri-fund Monitoring Committee, etc.*).

However, with respect to the exercise, appropriation by decision-makers and elected officials is not yet necessarily ensured in all regions and remains a crucial and permanent challenge to ensuring the implementation and monitoring of the strategy in the future.

Indeed, the work was essentially conducted by state and regional service technicians. Decision makers and elected officials did not always wholeheartedly participate in the reflection process, but mainly intervened to validate results at each important phase (*issues or strategic priorities*). There are nevertheless a few exceptions (*Alsace, Bretagne, Bourgogne, Lorraine, Midi-Pyrénées, etc.*) where efforts were closely monitored or carried by a limited number of elected officials, or even only one which may cause problems after elections.

In contrast, in some regions the objective was to validate the results of the work and priorities on a sufficiently broad basis before the regional elections so they could not be questioned. It was necessary however that the document be fairly short, concise and consensual to submit it to the vote of the Assembly.

Box 3.9 - Illustrations by regional cases : Appropriation by decision-makers

- **Bourgogne :** The Regional Council's president closely followed the work personally and the prefect and Regional Council President co-chaired the Strategy Committee meetings. The Regional Council did not wait for the end of the process to start deliberating and launched as early as June 2009 its Regional action plan for innovation (PARI) with a dozen RIS priority actions and on which there was a consensus.
- **Bretagne :** The RIS and its action plan were approved by vote on December 19 2008 by the assembly of the Bretagne Regional Council. Two elected officials (the Vice-Presidents in charge of *economic development* and *research-innovation*) were personally involved in the exercise and followed it closely by ensuring strong political support.
- **Languedoc-Roussillon :** The diagnosis was validated by the prefect and the President of the region in December 2008. The strategy itself was passed by regional elected officials, under its summarised form prepared by the Regional Council. Although few elected officials had a profound interest in matters of innovation and competitiveness, the vote brought strong political support to the approach and contributed to the involvement of enterprises. The personal involvement of the region's President, who monitored and carried the RIS throughout the process, is noteworthy and also had a notable impact on the involvement of different players.

3.2 Status of progress of the process in the first quarter of 2010

Table 3.1: Elements of the RIS document and progress of the process in the first quarter of 2010

	Légende :								Comments :
	<ul style="list-style-type: none"> ● encountered criteria ◐ partial or elements ⊖ criteria not encountered 								
	(a) Existence of shared RIS document	(b) Diagnosis (and/or summary)	(c) Summary of issues	(d) Strategic priorities	(e) Identification of actions (or leads)	(f) Estimation of cost / funding	(g) Validated by elected decision-makers (**)		
Alsace	●	●	●	●	●	⊖	●		
Aquitaine	●	●	●	●	⊖	⊖	⊖	(g) assemblée vote planned for the end of June 2010	
Auvergne	●	●	●	●	⊖	⊖	◐		
Basse-Normandie	●	●	●	●	●	⊖	●		
Bourgogne	●	●	●	●	●	⊖	●		
Bretagne	●	●	●	●	●	⊖	●		
Centre	●	●	●	●	⊖	⊖	●		
Champagne-Ardenne	●	●	●	●	●	⊖	●		
Corse	◐	◐	◐	◐	◐	⊖	⊖	(a) to (g) Existence of consultant document, but not approved	
Franche-Comté	●	●	●	●	◐	⊖	●	(e) examples of possible actions solely for illustration	
Guadeloupe	●	●	●	●	◐	⊖	●	(e) examples of possible actions solely for illustration	
Guyane	●	●	●	●	◐	⊖	◐	(e) leads of possible actions solely for illustration	
Haute-Normandie	●	●	●	●	●	◐	●		
Ile-de-France	⊖	◐	⊖	⊖	⊖	⊖	⊖	(b) & (c) studies carried out and first restitution seminary	
Languedoc-Roussillon	●	●	●	●	●	⊖	●		
Limousin	●	●	●	●	●	⊖	●		
Lorraine	●	●	●	●	⊖	⊖	⊖	(g) consensus within partnership, but drafting not finalised	
Martinique	●	●	●	●	●	⊖	●		
Midi-Pyrénées	●	●	●	●	●	⊖	●		
Nord-Pas-de-Calais	●	●	●	●	⊖	⊖	●		
PACA	●	●	●	●	◐	⊖	●	(e) in the shape of works	
Pays de la Loire	●	●	●	●	◐	⊖	⊖	(e) in the shape of "actions levers"	
Picardie	●	●	●	●	●	⊖	◐	(a) to (g) i.e. initial 2008 RIS document not questioned	
Poitou-Charente	●	●	●	●	●	⊖	●		
Rhône-Alpes	⊖	◐	◐	◐	⊖	⊖	⊖	(a) to (g) Existence of consultant document and preliminary draft, but no consensus	
Réunion	●	●	●	●	●	◐	●		
Total	●	23	23	23	23	13	0	17	
	◐	1	3	2	2	6	2	3	
	⊖	2	-	1	1	7	24	6	

(**) (g) ● = Validation adhoc committee (e.g. : pluri-funds monitoring committee) in the presence of Regional Council elected representatives
 ● = Formal validation by Regional Council - through the President signature or voted in assembly

Almost all regions have a document establishing the strategic objectives of the RIS

In the 1st quarter of 2010, at the end of our investigation, the results are relatively positive since almost all regions (23 regions out of 26) had an RIS document that emerged from a consensus and was validated at least at the level of the technical committee. It presented at least a summary of the diagnosis and/or issues as well as the retained strategic priorities. At the end of the first quarter of 2010, three regions (*Ile-de-France, Rhône-Alpes and Corse*) had not yet been able to achieve such a document or a consensus on the technical level.

Of these 23 regions, the RIS document was validated on a political level in 20 regions, either formally by region (*signature of the region's President and/or voted in assembly*) in 17 regions, or in other ad hoc bodies in the presence of regional elected officials in three regions (*pluri-funds monitoring Committee, etc.*). Among the last three regions, two were delayed, (*Aquitaine and Lorraine*), but there are no blocking situations. The approval of their RIS should not be a problem. In Aquitaine, the document was submitted to the vote of the assembly at the end of June 2010. In Lorraine, there is consensus on the draft document and a strong political support (*involvement of the President and a Vice-President*), but the drafting of the final document was not yet fully completed in order to submit it to a vote of the assembly before the regional elections.

Finally, there is the special case of Picardie (*see regional summary reports for details*) because two phases must be distinguished with on the one hand the initial process that led to a first RIS document presented and validated in January 2008. On the other hand, the revision process initiated in 2008 considered as the launch of the RIS' implementation. This second phase did not lead to a new RIS, but action fiches and a note providing the bulk of guidelines to review the 2008 RIS document.

This first positive conclusion must, however, be made relative and nuanced by the review of the content of the document and background analysis.

13 regions identified and formulated the actions to be undertaken, but without necessarily setting priorities; none really estimated their implementation costs

As previously mentioned (*see Section 1.2.2*), the approach of strategy development is above all an iterative process that includes several steps. Although the definition of issues, principles and strategic priorities is an important step in this process, it is only an intermediate step. To be complete, the approach must also indicate:

- How it intends to reach them effectively, including the modalities the strategy's operationalisation: *defining or adapting an operational action plan, necessary funding instruments and sources, operational governance modalities, estimated costs, division of responsibilities, etc.*
- But mainly what are its action priorities: *ranking of chosen objectives and actions, distribution of funds between priorities/actions phasing, phasing over time, new potential sources of funding to increase support to this policy.*

At these different levels, the results of the exercise are a lot more contrasted, at this stage at least:

- Only 14 of the 26 regions identify the actions envisaged or propose the drafting of a first action plan, but their accuracy levels remain highly variable depending on regions.
- No region has a truly global estimate of costs, funding modalities or the budget and its distribution between priorities.
- Strategic and operational governance modalities rarely go beyond the inter-institutional partnership structure or some principles.

These elements are integral parts of the strategy. Indeed, it is when it comes to mobilising financial resources and seeing how they are used that the real choices and selected priorities appear and can be measured as well as the credibility of the policy.

As reminded by the ADIT methodological guide, *the robustness of the strategy involves limiting public actions to some well chosen priorities and its effectiveness comes primarily through sufficiently vigorous incentives and rigorous monitoring implemented actions*. Some regions have opened many doors, without clear prioritising or phasing items. This is how certain RIS have an action plan with up to 50 new actions. However, they give no indication on their cost, on any possible financial reallocations to fund them and especially, in the current context of scarcer budgetary resources, on the arbitrations necessary for their implementation.

It is precisely on this aspect that a RIS approach can have real added value, by switching from a segmented policy comprised of a juxtaposition of many support schemes to an integrated vision ranking its action priorities to focus efforts on a limited number of priorities.

The definition of the strategy's operationalisation and implementation modalities remains one of the main challenges of 2010 and subsequent years.

Three points have been raised by the regions and deserve to be highlighted at this point:

First, despite the two years provided to carry out this exercise, it has exceeded this time period and some regions did not have the necessary time to start this new step, which should start in 2010.

Moreover, the delay brought the exercise closer to the period just before the March 2010 regional elections making it objectively difficult to make budgetary choices. Even more so as uncertainties remain regarding the reform of local communities and taxation regarding the professional tax.

Secondly, some regions recall that the order was fairly vague as to national and community requirements on the form, level of accuracy and the content of the expected final document.¹²

¹² It must be remembered however that many of these elements were already clearly stated in Chapter 3 *study of strategic priorities* of the ADIT methodological guide.

In this respect, the *European Commission* says it did not want to "lock" the presentation of the final document in a single scheme because of the regions' very diverse features.

Finally, most of the RIS aim to be "umbrella" strategies for the next 10 years. It is therefore difficult to detail specific actions and modes of funding over such a long period, these should be defined along the way. More than the absence of an action plan, it is the opacity regarding implementation modalities which is problematic because everything takes place at this level. It is therefore important that governance systems provide for the development and implementation modalities of the planned actions.

Box 3.10 - Illustrations by regional cases : Some actions already initiated

- In **Bourgogne**, the reflection on the modalities of governance was not yet fully accomplished. The RIS thus presented the governance modalities in the shape of terms of reference outlining its outlines and its principles. Furthermore, the region did not wait for the end of the year to "take over" from June 2009 12 actions deemed priorities and on which there was a consensus to launch them under a first *Regional Action Plan for Innovation (PARI)* on its own budget. The objective was to move forward and avoid their implementation being delayed by the election period.
- In **Languedoc-Roussillon** the RIS as it was passed does not present a proper action plan. That said, once the RIS was validated, governing bodies launched some actions quickly (*first elements regional innovation network improvement, services for "nugget businesses" of the region, etc...*).
- In **Midi-Pyrénées**, the first actions undertaken concerned the setting up of governing bodies (*appointment of an RIS Secretary General, in charge of carrying it out by executing the mission letters of the Steering Committee, launching any complementary studies...*) to enable the strategy's rapid deployment.
- In **Provence-Alpes-Cote d'Azur** guidelines presented in the RIS are deepened in the implementation of *12 emblematic works*. They specify the first actions to be implemented in the coming months, some of which intended to deepen the RIS' strategic guidelines. They allow the region to continue the work although the RIS is not yet translated into a formalised action plan.

By early 2010, almost no region had envisaged in detail the implications of this approach on the 2007-2013 ERDF OP

This is in a large part explained by the elements described above on the status of the process' progress (*delays, RIS not all yet at the operationalisation phase*) and on the aforementioned context (*proximity to regional elections*).

On the basis of the first reflection elements collected, it appears that the majority of regions do not consider at this stage a fundamental revision of the ERDF OP. On the one hand, because OPs had been defined broadly enough to fund a great deal of envisaged actions. On the other hand, development of the OP is often a fragile balance obtained during a negotiation that is always tricky to reopen.

On the other hand, the RIS exercise's impact should be sought more in the alignment of actions and implementation modalities, thus involving a revision of the implementation documents (DOMO) and modes of governance.

3.3 Main conclusions on the process

3.3.1 A success regarding the existence of a RIS in the regions

In 2007, there was not a true formalised orientation document specific to innovation that offered a global vision and was shared by the various regional partners in the regions as understood under the RIS.

The fact that such an orientation document exists in 23 of the 26 French regions constitutes a success in itself. Additionally, it rests on an important and long work of analysis and exchanges and the RIS exercise is positioned in a global and long term perspective.

The RIS approach results initially from a will of the *European Commission* who proposed this exercise to the regions during the OP negotiation, entered it into the perspective of OP revision and monitored it (*presence and reaction in certain technical or works restitution meetings, reports of stages asked systematically in monitoring Committee, etc*), thus maintaining a “friendly pressure” throughout it in order to make it succeed.

In addition, the exercise took place over a sufficiently long period of time (*two years*) for a deep reflection, beyond the negotiation positions or institutional games. This period often made it possible to install a climate of trust between players, having consolidated the inter-institutional dialogue, while making it possible for players to engage in reflections in their field and take time to understand the logic and fears of other players.

Although sufficiently long, the period was also limited in time forcing a tangible result. This dual dimension of time (*long, but limited*) constituted a success factor.

3.3.2 Clear and shared consolidated diagnoses

Most of the efforts made it possible to have a thorough diagnosis shared by the players which must now make way for the deepening of the strategy itself and the ranking of priorities. Most of the time was devoted to the revision and appropriation of the diagnosis, with a particular context (*pre-election period and territorial reforms*) and a shortened timeframe to define the strategy itself and its operationalisation modalities (*actions, ranking of action priorities, modalities of governance and implementation, phasing, funding, etc*).

