

Nordic Co-operation Programme for Innovation and Business Policy 2014–2017



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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, and 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. Common 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 history of co-operation, based on common values and a desire to attain results that promote a dynamic development of the region. Objectives include making it attractive to live, work and run businesses in the Nordic region, and strengthening the international competitiveness of the Nordic countries.

The Nordic Co-operation Programme for Innovation and Business Policy is based on meeting some of the challenges that the Nordic region will face in the future.

The vision is: The Nordic region – a future region for sustainable growth.

Co-operation over the Nordic national boundaries has great potential for growth. In the next four years, 2014–2017, the co-operation programme will concentrate on four prioritised areas:

Entrepreneurship and funding, with focus on strengthening entrepreneurial competencies and improving conditions for funding in early phases. Another aim is to develop the Nordic region into a pioneer region for new and innovative digital solutions.

Green growth, which will help to strengthen the Nordic region as a leading region for innovations in climate-smart solutions and green growth.

New welfare solutions, which will help to strengthen the Nordic region as an innovative leader in health and welfare.

Culture and creativity for growth, with focus on helping the cultural and creative industries in the Nordic region become more competitive, and on promoting links with other sectors in the economy.

The co-operation programme will lead to activities that generate added value by being implemented at Nordic instead of national level. Together, we can become a stronger region and a more powerful voice in the world.

On behalf of the
Nordic Ministers for Business

Annie Lööf
Minister for Enterprise
Sweden

Meeting tomorrow's challenges

We in the Nordic region are facing a number of societal challenges relating to areas such as environment, energy, health issues and an ageing population, water and food supply. These challenges are cross-sectoral, so collaboration may be needed between various societal sectors and fields of knowledge, and across national boundaries. The challenges comprise driving forces to find new sustainable solutions, which in turn can afford new opportunities for both entrepreneurs and businesses, and public sector players.

A changing world

The biggest challenge today is to develop sustainable economic growth that delivers high-quality and efficient societal services to maintain the high level of welfare. This must take place in a global economy that is changing increasingly rapidly. Strong economic centres in Europe and North America are being challenged by a new economic geography, where a number of markets, primarily in Asia and South America, are growing stronger and exerting greater influence on global development. At the same time, significant political and economic changes are taking place on the African continent.

Today, production of goods and services is more tightly interwoven in this international competition. The shift from an international economy based on trade of finished products to an economy that is increasingly based on global value chains means that regions and companies in different parts of the world are now influencing each other more than before. Investments and growth are also increasingly characterised by the fact that our economy is becoming more knowledge based. The knowledge-based capital is an important driver for development and growth.

The major international changes, which can be summarised under the term 'globalisation', have also had a big effect on the Nordic countries and changed our international competitiveness. It is impossible to accurately anticipate how these changes will develop in the future, but we know for certain that global competition for markets will become tougher.

Meeting the future through innovation and co-operation

There will be new pressures on the ability of businesses and society to develop, to meet the challenges we are facing on local,





regional and global scales. If we are to meet these challenges, innovation must take centre stage. This applies to both the private and public sectors. The more we can combine knowledge and skills to generate new goods, new services, new processes and new organisational solutions, the better equipped we will be to meet the future in the Nordic countries, in Europe, and in markets around the world.

The EU and OECD emphasise the importance of integrating a supply perspective with a demand perspective, and taking a holistic view of the economy. Consequently, innovation policy measures must be implemented in broad partnerships involving several players. The measures should be directed towards, for example, the production of new knowledge, development of new technical or service-based solutions, and stimulating the growth of markets for new solutions.

Public sector players can enable cross-border collaboration that can lead to innovative solutions, and thereby drive transformation processes. A continual dialogue between the business sector and the private sector is very important in this context. In order to promote innovation, it is also important to work with

open structures that include both women and men, people with different backgrounds, and young and old. The ideas, knowledge and skills of people with long work experience are becoming an increasingly important resource. Greater equality in groups also generates more creativity, which is important in the innovation process. Women and men should have the same opportunities to use their competence, attain influence and gain access to resources.

The Nordic countries already hold a strong position in international comparisons of innovative strength. However, it is vital that each country continues to develop the innovation climate and renewal capacity of the economy in order to attain sustainable economic growth. This applies for example in fields closely related to climate change and resource efficiency, and the demographic development.

