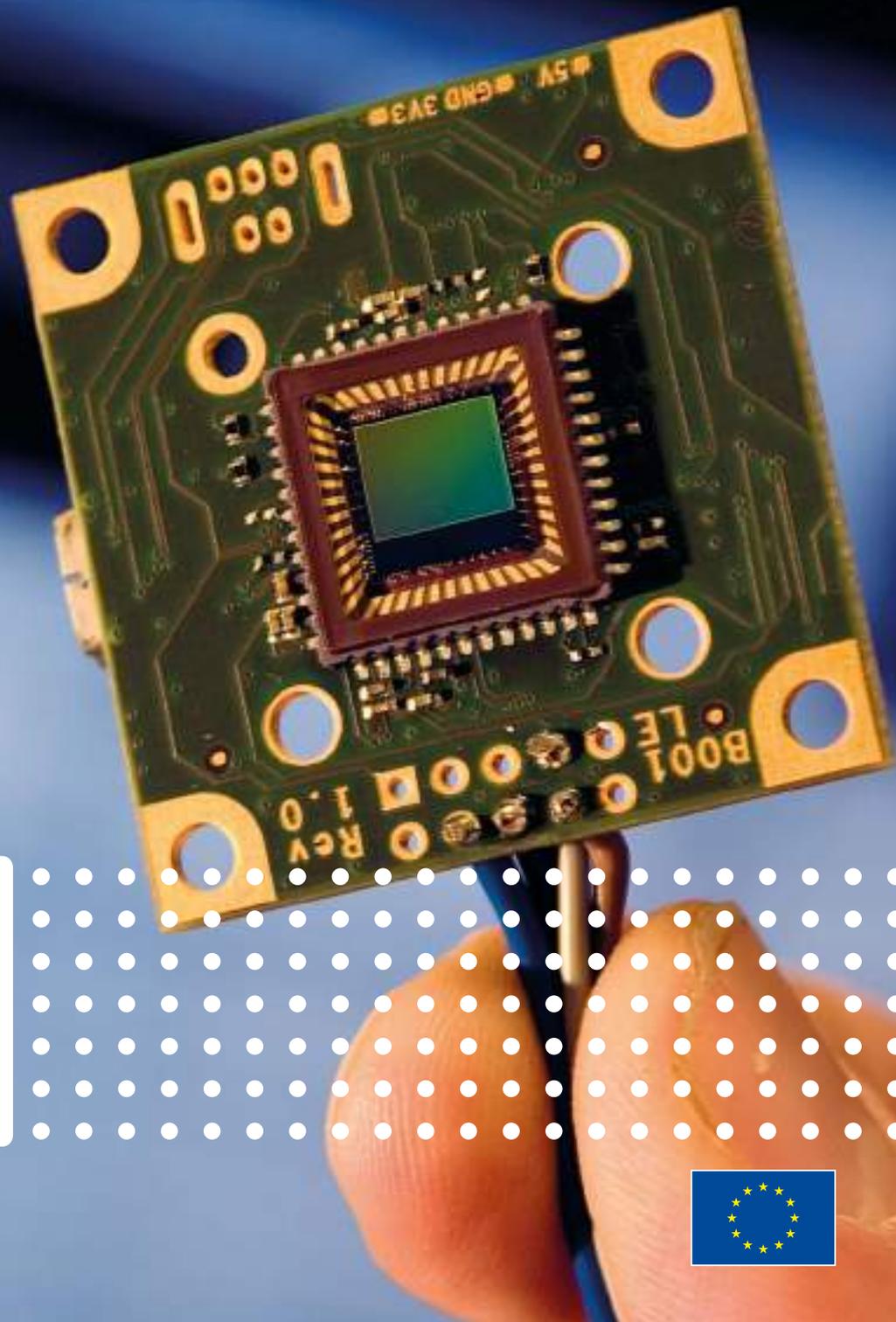


Summary

Operational Programme European Regional Development Fund 2014 2020

Northern Netherlands

Prioritising innovation and a low-carbon economy

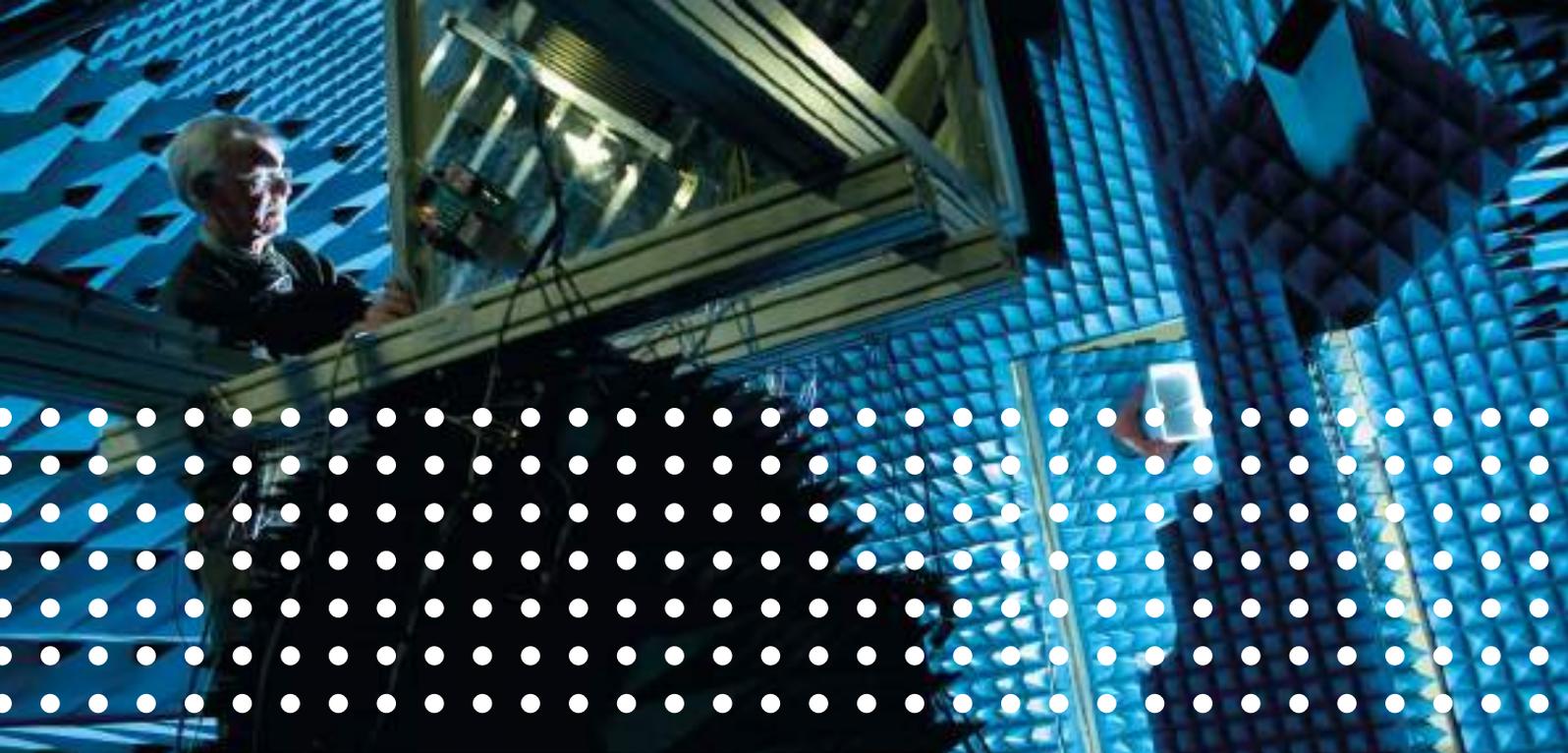


SNN

NORTHERN NETHERLANDS
PROVINCES

October 2014





For the period 2014-2020 a total of EUR 103,541,823 from the European Regional Development Fund (ERDF) has been allocated to the region of the Northern Netherlands, consisting of the provinces of Friesland, Groningen and Drenthe. These funds, in combination with additional public and private co-financing, will strengthen the region's potential for research and innovation while at the same time supporting the shift to a resource-efficient, low-carbon economy. By fostering investments in these clear and focused objectives the region contributes to the overarching EU2020 strategy for smart, sustainable and inclusive growth. These new investments will also contribute to attaining the Dutch targets set in this regard.

