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The Enable Program in the European Entrepreneurship Policy Context

by

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The Enable Program in the European Entrepreneurship Policy Context

March 2008

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Abstract

This article discusses the Lisbon Agenda from the perspective of entrepreneurship policy. After a brief overview of the events leading up to the development of the Lisbon Agenda, the authors describe the goals and content of this policy framework as well as of the Structural Funds. Using examples of initiatives toward implementation at the local level, the authors illustrate the necessity to promote entrepreneurship in order to foster economic growth in communities and regions. We assess how the new European growth policy became translated into an action plan realized through structural funds and community initiatives and demonstrate that a greater focus on entrepreneurship policy could strengthen the Lisbon Strategy and aid in the achievement of its goals./

JEL-classification: O52, M13, O18, R58

Keywords: Lisbon Agenda, Entrepreneurship Policy, Regional Development, Economic Development

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1. Introduction

Following decades of stable economic growth, low rates of unemployment and general prosperity, the 1990s brought economic stagnation and rates of unemployment to Europe that were unprecedented since the Second World War. As a result, the European Union devised a new strategy to spur economic growth, create jobs and reduce unemployment. The focus of this new European growth policy would have seemed unimaginable only a few years earlier. With the 2000 Lisbon Proclamation, Romano Prodi, President of the European Commission, committed Europe to becoming the entrepreneurship leader in the world by 2020 in order to ensure prosperity and a high standard of living throughout the continent.

The fall of the Berlin Wall triggered not just new opportunities for peace and integration, but also accelerated the pace of globalization. With the emerging role of economic knowledge as the source of competitive advantage, Europe seemed to be well positioned as a global leader in investments in new knowledge, such as research and development (R&D) and human capital. However, in what has become referred to as *the European Paradox*, it became clear that investments in knowledge may be necessary but are not sufficient to guarantee economic growth and employment generation. Rather, the existence of a *knowledge filter* impeded the commercialization and spillover of investments in new knowledge. In particular, the *missing link* between investments in knowledge and the spillover and commercialization of that knowledge is entrepreneurship. Entrepreneurship emerged as the focal point of European growth policy because of the increased evidence suggesting that new and small firms serve as the missing link to economic growth and employment creation (Audretsch, 2002 and Audretsch, Keilbach and Lehmann, 2005).

Armed with this new European policy mandate and approach for generating economic growth and jobs, the Lisbon European Council devised a comprehensive strategy to increase the competitiveness of the European Union (EU) and to achieve sustainable growth. During the 2000-2006 program period, various cohesion policy instruments – primarily the Structural Funds – were created to implement the Lisbon strategy.

Building on the Lisbon mandate, the European Council agreed in Gothenburg on another long-term strategy to further induce sustainable development. The outcome of the Gothenburg meeting was to develop better employment opportunities, to propose a series of social and economic reforms, to foster social cohesion, and to provide directives for an economic policy with sustainable growth and structural reforms as the goal.

On February 2nd 2005, the European Commission presented a revised strategy for the EU to create more growth and more jobs. The strategy aims to revitalize and actualize the Lisbon Agenda. This new strategy was actually initiated in January 2004 and will run until December 2006, with a total budget of 5,770,500 Euro. The project is partly financed by the European Union, as part of the Community Initiative INTERREG IIIC.

One important component of this new growth strategy focusing on promoting entrepreneurship is the ENABLE program, which started at the beginning of 2004 and will be completed at the end of 2006. The ENABLE program focuses on the promotion and improvement of those conditions fostering the startup of new firms as well as existing small and medium enterprises (SMEs) on a regional level. The ENABLE program has a particular focus upon SME networks and partnerships involving technology transfer and the commercialization of research. Because such entrepreneurial and SME networks, along with the concomitant transfer of technology, are geographically localized, co-participation is required of regions in the ENABLE program.

The Free State of Thuringen is one participant in the ENABLE program. The purpose of this report is to assess the degree to which the Enable Program is consistent with the goals and mission of the European Union to create an entrepreneurial Europe. Thus, the starting point of this report is with the mandate for a new European growth strategy posited by the Lisbon European Council, which is explained in the following section. The third section follows the evolution of the new European growth strategy as formulated by the Gothenberg European Council. How the new European growth policy became translated into an action plan and the central role of entrepreneurship is explained in section four. Section five identifies how the European action plan was implemented through structural funds and community initiatives. The ENABLE program is the focus of section six and the context of Thuringen is explained in the seventh section. A synthesis of the ENABLE program in the context of Thuringen on the one hand, and European entrepreneurship and growth policies on the other, is provided in Section Seven. Finally, in the last section a summary and conclusions are made. In particular, this report concludes that the ENABLE program in the Thuringen context embodies the goals and spirit of the new European entrepreneurship and growth policy.