Since the challenges are great, complex, and often common within the Nordic region, we can benefit from greater collaboration to find the necessary solutions. In a number of innovation and business policy areas, the Nordic countries are in a good position to meet the future through strong co-operation.

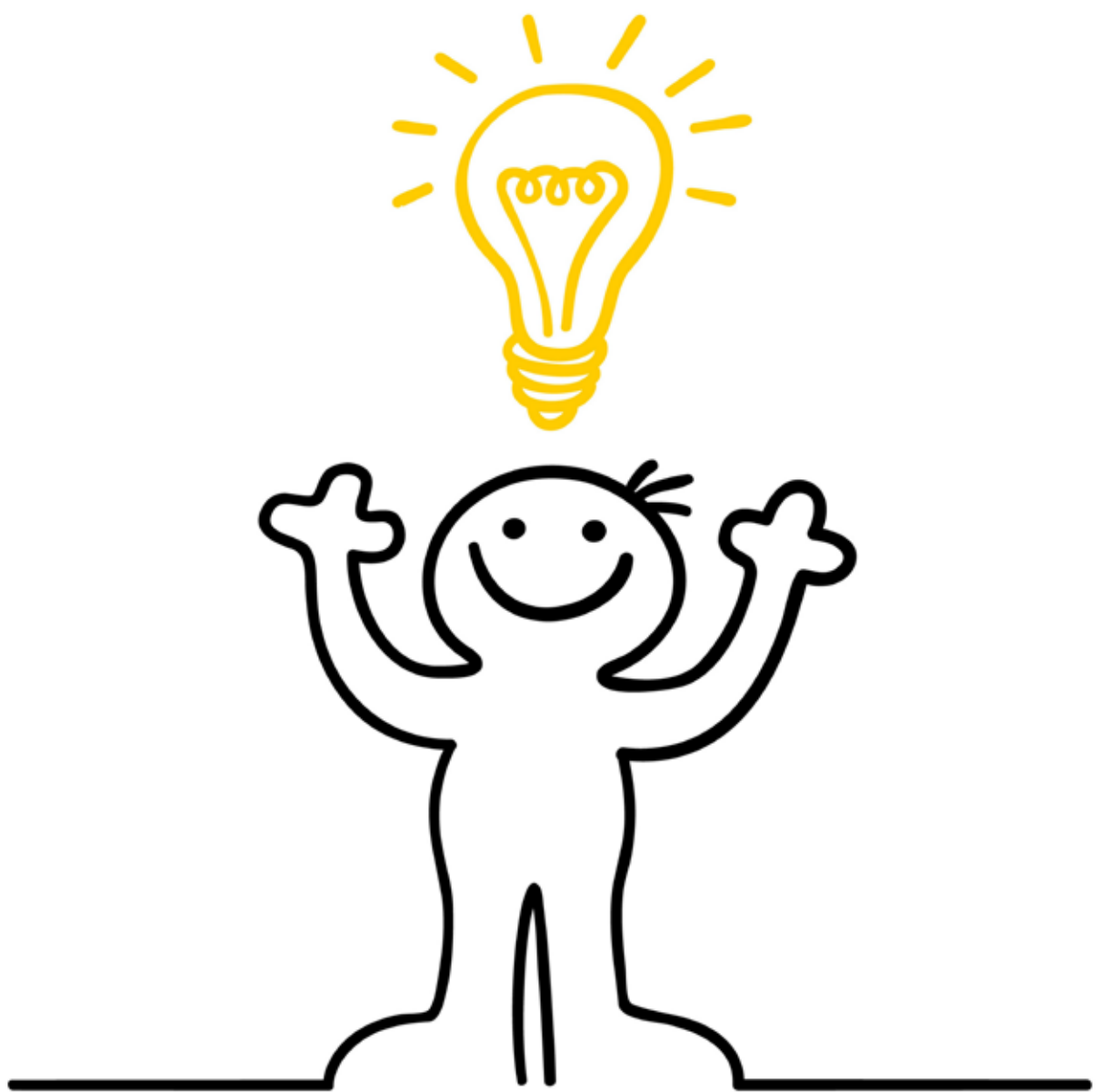
The healthy climate for co-operation between the Nordic countries is based on common values and areas of strength. There is a tradition of openness, accessibility, equality, and rule of law. Our societal structures and welfare systems are similar and, in international comparisons, successful. The countries also have many important raw materials and natural resources, together with well-established processing industries and resources in unique climatic conditions. All the Nordic countries are also comparatively outstanding digital societies, and our work on several important environmental issues is well advanced. The countries are also characterised by being relatively sparsely populated with small domestic markets, and greatly dependent on the surrounding world. At the same time, the differences between the countries afford opportunities to exchange experiences and learn from one another.