The exercise initially took part in a collective awakening to the issues related to innovation at the regional level. This thorough work, although it has some limitations (*partly due to the methodology, see next section*), constitutes a long term asset, capital which should contribute to facilitate the implementation of the RIS.

But the exercise is still to be continued in order to define or refine the operationalisation and implementation modalities, integral parts of the strategy.

3.3.3 A useful methodological approach but with limitations

In addition to its instigating effect, the method proposed by the ADIT was useful insofar as it enabled:

- structuring and systematising of the approach, starting from a deepened diagnosis phase to a summary of the issues;
- through *benchmarking* approaches, positioning the region and its performances compared to other reference (*European*) regions, thus taking part in the collective awakening of its forces, but also of its weaknesses and improvement opportunities;
- approaching and analysing the regional innovation system as a whole as well as the players and their relations, including from the point of view of companies and related policies;
- questioning of the system's effectiveness and efficiency by analysing inputs and outputs;
- widening the reflection field to new fields or important themes but generally little investigated in French innovation policies (*demands and needs of companies, advice and private funding, culture of innovation, innovation in services, organisational innovation, intellectual property, etc.*).

But, with use, our interlocutors also underlined some limitations or points to be improved in the proposed method:

- The method was considered to be sometimes too heavy, countable, theoretical or abstract. Substantial weight had been put on the preliminary quantitative analysis, although it does present some limitations. On the one hand, quantitative data is often missing, difficult to collect at the regional level or difficult to interpret. In addition, compared to the investment it requires, the contribution of this quantitative analysis often remains relatively limited with respect to the analysis of regional systems and subsystems;
- It remains strongly directed towards technological innovation in industry. Although other fields are open (*organisational innovation or in services*), the method gives only few elements to approach and develop them;
- It starts from a still very linear vision of the innovation process (*technical research → development → prototype/test → commercialisation*), but other aspects are little taken into account, innovation also being able to originate from the market (*marketing, innovation by uses*) or of inter-industrial bonds (*professional mobility, purchase of not exploited patents, etc.*);
- It is mainly directed towards the diagnosis, on the work on state of play, but it presents only few elements on the development of the strategies or strategic reflection. It also offers few prospective visions "*à la française*" (*technological and socio-economic ruptures to come*) and the "*American way*" (*how do we want the future of the region to look like? what must we do to achieve it?*);
- Although it opens the reflection field to new sets of themes, it only gives few tangible examples of actions or examples of good practices drawn from experiences of French or European regions;
- The methodology must be taken for what it is: a general guide. It nevertheless requires important work in order to adapt the methods to the regional contexts.

3.3.4 Important role played by external supports

Regions rather largely relied on external contractors to carry out part of the work of the RIS exercise, in particular during the diagnosis phase, but also under the development of the strategy and the final drafting of the RIS. Although this contribution was often important in bringing method and results over time, the question of the appropriation of the approach and its results by the regional partnership arises naturally. On this subject, situations are very variable from one region to another. All in all, in most regions, steering players took ownership of the consultants' work while remaining, in certain regions, critical regarding the conclusions of this work. In certain cases, the approach would have nevertheless benefited from being more internalised in order to ensure a longer term appropriation and capitalisation.

Two remarks can be made on this matter.

The first relates to the way in which the interactions between the consultant and regional partnership were conceived and implemented. Indeed, it is not so much the volume or share of the work entrusted to consultants which is determinant, but the manner in which the contractor was brought to interact with the regional partnership. This concerns the way in which the modalities of governance and exchanges by the bodies in charge of the RIS were designed and were translated in the terms of reference and the modality proposed by the consultant as well as degree of involvement, active participation and appropriation of the approach by the latter during various phases.

The second relates to the leading and organisational capacity of consultants. From their competence and the new and neutral external view they brought (*above the game players*), consultants could have played a determining role of leading and moderation which no local player could have assumed according to several interlocutors. It is probably where they were not necessarily expected that they brought real added value, in particular during the summary of the issues and the strategy development given the condition that care was taken not to replace the regional partnership.

Let us finally underline that it appeared to us that by focusing on key issues, rather logically to advance the exercise, certain studies were not always entirely valorised or were under-exploited. It could prove interesting to attentively read them again at the end of this RIS exercise, from the regional point of view or in a perspective of capitalisation at the national level.

3.3.5 A local appropriation of the approach which developed from an exercise which remained rather institutional

From an exercise which remained as a whole rather institutional, mainly mobilising the services of the State and Regional Councils, the players involved in the RIS approach gradually took ownership of the approach and proposed method. This appropriation progressively developed along the way of the progress of the work and the growing interest in the RIS exercise. In several regions, a dynamic started and the approach gradually extended to a greater number of players.

The development of a regional strategy is necessarily an exercise of institutional nature. It is relatively logical that the appropriation of the exercise by the players be progressive and/or partly in function of the effective implementation of the planned actions. As such the selected modes of development could have positively influenced the exercise's visibility to regional players of innovation, and the latter's involvement.

The involvement of the players and business leaders in the exercise could have created a dynamic in certain regions, a consensus and legitimacy to the RIS which facilitated its appropriation.

This dynamic launched under the exercise thus deserves to be continued and reinforced in order to consolidate the appropriation of the approach's results by all players of the innovation chain.

But it is also necessary to recognise certain difficulties encountered in the setting up of a truly participative approach and the definition of shared objectives. It often remained at the stage of consultation or collective validation, rather than an involvement in the decision-making or an active participation in the proposals. Regions also hesitated or encountered difficulties mobilising certain types of players (*companies, elected officials, local education authorities, ESF, etc*).

3.3.6 Involvement of the private sector : a success factor, although difficult to implement

In particular when business executives were involved in an active manner, the consultation or the involvement of the private sector was identified as a key factor of success by a considerable number of interlocutors.

Regions sometimes hesitated or had difficulties setting up a truly participative approach directly involving business executives, in particular on the strategic part.

Effective modes of participation and consultation of the companies to the process and governance nevertheless still remain a significant challenge, as much on the level of the continuation of the exercise, as in the future for the monitoring of the strategy. Although many initiatives were taken, most regions encountered difficulties finding the right formula and/or hesitated/had a difficult time associating the companies beyond preliminary consultations or big public demonstrations.

The first level of involvement concerns the institutional representatives of companies (consular, clusters, etc). Although they can bring interesting insights on the situation and needs of companies, the mobilisation of business executives brings additional added value. On the one hand by anchoring the reflection on the reality on the ground, and on the other hand, by creating a space of comparison which contributes to reinforcing the dynamics of regional innovation.

Several original experiments were initiated, associating business leaders and citizen entrepreneurs to the exercise's governance (*Alsace, Bourgogne, Bretagne, Midi-Pyrénées,*

Languedoc-Roussillon, etc.). Let us stress that these regions, more advanced in terms of business leaders' active participation in the governance of the RIS exercise, all identified this participation as one of the main success factors and decided to prolong or reinforce it in the RIS' monitoring and implementation bodies.

3.3.7 Scarcely present categories of players which limit the scope of the approach

Several categories of players were scarcely present in the exercise, either because they were not associated, or because they did not come, thus limiting the scope of the approach and the possibilities of making the interventions coherent. They are in particular players generally dependant on policies mainly concerning the national level.

The local education authorities were almost entirely absent although in certain cases they had been invited and that human capital was identified as a key issue. Apart from some exceptions (*Auvergne, Guyane, Franche-Comté, La Réunion, etc.*), the ESF (*DRTEFP*) and the *European Agricultural Fund for Rural Development EAFRD (DRAF)* were generally not associated, whereas potential links appeared clearly (*human capital on the one hand, agro-resources and the environment on the other*).

Research and higher education players did not systematically mobilise themselves either. The situation is rather variable from one region to the other but in many cases (*Champagne Ardennes, Auvergne, Pays de La Loire, etc.*), their involvement was weak or even non-existent. A variety of elements can explain this difficulty to further integrate this important component of the innovation system: a culture which remains strongly academic, an emphasis placed on companies (*market pull* approach), the distribution of competences which makes research depend primarily on national funds, a difficulty to develop territorial strategies for research efforts.

It should also be stressed that the working groups were often, and rather naturally, organised around three sets of themes: research, intermediation services and companies, without necessarily establishing the necessary links between these three components of the innovation system and not contributing to bringing together research and companies.

Secondly, whereas *Oséo-innovation* remains one of the main innovation funders and is in direct contact with the regional companies, its place in the exercise was very variable depending on regions: in certain cases, it took an active role in the steering team, in other cases it played a regulatory role between State and Region based on the companies' point of view, or finally in certain cases, it was not associated or did not wish to become more involved than other players.

Lastly, innovation policies can involve important territorial challenges. On the one hand, local communities (*General Councils and agglomerations in particular*) have competences in terms of economic development. In addition, the *Chambers of Commerce and Industry (CCI)* and *CRCI* are also in direct contact with companies, and in particular regional SMEs which should constitute one of the RIS' targets. Their participation in the exercise was also very variable depending on the regions with different logics. In some cases, they were not

associated, were not concerned or did not mobilise themselves. In other cases, on the contrary, their involvement was at the heart of the selected strategy, with the aim on the one hand, to link and integrate innovation to economic policies and, on the other hand, to reach traditional regional SMEs, less sensitised to innovation.

There remains a certain difficulty for these organisations to depart from local instruments and support reforms carried out at a higher institutional level.

3.3.8 A major issue: the political appropriation of the approach

From the exercise, the viability of the approach and strong governance remains strongly related to the approach's political appropriation, in particular by the new teams in place. It is still not yet necessarily ensured in all regions and it remains an essential and permanent challenge to ensure the implementation and monitoring of the strategy in the future.

4. Contributions of the RIS exercise and inflexion points in innovation policies

The objective of this chapter is to show the RIS' contribution towards carrying out innovation policies in regions and on the evolution of the role/ place of innovation in regional development. More specifically, this chapter aims to shed light on the approach's contribution to

- the understanding of the issues;
- evolution of strategic priorities;
- actions to be carried out ;
- and modes of governance.

It does not seek to cover in an exhaustive way all changes made but to show the main points of inflexion which emerged from the analyses by region.

4.1 General contributions of the RIS exercise

Compared to the approach which existed in 2007 in a majority of regions, a significant evolution in the manner of approaching innovation in regions occurred.

The RIS exercise firstly permitted a specific focus on innovation and contributed to giving a global vision of issues as a system, with various components (*research, intermediation and SMEs*) presenting strong interactions.

Moreover, the RIS exercise showed and contributed to creating awareness in regions about the fact that innovation was not an isolated sectorial policy, but played one **central role in regional development strategies**. Innovation is linked to many other policies and concerns all stakeholders. This exercise made it possible to adopt a common language and to demythologize innovation ("*it is not for me*" syndrome). The exercise made it possible to open the field of innovation to the greatest number, with a marked guideline of "*innovation for all*", for the regional TPE/PME (*cf. Section 4.2.1*), including in non-technological or service sectors (*cf. Section 4.2.5*).

But the exercise especially brought players to a **shared vision of the diagnosis** (*the region's strengths and weaknesses, in particular while making the comparison with other regions*) and a **collective awakening to the issues** related to innovation in a long-term projection.

The approach, necessarily partnership oriented, consolidated an inter-institutional dialogue, exchanges and meetings of the players. The discussions were often rich making it possible to better understand the roles, constraints and logics of each player. Bonds of trust were woven.

Lastly, the exercise made it possible to stress the importance of coherently linking the policies carried out by the various levels and institutional players. The RIS constitutes a first stage in this direction, but this consistency remains an important issue.

4.2 Expected inflexion points: comprehension of the issues and strategic priorities for innovation policies

As underlined in Chapter 3, the RIS approach made it possible to consolidate an incomplete diagnosis for many regions. This necessarily brought about the questioning of the comprehension of issues, although this revision is more about inflexion than rupture.

These inflexion points consisted of changing the order of priorities, by putting the needs of SMEs/VSEs first and by raising the question of the effectiveness of support system provided by public players. These important changes are already reflected in the effort made to go further in certain points of the diagnosis. As indicated in the frame below, 10 regions launched a specific study on the needs of companies; innovation systems were analysed in a global way by 10 regions whereas the issue of research valorisation also mobilised more than a third of regions.

Main topics covered by studies: *(non-exhaustive list and minimum accounting by region since certain studies were global)*

- Study on the needs, expectations of companies/inventory of practices/ barriers to innovation in companies *(in min. 10 regions)*
- Global components and/or international *Benchmarking* *(in min. 10 regions)*
- Knowledge producers *(in min. 7 regions)*
- Valorisation of research findings *(in min. 9 regions)*
- Strengths in terms of research /innovation capability: *technological /sectorial fields, etc* *(in min. 7 regions)*
- Funding of innovation projects: *public structures and role of financial organisations and risk capital* *(in min. 6 regions)*
- Functioning of intermediation system: *players and their relations, implementation of partnerships, readability, co-operation, effectiveness* *(in min. 9 regions)*
- Emergence and development of a private sector supply of assistance and advice to companies in particular SMEs *(in min. 5 regions)*
- Innovation in the service sector *(in min. 4 regions)*
- Innovation culture *(in min. 2 regions)*
- Private R & D activities *(in min. 2 regions)*
- Study on bio-resources/eco-technologies *(in min. 2 regions)*
- Competencies /qualifications of human resources *(in min. 2 regions)*

In addition, the manner of approaching these issues notably evolved following the work carried out, as illustrated in the following points.

