



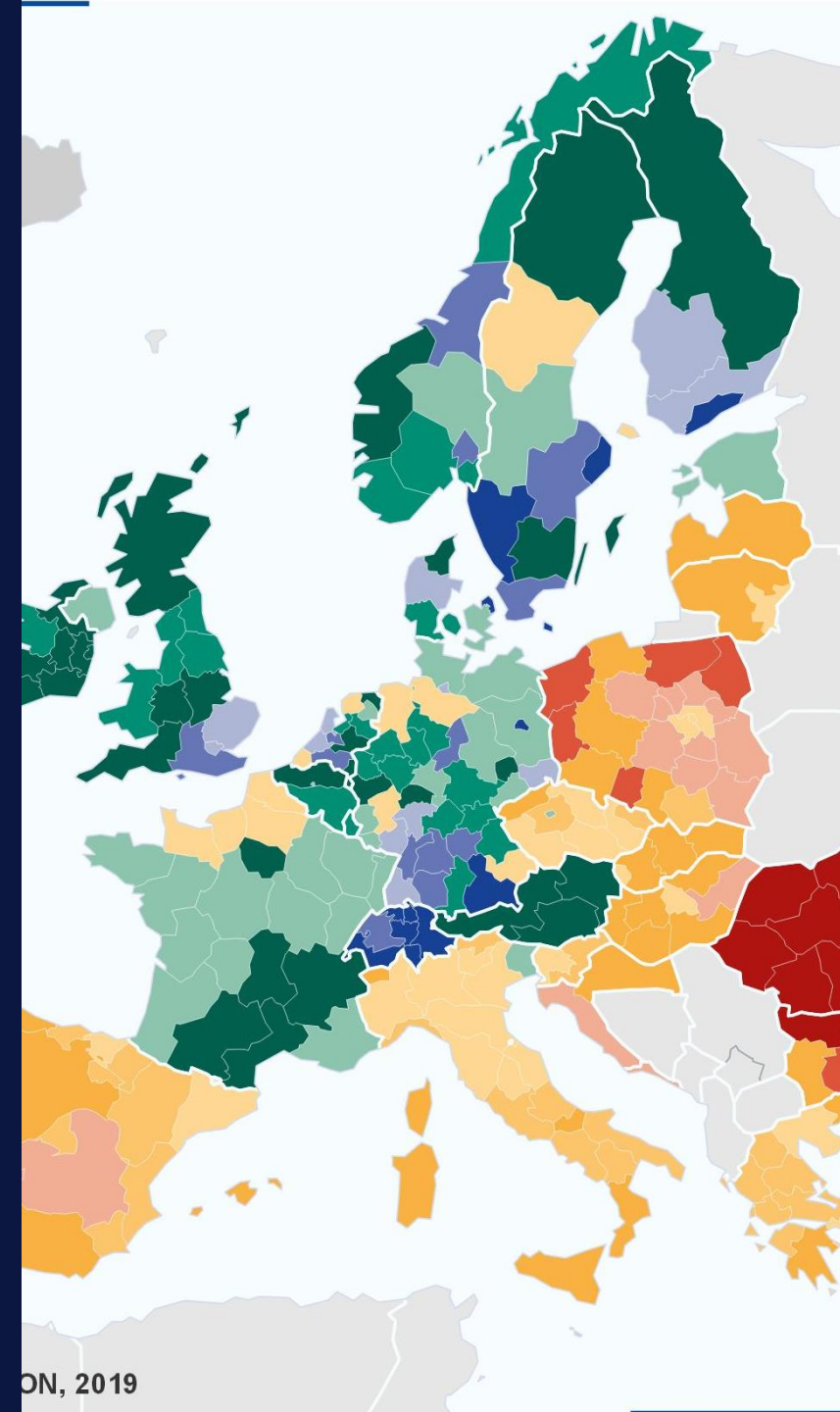
// State of the European Territory: Towards a Smarter Europe

