



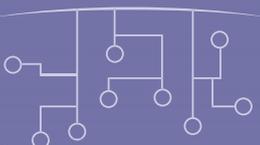
Conference Proceedings

Regions for economic change

EN



**Fostering competitiveness
through innovative technologies,
products and healthy communities**



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Regions for Economic Change:

Fostering competitiveness through innovative technologies, products and healthy communities

Background

The first annual spring conference of the initiative 'Regions for Economic Change' continued a wide exchange of information initiated by the two previous thematic conferences under the same banner.

The core target group of these conferences is the Structural Funds managing authorities. In order to provide the necessary expertise to conduct a debate on the various themes linked to innovation, the Commission gathered together stakeholders with different expertise and backgrounds, encompassing academia, business, consulting bodies and public decision-makers. The conference succeeded in attracting representatives with all these profiles. The result was a mixture of different points of view which led to constructive debates and conclusions. At a time when the managing authorities in Member States are shaping their operational programmes for 2007-13, events like this can help to improve the programmes mainly by contributing new ideas, new concepts and new experiences.

The conference was structured around three workshop sessions, with three parallel workshops per session. The nine workshops showcased examples of good practice that had been selected following an open call for proposals which attracted more than 150 projects proposals.

In order to make innovation operational it needs to be integrated into different themes. The subjects chosen for the workshops during the two days were linked to the themes proposed by the Commission to be specifically addressed through the Regions for Economic Change initiative as drivers of growth, jobs and competitiveness, directly relevant to the Lisbon Agenda. The diversity of themes covered and the territorial context which forms the background to regional development strategies enabled a wide range of achievements to be presented.

In addition, a 'Forum for exchanging ideas and experiences' was held in the morning of 8 March. This presented an opportunity for networking and meeting people involved in the discussions on 7 March. To organise this Forum, DG REGIO was able to count on

the assistance of two partners, the Committee of the Regions and the Provence-Alpes-Côte d'Azur (PACA) region.

The conference was also the platform for the launch by **Commissioner Hübner** of the RegioStars 2008 – The Regional Innovation Awards and for the publication of a first set of 40 case studies of good practices from the innovative actions programmes in 2000-06.



Danuta Hübner

One of the benefits of the Regions for Economic Change initiative is the enhanced partnership it proposes which serves as a catalyst between the Commission and the regions. Without this close partnership it would not have been possible to achieve the high quality of speakers, projects and debates in this conference.

The main goal of this initiative is to create a platform for managing authorities and other regional authorities to rethink and improve their strategies for growth and the use of Structural Funds. Their strategies, presented as a portfolio of experiments, should provide all regions with a range of different options that will enable each one of them to find the appropriate answers in a changing environment. For European regions, with their wide diversity in innovation performance and potential, there is a real need for exchanges to identify options and good practices.

Introduction

Conference programme

The conference was opened by **Mr Dirk Ahner**, Director-General for Regional Policy. The keynote speech was made by Danuta Hübner, European Commissioner responsible for Regional Policy. Ms Hübner recalled that Europe's regions need to develop in a world in which the role of Europe in relative size of GDP and population is inevitably declining but, at the same time, where Europe's opportunities to become a world leader in the field of innovation are improving. The Commission's focus on innovation is bearing fruit in the National Strategic Reference Frameworks and Operational Programmes delivered by the Member States in the context of the negotiations for 2007-13. Ms Hübner also introduced the Commission initiative Regions for Economic Change, and emphasised that the "most precious asset that regional policy can bring to economic development in Europe is the 'relationship capital' which Regions for Economic Change is seeking to reinforce".



Philippe de Buck

Mr Philippe de Buck, the Secretary-General for BUSINESSEUROPE stressed how vital the contribution of regional authorities and Structural Funds could be in unleashing Europe's competitiveness. Highlighting the role of business and SMEs in this process, he referred to the positive response of the business community to the proposed new financial instruments (JASPERS, JEREMIE, and JESSICA) and how coordination was necessary among Community policies focusing on innovation. He explained the expectations of business as regards the national authorities' role in promoting entrepreneurship, encouraging the entrepreneurial mindset in schools, providing SME financing and R&D access as well as good regulation. He recommended that local and regional authorities exploit the regional potential of business, networks and clusters. "This is an opportunity that cannot be missed", was his final message. To realise this opportunity, regional authorities will have to clearly commit to our objectives and the Commission should remain vigilant.

Commission Vice-President Verheugen later endorsed this statement pointing out that EU policy for growth and jobs is

still insufficiently known by the European citizen, and that the commitment of regional policy towards Lisbon as well as the involvement of regional authorities is crucial for its success. Affirming that "we cannot be cheaper than our competitors, there is only one way: we need to be better", he provided examples of how Community policies are helping to establish innovation in Europe. He also said that "the pattern of EU regions is very diverse and we should use this as a strength". He took up the debate at the conference on innovative products and markets for sustainable growth, saying that "Europe has the ambition to be the world leader in sustainable development". His final message to the conference was that "each European region needs to take responsibility for action. We should not allow other regions in the world to define our destiny; we have to do it ourselves."

