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REDETE
RESEARCHING ECONOMIC DEVELOPMENT
AND ENTREPRENEURSHIP IN TRANSITION ECONOMIES



EU Strategy for the
Adriatic and Ionian Region
EUSAIR

Towards Smarter Macro-regional Strategies: Functional Macro-regions and Smart Specialisation

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on behalf of the

Friends of Smart Specialisation

**SMART SPECIALISATION STRATEGY (S3) IN THE ADRIATIC -
IONIAN MACRO-REGIONAL STRATEGY (EUSAIR)**

Workshop & Webinar

Tuesday, October 27, 2020

Contamination Lab - Università Politecnica delle
Marche – Polo Monte Dago, Ancona



Defining Functional Macro Regions

- A European Union (EU) macro-regional strategy is a policy framework which allows countries located in the same broader geographic region to jointly tackle and find solutions to common problems (e.g. *pollution, navigability, worldwide business competition, etc.*)
- Macro-regions are conventionally defined through administrative / geographic criteria; however, a closer look can reveal *real functionalities* that point to *inter-relationships, inter-dependence and connectivity of an economic and social nature*. These *functionalities and their dynamics* may define a new approach to functional macro-regions (FMR).

What is a Functional Region (OECD, 2002)

- *(....A functional region is a territorial unit resulting from the organisation of social and economic relations in that its boundaries do not reflect geographical particularities or historical events. It is thus a functional sub-division of territories. The most typical concept used in defining a functional region is that of labour markets.*
- *.....Even though there are slight differences in definitions used, in that the parameters applicable to commuters can vary from one country to another and/or the travel to work criterion may be combined with other criteria such as daily travel distances, intercity cooperation, etc., the rationale underlying the delineation of such regions nonetheless remains the same. In short, it should be noted that the delineation of functional regions in most Member countries is based on the same principle as commuting conditions.....)*

What makes an area functionally integrated

Firms

Output

Production and specialisation

Economic locations

The evolving location and role of economic clusters

Job Outlook

Where the new jobs will go and their industries

Industry Trends

Automation and the changing nature of work

People

Population

Spatial patterns of growth, trends and forecasts

Human Capital

Growth, investments and the shifting distribution

Labour Force

Participation, unemployment and underutilisation

Access

Access to job opportunities and other factors

Connections

Industry Flows

Flows of inputs and outputs between and within industries

Regional Flows

Flows between and within sub-regions of the FER

Freight Flows

How firms move goods around

Commuter Flows

Where workers go to and come from

Source: SGS (2019)

Functional Areas

- Geographical
 - Coast, Mountains, Islands, Sparsely Populated areas..
 - Green Infrastructure,
 - Border regions 45/90 mins
 - Urban – see Metropolitan Development Areas
 - ‘Functional regions are based more on common challenges than on similarities and flows. Institutional thickness does not necessarily mean territorial coordination.’ Tobias Child (ESPON “ALPS 2050”)
 - See also ESPON FUORE <https://www.espon.eu/functional-urban-areas-tool>

Leading functionality components

- Leading components of this functionality could be:
 - *Common or complementary economic activities*
 - *Shared network infrastructures (like system of roads, railways or airports, navigable rivers, etc.)*
 - *Clusters and Inter-cluster collaboration, hence the relevance of thematic smart specialisation platforms across different regions; à fortiori here across different communicating regions*
- **Joint functionalities define *connectedness, embeddedness and related variety* that all point to *functionally interconnected geographies and economies*. This trend may also point to inter-related and interconnected smart specialisation strategies (*interconnected knowledge ecologies*)**

A 'smarter' approach to Macro-regions: timely and much-needed

- A '*smarter*' approach to the very essence of 'macro-regions' (involving interconnected smart specialisation strategies) could mean a more intelligent functional interaction across the constituent parts of 'macro-regions' (in other words, *uncover the inner functionalities of the macro-region and examine ways to improve them using the principles of Smart Specialisation*).
- The shockwave that hit the global economy with the current health crisis (COVID 19 pandemic) and the subsequent economic crisis, positions *interregional cooperation in a central role underpinning a new perspective of accelerated transition to a new growth model*, constrained by geo-political considerations of *strategic autonomy and enhanced resilience to adaptation at all policy levels*. **The adaptive capacity of place-based strategies (especially for just transitions) therefore becomes more paramount, building on existing regional smart specialisation methodologies.**

S3 – A simplified timeline

S3 – from sectoral to regional (ecosystems) but still inward-looking

S3 – sectoral and now challenges (Lund 2015)

From S3 to S4/S4+ linking to wider EU agenda – Missions, Green Deal and Industrial Strategy