4.2.1 Refocusing on SMEs/VSEs and their needs, in particular on regional SMEs in traditional sectors

The March 28, 2008 letter to all regional Prefects already clearly indicated that the RIS must *first and foremost aim at improving the performance of French companies, in particular SMEs in terms of innovation*. Companies and SMEs in particular, thus constituted one of the key entry points of the exercise and the final goal of the RIS approach.

For this purpose, various initiatives were taken¹³ under RIS exercises in order to consult or involve, to differing extents, companies, in particular SMEs. Companies brought in particular a new and critical determinant look on existing innovation support schemes and the system's organisation (*see Section 4.2.3*). They forced a collective questioning of the systems in place to a greater pragmatism in order to address the concerns of companies.

The consultation and involvement of companies constitute an important contribution of RIS exercises and a turning point with respect to the initial situation and the OP's development process.

Improved understanding of companies' needs

The RIS exercise revealed the **needs and constraints of companies** in their innovation efforts, and more specifically SMEs.

It came out in particular that:

- The needs/constraints of SMEs/VSEs are more related to human resources and competencies than financial needs alone;
- The existing policies and structuring of regional innovation systems were far from readable or accessible to companies, in particular SMEs;
- They were especially the reflexion of an institutional reading and construction, based on the support knowledge creation structures (*research*) and services (*intermediation, transfer*) or linked to the organised subsectors,¹⁴ but not really on the concrete needs and constraints of companies, in particular those of traditional moderately or scarcely innovating SMEs;
- SMEs, and a fortiori the VSEs, have a perception of innovation centred on technology which would be reserved to an "elite" (*large companies or a restricted number of SMEs with average or high technology*). But innovation is rarely an integral part of the management of these companies, in particular in traditional regional SMEs;
- Companies demand that support structures support them under a genuine partnership and not in a "culture of assistance";
- The assistance support schemes are scarcely adapted to supporting innovation processes downstream (*funding of project maturation phase, marketing, services, etc*).

¹³ See Section 3.1.5: specific consultation/ investigations of companies under the diagnoses, invitation of companies to restitution meetings, involvement in consultation or working groups or even in some cases, integration of business executives in steering committees, etc.

¹⁴ This comes from a historical representation based on a principle, which was proven over time, that the availability of a supply knowledge or services causes the request, in particular of companies. It is thus not a question of opposing an approach by supply, but to see to what extent it can be usefully integrated into or supplemented by other approaches.

A central finding: a difficulty to reach traditional regional SMEs

While posing the question of innovation on a regional scale with a global vision of the regional system, a central finding was dominant in the majority of regions. The policies and support system only reach a small number of companies which are already innovation oriented, and do not truly reach regional SMEs (*in particular in traditional sectors, subcontracting, the service sector*), despite constituting the core of the productive regional tissue. This finding is not really new but it appeared in a yet more obvious way, in particular under the surveys carried out at these SMEs as well as in the work undertaken in parallel to the RIS, like the evaluation of competitive clusters.

Reorientate the support schemes based on the needs of SMEs and widen the circle of innovating regional SMEs

It thus quickly appeared for these regions that the added value of the RIS compared to existing support system, in particular with respect to national policies, lay precisely in the contribution of answers allowing regional SMEs, in particular in traditional or little structured sectors, to enter in innovation approaches and thus to widen the circle of the innovating companies.

This concern appears in a transverse way in the large majority of RIS. It constitutes one of the elements which justified the majority of inflexion points in the approaches adopted under the RIS: *on the level of improvement of the regional innovation system's effectiveness, the inter-subsectors, promotion of human resources, non-technological innovation or in the service sector, etc.*

More generally, the willingness to move innovation policies' centre of gravity towards the regional companies and SMEs is observed in the majority of regions. In particular, it is a question of "replacing" companies at the centre of reflections and reorientating policies and all support schemes (*research, higher education, etc*) on the needs of the regional economic fabric and SMEs in particular. This aim constitutes a strong characteristic of the RIS exercise.

Box 4.1 - Illustrations by regional cases: Policy focused on the needs of companies and SMEs in particular

- **Nord-Pas-de-Calais** developed a specific approach intended to widen the circle of innovative companies through a **SMEs 2000 Plan**. The study of the assistance structures and company needs underlined the deficiencies of the regional support system in terms of creating awareness, emergence and assistance to innovation of SMEs outside specialised subsector. This new plan aims at involving 2,000 SMEs within 3 years in a development project by implementing a global and systematic prospection plan, coordinated at the regional level and focused on high potential SMEs. In order to approach SMEs, they will be contacted within the broader framework of their global development strategy, without restricting it to innovation.
- **Bretagne**: In order to reach SMEs less inclined to innovate, the RIS proposes the improvement of their innovation management capabilities, in particular by supporting the “*innov' player*” in companies. This is one of the key actions inspired by good practices at the European level.¹⁵ It aims at identifying, training and assisting a resource person, the “*innov' player*,” leader of innovation.
- In **Alsace**, the set up of a “*toolbox*” aiming at supporting innovation in companies was planned: innovation cheques for access to advice, insertion of young graduates in SMEs/VSEs, a regional innovation web portal, readability, organisation and qualification of the regional innovation network, reinforcement of funding capabilities of innovative companies, the setting up of an entrepreneurs club...
- In **Aquitaine**: In order to widen the circle of innovating SMEs an axis is dedicated to raising the technological level of companies with priority to SMEs. It is about making executives of non or little innovating SME improve their performance, increasing their collaboration with the knowledge producers, introducing “*grey matter*” (*engineers, researchers, technician, support to continuous training, support local supply by inviting engineering schools and company-student exchanges, etc*) and making competitive clusters contribute more to SMEs elevation in exchange of granted supports.

Raised issues

- Although the exercise led to SMEs needs being better taken into account, these needs still remain badly understood and would require to be deepened.
- Effective modes of participation (*involvement and consultation*) of companies in the RIS development and monitoring process will remain an important challenge in the future.
- It is necessary to find good balance in the combination of on the one hand transverse actions intended for all companies and regional SMEs in particular, and on the other hand a concentration of the means on key fields or targeted actions.
- To reach regional SMEs, it is necessary to highlight the links and the bridges between economic development (*in particular those by local authorities*) and innovation (*as a general function of SMEs management*).

¹⁵ Good practices identified under the Interreg IVC's ERIKAction programme.

4.2.2 Beyond sectorial and/or subsectorial support structures

Findings

In recent years, a part of the players of regional innovation systems was gradually structured by sector or subsector (*around competitive clusters, clusters, etc.*).

The reflexions carried out under diagnoses nevertheless highlighted some limitations of an approach focused exclusively on subsectors. Indeed, firstly, the subsectors cover only a limited number of companies and cannot reach a significant part of the regional productive fabric. Secondly, it leads to adopt approaches relatively partitioned regarding themes, territory or players/businesses, which are strongly dependent on the dynamism of the leading structure. Thirdly, an exclusive subsector approach limits the potential of true rupture innovations (*at the intersection of subsectors or technologies*) and does not necessarily allow a more prospective vision targeted at new emerging fields/markets out of the established frameworks.

Lastly, although *Competitive Clusters* became players that are impossible to ignore, traditional or sub-contracting regional SMEs still have a hard time truly integrating themselves into it and being true players. Big companies and a limited number of technological SMEs located in or out of the region mainly profit from these competitive clusters.

The RIS do not however question the organisation and approaches by subsectors, in particular through the national subsectors structuring actions and competitive clusters. On the contrary, they remain privileged frameworks of dynamic and regional system structuring.

Inflexions and/or action leads

But to avoid being locked in and to open new development possibilities for the regional economy, the majority of RIS proposed new complementary initiatives. They aimed to move or surpass the borders of existing structured subsectors and clusters. It was also a question of exploiting the richness of transverse approaches, disrupting habits and involving new regional SMES in an innovation process.

This covers various aspects and results in fundamentally new approaches for certain regions.

Firstly, many regions (*Alsace, Nord-Pas-de-Calais, Poitou-Charente, etc.*) launched under the RIS prospective approaches aiming at identifying new fields, markets or emerging fields. They are often topics related to the fields of the environment, eco-industries, ageing, health, TIC, etc.

Secondly, the traditional linear approach based on the support of technological supply (*seek technical research → development → prototype/test → marketing*) also can be usefully supplemented by other approaches, innovation also being able to come from the market (*marketing, innovation by “uses” or “social demand”*) or from inter-industrial links (*professional mobility, purchase of non-exploited patents, etc.*). Several regions integrated and/or experimented

with these new approaches based on uses or the market (*Limousin, Basse-Normandie, Nord-Pas-de-Calais, PACA, etc*) under their RIS.

Thirdly, RIS tended to promote and intensify on the one hand **interdisciplinarity**, aiming to mix competencies and on the other hand, meeting and inter-subsectors exchange possibilities.

For this purpose, several regions worked to redefine the contours of *strategic activity fields, thematic transverse programmes* or *beneficial inter-sector convergences*. The objective was to decompartmentalise and surpass existing structures in order to revitalise the network of players, to stimulate exchanges and to explore new development niches.

These various dimensions often involve changing funding logics, by moving from direct funding to supply structures to a logic of funding by projects.

In certain regions they were also a way of refocusing support schemes and concentrating means on the concepts of expanding fields/markets or activity fields rather than sectors/subsectors. It was mostly about mobilising traditional regional SMES.

Box 4.2 - Illustrations by regional cases: Beyond the subsectors.

- **In Alsace and Languedoc-Roussillon**, the identification of expanding inter-sector convergences (the *green economy, health and well-being in Alsace, vineyards, tourism and TIC in Languedoc-Roussillon etc*) must enable the structuring and revitalisation of the network of players.
- **Auvergne** : A project invitation was launched to support the reinforcement of clusters in expanding fields, with the obligation to set up a collective approach involving at least one research partner. This invitation deviates from the traditional policy of subsector support, making it possible to develop multidisciplinary projects and thus marks a change of course.
- **The Midi-Pyrenees** : Although the diagnosis identifies priority regional subsectors, the strategy is exclusively made up of transverse measures. This results from a political decision and is explained by the fact that actions focused by subsector are already carried out by the State, in particular through competitive clusters. At the time of the RIS' implementation, these transverse actions were however declined by subsector, and the monitoring and evaluation of the RIS' impact consequently will be carried out at the sectorial level.
- **Nord-Pas-de-Calais** : To go beyond the strategies of the six existing Clusters, the RIS proposes to concentrate means based on a new reading by *Strategic Action Field (DAS)* redefined based on five criterion (the *market, distribution networks, associated technologies, geographical perimeter and prospective*) giving a different reading of current Cluster contours. They led to 11 DAS each addressing a particular issue, including four focused on the emergence of new subsectors. The objective is to encourage new collaborations and new projects and to better focus the actions.
- **PACA**: The study on strategic activity fields made it possible to identify emergent transverse fields which have regional specificities and are likely to lead to market dynamics. Of this study, two large differentiating themes were identified in the strategic orientations: "*Creative economy*," for an ensemble of various economic and cultural activity sectors of which the strongest development potentials in the region are at the crossroads of cultural creation and advanced technologies (numerical creation, audio-visual productions, multi-media, video games, new media) and "*sustainable Mediterranean*," with 7 strategic fields to deepen: sustainable construction and urban ecology, healthy Mediterranean nutrition, transport and sustainable mobility, risk management, new energies, resource management of Mediterranean ecosystems and digital technologies applied to sustainable development.

Raised issues

Although regions expressed their willingness to develop their approaches in this field, they do not always display the precise modalities to achieve this, make projects emerge in this field, or fund modalities.

4.2.3 Analysis of regional innovation systems and improvement of their effectiveness

Findings

The improvement of the operation of the regional system appeared or was confirmed as one of the RIS' main challenges insofar as it constitutes the first condition of effectiveness of implemented policies.

The diagnoses offered a global image of regional systems by highlighting the importance of means¹⁶ in terms of structures and staff dedicated to supporting research and innovation in each region. Several persons declared that the number of participants present in the territory had often been a surprise and that the simple mapping of these already constituted in itself an important achievement of the exercise.

But the diagnoses especially highlighted a lack of effectiveness and efficiency since, compared to other European regions, performances of regional systems did not necessarily live up to the significant human and financial resources used. **Difficulties encountered in regions are less related to the means available to support research and innovation, than to the difficulty of making good projects emerge.**

These efficiency problems are in a good part ascribable to the organisation and coordination of these means in the territory and the operation of regional innovation systems. The diagnoses in particular showed that:

- Innovation support systems are **complex, fragmented** in a large number of small structures (*according to funding bodies*) and **not very readable** for companies. They are the product of an institutional reading, and reflecting French institutional complexity, **based on direct support to knowledge supply structures, and not the needs of companies.**
- There is a lack of **global coordination** of regional systems and exchanges among players. This coordination is made difficult by the very large number of structures and because of the French institutional organisation. Moreover, there is no clear distribution of the missions between all players or true **specialisation** of these. Each one tending to act according to its own logic, or that of its funding body(ies), with a certain propensity to assume a general service rather than to lean on the expertise of more specialised players.

