Interregional Innovation Policy in South East Europe: Past Experiences and Prospects for the Future

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Guiding Questions

- Why does interregional innovation policy matter?
- Interregional innovation policy in SEE – what has been achieved so far?
- What issues need to be dealt with in the future?
Geography: A new varying Regional Geometry of Europe

The „new“ Regionalism opens up ways for rethinking the geographical scope of regions

Source: Deas 2004
Economy: Interregional Co-operation as an Answer to Globalisation

**Economies of Scale**
- Interregional co-operation can bring forth critical masses
- Cost-advantages do arise
- Increased competitiveness as a result

**Economies of Scope**
- Interregional co-operation can combine complementary competences that are hard to copy
- Interregional value chains make incumbent firms more embedded and less footloose
- Increased competitiveness as a result
Why does interregional Innovation Policy matter in South East Europe

- Competitiveness of Countries is build upon temporary Comparative Advantages
  - Low wage rates
  - Tax cuts
- Good Endowment with RTDI Infrastructure but fragmented mosaic of Innovation Systems
  - Lacking of large Agglomerations
  - Low Levels of National R&D Performance
  - Poorly developed Industry Science Links
- Need to Develop positive Externalities through Networking
Interregional Innovation Policy in South East Europe
Where did we start from in 2001?

- Poor mutual knowledge about RTDI competencies beyond the borders
  - Eight years ago only scattered and fragmented knowledge on RTDI infrastructures and specialisation patterns has been available
  - E.g. most Styrian enterprises were not knowledgable about R&D partners like Institute Jozef Stephan or Rudjer Boskovic Institute

- Poor mutual knowledge about RTDI Policies beyond the borders
  - Eight years ago regional governments did not have much knowledge about innovation policy strategies and Instruments of their neighbours
  - E.g. regional cluster policy has been implemented in several regions without interregional co-ordination efforts
Interregional Innovation Policy in South East Europe
What has been achieved so far?

- Development of better knowledge on Innovation Systems (i.e. actors and competences)
  - Various project platforms have charted in the last years the innovation systems in SEE countries
  - Now structured information about R&D capacities is available on the web, examples: West Balkan Research directory, CORINNA R&D Database

- Development of voluntary interregional Networks for Innovation Policy
  - Several Policy Networks have been established in SEE in recent years (e.g. SEE-ERA-NET, SCORE, ERA Westbalkan (+))
What is necessary in the Future?
Need for additional action to involve Enterprises

- **Demand Side:** Need to promote absorptive capacity for new scientific and technological knowledge at firm level
  - Public sector and intermediary institutions adapted faster to change than enterprises
  - Many SMEs with a technological problem neither know whom to consult nor what to do with potential advice given

- **Supply Side:** Additional Regional Capacity Building on Technology Transfer in SEE Countries
  - Some firms do already have interest to join technological co-operations, but…
  - … regional capacities for industry-science relations still need development

- **Money:** Better Adjusted Funding by EU
  - SEE countries are still in need of funding assistance by EU in particular on the Interregional level
  - IPA funds that are available for interregional cooperation are very limited and unevenly distributed among countries