



Regionalna razvojna agencija  
Ljubljanske urbane regije

RRA LUR, Tehnološki park 19, 1000 Ljubljana  
telefon: +386 1 306 1901, faks: +386 1 306 1903  
e-pošta: lur@ljubljana.si, internet: www.rralur.si

## PRESS RELEASE

### INNOVATION IS THE KEY WEAPON TO TACKLE THE RECESSION

**Ljubljana, 3 July 2009 – On Thursday 2 July 2009 the international conference »How to Provide Solutions for Innovative and Creative Start-ups in Uncertain Times« took place in Grand Hotel Union in Ljubljana. The conference was organized at the end of INNO-DEAL project by Regional Development Agency of Ljubljana Urban Region, one of 12 EU partners from 12 countries. The conference showed that INNOVATION – in enterprises, public services and communities (at all levels from a city to a state) - is the main weapon to tackle the recession and to guarantee the survival of SMEs that intend to act world-wide. The European Union should aim to emerge (out of this battle) as a more innovative, greener, more diversified and sustainable economy.**

In the first part of the conference – after welcome speeches of Jadranka Dakić, Deputy Mayor of the City of Ljubljana and Lilijana Madjar, Director of RDA LUR – **Michela Michilli**, INNO-DEAL Project Director, drew attention to the fact that the European early-stage venture capital market has been currently experiencing major changes. “With private funds – once the bedrock of start-up investment for entrepreneurs – moving away from the early stage, it is not just entrepreneurs but the economy as a whole that will be affected. The shift comes at a time when there is real pressure for Europe to build great global companies to match those of the US, India and China as well as a harder environment in which to start a new business. The public sector has become considerably more important as an investor and Business angels also have become more significant in terms of support.” Further she stressed the importance of having private-public partnerships in order to increase the critical mass of support and mobilize as much resources as possible for highly innovative companies.

Following her an international group of high level speakers from European Commission, Slovene Government and academia presented policy approaches and joint initiatives for encouraging innovation in EU regions.

In the introduction **Darja Radić**, State Secretary at the Slovene Ministry of Economy, mentioned that in the time of crisis SMEs have been affected at most as they have been appearing in the supply chain mostly as subcontractors for large systems. On the other side the crisis could be an opportunity, as some of the best and most advanced companies in the world were established during times of crisis. And “the task of the policy makers is to design a stimulating environment for entrepreneurship”. The state has to facilitate an access to financial resources, especially in the form of venture capital. “Having this in mind the Ministry of Economy is developing the instrument of a public venture capital company with which it wishes to boost the development and practice of equity financing, since a public venture capital company’s investment in SMEs will stimulate also the private sector to provide equity financing.” Darja Radić emphasized that the ministry has already invested 200 mio. € for implementation of measures to develop a stimulating business environment (e.g. guarantees fro bank loans, co-financing start-ups, so-financing common development-investment projects and co-financing the investment in a new technological equipment). Beside these measures “we must not forget “soft” forms of support services, including the promotion of entrepreneurship, voucher consulting, training and One-Stop-Shop entry points.”

As **Reinhard Buescher**, Head of Unit of Innovation Policy Development at the European Commission said, “not all countries in Europe can pump as many billions to stabilize the economy and recover from financial crisis as Germany” and not so many countries in EU would use the crisis as an opportunity to leave the crisis stronger as they entered it. “One of the biggest challenge that we are facing now is how to make 'the motor run again' not that the economy is stuck and there is no growth.” With a new approach to innovation policy the INNO-DEAL project proved, that with setting up clear goals good-strong results could be reached. According to Mr. Buescher INNO-DEAL has helped to raise the awareness on the importance of the financing for innovation, it has helped the regions to put more emphasize on building up strong innovation systems including access to finance, which represent a fundamental issue for growth and innovation for start-ups.“ All signed cooperation agreements could “show us how to do it, from who to learn it, but these initiatives must be mainstreamed, they have to become part of the economic pillars of the Lisbon Strategy”.

**Dr. Tea Petrin**, full professor at the Faculty of Economics at the University of Ljubljana, drew attention to importance of clusters – why and how can they facilitate the way out of the economic crisis. Why? As clusters provide fertile environment for innovation, boosting jobs and growth, easier access to capital, new partnership and ensure quality of activities. Very important is also a network component of clusters as a pivotal factor of new firm creation, as it enhances collaboration and non-economic resources. How? “Cluster should work to become promising hubs for global competitiveness.” By increasing international cluster cooperation - within and outside EU - one (SMEs, organizations, regions) gets access to the most advanced technologies, best know-how and talents world-wide. Dr. Petrin also mentioned that in future “the European Cluster Policy Group (ECPG) will play a key role in further developing a more consistent strategy in support of international cluster cooperation, which is an important element of the overall EU strategy for accelerating the emergence of more internationally competitive (world-class) clusters in Europe.” In her opinion clusters are the key drivers for attracting direct foreign investment to a region, as they “make investment more efficient, strengthen domestic markets and increase returns via spillovers.” And this means a lower risk of making foreign direct investment profitable.