In the Europe of 2020 the Northern Netherlands aim to develop and promote herself as a region that is known for the creative way in which it realizes innovations that delivers both social and economic benefits. This is the main goal of the Operational Programme for the Northern Netherlands (hereafter referred to as OP) for the period 2014-2020. The following summary of the programme describes the two main priorities and four specific objectives that have been identified as key issues for the Northern Netherlands.

Strategy for smart innovation

The Northern Netherlands have invested considerable effort in the structural strengthening of the economy in recent years, mainly through five key economic clusters: healthy ageing, water technology, agrifood, sensor technology and energy. The region will continue to build on what has been achieved over the last years and, with this in mind has developed a Research and Innovation Strategy for Smart Specialisation (RIS3), that focuses on four social challenges: health and wellbeing, food security, sustainable energy and a clean and safe water supply. These challenges present opportunities for the Northern Netherlands as a whole. The region aims to establish itself as a living lab region: a region in which innovation is converted into specific solutions to the four aforementioned challenges.

The OP for the Northern-Netherlands focuses on increasing the research and innovation intensity in the small business (SME) sector and improve their uptake of innovation. In the Northern Netherlands SME's comprise 99% of all companies in the region.

Using the so-called innovation pyramid (Figure 1) as a model, small businesses can be divided into five categories: leaders, developers, adopters, followers and other small businesses. In the Northern Netherlands the proportion of followers is relatively large, while the percentages of adopters, developers and leaders are lower than the national average. Many small businesses have plenty of ideas and are open to innovation, but generally lack the time, knowledge, and financial resources and human capital needed to actually achieve innovation (Panteia, Innovatie in het MKB in Noord-Nederland [Innovation in the SME Sector in the Northern Netherlands], 2013).



Figure 1: SME Innovation Pyramid in the Northern Netherlands - (Source: Panteia, 2013)

In short, there are two main barriers to innovation, both of which are addressed by the OP:

- Small businesses appear to be insufficiently capable of exploiting existing knowledge and/or generating knowledge.
- Small businesses are insufficiently successful when it comes to valorising knowledge, which involves converting knowledge into new products and services.

The main goal of the OP is designed to tackle these two barriers. Alignment of demand for and supply of highly skilled workers is an important priority in this endeavour.

The OP focuses on innovation and a low-carbon economy

The OP for the Northern Netherlands focuses on two main priorities: innovation and a low-carbon economy. These priorities were developed in consultation with the various stakeholders (education, research, businesses and government agencies). The Northern Netherlands regards the shift to a low-carbon economy, which is also a key element of the Europe 2020 agenda, as a significant economic opportunity.

