



Growth through Innovation:

A challenge for European regions

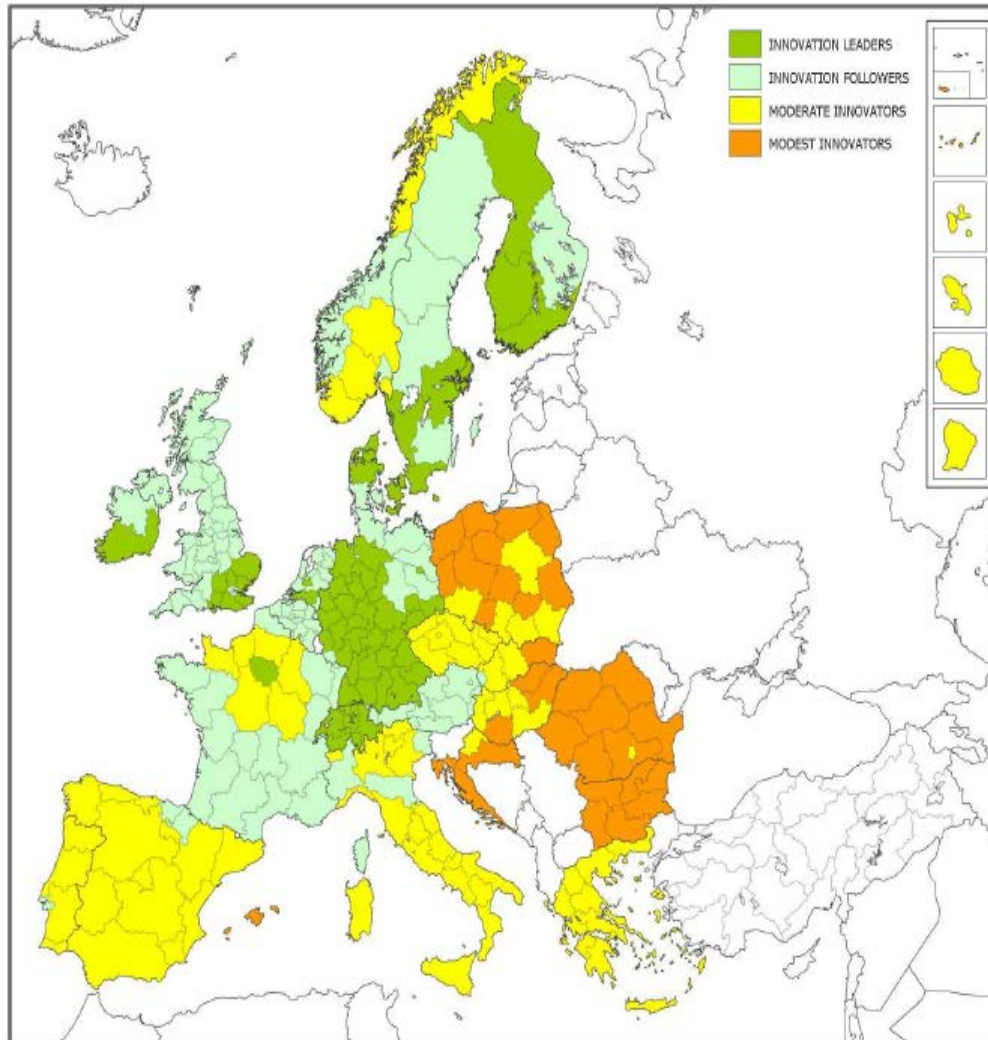
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In Europe, there is still a serious Innovation divide

- (-) from the 266 regions in EU, only 35 were R&D intensive in 2009, having an R&D investment higher than 3% of GDP**
- (-) these 35 regions accounted for 45% of the total R&D expenditure in EU**
- (-) the majority of regions (71%) made low use of SF for targeting R&D activities ($\approx 3.6\%$)**
- (-) only a few regions using EU funds for business innovation are above average innovation performance**

The majority of the EU regions which are low absorbers of FP and SF funding are moderate and modest innovators

Regional Innovation Performance 2014



Overall, the Innovation performance of European regions has only marginally improved despite extensive initiatives in the past aiming to link research to regional development.

WHY???