ESPON Seminar, Helsinki, November 27th 2019

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Policy challenge

Unlocking the research and innovation potential of regions



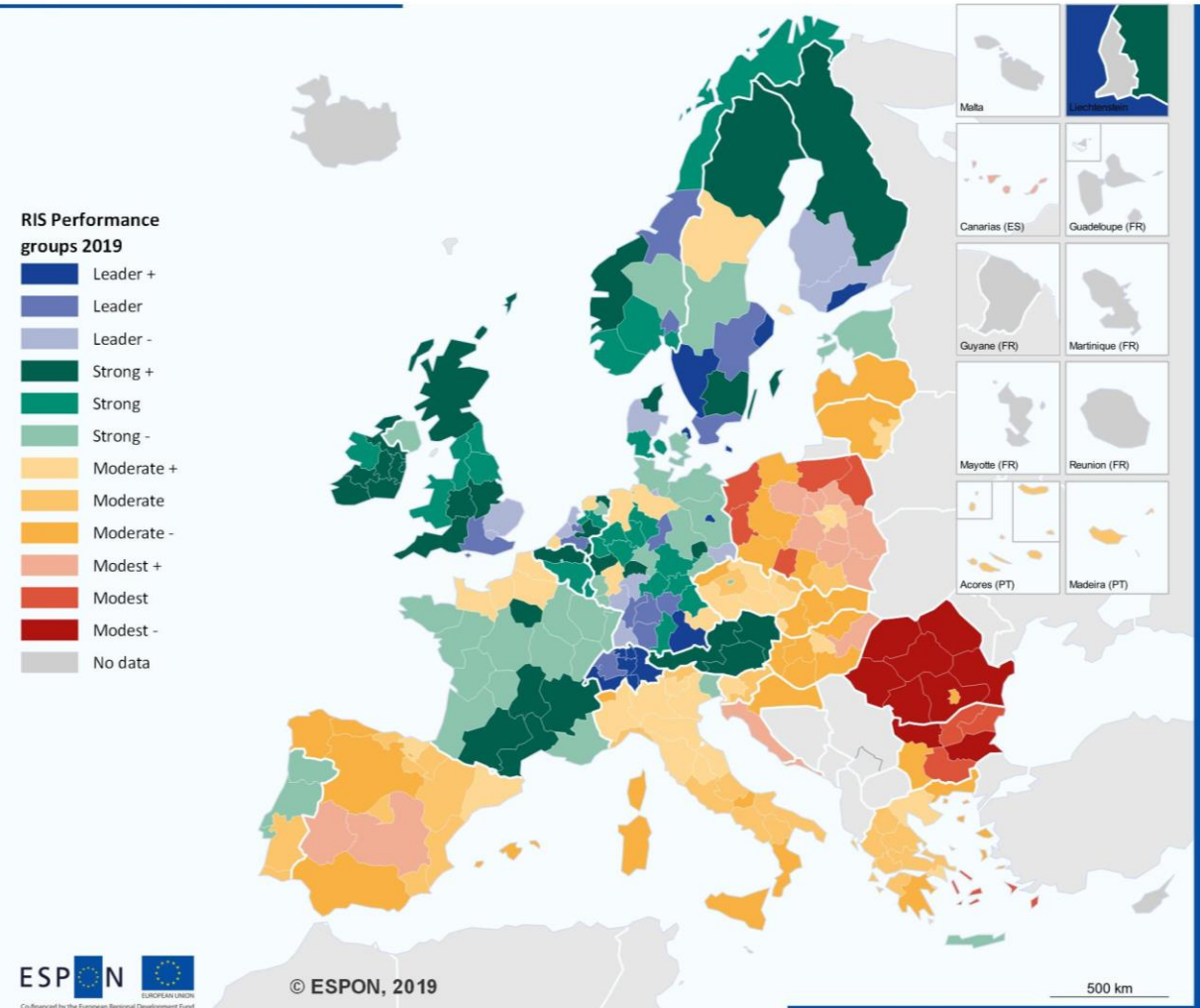
European regions follow different patterns of innovation

Regional innovation can be regarded from two complementary perspectives:

- **Structural view**– 5 main territorial patterns of innovation, indicating a concentration of R&D in western and northern Europe and a concentration of innovative activities driven by external knowledge acquisition in central and eastern European regions.
- **Performance view** – Innovation leaders and strong innovators are found mainly in the western and northern European regions (regions in Germany, Sweden), while the southern and eastern European regions are mainly Modest and Moderate innovators.

A **Research and Innovation Strategy for Smart Specialisation (RIS3)** is currently an effective tool to engage public, private, academic and non-governmental stakeholders using a networking and cooperation approach to develop the territories' innovative potential.

