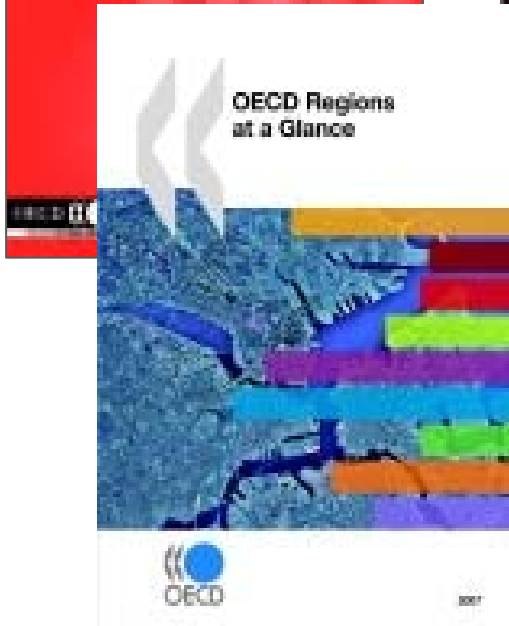
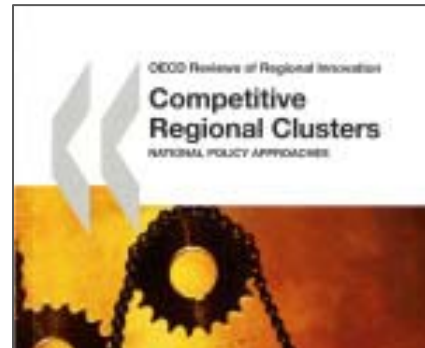




# Meeting on Governance of Regional Innovation Policy

July 2, 2008  
Experts Meeting  
Washington, DC

# GOV outputs: cross-country analyses and regional innovation reviews



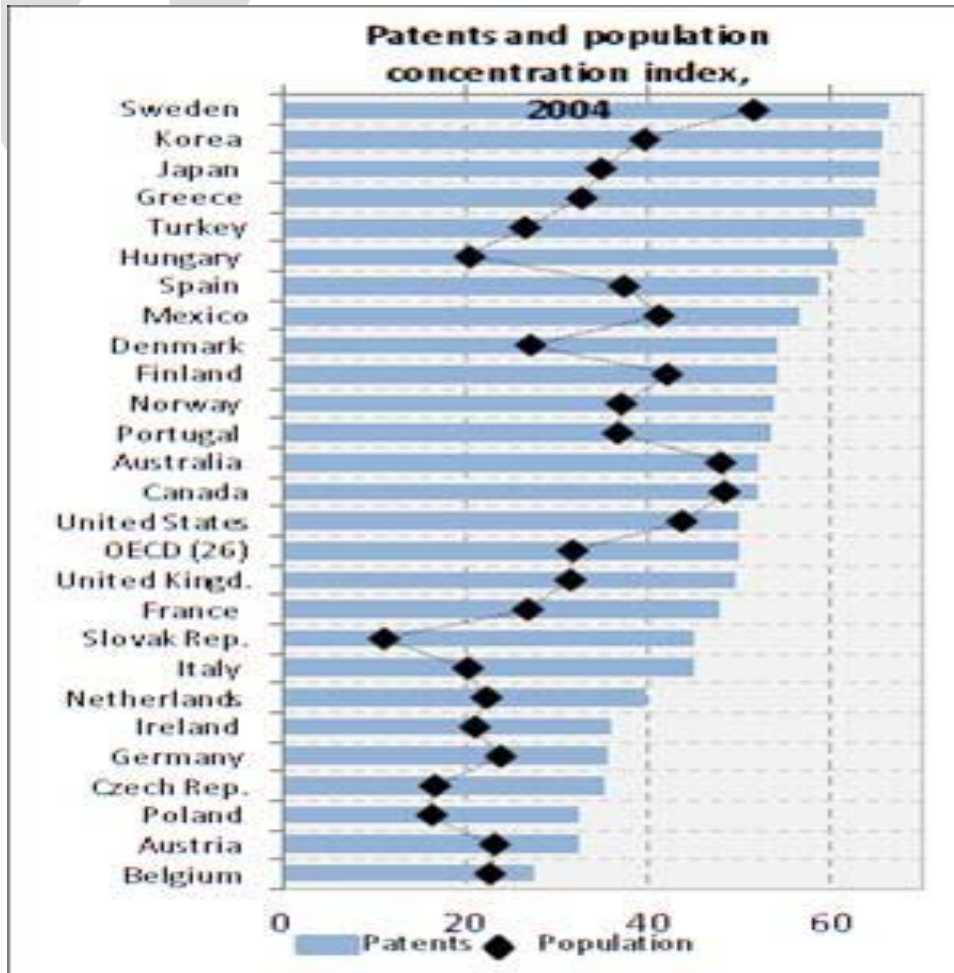
## Relevant ongoing work:

Regional Innovation Reviews series

- *Regions at a Glance 2009*, with Innovation chapter
- Horizontal synthesis report on Innovation and Regions (December 2008)

**Future work on regional innovation.....**

# Innovation has a spatial dimension



## Evidence of spatial dimension:

- (Over)concentration of innovation inputs and outputs in particular places
- Strong clustering and specialisation at regional level

## Explained by:

- Innovative milieu-type arguments (knowledge flows)
- Practical preference for working with accessible partners
- *Many other things.....*

# Policy context: convergence of interest between regional and S&T policies

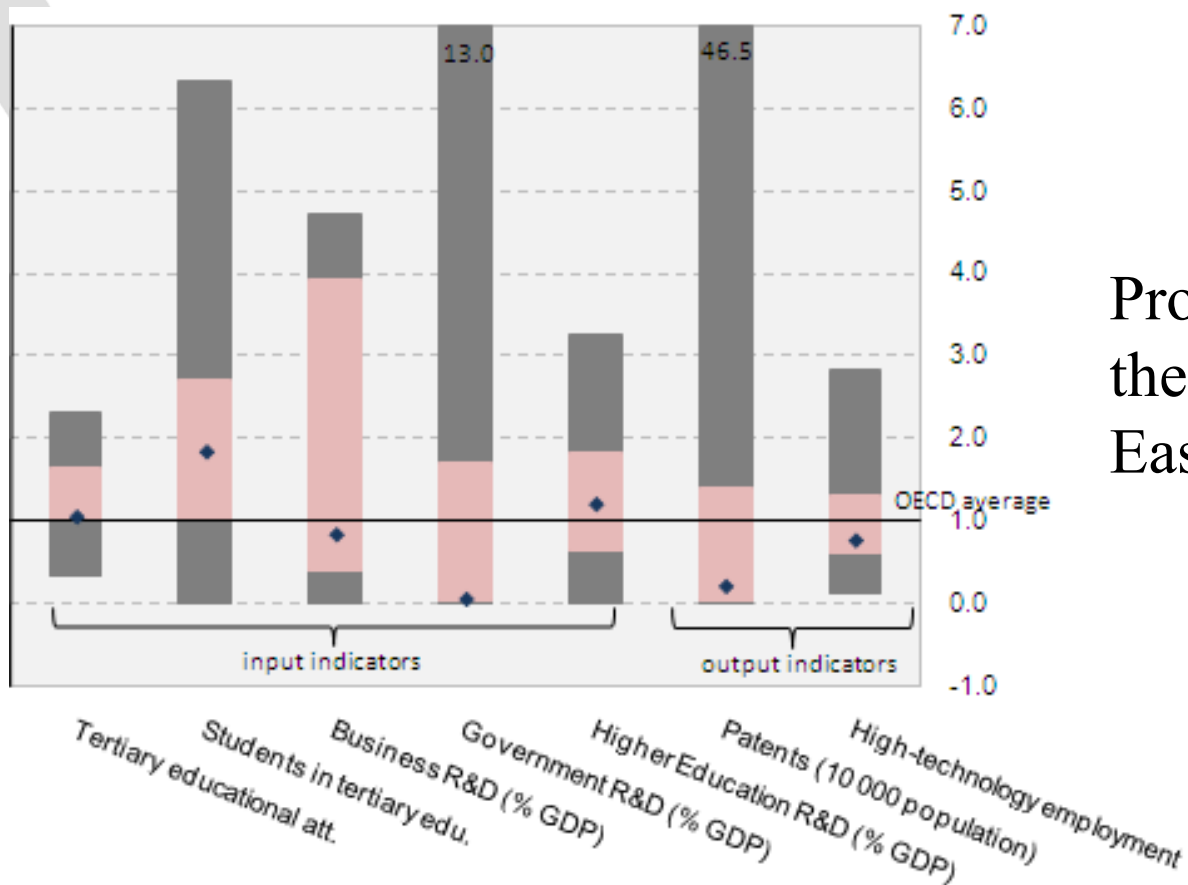
- strong dynamics of innovation generation in regions are crucial for achieving national innovation policy objectives
- more innovation can contribute to improving the overall economic competitiveness of individual regions

