

arena



The Arena Programme

Programme description

Approved by The Programme Council for Arena and NCE
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1. Brief description of the Arena programme

The Arena programme offers both specialist and financial support for long term development of regional business clusters. The various clusters comprises individual companies working together often involving educational institutions.

The objective of the development processes is to strengthen the clusters innovative ability by establishing a stronger and more dynamic interaction between the industry, R&D institutions, universities and the public sector. The starting point is a clearly expressed potential for greater value creation. The collaboration is to be long-term and goal-oriented, but at the same time targeted towards, among others, strengthening innovative collaboration, international awareness, access to qualifications, and new business. In general, the Arena programme supports main projects for a three year period, but the period can be extended by two years.

Arena is a national programme owned by Innovation Norway, SIVA and the Research Council of Norway. The programme approves new projects on the basis of open announcements, and fixed selection criteria and procedures. The programme has a close dialogue with the regional public support system, which is responsible for supporting the development of new projects through pre-studies and pilot studies.

2. Development of the programme

Arena was established as a programme in 2002 based on several regional pilot projects. The object of these projects was to develop improved interaction between industry, R&D institutions and the public sector within defined sectors and regions. The pilot projects gathered, among other things, important incentives from the Research Council of Norway's REGINN programme (1998-2001).

In connection with the initialisation of the programme, a steering committee for Arena was established, with the objective of managing the strategic development of the programme, as well as deciding which projects should be implemented. The first programme description dated December 1st 2002, outlines the programme's objectives and strategies in the first phase. Innovation Norway (SND until 2004) has the operational responsibility for the programme. The Research Council and SIVA are joint owners, first-mentioned also being financial contributor.

Arena made its first call for proposal in 2002, and has later based approvement of new projects on annual calls. New Arena projects have been selected through assessments based on pre-defined criteria. Being elected as an Arena project has always been an intense competition.

The programme started with a project portfolio consisting of five projects with a budget limit of approximately NOK 6 million in 2002, to a portfolio of about 20 projects with a budget limit of an excess of NOK 30 million.

The programme has offered financial support for implementation of both pilot studies and main projects, combined with professional support including network conferences, courses and counselling.

Strategic discussions about the Arena programme's role, organization and offers is an ongoing process. A consequence evaluation of the programme was carried out during the period 2003 to 2005. This evaluation provided the programme management ongoing information about the need for improvements. In 2006, a mid-term evaluation was implemented, with the objective of shedding light on the programme's role, results and impacts. The mid-term evaluation was reported in February 2007, and formed the basis of a thorough discussion of the further development of the programme.

Revised programme descriptions dated April 23rd 2004 and June 19th 2006 reflect the ongoing changes implemented. The current revised programme framework involves further changes. The programme's main strategy has though still been followed throughout the whole process as to professional and financial support to multi-annual development processes in regional business environments and clusters, also involving cooperation with the industry, R&D institutions and the public sector. Arena has been and will be a national programme, with annual calls, pre-defined selection criteria, as well as a selection process that precludes regional or sector guidelines. Obtaining the status of an Arena project has been seen as a hallmark.

3. Objectives

Main objectives:

Arena shall strengthen the regional business environments capability for innovation and value creation by intensifying alliances between business environments, educational institutions and the public sector.

Secondary objectives:

The programme's involvement in *Arena projects* shall result in:

1. Increased internal and external collaboration
 - Fixed, organized conferences and meetingpoints
 - Added trust and reduction in barriers between participants
 - New or strengthened relations with external participants, both nationally and internationally
2. Focus on innovation and collaboration
 - Groups working together in order to achieve innovation
 - Specific innovation projects based on collaboration between several participants
 - Participating companies possessing a high degree of innovative talent and activity
3. Focus on business-oriented R&D and educational institutions
 - Increased involvement from the R&D institutions in development processes and development projects
 - Increased involvement from educational institutions to help long-term access to qualified personnel

The total achievements of the programme shall also result in:

4. Increased awareness about the importance of long-term cooperation within the industry, educational institutions and the public sector.
 - Specific cooperative initiative and processes inspired by Arena's experience and work methods.
5. Increased expertise and involvement from the public support system
 - Increased knowledge about government initiatives
 - Increased interaction and use of means among the public support system
 - Increased focus on cluster development within the regions

The secondary objectives will be further operationalized and followed up in the programme's result follow-up system, cf. item 10 below.

