Nordic Council
of Ministers

NORDIC CO-OPERATION PROGRAMME FOR BUSINESS AND INNOVATION POLICY 2018–2021

**Nordic Co-operation Programme for
Business and Innovation Policy 2018–2021**

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Nordic co-operation

Nordic co-operation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, the Faroe Islands, Greenland, and Åland.

Nordic co-operation has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

Nordic co-operation seeks to safeguard Nordic and regional interests and principles in the global community. Shared Nordic values help the region solidify its position as one of the world's most innovative and competitive.

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FOREWORD

The Nordic countries have a long tradition of co-operation. When we leverage our combined strengths we can exert a much greater global influence, to the benefit of Nordic businesses and residents – together we are stronger.

Many of the societal challenges that we face are shared with the rest of the world. Climate change and increasing pressure on the world's natural resources mean that we, along with the rest of the world, must undergo a green transition if we are to continue to have sustainable growth and a welfare society that benefits both present and future generations. Another challenge we share is an estimated global population of nine billion by 2050. This will result in increased demand, increased pressure on resources, and a challenge to our welfare states.

By the same token, these challenges present great opportunities for our companies to offer their solutions around the world. These opportunities are bolstered by the fact that many of the world's nations have committed to reducing CO2 emissions by signing the 2015 Paris Agreement and supporting the UN 2030 Sustainable Development Goals (SDGs).

Today, each of the Nordic countries has many companies supplying many in-demand solutions; but globalisation, increased international competition, and the trend towards increased trade protectionism place greater demands on the ability of companies in the Nordic Region to rapidly adapt and become more innovative and efficient so as to ensure continued access to international markets. New small and medium-sized innovative companies need to grow rapidly across the Nordic Region in order to evolve into new growth engines that will provide a stable foundation for increased growth and employment.

Together we can find better solutions, but if we are to achieve this, then the authorities, businesses, and organisations will have to work together and challenge each other. We must leverage the potential of Nordic co-operation and focus on those areas where co-operation yields the greatest value.

On behalf of the Nordic Ministers for Business

Monica Mæland
Minister of Trade and Industry
Norway

**FACING
CHALLENGES
TOGETHER**

In the Nordic Region we face a number of challenges to sustaining growth and employment across the region which we must meet in order to continue to improve welfare and cohesion. In this co-operation programme we describe the primary challenges and areas for co-operation. We're setting a clear direction for Nordic co-operation on business policy, and we're supporting the vision of the Ministers for Nordic Co-operation that was adopted in 2014 – *Together we are stronger* – as well as the prime ministerial declaration of 2016 that the Nordic Region is to be the most integrated region in the world.

Globalisation and technological development present companies with both challenges and opportunities. These include digitalisation, automation, and new business models, as well as a more volatile and unpredictable economy. Volatility and unpredictability require our Nordic companies to be capable of changing the way they run their businesses at short notice and adapting ever more rapidly to, for example, the green transition if they are to remain competitive.

As authorities, we too are challenged by such rapid changes to the basis of corporate competitiveness. We too must rapidly adapt to ensure that we support the competitiveness of our businesses as best we can. The Nordic authorities must therefore maintain a competitive starting point that will ensure the inclusion of companies in the Nordic Region in global value chains as well as their ability to hold their own against their international competitors in terms of innovation, the

start-up and growth of a company, or the green transition.

Because we all have small, open economies, our companies are especially dependent on international markets, global value chains, talent, knowledge, and so on. For this reason, the trend towards greater trade protectionism poses a challenge, as do the increasing strength of new growing markets – and their subsequent influence on global development – as well as market changes brought about by demographic and climate change.

We will therefore work together to:

- preserve our ability to adapt quickly;
- boost innovation and competitiveness; and
- improve global market opportunities.

In order for the co-operation programme to leverage its full potential, it integrates the Nordic Council of Ministers' cross-cutting thematic areas of gender equality, sustainable development, and children and young people. Together we want to promote Nordic interests in the EU. We want to make an impact and ensure commitment within the Nordic countries. This is why we're taking the Nordic countries' priorities and national initiatives within business policy as our basis. Accordingly, the programme will build on earlier successful Nordic initiatives and the relevant UN 2030 SDGs. The co-operation programme was adopted on 22 May 2017. It comes into effect on 1 January 2018 and runs until 31 December 2021.

