

Raising Regional Attractiveness as a fundamental goal for regional policies

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Basic Assumptions

In the global market, the economic growth of a territory is no more linked only to the availability of local resources (raw materials, cultivable land, water/energy, tourist locations, ...) or the presence of driving industries.

The competitiveness of a territory is determined more and more by a set of intangible assets

It is no more true that:

‘Rich’ regions → strong economic development

‘Weak’ regions may become drivers of the economy while rich regions may fall in crisis because not able to re-convert their traditional economies

Intangible Assets

... such as the innovation capacity of enterprises, their inclination to internationalize, the general level of education, the programming capacity of the local governments, the capacity of shaping development policies putting together all the relevant stakeholders sharing overall long-term goals, etc.

Regional policies play a crucial role in regulating the development of local economies and PPPs are an essential mean to boost regional development

Regions who are not able to introduce new policies addressing the challenge of increasing the global competitiveness of the territory fall behind

Regional Attractiveness

In order to contrast the tendency of shifting the bulk of production abroad (typically where labour cost and taxes are lower) (delocalization), an important action is to raise the regional attractiveness to attract new investors, both local and foreign

So, the fundamental question is **which are the key factors today that increase the economic attractiveness of regions**, being aware that regions cannot be very incisive with policies aimed at reducing the labour costs or the taxation level, and policies aimed at distributing small grants and loans to many SMEs proved to be poorly effective

Obvious key factors

Some key factors are easily recognized:

- economic stability (of prices), coupled with low commercial risk, high GDP growth, etc.**
- a simplified regulatory framework coupled with straight procedures for releasing permissions**
- attitude: public support for the generation of PPPs**
- good infrastructures (roads, railroads, ports, airports, but also telecommunication backbones)**
- wide availability of places for settlements at affordable prices (market regulation)**

Less obvious key factors

- **INNOVATION CAPACITY**
- **PROGRAMMING VISION**
- **GLOBAL THINKING**
- **ENTERPRISE CLUSTERING**
- **KNOWLEDGE MANAGEMENT**
- **AD-HOC FUNDING INSTRUMENTS**
- **OPEN TRAINING PROGRAMMES**

Innovation

The production, assimilation and effective exploitation of novelty in the economical and social spheres

(COM688-1995)

- Concerns not only production but also exploitation of novelty
- Concerns not only the economical but also the social sphere
- Involves different actors and decision-makers in the innovation process; in particular requires a common participation of the public and the private (PPP)
- Implies long term policy in EU countries and opens space to the regional level for implementing innovation policies with a social and economical impact in the territory

The importance of the regional level

The regional level is particularly appropriate for mobilising a critical mass of partners able both to promote innovation and to implement it effectively at grass-roots level.

(COM60-2001)

“The capacity of the regions to innovate and continually adapt to economic change will enable them to acquire most of the assets they need in order to increase their competitiveness and thereby achieve the objective of reducing disparities and creating high-quality jobs.”

Why Regions need a policy on R&I

Some key findings

(M.E. Porter – Regional foundations of US competitiveness)

- Sources of prosperity are created, not inherited
- Higher levels of innovation lead to higher levels of prosperity
- Productivity does not depend on what kind of industries a region competes in, but on how it competes
- Strong and competitive clusters are the driving force behind regional productivity
- Any region must craft a distinctive approach based on its unique assets and relative strengths

Why Regions need a policy on R&I

The economic point of view

Loss of competitiveness of the traditional system of local enterprises (local competition) →

- Qualifying and specializing the local production in order to be competitive with newly industrialized countries with low production costs
- Favours the process of enterprise clustering to enhance the overall impact on national and international markets
- Helping SMEs to gain or even build new markets through technological and process innovation

Why Regions need a policy on R&I

The social point of view

Ever increasing complexity of working and living environments (acceleration of inter-personal and inter-business information flows induced by ICT) →

- Bringing citizens to take advantage of high-value services (ex. on-line booking of health services, on-line procurement of goods, home banking, on-line access to legal procedures / personal cases, etc.); e-gov. solutions
- Reducing the 'digital divide' between different classes
- Incrementing new job opportunities and a better standard of living through the extended use of ICT

Why Regions need a policy on R&I

The political point of view

- Need of demonstrating good governance and capacity of having a broad vision of the new challenges related to the territorial growth and social prosperity
- **Competition plays also at the institutional level:** there are regions ahead in the field as well as regions lagging behind → Risk of being too late in the innovation process with respect to other close or comparable real.
- Reduction of endogenous financial resources to cover strategic investments on non-traditional sectors → Take advantage of the EU co-financing for innovative actions and from the funds allocated by international donors

Policy Guidelines

Project PRELUDE: an IST Accompanying measure of the 5th FP R&D supported by 3 European Networks:

- > ELANET (European Local Authorities Network)**
- > Erisa (European Regional Info Society Network)**
- > Telecities (cities committed Information Society)**

Participated by 9 European Regions engaged in the development of local Clusters for Innovation.

**→ the Policy Guidelines for regional policy-makers:
Research and Innovation for Sustainable Regional Development
www.digital-ecosystems.org/de/refs/ref_books.html**

The Policy Guidelines

The policy guidelines focus on the process of

INNOVATION CAPACITY BUILDING AT REGIONAL LEVEL

i.e.

