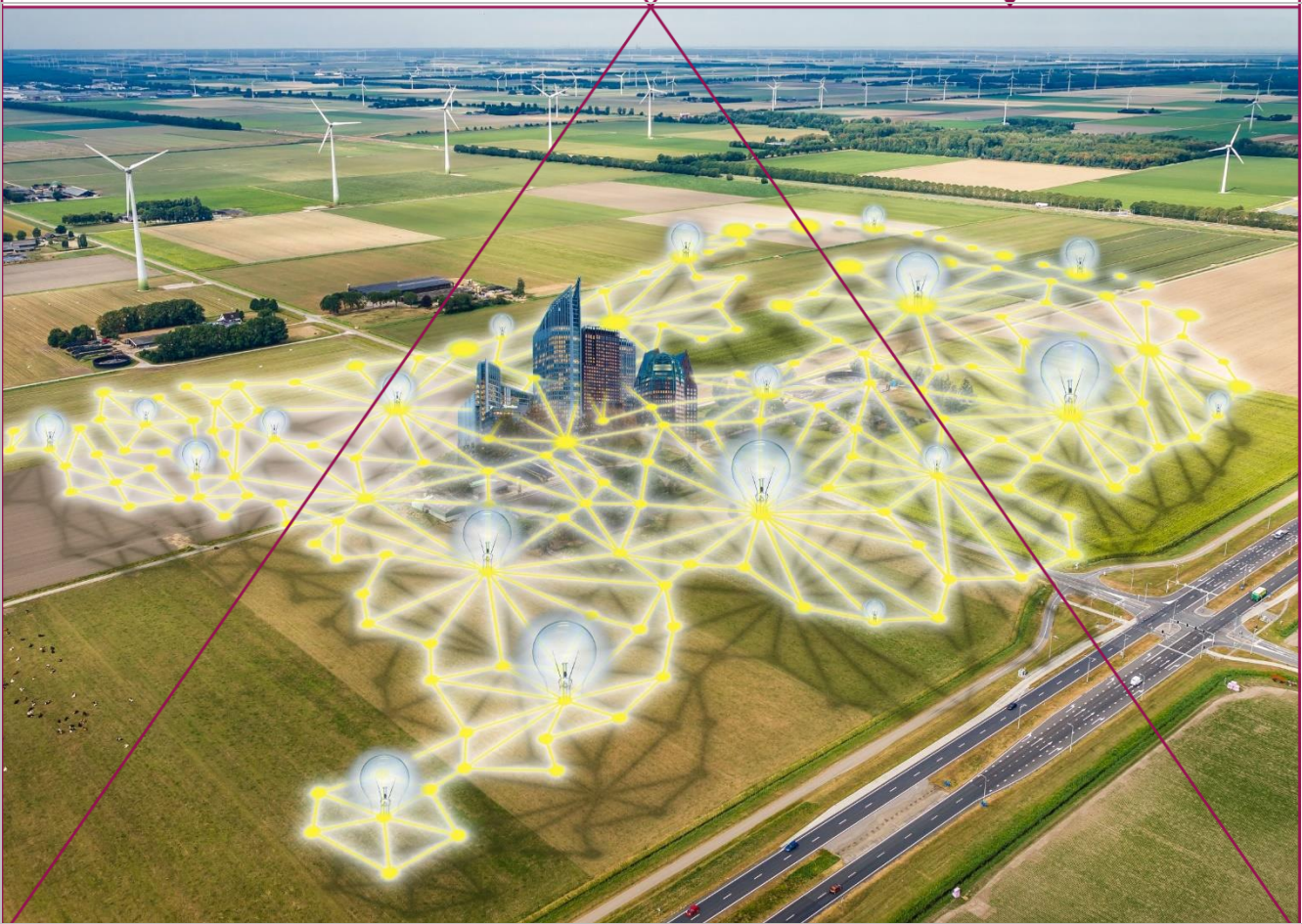


RAISING THE BAR TOGETHER

REGIONAL AND CENTRAL GOVERNMENT
WORKING TOGETHER FOR INNOVATION



The Dutch Advisory Council for Science, Technology and Innovation (AWTI) publishes solicited and unsolicited advisory reports to the Dutch government. Its independent reports are strategic in nature and focus on the contours of government science, technology and innovation policy. Council members are drawn from knowledge institutes and the business world. AWTI's work is founded on the principle that knowledge, science and innovation are vital for the economy and society, and will become more important in the future.