¹⁶ The number of participants in Bretagne, for example, represents 341 full time equivalents, distributed over 90 structures. This same finding appeared in other regions in a proportionally similar manner. In PACA, the Regional Network of innovation represents approximately 300 ETP distributed over 62 structures. Over half of these structures have only 3 people, inducing an important fragility in terms of professionalism and duplication of means.

- The global vision of the system, confronted in certain cases to the needs of companies, highlighted **fields not yet covered** and **redundancy**.
- Systems and approaches often remain partitioned or segmented between: 1) research, higher education, 2) structure of the scientific and technical intermediation and promotion of innovation in companies (*transfer, technical centres, etc*), 3) support players of first line economic development (*consular, etc*).
- A concentration of players and support schemes on a restricted number of big companies or already innovating companies.
- Competences and qualifications of the personnel working within these support structures are variable, but a finding emerges nevertheless: there does not exist or there are only a few actions aiming to improve their qualification or harmonising working methods and a lack of “ *experiences under competition*” is observed, i.e. significant previous experiences of work within industrial companies (*tendency to “juniorisation” in certain cases*).

Inflexions and/or action leads

In-depth improvement of the operation of the regional innovation system and its effectiveness is in almost all regions the RIS’ first priority, with various finalities, among which:

- Improve coordination of the actions and players, in particular by the designation and reinforcement of the structures in charge of coordination;
- Reinforce the network of all players;
- Specialise, redefine or better circumscribe the role and missions of each player;
- Adapt players’ funding methods by working on the funding of projects in expanding fields, objectives contracts, requests expressed by companies (*companies receive assistance and choose service provider*), rather than a direct subsidy to knowledge supply and service structures;
- Supplement the support system where shortcomings were identified;
- Refocus support schemes on the needs of companies, including research and higher education ;
- Improve training and qualification in innovation support organisations;
- Reinforce exchanges and bridges between players (*internal and external to territories*) ;

Box 4.3 - Illustrations by regional cases: Improvement of the intermediation system

- In **Basse-Normandie**, a key issue is to favour, in the support to innovating projects, a functional approach and a “project logic” to the detriment of the counter logic which prevailed until then. It is about funding innovative projects, rather than structures. This requires to offer companies a non-segmented supply and to increase the cooperation and coherence of the various players and schemes of innovation support.
- In **Auvergne**, the need to better coordinate the innovation assistance schemes to companies was underlined and the RIS proposes in particular the reinforcing of relations between structures to improve the support system’s overall effectiveness. There is nevertheless still no agreement on the solution to this question, some wishing to gather these structures within a *House of the Enterprise and Innovation* (MEI) with a single management structure and allowing the development of a single innovation policy; others preferring to reinforce existing coordination as a network. The MEI could gather all active structures (assistance structures, valorisation cells, FRI, emergence funds, INPI...) under the aegis of an orientation committee made up of companies, the RC, State services, the PRES and a coordination body. This initiative could, if it is chosen, be proposed under a “*large national loan.*”
- **Provence-Alpes-Cote Azur** : The study on the evaluation and evolution of *Regional Innovation Network* (RRI), created in 2007, and the intermediation system permitted the refining of the diagnosis and the identification of certain weaknesses. Following these findings, the RIS proposes the reinforcing of the supply of assistance (quality, articulation between private and public sector, better effectiveness of the communication to those in charge of projects, etc) and to place at the disposal of companies the competences and funds necessary to innovate (to fill the deficiency in the range of funding tools, integration of private resources in the support schemes, etc).

Raised issues

Some complementary remarks:

- By refocusing the RIS and support schemes on companies, the centre of gravity of regional systems moved, sometimes going as far as not taking into account research or higher education. Although a refocusing was probably necessary, research and the needs of companies should not be opposed but on the contrary, work on the integration of these two components’ players is required.
- Although it was discovered at the diagnosis stage that there were a high number of players, the regions did not decide during the exercise to limit this number. On the other hand, several regions believe that changes in the implementation modalities (*invitations to projects, objectives contracts, periodic evaluations...*) should gradually take part in the rationalisation of their regional innovation system.
- The need for a “*single counter,*” the only entry point of all company requests, was expressed by the private sector in certain regions because of the lack of readability and accessibility of the regional system. In response, the RIS propose rather “*a single player network*” with multiple entrance points, by reinforcing the coordination structure (*but not necessarily in contact with companies*), the redefinition of each player’s missions and, in certain cases, their specialisation.
- Except through some studies (*Alsace, Auvergne, Centre, PACA, etc*), the topic of private advice supply was relatively little evoked as such or directly integrated into the RIS. It nevertheless is indirectly integrated in certain cases through the approach of funding by company requests as in Alsace, in Languedoc-Roussillon (*VIP Service*), in Guadeloupe (*labelling and advice cheques*), etc.

4.2.4 Human resources, a key factor of innovation

The diagnoses highlighted or confirmed that competences and human resources constitute one of the determining factors of innovation, and on all levels. Human capital thus took a central place in the majority of RIS, even constituting a key transverse priority in several regions. Regions developed actions aimed at valorising grey matter, reinforcing human capital and competences, attracting and developing talented individuals' loyalty as well as improving qualifications in innovation support jobs.

At the level of companies, the analysis of business needs revealed in several regions that, more than financial means, human capital constituted the main factor limiting innovation in companies, in particular in traditional SMES: *availability and competences of personnel and executives, innovation culture in companies, integration of innovation as a normal function of management, etc.*

This essential finding led many regions to supplement, review or refocus their policy in order to reinforce human resources in companies: set up innovation project management training modules for companies (e.g.: *Bourgogne, Alsace, Champagne-Ardenne, Nord-Pas-de-Calais*), introduction of grey matter into SMES (*engineers, researchers, continuous training, company-student exchanges, etc*), identification and training of a favoured interlocutor within SMES to manage innovation programs.

Box 4.4 - Illustrations by regional cases: Human resources (at the level of companies)

- **In Franche-Comté**, a survey carried out in about fifty companies highlighted the interest of companies for actions aiming to reinforce human resources or the acquisition of competences (e.g.: “*Mister innovation*,” mutualisation of an engineer, fresh logistic for trainee orientation, innovation cheques, etc). The will to reinforce the quality and quantity of human capital dedicated to innovation constitutes the key transverse priority of the RIS. Actions which will be committed with priority within the strategic axes should contribute to supporting non-material investments rather than material. The objective is to improve human capital at all levels: recruitment of qualified or highly qualified personnel, making available and mutualising competences, training and creating awareness at all the levels, mobility of competences, interaction and relations between companies, etc
- **In Bourgogne**, support to human resources and development of competences took a central place in the strategy, aiming to shift from a logic of equipment and structure operation funding to a logic of supporting the grey matter of innovation projects. The region foresees setting up a training module of entrepreneurship and innovation in higher education, the setting up of assistance for the recruitment of “engineering of innovation” project leaders and a continuous innovation project management training for companies.
- **Champagne-Ardenne**: The importance of training was clearly put forward and several actions are considered: creation of a *Training Committee* linked to the *Matériaux* cluster, creation of a training aid for companies, training focused on emerging sectors, the setting up of a “*common*” module on the management of innovation and the entrepreneurship and a measure aiming at supporting innovation internships in companies.
- **Centre**: The RIS set forth the importance of human capital reinforcement by devoting a specific strategic guideline divided into two components: organisational and social innovation (management of positions, knowledge, work processes, social dialogues, etc) as well as the training and qualification of the population. Within this framework, some action leads were identified, such as structuring the HR for innovation and the setting up of HR focused assistance in companies.
- **In Bretagne and Nord-Pas-de-Calais**, the setting up of *management/innovation Project leaders* training modules for companies was proposed.
- **Alsace** : The creation of a higher school of innovation and creativity and the development of a program aiming at attracting private R & D teams are considered.

At the regional system level, several initiatives were taken to improve the training, qualification and expertise of innovation support jobs and organisations, whereas this topic is almost completely absent in the OP (e.g. in *Aquitaine, Basse-Normandie, Bourgogne, Midi-Pyrenees, Guadeloupe, Martinique, Reunion, Limousin, Languedoc-Roussillon, Nord-Pas-de-Calais, etc.*).

Box 4.5 - Illustrations by regional cases: Human resources (at the regional system level)

- **Languedoc-Roussillon:** a professionalisation of the Regional Innovation Network and financial intermediaries is proposed so that the latter are able to evaluate the robustness and relevance of projects, including non-technological projects. This point appears essential under an “innovation for all” strategy.
- In **Basse-Normandie, Bourgogne, Midi-Pyrenees, Guadeloupe, Martinique, Reunion, Nord-Pas-de-Calais** and **Limousin** actions are planned to professionalise innovation support organisations (transfer structures, etc) as well as reinforce competences of assistance structures and project leaders.
- In **Nord-Pas-de-Calais**, a specific study on “*identification of competences of main assistance structures to companies in Nord-Pas-de-Calais region and their adequacy with the needs of companies*” was carried out under of the RIS. This study shows that overall the assistance structures have the necessary competences, but the competing experiment (*minimum industry experience*) of seniors is relatively weak (*less than 30% have more than 5 years experience in company*) inducing a tendency to “*juniorisation*” of clusters and finally raises certain deficiencies in terms of innovation management tools.

At the territory level, certain regions have difficulties retaining or encouraging their young graduates to return or attracting the necessary high level profiles. Various actions were proposed in this direction.

Box 4.6 - Illustrations by regional cases: Human resources (At the territory level)

- **Guyane:** Several actions aim at creating an attractive environment for the recruitment of Guianese graduates, to encourage them to remain or return and to facilitate their relation with SMEs, to adapt supply of local training to the needs of companies, in particular within the traditional subsectors. The aim is also to give SMEs access to competences available within leading contractors present in the territory by setting them in a network.
- **Centre:** A reflexion is under way to make the region’s territory more attractive and to attract and anchor high potential executives. Moreover, the Tours University developed an initiative to enable SMEs to integrate high level junior managers: the Staginno initiative. Under this initiative, an end of study internship can be prolonged one year thanks to a Fixed-Term Contract (CDD) held by the University to finalise a project or to structure a position in the company. In addition, 30 industrial missions are planned by the students of the Val de Loire “Ecole nationale d’Ingénieurs.”

In certain cases (*Bourgogne, Franche-Comté, etc*), the aim is to try to rebalance the object of funding, by favouring the support to intangible investments (*in “grey matter”, i.e. in human means, improvement of competences, training, etc*) over the funding of equipment or infrastructures.

Raised issues

- Current innovation support instruments at the national or Community level (*and in particular ERDF*) and their methods are not necessarily adapted or are not appropriate to the support of non-material investments or human capital. The ESF in France remains directed towards inclusion policies and remains difficult to mobilise under innovation policies. It would thus be advisable to evolve or adapt these instruments accordingly or develop new support measures.

4.2.5 Non-technological innovation and innovation in the service sector

Findings

At the beginning of the exercise, the majority of the players' and companies' understanding of innovation was generally rather restrictive, because it focused on strong technological innovation mainly in the industry sector.

Inflexions and/or action leads

The RIS approach clarified this vision and opened the concept of innovation to other fields still ignored or little invested by the policies carried out in regions. The RIS express a strong will to invest more in these new fields.

So called **“non-technological” innovation**. Beside the traditional concepts of product or process¹⁷ innovation, it is necessary to add the less widespread concepts of organisational innovation (*company structure, workload organisation, knowledge management, or relations with external partners*) or marketing (*design, methods of sales, distribution channels, supply of associated services, new markets*). Innovation thus does not depend only on technological factors, but also relates to the way in which companies organise and use their production factors in the entire value chain.

The majority of the regions integrated these new concepts in their reflexions and strategies. But, beyond the expression of a willingness to commit themselves to it under the RIS, the finding is that regions are still scarcely equipped in these various fields, have difficulty proposing concrete actions or clash with the funding modalities of the current support system.

However, for several regions, this widening of the innovation concept is an essential component of their strategy, because it could allow:

- SMES of traditional sectors, not very inclined to innovate, to enter a reflexion and innovation approach and to thus widen the circle of innovating companies;
- innovation to become common place by integrating it as a normal management aspect;
- establishment/reinforcing of the link between economic development policies and innovation support policies and their players.

¹⁷ Cf. the definition of innovation by *Organisation for Economic Cooperation and Development* (OECD) in Oslo manual and retaken by the ADIT methodological guide:

“Product innovation is characterized by the market introduction of a new or clearly modified product (good or service) taking into consideration its technical specification, its fundamental characteristic, built-in software or all other incorporated material or non-material component, as well as envisaged use or facility of use.”

“Process innovation is defined by the introduction in the company of a production process, a service supply or product delivery method, new or clearly modified. The result must be significant with respect to the level of production, the quality of the products or distribution and production costs.”

