Defining the action plan

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Jouni Ponnikas Council of Kainuu PP2,
REGIONAL PARTNER

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Structure of presentation

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- 1. Purpose and focus
- 2. Background
- 3. Alignment with the findings from the innovation map
- 4. Relevance of the BRIDGES good practices
- 5. The involvement of the Intermediate Body (IB) and the regional stakeholder group (RSK)
- 6. Experienced and anticipated challenges
- 7. Solutions and next steps

1. Purpose & focus

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- **Purpose**
  - To present the state of play towards the definition of the action plan for one of the RIS3 sub industries in Kainuu, namely the **wood industry cluster**
  - To explain how BRIDGES good practices and types of connectivities (innovation map) are taken up and reinforce the action plans.
  - To consider next steps and any experienced / anticipated challenges and solutions there might have been faced or are anticipated and what solutions might have been found

- **Focus:**
  - The focus is on strengthening and supporting the growth of a well performing cluster ('from cluster to industry') without industry it is hard to have a crowing cluster.

2. Background

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- **Wood industry (cluster) in Kainuu: Kantola industry area**, where operate 12 companies, jobs around 240 and turnover 100 M EUR) where **CrossLam Kuhmo ltd**. **(see: http://www.crosslam.fi/en/)** produces cross laminated timber (CLT) and **Elementti-Sampo Ltd.** (refine and equip those CLTs, which makes it possible to build multi-storey wooden buildings), In Kainuu operate; two growing saw mills with over 135 million euros annual turnover (**Pölkky ltd. & Kuhmo Wood ltd**.)
- **Kantola:** The development of wood processing industry in Kantola industrial estate is the long-term goal of the Kuhmo city. Wood products have traditionally been a driving force behind the economy of forest-rich Kainuu, and determined development of the wood industry in Kuhmo began already in 1992 with the foundation of Kainuu Wood Industry Development Centre (KPKK) by the city of Kuhmo.
- Woodpolis continues the centre’s work. Its operations are centered in Kuhmo in the industrial Estate and wood product cluster of Kantola. Woodworking companies serving the needs of construction industry growth-oriented strategy for the development of the industrial Estate - master plan of Kantola
- Kantola Master Plan including strategic vision, objectives and actions (part of them are also international activities and objectives). Master Plan is a common strategy for companies and public bodies operating in Kantola Estate. The common objective is to create 50 – 70 new jobs and 70 – 100 million new turnover by the year 2020.

2. Background

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- **Woodpolis -** part of Kantola estate - was established in 2006 by the town of Kuhmo, an expert organization promoting wood industry entrepreneurship and developing innovations in the field of wood construction. Woodpolis partner network includes private companies, educational institutes and universities, e.g. Aalto University in Finland (triple helix cooperation).
- The only timber-building training factory in Finland that fulfills productional requirements is part of Woodpolis and cooperates with several research and educational institutions, including Kainuu Vocational College and Aalto University.
- The main operations of Woodpolis are: Research and development, Education and Training
- Woodpolis has been successful in utilizing local products and labour force in the Kuhmo area, benefiting the whole Kainuu region. Strong support from the town of Kuhmo has been a large part of the center’s success. The GP, Woodpolis, together with its partners, in other words Kantola Estate supports the woodworking industry by developing new innovations in the area of wood construction. Product development is based on the high level of know-how.