Added value of Nordic co-operation

The Nordic region comprises the eleventh biggest economy in the world and, together, we are becoming a more powerful voice in global contexts. The added value of Nordic co-operation comprises several different parts. Through Nordic co-operation, we can

make more impact internationally. We can exchange experiences and knowledge. We can share costs of knowledge production, infrastructure and data. We can tackle cross-border problems, and develop common solutions and platforms for Nordic enterprises and public sector players. We can all benefit from successful co-operation – the Nordic region, its businesses, and its inhabitants.





FOCAL AREAS IN THE CO-OPERATION 2014–2017

In autumn 2010, the Nordic ministers for business adopted a co-operation programme for innovation and business policy for the period 2011-2013. In the selected thematic areas of innovation, entrepreneurship, green growth and welfare, six lighthouse projects were carried out. The focus of the new Nordic co-operation programme for the period 2014-2017 builds on the experiences and the good results attained in the previous co-operation programme.

The work to produce the new co-operation programme involved dialogue between the Nordic countries and representatives of both business and public organisations. The outcome was the identification of a number of key areas for the Nordic co-operation on innovation and business policy.

The new Nordic Co-operation Programme for Innovation and Business Policy 2014-2017 comprises four thematic areas, all of which are based on a number of identified challenges. These thematic areas are:

- Entrepreneurship and financing
- Green growth
- New welfare solutions
- Culture and creativity for growth

The four thematic areas are broad and contain many challenges. Within each thematic area, lighthouse projects will be launched. The requirement for the activities in each lighthouse project is that the results are expected to be strengthened by the

Nordic countries working together. Some activities within the lighthouse projects are more analytical in character, while others are more operative.

In this programme, only brief descriptions are given of the focus of the lighthouse projects. The more detailed content of the lighthouse projects will be formulated through pilot studies and project descriptions, which will be prepared by the players involved.

This co-operation programme stipulates the minimum activities that will take place in the area of innovation and business policy in the Nordic region during the period 2014-2017. In addition to the lighthouse projects, a number of other projects and activities will be carried out within the framework of the Nordic co-operation on innovation and business policy. One such project of the larger type is NordMin, a *Network of Expertise*, whose aims include strengthening the competitiveness of the Nordic mining and mineral industries and highlighting the importance of the industry for green growth in the Nordic region and Europe.



Entrepreneurship and financing

Entrepreneurship is a key driver behind innovation and economic growth. In recent years, the Nordic countries have improved conditions for entrepreneurship and starting businesses in many ways. For example, it can be noted that in the World Bank's index *Doing Business* (which analyses various framework conditions for running a business), all Nordic countries were ranked highly in 2013. At the same time, it is important to help new and growing companies to promote the power of innovation and thereby economic growth.

New companies challenge the established business patterns, and many young companies base their activities on new business models and develop new markets. As society becomes more digitalised, new opportunities open up for business enterprise. In order to utilise the full potential of digitalisation, it is important that

playing fields and frameworks are designed as appropriately as possible for the new prevailing conditions. The Nordic region comprises a large and interesting market, so it is also important to continue working actively to remove border obstacles.

Access to skills and capital are two important aspects in the ability of a company to grow. Even if all business enterprise is associated with risks, regardless of whether it is a new company or an established one, the uncertainty is particularly great if the business concepts are innovative in character. Investments in innovative activities often entail great uncertainty and, in order to be successful, an ability to combine different competencies and financial resources is often needed. In this context, business angel investments is one area that is attracting growing interest, when business angels, in addition to financing, can help with, for example, mentoring, knowledge transfer, and networks.