# A spatial dimension for policy?

<b>Key factor</b>	<b>Spatial variation or strong regional characteristics?</b>	<b>Possibility for regional impact?</b>
Regulatory framework	Usually no spatial dimension	No
Competition regime	Usually no spatial dimension	No
Access to finance	Some regional variation (linked to market size and demand)	Yes, provision of grants and loans; problem is to stimulate local capital markets
Capacity to absorb and exploit knowledge and technology	Strong regional variation (linked to HR and sector)	Yes, needs-driven training, technology transfer and demonstration projects, etc
Sources of new technological knowledge	Some regional variation (linked to quality of HEI and bridging/intermediation institutions)	Yes, knowledge transfer institutions, other bridging mechanisms
Networks, collaboration and social capital	Strongly regional or local	Yes, wide range of actions to support associations/joint projects

# Benchmarking

Benchmarking regions on innovation inputs and outputs



Profile of the North East region

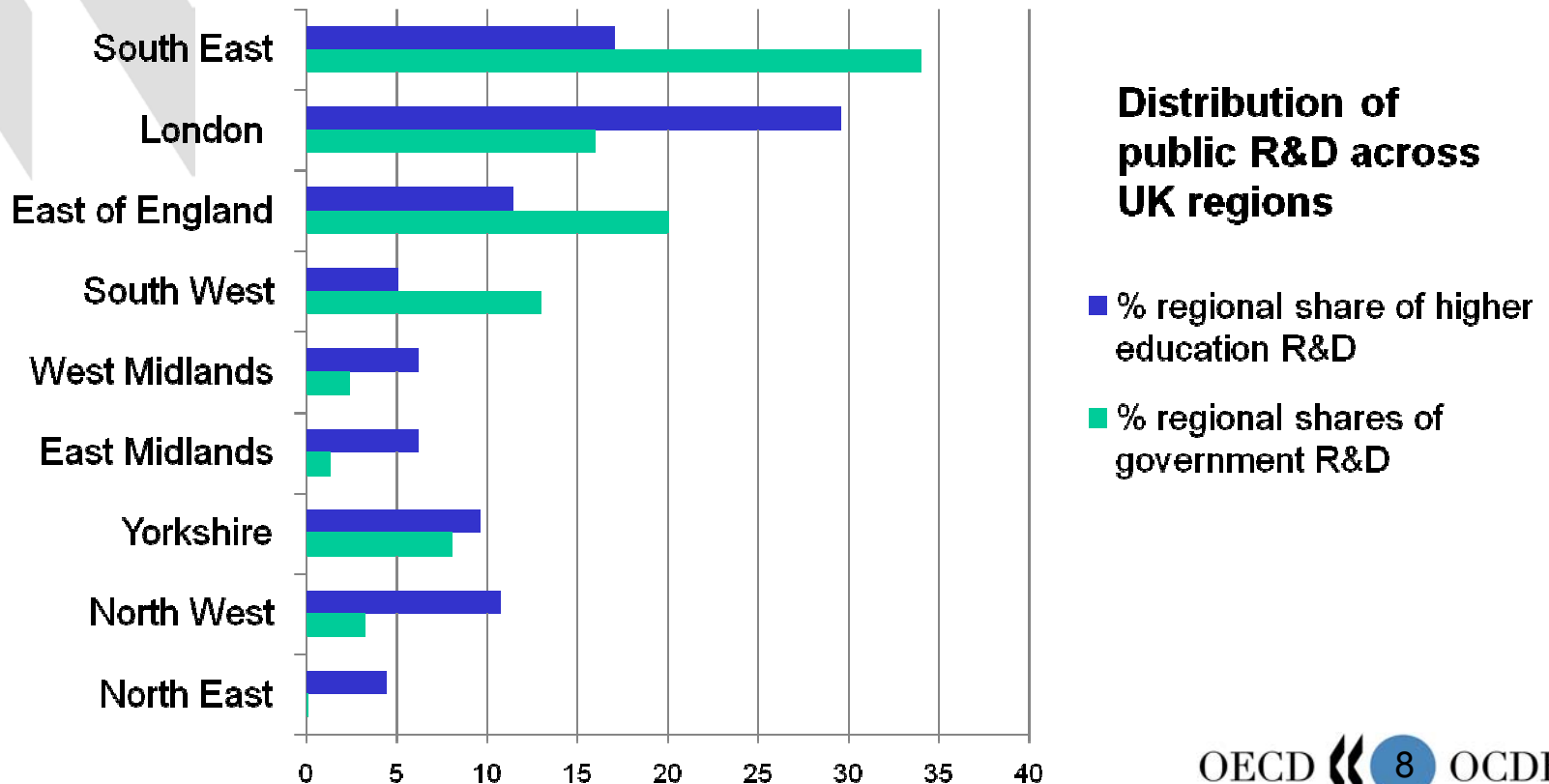
# “Testing” the performance of regions

For example, cluster analysis of innovation inputs and outputs  
 (“+” = above average (0.5SD per +); “-” = below average)

Regional typology (cluster)	1	2	3	4	5
<b>Output</b>					
Patents	+	--	++	+++	+
<b>Input</b>					
High tech manufacturing	+	--	--	+++	-
High tech service emp.	-	--	+++	++++	++
Public R&D expenditure	-	-	--	+	++++
Business R&D	-	--	--	++++	+
Higher Education R&D	-	-	--	+++	++
Population with tertiary education	-	+	++	++	+++