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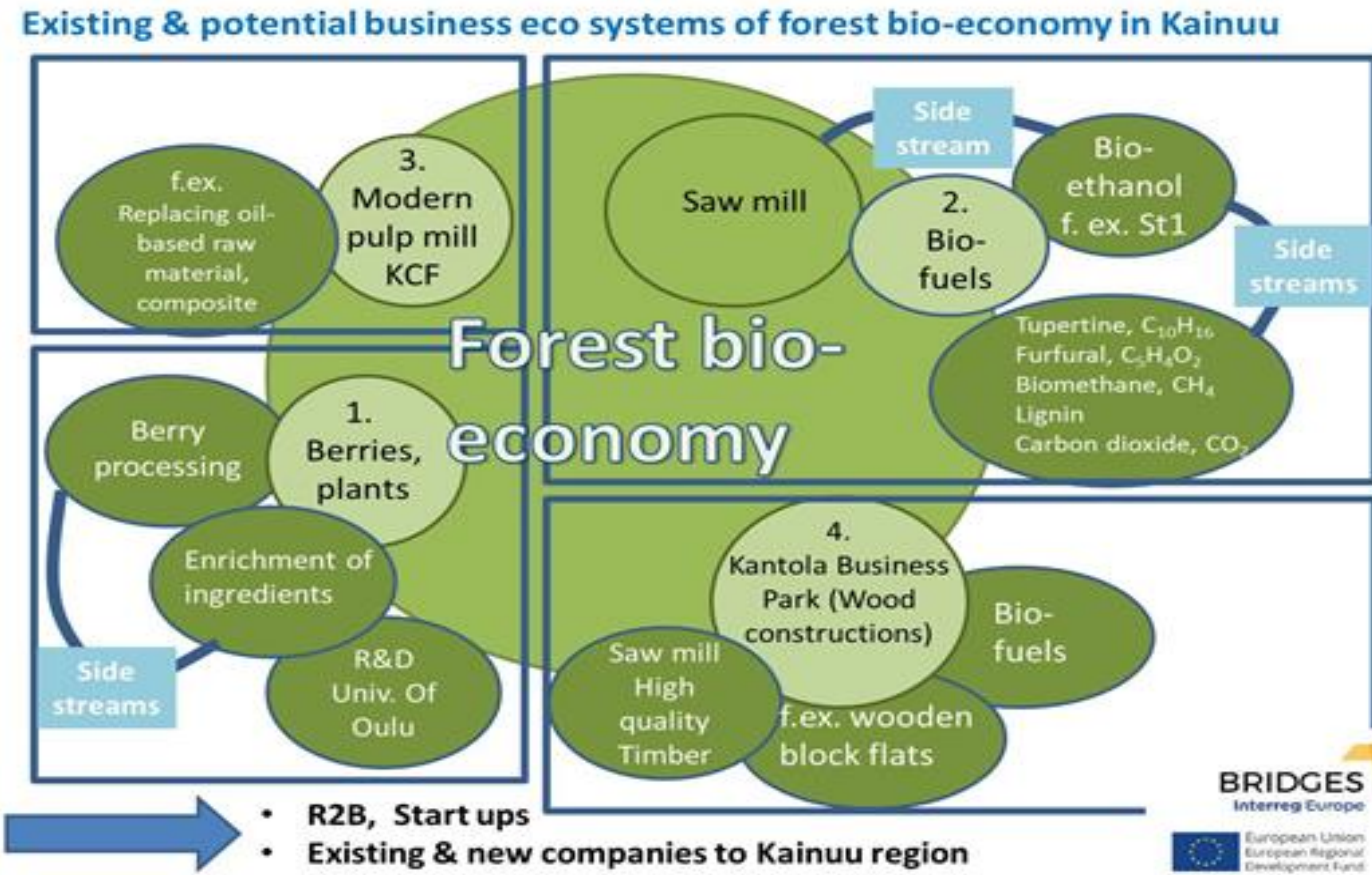
3. Alignment with the findings from the innovation map

- The Kainuu innovation map stresses sectors of development (ICT, bio energy, bio-based economy, tourism) and the evidence-base potential of few industries, among them the wooden construction industry (Kantola example).
- Regarding wooden sustainable construction, there is commercial success, market integration and innovation absorptiveness potential.
- In addition, the strategic plan of the wooden construction cluster acknowledges the need, among others, of 1) updating the growth orientation, and 2) reinforcing knowledge and excellence.

