

S4+ The European Innovation-Led Response for Local Solutions to Global Challenges

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- EU Cohesion Policy – the EU regional economic development programme worth approximately €50 per annum
- Funding from different streams: ERDF innovation, SMEs, economic development, infrastructure; ESF skills and social cohesion; CF – infrastructure and land; EAFRD/EMFF – rural and maritime development
- EU-wide priorities – national and regional managing authorities (shared management), co-financing, programming
- Europe2020 agenda – smart, sustainable and inclusive growth
- *Smart specialisation* – place-based prioritisation

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- Smart specialisation: entrepreneurial search → bottom up generation of initiatives and actions
- Policy prioritisation driven by diversification around a core; possibility of local scale and embeddedness; linkages to external and internal sources of knowledge; relatedness
- Many regions prioritise smart (innovation-led) growth over sustainable or inclusive growth
- New EU-wide €1 trillion Green Deal → UN Sustainable Development Goals SDGs, growth and development
- Fundamental shift in priorities

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- Europe2020 agenda – smart, sustainable and inclusive growth
- Smart, sustainable and inclusive are often not aligned or only partially aligned in any particular locality
- Tended to be seen as a menu by many regions – smart (ERDF); inclusive (ESF); sustainable (ERDF or EAFRD/EMFF)
- The EU Green Deal means that the logical ordering between smart, sustainable and inclusive will need to shift to: *smart for sustainable and inclusive growth S4+*
- UN SDGs can hide trade-offs between goals
- These trade-offs and complementarities will be different according to place and governance/institutional context

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- Essential to build a unifying narrative
- Many weaker regions are more vulnerable to climate change, but also to mitigation strategies
- Need to ensure that weaker places do not suffer from Green Deal while more prosperous places gain – key role of Cohesion Policy
- Difficulty of making transitions depends on industries, economic structure, skills and infrastructure
- The covid-19 pandemic has heightened many of these concerns – shifting focus to employment and output recovery rather than sustainable development
- Need to unify different political economy constituencies – with regard to the role of the state and market, as well as central and local governance actors

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- Advantages of local decision-making: local knowledge and reconnaissance; ‘on-the-ground’ narratives, local ownership of the agenda; early-warning indicators – social and engagement evidence
- Ageing and demographic change (inclusiveness challenges)
- Automation and AI (smart, sustainable and inclusiveness challenges)
- Wellbeing (sustainable and inclusiveness challenges)
- Wages and productivity → recent evidence suggests that the link is rapidly weakening due to job polarisation, especially in cities (falling inclusiveness)
- ‘Geography of Discontent’ – anti-establishment political shocks

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- Search for complementarities is critical. This may involve institutional restructuring:
 - to redefine jurisdictions (internalisation of spillovers)
 - to limit power of incumbents (inclusiveness)
 - to trial or pilot new activities (sustainability)
- Complementarities and trade-offs can be better observed local scale – and acted on
- Progress via multiple small steps forward on a broad front – local and citizen ownership
- Identify opportunities for experimentation, testing, and trialling in the local context which relate to the local urban challenges

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- EU Cities: Essential need for urban innovation strategies to address societal challenges which are specific and relevant to the urban context
- Cities as hubs of innovation → knowledge spillovers and/or transparency and competition
- Cities as testbeds for new technologies – traffic, mobility solutions, health services, public service provision Cities also provide opportunities for governance experimentation → radical local government: “Political Petri Dishes”, *The Economist*, 22.09.2012
- Need for urban governance systems which allow for innovation strategies → including allowing for failures

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- Urban innovation strategies for city productivity and wellbeing → corporate and science advocates
- Innovation challenge-led strategies are much more difficult in difficult urban contexts – carbon-intensive industries and/or declining cities
- EU cities display both resilience and vulnerability: they exacerbate national post-crisis trends with growing countries driven by growing cities and declining countries weighed down by declining cities
- Effects of the real estate-related debt on the real economy are more pronounced in cities; real estate shock effects are dominated by cities → induced effects in the real economy

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- Non-Urban Settings: Need to also consider innovation opportunities and challenges related to the non-urban context: peri-urban or rural contexts
- Many rural areas – distant and isolated, adverse demographics, carbon-intensive or emission-intensive activities
- Need to identify intended ex ante outcomes, ongoing monitoring and ex post evaluation for strategic success
- Problems of local institutional and governance capabilities to drive changes
- Need for appropriate financial solutions (EIB)
- Smart specialisation challenges are now elevated to Green Deal challenges

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- EU-wide evidence on RIS3 and S4+ performance and learning is essential → institutional infrastructure is already in place
JRC Seville
- Complementary evidence – attitudinal and social surveys
- Short-term versus medium and long-term
- Monitoring of approaches, experiences and outcomes → but also of local narratives and local perceptions – early warning systems but also early learning systems
- Civic engagement, social enterprises and third-sector actors as well as private and public sector
- Upgrading of the local and regional institutional capacity is critical