

# Territorial dimension of Innovation and Structural Funds - the Swedish perspective

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# Innovation can be...

A new product or service



Cell phone

Product innovation

A new process for producing a product or service



Internet banking

Process innovation

A new form of organizing



Lean Management

Organizational innovation

A new market or ways of reaching markets



Spotify

Business model innovation

New competencies, resources or materials



Design thinking

Input innovation

# Innovation happens through collaboration

- **the visionary** brings the idea
- **the entrepreneur** runs and organizes the realisation of the idea and combines the resources needed in this
- **the sales person** commercializes or disseminates the solution
- **the funder** believes in the potential value in the idea and supplies capital
- **the customer** demands new solutions
- **competitors or other agents** copy and further disseminate the solution

**In business, public sector and civil society**

## Main finding from ESPON innovation projects

- R&D (and formal knowledge in general) does not necessarily equate innovation;
  - innovation does not necessarily equate regional growth.
- **these linkages are strongly mediated by local territorial assets.**

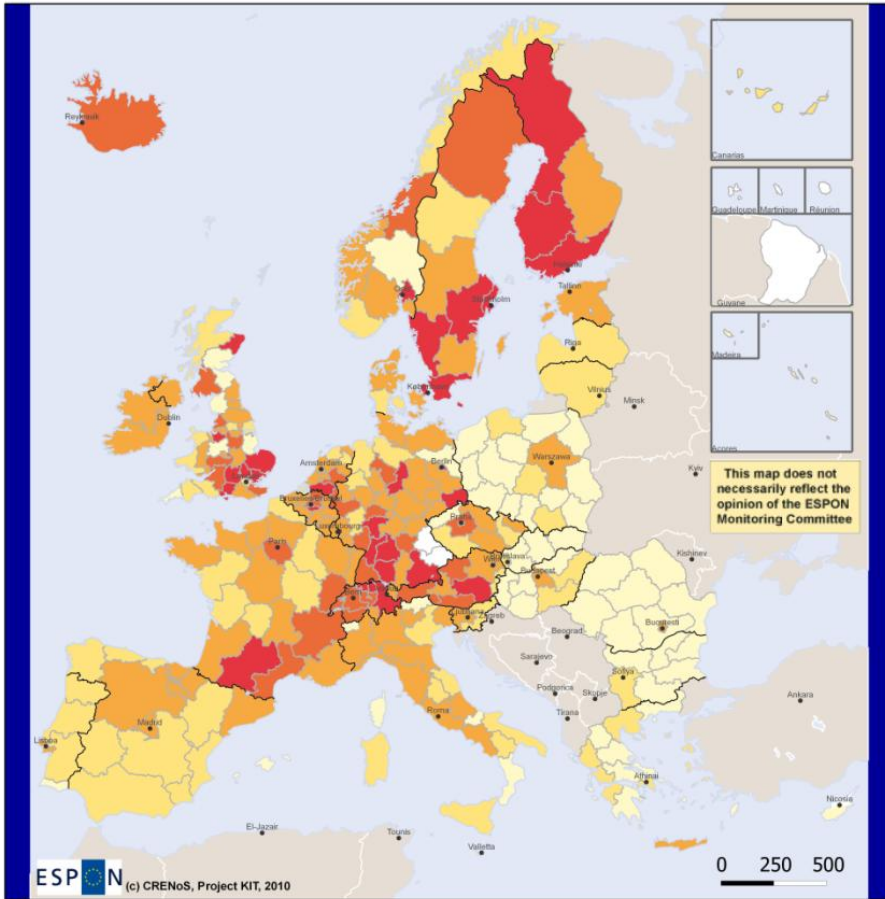
*Source* : ESPON KIT project



# Firstly: Not a direct link between...

## Investment in R&D and...

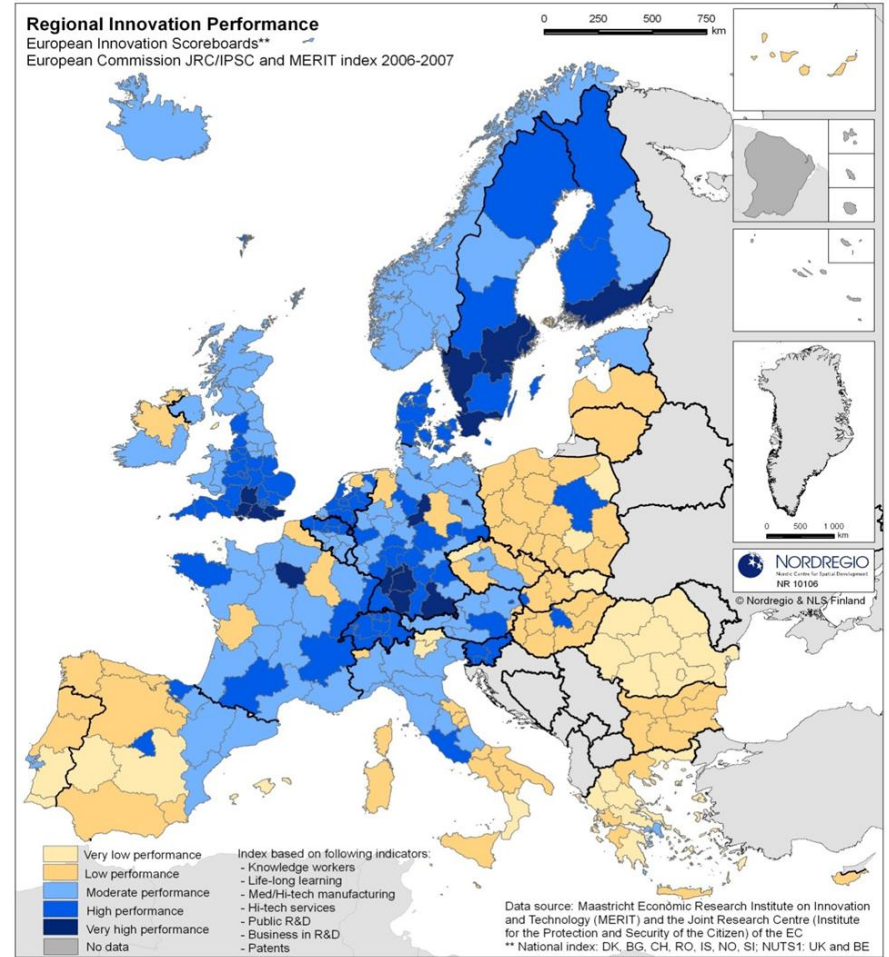
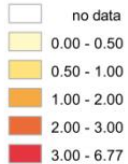
## Innovative capacity



EUROPEAN UNION  
Part-financed by the European Regional Development Fund  
INVESTING IN YOUR FUTURE

(c) EuroGeographics Association for administrative boundaries  
Source: CRENoS elaboration 2010  
Origin of data: OECD REGPAT database, ISTAT and Institut  
National de des Etudes Economiques data, CORDIS data  
Regional level: NUTS 2