S4 a tool to facilitate innovation ecosystem connectivity in EUSAIR

Micro

Outward

Macro

S3 – linking identified priorities across regions – Vanguard Initiative 2014

Cohesion Policy

Start here - SWOT to S3

Horizon Europe

Skills / EIC RIC



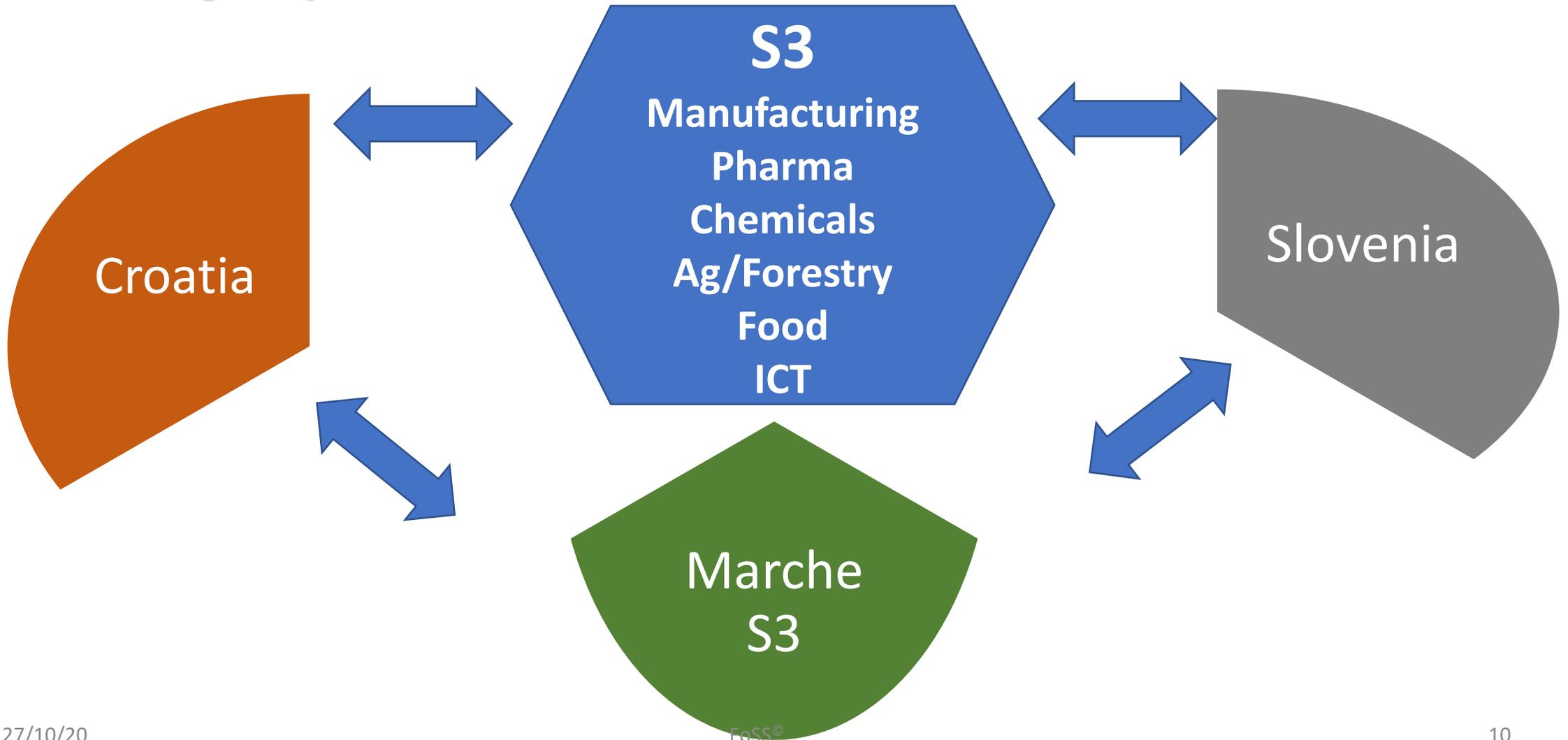
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- The Macro-region is a functional area primarily defined by the Adriatic and Ionian Seas basin. Covering also an important terrestrial surface area, it treats the marine, coastal and terrestrial areas as interconnected systems. With intensified movements of goods, services and peoples owing to Croatia's accession to the EU and with the prospect of EU accession for other countries in the Region, port hinterlands play a prominent role. Attention to land-sea linkages also highlights impacts of unsustainable land-based activities on coastal areas and marine ecosystems.
- https://ec.europa.eu/regional_policy/sources/cooperate/adriat_ionian/pdf/com_357_en.pdf

- The Strategy encompasses 8 countries and 70 million people
- 4 EU Member States and 5 EU candidate or potential candidate countries
- EUSAIR built on four thematic pillars:
 - Blue Growth
 - Connecting the Region
 - Environmental Quality
 - Sustainable Tourism
- Two cross-cutting issues:
 - Research, innovation and SMEs
 - Capacity building, including communication



Linking S3 priorities (simplified and partial example)



Instead of a conclusion....

- Functional regions /macro regions, crucial part now of EU landscape
- Geographical analysis points to similarities / connectivity challenges
- Need for place-based innovation strategies - development of regional innovation ecosystems
- Need and opportunity for smart connectivity - via S3 priorities building smart linkages and value chains, towards sustainability and systemic transitions
- Absolutely needed: *better bridging top-down directionality with bottom-up prioritisation and strategic approaches*
 - e.g. Digital Innovation Hubs 2012 > and shared technological infrastructure (equally important example: *New Industrial Strategy in the context of the European Green Deal*)

This presentation was brought to you by the **Friends of Smart Specialisation (FoSS[©])**

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