Findings from IM - subgroups of Bridges



4. Relevance of the BRIDGES good practices: Project resources, activity, and funding sources

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Connectivity type	Types of actions	Project resources (good practices)	Possible funding
Type 1 Programme based	Centre of competence & associated business application projects; 3 regions have indicated committed interest in this	Industry –led centres of competence in Germany, Netherlands, Swtizerland; Helsinki university innovation services; Kantola cluster.	This activity belongs, to ESIF Thematic Objective 1 (innovation and research, and infrastructures) and Thematic Objective 3 (ioprovement of the competitiveness of SMEs). The required action is to allow eligibility of non-programme area actors to be part of regional multi actor projects. Non programme area actors are research institutions with expertise missing at regional and national levels from the implementation regions.
Type 2 Access to research services	2.1) Screening of needs & awareness raising 2.2) actual access to research services missing locallly/nationally, through innovation vouchers with interregional eligibiltiy. BRIDGES project proposes such solutions in some of the good practice contributions in GP theme 3. Application of Article 70 of the CPR and / or national innovation funds.	Methodology: Baltic TRAM project (access of SMEs in the periphery to analytical research infrastrcutrs and macro.-regional base of funding). Funding: ESIF provisions in Poland; experience with innovation vouchers and cross border innovation vouchers from Slovenia and Hungary respectively.	2.1) Local structural funds, local consultant; innovation intermediary. 2.2) Through generalised application of innovation vouchers to seek research services at national level, including interegional eligibilty where the naitonal level is not sufficient.
Type 3 KET applications	3.1) screening of needs & awareness raising:local consultants; 3.2) actual KET application projects	Funding: ESIF provisions in Poland; experience with innovation vouchers and cross border innovation vouchers from Slovenia and Hungary respectively.	3.1 Local / national expertise 3.2 As above, any lacking expettise could be axceesed add hoc through innovation vouchers
Type 4 TRL improvement / certification	Systematic way to address these issues needed in five out of six regions	Methodology & funding: ESIF 2014-2020 Poland	National funds, national innovation funds, ESIF 2014-2020; interegional connectivity not required.
Type 5 Innovation management chain	5.1 R&D council, 5.2 Proof of concept, 5.3 Prototype, 5.4 Scaling up, 5.5 Business plan, 5.6 Branded marketing	Helsinki University Innovation Services; TEKES programme for proof of concept	National funds, national innovation funds, ESIF 2014-2020; interegional connectivity, in principle, not required, but good to not exlcude it, allow for innovation vouchers with interregional eligibility
Type 6 Constant renewal services	upstreaming and downstreaming, Annex I of the CPR):	No GPs	National funds, national innovation funds, ESIF 2014-2020; interegional connectivity not required
Type 7 Commercialisation of research, cross border	7.1) Awareness raising 7.2) Cross border, interregional	Methodology and funding: ZIM programme (considered as GP also by the VINNOVA report) Emilia Romagna ROS 2014-2020	7.1: National funds, national innovation funds, ESIF 2014-2020; interegional connectivity not required. 7.2: Bilaterally earmarked national and /or ESIF funds
Type 8 Direct research to business cooperations	8.1) regular awareness raising within the partner areas and 8.2) support project preparation actions.	EEN certified intermediary (CEEI Burgos, good practice from Spain). AIKO funding in Finland (project preparation). Reference outisde the projec programme area: Cross-border Collaboration Vouchers – IntertradeIreland.	8.1 Task of regional innovation intermediary & linkages to EEN is relevant. 8.2 Small, bilaterally earmarked funds for setting up such partnership –based options. Can national and / or ESIF funds.

4. Relevance of the BRIDGES good practices

GP themes	Relevant GPs	Types of connectivity
GP theme 1	Kantola is one GP; however, examples from the CREST approach in terms of industry-led collaborative research would be very useful	Centre of excellence in fields relevant to the growth orientation of Kantola (Connectivity Type 1)
GP theme 2	Regional innovation management chain, oriented to wooden sustainable construction would be very good;	Connectivity 4,5
GP theme 3	Activate ZIM partnerships and EUREKA partnerships more	Connectivity 7, 8

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5. Involvement of the IB and the RSK

- In the case of Kainuu, this is not a challenge because the IB is project partner, coordinates the RSK, and has been co-funding Kantola development through structural and regional funds projects.