JOINT INITIATIVE

Individually, each of the Nordic countries is a small player in the global arena, but together the Nordic Region has the strength of its 26 million inhabitants and, according to real per capita GDP, it is one of the world's richest regions. This strength is reinforced by the region's concentration of expertise, innovation, knowledge-intensive companies, and so forth. Moreover, the region has a long tradition of co-operation and intra-regional trade, as well as many shared values such as equality, transparency, and rule of law.

Together we must leverage the potential of Nordic co-operation and pool our knowledge and resources as part of a joint initiative. We must work together across sectors and national borders, and together we must find sustainable new solutions that benefit everyone throughout the region. We must focus on areas that clearly add value for each country by way of co-operation rather than individual efforts by individual states. In order to maintain the region's relevance and its ability to act quickly on issues of political importance, new initiatives shall be proposed regularly to the ministers for business so that they can decide which initiatives to implement.

The primary areas of the co-operation programme are described below, giving examples of potential initiatives in support of the primary objective:

sustainable growth (economic, social, and environmental) through Nordic co-operation.

WE WANT TO PRESERVE OUR ABILITY TO ADAPT QUICKLY

We must preserve our ability to adapt quickly by being at the forefront. We must ensure that companies are able, as necessary, to more easily adapt their business models, digitalise, and attract and develop the very best talent, whatever one's gender or age. Nordic co-operation must boost national initiatives and help companies to become pioneers and to adapt quickly. There must be a particular focus on:

Nordic co-operation to face technological change

Rapid technological advances in new areas such as artificial intelligence, the internet of things, the green transition, and so on will bring about major changes in the Nordic countries and create new market opportunities. New technologies may change conditions and markets more quickly than companies in the Nordic Region and authorities can keep up, which can lead to public regulation being outdated. It is not so much a matter of choosing winning new technologies as it is one of the Nordic countries and companies in the Nordic Region combining their strengths in areas where they have a shared focus in order to gain an

edge over other regions of the world. Nordic co-operation must improve the opportunities for companies in the Nordic Region in one or more new technologies.

Digitalisation and new green business models

In addition to working together to face technological change, there is the potential for digitalising and automating existing companies in order to, for example, increase resource productivity or apply new green business models and thus maintain jobs, create new jobs, or bring jobs back to the Nordic Region from abroad. This could involve the use of digital solutions in the development of new green business models. Nordic co-operation shall support the digitalisation or automation of more companies or the use of digital solutions in the development of company business models.

WE WANT TO BOOST INNOVATION AND COMPETITIVENESS

We must boost innovation and competitiveness by improving the Nordic countries' ability to retain, develop, and attract companies and talent right across the region. Nordic co-operation can strengthen the public sector as a driver of innovation and of access to risk capital across Nordic borders. Nordic co-operation

must complement and promote national initiatives. There must be a particular focus on:

The public sector as a driver of innovation

The Nordic public sectors can become a significant driver of innovation and growth – for instance, by propelling, demanding, and buying innovative solutions and products to a greater degree. The Nordic countries can learn from each other by: sharing their knowledge and experience; working together in the development of legislation that stimulates innovation, regulation, and practices in the area of public sector procurement and through testbeds and specific development projects and so forth; and through their experience of gender perspectives in this area. Here it is possible to build on the existing experience of Nordic co-operation, such as green public procurement, and to further involve the national authorities that have primary responsibility for many social challenges through their role in initiating innovation and driving its development. Nordic co-operation shall contribute to the Nordic countries topping the lists of EU measurements of public sector innovation. Co-operation shall also help to create the conditions for a Nordic testbed infrastructure.

Better access to risk capital across borders

The ability of companies to access finance is critical. In many Nordic countries, companies' ability to access bank loans

has deteriorated. This has resulted in a need for new sources of risk capital, such as business angels, venture capital funds, and crowdfunding. The Nordic countries can work together to identify barriers and explore opportunities for making it easier for innovative companies to access risk capital across borders. Co-operation must occur through dialogue with investors who are interested in investing across national borders. Nordic co-operation shall lead to: an expansion of the lending framework for risk capital; an increase in cross-border investments by business angels, venture capital funds, crowdfunding, etc.; and the removal of unnecessary barriers.

WE WANT TO IMPROVE GLOBAL MARKET OPPORTUNITIES

We must improve global market opportunities by effectively integrating companies in the Nordic Region into global value chains and giving them better access to attractive new markets. Co-operation on international markets and global value chains must build on and complement national initiatives that are promoted by way of Nordic co-operation. Nordic co-operation must bolster the ability of companies to operate in a global world. There shall be a particular focus on:

The Nordic Region as a global innovation hub

The Nordic Region must be developed into and managed as a leading region for innovation. Nordic co-operation can strengthen the Nordic countries' innovation ecosystems and improve access to these ecosystems across Nordic borders, as well as improve co-operation with other global innovation hubs around the world. Nordic co-operation must strengthen Nordic innovation ecosystems and the awareness of the region as a global innovation hub so that the countries can attract more foreign investment and talent, as well as increase exports.