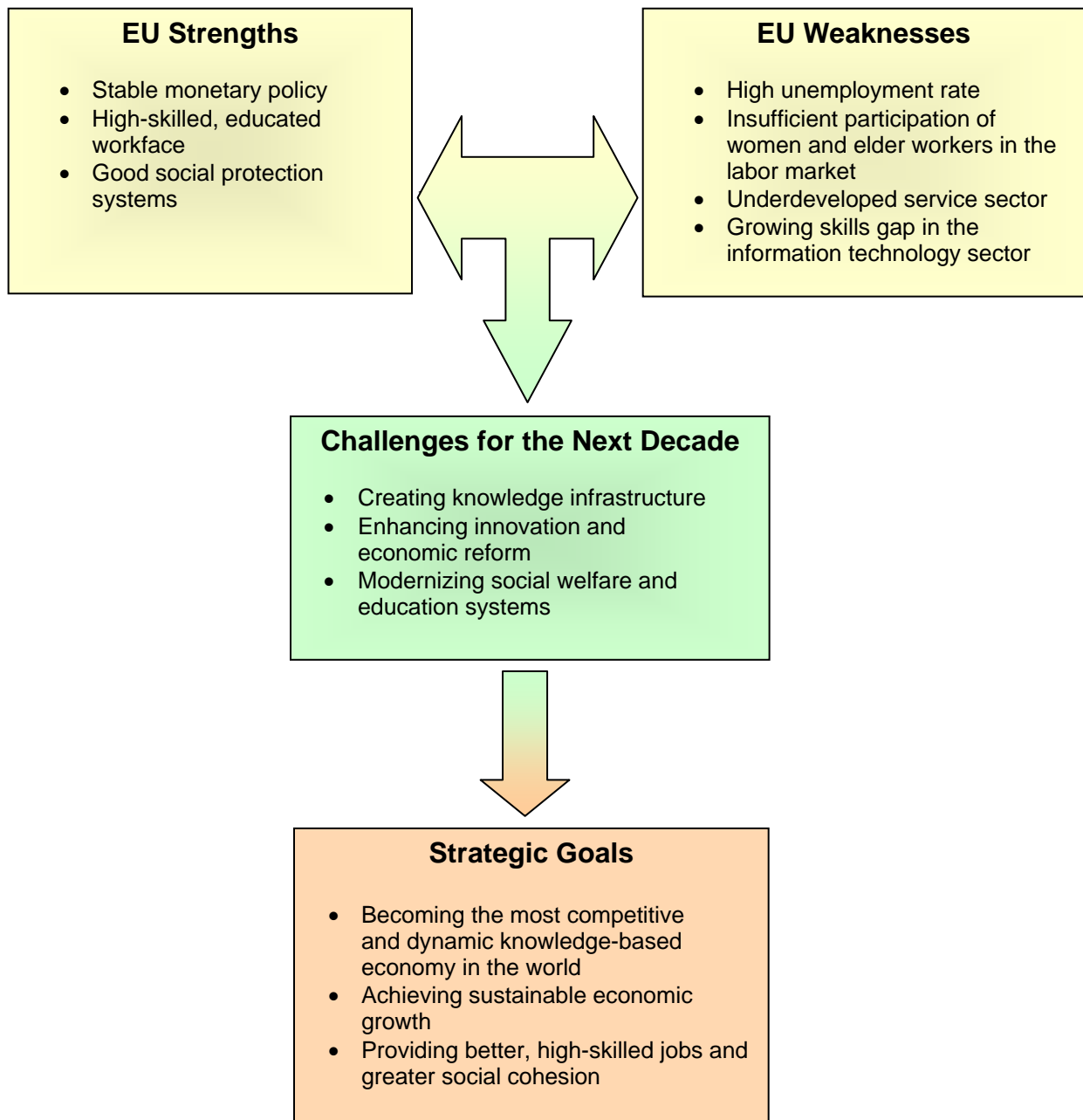
2. The Lisbon European Council (23-24 March 2000)

The Presidency Conclusions of Lisbon European Council identified the Union's challenges, strengths and weaknesses confronting the European Union and defined future strategic goals. As the figure shows, major assets of the European Union include a stable monetary policy, a high level of human capital and skilled labor force, and a solid system of social protection.

By contrast, the European Union is also burdened with a number of weaknesses, including a high rate of unemployment, a low level of female and elderly participation in the labor market, a service sector that remains undeveloped, and a worrisome growing gap in the information technology sector.

Thus, the Lisbon European Council concluded that Europe had to place a policy priority on creating a knowledge infrastructure, spurring innovative activity, and creating an educational system appropriate for the knowledge economy.

Figure 1: Lisbon Strategy



2.1 The Overall Strategy

Based on the stated strategic goals, an overall strategy was developed to

- (a) build an Information Society “for all”, and
- (b) modernize the European Social Model.

In order to implement this new European strategy, a Coherent and Systematic Approach was devised. The main objectives of this new open method of coordination (spreading best practice and achieving greater convergence towards the main EU goals) are to:

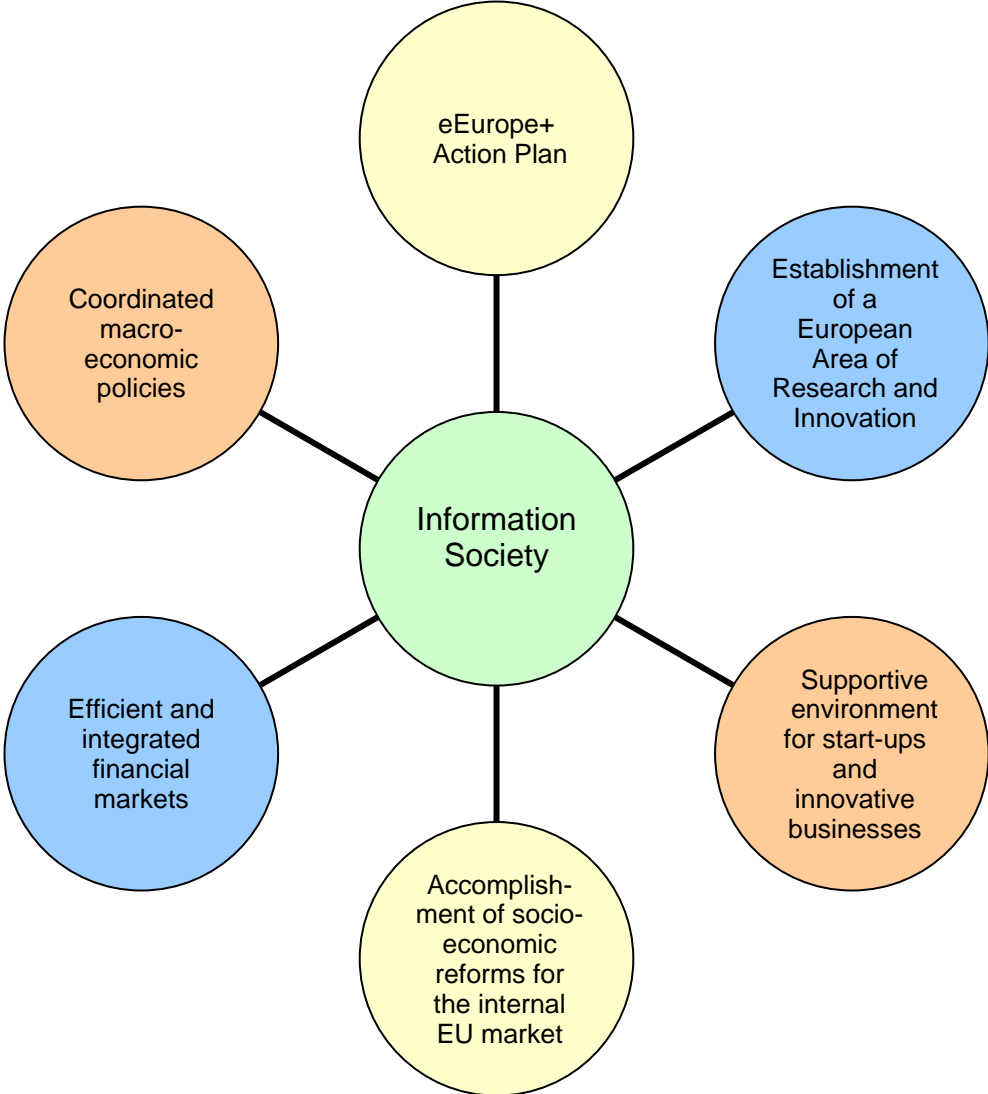
- help Member States to progressively develop their own policies;
- set guidelines for the European Union with specific timetables for achieving the goals set in the short, medium and long terms;
- establish quantitative and qualitative indicators and benchmarks to compete with global best practices adapted to the contexts of different Member States and economic sectors;
- translate these European guidelines into national and regional policies taking into account national and regional differences;
- engage in periodic monitoring; and
- undertake evaluation and peer review as mutual learning processes.