# Policy challenges: linking policy choices to better outcomes

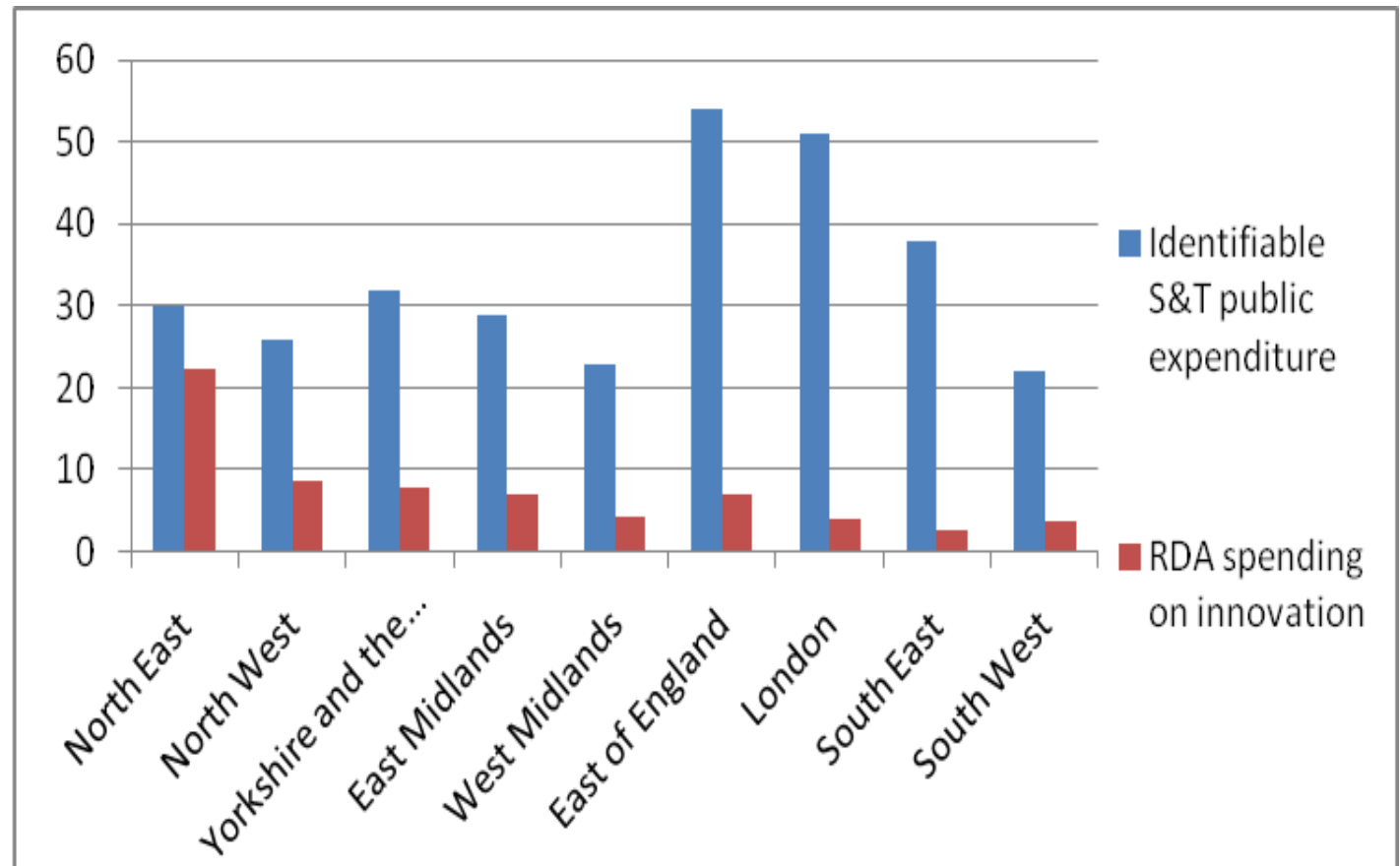
For example: is there an optimal distribution of R&D?  
Does concentration inhibit innovation elsewhere?



# Policy challenges: funding mix and level of resources

How to judge resource needs (1) to reach a region's "innovation capacity", and/or (2) to trigger extra growth

For example:  
Low regional share of R&D funding is "compensated" by higher levels of RDA innovation support



# National-Regional Articulation

Policy area	Federal Countries	C. with Autonomous regions	Centralised countries	Single-region countries
Improving governance capacities for innovation and knowledge policies	↓	↓	↔	↔
Innovation environment friendly	↔	↑	↑	↑
Knowledge transfer and technology diffusion to enterprises	↓	↓	↓	↔
Innovation poles and clusters	↓	↓	↔	↔
Support to creation and growth of innovative enterprises	↓	↔	↔	↑
Boosting applied research and product development	↓	↔	↑	↑

↑ *Essentially or exclusively a national competence*

↔ *Shared between national and regional (local) authorities*

↓ *Essentially or exclusively a regional competence*

Source: Technopolis et. al. *Strategic Evaluation on Innovation and the knowledge-based economy in relation to the Structural and Cohesion Funds, for the programming period 2007-2013 Contract n° 2005 CE.16.0.AT.015*

*A report to: The European Commission Directorate-General Regional Policy Evaluation and additionality Synthesis Report*

# Policy challenges: multi-level governance options

Examples of key innovation policy tasks	Option 1 -- centralised	Option 2 -- decentralised approach	Option 3 – joint
Determining the overall S&T strategy	Establish regional agencies that represent and implement national policy.	Devolve responsibility to the regional level.	Devolve responsibility to the regional level but guide strategies and monitor results closely.
Allocating funding	Allocate funding on the basis of projects or field to research institutions and HEI across the country.	Allocate portions of the science budget to region-level authorities and let them allocate according to a locally defined science plan.	Develop a framework by which regions contribute to the elaboration of science policy and allow regions to bid for discretionary funds.
Providing business supports that overcome market failures	Focus on generalised instruments (e.g. R&D tax credits for small firms, R&D vouchers, etc.).	Devolve responsibility for enterprise support to the sub-national level.	Regions implement some national programmes, while ensuring no multiplication of public offer.