The Council is made up of the following members:

Dr S. (Sjoukje) Heimovaara (Vice-chair)
Dr. J.P.H. (Jos) Benschop
Prof. R. (Roshan) Cools
Prof. K. (Koenraad) Debackere
Prof. T.H.J.J. (Tim) van der Hagen
N. (Nienke) Meijer
Prof. E.H.M. (Ellen) Moors
C. (Chokri) Mousaoui
M. (Marleen) Stikker
P.W.J. (Patrick) Essers (Secretary)

The secretariat is located at:
Prins Willem-Alexanderhof 20
2595 BE Den Haag
t. 070 3110920
e. secretariaat@awti.nl
w. www.awti.nl

ISBN: 978-90-77005-88-0

Raising the bar together

Regional and central government working together for innovation

mei 2021

Summary

The Netherlands is facing a period of major transitions towards a green, sustainable, digital and inclusive economy. Innovation plays a crucial role in this process. Innovation takes place in the regions, where businesses, scientists, talent and civil-society organisations come together to create inspiring initiatives and opportunities for innovation. Some regions are more successful in this than others. Each region faces its own specific challenges in renewing its economy, strengthening broad welfare and prosperity in society and contributing to the achievement of transition goals. These differences between regions are steadily widening, partly due to the coronavirus crisis. However, achieving broad prosperity for the Netherlands and making progress in the transitions are dependent on the innovative strength of *all* regions. It is therefore essential that relevant innovation initiatives are strongly linked together across regions. Central government has a key role to play in facilitating this.

In this report the Dutch Advisory Council for Science, Technology and Innovation (AWTI) addresses the following question:

What can central government do to strengthen the innovative power of the Netherlands as a whole by helping to increase the innovative power of each individual region?

The focus in this advisory report is on the places where regional innovation initiatives arise: the regional research and innovation ecosystems. These are dynamic regional networks of businesses, civil-society organisations, universities, universities of applied sciences and regional governments working together to boost the innovative power and competitiveness of the ecosystem. This is where research takes place, where innovation arises and is disseminated.

Advisory report: Working together to raise the bar for innovation

Central and regional governments have a shared responsibility to achieve regional renewal, speed up innovations and make the Netherlands more future-proof. There is already extensive central and regional collaboration on regional innovation, and a great deal has already been achieved. However, the results would be even more impressive if central and regional governments were to work together to ensure genuine progress in regional renewal and to link up relevant innovation initiatives across different regions.

To achieve this, central and regional governments need to work towards a targeted, coordinated and balanced form of collaboration, as a means of strengthening the innovative power and competitiveness of the Netherlands as a whole as well as of each

individual region: working together to raise the bar. It is an approach which ties in to the regional context and region-specific challenges and which builds on the specific innovative capacities of each region. Less successful regions will also need support to enable the innovative power of the Netherlands as a whole to be strengthened. Such an approach would lift the innovative capacity of all regions to a higher level. This in turn would enable the regions to ramp up their growth potential, improve the welfare of their citizens in a broad sense and contribute to meeting the transition goals which face the Netherlands. 'New-style cooperation' must give direction to regional innovation, improve the coordination between regional and national innovation targets and strengthen the links between relevant regional innovation efforts.

All this requires four things to be in place:

1. An integral vision as a 'point on the horizon' for the longer term, to serve as a framework within which central government and stakeholders in the regional ecosystems can work together to achieve transition goals. At present, there is a lack of an overarching narrative underpinning the transitions and a vision of the future for the Netherlands. It is currently not always clear what innovation goals the regional ecosystems should be striving to achieve in the longer term in order to contribute to the achievement of national goals. The rolling out of the mission-driven innovation policy has so far not resolved this problem.
2. More coordination from central government aimed at creating cohesion and linkage between regions and between national and regional missions and policy efforts. Currently there is a lack of cohesion in policy, which prevents central and regional governments from working together in a targeted way to achieve innovation goals. This limits the stepping up and dissemination of innovations, and also leads to fragmentation of time, attention and resources. Lack of cohesion between regional initiatives leads to overlap or competition between regions, which is problematic because the regions are dependent on each other for their impact.
3. Improvement of regional research and innovation ecosystems so that the innovative capacity in all regions and the Netherlands as a whole is increased. Dutch regional research and innovation ecosystems are generally well organised, and the Netherlands is an international leader in terms of collaboration between government, business and knowledge institutes. However, there are weaknesses in some Dutch regional ecosystems, for example weak knowledge infrastructures, lack of talent in the region, an SME sector which is insufficiently focused on growth and innovation, or a lack of cooperation between stakeholders. That is concerning, because these weaknesses undermine the growth of regional ecosystems and therefore put a brake on renewal of both the regional and national economy.

4. More balanced support for all regions so that efforts by decentralised governments are more effective. In the past, regional governments have played an important role in building what are today strong regions. Optimisation of regional innovation ecosystems requires a great deal of knowledge, expertise and resources – and precisely the financial capacity and knowledge position of regional governments have come under pressure in recent years. As a result, they are no longer able to act as the full sounding boards and partners which the business community, knowledge institutes and civil-society organisations in the region need.

AWTI has four recommendations for achieving renewed cooperation between central and regional government; these recommendations are aimed at the new Cabinet.

Recommendation 1: Create an overarching and inspiring vision of the future so that all stakeholders have a clearer idea of what they are seeking to achieve.