Box 4.7 - Illustrations by regional cases: Non-technological innovation

- **Aquitaine:** A strategic priority axis of the RIS is dedicated to “innovation, all innovation.” This axis aims at developing non-technological innovations in the companies’ activity fields (marketing, organisation, services, etc) or non-competing (social and territorial innovation). It proposes above all to engage a reflexion in these fields, based on the finding that existing tools remain inadequate in the funding of non-technological innovation.
- In **Alsace**, the study carried out under the diagnosis on the innovation culture “crossed views on culture, innovation and creativity in Alsace” had a major impact on the regional players’ understanding of issues, and on taking into account social and non-technological elements (e.g. creativity) related to innovation. The RIS gives as action lead the creation of a creativity and usage laboratory i.e. the creation, within a campus, of an emblematic trans-discipline and trans-cultural place inspired by the “usage laboratory” concept, gathering multi-field teams to work on the design of new products or services for use by professionals or general public consumers.
- *A particular emphasis was also placed on non-technological innovation in Provence-Alpes-Côte d’Azur, Auvergne, Basse-Normandie, Languedoc-Roussillon, Bourgogne, Bretagne, and Midi-Pyrenees.*

Innovation in the service sector: The service sector occupies a dominating and unceasingly growing place in the economy. Nevertheless, this sector was still little taken into account under innovation support systems and policies, probably for historical and institutional reasons. The exercise made it possible to take into account this sector in the diagnoses and, for certain regions, in their strategies (*taken into account in the requests or specific actions*).

Box 4.8 - Illustrations by regional cases: Innovation in services

- In the **Centre** region, the RIS aims to create a strong identity in terms of innovation by the services in order to accompany the changes of its economy. It aims at asserting the region’s specificities in this transverse field which will be the object of a concentration of support for the projects of companies.
- In **Nord-Pas-de-Calais**, a willingness to widen the definition of innovation, in particular innovation in the service sector, resulted in the definition of a specific axis (*axis 4 - “innovate by and for the services”*). Nevertheless, the RIS does not give at this stage any information on the way in which this widened vision of innovation will be taken into account and carried out under the strategy.
- In **Alsace**, innovation in services is approached in an indirect manner, through the creation of an innovation cheque which should enable companies to have access to innovation financial assistance, including when the approach does not have a technological component.

Lastly, let us stress that several regions tried to explore the possibilities of opening the approach to so called “territorial” innovation, exceeding the economic sphere or axis 1 to improve policies and public services in general, although this concept remains difficult to define. These approaches, being located out of the RIS¹⁸ exercise’s range, generally did not lead to concrete actions or were gradually abandoned.

¹⁸ As a reminder, the March 28 2008 letter to all regional Prefect indicated that the RIS must “*first and foremost aim at improving the performances of French companies, in particular SME in terms of innovation.*”

With the exception however of an approach (*so called “societal innovation”, or approach by usage developed in the Limousin*) which consists of identifying real or potential needs related to the great issues to which society must or will have to face (the *environment, ageing of the population, etc*) and to mobilise companies and particularly traditional regional SMES to ask them to develop innovative products or services to meet these needs. This approach, complementary to the traditional approaches, has the double advantage of offering original answers to societal needs and mobilising regional SMES in a process of innovation in potentially expanding niches, replicable beyond the regional territory.

Box 4.9 - Illustrations by regional cases: Innovation by social request

- **Limousin** : The region chose to use a combination of 2 approaches: one on the basis of the technological supply, the other on the basis of “*social request*” and “*usages*” allowing traditional regional SMES to identify, design, test and market products and services answering societal problems (the *environment, ageing, risk management, health, etc*). Outside the scope of the RIS, this type of approach is currently being tested in the field of the autonomy of people, more particularly elderly or handicapped people through project “*Autonom lab.*” Based on the concept of usage, it associates business leaders, public institutions, researchers at the same time as “users” prescribers of know-how, consumption products and services committed to conceive, evaluate and trying out an innovation project (product or service).

This type of approach also echoes the flagship initiative “Innovation Union” proposed under the *Europe 2020* Community strategy and which aims at refocusing R&D and innovation policy on the challenges that our society must face, such as climate change, energy efficiency and in terms of the use of resources, health and demographic changes.

Raised issues

Although the majority of regions integrated these new dimensions of innovation into their strategies, regions still remain little equipped in these various fields, have difficulty proposing concrete actions or clashing with the funding methods of current support schemes. Indeed:

- on the one hand, regions do not necessarily have the expertise, know-how or previous experience in this field;
- in addition, **the assistance schemes, primarily led by institutions directed towards industry and technology, remain scarcely adapted and/or do not allow for the supporting of projects of organisational or marketing innovation.**

Moreover, regions are confronted with two other problems concerning these new fields:

- On the one hand, the activities too close to the market would likely be akin to State aid (e.g.: for a software company, the development of a prototype software could be seen as a production aid);
- In addition, they clash with certain social representations which make them politically sensitive (e.g. organisational innovation could be perceived as a reorganisation with workforce reduction, etc).

4.2.6 Think international to go beyond regional borders

Findings

If the regional scale is relevant to make the policies and schemes of innovation support coherent, it is necessary to take care not to be locked within the limits of regional territory borders under of RIS.

Indeed, the needs for knowledge and innovation are increasingly precise and are often outside of the regional territory. Moreover, opening up to the national territory, but especially internationally by regional SMES remains a key issue in France.

Inflexions and/or action leads

The assessment of the RIS exercise is relatively contrasted on this level insofar as the regions only scarcely explored these opening possibilities or had difficulty materialising them. They strongly depend on the regions' traditions of co-operation, the openness culture often related to a frontier (*Alsace, Nord-Pas-de-Calais, Bretagne, Languedoc-Roussillon, Franche-Comté*) or islander position (*Corse, Guyane, Guadeloupe, Martinique, Reunion*), with one exception (*Auvergne*).

The actions planned within this framework are of primarily 4 types. They aim to:

- help research teams and SMES to enter interregional or European networks or projects, as well as to increase their participation in European innovation or research projects for companies and laboratories;
- encourage SMES to open up internationally to seek competences and conquer new markets;
- create bridges or open the regional system to interregional approaches, in particular in order to increase the potential of exchanges and alliances with other innovative regions and to facilitate the access of regional players and SMES to knowledge outside regions;
- reinforce the region's attractiveness or to modify its image in order to attract new talent, new competences or research teams.

Box 4.10 - Illustrations by regional cases: Opening at the national and international level

- **Auvergne:** one of the region's top priorities is to permit "a greater openness of the economy of Auvergne" while recognising that facilitating companies' access to knowledge outside the region is a paramount challenge.
- **In Guadeloupe,** international openness seems a key issue in order to reach knowledge and expertise not available in the territory, to surpass the narrowness of the local market and to export high added value know-how and products and services by benefitting from the Economic Partnership Agreements (EPA).
- **In Franche-Comté** a transverse strategic orientation aims at valorising the border effect in particular with Switzerland, one of the most innovating countries. A specific axis aims to encourage and develop cooperative actions between companies and laboratories, as well as developing economic relations and trans-border exchanges (*sectorial exchanges, training, etc.*).
- **Picardie :** Of modest size and wedged between big regions, Picardy understood the neighbourhood issues well and will reinforce its interregional partnership strategy, in particular on the northern axis with the Nord-Pas-de-Calais region, but also with the Champagne-Ardenne (*LAR cluster*) and Haute Normandy (*I-trans cluster*) regions. Moreover, at the international level, Picardie took a series of measures to strengthen its presence in European projects, in particular via competitive clusters (*E.g.: LAR cluster cooperates with the Belgian cluster "Wagralim", and is active in several projects of the 7th PCRD.*).
- **In Alsace, Corse, Languedoc-Roussillon, Bourgogne and Bretagne** detailed attention was paid to international opening up (*exporting, competence research, etc.*).

4.3 The need for a specific innovation governance

One of the major inflexion points brought by the RIS approach is the awakening to the need for innovation governance structures in regions. This governance must be specific and have a rather broad base, as the ensemble of dimensions it encompasses. Although RIS clearly state (*even restate in some cases*) this objective, fewer regions have at this stage managed to define in detail the architecture of this governance and set it up. This stage is a logical step following the RIS exercise which made it possible to try out certain new modes of governance in regions.

4.3.1 Governance issues

As defined by the ADIT methodological guide, "governance represents the way in which are organised coordination and cooperation between the various territorial levels of political authorities, and within each territory, between the main players of economic development, public as much as private. [...] To the extent that regional innovation policies are of a systemic nature [...] the definition of the public action's main priorities must reconcile two requirements implementing: the ability to determine priorities in a limited number and well targeted to be effective and that of creating a consensus around strong visions and these priorities"

The report “*the challenge of innovation, issue of governance*”¹⁹ reminds that although the role of regional public players is to contribute to an effective governance of innovation, this governance cannot be limited to the principal public authorities, but must associate the territory’s determining players, including companies. Governance should not be confused either with the usual places of democratic debates.

The functions which governance authorities must ensure are multiple, first to ensure the monitoring of the RIS and more broadly, to control the whole innovation support system in the region. Concretely, they have to:

- ensure the steering and/or operational coordination of players of the *regional innovation system* ;
- determine planning and phasing of actions, i.e. the manner in which the actions should be programmed /follow each other/ combined in time (“*road map*”);
- involve players: The organisation of partnerships, consultations and association of players (*compositions, roles and modes/principles of operation*), including the involvement of the private sector in public governance;
- set up a monitoring/evaluation system aiming to verify the conformity of the actions’ execution and, if necessary, planning corrective actions (*definition of methods and monitoring and evaluation indicators*);
- have technical tools necessary to the analysis of their region including long term RIS evaluation modalities.

4.3.2 From RIS steering to innovation governance

It first appears that **the principle of governance specific and dedicated to innovation and/or the RIS is accepted** in almost all regions, marking a turning point with the initial situation.

At the end of our study (the *first quarter of 2010*), progress in the definition of governance modalities was variable from one region to another. The various principles of governance were generally outlined and entered in the RIS, but the precise modalities often still had to be refined.

Governance modalities defined to ensure the RIS’ implementation and monitoring generally fit into the continuity of those set up and tested during the RIS’ development process by adapting them when necessary. Indeed, the RIS exercise made it possible to test some practices and see driving elements appear. These modes of governance thus constituted a good base to pursue and reinforce the dynamic initiated in this first stage.

¹⁹ “*The challenge of innovation, issue of governance: Contribution to the reflexion on the national strategic reference framework and the development of the operational programs of the 2007 - 2013 European regional policy in the field of innovation*”, Summary of the work of working group regarding innovation co-steered by the DLAICT and the DG REGIO, March 2006, <http://www.drrtmip.cict.fr/IMG/pdf/060331RapportGroupeInnovationFinal.pdf>

In the majority of regions, steering structures are specific to innovation or the RIS.²⁰ Although the *European Commission* initiated this RIS exercise under the ERDF OP negotiation, it is interesting to note that the governance modalities retained for the RIS' monitoring and implementation are specific and generally have a global scope, beyond the framework of the bodies in charge of the steering of structural funds.

This confirms that the RIS exercise, which was initially part of a set time frame, was gradually adapted by regional authorities which look at it to lay down their governance modalities in the long term.

4.3.3 Modalities of these new modes of innovation governance

The governance must be based on a scheme with several levels:

- The strategic level whose responsibility lies on political decision makers ;
- The operational level which feeds the strategic level and especially ensures of the execution of decisions;
- The technical level which must independently clarify the issues in the field;
- Lastly, specifically to innovation, some set up intermediate coordination levels which “govern” certain aspects of the scheme, in particular players present in the innovation support system.

Falling under the continuity of the RIS exercise, governance still generally remains rather institutional, with a relatively limited participation of socio-professional players and companies in decisions bodies. It rests on a strong State-Region partnership with, at the strategic level, a co-presidency ensured by the regional Prefect and the President.

At the strategic or political level, a body gathering the principal decision makers and funders met once or twice a year. It is generally responsible of directing strategic reflections, make objectives evolve, steering the scheme (*validate players' roadmaps, distribution of roles and organisational modalities*).

At the operational level, a body is in charge of ensuring the step by step deployment of the RIS, implementing decisions taken at the strategic level, monitoring implementation, leading the working groups, and offering proposals.

The consultation and participation modes of players are variable from one region to another, from the point of view of concerned players as well as their levels of involvement.

There does not seem to be a single model of ideal governance, which depends on characteristics of players and structuring of regional innovation systems, but the following frame aims at illustrating various models of governance organisation set forth by regions, involving the private sector in particular.

²⁰ It is thus not a matter of being limited to adding an innovation point to the agenda of usual authorities of democratic debate or to monitoring or steering Committees of Structural Funds.

Illustrations by regional cases:

▪ **Alsace :**

The steering of the regional innovation system is jointly ensured by the Region and the State with the set up of two Committees, assisted by an *Operational bureau*. The committees are entrusted with proposing, validating and ensuring the monitoring of the main strategic guidelines, while the operational office is in charge of the implementation, in accordance with the guidelines but in a non-institutional way, of the innovation support system:

- **A Strategic Steering Committee**, composed of 10 to 12 people and meeting twice a year, has to validate the strategy's priorities, the action plans and the means implemented, as well as evaluating the results. This Committee, co-chaired by the State and the Region, gathers representatives of the regional innovation system's big functions, **as well as business executives** (*citizen entrepreneurs involved in the RIS development process*).
- The work of the Steering committee is fed by an **Innovation Evaluation and Orientation Committee**, composed of experts and qualified persons (*academics, citizen entrepreneurs...*) in charge of proposing priorities and monitoring the RIS' implementation. This advisory Committee is **chaired by a business executive**. The Region, the State and the *Regional Agency for Innovation* take part of it.
- The implementation of the actions is entrusted to an **Operational Bureau**, steered by the management of the *Regional Agency for Innovation*. It is composed of players of the regional innovation system, who contribute through contracts of objectives to the RIS' implementation. This implementation is placed under the sign of deinstitutionalisation, and is based on reasoning in terms of profession and no longer in terms of responsible structure. A person in charge will be designated for each action, and bound to ARI by a contract of objectives.