**Christian Saublens**, director of EURADA - European Association of Development Agencies, focused on great importance of innovation, competitiveness and entrepreneurship in a regional strategy of each EU region. He presented the main ingredients, which regional stakeholders should be focused at when reviewing their current practices in order to define their potential next generation of policies and practices. He spoke about 9 key “players” in the process of “game changes”: inspiring leadership (e.g. Fred Terman in Silicon Valley and senator Pierre Lafitte in French Sophia Antipolis), vision and motivation, stretching goals, choiceful strategies (create knowledge, transfer knowledge, diffuse knowledge, absorb knowledge), unique core strengths, enabling structure (invest in missing links), implementation tools, evaluation (use the proper criteria) and governance.

In the second part of the conference, both were moderated by Violeta Bulc from Vibacom, which is the initiator and coordinator of InCo (Innovation Communication) movement for innovative break through of Slovenia, the key word had panellists and representatives of successful European intermediaries and economic development agencies that presented various possibilities of early stage investment around Europe, as well as reviewing practical actions and available support programmes to innovative and creative SMEs taking into account also the current economic situation.

Before the end of the conference 29 managers of financial schemes signed **five Cooperation Agreements**. With signing they expressed their willingness to collaborate beyond the end of the INNO-DEAL project.

Cooperation Agreements were signed for:

1. Loan Guarantee Scheme as a help to access to credit for new and start-up companies

2. Integration of services for »spin-off« creation and internationalization. Integrated approaches in support policies are the only way to maximize the impact in terms of innovative business creation. All the more so when business ideas are connected to innovative technologies and business models that need often 4-5 years to get off the ground.
3. Venture Capital and Business Angels - collaboration programmes for developing cross-regional investments. Support to cross-regional investments in early stages is particularly important since it allows for the scouting, screening and selecting of business ideas with a European potential. Selection at early stages with European anticipation provides business ideas with the highest chances of success at an international level and a higher level of value added.
4. Trans-regional cooperation and innovation in the environmental sector
5. Cooperation between venture capital and other intermediaries in the field of digital media and creative industry.

*Slovene organizations signing Cooperation Agreements:*

Slovene Enterprise Fund, Business Angels of Slovenia, META Group Ltd., Technology Park Ljubljana and Ljubljana University Incubator.

In his closing remarks **Alex Talacchi**, INNO-DEAL Project Officer, EC, stressed the importance of the project for creation of new initiatives, new ways of cooperation and new projects. EC expectations were exceeded in both - the number of signed Cooperation Agreements as well as in mobilization of people and resources.

On Friday 3 July 2009 the first working sessions of signatories of Cooperation Agreements took place in the Technology Park Ljubljana. As some of the Cooperation Agreements have already received expressions of interest by potential new members, these organizations (Slovene and foreign) also joined the sessions. Signatories agreed on future 6-months activities.

#### More about INNO-DEAL Project:

The INNO-DEAL Project (Analysis, Diagnosis, Evaluation, Pilot Actions and Learning Processes for Joint Innovation Programmes) was inspired by the ever stronger need of European regions to find common ways to generate growth and to create strategic synergies by sharing experiences and bringing their recommendations to the attention of European authorities at all levels. It was designed to help regions to develop their trans-regional cooperation activities to share experiences, visions and instruments to improve their economic performance.

At the beginning of the project the INNO-DEAL Consortium set itself a task to establish permanent collaboration among managers of financial programmes and schemes for supporting innovative SMEs. The emphasis was on »start-up« and »spin-off« companies and international collaboration and linking of EU regions. The Consortium has committed itself to identify fields of possible collaboration and to sign at least three Cooperation Agreements for Joint Innovation by the end of the project. Project duration: 1 Sep. 2006 – 31 Aug. 2009.

At the end of the project exceeding expectations, five Cooperation Agreements have been successfully negotiated and formally signed. These agreements show a sheer diversity in terms of scope and nature of their objectives as well as in the number and profile of signatories. Two Cooperation Agreements are sector-oriented; some agreements already identify precise common activities, while others are more inclined to define common areas of interest and policies for future common work. One agreement has been signed by just two parties, while another is undersigned by 12. All the regions directly involved have signed at least one CA, while ten signatories are not partners of the INNO-DEAL project, but they are private or public organisations that have been involved in the process and that have found the cooperation framework so interesting to sign it even though it presented no immediate economic advantages. By signing all signatories committed themselves to collaboration beyond the end of the INNO-DEAL project.

The INNO-DEAL project is supported by the European Commission, DG Enterprise and Industry, under the PRO-INNO Initiative and has 12 partners from 12 EU states. The project has contributed to strengthening of relationships among numerous EU organizations that are committed to finance and support the creation of innovative companies. More about the project: <http://www.proinno-europe.eu/INNO-nets/INNO-DEAL>.

Slovene partner in the INNO-DEAL Project (6 Framework Programme):  
Regional Development Agency of the Ljubljana Urban region (RDA LUR)  
Total INNO-DEAL budget: 2.148.000,00 EUR; RDA LUR: 146.884,40 EUR (100% financed by EC).

Conference Programme and materials: RDA LUR website  
[http://www.rralur.si/innodeal\\_conference.html](http://www.rralur.si/innodeal_conference.html)

Information about the Final Conference:  
Nataša MRŠOL, RDA LUR, [natasa.mrsol@ljubljana.si](mailto:natasa.mrsol@ljubljana.si), +386/(0)1/306-19-23.