Regional Innovation Scoreboard



Regional level: NUTS 1 / 2 / (2016)
Source: SOET, 2019
Origin of data: Regional Innovation Scoreboard, 2019
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The analysis of regional patterns of innovation calls for a reorientation on a thematically/regionally focused innovation policy approach

THEMATICAL/REGIONAL FOCUS

Stimulating the regional preconditions in order to receive and exchange knowledge:

- Dedicated funding in the case of regions which have already achieved a sufficient critical mass of R&D endowment and targeted funding to support the diversification of specific fields
- Incentives for technology projects and entrepreneurship in order to foster cooperation with actors from outside the region in the specialised sectors of the area
- Incentives for the fast diffusion of pre-existing innovation, reduction of social and institutional barriers to innovation, strengthening the quality of institutions, education and skills.

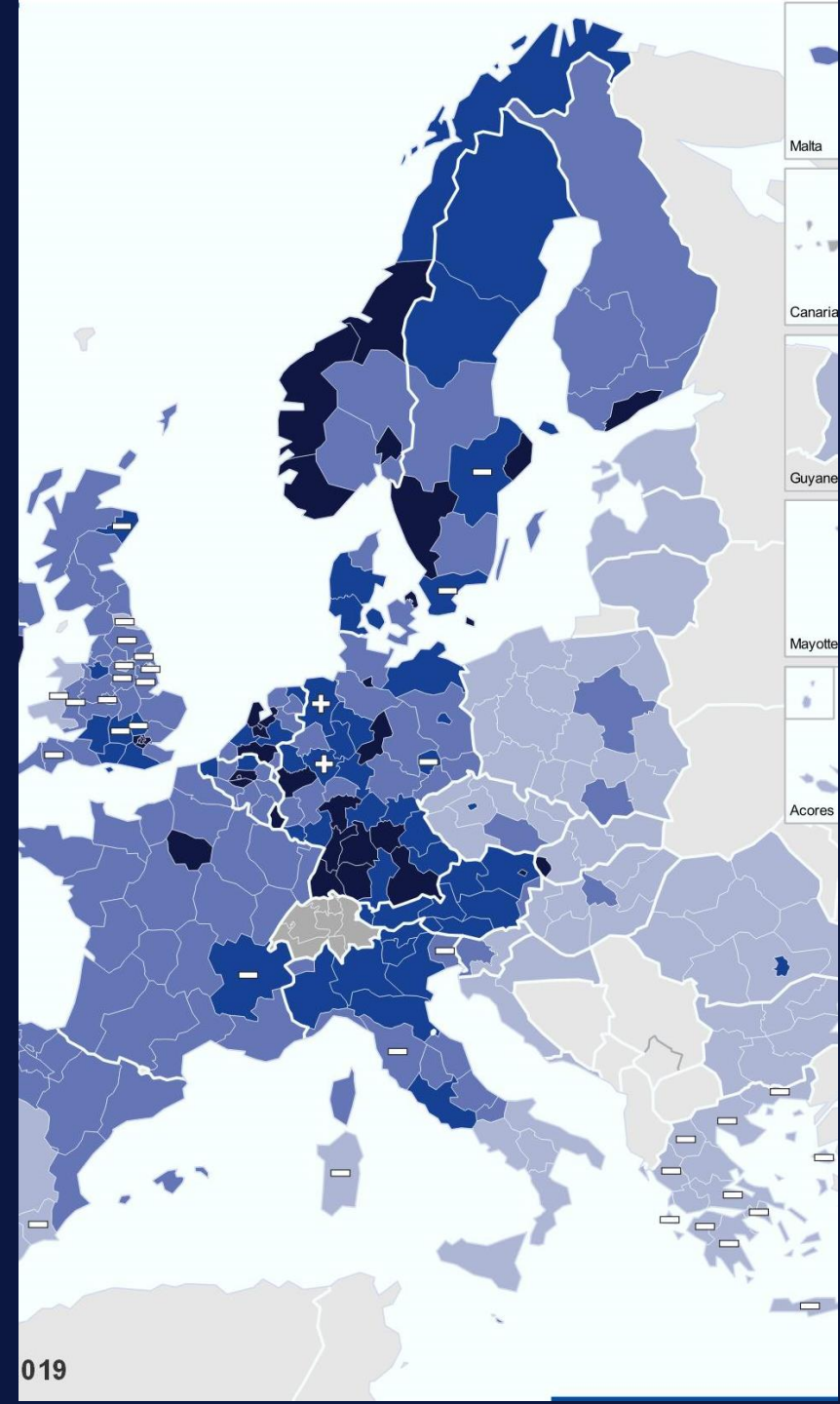
SMART SPECIALIZATION 2.0.