The plenary session in the morning of 8 March in the Jacques Delors building was hosted by **Mr Michel Delebarre**, President of the Committee of Regions, in the presence of Ms Hübner and Mr Michel Vauzelle, President of the PACA region. Mr Delebarre considered Cohesion Policy as the key factor for the success of the Lisbon Agenda, and highlighted how focused interventions have a decisive role to play in investment decisions. He described the main goal of the 'Lisbon Monitoring Platform' that gathers 65 regions (rising to 100 regions in the near future), as helping the regions to improve their role as the catalysers of modernisation. He elaborated on the added value that the Regions for Economic Change initiative could bring to inter-regional co-operation, which is the most flexible instrument for the European integration of regions and cities. He reaffirmed the strong support of the Committee of Regions for this initiative. Mr Delebarre also recommended that the work of the networks should be transparent and that the sustainability of the networks created must be ensured by the Commission. He concluded by saying that this initiative is more proof that Cohesion Policy is a policy well shaped to the Europe of the future.

Commissioner Hübner announced the launch of two further elements in the Regions for Economic Change initiative. On the new look INFOREGIO website, an expanded Regions for Economic Change page now presents 40 detailed good practice examples and a section on the RegioStars 2008 awards for innovative projects. She explained the arrangements for RegioStars 2008, saying that it is an important initiative for the 268 regions of the EU as it provides an opportunity for them to identify, highlight and share good practice. It also has potential for European citizens in general because it will enable them to discover Cohesion Policy on the ground. The deadline for applications is 29 June 2006. The newly published 40 case studies are a powerful tool because they show how to implement an efficient innovation strategy, and also include information on the difficulties encountered and overcome.

The conference concluded with a plenary session addressed by **Mr Michel Vauzelle**, President of PACA Region. Mr Vauzelle stressed that the issues discussed in this conference – innovation, sustainable development and support to SMEs – are the key drivers that will bring Europe a leading position within the global economy. He then explained how the PACA region had established two main goals in its development strategy: to evolve towards a knowledge society, and to provide the required support to enterprises and workers to better integrate in the international arena. To achieve these goals, the diversification of the economy, support to high-technology activities, the development of a network economy, the emergence of regional innovation poles, and inclusive economic development were all promoted. The operational instruments to implement this strategy were the social dialogue and an enlarged partnership of public authorities. Mr Vauzelle concluded by welcoming the Regions for Economic Change initiative as a necessary international complement to PACA's integrated development strategy.

In her final speech, Ms Hübner recalled the main features of the conference and its debates and cited several examples of selected projects to illustrate the possibilities open to investing successfully in innovation. Her final message focused on the practical steps to implement the Regions for Economic Change, and called upon the audience to start work on the preparation of relevant networks and proposals to be presented during the open calls to be launched by the programmes in the autumn. She also referred to the specific role of the annual spring conferences as crucial milestones for the initiative and a way to communicate to the spring summits that "regions work on new innovative approaches, design and test them".

Conclusions

More than 650 representatives of national, regional and local administrations, businesses, SMEs, consultants, institutes, networks, civil society organisations and universities attended the conference. Attendees expressed high levels of satisfaction with the event and gave valuable feedback.

Following the first annual Regions for Economic Change conference, it is possible to take stock of progress of the initiative. The three recent events, which are the most visible aspect to date, have seen extensive exchanges on a wide variety of themes linked to innovation and regional development. Almost 1 800 participants have had direct access to 27 workshops and over 100 expert and project speakers. Through the newly developed web pages on Inforegio there is free access to these resources plus the first batch of 40 detailed case studies of innovative projects. This is the first phase of the reinforced communication effort promised in support

of the initiative to promote learning, partnership and action.

The 30 priority themes, which accompanied the Commission's Communication, have been discussed with the stakeholders in the two new inter-regional network programmes and their inclusion should be agreed in the final programmes. In general, the working methods for implementing the ideas generated in the networks and increased dissemination are expected to be encouraged in the new inter-regional and urban network programmes. After feedback and discussions on the initial Commission proposals, the involvement of the Commission as facilitator in the fast-track networks is being finalised. The implementation arrangements, within which regions will propose their networks for co-financing, will be announced by the INTERREG and Urbact Programme Secretariats. The network proposals drafted and submitted by the regions will be shared with the Commission, which will indicate to what extent it can accompany some networks as 'fast-track' networks. The programme monitoring committees will be given the final decision.

To conclude, a good start has been made during 2006 in improving the spread of good practices and ideas. Much more attention is now being paid to the value of and the mechanism for inter-regional networks, as well as to the need to pass from ideas to action. The next step is more difficult – the building of the two-way bridge between the ideas and 'learning' programmes and the mainstream programmes. Regions from across the 27 EU Member States must identify their priority themes for inter-regional work, linked to their key spending priorities, and commit themselves to learning with their peers. Regional authorities should follow the launch of the programme closely in early autumn and prepare their detailed network proposals. The Commission hopes that these proposals will place a strong emphasis on the mainstreaming of good ideas, thereby improving the quality of the operational programmes 2007-13.