How to implement effective regional innovation policies based on **Clusters of Innovation** through a participative process funded on shared consensus and tailored on the specific assets of the territory

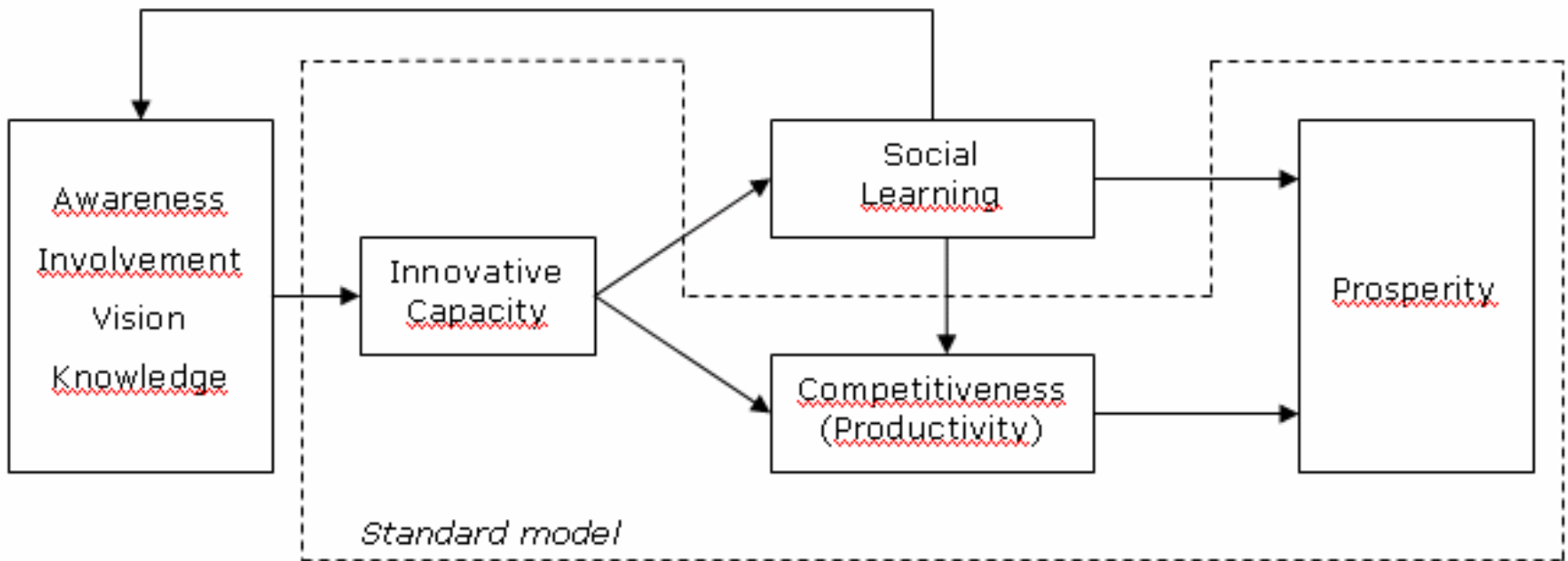
An innovative approach to policy making, needs now to be re-shaped taking into account the DBE model

Clusters of Innovation

Public-private partnerships well focused on territorial needs at regional and sub-regional level that have developed common grounds and a sound methodology to carry out large integrated projects as the main drivers of regional development.

Clustering combines industry, government and non-governmental organisations, together with a number of knowledge-specific players (academic and research institutions, research centres, science and technology parks and technopoles, innovation agencies, innovative enterprises, academic and research institutions, local development agencies, financial bodies).

The new Model (Prelude Teamwork)



Basic conditions to develop the innovation capacity

Awareness (diffuse consciousness among all the stakeholders about the nature of the innovation process and its political, economical and social relevance)

Involvement (participation of all stakeholders in the innovation process since from the beginning)

Vision (shared strategic vision on the mid and long term goals of the innovation policy, closely linked to the specificities and assets of the territory)

Knowledge (endogenous process - building a sound technical and organisational capacity for the best exploitation of the innovation strategy)

Today's Drivers of innovation

E-government applications: Transparent and reliable services of e-governance inclusive, multi-channel and multi-lingual for all classes of citizens

Provision of pan-european services to the mobile citizen (roaming) through interoperable platforms

Trans-national interoperable services to enterprises acting in more than one Member State

Innovation in managing internal knowledge and organisation in SMEs and the PA

Systems, architectures, secure and inter-operable operational platforms

Implementing a regional policy based on Clusters of Innovation

- 1) Analysis of the specificity and assets of the region
- 2) Identification of the local sources of innovation
- 3) Identification of all the potential stakeholders
- 4) Involvement of the 'innovation actors' (audits)
- 5) Development of a shared 'vision' about innovation
- 6) Establishment of the legal basis (legitimization)
- 7) Start-up of the process of regional policy-making
- 8) Definition of a communication strategy

Starting-up the process of regional policy-making

- 1) Establishment of a Steering Committee
- 2) Appointment of a Management Team
- 3) Drafting of the Working Plan
- 4) Allocating and securing resources
- 5) Audits – Innovation structures, infrastructures, demand for innovation and capacity of firms
- 6) Analysis – Sectoral scenarios, SWOT, innovation drivers, innovation barriers, debates
- 7) Agreement on policy and priorities for action



Thank you for your attention!

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