In achieving the new strategic goals, it was seen as inevitable to rely more strongly on the private sector as well as on public-private partnerships. The European Union defined its role as serving as a catalyst in this process, by establishing an effective framework for mobilizing resources for the transition to the knowledge-based economy and by adding its own contribution to this effort under existing Community policies while respecting *Agenda 2000*. The contribution of EIB in the areas of human capital formation, SMEs, entrepreneurship, R&D, networks in the information technology, telecom sectors and innovation was welcomed.

2.2 The Information Society

The development of an “Information Strategy for all” includes (apart from a comprehensive eEurope+ Action Plan dealing with various areas like the adoption of legislation on the legal framework for electronic commerce and copyrights, e-money, and reduction in the costs of the internet usage) a number of measures that directly address fostering innovative activity and entrepreneurship. These factors are depicted in the figure.

Figure 2: Information Strategy



2.2.1. Establishing a European Area of Research and Innovation

Given the policy mandate to promote innovative activity in Europe, a series of instruments and measures were introduced:

- Development of mechanisms for networking national and joint research programs; improvement of the environment for private research investment, as well as R&D partnerships;
- High technology start-ups (using tax policies, venture capitals and EIB support); benchmarking national research and development policies;
- Performance assessment, particularly in the development of human resources;
- Creation of a high-speed trans-European network for electronic scientific communications, linking research institutions, universities, scientific libraries, centers and schools; higher mobility of researchers in Europe;
- Keeping high-quality research talent in Europe; availability of a inexpensive, comprehensive and protected Community patent

2.2.2. Creating an environment conducive to start-ups and innovative business

In order to address the policy priority of promoting entrepreneurial activity, and especially innovative startups and SMEs, a series of instruments and policy measures were introduced:

- Reduction of costs of doing businesses;
- Removal of red tape;
- Encouragement of the key interfaces in innovation networks;
- Communication on an entrepreneurial and innovative Europe, related to the Multiannual Programme in favor of Enterprises and Entrepreneurship;
- Creation of a European Charter for small companies;
- Redirection of funding towards support for business start-ups, high-tech firms and micro-enterprises

2.2.3. Economic reforms for a complete and fully operational internal market

To complete the European internal market and render it fully operational, the following economic reforms were introduced:

- Improvement of internal market;
- Developing a strategy to remove barriers to services; speeding up the liberalization in gas, electricity, postal services, transport and airspace; update of public procurement rules to make them accessible to SMEs (taking place on-line);
- Setting up a strategy to simplify the regulatory environment, especially the

- performance of public administration;
- Transportation of Community legislation into national law; promotion of competition; reduction of state aids

2.2.4. *Efficient and integrated financial markets*

An entrepreneurial economy requires ancillary financial markets that provide finance to entrepreneurial firms and fund innovative activity. Thus, a series of reforms were made to generate efficient and fully integrated financial markets in Europe:

- Implementation of the *Financial Services Action Plan* by 2005, which includes facilitated access to investment capital on an EU-wide basis (including for SMEs), by means of a “single passport” for issuers;
- Facilitated participation of all investors in an integrated market;
- Removal of barriers to investment in pension funds;
- Promotion, further integration and better functioning of government bond markets through greater consultation and transparency on debt issuing calendars, techniques and instruments, and improved functioning of cross-border sale and repurchase (“repo”) markets;
- Enhancing the comparability of companies’ financial statements;
- Intensive cooperation by EU financial market regulators; implementation of the *Risk Capital Action Plan* by 2003;
- Progress on the long-standing proposals on takeover bids and on the restructuring and winding-up of credit institutions and insurance companies;
- Conclusion of the pending tax package.

2.2.5. *Coordinating macro-economic policies: fiscal consolidation, quality and sustainability of public finances*

Another area of policy reform involved the sphere of macroeconomic policy, with a specific focus on the consolidation of fiscal policy and the sustainability of public finance across a broad range of jurisdictions:

- Alleviation of the tax pressure on unskilled and low-paid labor;
- Improvement of the employment and training incentive effects of tax and benefit systems;
- Redirection of public expenditure towards capital accumulation - both physical and human support for research and development, innovation and information technologies;
- Assurance of sustainability of public finances, examining the different dimensions involved, including the impact of e.g. ageing populations

2.3 Modernizing the European Social Model

Given the policy priority of adapting the European Social model for a knowledge Economy instruments were introduced focusing on reforming and upgrading education and training, increasing employment opportunities through an active labour market policy, and improving the prospects for social inclusion.

2.3.1. Education and training for living and working in the knowledge society

The knowledge economy requires education and training for both working and living in a viable and sustainable manner, which led to the following set of instruments and policy measures:

- Development of local learning centers (multi-purpose local learning centers, linked to the Internet and accessible to all);
- Promotion of new basic skills, in particular in the information technologies;
- Increased transparency of qualifications; increase in per capita investment in human resources;
- Establishment of partnerships between schools, training centers, firms and research facilities;
- Definition of the new basic skills provided through lifelong learning (IT skills, foreign languages, technological culture, entrepreneurship and social skills);
- Introduction of a European diploma for basic IT skills, with decentralized certification procedures;
- Promoting the mobility of students, teachers, training and research staff, making the best use of existing Community programs (Socrates, Leonardo, Youth);
- Greater transparency in the recognition of qualifications and periods of study and training;
- Development of a common European format for *curricula vitae*

2.3.2. More and better jobs for Europe: developing an active employment policy

In order to make sure that employment opportunities are generated in Europe, the following instruments and policy measures were introduced which serve as the backbone for an active employment policy:

- Improvement of employability (from 61% today to 70% by 2010, increase of women in employment from 51% today to more than 60% by 2010) and reduction of skills gaps by providing employment services with a Europe-wide data base on jobs and learning opportunities;
- Promotion of special programs enabling unemployed to fill skill gaps;
- Lifelong learning as a basic component of the European social model (flexible management of working time and job rotation, introduction of a

- European award for progressive firms);
- Employment increase in services (especially personal services);
- Advancement of equal opportunities (reduction of occupational segregation, improved childcare provision)

2.3.3. *Modernizing social protection*

The policy priority of modernizing social protection led to the introduction of the following instruments and policy measures:

- Strengthening cooperation between Member States (exchanging experiences and best practice on the basis of improved information networks);
- Supporting cooperation between the *High Level Working Party on Social Protection* and the *Economic Policy Committee*;
- Development of a study on the future evolution of social protection (sustainability of pensions systems up to 2020 and beyond)

2.3.4. *Promoting social inclusion*

As Europe shifts towards the knowledge-based entrepreneurial economy, preserving social inclusion is to be met through:

- Promotion of a better understanding of social exclusion (dialogue, exchanges of information and best practice with the involvement of *High Level Working Party on Social Protection*);
- Promotion of inclusion in Member States' employment, education, training, health and housing policies (at Community level by action under the Structural Funds);
- Development of priority actions addressed to specific target groups (minority groups, children, the elderly and the disabled)

3. The Gothenburg European Council (15-16 June 2001)

In Gothenburg, the European Council extended the Lisbon strategy for economic reform and social cohesion by adding a third dimension focusing on the environment. It was declared that to obtain sustainable development, economic, social and environmental policies should be pursued and implemented in a mutually reinforcing manner. The *Strategy for Sustainable Development* provides a mandate for objectives for sustainable development will present significant economic opportunities, which in turn have the potential to trigger technological innovation and investment, generating growth and employment.

The Strategy is seen as a catalyst for policy-makers and public opinion, to become a driving force for institutional reform, and for changes in corporate and consumer behavior.

To meet these challenges, the European Commission proposed a tri-partite strategy:

- a) A set of **cross-cutting proposals and recommendations** to improve the effectiveness of policy and attain sustainable development. This means ensuring that different policies are mutually reinforcing rather than pulling in opposite directions.
- b) A set of **headline objectives and specific measures** at the EU level to tackle those issues posing the greatest challenges and impediments to sustainable development in Europe.

These headline objectives address the following topics:

- Limit climate change and increase the use of clean energy
- Address threats to public health
- Manage natural resources more responsibly
- Improve transport system and land-use management

- c) Steps to **implement the strategy** and **review its progress** (including annual stocktaking checks and medium-term reviews).

In 2005 the Lisbon Agenda was revitalized. Commission President Barroso stated that “the overall Lisbon goals were right, but the implementation was poor.” Criticism that Lisbon would have been blown off caused by a combination of economic conditions, international uncertainty, slow progress in the Member States and a gradual loss of political focus led to a redefinition with a new, invigorated focus:

- Making Europe a more attractive place to invest and work,
- Investing in knowledge and innovation for growth
- Creating more and better jobs.

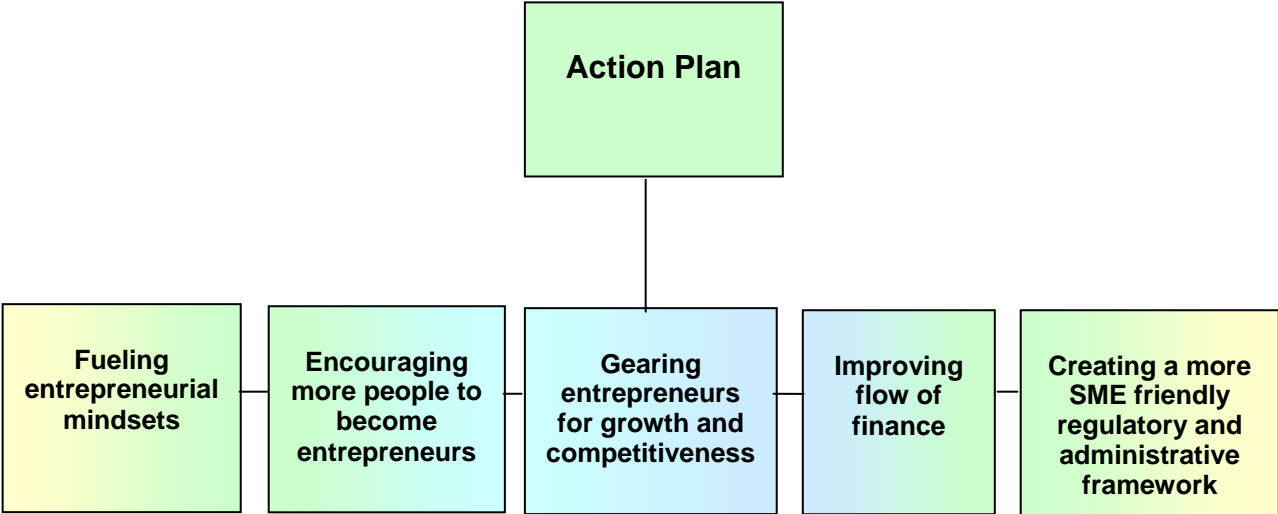
4. Action Plan: The European Agenda for Entrepreneurship

The Lisbon European Council set a clear strategic goal for the European Union “to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion”.

With the Lisbon mandate, the European Commission committed itself to promote entrepreneurship as a major driver of innovation, competitiveness and growth. However, the proclamation alone was not sufficient to create an Entrepreneurial Europe. As the EU Commission concluded, “the EU is not fully exploiting its entrepreneurial potential. It is failing to encourage enough people to become an en-

trepreneur”. In response to barriers to entrepreneurship that were pervasive throughout Europe, the Commission offered an Action Plan in 2004 that provided a strategic framework for boosting entrepreneurship. It consists of five strategic policy areas:

Figure 3: Objectives of the Action Plan 2004



Each of these objectives is defined with sets of strategies and key actions (as displayed in the following table).