▪ **Bourgogne :**

Failing to be definitively adopted, the RIS document presents the objectives and contours which the functions of governance should take in the form of "*terms of reference for a renovated governance*" on three levels:

- At the strategic level, the inter-institutional steering structure, would bring together government decision makers (*State and Regional Counsel*), **with the particularity of involving representatives of the private sector (in particular business executives)** and public players invested in the field of innovation, in particular the agglomerations. It would pass judgement on the priorities and validation of strategic choices on the basis of particular monitoring reports of the RIS' implementation including monitoring of identified realisation and impact indicators or the resort to complementary expertise. It would ensure a programming function of the RIS' implementation by validating the annual action plans and the multiannual framework agreements.
- At the operational level, the four bodies continue to meet in order to assess the RIS' implementation progress on a regular basis and to define the initiatives to be undertaken with priority.
- Moreover, there is a willingness to build a true operational structure dedicated to the "*management*" of innovation and implementation of the RIS. It would include the following functions: *a) coordination and organisation of the network of innovation players, b) the support, training and the professionalisation of the network of players in charge of the assistance and implementation of the RIS, c) coordination and development of the information and promotion of innovation, internal and external to improve readability, d) the function of operational support to the CRSI, monitoring and reporting.*

▪ **Bretagne :**

At the strategic level, the *Innovation Strategic Orientation Committee* (COSI) is the keystone of the strategy definition (*reflexion and recommendation*) and falls under the governance of the *Economic Agency of Bretagne* (AEB), reinforcing the link between economic development and innovation. The AEB ensures the relay between the COSI's strategic vision, the coordination of funders of innovation, and *Bretagne Innovation* in charge of the coordination of players and operational implementation of the RIS. Members of the COSI (*18 people*) take part as "*qualified people*" (*and not as the representative of their organisation*), about half of them come from the business world and the COSI is chaired by a "*civic entrepreneur*." It is a place of debate, reflexion and proposals, as well as the place of monitoring and evaluation of the RIS, in particular via *the regional innovation index*.

The strategic guidelines recommended by the COSI will only be effective if they find the necessary **financial means**. The coordination of funders will be carried out within B15, existing structure gathering the Region, the State, General Councils and the agglomerations, to which OSEO is associated.

At the operational level, *Bretagne Innovation* (BI) is the main actor in charge of the RIS's operational implementation. Failing to have been able to rationalise the number of players (*90 structures, 341 full time equivalents*), the response given by the RIS to the requests of simplifying the regional support system was to bring all support players together within the single *Network Bretagne Innovation* (RBI) by restating the role and missions of each one. *Bretagne Innovation* (BI) is in charge of the coordination of players within this single network.

▪ **Languedoc-Roussillon :**

The mode of governance follows a **project logic**. The objective is not to automatically involve existing support structures, in order to avoid creating "*annuity situations*," but rather to request project holders. The use of procedures of the project invitation type will enable the emergence of a dynamic regional innovation system.

An **innovation council**, composed of **about fifteen business executives**, has to give its opinion on the actions to carry out and propose guidelines allowing to take into account the needs of regional players. The mobilisation, during the RIS development process, of "*citizen entrepreneurs*," created expectation and interest, and contributed to perpetuating the involvement of entrepreneurs.

The implementation process of the actions planned by the RIS is as follows:

- On the basis of the document passed by regional elected officials, the SGAR and the Regional Council formulate operational projects;
- These action projects are reviewed by *the Council of innovation (advisory)*, which proposes amendments when necessary;
- The proposals are then sent to the decisional bodies, according to the type of project (*e.g., Regional Programming Committee for projects funded by ERDF or ESF funds*). The will displayed is to decompartmentalise the funds and to use their complementarity as much as possible, in particular given the current crisis context.

A technical secretariat will be created. A Secretary General, recently recruited, ensures the RIS' lead and readability of the actions carried out under this framework.

An observatory of innovation will evaluate the effectiveness of these actions. This evaluation will be carried out on the basis of a 'point zero', that the observatory will have to establish by means of a survey aiming at measuring the degree of appropriation of innovation matters in the Region.

Limousin :

In December 2009, an invitation to tender was launched on the theme of “*Continuous evaluation innovation reference framework of the Limousin region*,” for a mission to begin during the second quarter of 2010 and assist regional authorities until the end of the 2007-2013 programming period. It will aim especially at setting up an innovation score board and to **rank the 27 actions** of the *reference framework*.

▪ **Midi-Pyrenees:**

One *Secretary General* with the RIS was recruited and installed within MPI. This secretary general will have as functions the animation of *Committee D' Strategic Orientation*, direction of exploratory studies, the composition and the animation of working groups on subjects connected to the RIS.

The mission *The Advisory Council of the Companies* (The CEC), created at the beginning of the exercise and meant to be maintained on a long term perspective, composed of forty members, will be continued. It has vocation to take an active part in the governance of the RIS. This CEC is composed of representatives of companies (*but main companies/groups*) from the principal regional subsectors, from organisations representative of companies and institutional structures.

4.3.4 Objectives and instruments

In terms of monitoring and evaluation, there is generally a consensus on the importance of setting up monitoring instruments and conducting an evaluation process. There remains, however, a lack of detail in RIS documents on the precise form and modalities this process and instruments will have.

At the monitoring level, a majority of regions propose to develop a scoreboard gathering on the one hand a series of activity indicators (projects, funding, etc) aiming at monitoring the execution of the RIS and on the other hand, macro-economic indicators evaluating progress in terms of impact. This monitoring could be ensured with the support of coordination structure of the regional innovation agency type.

Various options were retained in terms of evaluation, between a continuous evaluation process, internalised or externalised, based on the monitoring of indicators and eventual launching of specific studies, or an approach envisaging a medium-term evaluation (*after 3 or 5 years or every 3 or 5 years*), until the setting up of an observatory of innovation for capitalisation (e.g. Lorraine).

At the implementation modalities level, a will is expressed to get out of a counter system or a mode of funding by subsidy to adopt a mode of funding by project or contracts of objectives.

5. Lessons and points of vigilance

This chapter covers the **main lessons** drawn for the future from the conduct of this type of approach **and points of vigilance** to which it will be necessary to remain attentive in order to consolidate the process.

Through the RIS, the regions committed to a process which, in order for the objectives to be really achieved, cannot stop here. It is important that the dynamic continues in the immediate future but also in the medium and long term. The challenges are on the one hand to operationalise strategic commitments, and on the other (*and it is linked*) to set up the necessary modes of governance. Other strong issues emerge in strategic terms, in particular the need to improve the coherence of public policies in the field of innovation to improve effectiveness and efficiency, as well as continuing the work started in the RIS on the opening to new dimensions of innovation.

A certain number of lessons drawn from this exercise can guide this consolidation phase: they mainly relate to the tools to be improved, the reinforcement of co-operation in the system and the modes of governance and broader involvement of non-institutional players.

5.1 Refine/continue the definition of operationalisation modalities

As stated in Chapter 3, although situations are different from one region to another, the exercise move over time and the proximity of regional elections did not always permit, at the end of the first quarter of 2010, completion of the exercise. In particular, the operationalisation phase could not always succeed, or even start in a number of cases, for various reasons (*unfavourable electoral calendar, uncertainty regarding available resources, lack of consensus*). As indicated in the table below, which gives an overview of the main points of vigilance raised in the 26 regional summary reports, the stages which must still be completed in many regions are: ranking/prioritisation, development of the action plan, appropriation by decision makers, estimation of costs and available resources.

Table 5.1: Main points of vigilance raised in regional summary reports

Operationalisation	Number of regions
To specify implementation modalities (operationalisation, calendar, budget.)	10
No ranking/prioritisation	10
Implementation: no defined action plan	8
Appropriation by decision makers and/or socio-professional players not achieved	5
Sources of funding, distribution of means not defined	3
Diagnosis phase must continue	1
No political validation of the RIS	3
Implementation : means of achieving the goals not clear	3
Monitoring and evaluation modalities of the RIS not defined/ to specify	2
Strategic objectives/ axes of the RIS to be specified	2
Process stopped	1
Governance and involvement of players	
Setting up of governance structures /make effective the planned governance structures	6
Lack of reflection on the governance system /reinforcing governance/ no defined governance modalities	4
Move forward on the improvement of the regional innovation system's operation = condition of effectiveness	4
Adaptation and clarification of the role of structures/ positioning of players following modifications of the innovation support system	3
Limited participative process: necessary dialogue and communication	3
Limited participation of research and higher education	2
Approach strongly dependent on the people who were invested in the steering committee - tributary of changes of position	1

Move forward on operationalisation modalities

At the end of the first quarter of 2010, beyond the assertion of certain general intervention principles and the identification of actions under consideration in half of the regions (*and in certain cases of action plans*), the RIS' operationalisation modalities remained absent or vague in many regions. Although certain regions display a will of change in the logics or principles of intervention, this will does not appear as clearly (*or not yet*) in the outlined actions and operational modalities, which raises a problem of coherence and articulation of the strategy.

These modalities however constitute an essential condition of effectiveness of the strategy since it is a matter of explaining in a relatively precise way how to achieve the set goals:

- Precise definition of actions to carry out by entering them in action plans;
- Estimation of costs;
- Identification of the tools and funding sources necessary to their implementation and ensuring coherence;
- Ranking of action priorities and distribution of financial means;
- Phasing and action deployment calendar;
- Definition of governance and implementation operational modalities;
- Distribution of responsibilities and roles of each player or the modalities of this distribution;
- Emergence modalities of projects in the regions in terms of concentration of means and selections;

Ranking of priorities and mobilisation of financial means to adopt a coherent vision

Through the RIS exercise, certain regions opened many doors or engaged in a federator exercise, covering all initiatives favourable to innovation in the region. The RIS documents thus do not necessarily present clear elements neither of ranking of action priorities or phasing, nor of indication on their cost or distribution of means between priorities or actions. As previously mentioned, the context of the March 2010 regional elections and reforms projects of communities and their funding, constituted (*objectively*) difficult moments in carrying out arbitrations and committing on budgets.

One of the objectives of the RIS approach is also to make the means dedicated to innovation by the various partners coherent.

Choices and arbitrations were thus only carried out partially at this stage. The elections having passed, regional partners should quickly be able to agree on the priorities of actions, and the arbitrations necessary to their implementation. Especially since a clear vision of the hierarchy of action priorities and an estimate of their cost would reinforce the position of the regions in the halfway revision of OP and could be an asset under the schemes to come, such as the great loan.

Political / decision-makers appropriation at the highest level: a major issue

The appropriation of the RIS by decision makers at the highest level is the first condition of the viability and effective deployment of the RIS at the various levels. The exercise having been primarily carried out at the level of services, with a difficulty in certain cases mobilising elected officials, this appropriation is not yet necessarily ensured, even more so as changes could have happened following the regional elections.

Modalities of emergence and selection of projects: a condition to be reinforced

This point is essential. The RIS exercise served as a reminder that the difficulties encountered in innovation support were more related to the difficulty in identifying “*good projects*,” than to a lack of means to finance them. **Innovation cannot be decreed.** It is thus necessary to define precise modalities and carry out an active and proactive approach aiming to cause and make original and quality projects emerge in the identified priority fields. This implies the mobilisation of an ensemble of provisions and coherent means covering the actions, mobilisation of players, improvement of competences, setting in networks, integration of players of economic development, etc (*ex: the SMES 2000 plan in Nord-Pas-de-Calais presented in Section 4.2.1*).

The definition or adaptation of the selection criteria and modalities of the projects adapted to the priorities of the RIS is also essential in order, on the one hand, to ex-ante represent the evolutions of the RIS and to encourage those in charge of projects to adapt to the orientations and selected principles of interventions (*e.g. in Bourgogne, revision of the selection modes and criteria towards the non-material and projects falling under priority themes*) and, on the other hand, being able to retain an ensemble of projects in perfect coherence with the hierarchy of adopted priorities.

Revision of OPs: an approach which aims to be flexible

In this context, there was not at this stage in most regions a clear decision as to the implications of the RIS on ERDF PO. Nevertheless, the majority of regions do not consider important revisions of PO following the RIS exercise, but implementation modalities could be adapted.

The results of this exercise should thus be marked more in the manner in which projects will be approached and selected. This implies re-examining the DOMO summary reports of ERDF programmes to ensure the taking into account of the RIS' guidelines in an operational way.

5.2 Continue the dynamic ensuring the modes of governance and the appropriation of the approach by players and decision makers

One of the major inflection points brought by the RIS approach is the awakening to the need for innovation specific governance structures in the region. This governance, necessarily as a partnership, cannot be limited to the principal public authorities, but must associate the determining players of the territory, including businesses.

The RIS falls under a medium or long term perspective and in a partnership approach. The RIS exercise mobilised and engaged a dynamic which progressively developed through the approach's appropriation by institutional players. The challenge is now to continue this appropriation dynamic by setting up effective, open and perennial strategic and operational governance structures and modes.