- Regions should be guided towards becoming more efficient and effective in unlocking their innovation potential through tailored guidelines for each type of innovation pattern, which would facilitate joint projects, cooperation and better synergies.
- In less developed, peripheral regions, policies should aim at supporting the upgrade of existing innovations.

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Policy challenge

**Reducing the existing
knowledge economy gaps
between European regions**



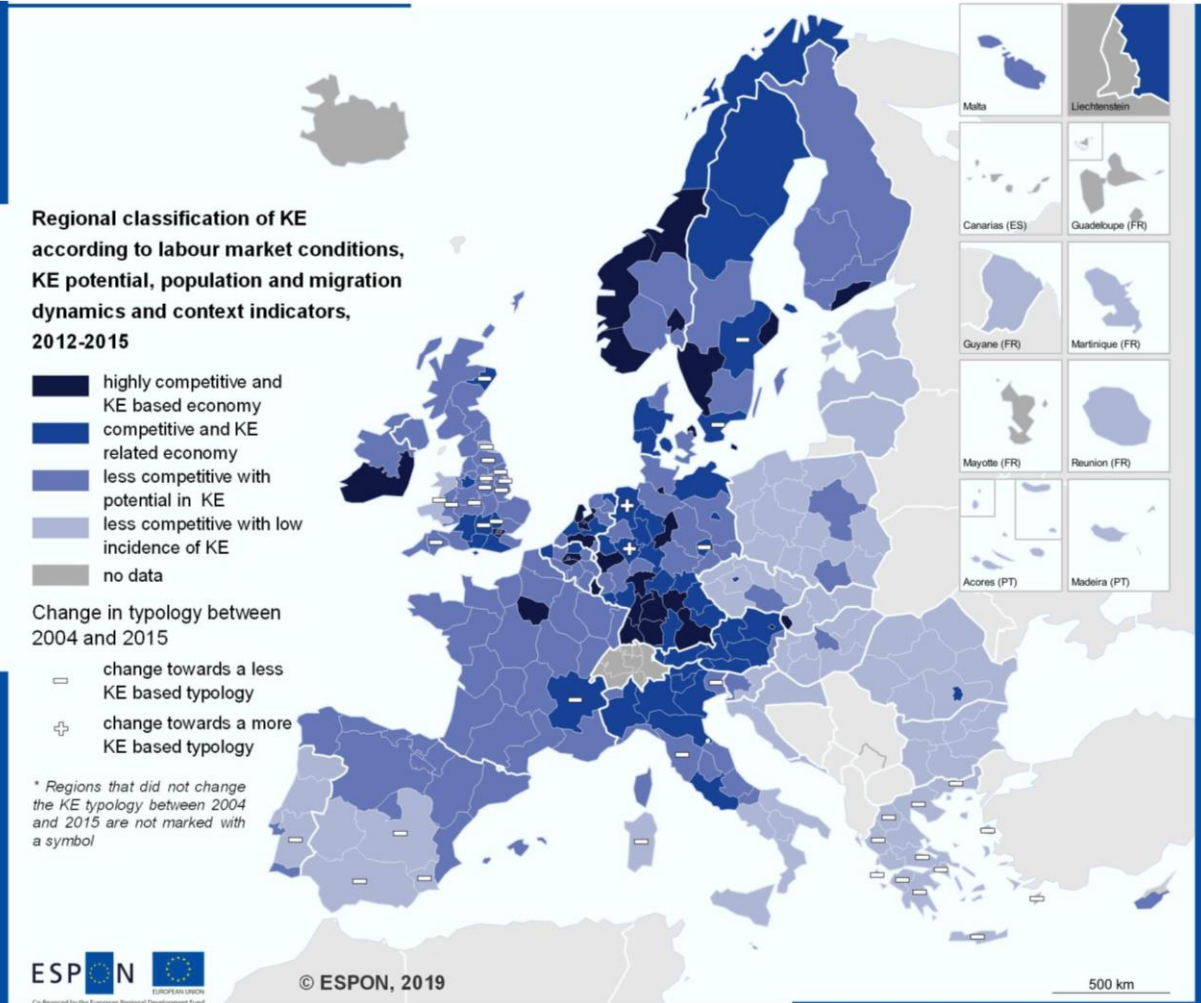
There is an increasingly fragmented landscape in terms of workforce availability and knowledge economy potential