Table 1: Strategies and Key Measures of the Action Plan 2004

Policy Area	Strategies	Key Actions
Fueling entrepreneurial mindsets	Promoting entrepreneurship under the open method of coordination by presenting role models and organizing entrepreneurship events	<ul style="list-style-type: none"> - Integrate entrepreneurship education into schools' curricula. - Organize benchmarking exercise comparing the use of mini-companies. - Integrate knowledge from case studies into EU training, education and youth programs.
Encouraging more people to become entrepreneurs	<ul style="list-style-type: none"> - Build fairer balance between the risk taken and the potential rewards. - Help to register businesses quickly and cheaply and to diminish risk of failure. - Encourage entrepreneurs to take over an established firm rather than building an enterprise. 	<ul style="list-style-type: none"> - Reduce stigma of failure through promotional campaigns, benchmarking exercises and assisting exchange of experience. - Facilitate business transfers among prospective entrepreneurs. - Review social security schemes for entrepreneurs, identifying best practices.
Gearing entrepreneurs for growth and competitiveness	<ul style="list-style-type: none"> - Foster access to support and management training for entrepreneurs. - Support SMEs in efforts to enter international market. - Support innovation as marketing strategy. - Promote networks, partnership events and clusters. - R&D investments shall be increased to 3 % of GDP by 2010. - Promote innovation through exchanging experience on regional innovation policies, technology transfer mechanisms and e-business activities. 	<ul style="list-style-type: none"> - Provide tailor-made support for women and ethnic minorities. - Support business in developing inter-enterprise relations by supporting events that provide a basis for meeting strategic partners, and defining and testing a model for strategic links among EU clusters.
Improving flow of finance	<ul style="list-style-type: none"> - Promote the availability of support for demanding risk assessments (more guarantees and loans at reasonable costs). - Improve availability of venture capital, business angel finance and investments by private individuals. 	<ul style="list-style-type: none"> - Use Commission's financial instruments for small businesses to ease entrepreneurial growth by stimulating the supply of both debt and equity finance. - Offer guarantees, promote securitization and focus on equity for innovative SMEs. - Analyze national tax structures and ask Member States to ensure fiscal neutrality.
Creating a more SME friendly regulatory and administrative framework	<ul style="list-style-type: none"> - Reduce and simplify administrative and regulatory burdens (e.g. taxation, employment, and environment). - Promote involvement of SMEs in EU standardization process. - Implement Internal Market Strategy 2003-2006 (including e.g. removal of barriers for services). - Develop an instrument to identify state aid which would not produce significant effects on competition. 	<ul style="list-style-type: none"> - Intensify dialog between Commission and business organizations. - Publish report on SME involvement and impact on policies, make best practices policy recommendations. - Introduce pilot program <i>Home State Taxation</i>. - Commission proposed a one-stop-shop system where enterprises registered in more than one Member State.

5. Structural Funds and Community Initiatives

5.1. Cohesion Policy and Structural Funds

Cohesion policy and Structural Funds contribute directly and indirectly to the six areas emphasized in the Lisbon strategy and its subsequent updates: The objectives of the Lisbon Strategy and those of the Structural Funds are largely overlapping. Economic growth is a shared objective, which in the case of the regional programs suggests promoting the convergence of per capital GDP across European regions. The content of the programs is consistent with the Lisbon mandate, thanks in part to the allocation of European Structural Funds to projects in the fields of employment, information technology infrastructures, research, human capital, enterprise development, social inclusion and sustainable development. The total of about EUR 257 billion used for structural instruments 2000-2006 represents approximately 37 % of the EU budget.

Each of the four existing Structural Funds has its own specific thematic area:

- The European Regional Development Fund (ERDF) (infrastructure, job-creating investments, local development projects and aid for small firms);
- The European Social Fund (ESF) (return of the unemployed and disadvantaged groups to the workforce, mainly by financing training measures and systems of recruitment assistance);
- The Financial Instrument for Fisheries Guidance (FIFG) (adaptation and modernization of the fishing industry);
- The Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF-Guidance) (rural development measures and aid for farmers, mainly in regions lagging behind in their development).

In addition, the Cohesion Fund and the Instrument for Structural Policies for Pre-Accession (ISPA) directly finances individual projects to improve the environment and develop transport networks.

5.2. Exchange of Good Practices and Networking of Regions

Actors across the European Union are strongly encouraged to work together in regional networks to exchange good practices. These networks are often supported by EU cross border cooperation instruments that complement the Structural Funds, such as the Community initiatives. In the 2000-2006 period, there are four Community initiatives, which are targeted at different problems or areas:

INTERREG III

Cross-border, interregional and transnational cooperation in a number of fields linked to economic, social and territorial cohesion.

URBAN II

Innovative approaches to overcoming economic, social and environmental problems in 70 deprived urban areas located in all Member States.

EQUAL

New ways of tackling discrimination and inequality in the labor market, promotion of employability, entrepreneurship, adaptability and equal opportunities for women and men, supporting transnational cooperation, innovation, empowerment and EU-wide partnerships

LEADER+

Implementation of integrated, high-quality and original strategies for sustainable development in rural areas, building on partnerships and networks for the exchange of know-how and experience

The interregional program ENABLE is funded within the framework of INTERREG III.

6. ENABLE - Enabling European Entrepreneurship

ENABLE is part of the INTERREG IIIC East Zone. The objective of the European Community Initiative INTERREG is to strengthen economic and social cohesion in the Community by promoting cross-border, trans-national and interregional co-operation and balanced development of the Community territory (Enable Programme Manual 2004). The focus of the ENABLE programme is on the improvement of economic, social and territorial cohesion by reducing the negative impact of borders on economic development and territorial integration.

The ENABLE concept focuses on the improvement of environmental conditions for start-ups and small and medium enterprises (SMEs) on a regional level, since these SMEs are increasingly dependent upon networks and partnerships for the transfer of research and technology know-how. ENABLE also promotes the stimulation of entrepreneurship in the participating regions.

The Enable program was initiated in January 2004 and will run until December 2006, with a total budget of 5,770,500 Euro. The project is part-financed by the European Union, as part of the Community Initiative INTERREG IIIC.

The main approach of INTERREG IIIC is to make use of the experience collected in the course of the implementation of the Structural Funds Programs, and is strongly related to national policies. Thus, INTERREG IIIC can help regions to get in contact with and to develop the already existing networks of co-operation by including as many European regions as possible, as well as in terms of the types of actors included. This should help to intensify economic and social cooperation and interaction throughout Europe.