Within this framework, the study identified several points to which it will be necessary to remain attentive:

Firstly, co-operative working modes must be developed between institutional partners as the base of a broader participative process. Although this co-operation exists in many regions, there are regions where certain tensions between State services and the *Regional Council* remain, de facto preventing effective widening of the approach to other players.

Secondly, the RIS exercise showed both the interest and the need for consulting and especially involving the private sector in governance. It also showed the hesitations/difficulties encountered by regions to define effective modalities in this direction. Several original experiments were initiated under the RIS approach associating business executives and/or "*citizen entrepreneurs*" to the governance of the exercise. They have all been conclusive to the point of being continued and reinforced under the RIS' implementation.

Thirdly, as mentioned above, a greater appropriation of the RIS by elected officials, but also by institutional and socio-professional players should be sought to guarantee its implementation. The risks of questioning the strategies following changes of people in the

services or political team are less if the process is open and if the diagnosis and issues are shared and formalised.

It is necessary in particular to take care to bring back to the table research players who in a number of cases were little involved. It will be necessary in particular to work on the integration of research dimensions in the innovation process and on the links which, beyond valorisation, can bring these two dimensions of regional competitiveness closer.

It is also necessary to raise the issue of the participation of *local relays of economic development* which are often close to SMEs. Their involvement can be beneficial in reaching regional SMES and better apprehend their specific needs, as long as these structures agree to cooperate among themselves and with the other partners.

The **improvement** of the operation and coordination of the **regional innovation system** constitutes an immediate priority as it remains the first effectiveness condition of the implemented policies and came out as one of the principal issues in the diagnosis phase. It implies in particular a reinforcement of the setting in network and specialisation of players in clearly defined roles. But this coordination is made all the more difficult by the huge number of regional players.

5.3 Coherence and links with other policies

Ensuring coherence, on the regional scale, by the various levels and institutional players, of the policies, schemes and players of innovation support constitutes one of the main challenges of the RIS approach.

The RIS exercise made it possible to create awareness of this point and a first stage was in this sense overcome. However, such coherence is not yet ensured and remains a permanent challenge.

Coherence at the regional level

This of course initially comes through the reinforcement of the articulation, coordination and synergies between all the support schemes and funding sources at the level of the regional territory. It should be ensured through on the one hand, innovation specific governance involving the players of related policies, and on the other hand implementation operational modalities.

Articulation with national policies in constant evolution

The regions' efforts in terms of research and innovation support strongly depend on the policies initiated at the national level, whose intervention framework constantly evolves. Articulation with national policies thus remains an essential and permanent issue, especially since certain players, in charge of mainly national level policies, contributed little to the RIS' development.

The Ministry of Higher Education and Research initiated the process of reform towards a greater autonomy of universities and published its *National Strategy for Research and Innovation* (SNRI) in 2009. By the end of 2010, the first project invitation for the research part of the great loan should be launched, in particular for the development of excellence campuses and valorisation societies within the latter. However, certain regions, with less attractive universities and laboratories will scarcely profit from this national scheme. Also the latter could be brought to rebalance their policy of innovation support towards higher education and research.

Concerning companies, the “*Etats-Généraux de l’Industrie*” (high-level industry conference) and the great loan will create certain opportunities for the development and diffusion of innovation in SMES, opportunities which need to be articulated with the priorities defined under of the RIS. Thus the recent conventions adopted under the large loan relate to the creation of seed funds for innovative start-ups, the support to SMES via the refinancing of Oseo, the granting of “green loans” to industrial companies and on the setting up of re-industrialisation aids.

The issues related to the development of eco-technologies will be particularly taken into account at the national level through the SNRI, the great loan and through the recent certification of six new clusters specialised in eco-technologies (water management, waste valorisation, etc). On this subject, it is as important to note that this status is not permanent. At the time of the May 11, 2010 Inter-Ministerial Committee for Territorial Development (CIADT), the State wished to sign performance contracts with seven clusters - a kind of testing period - and even removed the label “competitive cluster” from six others. The latter will thus not be able to receive any more funds allocated to this initiative.

In the DOM, the “*Etats généraux de l’Outre-mer*” (Overseas Territories conference) underlined the needs and potentialities in terms of research and innovation. Certain initiatives identified during this approach will thus have priority access to public funds. However, the actions defined during the “*Etats généraux*” will mainly be funded by existing sources (in particular CPER and OP), thus the importance of putting the priorities in coherence between the various guideline and programming documents (OP, RIS, regional reports of the “*Etats généraux*”, etc).

It is also important to stress the significance of the diffusion of best practices and interregional collaboration in carrying out innovation support policies (to foster synergies, economies of scale, etc). With some exceptions, these elements were already missing during the RIS’ development phase. In this perspective, the State has a certain role to play although certain political barriers seem to hinder this dynamic.

Evolution of support system

The diagnoses and studies carried out were in certain cases full of teachings, opening new fields of reflection and raising a certain number of difficulties and issues common to several regions. It concerns in particular the manner of mobilising traditional regional SMES, support to innovation human capital, non-technological innovation or in the service sectors, inter-subsectors, etc.

Regions were sometimes ill-equipped to approach and concretise certain themes under existing support system, for two reasons. On the one hand, regions lacked the necessary expertise and experience and asked for experience transfers and best practices examples. In addition, the exercise showed that innovation support system, primarily led by institutions directed towards industry and technology, remains little adapted to these new dimensions of innovation.

Current instruments of innovation support at the national or Community level (*and in particular the ERDF*) and their modalities are not necessarily adapted to fund certain fields which became important under the RIS, such as immaterial or human capital investments, non-technological innovation or the service sector. At the national and Community level, it is advisable to capitalise on these RIS exercises and the richness of the studies carried out in regions to adapt or evolve existing support system or develop new schemes.

The ERDF remains unfit to fund projects by small structures such as regional SMES and VSE, in particular in the fields of services, non-technological innovation or human resources. It tends rather to be mobilised for equipment and infrastructure projects. In addition, the ESF in France is directed towards inclusion policies and remains difficult to mobilise under innovation policies.

Surpass the framework of regional policies

Although the RIS permit a coherence of policies on a territorial scale of the region, they must be open to other French and international regions. It is a matter of reinforcing complementarities, of creating links in order to increase the potential of exchanges and alliance with other neighbouring or innovating regions and facilitating the access of players and regional SMES to knowledge out of regions and opening them up to international ones.

5.4 Themes, tools and consultation modes to be deepened

Reinforcing analysis, monitoring and policy evaluation tools

The exercise showed the need for monitoring and evaluation indicators, but also the difficulty in defining relevant indicators and finding recent data on a regional scale to measure as closely as possible the specific effects of the RIS.

Innovation in all its dimensions: continuing the work started

The RIS made it possible to significantly widen the view which regions had of innovation. Initially perceived as a very linear process, innovation today is seen more as being multidimensional and likely to come from varied sources. This opening to new themes must continue because for many regions, although the finding is today more shared on the nature of innovation, the manner of supporting it remains difficult to determine.

Among the themes which still need to be deepened:

- Innovation in traditional SMES: *how to reach them effectively?*
- Non-technological innovation;
- Innovation by request, uses or guided by societal issues;
- Innovation in the services.

In addition, although the exercise permitted progress, the needs of companies still remain badly understood and would require to be deepened.

Consultation and involvement of the private sector

Modes of consultation and involvement of the private sector remain an important issue. Some examples of participation modes of companies in the RIS' governance have already been mentioned.

Some lessons can also be drawn from the RIS exercise, on the one hand at the level of investigations and on the other hand at the level of the mobilisation of business leaders. Firstly, the results of surveys carried out with companies sometimes remain mitigated, in particular when these studies were focused on practices and not on needs or when they favoured quantitative rather than qualitative aspects.

Box 5.1 - Lessons drawn from the various investigations and meetings with companies:

- Investigations benefit from being mainly focused on the needs and constraints of companies to innovate, and not focusing on their innovation practices.
- The sample improves from being representative of the SMES fabric, and not being limited to the returns of only those companies already sensitised to innovation/in the existing networks (*e.g.: consultation within the RDT network*);
- The approach benefits from being above all focused on a qualitative approach to well understand realities on the ground, limiting or blocking factors as well as the companies' view on the support system in place:
 - Favour a more restricted sample for a deep qualitative work, rather than seeking representativeness at all costs through a very broad panel;
 - Include a significant number of open qualitative questions allowing companies to express themselves, including where they are not expected;
 - Favour an approach through individual talks or supplement the survey by a certain number of thorough qualitative talks in companies (*partly being able to be carried out by the decision makers/players*);
 - Invite the person in charge of the development/monitoring of strategy to meet individually a certain number business executives in their company, on the basis of a semi-directing meeting guide.

Secondly, the institutional rhythm is different from the rhythm of companies. Many regions encountered difficulties mobilising business executives, especially in the long run. This difficulty is still reinforced in certain regions whose fabric is primarily dominated by VSE, or even single person companies (*Corse, Guyane, Réunion*). Mobilisation of business executives must be organised taking into account their constraints and giving them a clear vision of the output and monitoring.

Box 5.2 - Lessons drawn from the various experiences and difficulties of mobilising companies:

The experiences thus encourage dealing with:

- Taking account of this constraint in the programming (*number of meetings, duration, object*) (e.g.: *Bretagne, creation of a specific group*);
- Mobilising in a targeted manner, at key moments with a goal or precise objectives;
- Mobilising a restricted number, but showing companies that they take part in the decisions (e.g.: *Bourgogne - 4 business executives associated with the Steering committee, Alsace - contacted personally by the President of the region*);
- A communication effort, before to create excitement, during, but especially afterwards shows the continuation;
- Creating the conditions of a lasting involvement to create a lasting interest (e.g.: *citizen entrepreneurs*);
- Avoiding the trap of representativeness, especially when the landscape is dominated by a few big companies: favour a very limited number of business executives, but selected for their personality (*“who have something to say”*) and not for their representativeness or defence of individual interests. (cf. *Bourgogne*).

6. Conclusions

The RIS approach met a need in regions

Innovation is one of the determining factors of the maintenance and improvement of competitiveness and thus constitutes one of the best ways to achieve the growth, employment and cohesion goals shared at the European level.

Several European regions have been developing coherent strategic frameworks of innovation support at the regional level since the middle of the 1990s, in particular through the Community initiatives “Regional Innovation Strategy Projects”/RITIS (“Regional Innovation and Technology Transfer Strategy and Infrastructure”). In France, research and innovation policy primarily concerns the national level. Before the RIS exercise, with exception, French regions did not have a formalised strategic framework, specific to innovation and shared by all partners at the regional level, as understood under the RIS. The approach to innovation appeared segmented between various schemes supported by each partner.

In spite of a sometimes complicated context (*regional elections, reforms in progress and economic crisis*), the RIS exercise approach enabled almost all French regions to have a diagnosis and a strategic guideline document specific to innovation presenting a global and shared vision by the regional partners. Although these RIS are of variable quality, they all rest on deep partnership work mobilising an increasing number of players over a long period of time.

This in itself constitutes a success and shows that the RIS approach met a need, even a necessity, in the regions to lay down clear priorities and to reinforce the articulation and coherence of the policies, schemes and players. Except perhaps for the most advanced regions in terms of innovation, mainly Ile-de-France and Rhône-Alpes, for which the exercises’ added value was not perceived as obvious and meeting an immediate need.

The *European Commission* played an important role in this result. Having proposed the RIS exercise to the French regions at the time of the ERDF OP negotiation, it is at the origin of the approach. It also contributed to its success by setting the exercise in the perspective of the halfway revisions and by monitoring it under the ERDF OP *Monitoring Committees*.

But the RIS now considerably exceed this original ERDF framework and are positioned in a global perspective (*coherence of all the support schemes, sources of funding and players on the regional territory*), which underlines that the players took ownership of the approach and perceived its utility well.

A process with medium or long-term perspective in which the effects should be durable

From a very early stage, regional authorities set the RIS in an evolutionary perspective of medium or long term. The process was led in this perspective with the objective of finding

a strategic vision shared and supported by the principal institutional players, in spite of sometimes hesitant beginnings.

The exercise initially took part in the collective awakening to the issues related to innovation at the regional level, as well as the appropriation of the diagnosis by players. In this respect, two factors were determinant in several regions, with on the one hand the positioning of each region compared to other French and/or European regions through *benchmarking* and, in addition, consultation and/or involvement of the private sector, in particular of companies.

The exercise enabled more a shared vision of the issues and priorities than it did concentrate on the definition of actions and operational implementation modalities. It has thus initiated a collective reflection approach, in a long term perspective.

The process was generally handled by the institutional level (*services of the State and Region*), supported by consultants. Progressively as this process advanced, the published results created a growing interest on behalf of regional players and enabled the latter, in most regions, to gradually take ownership of the approach. The involvement of these players (*including business executives*) in the exercise increased expectations vis-a-vis the RIS, and at the same time increased the legitimacy of the process. The exercise also consolidated the inter-institutional dialogue during the last two years.

The approach provided a specific clarification of the problems related to innovation, and made it possible to analyse innovation in a global manner, as a system. Through the exercise, the perception of the role of innovation widened. Innovation support is indeed no longer perceived as an isolated sectorial policy. To the extent where it concerns many other policies, it plays a central part in the strategies of regional economic development. The exercise also contributed to demystify the concept of innovation.

This development is explained by the fact that the various approaches to innovation, which prevailed with regional players, were questioned and discussed during the exercise to reach a shared position.

