

# Challenge-Driven Innovation – Societal Challenges as Growth Opportunities

Submitted by VINNOVA, the Swedish Innovation Agency

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EPSA2015105



## VINNOVA

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## Size of organisation

100-500;  
people directly involved: >15

## Type of sector

Science, research, innovation

## Key words of the project

Societal challenges, user-driven innovation, sustainable growth

In 2011, as the first government agency in the world, VINNOVA (the Swedish Innovation Agency) launched a program which constitutes a path-breaking approach to tackling societal challenges and achieving concrete and system-transforming results. This ground-breaking policy instrument, Challenge-Driven Innovation, combines innovation promotion with societal challenges in an effort to turn challenges into opportunities for growth, prosperity and sustainable development. And it works.

One key element is the application of a stage-gate approach, where the government funds relatively more in the early stages of the project, thus assuming a large portion of the risk, but as the project moves through the stages, the project partners and the consortium bear an increasing share of the costs.

Also, in their effort to promote system-transforming change, they rely on a user-, demand- and stakeholder-driven approach, they mobilise interactions and stimulate partnerships across a broad range of sectors, actors and research disciplines, and identify and drive necessary changes in framework conditions (policies, regulations, institutions, demand, human capital formation, etc.) to enable structural change. While VINNOVA's programs are often operationalised using a stakeholder-driven approach, the Challenge-Driven Innovation program is their most complex, demanding and user-driven program, for example due to the bottom-up approach adopted and broad scope.

Users and customers must be active in the projects and broad societal challenges must be tackled, resulting in a need for complex consortiums and governance.

Finally, they apply policy experimentation and learning, with structured feedback loops, in order to improve continuously their approach and implementation of the program and they strive for a customer-oriented approach (including minimising bureaucracy and ensuring professionalism, efficiency and transparency) when it comes to their calls for proposals, evaluation processes, management and follow-up of the projects.

The results have attracted great interest at all levels in the innovation system, from politicians to researchers. For example, the project "Patient Journey" addresses poor communication in healthcare processes, and it has received recognitions such as the Award for the European Prize for Innovation in Public Administration (Category for Citizen) with the argument that it can "revolutionise the whole healthcare system".

The program has renewed VINNOVA's portfolio of actors, i.e. they reach actors that have never been in touch with VINNOVA.

- 90% of the projects that are rejected at stage 2 continue the work in some form, meaning that the program has a mobilising effect with respect to tackling societal challenges.
- All projects address green sustainable growth and/or socially sustainable growth. For example, one project has, among many results, built the world's most northern passive house in their quest for attractive and energy efficient cities in cold climate.

They are convinced that if the public sector wants to address societal challenges then it is necessary to rethink the funding structure and work methods so that it really puts demand and societal needs at the centre of attention. This transformation, which will continue and evolve, has by no means been an easy journey for them, but it has been necessary and rewarding.