- 1. the increasingly globalised economy and especially the knowledge economy leads to innovation hot spots and deserts**
- 2. there is extensive systemic fragmentation of resources**
- 3. the socio-economic crisis is imposing new challenges and prioritizations including variable commitment of public investment in research and education**

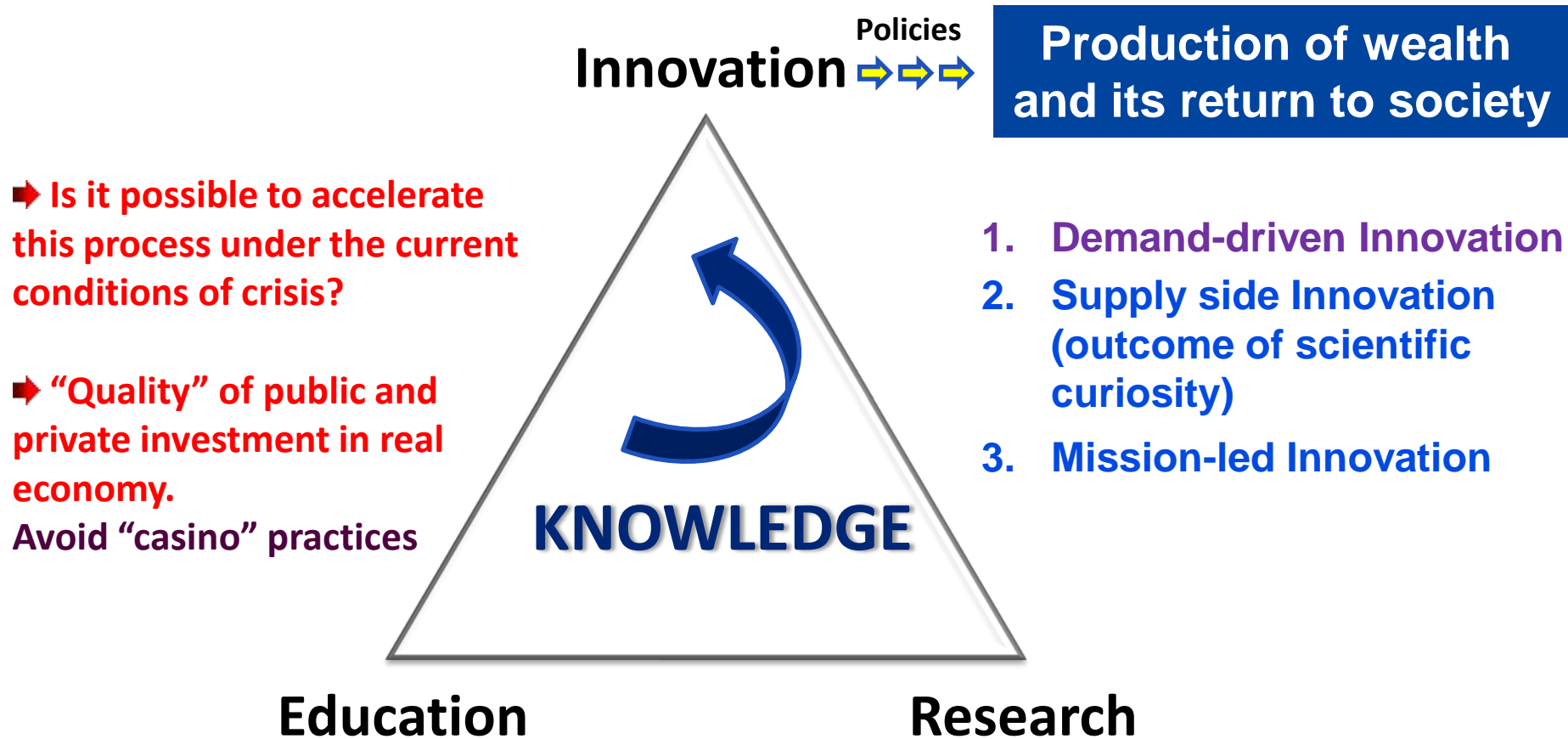
There is need for new policies and thinking for adding value to what already exists and developing new effective initiatives

The Research and Innovation Smart Specialisation Strategies (RIS3) is the current European response

Measures for optimal implementation of RIS3 by minimising unintended consequences are necessary.

Back to basics...