The exercise made it possible to launch the debate at the political level on the issues related to innovation and, to a certain extent, make elected officials become aware of their importance, although the appropriation of the RIS approach is still not ensured.

The exercise also revealed the need to set up a governance specific to innovation, on a broad basis involving the players. This principle is today ensured in almost all regions. The exercise moreover made it possible to try out certain new modes of governance in the regions.

All these elements lead us to think that the conduct of the process and the RIS will have lasting effects and took part in establishing the bases of an autonomisation of the regions for the process' continuation.

Positive results and inflections to be operationalised

At the end of the exercise, regions had a shared diagnosis which gave a solid base to determine the strategic issues and priorities at the regional level.

Although the elements of the diagnosis are mastered, to various degrees depending on regions, the exercise allowed for a significant improvement in the comprehension of issues in a global and systemic vision of the regional innovation system. Whereas OP proposed a partial analysis of the innovation systems because they were focused on supply, the RIS exercise made it possible to analyse the innovation system's various components, including from the point of view of the request by companies. The strengths and weaknesses of the system are better known today.

The exercise also led to important inflections regarding priority themes. Firstly, the strategy and support system were refocused on SMES/VSEs and their needs. The RIS indeed aimed to permit regional SMES/VSEs, which generally have a difficult time, to enter the existing support system, in particular the companies of traditional or scarcely structured sectors, to launch innovation approaches. Secondly, human resources and competences are recognised as a key factor of innovation, and this at all levels. Thirdly, the opening of the system to neighbouring and international regions is also affirmed as an important issue.

The exercise made it possible to question with more acuity the existing regional policies, with the objective of directing public support to the assistance support of innovation and the development of the companies.

This exercise was mainly at the origin of a, at least partial, questioning of the innovation support system: effectiveness, organisation and coordination of innovation support schemes, the funding mode of the concerned structures etc. The main difficulties identified by the diagnoses are indeed less related to the available means to support research and innovation than to the difficulty in making good projects emerge.

The matter of the funding of infrastructures, by the ERDF in particular, is also raised (*although more timidly*). It is a matter of considering a rebalancing between material and non-material investments (*which does not involve removing the first*). The question arises, for example, when it is about funding technological platforms requiring of large equipment.

The broad approach to innovation, which prevailed in most regions, moreover made it possible to open new fields of reflection and experimentation, for e.g. in the fields of non-technological innovation or in the services. The debates were able to take into account the various possible sources of innovation: the market (*marketing, uses, etc*), the search for answers to great current or future societal issues, inter-industrial junctions (*professional mobility, patent purchases, etc*). In a prospective approach, many regions identified new fields, markets or emerging fields, beyond the existing structuring, which will be able to bring new dynamics.

The exercise finally contributed to the awakening to reinforcing/setting up governance modes on a more consensual basis and sharing common, clear and politically validated objectives and to monitor the effects of these policies.

This generally positive assessment should not veil some fragilities and related risks:

- A difficulty in moving from the diagnosis to a summary of the issues and from the issues to a clear specific, precise strategy, making it possible to make choices, determine the priorities and to mobilise the necessary means to implement them.
- The weakness of political appropriation and involvement of the decision makers in the approach which in the long term can demobilise technical staff.
- The specific complexity of France's institutional organisation and the articulation of State initiatives with those of the regions, which can limit the coherence of public intervention on the ground.
- The difficulty in maintaining a balance between various dimensions of the innovation system and in particular between, on the one hand, the research component which remains essential to increase innovation and economic development capabilities and, on the other hand, the business component which faces constraints of organisation, cost, marketing and quality.
- Lack of co-operation with the existing networks at the local level (*in the agglomerations, the communities of communes, departments*) which can play an interesting part provided that they share the objectives of the approach.
- Funding instruments currently generally requested, including the ERDF, which remain difficult to mobilise to fund human resources and non-material investments; this constraint cannot be compensated by the ESF which in France is directed towards inclusion policies.
- The assistance schemes, primarily managed by institutions directed towards industry and technology which remain scarcely adapted and/or do not permit the support of projects of non-technological innovation or in the service sector.
- Hesitations or difficulties encountered in regions to define effective modalities to associate the private sector to governance, although it is a determining factor of success. Difficulties also of establishing links between public and private players.

An approach to be continued

All these elements show that it is necessary to maintain the effort and to support it.

In the short run, the exercise has still to continue to rank, firstly, the priorities of actions and to define or refine the modalities of operationalisation and implementation which constitute determining elements of the strategic approach and still remain at this stage a weakness in most regions. It will then be a matter of setting up and making operational governance structures and applying these modalities.

It should also be stressed that the regions identified under the RIS similar issues and encountered the same difficulties as to the adequacy of current funding schemes or their

declination in operational actions or modalities. E.g. themes such as *the way to make traditional regional SMEs/VSEs initiate an innovation approach, non-technological innovation, in the service sector, human resources, innovation by uses, etc.*

Exchanges between regions as well as identifying best practices in European regions could usefully support the regions in these fields. Good practices were also tested in terms of governance and involvement of the private sector.

While capitalising on the work carried out in the region under the RIS, it is also advisable to analyse in a more precise way the issues of articulation between the various levels of power (*region, State, Europe*).

Thus, at the national level, certain projects such as the reform of universities and research bodies or the Great loan will have a consequent and differentiated impact on the various French regions. Certain national support schemes will pursue similar goals to the RIS. In addition, the complementarity between these sources of funding will have to be ensured. For example, the scale and scope of the retained actions could constitute a distribution criterion between the regional and national funding sources.

The RIS exercise, moreover, fits perfectly into the *Europe 2020* Community strategy perspective adopted by the Heads of States and government on June 17, 2010. All common policies, including the explicitly mentioned cohesion policy, will have to support this new strategic framework: “*Economic, social and territorial cohesion will remain at the heart of the Europe 2020 strategy [...]. The cohesion policy and the Structural Funds will constitute paramount mechanisms in order to achieve the top priority objectives of an intelligent, sustainable and inclusive growth at the level of Member States and regions*”.

The *Europe 2020* strategy, constituting a key framing element which will determine the future of the regional policy after 2013, has as first priority (*out of three priorities*) for the decade to come *an intelligent growth - develop an economy based on knowledge and innovation*. It is based on the finding that the performance gap between Europe and other developed economies results in particular from the lowest private investment in R & D. The *Europe 2020* strategy thus proposes to focus on the impact and the composition of research expenditure as well as improving the conditions of R & D in the private sector. The cohesion policy was identified as an essential instrument to deploy this strategy

Regions which will have a solid *Regional Innovation Strategy* and will have been able to maintain the dynamics of the exercise under a shared governance will be the best placed in the future to define their intervention priorities in this field and enter coherently into this community strategic framework and national policies. The cohesion policy was identified as an essential instrument to deploy this strategy.

Annexes

Annexe 1: Evaluation criteria list of the diagnoses and regional innovation strategies

A. Diagnosis evaluation criteria

1. Analysis of global components

- 1.1 Quantified and appropriated global indicators
- 1.2 Comparison of the region's performance with respect to other regions (*Benchmark*)
- 1.3 Structure of economic activities and sectorial analysis
- 1.4 Results and lessons learnt from previous experiences, including the 2000-2006 OP

2. Analysis of the innovation system: players and their relations

- 2.1 Offer – knowledge producers
- 2.2 Valorisation and knowledge transfers
- 2.3 Demand – needs and expectations of businesses, especially SMEs
- 2.4 Particular governance and public innovation support modalities
- 2.5 Evaluation of the main strategic activity clusters (PDC, Clusters, SPL,...) and their own dynamic

3. Summarised Vision

- 3.1 SWOT analysis linked to elements of the diagnosis
- 3.2 Identification of priority issues related to SWOT

4. Particular operational themes

- 4.1 Training/qualification/expertise in jobs and bodies of innovation support
- 4.2 Private-sector supply of assistance and advice to businesses, SMEs in particular
- 4.3 Role of financial bodies and risk capital
- 4.4 Innovation in the services sector
- 4.5 Intellectual property management issues
- 4.6 Other

B. Strategy evaluation criteria

5. Strategic objective

- 5.1 Specific objectives chosen in explicit connection with the priority issues of the diagnosis
- 5.2 Quantified indicators reflecting the objectives
- 5.3 Share of ERDF earmarked Research and Technological Development (R&DT), innovation and entrepreneurship in total OP ERDF
- 5.4 Rate of commitment of ERDF funds on the level of the axis dedicated to innovation

6. Operational measures /actions

- 6.1 Defined in relation to strategic objectives
- 6.2 Means and instruments for the development of links between innovation players
- 6.3 Targeting - Combination between focused sectorial actions and transverse actions

7. Particular operational actions/modalities

- 7.1 Training/qualification/expertise in organisations supporting innovation
- 7.2 Modality for the emergence and development of a private supply of assistance and advice to companies, especially SMEs
- 7.3 Modality for the emergence of a structured collective demand of companies, especially SMEs
- 7.4 Role of financial bodies and risk capital in supporting innovation
- 7.5 Innovation in the service sector
- 7.6 Management tools of intellectual property
- 7.7 Priority to SMEs-VSEs

8. Governance of innovation

- 8.1 Inter-institutional steering structure of the RIS
- 8.2 Planning /phasing of actions
- 8.3 Organisation of partnerships
- 8.4 Setting up of monitoring tools of actions
- 8.5 Strategy evaluation process and revision of objectives

9. Articulation with the other strategic frameworks

- 9.1 Contribution and articulation of ERDF OP with RIS
- 9.2 Explicit links and articulations with SRDE and/or CPER
- 9.3 Links with interregional and international programmes

C. Revision process of the diagnosis and strategy

10. Revision Process

- 10.1 Calendar
- 10.2 Existence of summaries (*for the diagnosis and the strategy*) validated by the regional partnership
- 10.3 Steering of the revision process
- 10.4 Organisation of partnerships and consultations at the various stages of the development and decision process
- 10.5 Training of thematic working groups
- 10.6 Investigations and consultations
- 10.7 Use of technical assistance
- 10.8 Involvement of the private sector in the process and public governance

Annexe 2: Interview guide for missions in regions

Introduction

- Short presentation of the study and its objectives.
- Could you briefly present the institution you represent and the way in which it was involved in the development of diagnoses and the definition of priorities and RDTI action plans?
 - Under the initial ERDF OP submitted in 2007 and its implementation?
 - Under the diagnosis revision process and adaptation of the RIS and ERDF OP between 2007 and 2009?
- Beyond the ERDF OP, which were the other strategic frameworks and regional action plans in the field of innovation? Which place did innovation have in regional policies in 2007?

Description of the revision process

- Could you briefly describe how the organisation is set up to lead this deepening and revision process? How is it different from the one which had been implemented for the development of the initial ERDF OP between 2006 and 2007?
 - Stages and calendar
 - Structure and functioning of steering
 - Governance and decision-making mode
 - Thematic groups and undertaken studies
 - Organisation of partnerships
 - Consultation and participation of the private sector
 - External support of a consultant
 - Definition of the OP's contribution

Lesson of the diagnosis

- What were the main elements explored in more depth in the diagnosis? How were they identified and treated?
- Did the deepening of the diagnosis and exchanges within the regional partnership allow the acquirement of new knowledge, the emergence of new challenges, the extension of the fields of reflection and action, and the questioning of ways of doing things or organising the regional innovation system? Explain.
 - What are they and how did they make it possible to evolve the initial situation?
 - In hindsight, what is your opinion of the diagnosis and the strategy developed under the initial OP in 2007 (*unaddressed topics and issues or addressed insufficiently or in an unsuited way*)?
 - Which issues does the deepened diagnosis not yet sufficiently clarify? For which issues the strategy and the actions retained do not offer an adequate or sufficient answer?

Main developments of the revision process

- How did the process allow the strategic framework, the organisation of the regional innovation system as well as the ERDF OP to evolve? Explain, in particular in terms of:
 - objectives and ranking of priorities;
 - intervention fields and considered actions;
 - governance and organisation of regional partnerships;
 - means and instruments to develop links between innovation players;
 - structures and funding levels and involvement of partners;
 - taking into account of the needs of companies, in particular SMEs;
 - the place of innovation in the regional strategy or other action plans;
 - consistency and articulation with other initiatives and regional or community programmes;

Operation and contribution of the regional partnership

- How did institutional partnerships operate to bring about a common and shared vision of the diagnosis, strategic priorities and action plans?
 - At which stage and how were the steering bodies of the ERDF OPs involved and to what extent did they take ownership of the exercise?
 - Which modes of governance between private and public players? What was its contribution?
 - What are the encountered difficulties? And, conversely, what are the factors having facilitated or contributed to the success of the exercise? Which lessons did they bring?
- Which part will be played by the ERDF?

Support

- What are the tools or other forms of assistance used in regions to support this revision process?
 - What is your opinion of the tools, training cycles or the other forms of assistance which were at the disposal of the regions under this framework? In particular with respect to methodology and the support offered by the ADIT?
 - Which contributions? Which limits? Which proposals for improvement?

Analysis grid

- Targeted revision of the deepened analysis grid to supplement missing information, to bring the necessary details to possible questions remained unanswered.

Conclusions

- In conclusion, from your point of view, what were the main contributions of this revision process sought by the European Commission?
- More broadly, what could be, in your opinion, the usefulness and impact of this renewed strategy on the whole regional innovation system?