- **Highly competitive and competitive regions** are found mostly in Northern and Continental regions with large cities (London), and Scandinavian regions (Oslo, Stockholm).
- **Less competitive regions with low incidence of KE** (in the Mediterranean and Eastern countries) have weak labour market and socio-economic conditions, and a low performance of KE indicators, severely affected by the economic crisis.

Traditionally high-tech and knowledge intensive regions in western Europe are also leaders in 4.0 technologies, pushing the technology frontier based on their accumulated knowledge capital.

Population ageing, international and internal migration and the concentration of KE in large urban centres strongly influence mobility patterns across the EU, further creating territorial imbalances.

Knowledge Economy (KE) in regions



Regional level: NUTS 2 (2013)
Source: ESPON EMPLOY, 2017
Origin of data: Eurostat, IRS Milano, IES Brighton, IRS Erkner
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Supporting knowledge economy development represents an increasingly important precondition in order to foster the long-term competitiveness and resilience of regions

STRATEGIES FOR LAGGING AND PERIPHERAL RURAL REGIONS

- Improved infrastructures and services of general interest, trans-regional and transnational cooperation as well as public-private cooperation
- Strengthening urban-rural cooperation within functional areas, as well as cross-border, cross-region.
- Promoting and exploiting local knowledge and assets which have the potential to become areas for economic diversification.