### Legend

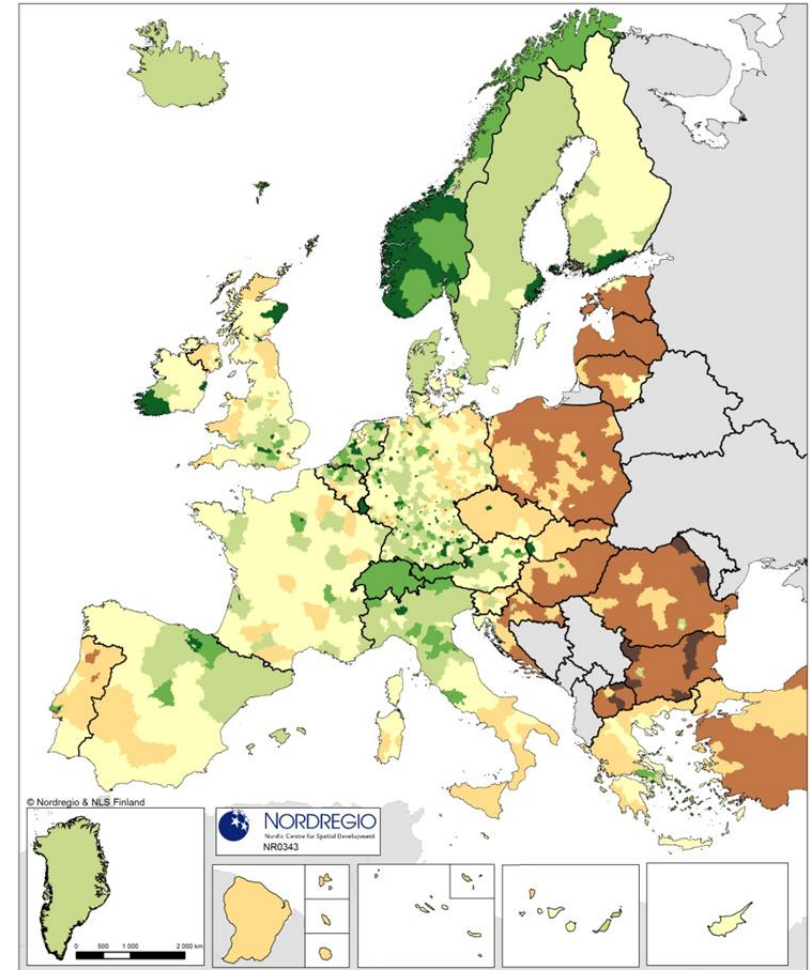
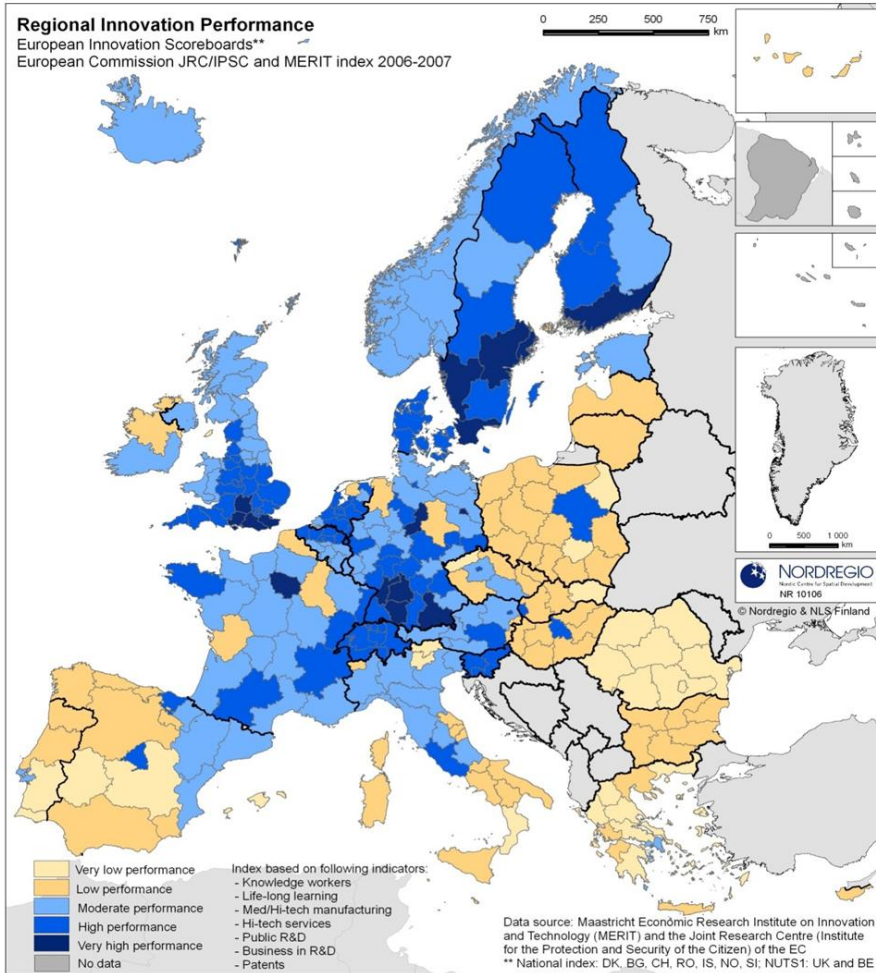


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# Secondly: Not a direct link between...