Co-operation on international markets

In some markets the Nordic countries help each other by acting together and using the joint Nordic brand to improve the countries' visibility and their attractiveness as partners. By working together at the Nordic level, we can offer companies better services by way of a broader professional network and other inroads into the market. It could be advantageous to base this on co-operation between such relevant national and Nordic players as Nordic Innovation and Nopef TF. Nordic Innovation House in Silicon Valley is one example of such co-operation. Nordic co-operation must lead to more companies in the Nordic Region establishing themselves in, attracting new investment in, and increasing their sales in selected markets.

**WE WANT
TO PROMOTE
NORDIC
INTERESTS IN
THE EU**

We want to promote Nordic interests in the EU by working together on the protection of interests, such as by influencing the direction of future key EU programmes for business. This must take place where there are common Nordic interests and may take the form of, for instance, analyses to provide support for common positions, co-operation on the presentation of common positions, and so on. The countries can also do more to share their knowledge and experience of how to increase participation in such programmes and their success. To enhance the Nordic countries' capacity for innovation, Nordic co-operation should result in the inclusion of common Nordic strategic priorities in key EU programmes and policy initiatives.

It must be made easier and more attractive for companies in the Nordic

Region to operate throughout the Nordic market. Among other things, this means that companies should perceive the Nordic markets as a single market without any barriers to doing business across borders. This could include working together towards the efficient implementation of EU directives to ensure that no new border barriers to business are created. It could also include working together to ensure that new legislation with an impact on business does not create new border barriers in the Nordic Region. Nordic co-operation should strive to make it as easy as possible for companies to operate across the region's borders. Co-operation efforts must put an emphasis on supporting the focus areas of the co-operation programme and should take place in collaboration with key stakeholders such as the Nordic Freedom of Movement Council.

IMPLEMENTATION

OPERATIONALISATION OF THE CO-OPERATION PROGRAMME

The co-operation programme will be put into practice in the annual budget for the Nordic Committee of Senior Officials for Business Policies (EK-N), Nordic Innovation, and Nopef TF, as well as within the notice of funding for Nordic Innovation. In addition, it is expected that the business sector will be involved in cross-sectoral initiatives by the Ministers for Nordic Co-operation, the prime ministers, and/or the Nordic Council.

The objective is the continuous development of new, effective, and visible business and innovation policy initiatives through close dialogue and the mutual exchange of information between EK-N, the board of Nordic Innovation, Nordic Innovation, and the Secretariat to the Nordic Council of Ministers, as well as with business and civil society. Nordic Innovation must also have a policy development role and develop new initiatives in close co-operation with the Secretariat to the Nordic Council of Ministers, EK-N, and other stakeholders. These must be presented to the ministers (e.g. at the annual ministerial meeting), after which the ministers can decide whether or not to launch major new initiatives each year. These initiatives will have the greatest impact if they are a natural extension of national initiatives. Consequently, the initiatives should be rooted at the

national level as much as possible. The board of Nordic Innovation plays a central role in the quality assurance of the work and its consolidation at the national level. Each year one or more high-level development meetings are held with senior officials from the ministries, EK-N, Nordic Innovation, the board of Nordic Innovation, and the Secretariat to the Nordic Council of Ministers to discuss both current and potential new Nordic co-operation at the political level.

Where relevant, the countries can work together to learn from each other's experience of innovating business policy instruments to enable the rapid dissemination of effective instruments throughout the Nordic Region. This can be based on a mapping of the skills that each of the Nordic countries has and the areas where they are strongest.

The co-operation programme shall in all its activities integrate the Nordic Council of Ministers' primary focus areas of gender equality, sustainable development, and, where relevant, children and young people. GRO, the Nordic Council of Ministers' portal for sustainable development, is to be used when implementing new initiatives. Issues regarding growth-oriented regulation, freedom of movement, etc. must be discussed with the Nordic Freedom of Movement Council and other relevant sectors of the Nordic Council of Ministers.

Nordic Innovation and its board must, in dialogue with EK-N and the Secretariat to the Nordic Council of Ministers, develop relevant indicators for monitoring whether the objectives of the co-operation programme are being achieved. If required, Nordic Innovation and its board can, in dialogue with EK-N and the Secretariat to the Nordic Council of Ministers, propose an amendment to the co-operation programme's objectives. A mid-term evaluation will be carried out in mid-2020 which will, among other things, serve as a basis for the development of the subsequent co-operation programme.