STRATEGIES FOR MORE DEVELOPED REGIONS

- Branding
- Building KE opportunities through urban development

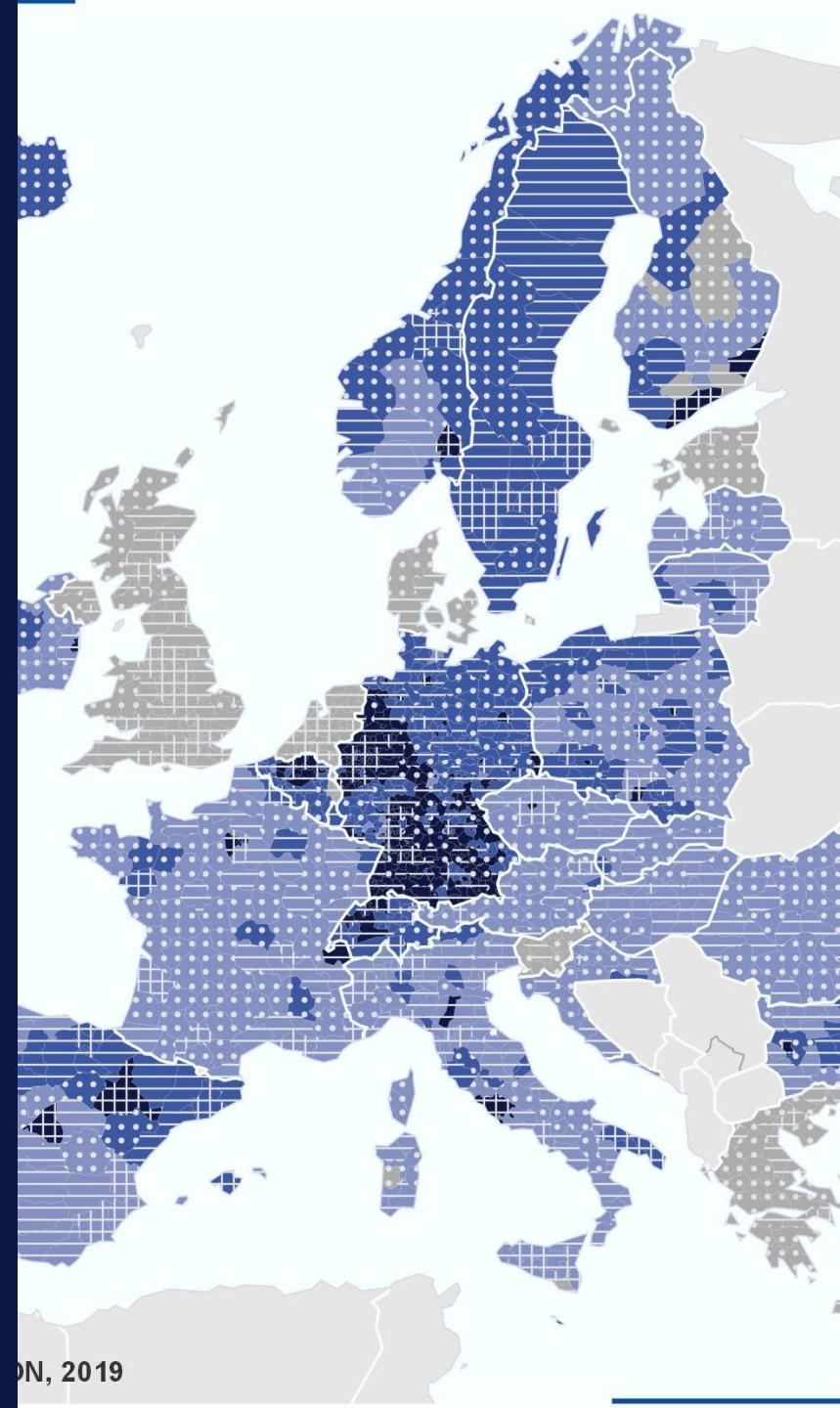
STRATEGIES PRESENTING COMMON FEATURES

- New policies aiming for cooperation across sectors, as well as an anticipation of the skills and competences required to valorise their potential to create jobs.
- Availability of funding to support development strategies
- Increase the capacity of local institutions and actors to define and implement effective place-based growth strategies based on the specific existing assets and their valorisation and on multilevel institutional cooperation.

