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Creating Innovation Strategy in Bilateral Environment Innovation without border!

1. Introduction

Due to the European Union (EU) accession of our countries the trans-regional collaborations become more and more fashionable way of networking. Those factors like the significant financial assistances of the EU (through the Territorial Cooperation Actions: INTERREG; and the Joint Research Programmes: FP6 and 7) and the decreasing political, economic importance of the borders (as Schengen Agreement came in to force) jointly result in more and more trans-regional and even trans-national programmes in Central Europe as well.

The cooperation in the field of regional development and innovation among regions is essential in such a part of the EU as Central Europe. In the NORRIS Project North Hungary and Košice region collaborated with the financial and methodological assistance of the EU in order to create Regional Innovation Strategies (RIS) both separately and jointly. In this paper the methods and process of the strategy building and experiences of the almost completed project have been summarized.

This project represents a unique opportunity to test and implement the RIS process in a cross border environment, which greatly assist the construction of a European area of research and development where cross border linkages between SMEs and research structures are greatly facilitated. The conclusions of many RIS projects frequently comment on the lack of regional linkages, the difficulties of internationalization etc, the NORRIS project will therefore provide the EU with a pilot project that tackles head on some of the most important issues confronting the EU today, using innovation and technology as a means of breaking down these barriers.

2. Target area of the project

The NORRIS Project and the created strategies concern two neighbouring regions: North Hungary and Košice region, which is the Southern part of the larger Eastern Slovakia region.



Figure 1: Target area

Source: MapInfo, own compilation.

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Table 1: main indicators of the participating regions with the national data

Units	Number of population (2005)	Millions of Purchasing Power Parities (2005)	Purchasing Power Parities per inhabitant (2005)	Purchasing Power Parities per inhabitant in percentage of the EU average (2005)
Hungary	10097549	145181,8	14392,9	64,3
North Hungary	1271111	12009,0	9483,6	42,3
Slovakia	5384522	73067,1	13563,3	60,6
Eastern Slovakia	1567253	15160,4	9662,9	43,1

Source: EUROSTAT, own compilation.

As regards the innovation it can be said that North Hungary and Košice region are less-favoured regions with limited research & development (R&D) capacities, however with significant potentials especially in some selected economical sectors (chemical industry, machinery and IT branch) and in the field of renewable energy resources. The two regions have very strong economic, social and geographical links and a common historical background. Besides they are facing the same challenges in the field of competitiveness and innovation as well and have the intention to cooperate with the aim of accelerated economic development.

Table 2: R&D capacities and potentials

Units	R&D expenditure per GDP, % (2005)	R&D staff per total employees, % (2005)	Number of patents per 1 million inhabitants (2004)
European Union	1,90	1,49	-
Hungary	0,94	1,27	21,25
North Hungary	0,27	0,56	5,19
Slovakia	0,58	1,02	7,04
Eastern Slovakia	0,28	0,68	5,17

Source: EUROSTAT, own compilation.

3. Goals of the project

The main aim of the project is to create an authentic programming and implementing basis for the regional innovation support activities and the absorption of EU funds by transnational co-operation and partnership of the regional actors.

The further goals were defined:

- Strategic objectives:
 - foster regional and economic cohesion within and between the participating regions and improve their competitiveness by handling innovation as a key economic priority.
- Direct objectives:
 - develop the absorption capacity of EU funds by improving the regional programming and implementing capabilities

- strengthen transnational and regional co-operation in the field of R&D and innovation in order to open new areas of transnational activities and to exploit the existing capacities in a more efficient, integrated way
- create an enabling environment for existing SMEs and innovative start-ups, spin-offs, investors and R&D centers by determining the most important stimulating and attractive factors
- identify strategic key areas of innovation support activities and flagship projects
- transfer experience and knowledge from the supporting partner region and connect to the EC networks and programs, the European innovation bloodstream.