Innovation leading to “Smart” and “Inclusive” Growth

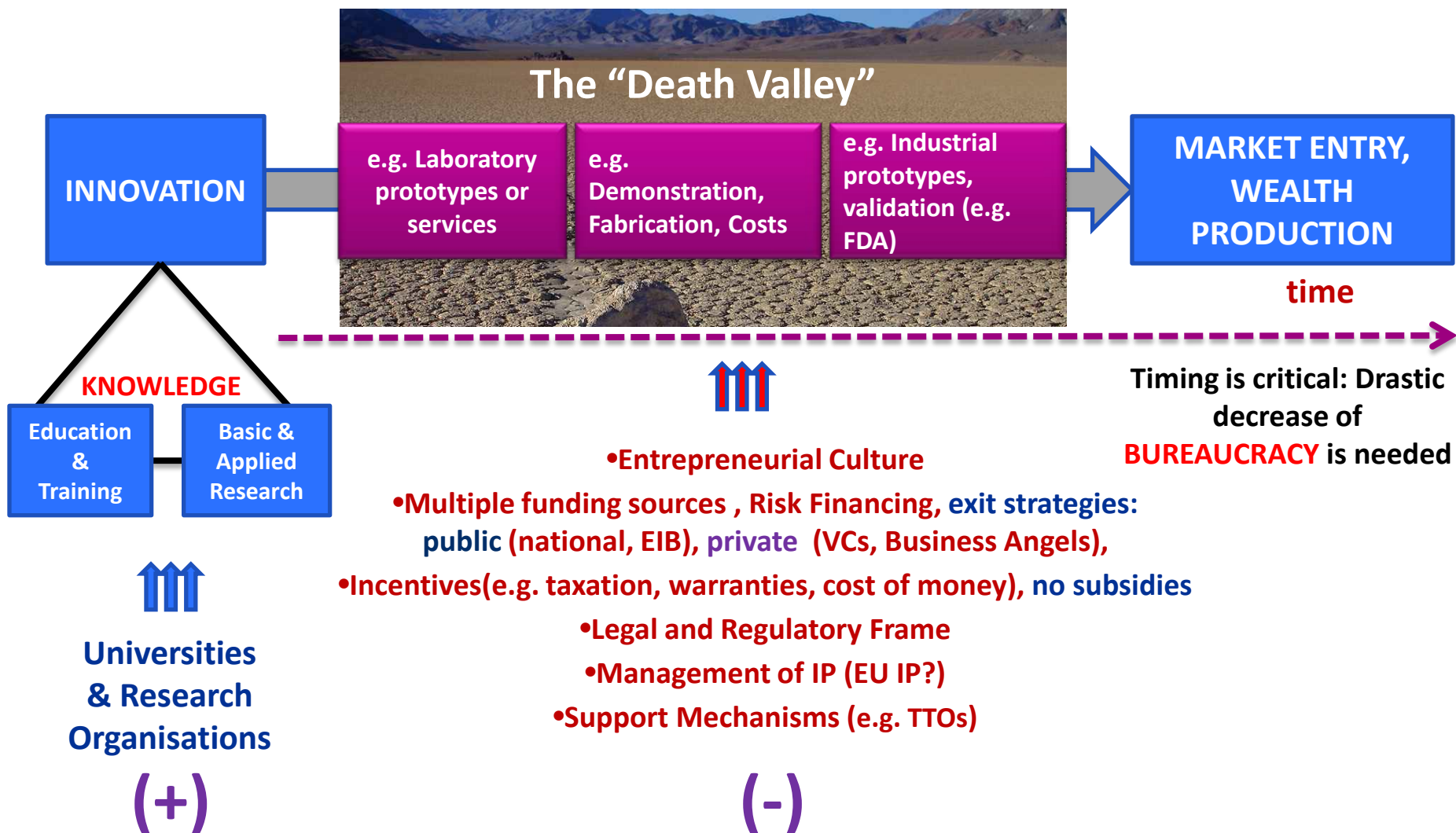


Some observations :

- **Demand driven Innovations meet the market needs of today**
 - These are primarily transactional, short term and visible
 - Private funding has a central role to play
- **Supply-side and mission led innovations require long time horizon addressing the needs of tomorrow**
 - Breakthroughs and discoveries are accumulative and precondition for major impacts in real economy and society
 - Political commitment and consistent public investment especially in times of crisis are important for ensuring effectiveness and exploitation
- **“Smart” and “Inclusive” Growth requires**
 - The appropriate mix of public/private funding
 - Sharing opportunities and sharing risks