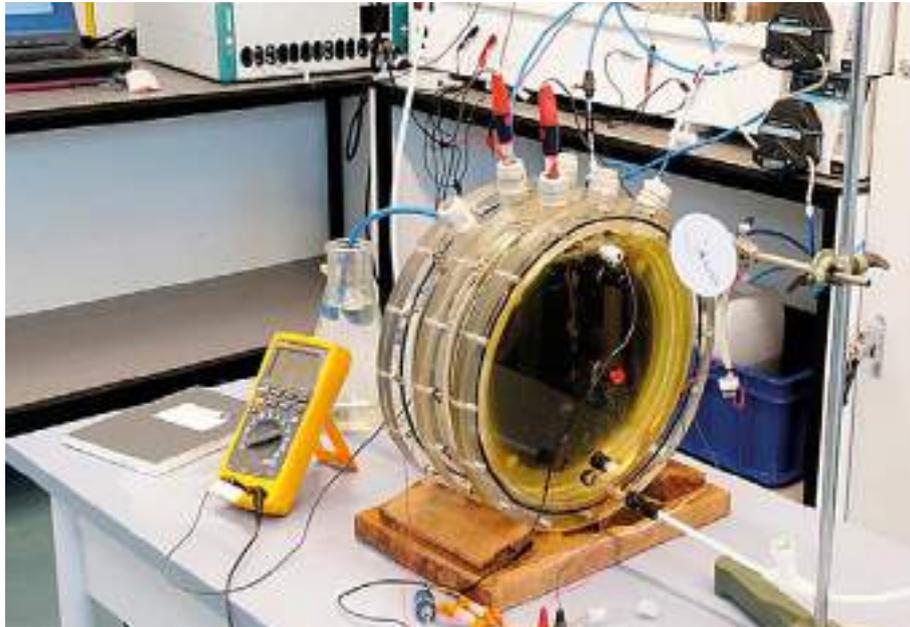
Innovation

Within the main priority of innovation three specific objectives have been set: (A) strengthening of human capital, (B) fostering knowledge development and (C) promoting valorisation.

A. Strengthening of the regional human capital agenda

The shortage of highly skilled and specialized workers is an important challenge for the innovation system in the Northern Netherlands. To strengthen the innovation system, it is important for entrepreneurs to gain a better understanding of their (future) need for workers with the right qualifications and skills. At the moment (future) demand for human capital is not being systematically expressed. This makes it difficult for education and knowledge institutions to cater for future needs. The OP supports actions that address the (latent) demand for labour

within the corporate sector and help create a better balance between demand and supply in relation to the four social challenges identified by RIS3.



The OP seeks to promote more effective coordination of demand and supply of highly skilled workers in order to strengthen the human capital base of the innovation system in the Northern Netherlands. Potential beneficiaries are primarily the organised corporate sector and higher professional and academic education and knowledge institutions. Projects that are eligible for ERDF support include:

- Projects in which clusters of businesses and education institutions work together to develop demand-driven curricula that facilitate the alignment of demand for and supply of highly skilled workers (in the form of business training programmes and work placement programmes for tutors, for example).
- Projects in which businesses work together to develop structures that allow corporate R&D facilities to be used by education institutions.
- Projects that develop dedicated E-portfolio systems that provide an overview of and enable the exchange of knowledge and experience within and between clusters (digital curriculum vitae with additional information about skills, references, feedback, etc.).
- Projects that involve the setting up of structures that are analogous to Centres of Expertise, or additional activities undertaken by existing Centres of Expertise and research groups.

B. Fostering knowledge development

One of the barriers to the sustained pursuit of innovation by small businesses is the lack of the required knowledge. In setting this specific objective the Northern Netherlands aims to strengthen the knowledge base of the SME sector in the North in order to ensure that small businesses are better equipped to exploit existing knowledge and generate new knowledge. This will expand the innovation system and enable more small businesses to incorporate innovation within their operation. Potential beneficiaries are primarily (small) businesses. The OP focuses on the following activities:

- Knowledge development and research by businesses working in partnership with knowledge institutions or other businesses.
- Assisting small businesses with the acquisition of new knowledge.
- Exchange of workers among small businesses, or between small businesses and large businesses or small businesses and knowledge institutions for the purpose of knowledge development.

- Activities that promote use of (matchmaking) networks, especially those that adopt low-threshold and cross-sector approaches.