The NORRIS project contributes to consolidate a European platform for exchange of experience and dissemination of good practice on research and innovation-related themes among actors in regional structures and stimulates regional policy-making as regards research and innovation strategies by means of promoting cooperation, breaking down barriers and encouraging transregional learning, furthermore opening new areas of transnational activities and exploiting the existing capacities on a more efficient, integrated way. For the sake of encouraging a more innovation friendly environment throughout the EU, and stimulating technological innovation and the setting up of innovative technology business by strengthening transnational and regional co-operation in the field of R&D and innovation the project aims experience and knowledge transfer from the supporting regions and to connect to the EC networks and programmes, the European bloodstream. With the help of the determination of the most important stimulating and attractive factors, the NORRIS project directly contributes to the creation of an enabling innovation friendly environment for existing SMEs and innovative start-ups, spin-offs, investors and R&D centres.

The determination of players of the innovation flow and innovation key areas in the relevant regions in accordance with RIS methodologies can facilitate the regions to connect to the functioning EU innovation network, hence innovation experience gained in the regions of the consortium can properly be linked to this network. New approaches and tools can be investigated and tested, lessons from the experiences of FP research projects can be extracted as well. Knowledge transfer will offer proper services that need to be provided on a European scale, and will assist the creation of a Europe-wide innovation system. Moreover a number of services that support the partnering regions will be operated in order to contribute to the flow of information, hereby to connect them to EC networks and programmes. As a result, high quality proposals assisted by the NORRIS consortium will be submitted to FP6, thus fostering the participation of researchers of the regions in the consortium in all relevant areas of the Framework Programme. Last but not least the NORRIS project will provide the EU with a pilot project that tackles head on some of the most important issues confronting the EU today (lack of regional linkages, the difficulties of internationalization, etc.), using innovation and technology as a means of breaking down these barriers.

4. Potential impact of the project

On the basis of the objectives, potential impacts are as follows:

- increased absorption capacity of EU funds due to the improved regional programming and implementing capabilities and the higher amount of national and private co-financing in innovation related projects
- innovation and R&D form a key factor in the National Development Plans (2007-13) and in other national and regional development documents, thus the participating regions are characterized by stimulated economic growth

- efficient and active transnational and regional co-operation in the field of R&D and innovation, defined common research areas, growing investments and expenditures on innovation
- better exploitation of the existing capacities on a more effective, integrated way, a growing amount of university-industry research projects, well-prepared flagship projects and proposals for the next programming period
- enabling environment for existing SMEs and innovative start-ups, spin-offs, investors and R&D centres, due to the clear understanding of the most important stimulating and attractive factors
- the regions are characterized with positive economic images and great possibilities, therefore the young and well-educated population stay in the regions
- cross-border cohesion among the regional actors, mainly SMEs is strengthened to comply with the challenges of the enlarged EU market, modernised SMEs due to technology transfer activities and EU support
- stimulated transnational connections (flow of the “goods” like capital, products, human resources, services) and due to the active co-operation, the traditional role and economic weight of the Miskolc-Košice axis will be restaurated and modernised with new areas in transnational activities
- the regions are successfully connected into European innovation bloodstream as active participants of EC networks and programmes.

The RIS is however not perceived as a project but as a process. This clearly means that the partners in the RIS intended to establish the mechanisms and partnerships that continually ensure the creation of new initiatives as well as the strategic economic development tools beyond the end of the programme.

5. Project management and exploitation

The management structure of the project had the following elements:

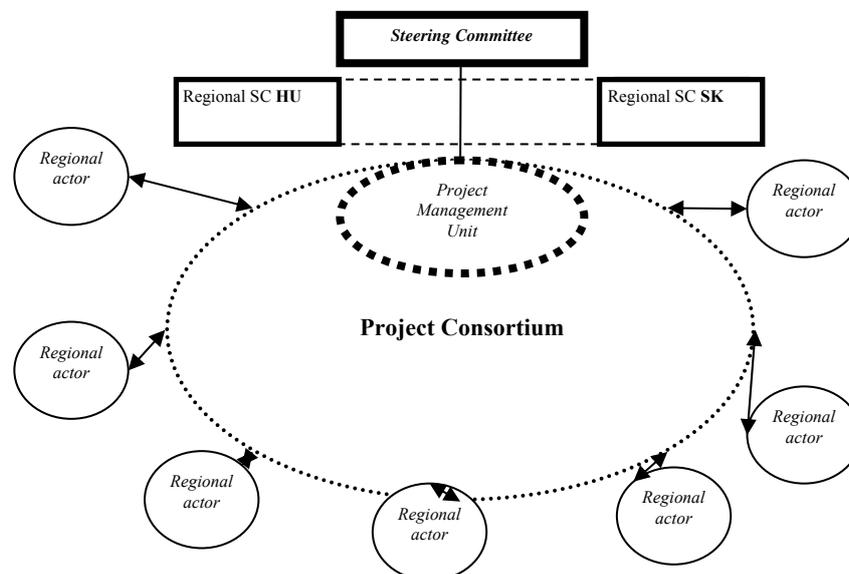


Figure 2: bodies and working structure

Source: own compilation.

I. Transnational Project Steering committee (SC)

The SC supervised the whole process; it represented a really high level decision making and delegated body with the most influential policy makers in order to promote that the RIS becomes part of the sustainable regional policy framework. The members (5-5) were delegated from the two Regional Steering Committees (RSC) which were formed both on the Hungarian and the Slovakian sides. The SC ensured the transnational co-ordination of the project and the consensus during the whole process as well. The main function of the committee was to make certain that all regional decision makers sit around the same table and exchange their ideas regarding the RIS process. The SC was chaired by a senior figure who could command respect and ensure the participation of key figures. The chairing of the SC was organised in a yearly rotating system beginning with a chairman from the coordinator's side. The SC first met and was established after the creation of the RSCs. It met one time per year to supervise the project. The Project Steering Committee members will be the representatives of the RSCs delegated with consensus. *The Project Steering Committee (SC)* was planned to consist of the following stake holders, 5-5 members from both sides:

Regional Development Council/Regional Government; Ministry of Education/other relevant institute on ministerial level; Higher educational and research institutes; Chambers of Commerce and Industry, Major Agriculture and Industrial actors.

II. Regional Steering Committees (RSCs)

Every partner was responsible for the establishment of RSC. The principle was to find the similar actors and organisations on both sides. The main actors of the regions will be represented here. The Regional Steering Committees had a role by helping the partners and the co-ordinator to access the various organisations that were involved during the process. The members were invited to use their own networks to help the dissemination of the RIS findings (Stage 1) and recommendations (Stage 2).

Each Regional SC met first by the official launch of the programme in order to be established and to prepare the beginning of the scheme and facilitate the start-up of the process. These events were held in the two regional capitals, Košice and Miskolc. By these first events, all organisations represented will be informed about the goals and expected results of the project and their possible role in the process. The RSCs are planned to consist of 20-20 stakeholders from both sides, altogether 40 representatives.

The Regional Steering Committees (RSCs) consisted of the following stakeholders on both sides (respecting the differences of organisational structure and names of the organisations of course!):

Voting members:

Regional Development Council or Regional Government; County Councils; Chambers of Commerce; Chambers of Agriculture; Major Municipalities of the region; Ministry of Education; Prime Minister's Office; Regional Branch of Academy Sciences; Higher education; Research Institutes; Major Industries; SMEs.

III. Associated members

Košice-Miskolc Euro Region, Representative of the Employers' Association, Industrial Parks and Innovation Centres, Incubators, Ministry of Economic Affairs, representatives of the financial sector.

IV. Project Management Unit (PMU)

Members of the PMU were as follows:

- North Hungarian Regional Development Agency (NORDA, Hungary);
- Košice Self-Governing Region (KSR, Slovakia)
- Technical University of Košice (TUKE, Slovakia)
- Agency for the Support of Regional Development (ASRD, Slovakia)

- Bay Zoltán Foundation for Applied Research (BZF, Hungary)
- University of Miskolc (UoM, Hungary)
- B-A-Z County Government (BAZ, Hungary)
- Hungarian Investment and Trade Development Agency (ITDH, Hungary)
- Centro de Automatización, Robótica y Tecnologías de la Información y de la Fabricación (CARTIF, Spain)
- JOANNEUM RESEARCH, Institute of Technology and Regional Policy (JR-InTeReg, Austria).