3

Policy challenge

Supporting SMEs to become growth engines in lagging regions

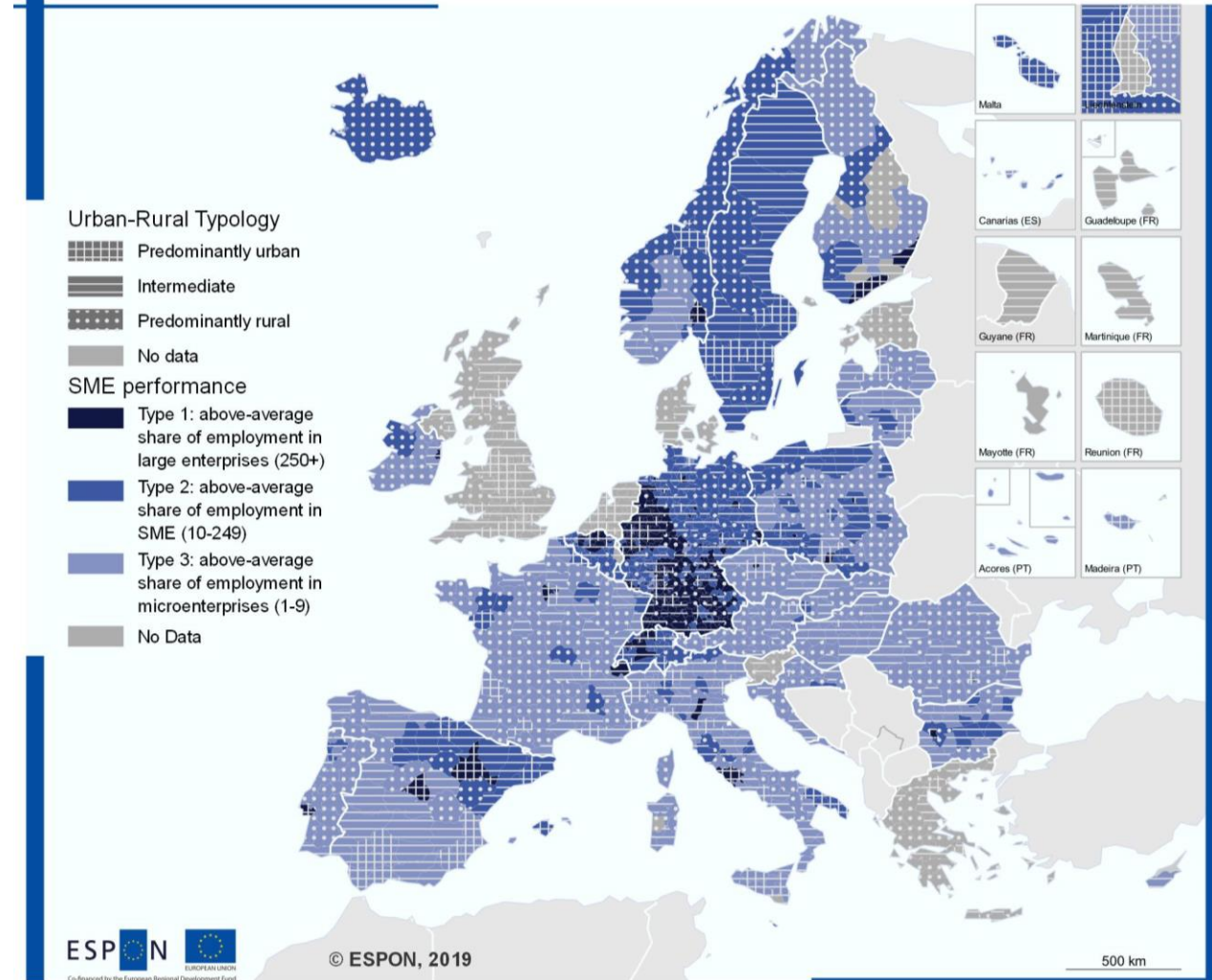


Regions provide different enabling conditions, challenges, opportunities and threats with respect to SMEs' growth.

- Capital regions (e.g. Madrid, Rome, Helsinki) and other urban and intermediate regions in southern and western Germany belong to type 1 regions, given their **above average share of employment in large enterprises**.
- An **above average employment in SMEs** is representative to: northern and central European regions displaying sectoral foci and specialisation in the knowledge economy and ICT.
- **Microenterprises** are found in all types of regions, with territorial differences driven by sectoral foci in services, tourism or knowledge economy and ICT.

In transition/intermediate regions, challenges refer mainly to migration of a highly qualified workforce, a limited level of coordination between national and regional institutions, a low level of entrepreneurship as well as SMEs' lack of internationalisation.

Regional SME performance types and rural-urban typology



One-person enterprises and microenterprises have the potential to provide employment opportunities in all types of regions.

EDUCATION

- Business and entrepreneurship education in remote and rural regions
- The design of an agenda for adult learning should involve SME stakeholders
- Education should be further adapted to serve emerging activities, as well as to develop competences that can be flexibly applied in many different industries.

GOVERNANCE

- Transparency in decision-making, stability and clear regulations
- Private-public collaboratively elaborated start-up and SME growth strategy

