

# Health4Growth: EU Level Policy Recommendations

## TECHNICAL DATA

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Health4Growth: EU Level policy Recommendations

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### INFORMATION ABOUT HEALTH4GROWTH PROJECT:

[www.health4growth.eu](http://www.health4growth.eu)

## Introduction to Health4Growth

Health4Growth is an INTERREG IVC project with an overall objective to improve the effectiveness of regional development policies regarding the operational environment of local/regional economic players within the health sector and promote their cooperation at regional and European level in order to exploit the growth and innovation potential of this sector.

Economic growth can be achieved by improving innovative and business performance of local economic players, mainly SMEs. Both performance factors depend on a large scale on key determinants, such as regulatory framework, market conditions, access to finance, R&D and technology, human capital, entrepreneurship, labour market, culture. Since these determinants belong to the competence of local and regional public authorities and knowledge centres, their stronger involvement in the improvement of the operational environment of the health sector is crucial.

The specific objective of the project is to apply an integrated, complex development approach in order to promote the cooperation between key players of the health sector (knowledge centres, business sector and regional public level) in partner regions, in order for these sectors to become prospering and real driving forces of regional economies.

The Health4Growth project activities have been organised around three problem areas:

- Explore and develop new models to improve the cooperation infrastructure between all players in the health sector (SMEs, knowledge centres, care providers and authorities), and find solutions for regulatory problems linked to public procurement, ethical issues and patenting.
- Explore the options to ease the access for SMEs to finance and the design of innovative, sector-specific financial schemes. The knowledge sharing on health innovations at inter-regional level must be stimulated to speed up uptakes of new ideas.
- Explore the options to improve management skills and transfer of know-how on available management training programmes.

The local/regional public authorities that are responsible for policies stimulating economic development, as well as (in most cases) for the organisation of an efficiently working health care structure in their regions were the key drivers of this process. The project was built on knowledge sharing between partners and encouraged the adoption of tailor-made implementation plans. Interregional cooperation was a challenging opportunity for the partners to improve their regional economic development strategies. Participants created synergies which are beneficial for each individual partner by bringing together knowledge, promoting the flow of information among them, and providing a common knowledge base to facilitate their networking.

## Relevance of this document

The overall objective of the INTERREG IVC Programme is to improve the effectiveness of regional policies and instruments. A project builds on the exchange of experiences among partners who are ideally responsible for the development of their local and regional policies. The programme aims at enabling regional and local authorities, and other stakeholders at the regional level, to improve their policies, methods and capacities in the field of innovation and the knowledge economy, through the exchange and transfer of knowledge and experience between regions throughout the European Union, and the development of new policies and approaches.

Policy recommendations integrate the in-depth experiences partners gained during the development of State of Play reports, thematic workshops, the transfer of good practices and the development of Comprehensive Implementation Plans. Some modest changes at EU level could help to provide regions with a more consistent and supportive context for regional /local efforts, in turn enabling them to play their part in delivery of the ambitious goals set out in EU2020.

Each Health4Growth project partner came up with several EU level policy recommendations resulting in an extensive list of in total 46 recommendations. This list has been categorized and emerged into 10 final project level policy recommendations. These final EU level policy recommendations, presented by Health4Growth partners during the Final Conference in Turnhout, Belgium in the end of September 2014, are recorded in this document and reflect:

- The partners' appreciation of the relevance of EU policy frameworks, regulations and funding programmes for their local regeneration activities; and
- The evidence gathered and discussed during the project activities and meetings.
- All policy recommendations may not be supported in full by ALL project partners, due to the level of acceptance of certain.

In the course of their work Health4Growth partners identified both supportive EU measures and some policy gaps and barriers to effective local action. This report reflects only the EU Level policy recommendations. National, regional and local level policy recommendations are an integrated section of Comprehensive Implementation Plans which each region and partner has developed.

## Policy Recommendations

In the following document we set out recommendations for adjustments to EU-level policy measures based on the experience and evidence gathered and discussed by the Health4Growth partners during the project.

In making these recommendations it is the collective aim of partners' to achieve much broader recognition for an integrated, complex development approach in order to promote the cooperation between key players of the health sector in partner regions, in order for these sectors to become prospering and real driving forces of regional economies. Some modest changes at EU level could help to provide regions with a more consistent and supportive context for local efforts.

### Policy Recommendation 1 - Administrative simplification and flexibility

Applying for EU funding is often not considered by interested actors because of the perceived burdensomeness of EU rules and regulations. The EU's innovation policy and the Europe 2020 agenda assign a central role for SMEs in fostering innovation and economic growth. However, for many SMEs the (financial) administrative complexity, the conditions and restrictions of EU programmes do not fit in their daily operations and prevent them to apply for funding. SMEs are situated in a competitive market and more than research institutions or administrative organizations, they are profit-driven. The EU offers funding through various programmes and support schemes, all of them requiring extensive application forms and detailed financial reporting. Often, each of these programmes has its own templates and rules making it difficult for participants to transfer experience gained in one project to another. We recommend to pursue introducing efforts to standardize rules and reporting across programmes and to limit the administrative burden for participants. Initiatives such as the proposed two-step system for ERDF funding where applicants first need to write a brief project proposal and only in the second step have to prepare a full application form signal a positive evolution. *We recommend a more flexible (financial) approach and limited administrative burden towards SMEs to limit their financial insecurity when participating in a EU-funded project*