The delegated employees from the nominated partner-institutions represented the core working team of the NORRIS project and were directly responsible for the successful progress of the project according to the work plan.

6. Communication flow and progress monitoring

The PMU guaranteed continuous improvement monitoring and communication flow by performing the following activities:

- Reports to the SC and the RSCs
- Ensures effective implementation, monitoring and evaluation of the performance of the project, as well as sound management of the project activities and budget:
- co-ordinates the implementation of the project on a day-to-day basis
- organises public events, video conferences and workshops for continuous information flow
- provides secretariat to the project
- Ensures effective co-ordination with all involved parties, such as:
- the macro-level government organisations and with direct interest in the issues being addressed by the project; (Ministry of Education, National Regional Development Agency);
- a number of meso-level enterprise support organisations, including membership organisations, SME support and financial institutions; (economic chambers, local enterprise agencies) and also civil organisations
- the business community directly (the micro-level), including SMEs, entrepreneurs, R&D community, larger companies which might benefit from improvement in the SME sector;
- other representatives and NGOs involved in SME development in the regions and the countries (Scientific Association for Technology, Innovation Association, etc.)

The key instruments for project administration:

- Regular workplan, which comprised a detailed budget for each activity
- Accounting, which was held in accordance with EU procedures,
- Controlling, which was done on a quarterly basis by comparing budgeted expenditure with actual disbursement (so to be able to promptly detect any deviation).

SC and RSCs had meetings one time per year and will decide and form opinion in every important questions and milestone before starting the next phase. It could be seen as a crucial factor that the SC and RSC members share common views on these issues. In case of lacking consensus, the decision of the Project Steering Committee is always prior. RSC meetings had to be held before the SC meetings. Both will happen one a year, thus 3 occasions during the implementation of the project. They were in line with the workshops and the conferences, exactly in the same time and WP to enhance the involvement and participation of RSC and SC members in the project seminars as active partners (chairman, lecturer, etc.).

The assessment of the resources to perform the tasks was the role of project management. Experienced EU partners performed a consultative capacity to the project management as participation and mentoring in the day-to-day work. They participated in the workshops and seminars regarding EU experience transfer and consensus building, transfer the best practices in technology foresight, they ensured consultancy in the preparation of qualitative and quantitative methodology, regional innovation model creation, grant scheme for innovation support, and tools for technology transfer and coordination of financial resources for innovation projects.

7. Work plan of the project

The project lasts 32 months in total. The work comprised three stages. Stages were built up of work packages (WPs) and tasks are specified and developed chronologically in the workplan. WPs followed the logical phases of the project.

Table 3: main phases of the project

#	Tasks	Intervals	Outcomes
1	Establishment of project management (and cross-border) structures, updating and refining of a project methodology and a detailed work programme Building regional and interregional consensus in the North Hungarian and Košice regions in the field of innovation	2005 June - September	Establishment of Project Management Unit and Steering Committees (workshops, conferences)
2	Designing a communication strategy and awareness-raising action plan Preparatory work, including analysis of the regional economies and environment for technological advance and innovation	2005 October – 2006 May	Communication tools, regional studies (technology SWOT), questionnaires and interview guidelines
3	Secondary analysis of the relevant EU, national, regional development plans and other documents, background analysis of international and transnational dimension	2006 June - August	Study on the economic structure of the regions, European Best Practice, list of related documents
4	An analysis of the regional supply; Identification of regional firms' needs; Assessment of gap, development of the strategic framework and concrete actions (SME focus groups, catalogue of regional priorities)	2006 September . – 2007 April	Filled and recorded questionnaires and interviews, statistical analyses (SPSS)
5	Design and selection of the pilot projects; Implementation of the pilot projects	2007 May - August	Focus Group sessions, selected Pilot Projects
6	Compilation of the strategies, Evaluation, a second regional consensus building on strategy finalisation	2007 September – 2007 December	Regional and Interregional Innovation Strategies, Workshops
7	Closing the project, dissemination	2008 January	Info-materials and close conference

Source: own compilation based on NORRIS Project.