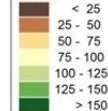
## Innovative capacity and...

## Performance (GDP per capita)



### GDP (PPS) per Capita in 2009

Index EU 27 = 100

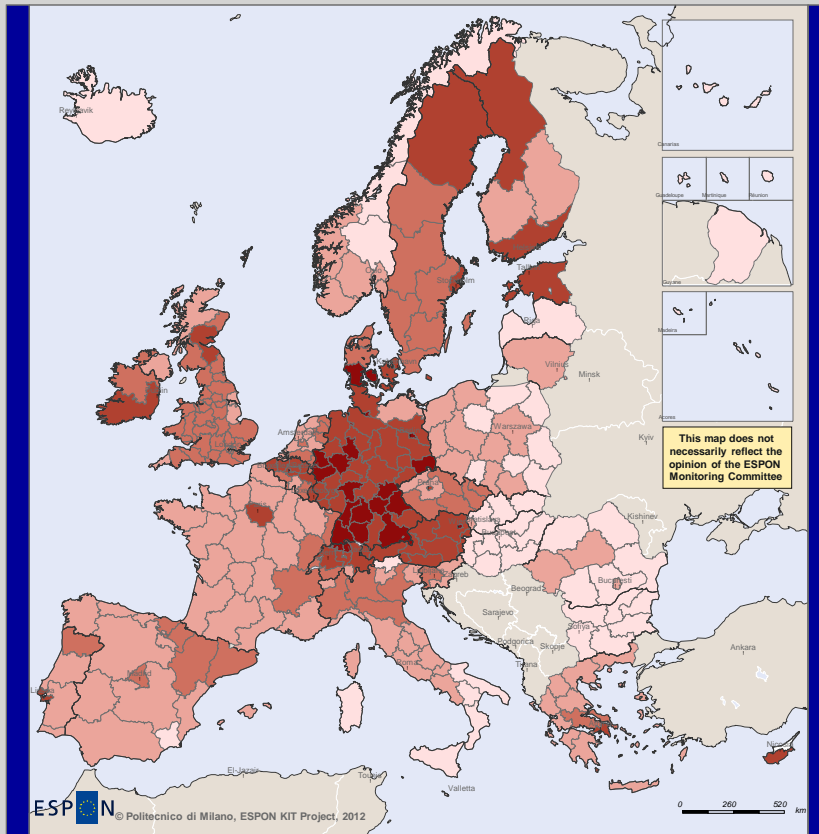


CH: national level  
ES: 2007 figures  
IS: national level  
NO: 2008-2009 figures; excluding GDP generated from offshore industries  
TR: 2008 figures on NUTS2 level

FI: modified figures for Ita-Uusimaa and Uusimaa NUTS 3 regions in order to correspond to new (by 2011) administrative region Uusimaa