Such a vision of the future bonds, creates interest and gives direction, and helps regions to determine the challenges they want and need to achieve. It also helps streamline interests at national and regional level. The vision serves as a framework for the longer term, enabling regions to develop robust policy, formulate agendas and set up initiatives which genuinely contribute to a future-proof economy and society for the whole of the Netherlands.

Recommendation 2: Set up an interministerial coordination structure and create links to prevent fragmentation and unnecessary competition and achieve greater impact.

Establish a coordination structure to bring together regional efforts so as to contribute to the overall national effort. Coordination in this context does not imply a hierarchical structure, but rather a means of giving direction – based on the vision for the future – which looks for cohesion and seeks to establish links. It also means making agreements, focusing on results, demanding commitment from all stakeholders and attaching consequences to that. This requires the setting up of an interministerial programme team to perform this coordination function, with a robust mandate from other government ministries, sufficient capacity and with the Ministry of Economic Affairs and Climate as the coordinating ministry. This team will then work together with the regions to compile a clear overview of regional initiatives, identify promising initiatives which can be linked together and select promising activities based on key national policy aims and in line with the vision for the future. These promising initiatives should be prioritised and stimulated so that they can genuinely make a mark at national and international level.

Recommendation 3: Develop well-considered regional innovation ecosystem agendas.

Invite all regional research and innovation ecosystems of any substance to take part in the development of a carefully thought-through Regional Innovation Ecosystem Agenda (RIEA), if they do not already have one. And if they do already have an innovation agenda, ask them to strengthen it where necessary.

A RIEA enables regional ecosystems to focus their research and innovation efforts more precisely, to set themselves apart from other regional ecosystems, but at the same time to seek out collaboration with those other ecosystems. The RIEA is a collective responsibility of regional governments, companies, knowledge institutes and civil-society partners such as public organisations or civic collectives (the 'quadruple helix'). The regional ecosystem will then be able to develop its own overview of ambitions, promising projects and potential solutions. Starting from this regional agenda, the regional ecosystem can then seek coordination and alignment with policy and programmes at national and international level.

Recommendation 4: Stimulate innovation in and with the regions by challenging them and helping them to strengthen their research and innovation ecosystems.

Getting innovation off the ground will require a strengthening of the regional research and innovation ecosystems. They themselves are best placed to know what is needed for this, but they cannot do it alone. AWTI advises the new Cabinet to help regional ecosystems in four ways:

1. Base funding more on investment logic. Regional ecosystems have access to a wide variety of resources, generally in the form of grants for individual, short-term projects. The government needs to offer longer-term, programmatic investments alongside those projects to fund the development of regional ecosystems. The goal will be to achieve social and economic returns in the longer term, so that the ecosystem can constantly strengthen and renew itself. An investment logic makes it easier to create leverage between public and private sources of finance at regional, national and European level.
2. Offer regions a mentoring and acceleration programme to enable regional governments, economic boards and other quadruple-helix organisations to participate in regional ecosystems. In this programme, regions will learn from each other and experts will help ecosystems to find the right 'fit' between their profile and the opportunities which arise in relation to the transition goals and the international economy. The programme is thus focused on action and results, and will therefore help regional ecosystems to develop their regional agendas and investment programmes and encourage them to raise the bar and set their ambitions high.
3. Organise knowledge and expertise transfer to regional governments, economic boards and quadruple-helix organisations. This will enable them to develop and

implement the RIEAs. Regional governments, economic boards and other quadruple-helix organisations need a deep understanding of their regional DNA and the status of their ecosystem. They also need a great deal of expertise in relation to the transition goals, experiments, living labs, policy development and the effective use of policy instruments. AWTI advises the Cabinet to support the initiative taken by the Association of Netherlands Municipalities (VNG), the Taskforce for Applied Research SIA and others seeking to develop flexible, mission-focused regional knowledge hubs.

4. Develop the Regional Development Agencies (RDA) into Regional Innovation Support Centres. This will enable regional businesses to be offered more help with specific innovation challenges. Given that the network of RDAs will soon have nationwide coverage, it is time to enable these organisations to play a pivotal role in regional innovation. Innovation support centres will be not so much a new 'SME advice centre', but will proactively establish links with the regional innovation leaders and the 'peloton' of businesses aspiring to grow through innovation, investment and internationalisation. The centres will form the links between the regional business community, universities, universities of applied sciences, senior secondary vocational education, other knowledge institutes, economic boards, regional governments, central government, other funders and also relevant European networks and clusters. In doing so, they will be giving practical form to the generic national policy for the SME sector and ensuring better application of that policy, whilst maintaining a focus on the specific regional context and its incorporation within the RIEA. The centres will need to seek out cooperation with stakeholders in other regions in order to forge interregional and supra-regional initiatives. AWTI recommends that when configuring these Regional Innovation Support Centres, examples be sought in other innovative European countries.