Stage 0 – Definition Stage

Stage 0 was the definition stage which last approximately 12 months. This period was used to set up the organisational structure of the project, to select national and international experts to involve, to build regional consensus in the field of innovation, to develop tools and strategy of communication and to fine-tune the work programme for the further stages. Project methodology was defined and agreed, tasks actions and deliverables were modified. This stage contained the preparatory phase for Stage 1 as well, i.e. analysis of the regional economy and environment for technological advance and innovation with the aim of fulfilling as much analysis and preparatory work in this stage as possible.

Experiences from former pre-projects showed that a lot of emphasis should be taken on consensus building to reach and commit all key regional actors. Financial means, precise timing and continuous involvement should be ensured for the purpose.

Stage 1 - Analysis

Stage 1 was the information gathering and assessment phase. Refining of the existing SWOT analysis, the identification of regional firms needs, an analysis of the regional supply and of the transfer and support structure were included. Analysis of the results had to be comparable with the findings in the other implementing region and the partner region(s) so it had to include nearly the same elements. Existing analyses had to be actualised. By the end of this stage the first conclusions can be developed to draft the strategic framework and action plan. Estimated length of the stage: 12 months.

Stage 2 - Implementation

Stage 2 included conclusions from the analysis, preparation of the strategic framework and concrete actions, design and implementation of pilot projects, and also evaluation of the implementation. Moreover, a second regional consensus building were organised on the final regional strategy, as well as a final conference, which made certain to present the strategy also at national level. Estimated duration was 8 months.

The main resources to realise the project came from the implementing regions. In the North Hungarian Region some pre-projects had been already realised, like a preliminary RIS project funded by national resources, or a Phare Hungarian-Slovakian cross-border co-operation project to establish a Bilateral Innovation Cluster which had been under realisation. This project will build upon the results and also lessons of the pre-projects and can use the existing partnerships as core elements. As an end result, a Bilateral RIS was developed with region specific parts (objectives, priorities, measures, actions, projects) and also with interregional priorities, actions and pilot projects.

8. Conclusions

We faced many challenges during the execution of the project nevertheless I am sure that this “struggle” had many lessons and benefits for both sides. To highlight the most important issues I can say that the coordination of such a huge consortium (more than forty people in ten partners); the significant fluctuation within the consortium during the 32 months; the communication barriers because of the lack of sufficient language knowledge; the demand on the constant consensus building on both sides of the border; the lacking knowledge and experience in the field of EU projects are representing the main difficulties we have faced. Since our project was not only a “simple” trans-regional but also a trans-national one, more efforts had to be made on the consensus building and the communication among the partners. Most cases the decision making systems, the economic mechanisms are different in Hungary than in Slovakia, therefore

at the beginning of the project the political, economic and social background had to be introduced in order to create a common starting point.

The collaboration in the frame of the project proved very profitable for all of the partners. It contributed to a deeper and more efficient cooperation between Hungarian-Slovak regional authorities, governments and universities. During the project's period we got to know the goals, mechanism, and experience of the other parties. The two regional development agencies, universities and business support organisations handed over, shared the practises and theories related to innovation, technology transfer and R&D.

Most of the previous regional development and innovation strategies concerned just either the Hungarian or the Slovak territory and their ranges "stopped" at the border. Thus they slightly generated transregional cooperation and projects. In the case of the current transregional strategy it is totally different, the continuous, two-sided strategy-building process resulted a new aspect, way of thinking which treats the two regions as a unit. By this means it offers opportunity for the coordinated, synchronized development. We hope that the proceeds of this common strategy help the closing up of the border areas which are the least developed parts in both regions.

"Innovation without border!" was the title of the mid-conference of NORRIS Project held in Košice in May 2007. Later this slogan became a confession of the whole consortium. All of the consortium members worked on the project to show a good example for cooperation and prove that it will be easier if we join our forces. I hope that we could bring the idea of innovation closer to the people and companies and draw attention to the importance of cross-border cooperation. The prepared strategies guarantee that these kinds of initiatives continue and even deepen.

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