# Does innovation generate increases in GDP growth rates?

Elasticity of GDP growth to innovation by patterns of innovation



**Yes, but if innovation achieves a critical mass!**

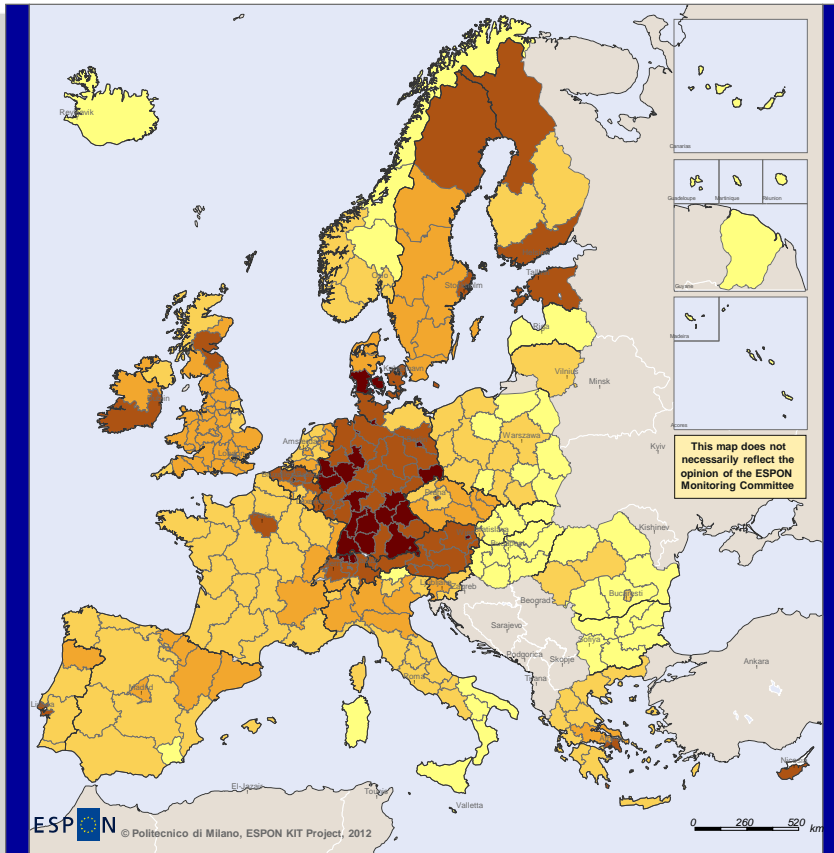
**Imitative innovation generates lower GDP growth rates than new innovation**

*Source : ESPON KIT project*

- Legend**
- No data
  - Imitative innovation area = no impact
  - Smart and creative diversification area = 0,425
  - Smart technological application area = 0,434
  - Applied science area = 0,632
  - European science-based area = 0,810
- Pattern 5
  - Pattern 4
  - Pattern 3
  - Pattern 2
  - Pattern 1



# Territorial patterns of innovation in Europe



Pattern 1= A European science-based area

Pattern 2 = An applied science area

Pattern 3 = A smart technological application area

Pattern 4 = A smart and creative diversification area

Pattern 5 = An imitative innovation area

Source : ESPON KIT project

**Legend**

- No data
- Imitative innovation area
- Smart and creative diversification area
- Smart technological application area
- Applied science area
- European science-based area



# Thinking territorial is “smart”! (1)

Regional innovation strategies for smart specialisation are **integrated, place-based transformation strategies** that:

- 1) concentrate public resources on innovation and development priorities, challenges and needs;
- 2) outline measures to stimulate private RTD investment;
- 3) **build on a region's capabilities, competences, competitive advantages and potential for excellence in a global perspective;**
- 4) foster stakeholder engagement and encourage governance innovation and experimentation;
- 5) are evidence-based and include sound monitoring and evaluation systems.

*Source* : European Commission 2011 Smart Specialisation Platform <http://ipts.jrc.ec.europa.eu/activities/research-and-innovation>

# Thinking territorial is “smart”! (2)

**Smart specialisation** *is a dynamic strategic process where **regions** and Member States identify their long term **competitive advantages based on local strengths**, and define those actions that can lead them to maintain and/or create their competitive position*