In *The Nordic Growth Entrepreneurship Review 2012*, it was stated that there is good potential for strengthening Nordic entrepreneurship. The report highlights a few important areas for co-operation: skills and knowledge development, and advising and financing in early stages. Coordinated Nordic exchange of experiences, mobilisation of resources, and entrepreneur-based initiatives help to promote entrepreneurship and business growth in the Nordic region.



Lighthouse project:
**Nordic partnership for
entrepreneurship and financing**
(Responsibility: Iceland)

This lighthouse project will promote entrepreneurship and business enterprise by strengthening entrepreneurial skills and improving opportunities for financing. The objective is that the Nordic region will be a leading region in the world for growth entrepreneurship.

The lighthouse project will work to promote growth in small businesses through, for example, mentorship, advising, and measures to encourage financing, with a particular focus on early stages of entrepreneurial activity. A co-operation forum will be set up that can make policy recommendations that may lead to concrete measures. Aspects linked to the companies' potential for internationalisation may also be considered. The project enables the Nordic countries to join forces on various effective support measures from the public sector, based on the countries' pooled knowledge and experiences of entrepreneurship and capital supply.



Lighthouse project:
**Innovative Nordic
digital solutions**
(Responsibility: Denmark)

This lighthouse project will develop the Nordic region into a pioneer region for new and innovative digital solutions.

The Nordic countries are strong in the digital area. There is a good infrastructure, sound public data, and considerable potential for Nordic companies to develop digital solutions that can create growth and jobs. The project will work to remove barriers to a common Nordic digital market, and support development of new and innovative digital solutions that can be applied in the Nordic countries. The idea is that this lighthouse project will help to strengthen the Nordic region as a digital forerunner and prepare for the digital inner market in Europe.

THEMATIC AREAS AND LIGHTHOUSE PROJECTS



Green growth

The ambitious environmental targets of the Nordic countries can serve as a driver for innovation. Measures to promote green growth do not just concern development of new technology and energy issues, but also other smart, resource-efficient solutions and services.

Today, the concept of green growth is widely established, and there are strong political ambitions to drive development of the business climate in this direction. One important condition for green and sustainable growth is the development of markets where there is demand for this type of solution. Here, public sector players are in a strong position to prioritise, order and create conditions for green growth in a number of different areas.

There are several possible areas for Nordic co-operation on green growth. For example,

export initiatives are important, but a barrier to development may be the difficulties that individual countries have in packaging and commercialising system solutions. Co-operation under a Nordic brand may help Nordic players to be competitive in markets outside the region.

Under the Nordic Co-operation Programme for Innovation and Business Policy for the period 2011–2013, the lighthouse project *Nordic Built* was launched. Aims included accelerating Nordic competitive concepts for a climate-friendly and energy-efficient construction sector. Consequently, there is already an established co-operation forum that will help develop the Nordic work in an area that is important for green growth.



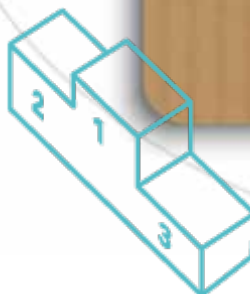
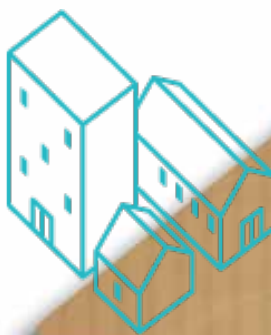
Lighthouse project:

Nordic Built 2.0.

(Responsibility: Denmark)

The lighthouse project will help strengthen the Nordic region as a leading innovation region for climate-smart solutions and green growth. The project will help develop Nordic comprehensive solutions, and consolidate the international position of strength for the Nordic construction sector and certain related sectors. This applies for example to material production, advising, IT and smart-city technologies. The project will work to strengthen the Nordic brand in the field and help to increase exports.

The idea is that this lighthouse project will build further on the *Nordic Built* lighthouse project from the previous programme period. On the basis of the principles set forth in the *Nordic Built Charter*, concrete activities will be implemented that can highlight Nordic strengths, competencies and values in the applicable fields, not only in the region but also internationally.