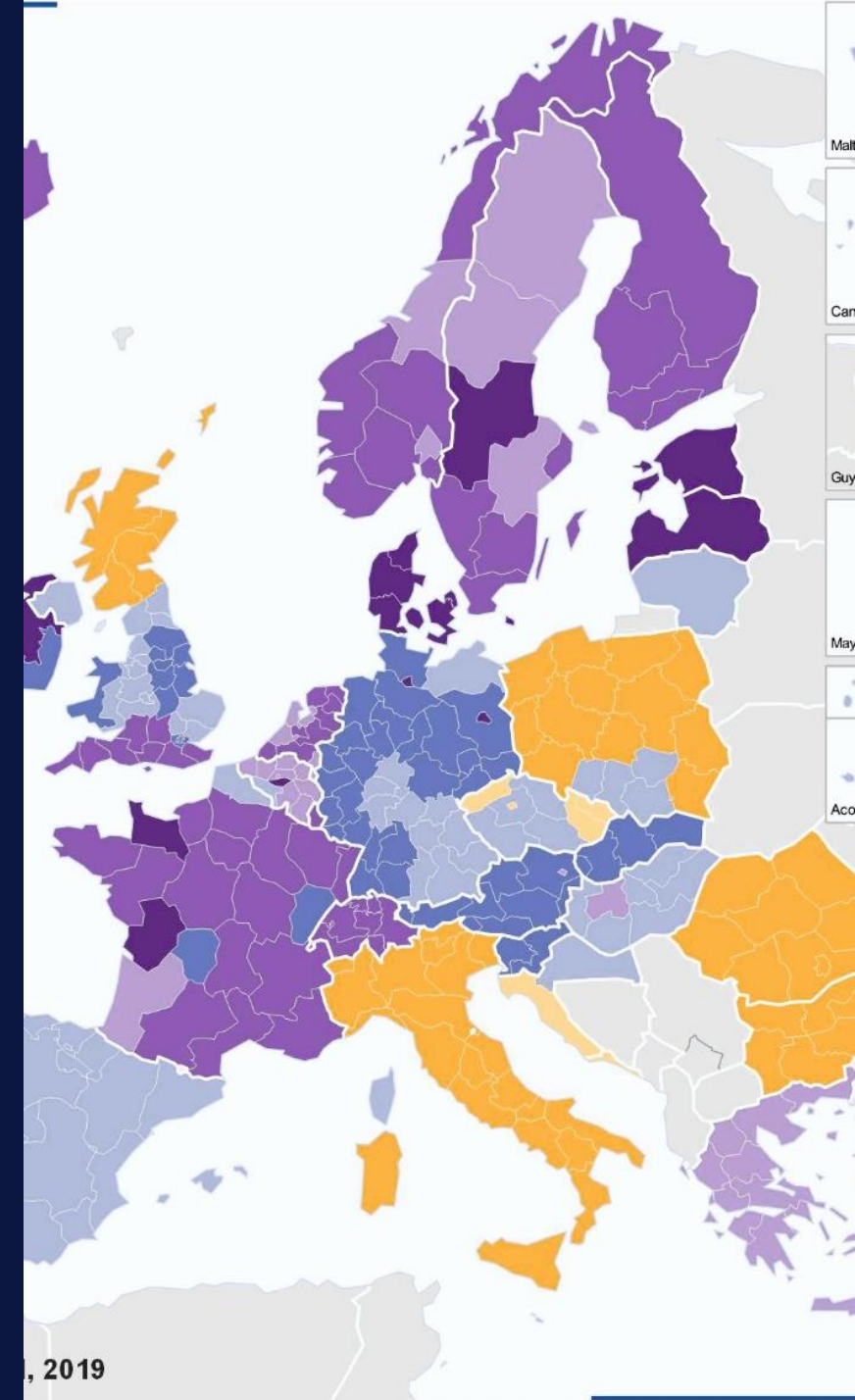
COOPERATION

- Developing effective networks and partnerships among businesses and universities, development agencies and other support organizations to support industrial needs and smart specialization strategies.
- Rural-urban partnerships as tool for ensuring a better connectivity and spillovers from the urban areas towards rural areas

4

Policy challenge

Reducing digital gaps between countries



The transformation of public services through digitisation is increasingly embraced by citizens and governments

Larger, more developed cities provide more digital services than small and medium-sized cities, towns or rural communities.

Nordic cities have high e-government interactions, with e-government products being developed at a higher pace.

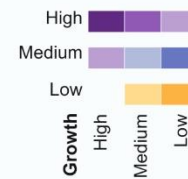
Southern and Eastern European cities have a low activity, both in terms of producing and using digital public services.

In some cases, the local and central levels manage to coordinate to provide public services, thus creating successful digital multi-level governance systems.

eGovernment interactions

Share of people who have interacted online with public authorities in 2016 and the annual change, 2008-2016

Interaction



The digitalisation process that has emerged in Europe has created “the new basics” in terms of connectivity and interaction

DIGITAL ECONOMY AND SOCIETY

- At EU level, the decentralization of industries from urban hubs to metropolitan and rural regions with the help of digital technology should be supported in order to counteract peripherality.
- European states and regions can integrate their digital development efforts by creating digital strategies.
- The states that already have digital economic initiatives in place should focus more on effective monitoring tools and KPIs in order to guide further developments and set a base for transferability.

DIGITAL PUBLIC SERVICES

- Focus on interoperability of public services
- In an effort to provide better public services, public institutions, civil society and companies should cooperate and exchange knowledge.
- It is crucial for all levels of government to constantly improve the capabilities of the workforce and to equip it with digital skills.

Key discussion points

- How to boost innovation-led growth?
- How to broaden innovation and reinforce innovation diffusion?
- How to strengthen monitoring and evaluation of policies, lesson learning and best practices sharing?
- How to balance the competitiveness-cohesion gap in terms of R&D funding provision and absorption?
- How to make smart specialisation more responsive to industrial change and technological disruption?
- How to strengthen the institutional capacities for innovation policies in less developed regions?
- How to strengthen SMEs' capacity to capitalize on the existing funding and support measures?



// Thank you

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