### Policy Recommendation 2 – Living Labs as innovation instrument

A living lab is an innovation tool to support SMEs in developing innovative products and services by involving users into the innovation process, and this in a very early stage. Today many private and public R&D-investments fail to produce real and sustaining value for the society, due to the fact that they are initiated and executed in a closed and artificial laboratory environment. In this situation there is limited interaction with, and understanding of the real user-needs, the care givers needs, the potential implementation problems, especially regarding economic valorization and the required support of an eco-system of stakeholders. Living labs use co-creation techniques to experiment with new products, services and societal infrastructures. This co-creation process puts users and citizens in the center of innovation and societal experimentation, to create new systems, services, products, business models and societal models. *We recommend to develop specific programs supported by the EU to promote living labs as an innovation instrument in the EU and enable SMEs to use living labs in their process by providing funding.*

### **Policy Recommendation 3 - Increase policy coherence in health care regulation**

The care systems deviate strongly through the EU-countries. For SMEs it is therefore difficult to get access to the healthcare markets in different EU-countries. Harmonisation of care regulation (in reimbursement, policy, etc...) in EU-countries is therefore needed.

Increasing innovation and cooperation in the health sector is a policy goal that covers various policy sectors making it important to erase the dividing lines between different policy initiatives. The health sector is a highly integrated economic system that needs a coherent set of policies to tackle the current societal and economic challenges Europe is facing. The Europe 2020 agenda has been a good step in the direction to come up with a coherent strategy across the many EU initiatives in different policy fields. However, *we recommend further steps to be taken to optimize the use of limited resources to reach the target of increasing innovation.*

### **Policy Recommendation 4 – Cluster policy measures from the EU that are developed to support SMEs that are active in health care**

The European Union (EU) has been relatively successful in harmonizing national laws between its Member states. It is generally assumed that the unification of private law will positively affect the decisions of business and consumers leading to an increase in cross-border transactions. Hence, it is important to reduce the difference between old and new EU Member states in the harmonization process in terms of business environment, access to international markets and available financial means for innovation and technology development. The project “Health4Growth” showed that, the new EU Member states have a potential for business development in health sector, but do not approach the needed business environment (such as venture capital, start-ups, etc.) that interfere development of innovative enterprises especially in health sector. Financial support for these entrepreneurial initiatives sees different forms and channels across EU regions and it would be extremely helpful to coordinate financial efforts in terms of venture capital or other equity support at EU level towards pilot project that involve firms and clusters of firms specialised in health and wellbeing sectors across regions. It is unclear for SMEs looking for support (knowledge, funding, communication) where they should go to. *We recommend a multi-national approach implementation and point of contact were companies (SMEs) could receive a financial and administrative support at the national and EU level to operate and develop business in health sector, also in other EU Member states outside the national state were the business environment is more developed.*

### **Policy Recommendation 5 – Enhancement of interdisciplinary and cross-sectorial programmes and projects**

Ageing society poses one of the biggest challenges not only for the society, but also for national health and social care systems at national and EU level. A multidisciplinary approach and collaboration between different sectors (health, social, food, business etc.) could help to speed up innovative solutions to societal challenges and to help improve the quality of life of elderly. Innovation is increasingly based on comprehensive solutions that integrate different interdisciplinary fields. The development of high-tech knowledge-intensive services and linked services to manufacturing are key factors of international competitiveness. The previous European programmes are usually built around one key disciplinary and tried to improve it by developing the stakeholders in this specific segment. We recommend the new European calls to offer one programme for different fields of experts and political level decision makers. The calls could use the regional Smart Specialization Strategies as a point of reference of the local development programme. Involvement of multi-actor partners leads to sharing and continuous exchange of different good practices, methodologies, and know-how, so that each one can get the best of the partnership and that the blended innovative solutions in the support to entrepreneurship and SME's will be selected.

Additionally, in order to integrate different sectors (e.g. food and health) and enhance collaboration among SME's from both industries, at the regional and EU level, there is a necessity to develop structural cooperation frameworks, cooperation methodologies and set cooperation strategies and financing mechanisms in place. We recommend the development of support programmes at the regional and EU level, for cross-industry cluster cooperation in these specific areas. Currently the cluster development programmes and mechanisms in EU have mainly focused on the industry clusters, and support of meta cluster development within those industries, in many cases neglecting the potential of cross-industry collaboration. *We propose the inclusion of interdisciplinary cross-industry cluster collaboration support programmes and support mechanisms for interdisciplinary and cross-industry meta cluster development at the EU level, for example through Horizon 2020 programme or upcoming cross-border programmes.*

### **Policy Recommendation 6 – Promote entrepreneurship for young adults**

It is acknowledged that doctoral students need to approach the labour market with entrepreneurial attitude, project management skills and orientation to business planning. As the SMEs are the engine of the economy we need more young adults to be entrepreneurs. The willingness of being an entrepreneur can be increased by showing good examples and offering the possibility of networking. Promoting employment of young university researchers in SMEs by supporting applied research during PhD years. The goal may be achieved building a strong link between the needs of the labour market and the education provided by the Academy. Advanced education, innovation and jobs creation can be fostered by the match between public (EU) and private funds, co-financing grants for industrial PhD.