- Kantola is one of the four sub groups of the regional stakeholder group.

- Knowledge-generated growth is part of the core aspects of Kantola and fully aligned with BRIDGE

- Bio-based industries and wooden construction are confirmed among the RIS3 industries, also during the revision process (started on 29.5.2017).

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6. Experienced and anticipated challenges

- More investments (funds, financing) are needed
- Anticipated challenges include:
  - Need to "apply" a modernisation concept for expansive, competitive growth of the wooden construction industry.
  - Above all, need to maintain the positive growth trend, to orient e support in that direction.

- Other challenges include: the small critical mass in terms of both supply and demand, also the knowledge and methodological gaps of innovation management in the region, that imply need for comprehensive, non-localised approaches.

7. Solutions and next steps

- Build on the core model and the cluster's strategic document
- **Regional workshops idea**:
  - experts contribute and discuss industry-led trends, research-led trends, and through benchmarking and discussion with the cluster we agree new growth orientation and focus of research excellence.
  - review of connectivities with the cluster and agreement of the most important to adopt

- **First meeting on 23.5.2017** (external expert, AP Ritva Toivonen, Conclusions: Wood construction at its best is economical, healthy and environmentally friendly, and there is a demand for it. Raising wood construction up to ten per cent is a challenging goal and requires input for several years. For example, Sweden and Austria (Case HoHo in Vienna!) are countries that are ahead in finding urban solutions for timber construction, and Austria and Canada examples of successfully organizing the research and development activities. In Finland, the example of Kalasatama in Helsinki is, from this point of view, an interesting project: a residential area that offers all the necessary living and working conditions. WMC Drivers: bio-economy, sustainability, Urbanization – Case Helsinki: population +200 000, Health, quality, energy, and maintenance + value of real estate assets – shifting investor/consumer/policy preferences, High quality, professional and industrial WMC needed,, regulation, advanced business models, consumer preferences (several studies/surveys)

- **Second meeting during August 2017**: themes: new products from wood industry sideflows (circular economy) new visions for wood construction (external expert, architec / professor from HU)