New welfare solutions

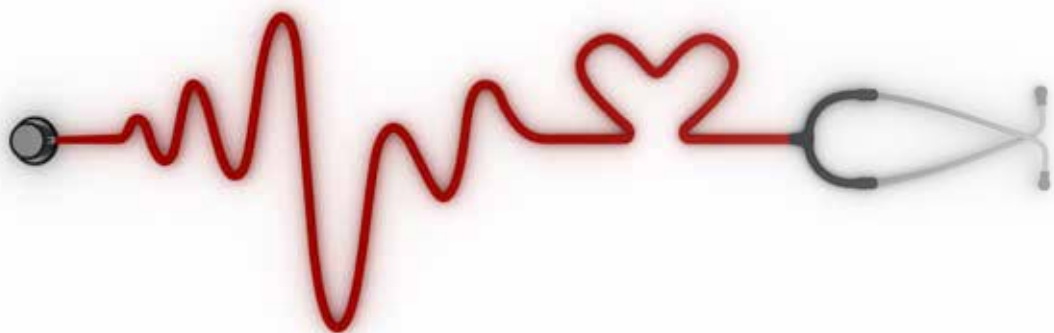
All Nordic countries are undergoing major demographic changes, which are triggering pressure to revise the welfare systems that were built up in the 20th century. The institutional systems that were established – everything from child care, education, employment service and insurance systems to health care and care for the elderly – need modernising to meet the demographic changes.

User demands are increasing, so the welfare system gradually needs to cope with new tasks and modification. In all parts of the welfare system, new solutions are required in order to deliver high-quality and efficient social services.

The challenges facing the welfare system are, to a certain extent, global in character. There are some common features that

particularly unite the Nordic countries, including the demographic structure. One important sector where all Nordic countries are working to develop welfare solutions is health, health care and care services. Because the welfare system is mainly funded by the government, there is scope for the public sector to drive innovative development through public procurement processes, promotion of new business models, and continued investment in research and development.

Nordic co-operation that focuses on certain selected health, health care, and care service issues can stimulate the development of new knowledge, methods and business solutions that can be implemented in each country, and also have potential to be new, strong export products.





Lighthouse project:

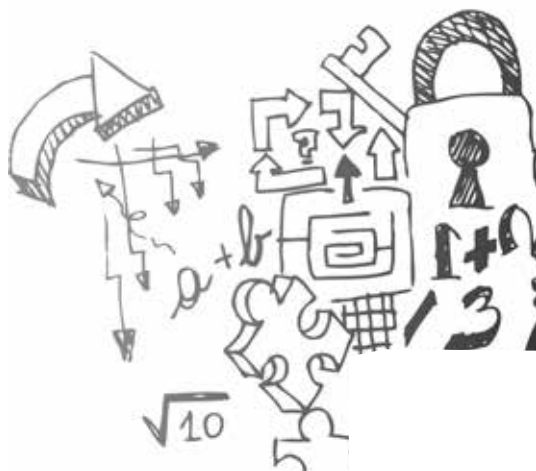
Innovative Nordic welfare solutions

(Responsible: Norway and Sweden)

The lighthouse project will help to strengthen the Nordic region as an innovative and leading region in the world in the field of health, nursing, care and welfare, and thereby also promote increased export of welfare solutions.

This lighthouse project will primarily concern the development of collaboration environments and needs-driven innovation, for example through public procurement. The project partly builds upon the previous lighthouse project *Innovation through public-sector procurement and regulation*. The new lighthouse project will lead to new knowledge, new instruments and new methods to promote innovation on the basis of clearly formulated needs.

In order to utilise the innovation potential in the health, health care and care services area, it can also be important to create environments for testing and developing needs-driven innovations, innovation gateways. These experiences should be considered when collaboration environments and other measures are developed within the framework of the lighthouse project, and in close dialogue with the players.



Culture and creativity for growth

One sector that is increasingly coming under the spotlight of business policy is the cultural and creative industries. Examples are businesses that supply goods or services in such fields as design, fashion, film, music, literature, and computer games. Within the Nordic co-operation, KreaNord has been working with the development of the cultural and creative industries since 2008 (see www.kreanord.org) so there is already a Nordic platform on which to build. The idea is that the activities implemented within the framework of this thematic area will provide extra Nordic added value and supplement the activities under KreaNord.