4. The programme's logic and socioeconomic basis

The competitive strength within the industry is to a large and increasing degree dependent on the ability for constant innovation, which in turn is based on the ability to actively cooperate with other companies, R & D institutions and other partners. Companies might benefit from belonging to a well developed local/regional business environment, where there exists a cluster of competitors and/or competing companies, demanding customers, specialized suppliers, and relevant R&D and educational institutions. A situation like this does not in itself provoke a definite and useful collaboration. There has to be genuine common bonds between the participants, and it is necessary to develop a culture and infrastructure in order to stimulate such collaboration.

A business cluster or business environment *can* contribute to:

- Increased productivity and efficiency, since:
 - Companies have more straightforward access to important input factors
 - New knowledge can be distributed faster
 - There are better opportunities for establishing cooperation based on complementary roles
- Increased innovation activity, since:
 - Closeness to competitors, customers and cooperative partners provides better access to new ideas
 - It is easier to find partners for implementing innovation activities
- Increased commercialization and more new businesses, since:
 - The core business provides the basis for new suppliers
 - The core skills provide the basis for spin-offs
 - The attractiveness of the community appeals to new business

These are *possibilities* that stand a better chance of being realized if initiative is taken to bring the participants together, to systematically explore possibilities for cooperation, and to stimulate measures for actual cooperation.

There are often barriers that prevent efficient cooperation such as; Lack of trust between the participants, shortage of resources necessary to implement cooperation processes, insufficient institutional infrastructure for cooperation, or inadequate qualifications. Public support bodies can reduce such barriers, and by doing so can provoke, strengthen and accelerate cooperation-based development processes in regional business environments.

The Arena programme is based on an accepted principle in existing regulations for government subsidies; that public authorities *can* support development processes in clusters and business environments, with the aim of reducing a so-called system failure. The regulations for government support provide more detailed guidelines for the extent of the support, and which type of activities that can be supported. The programme is based on these instructions.

5. Target group

Cooperation groups

The programme is aimed at *groups* of companies and relevant knowledge providers and public participants. The group is defined and limited in such a way that the participants:

- Are within a geographically limited area
- Have a common association to a business sector, a value chain, an area of expertise, a market area
- Have identified common interests, which form a basis for increased interaction and cooperation

Such a group may be characterized as a *business cluster*, defined as a regional concentration of specialized business participants, related companies, knowledge providers and government participants, and with interaction and cooperation among the participants. However, the grouping can also be based on a less developed resource basis and participant cooperation. It must then still be classed as a regional *business environment* which has the potential to develop into a cluster.

Within these cooperation clusters, the company group is the most important. The companies are the most important force in developing the communities, and the interests of the company group is ment to form the basis for cooperation. R&D and the educational institutions, the government participants and other development participants, are supporters for the companies.

Cooperation basis

The business cluster or business environment must establish a basis for the cooperation that defines the scope of the cooperation, as well as a description of its ambitions. Thus, the specific target group is clusters that have taken real steps towards organized teamwork.

The premise for the cooperation grouping is that it is open to all participants who are suited to its strategic foundation, and are willing to commit to the principles that apply to participation.

The programme can support business environments that are in an early development stage, with respect to the market as well as technology. The programme can also be involved in more mature business environments, which then have a distinct ambition to assist in the necessary renewal of established markets or technologies.

The Arena programme is open to project initiatives in all regions and sectors, including new cooperation constellations throughout sectors and administrative regional borders.

Project initiatives with origins in well-established business sectors, presupposes basic support from regional development strategies. If the project initiative represents a environment or sector in an early development stage, or new cooperation constellations as mentioned above, the programme will not demand an equivalent basis in regional development strategies.

6. Target group requirements

The programme is aimed at specific cooperation initiatives concerning demanding development tasks that will strengthen the community's innovative ability. There are no set guidelines about how the development processes should be carried out in order for the work to be a success. The participant's needs and ambitions in the first phase of the initiative might differ, and may only be partially defined. The target group's needs, generally speaking, will be to develop and carry out a development process that:

- is based on common interests of the different participants
- has a strategic and long-term focus
- has broad participation and a wide perspective
- has adequate weight and progress
- is targeted towards creating best possible results

There are sufficient grounds to stress the need for being all-inclusive and open-minded with regards to the strategic principles and definite actions. This presupposes diversity in participation with regards to age, background, work experience and gender. Increased participation from women will be needed in many of the development processes.