ENABLE has an explicit mandate to contribute to the improvement of European and national policies. The mechanism for attaining this goal involves taking advantage of the collective experience accumulated from the implementation of a broad range of policy instruments and project approaches. Interregional exchange and co-operation are the main instruments for achieving these goals. This approach is based on the notion that a number of problems and tasks are confronting European regions not only nationally, but across Europe in a similar manner.

6.1 ENABLE Regions

Four regions participate in the ENABLE program: Carinthia (Austria), Kaunas County (Lithuania), Thuringen (Germany) and the sub-regions Sogn og Fjordane and Hordaland (Western Norway). In 2004, the Foundation for Technology, Innovation and Research Thuringen and Innovation Relay Centre compared these regions and identified a number of differences in area, population, number of employees, unemployment rates, and GDPs. Nevertheless, the Centre also found important common characteristics, like the strong importance of industry, very similar size structure of enterprises, a plurality of SME's connected with mostly weak capital resources, and high export rates in all four regions.

Figure 4: Area, Population and Employees of the ENABLE Regions

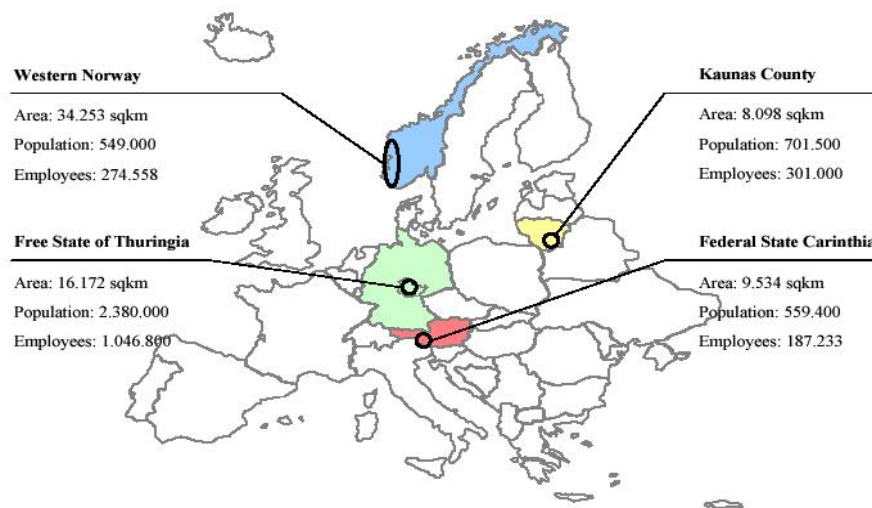


Table 2: Strengths and Weaknesses of the ENABLE Regions

Region	Strengths	Weaknesses
Carinthia	Small number of large research departments of multinationals and some middle-sized domestic firms with world class developments	Many companies lagging behind in innovation
Kaunas County	<ul style="list-style-type: none"> • Strong Information and Communication Technology (ICT) potential, • Well developed infrastructure of telecommunication and ICT 	<ul style="list-style-type: none"> • Insufficient partnership among municipalities, business and education and communities; • big lack of programs and projects, related with technological approach in Kaunas County and municipalities; • big lack of statistical information related with technological approach in the region
Thuringia	<ul style="list-style-type: none"> • Above-average growth and high competencies in particular branches (automotive, optics, precision mechanics, metal processing, biotechnology, medical instruments, measuring and control engineering) • Growing share of high-technology companies • Existence of technological clusters and competence networks • Capable research facilities 	<ul style="list-style-type: none"> • Unbalanced structure of enterprises; deficit of large enterprises; • High share of branches with low technological intensity and low export rate; • Unsufficient R&D resources at small enterprises; • Weak capital resources and low revenue
Western Norway	Existing clusters in gas, marine and fish farming sectors	Transportation infrastructure due to the landscape (fjords & islands, ferries, ...)

In all ENABLE regions, Innovation Relay Centres (IRC) are organized within the European IRC network, which in turn supports technology transfer activities among the four ENABLE regions.

Within each region, ENABLE involves public or equivalent public institutions that are dedicated to fostering regional economic development.

Table 3: ENABLE Regions and Partners

ENABLE Regions	ENABLE Partner
Thuringen (Germany)	<ul style="list-style-type: none"> - Landesentwicklungsgesellschaft (LEG) Thüringen mbH - Stiftung für Technologie, Innovation und Forschung Thüringen (STIFT)
Kaunas County (Lithuania)	Kauno apskrities virsininko administracija
Western-Norway (Norway)	<ul style="list-style-type: none"> - Hordaland Fylkeskommune - Sogn og Fjordane Fylkeskommune
Carinthia (Austria)	Kärntner Wirtschaftsförderungs Fonds (KWF)

6.2 ENABLE Strategies

ENABLE supports projects in three areas, each one differentiated concerning goals, target groups, responsible authorities and criteria for project selection (see graphic and table below).

Figure 5: ENABLE Strategies

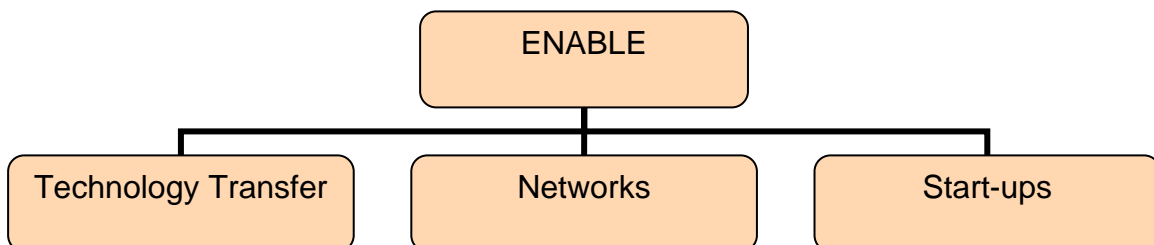


Table 4: ENABLE Strategies

	Goals	Target Groups	Responsible Authority	Criteria of Project selection
ENABLE Technology Transfer	Strengthening the competitiveness of SMEs by stimulating the collaboration between researches and SMEs; implementation of commercially oriented innovation projects.	Research institutes, technology transfer centres, universities, SMEs, patent info centres	Thuringen State Development Corporation (LEG) and the Thuringen Foundation for Technology, Innovation and Research (STIFT)	Quality of transfer instrument, networking competencies, international experiences
ENABLE Networks	Strengthening the competitiveness of SMEs by stimulating development of cooperation and networking between enterprises, improving the triple helix approach to regional innovation systems in an international context, establishing international networks of SMEs, developing, testing and disseminating procedures and activities related to regional stimulation of SMEs	SMEs, cluster initiatives, associations of branches and chambers of commerce	Hordaland Fylkeskommune and Sogn og Fjordane Fylkeskommune	Experience in networking, competence of staff involved, involvement in efficient networks, international focus of the proposal
ENABLE Start-ups	Stimulating entrepreneurship, creating start-ups, promotion of self-employment, informing on company creation (especially among graduates and undergraduates), development and implementation of training concepts for young entrepreneurs, mentoring of specific coaching programs for business and technical coaching	Start-up initiatives, universities, incubators, technology centers or consultants	Kaerntner Wirtschaftsfoerders Fonds Carinthia	Existing experiences in start-up support, competence of the staff involved, involvement in regional networks, international focus of the proposal