Source : Innovation Union Competitiveness Report 2011

# Thinking territorial is “smart”! (3)

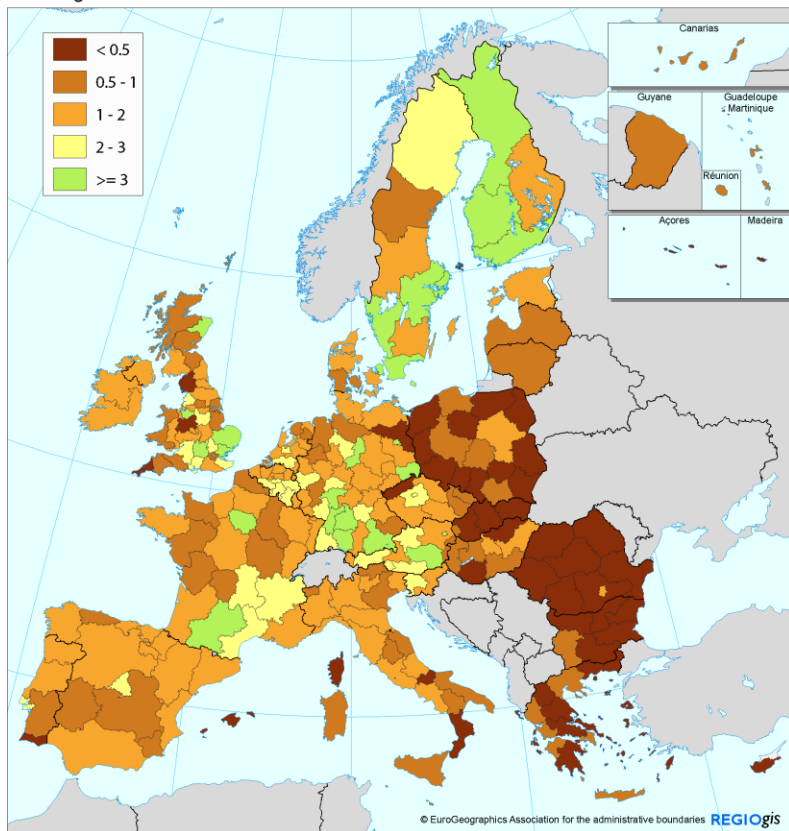
**Smart innovation policies** may be defined as those policies able to increase the innovation capability of an area by boosting effectiveness of accumulated knowledge and **fostering territorial applications and diversification, on the basis of local specificities and the characteristics of already established innovation patterns in each region.**

*Source* : ESPON KIT project

# R&D

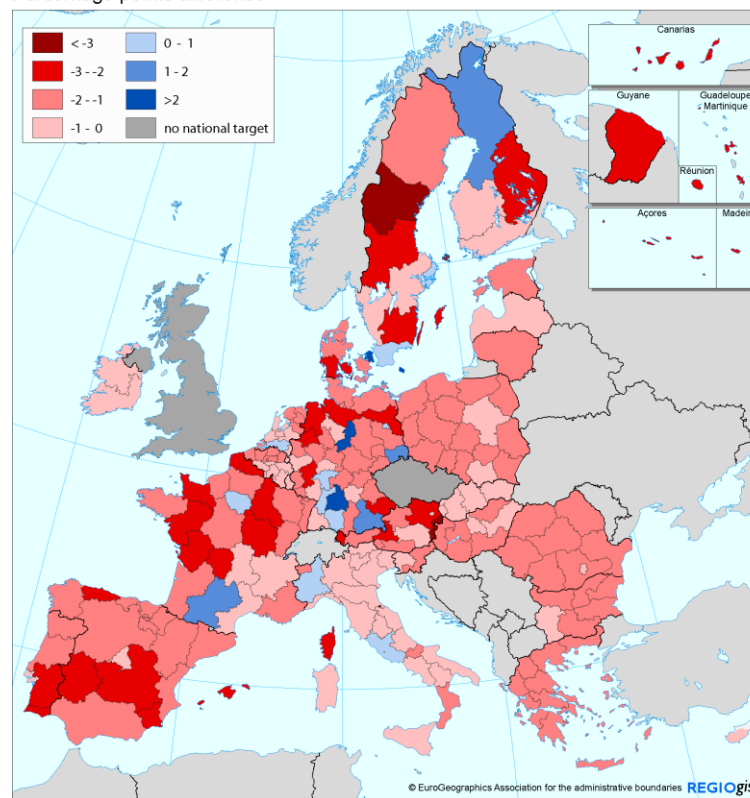
**Target:**  
EU 3 % of GDP  
SE 4 % of GDP