C. Promoting innovation and valorisation in the SME sector

Once knowledge has been located and obtained, it needs to be converted into new products and services. Small businesses in the Northern Netherlands bring fewer innovative products and services to market than the rest of the country and clearly find it difficult to turn knowledge into innovation. Support is especially critical during the last stages between product development and market introduction in order to transform knowledge into the development of new products, technologies, services or concepts. In particular, the OP aims to encourage developers and adopters in the SME sector to complete these last stages. This part of the OP focuses on the promotion of innovation processes and the conversion of knowledge into innovation. Potential beneficiaries are primarily (small) businesses. Projects that are eligible for ERDF support include:

- Innovation processes aimed at the development of new products, concepts, technologies and services.
- Testing of innovative applications in a practical environment with a view to valorisation of new technologies provided that the testing is a logical part of the innovation process.
- Valorisation of products and services that involves the creation or improvement of testing ground facilities designed to support innovation processes conducted by or involving the corporate sector.



Low-carbon economy

Within the main priority of low-carbon economy the Northern Netherlands have set just one specific objective: to increase the proportion of innovations in the Northern Netherlands specifically designed to reduce greenhouse gas emissions. In a policy area where other measures that facilitate the rollout of technologies are already being implemented, this is precisely where the added value of the OP for the Northern Netherlands lies. A large number of measures required to achieve the EU low-carbon targets set for 2020 have been planned or are already being implemented at a national and regional level. The vast majority of these measures are intended to increase the use of renewable energy, reduce energy consumption and promote smart energy systems. Given that this is the case, it is not appropriate to use ERDF funding to implement such measures in the Northern Netherlands. Hence there is all the more reason for the OP to focus on one of the other aspects of the EU 'low-carbon' strategy: the promotion of innovation in low-carbon technologies.

The OP and the TRL model

Rather than addressing the entire innovation chain, the OP for the Northern Netherlands focuses on the central and latter stages of the innovation process. TRL model is used for this purpose (see Figure 2). TRL stands for Technology Readiness Levels. Levels 1 and 2 of the TRL model involve fundamental research and the early stages of applied research. These activities are supported by other European and Dutch funds. Levels 3 to 7 are important for the OP. These are concerned with the development of knowledge and the stimulation of innovation and valorisation processes with a clear focus on the market.

D. Increase the proportion of innovations in the Northern Netherlands specifically designed to reduce CO₂ levels.

The OP aims to increase the proportion of innovations that will help reduce CO₂ levels. The potential beneficiary is primarily the (organised) corporate sector. Activities that are eligible for support within this specific objective include:

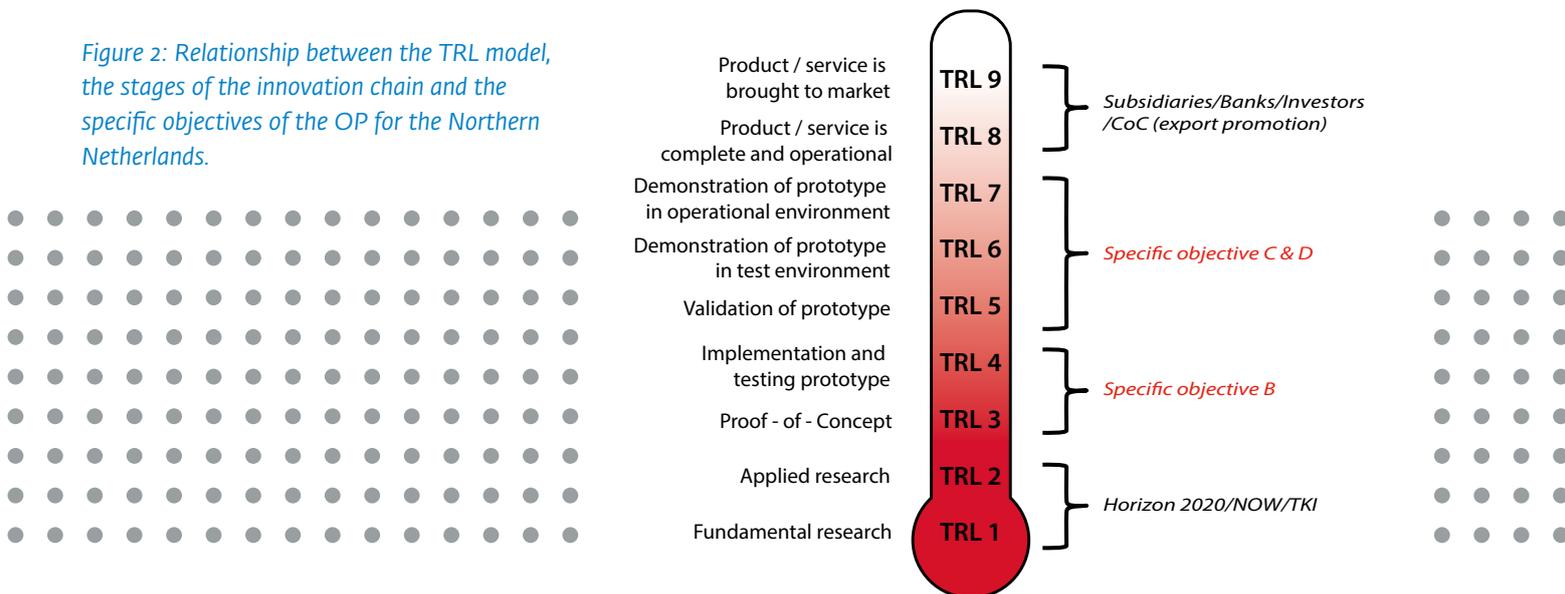
- Innovation processes aimed at the development of new products, concepts, technologies and services that are directly related to low-carbon technologies that help reduce CO₂ levels.
- Testing of innovative applications that help reduce CO₂ levels in a practical environment provided that the testing is a logical part of the innovation process.
- Creation or improvement of testing ground facilities that help reduce CO₂ levels and which are designed to support innovation processes conducted by or involving the corporate sector.

