Cities as incubators for innovation

Urban regions are incubators for innovation and entrepreneurship. These areas are vital for the Dutch economy, which needs to learn to become much more efficient with natural resources and energy, in order to remain competitive. Smart and clean technologies offer economic opportunities; the global demand for energy-efficient technologies and sustainable products is growing rapidly (PBL, 2014a).

Start-ups are important for innovation and growth, but they often don’t survive after the first phase of initiation. Instead of conquering the market with their innovative idea or product, they get stuck in the ‘valley of death’, a phase in which a start-up firm will die off before a steady stream of revenue is established. ‘Green’ start-ups have a particularly hard time overcoming this hurdle. A clearer long-term ambition for greening the economy and investments in green funds may help companies traverse this ‘valley of death’.

Cities are at the forefront of the transition towards a green economy. Urban citizens and civic entrepreneurs are launching all kinds of sustainability initiatives. Businesses and research institutes dealing with green innovation are highly clustered in the large urban agglomerations. Their knowledge, creativity and efforts offer opportunities for innovation and green growth.