**Total expenditure on R&D, 2008**  
% of regional GDP



**Total expenditure on R&D, 2008 - Distance to National 2020 target**

Percentage points difference

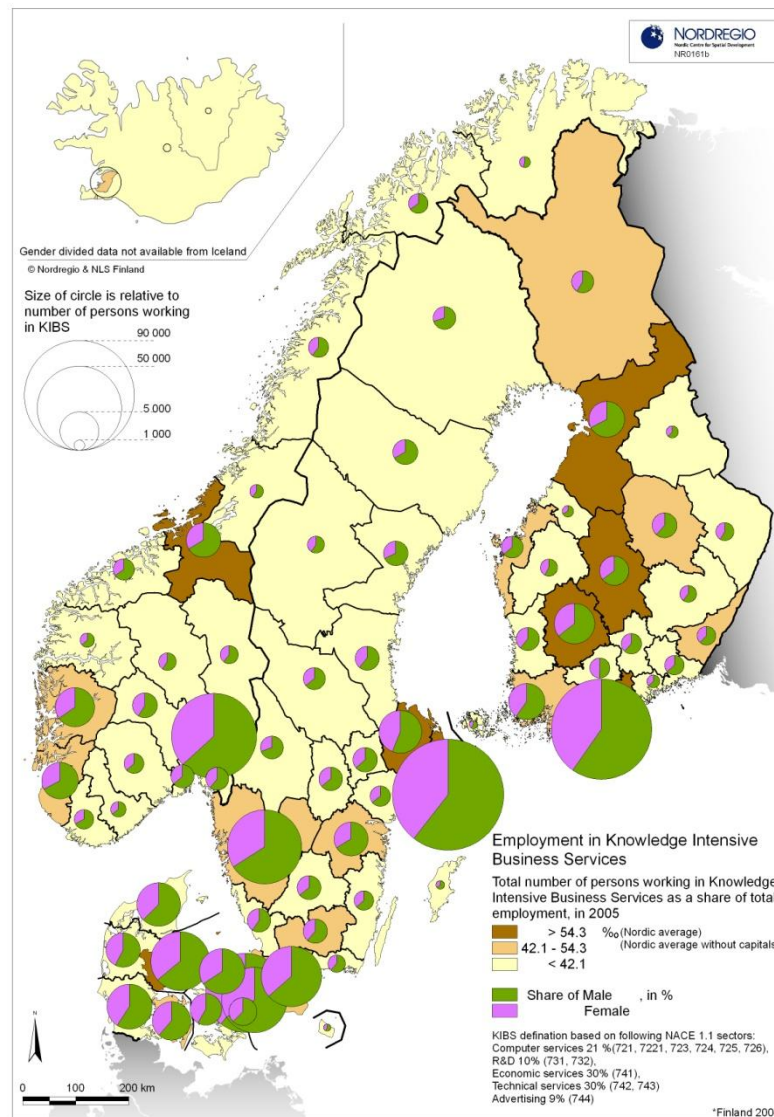
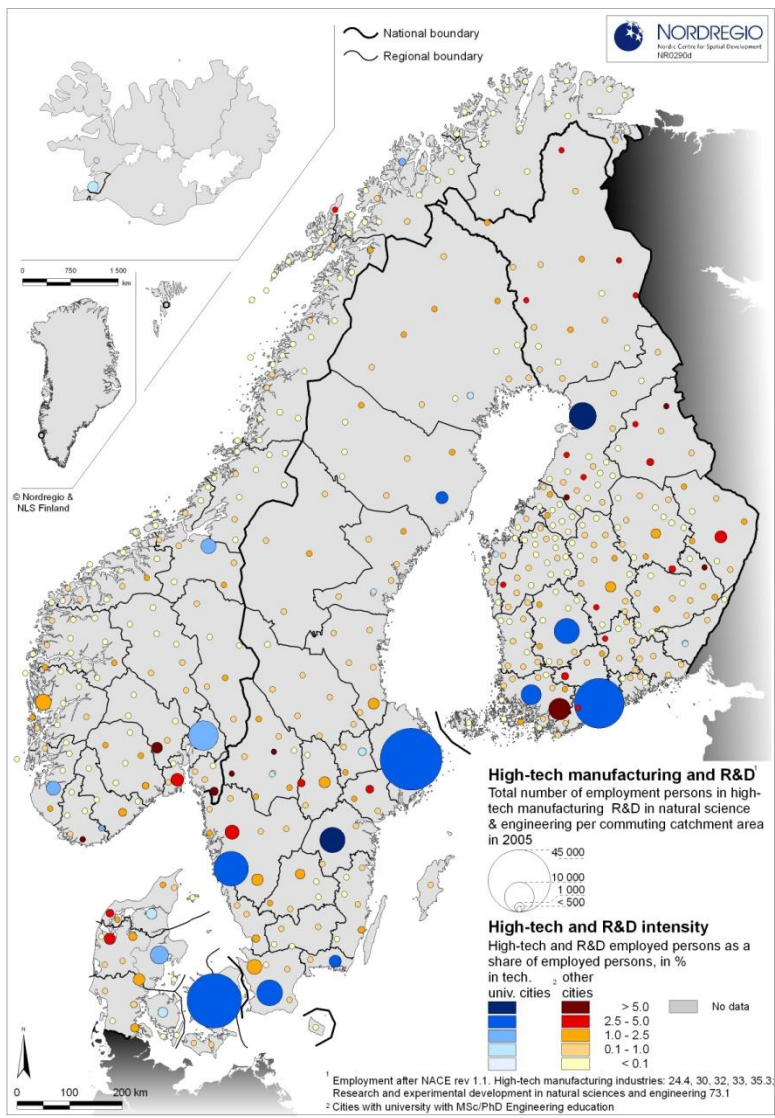