More to the point, the programme's recommendation will be aimed at the target group's need for:

- Good leadership and expedition of the development processes
- Relevant work models and tools for development processes in clusters
- Catalyst resources that can contribute to boosting and developing ideas for new projects
- Connections to relevant cooperation partners external to the project partnership
- Sufficient long-term view and strategic change perspective in the development process

7. The programme's role and offer

Role

The programme provides financial and professional support for the accomplishment of multi-annual *main projects*. The programme does not, as before, give direct support to preparations for main projects, in the form of pre-projects.

As regards the selection as well as the follow-up of main projects, and in the development of professional support services, the programme shall emphasize continuous learning and development. This means that the programme also should be involved in projects that offer new approaches and challenges, in order to expand the basis for experience. The programme's working models must be developed continuously.

Financial support

Arena contributes with partial financing of base activities in the main projects:

- Expedition/management of the development processes
- Development of meeting places and networks
- Development of strategies and analytic support
- Communication and branding
- Knowledge development
- Early phase idea and project development (pre-studies and pre-projects)

Actual development processes, as well as establishment and management of physical infrastructure, are not financed by Arena, but must be applied for through ordinary private and public financial schemes.

The Arena programme can finance up to 50% of the costs for base activities. This is also the maximum financial share for government support. Any other financing must come from the participants of the project, in the form of means or time channelled to the achievement of base activities established in the plan of action.

The *Arena Handbook* describes the financial principles in more detail.

Professional support

The professional support comprises:

- Professional meeting places for project managers/project partners, project meetings, workshops and study trips
- Support tools as handbook and working models
- Exchange of experience via the programme's website and in other settings
- Advisory service for project managers including professional consultancy (one-to-one), colleague-based guidance and coaching
- Courses in cluster development (with other target groups)
- Alliances with other relevant services; nationally and internationally

The professional support is organized through the programme's *training arena*.

The project's duration

Arena supports ordinary main projects during a period of three years. The project shall at start-up have a plan for intended achievements after three years, and some provisional ideas about further development after Arena has ended its involvement. Should any special circumstances exist, the programme can support the projects for another two years. Specific criteria for the assessment of the foundation for such an expansion have been developed.

Support for main project preparations

Innovation Norway's regional offices can assist with professional and financial support for pre-projects. The Arena programme can offer professional support based on the experiences of the programme.

8. Organization of the programme's deliveries

Roles and responsibility in connection with the programme's deliveries

The Arena programme has the same owners and organization as the NCE programme, which is a cluster development programme targeted towards the most growth-leaning and internationally oriented business clusters in Norway

- *Innovation Norway, the Research Council of Norway and SIVA* own the programme, where Innovation Norway has the primary responsibility for managing the programme's resources and to implement the programme's activities. Innovation Norway reports on the programme's activities to its owner and the financier of the programme.
- *The Programme Council for Arena and NCE* has been given responsibility for the programme's strategic development and decision-making about which projects the programme shall take part in. The programme council consists of the programme's three owners and consists of representatives from the three owners, as well as external participants from the business sector, research and administration. The Programme Council is headed by a representative from Innovation Norway'.
- *The Programme Secretariat for Arena and NCE* has operational responsibility for the development and implementation of the programme. The programme management is based at Innovation Norway, which has primary responsibility for Arena. A programme leader has overall responsibility for the programme. A certain number of persons associated with the programme management function as project councillors for the Arena projects.

- *Innovation Norway's regional offices* are responsible for promoting and following up the project's grants. These offices shall also assist the projects by following up with professional assistance. This shall contribute to a good affiliation with other relevant development processes and activities in the region, and can exploit relevant professional and financial resources in the public support system and in knowledge-based environments. These tasks are provided for by an account executive from Innovation Norway's regional offices.
- *The Research Council of Norway* assists in the development of the Arena projects by means of dedicated contact persons attending steering committee meetings and/or by means of other systematic dialogues with the various projects.

Roles and responsibility linked to the implementation of the Arena projects

The programme requires that the projects are organized with the following functions:

- *A steering committee* which represents the participants of the programme and other related parties. The chairman of the steering committee is generally *project manager*.
- *A contract partner* defined as a legal entity, who administers resources from Arena and other financiers.
- *A project leader* who has the daily operative responsibility for the project.

Selection of projects

The Arena programme recruits new projects through *annual calls*. The annual calls describe the formal demands made on the projects, criteria for assessing the project proposals, and procedures for assessment and decisions.

The *requirements* for the project applications comprise regulations about who are legitimate applicants, as well as content requirements and format of the application.

The applications are to be sent to the programme management. Enclosed in the application there must be a statement from Innovation Norway's regional office, taking responsibility for the project.