6.3 ENABLE Projects

Several ENABLE projects are currently underway. Examples of three projects are included here, representing each of the three ENABLE areas -- Textile Lightgate, Namemos, and the Alchymist.

6.3.1 ENABLE Technology Transfer

“Textile LightGate” (Technology Transfer and Development for Continuous Production of Self-Shining Textiles by Means of Optimised Phosphors) is a project that is issued directly to a mutual technology transfer among three partners -- The Textile Research Institute Thuringen-Vogtlandia, TITV Leuchtstoffwerk Breitung GmbH, LWB, and the J. Zimmer Maschinenbau GmbH Klagenfurt. The project started on 01.07.2004, ends 30.06.2006, and has a total budget of 114,000 €.

Textile LightGate provides an opportunity to bundle the research and economic potential of the Thuringen (TITV, LWB) region together with the technical knowledge of a Carinthian apparatus plant (Zimmer) in order to develop new technology for producing self-shining phosphors in a continuous production process for new products. Textile LightGate is especially expected to provide benefits for SMEs to develop new and diverse product lines and to facilitate the work of TITV-researchers in introducing smart functions into textile fabrics.

6.3.2 ENABLE Networks

“NAMEMOS” – the Network for Assembly of Micro Electro Mechanical Systems (MEMS) and Micro Opto Electro Mechanical Systems (MOEMS) – has a stated goal of creating a thematic network among partners from Carinthia, Thuringen and West Norway that covers all aspects of high precision assembly for hybrid Microelectronics, MEMS and MOEMS. NAMEMOS includes the promotion of local networks and clusters working in this field to the European network partners, exchanging R&D-results, initiation of new projects and proposals as well as qualification and training. Partners are OptoNet e.V. (Lead Participant), the Thuringen Fraunhofer IOF, and [micro]electronic cluster (me2c) from Carinthia. The project started 01.09.2004, ends 31.06.2006, and has a total budget of 89,600 €.

The project’s activity plan includes a number of measures, including

- Publication of local activities and current R&D-developments;
- Technical discussions among the participating partners;
- Screening the state of the art;
- Market reviews;
- A survey “who is capable of what”;
- Presentation of current projects, discussion of results and necessary

- development to improve them in joint meetings;
- Establishment of an “Forum of exchange” and one-to-one discussions;
- Development and implementation of an excellence centre for network services for SMEs;
- Development of an assembly technology roadmap;
- Initiation of projects for an early technological development to ensure and strengthen the advantages of the network members.

6.3.3 ENABLE Start-ups

“The Alchemist“ (“Do you want to be your own boss?”) helps young entrepreneurs through the difficult phases of getting started. The content focuses on the business idea, the phase of development, and the testing phase of the business idea. The main goal is to help more young people to start their own businesses (qualification), and to make it more common to want to do this (stimulation). “The Alchemist” is an instrument which has been used with success in Innovation Norway, who is also the current project leader. The project was scheduled to start March 2005, ends March 2006, and has a budget of 100,000 € (EU-cofinancing).

The Project’s activity plan consists of...

- Further development of “The Alchemist”/similar instruments;
- Qualification of start-up (included global market)/increased number of start-ups;
- Stimulation for start-up/ entrepreneurship;
- Experience and competence for institutions and staff involved;
- Interregional exchange of “best practice”.

7. Thuringen Policy

The goals of the ENABLE program are compatible with the Thuringen economic framework policy. The “Landesentwicklungsbericht 2004” describes ENABLE as “building a solid base for innovative, international activities of SMEs, entrepreneurs, and public organizations in the participating regions” (Landesentwicklungsbericht 2004: 14)

In September 2004, Minister President Dieter Althaus in his government policy statement announced to further enforce networks between the private sector, academia and research through the “... extension of technology infrastructure, the promotion of single-enterprise R&D projects, the promotion of innovative clusters and networks between companies, as well as stronger involvement of universities and research facilities” (ibd. : 34). It is an outspoken goal of the government to motivate and support young people for entrepreneurial activities in Thuringen also due to the fact that SMEs are the “... major pillars of economic

action in Thuringen" (ibid. : 26).

In Thuringen, regional policies are strongly related to and coordinated with European strategies. SMEs for example receive additional funding through the *Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur (GA)* embedded in the *Landesinvestitionsprogramm (LIP)*, which in turn is partly funded by the European Regional Development Fund (ERDF).

The "Landesentwicklungsbericht 2004" specifically refers to the OptoNet/Photonik-Cluster as a best practice example for promoting regional networks and entrepreneurial activity. The cluster initiative promotes sector-related entrepreneurial activity of new and small-sized firms within the region. As specified above, OptoNet is actively involved in at least one ENABLE project aiming at the intensification of regional networks across Europe.

8. Synthesis

8.1 ENABLE and the Lisbon Strategy

Partly financed by the European Union, ENABLE provides a good example of implementing overall EU objectives at the regional level. The program meets a number of goals formulated by the Lisbon European Council of 2000. For example, the Lisbon strategy focused among other areas on the establishment of a *European Area of Research and Innovation*, as well as supportive environments for start-ups and innovative businesses.

ENABLE brings together the efforts of four regions, all which are peripheral from the economic centers of their countries, and face similar challenges and opportunities. Thus, the ENABLE program involves a compatible match of regions which need to develop alternative strategies for the strategic management of places to compete in a global environment. Though none of the regions are so-called "hot spots", all of them have developed strategies to improve their entrepreneurial- and technology-oriented competencies mainly by strengthening small entrepreneurial units as well as the adaptable "Mittelstand". With the ENABLE program these regions are backed by an excellent institutional support to bring their ambitions, initiatives, goals and strategies together to compete in a knowledge-based, global economy.