*We recommend cooperation programmes which could effectively assist this process by providing events, trainings and idea competitions involving local authorities and industrial stakeholders.*

### **Policy Recommendation 7 – Deliver solutions on the market of the future by good practice exchange**

A high percentage of local SMEs in the health sector are suppliers of local state organizations. Losing this market because of budget cuts and other reasons will question their existence and push them in the direction of finding new ideas. Looking at international examples and good practices about how to build new services and find new market segments might help them to find new markets and room for innovation. SMEs should be kept informed about these trends and project in order to be able to predict the trends in their market segment. So for innovation in the health sector, special approaches are necessary to foster innovation. According to Innovation Union Competitiveness Report 2013, prepared by European Commission in 2014, the “top innovation performers in the EU are characterised by open and very knowledge intensive manufacturing or services sectors, often coupled with strong firm dynamics in transformative technologies addressing global societal challenges. Further policy integration between R&I and industrial policies would help in seizing this opportunity.” This recommendation is about Good Practice transfer, as we have many Western European GPs which are easily, effectively and efficiently transferable into Eastern European EU countries. Cooperation programmes are needed for the implementation and funding schemes are necessary for the execution. *We recommend continuing to enhance knowledge sharing, transfer of good practices between EU new and old Member states at regional level by developing and implementing effective and targeted capacity building and support programmes for SME’s working in health sector to ensure access to science, technology and innovation, and to support current broad-based multi-stakeholder partnerships and encourage new ones that mobilize knowledge, expertise, technologies and financial resources at EU level.*

### **Policy Recommendation 8: Demand-driven innovation**

The EU has become a more prominent actor in the field of innovation as a result of its Europe 2020 strategy and the various programmes and instrument that support innovative projects. While it is important to have such an overarching framework, there remains a need to build innovation policies from below. There should be more coordination between the different policy levels about different initiatives that target innovation. Furthermore, successful innovation depends on the ability to respond to changing challenges and needs on the ground, making the regional policy level the most adequate to ensure this. EU policies therefore should allow for differentiation based on regional needs and provide for sustained consultations with local and regional policy makers. So demand-driven innovation and the user’s perspective are key in the Health sector. *We recommend that particular attention should be paid to EU demand –side instruments (e.g. pre-commercial procurement) tailored for the sectors involved in H4G program, introducing opportunities and incentives for cross regional pilot projects.*

### **Policy Recommendation 9 - Promoting healthy lifestyle**

To promote a healthy lifestyle High Level Groups on Nutrition and Physical Activity should inform about national policies related to nutrition and physical activity, facilitating the sharing of 'policy ideas and practice' and liaising with the EU platform for diet, physical activity and health, in particular to encourage the establishment of public-private partnerships (PPP). This enriches the sharing of 'policy ideas and practice' with experiences from the local and regional level and accelerates the creation of PPP, as a consequence of directly involving local and regional administrations in the dialogue with the private sector.

Development of the health sector is closely linked with the developments within other related areas and industries, one being the food and beverage production and processing. Considering the large impact that food and nutrition plays in terms of various disease prevention, it is important to integrate both sectors – food and health, and develop triple helix solutions, in order to develop more healthy and dietary products, especially functional foods and beverages, dietetic foods and food for specific groups and medical purposes and food supplements. The development of food and health industry collaboration at the regional, trans-regional and EU levels, can greatly improve the development of more healthy food products, and their application for various disease treatments. *We recommend the development and long term financial support mechanisms for healthy food and health sector services cluster development, to be implemented at the regional and EU level, as a first step for development of viable cooperation environment among companies, within their particular spheres of action.*

### **Policy Recommendation 10 - Supporting entrepreneurship in health sector through public procurement**

Small businesses (SMEs) are the backbone of the EU and national economy and to stimulate the growth of SMEs the access of public procurement is important. Procurement practices are one way of achieving these contributions. They should help create dynamic local businesses that are competitive in wider markets; boost local employment; widen the skills base; improve workplace & population health; and strengthen social cohesion. These are the kinds of added value that we should expect from public organisations spending public money. The SMEs' access to public procurement varies from one Member states to another but still there are many barriers which discourage SMEs from responding to tenders or even lead them to avoid such opportunities altogether, like difficulties in obtaining information, finding collaboration partners abroad, lack of knowledge about tender procedures, too short time span to prepare the proposal, cost of preparing the proposal, too high administrative burdens, too high qualification levels and required certification, financial guarantees required and discrimination against foreign tenderers, in other words, favouring local and national enterprises. Local businesses should be enabled to compete for public procurement contracts. *We recommend the EU to reduce the administrative burden and costs related to tendering, make procurement systems more transparent and easier for SMEs (in particular) to access, and to encourage the use of information technology systems (e-procurement) to simplify the process.*