Applications for project subsidies in the Northern Netherlands

Applications for project grants in the Northern Netherlands are assessed by an external expert committee with calls for proposals and tenders being issued. Partly depending on the stage of implementation of the OP and the results that have been achieved, the instrument that will most effectively and efficiently contribute to the achievement of the intended result will be chosen for each specific objective. The selection criteria are elaborated in detail for each call for proposals or tenders. The principles are:

- Contribution to the achievement of the specific objectives of the OP.
- Degree of innovation.

Figure 2: Relationship between the TRL model, the stages of the innovation chain and the specific objectives of the OP for the Northern Netherlands.





- Quality of the business case.
- Quality of the application.
- Sustainable development. The weighting of these principles may differ per specific objective and per instrument.

The preparation of calls for proposals and tenders is an outcome of a process of interaction with stakeholders initiated with RIS3 and further pursued with the Northern Innovation Agenda (NIA).

As regards the use of the innovation pyramid, the selection of activities and companies will be based on the nature of the activities and the extent to which they enable a company to advance up the pyramid. This approach has been adopted because it is not possible to determine in advance which category of the innovation pyramid a company falls under.

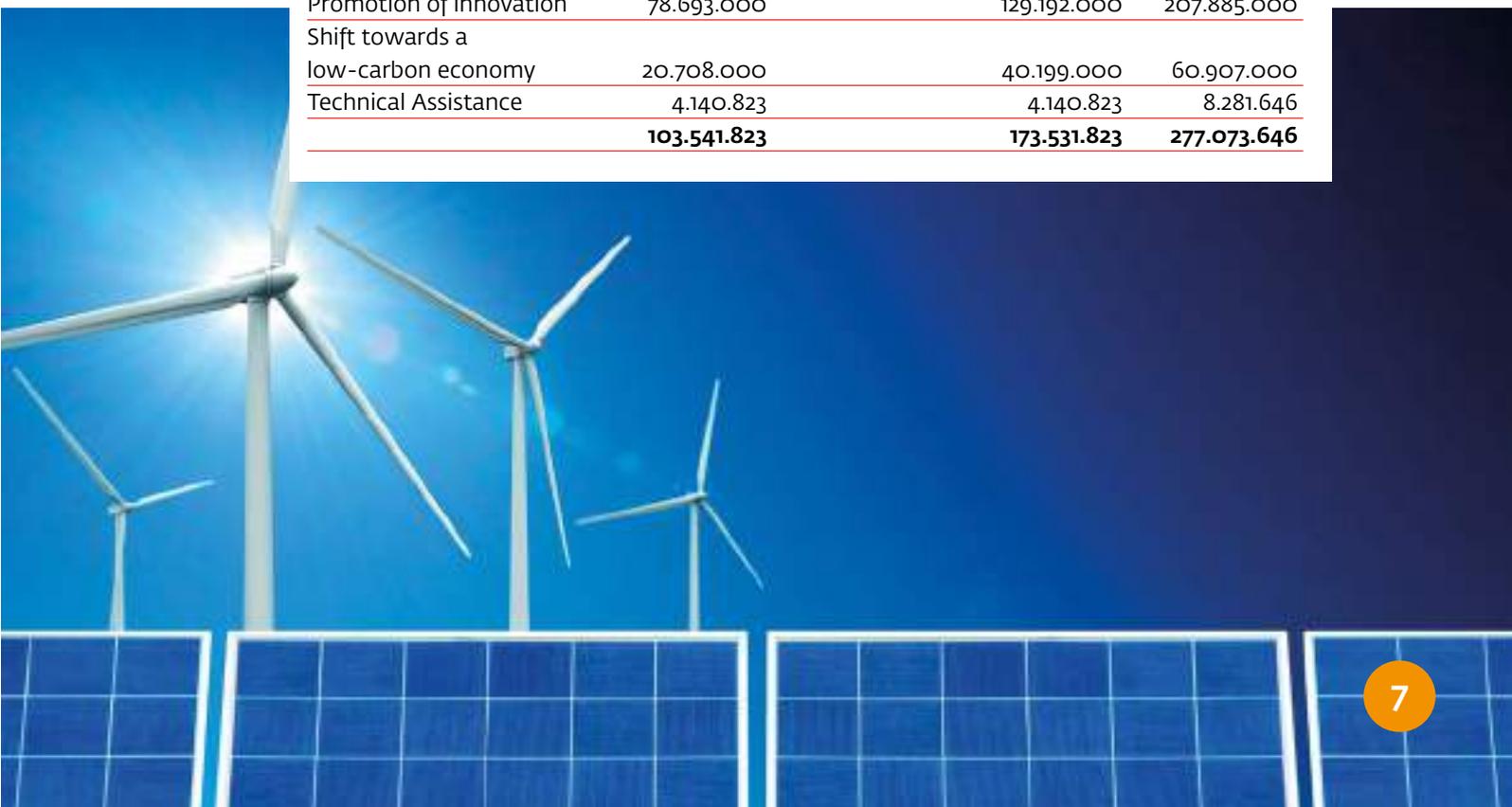
For the selection of projects within the context of the OP the following principles generally apply:

- Projects are demonstrably supported by the needs of the SME sector.
- Research projects focus on applied research involving the corporate sector, but are not specifically intended to support the establishment or operation of institutes.
- Specific activities pursued by intermediary organisations are driven by a clear need within the SME sector, without the ERDF grant being used to establish or operate these organisations.

Want to know more? The complete ERDF Operational Programme for the Northern Netherlands 2014-2020 is only available in Dutch and can be found on our website, www.snn.eu/OP2014, under Subsidies. Or use the QR code.

Table 1: Finance Plan per priority axis of the ERDF Operational Programme for the Northern Netherlands 2014-2020 (in Euro's)

Thematic objective	ERDF- contribution	National and regional con- tribution (public and private)	Total investments
Promotion of innovation	78.693.000	129.192.000	207.885.000
Shift towards a low-carbon economy	20.708.000	40.199.000	60.907.000
Technical Assistance	4.140.823	4.140.823	8.281.646
	103.541.823	173.531.823	277.073.646





Summary

Operational Programme **European Regional Development Fund**