Addressing regional development as promoted by ENABLE plays a central role in shaping the European future as envisioned in the Lisbon strategy. As Danuta Hübner, responsible for regional policy of the EU Commission, pinpointed in her speech at the conference of "Cohesion and the Lisbon Agenda" in March 2005, "... regional policy represents a high-return investment which helps to remove structural barriers to development, it mobilizes endogenous growth potential. [...] Competitiveness and growth need to be taken to the local and regional levels – this is where the jobs are created."

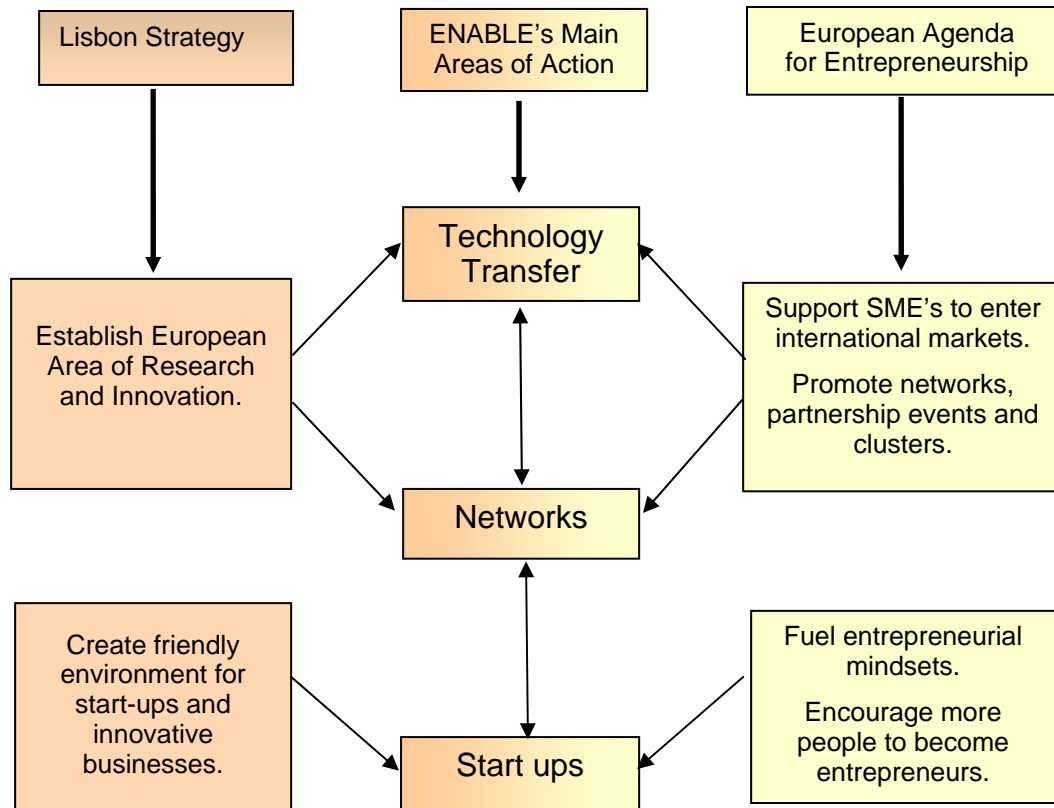
As Mrs. Hübner explained, 92% of the new Member State's populations live in regions where the average GDP is below 75% of the EU average. ENABLE focuses on four regions which have to cope with similar structural challenges. In these regions, it is important to having the institutional support of an

entrepreneurial institution which provides the pre-conditions for innovative start-ups, for fruitful networking of regional stakeholders and for technology-transfer which are the key components of the successful strategic management of places and for the promotion of entrepreneurial mindsets. Peter Drucker once underlined that public institutions need to be more entrepreneurial and innovative than private companies to successfully contribute to the well-being of a region. ENABLE provides a roadmap to accomplishing this mission.

8.2 ENABLE and the European Agenda for Entrepreneurship

ENABLE is not only compatible with the EU policy goals, but also with the specific targets of the Action Plan for the promotion of Entrepreneurship. Its strategic focus on Technology Transfer, Networks and Start-Ups is almost congruent with significant elements of the European Agenda for Entrepreneurship. This is especially true for some of the Agenda's main areas of action: "Gearing up Entrepreneurs for Growth and Competitiveness" (with the core strategy to support SMEs to enter international markets; promote networks, partnership events and clusters), as well as "Fueling Entrepreneurial Mindsets" and "Encouraging More People to Become Entrepreneurs". In addition to that, both the Agenda and the ENABLE program address similar target groups: research institutions, SMEs and potential entrepreneurs.

Figure 6: ENABLE in a European Entrepreneurship Policy Context



9. Conclusions

After a decade of economic stagnation and sluggish employment creation, which triggered alarmingly high rates of unemployment, Europe responded by announcing a bold new approach to promote economic growth, job creation and international competitiveness. The cornerstones of the Lisbon strategy focus on knowledge and entrepreneurship as the twin engines of European growth.

As the Gothenburg Council observed, a proclamation is not automatically translated into implementation. Rather, through a series of dedicated and targeted steps, the European Union has operationalized the Lisbon mandate into an action plan. The action plan to create an Entrepreneurial Europe spans a broad range of diverse policy instruments. ENABLE is a key program in the arsenal of policy instruments to deliver on the Lisbon mandate by creating an Entrepreneurial Europe.

The tri-partite focus of the Enable Program on technology transfer, SME networks and facilitating the startup of new firms certainly mirrors the policy priorities and approach set out by the European Commission in its Green Paper on Entrepreneurship. The link between entrepreneurship and regional economic development is viewed by the Commission as being transmitted through these

three mechanisms – technology transfer, SME networks, and the startup of new firms.

Similarly, the central role of entrepreneurship policy as a strategy for economic development in the Free State of Thuringen is certainly consistent with the European entrepreneurship and growth policy approach. Thus, it can confidently be concluded that the implementation of the ENABLE program in the context of both the economic development policies of Thuringen as well as the European entrepreneurship and growth policies is not only compatible but also mutually reinforcing. The broad sweep of the Lisbon mandate to reinvigorate European growth by creating an Entrepreneurial Europe must involve local implementation. The ENABLE program is one such program linking the local and European levels in a partnership that can help shape the future of Europe.

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