- **Action plan will build on the conclusions of these workshops.**

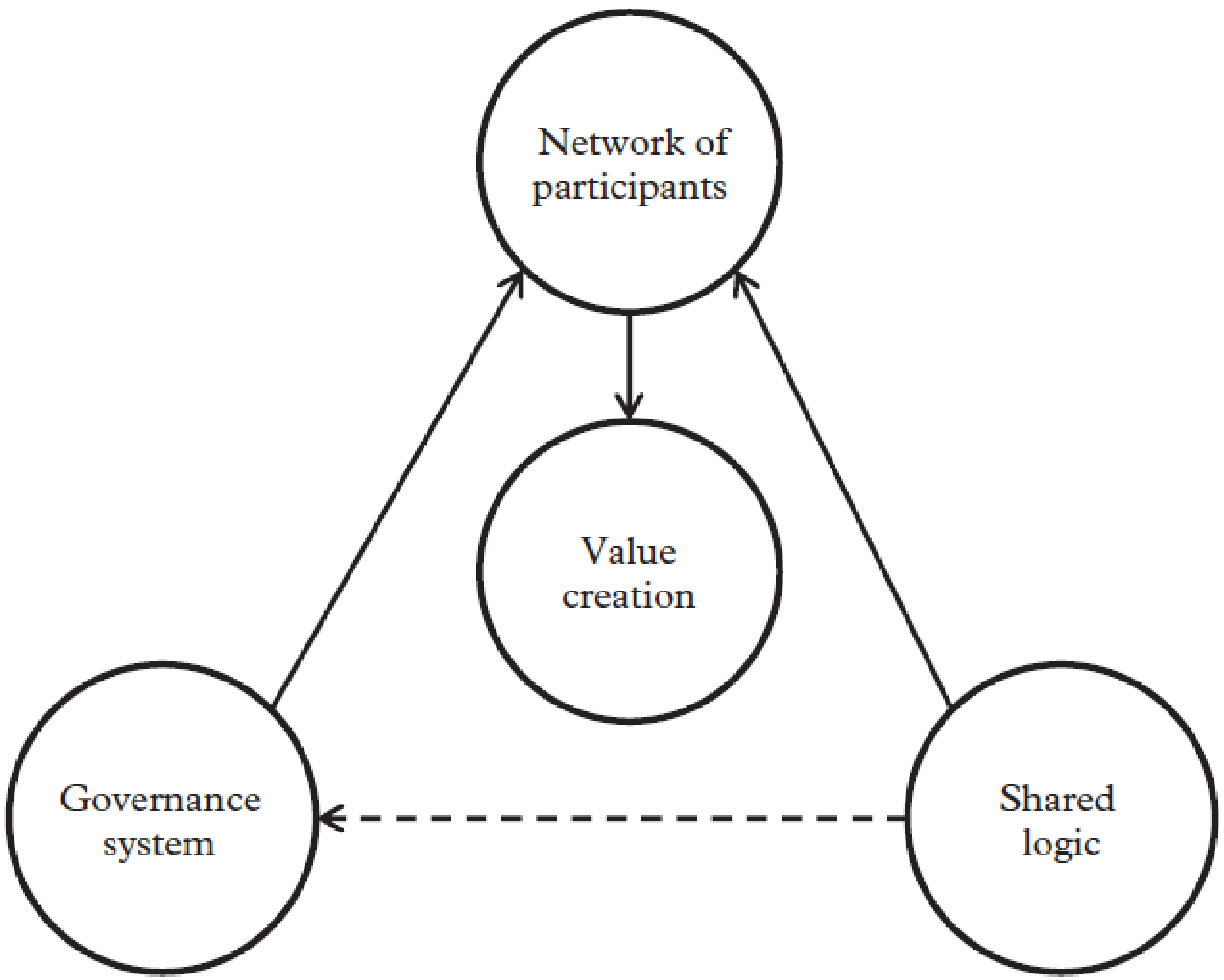
First meeting on 23.5.2017/ Conclusions: WMC business issues for Kainuu/Kantola (AP Ritva Toivonen)

- **WMC -> potential for strong growth** (urban regions)
- **Emerging niches/materials – wood – modular, light products**, standardized – the final product is WM BUILDING
- Material is important but not enough – **services**
- **Shift thinking to understand what target market needs and is how it is used to operate – and how we could make them happy**

First meeting on 23.5.2017/ Conclusions: Research issues for Kainuu/Kantola (AP Ritva Toivonen)

- **Standardized product lines of industrial scale for modular building** – incl. design, services
- **Client & consumer needs, marketing & branding**
- **Business ecosystem formation**: **Concepts** for profitable grouping for construction projects, products, sales and marketing (e.g. history: case fragmented forest industry…)
- Internationalization: **exports starts with knowing market needs & construction traditions in target markets!**
- **Research services**: Austria/Canada models (Ltds)?

First meeting on 23.5.2017/ Conclusions: Elements of an ecosystem model in construction business (Pulkka et al. 2016, Thomas and Autio 2014) (AP Ritva Toivonen)



- Positive connections between operating results and value creation when acting according to ecosystem principles (traditional construction sector, Fin & Swe)
- Shared logic, particularly trust, may substitute parts of formal governance system
- **WMC?**

7. Solutions and next steps

Cluster facts (FIGURES)

Cluster strategic document

Bilateral preparatory exchanges (PP2, PP1: cluster)

Modernisation focus

1) long-term growth orientation
2) centre of excellence
3) prioritisation of types of connectivities

RSK meetings: Investment oriented workshops

1)focus of investment projects, 2) focus of centre of excellence, 3) types of size of projects long-term growth orientation, 4) Funding options review (PP2, PP1)

Action plan

1) Action plan concepts
2) Action plan concepts verified with the cluster
3) Action plans concepts interpretation into projects and project funding criteria
4) Integration of the criteria into the regional structural and other wise funds (PP2)
5) Calls for implementation

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