The selection criteria is explained in more detail in the announcements, but will normally comprise the following:

- The resource base for the project
- Established relations between the participants
- The quality of the project with regards to targets, strategies, business plan, commitment, funding etc.
- Potential for development and the project's possibilities to initiate and strengthen the development processes
- Special criteria (type of cluster/environment, strategic approaches, or other matters that are described in each call for proposal)

Special emphasis will be attached to projects that outline ambitions and measures to ensure diversity in the development processes, among other things active participation from both genders.

The selection procedures will generally be as follows:

- The programme management assess if the application can be accepted on the basis of formal requirements
- An external expert panel evaluate the applications based on given criteria
- The programme management undertake further assessments and presents their findings to The Programme Council for Arena and NCE. They decide which new projects shall be accepted.

Contracts with the projects

On the basis of the Programme Council's decisions, Innovation Norway awards allocations. In addition, a contract is set up between Innovation Norway and the project, signed by the contract partner and the chairman of the steering committee (project manager). The contract describes the parties' commitments in connection with the implementation of the project.

9. Resource base

The programme finances its activities through allocations mainly from:

- The Ministry of Local Government and Regional Development
- The Ministry of Trade and Industry

The programme is given a budget framework by Innovation Norway, which is divided into:

- Available funds for financial support and training and development initiatives
- Time and financial resources for programme management

10. Follow-up results

The programme's evaluation and reporting

The Arena programme's organization, implementation and results have been identified. Two evaluations have been completed, one for the period 2003 – 2005 and one for 2006 – 2007. A new external evaluation focused on results and effects will be carried out in 2010.

Each year the programme prepares an annual report, based on reports from every Arena-project.

The projects' evaluation and reporting

According to the contract, each Arena-project shall report:

- *Annual report* containing a summary and evaluation of activities and results, quantitative and standardized data about the project's participants, activities and results, as well as a report about two selected activities or results that might be of interest to others.
- *Result report*, as a basis for yearly renewals of funding and contracts. The result reports are focused on realization of agreed targets.
- *Final report* that summarizes and evaluates the project's activities and results at the end of the project. The report shall also include how the development processes can be continued after the Arena period. The reports shall also give a comment to a:
- *Final evaluation*, which is an external evaluation of the project when finished. The evaluation is ordered and paid by the project.

Dialogue based follow-up of results

The formal and document based follow-up of results is supplemented with an ongoing dialogue between the programme management/account executive and the various projects. This dialogue will result in a better and important understanding of the premises and barriers that exist in order to carry out planned activities, and to be able to realize the stated goals. In addition it can give relevant explanations to reported incidents. The dialogue also provides a basis for any adjustments of goals or strategies.

The programme will benefit largely from this type of communication while working with developing the programme, and while passing on experience regarding how challenges and tasks might be solved.

11. Interaction with other instruments

The Arena programme is part of a group of programmes and services with a main goal to start and strengthen cooperation based development processes:

- Arena has a joint programme management with *Norwegian Centres of Expertise; the NCE programme*. This programme is aimed at the most growth-leaning and internationally oriented business clusters in Norway. Arena can help develop clusters with a good resource basis and growth potential to become candidates for NCE.
- Innovation Norway's services to *business networks* may be used within a broader business environment supported by Arena. The network service can also intercept project initiatives that are similar to the Arena programme, but are restricted to a company grouping with a more limited need for collaboration.
- The Research Council of Norway's *VRI programme; instruments for regional innovation*, can support those Arena projects within areas which the regional partnerships have prioritized in their regional VRI programmes. VRI can, among other things, support activities that strengthens regional educational institutions involvement in development processes, relevant research into the development processes, foresight processes, and so on. Planned implementation of a *Regional Research Fund* in 2010 will provide further support to research activities generated by the Arena projects.

The Arena projects are expected to initiate development projects that can be followed up through other programmes and services, among others:

- Larger innovation projects implemented together with a demanding customer might be funded by industrial and government development contracts (IFU/OFU).
- Initiatives for increased internationalization can be supported by other services from Innovation Norway's offices abroad.
- The Arena programme can, within Innovation Norway's strategic sector initiatives, contribute to developing key regional environments within the various initiatives.

The Arena programme shall take part in international networks, all aiming to establish professional and commercial transnational connections between business clusters and EU programmes like the Baltic Sea Region Innovation Network, European Cluster Alliance, Regions of Knowledge, as well as bilateral relations between Norway and other countries.

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