# Knowledge intensive specialisation – Employment in...


## High-tech manufacturing and R&D


## Knowledge intensive business services (KIBS)

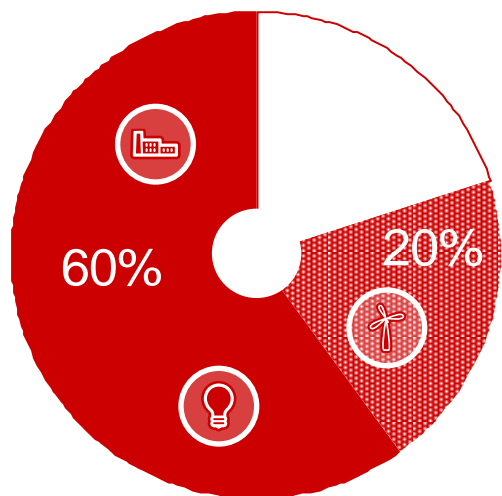


# Concentration of ERDF-investments

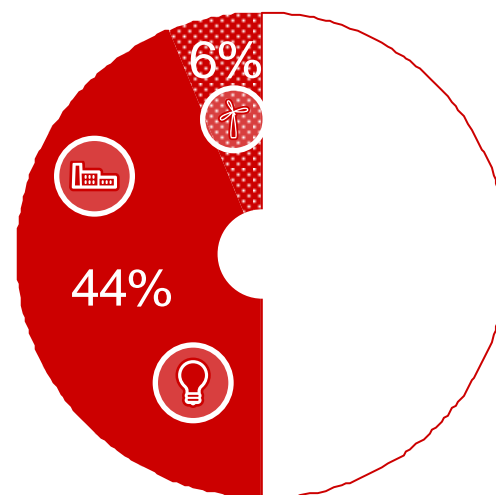
 Research and Innovation

 SMEs competitiveness

 Energy efficiency and renewable energy



Developed regions and transition regions



Less developed regions

# Key drivers of regional growth

- **Education and training, above all – appear to be critical for all types of regions.** This reinforces the case for regional development policies that are differentiated to address the different constraints that may bind regions at different levels of development.
- **The proportion of the workforce with low skills appears to have a greater impact on growth than the share with tertiary qualifications. The “drag” effect on growth of a large population of very low-skilled workers can be very great.** Policies to address the plight of the low-skilled may thus be as important for growth as policies aimed at expanding higher education.

*Source* : OECD June 2012

# Thank you for your attention!

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