The cultural and creative industries help to strengthen economic growth, and these types of enterprises are already growing faster in the EU than many other areas. The demand for goods, services and knowledge from this business sector is growing, both in the Nordic region and in the rest of the world, particularly in new emerging economies in BRIC or NEXT-11 countries with their growing middle classes. The social economy is becoming increasingly service dominated, and the services are becoming increasingly linked to companies' intellectual investments and assets, including knowledge, design and brands. Consequently, it is becoming more important to nurture, protect and develop intellectual assets.

In the Nordic region, the cultural and creative industries have skills and innovative nodes

that have a good reputation in many parts of the world. The goods and services produced in the creative industries are in demand, not least because they are associated with the Nordic region, with quality and other positive values associated with the 'Nordic brand'. Greater international sales and exposure of Nordic cultural and creative industries can also increase interest in the Nordic region. This in turn can have positive spinoffs for other business sectors, such as tourism and experience-based tourism. There is potential for strengthening innovation and co-operation in tourism and the experience industry in the Nordic region, and for combining efforts to market the region. Within the tourism and experience sectors and marketing areas, there are already various national measures that could be developed and strengthened in a Nordic context to increase internationalisation and make an impact on, for example, new emerging markets.

The cultural and creative industries can create innovative, conceptual solutions, often together with other business areas. Cross-links and increased collaboration between cultural and creative industries and other business sectors can thereby result in new goods and services, often with an added aesthetic, social or environmental value. This can open the door to new markets, stimulate success in other business sectors, and help to strengthen the competitiveness of Nordic companies.



Lighthouse project:

Nordic partnership for expansion of cultural and creative industries

(Responsibility: Finland)

This lighthouse project will strengthen the competitiveness of the Nordic cultural and creative industries, also in a global perspective, and promote cross-links between these industries and other sectors in the economy.

Pilot initiatives may be implemented where enterprises in the cultural and creative industries are cross-linked with other sectors in the economy. Another consideration will be whether to initiate co-operation for international marketing of cultural and creative industries from the Nordic region. Initiatives may also be needed to strengthen business and product development in Nordic companies. The importance of intellectual rights for enterprises in the cultural and creative industries and for value generation will also be analysed together with certain associated issues, such as any border obstacles.





Implementation, financing and follow-up of lighthouse projects

The countries responsible for each lighthouse project undertake to drive and keep the work moving forwards in collaboration with other participant players. All Nordic countries are expected to actively participate in all lighthouse projects, but the players involved in the work may vary between the various projects. Co-operation between the Nordic countries and various players may also vary between the lighthouse projects. It is important to ensure that activities that are implemented are properly anchored and supported in all Nordic countries. Furthermore, it is important that the initiatives that are implemented benefit all Nordic countries. At an early stage and then regularly throughout the work of the lighthouse projects, it is important to actively involve the business sector. Within the frameworks of the projects, relevant Nordic players should contribute knowledge, networks and analyses.

Nordic Innovation, under the auspices of the Nordic Council of Ministers and the Committee of Senior Officials for Business Policy, is a key player in the implementation of the co-operation programme, and will provide both strategic and administrative support to the lighthouse projects. Nordic

Innovation works to stimulate, for example, entrepreneurship, trade and innovation in and outside the Nordic region. Nordic Innovation promotes dialogue between public and private players in the Nordic region, and implements projects to generate Nordic added value through cross-border co-operation.

The Nordic Committee of Senior Officials for Business Policy has allocated funding of DKK 1 million to start the lighthouse projects. Other possible funding sources for the lighthouse projects are Nordic Innovation, the Committee of Senior Officials for Business Policy Project Fund, other funding sources within the framework of the Nordic Council of Ministers, and co-financing from national agencies, organisations, or companies.

The country responsible for each lighthouse project will submit an annual report to the Nordic ministers for business, describing the progress of the work. The Committee of Senior Officials for Business Policy also has the mandate to decide whether a half-time assessment of the lighthouse projects should be carried out at the end of 2015.



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