ORGANISATION WITHIN THE SECTOR

This section describes the organisation of the business sector. Nordic co-operation on business policy consists of the Nordic Council of Ministers for Sustainable Growth (MR-Vækst), the Nordic Committee of Senior Officials for Business Policies (EK-N), Nordic Innovation, and Nopef TF.

The Council of Ministers for Sustainable Growth (MR-Vækst)

MR-Vækst is the highest decision-making body within Nordic co-operation on business policy. The Nordic ministers for business are part of a council of ministers together with the Nordic ministers for energy and regional policies. Ministerial meetings are held once or twice per year.

The council of ministers has delegated a number of decision-making powers to the Nordic committees of senior officials for business, energy, and regional policies.

The council of ministers decides on the strategic direction of co-operation on business policy in the Nordic Region and whether to implement major new initiatives. The meeting between the Nordic ministers for business must serve as the basis for interesting political discussions and be an arena for the exchange of experience and the development of new forms of co-operation. The presidency of the Nordic Council of Ministers rotates among the Nordic countries on an annual basis.

Nordic Committee of Senior Officials for Business Policies (EK-N)

EK-N may make a number of decisions on behalf of MR-Vækst (the ministers for business). EK-N also has content-based and administrative responsibility for the activities of the business sector in close co-operation with the Secretariat to the Nordic Council of Ministers. The presidency of EK-N is responsible for leading the work of the committee. EK-N is a forum for exchanging knowledge and experience and for collegial discussions that help to create opportunities for policy development in the individual countries. EK-N follows up the implementation of the co-operation programme and receives the results of the activities carried out as part of the

programme. In order to leverage its full potential, the co-operation programme also integrates the Nordic Council of Ministers' primary focus areas of gender equality, sustainable development, and children and young people.

Nordic Innovation

Nordic Innovation is a key player in the implementation of the co-operation programme. Nordic Innovation must develop new areas of co-operation and contribute to the Nordic Council of Ministers' co-operation on business policy by supporting EK-N and the Nordic Council of Ministers for Sustainable Growth (MR-Vækst). The objective of Nordic Innovation is to help make the region a pioneer in sustainable growth and to promote corporate entrepreneurship, innovation, and competitiveness in the Nordic countries. Nordic Innovation will achieve its objective by implementing programmes and projects, creating networks, providing new knowledge, implementing various public events, and so on. The implementation of new initiatives must be guided by clear Nordic added value, visible results, and a distinct impact. Nordic Innovation shall also contribute knowledge etc. to new projects initiated by the Nordic Council of Ministers. The co-operation programme shall integrate the Nordic Council of Ministers' primary focus areas of gender equality, sustainable development, and children and young people in order to leverage its full potential.

Nopef TF

Nopef aims to strengthen the international competitiveness of companies in the Nordic Region by granting funding for feasibility studies for business start-ups, and for investment outside the EU/EFTA. Its activities contribute to increased employment, investment, and exports, with an emphasis on the environment, climate, and green growth. Nopef is administered as a trust fund of the Nordic Environmental Finance Company (Nefco). During the programme period EK-N will work to strengthen Nopef TF's activities.

STRATEGIC MANDATE FOR NORDIC INNOVATION

The strategic mandate in the co-operation programme replaces the target and result contract. Furthermore, the mandate describes how Nordic Innovation contributes to achieving the primary and secondary objectives of the co-operation programme. Since Nordic Innovation is the primary implementation body of the co-operation programme, the overall objectives and priorities largely coincide with the priority areas and objectives of the co-operation programme – cf. sections 3 and 4 of the co-operation programme. The objectives of the strategic mandate are set out in the targets and results of each annual budget and notice of funding.

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Throughout the Nordic Region we face several challenges to our ability to sustain growth and employment – growth and employment that facilitate our continued improvements to welfare and cohesion. This co-operation programme outlines the primary co-operation areas and sets a clear direction for Nordic co-operation on business policy. Through this co-operation programme the Nordic ministers for business and industry want to safeguard the region's ability to adapt quickly, to support innovation and competitiveness, and to improve global market opportunities. Furthermore the ministers want co-operation that promotes Nordic interests in the EU. The programme shall be based on each country's focus areas and national initiatives in relation to business policy. Similarly the programme builds upon the success of previous Nordic initiatives and relevant UN 2030 Sustainable Development Goals.

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