Growth through Innovation involves the whole Innovation Chain

Good research – Weak Deployment

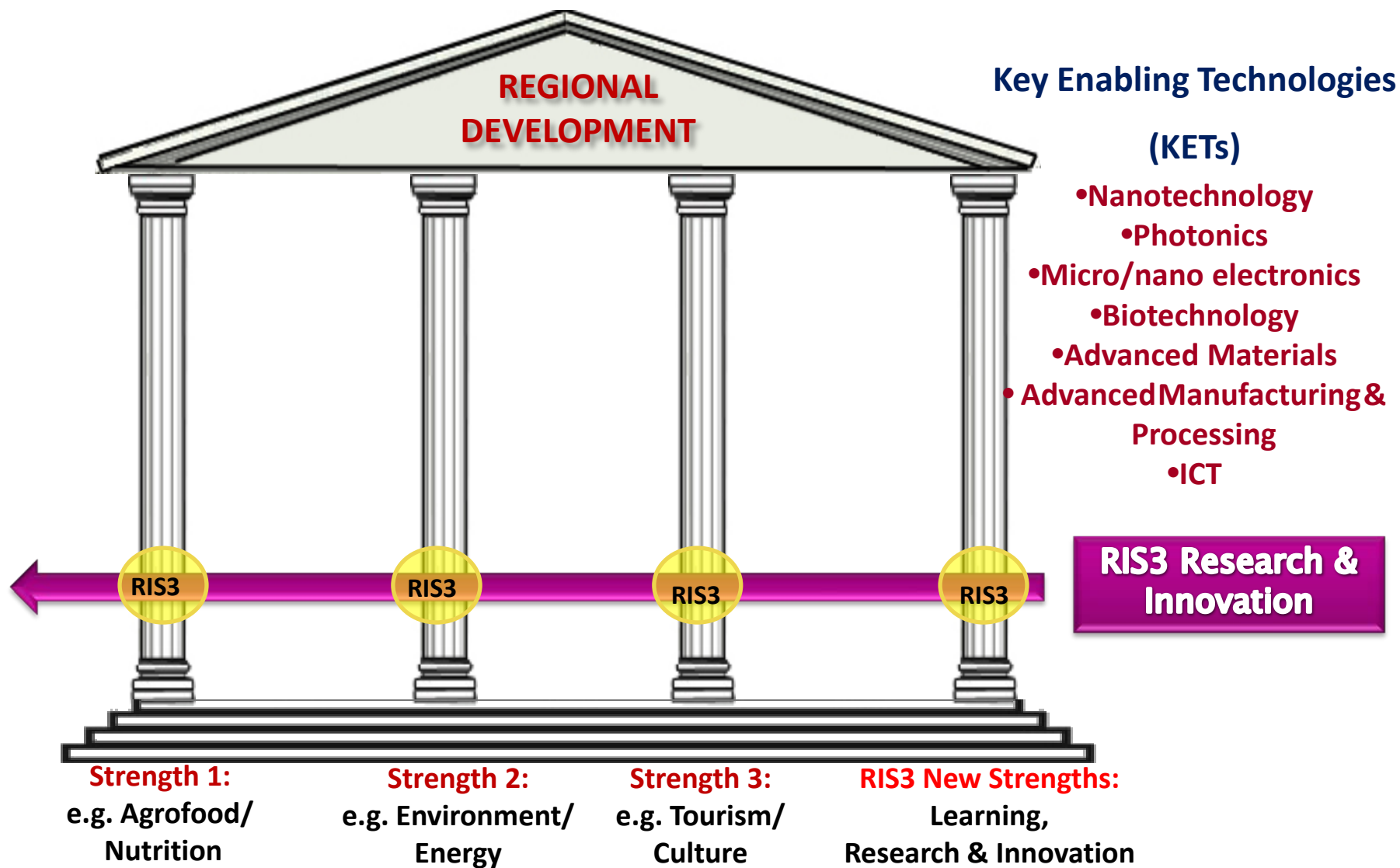


Some undesirable side-effects of RIS3 in research

Specialisation = Concentration

- ✘ increase of internal brain-drain
- ✘ innovate here – exploit elsewhere phenomenon which minimizes local economic benefits
- ✘ locking up research potential in defined areas undermining future developments and evolution
- ✘ underestimate the importance of supply-side Innovation (scientific curiosity driven)

Pillars of Development and the role of Research & Innovation in RIS3



RIS3 occurs at the intersections of strengths and research activities which transform the Economy

“Recipes” for regional Innovation

One size does not fit all!

High quality research environments are a precondition for high knowledge creation, knowledge transfer and knowledge absorption

The brand name is important

Establishing visionary policy-mix which will provide inspired governance and minimize undesirable side-effects.

Developing “ecosystems” which include thematic company clusters associated with top level educational and research Institutions as well as funding opportunities and support mechanisms.