Michel Vauzelle

FOSTERING REGIONAL GOVERNANCE AND PUBLIC-PRIVATE PARTNERSHIPS

- Chair:** **Katarina Mathernova**, Director, European Commission, Regional Policy DG
- Experts:** **Vittorio Modena**, Coordinator, PAXIS, IT
Paulo Gomes, Vice-President, CDRN, PT
- Speakers:** **Thierry Fellmann**, Director, Regional Economy, Innovation and Higher Education, Provence-Alpes-Côte d'Azur, FR
Jukka-Pekka Bergman, Managing Director, Lappeenranta Innovation Ltd, FI
Lorenzo Sabatini, Engineer, Etruria Innovazione SCpA, Tuscany, IT
- Rapporteur:** **Dorota Zaliwska**, European Commission, Regional Policy DG

Introduction

The co-operation between regional authorities and the private sector should be aimed at encompassing a two-fold approach: on the one hand, it should assess the needs and potential of regional innovation, while on the other it should aim at undertaking initiatives to promote innovation and technology transfer. The workshop explored the ways in which regional policy-makers and businesses should interact in order to meet these objectives.

Debate

The workshop was opened by **Mrs Katarina Mathernova**, Director at DG REGIO, who gave a short introduction on the workshop's objectives and content. Two experts then took participants through the theory and its application. The first expert, Mr Paulo Gomes, Vice-President of CDRN in Portugal and Professor at Lisbon University, started the session by giving an overview of regional development across the European Union and explaining the concepts of the innovation index and regional innovation performance. He stressed that the term innovation should not be reserved for high technologies but also used for organisational innovations applicable, for example, in the case of traditional industries. He emphasised the importance of promoting life-long learning and improving the quality of educational and



Katarina Mathernova

training systems in general. Mr Gomes underlined the need to focus on intangible investments, such as organisation, logistics, and on developing human skills. The second expert, Mr Vittorio Modena, Coordinator at PAXIS, presented the concept of public-private partnerships and how to make them work. He discussed the rationale and framework for PPP as well as potential barriers and risks, before presenting an example of a PPP project in Latvia where public authorities and private entities together invested in seed funds to support SMEs.



Thierry Fellmann

The workshop then turned to examples of good practice – three projects were presented from France, Finland and Italy. **Mr Thierry Fellmann**, Director of the Regional Economy, Innovation and University Department in the region of Provence Alpes Côte d'Azur (PACA), explained the framework of the Regional Economic Development Scheme in PACA and its main objectives which are increasing co-operation between economic players in the region and strengthening SME competitiveness. He described the creation of eight competitiveness clusters and their objectives, and underlined the leading role of the private sector in the management of the clusters and close co-operation between regional policy-makers and businesses. Among key success factors in the region Mr Fellmann mentioned an approach based on consensus and on respect of all economic actors, commitment to lead regional change as well as a need to build a networking economy model.



Jukka-Pekka Bergman

The second speaker, **Mr Jukka-Pekka Bergman**, Managing Director at Lappenranta Innovation in Finland, presented a cross-border co-operation programme between the Finnish and Russian border regions called 'The St Petersburg Corridor cross-border innovation platform between Finland and Russia'. One of the main objectives of the project was to create a Regional Open Innovation Platform (ROIP) between the European Union and Russia in the cross-border regions. The basic principle behind the ROIP is to play the role of an interface among various economic sectors and fields of knowledge that exist in a given region, including, where appropriate, an incubator role for certain ideas and inventions with potential. The first phase of the cross-border programme aimed at creating formal structures for daily communication and co-operation. The second phase focused on the establishment of several large development projects of common interest among universities and SMEs, with the support of regional authorities. The present objective is to extend regional innovation activities to all main participants in the ROIP. The last speaker, Mr Lorenzo Sabatini, an engineer from Etruria Innovazione in Tuscany in Italy, presented a network for knowledge management in the regional production system in Tuscany called KNOCK (Knowledge Center network). The main objective of KNOCK was to create a network of service centres for coordination and knowledge management among SMEs with the goal of promoting innovation, technology transfer and decision-making support in the region. KNOCK is coordinated by a publicly owned, non-profit company. Major activities comprise, among others, consultancy on new technologies and financing opportunities for enterprises, and co-operation with regional authorities on facilitating knowledge management and better regional governance.

Subsequent discussion focused on three issues: first, on critical mass for venture capital schemes and who should decide on it. **Mr Vittorio Modena** replied that critical mass should be assessed on the basis of the flow of potential deals. He commented that a venture capital fund is not always the solution

and that perhaps investing in strengthening universities should be an alternative. The second issue discussed was innovation in entrepreneurial activity. A comment from the floor was about the need to demonstrate entrepreneurial behaviour on both public and private sides. **Mr Paulo Gomes** added that bureaucracy and other barriers for entrepreneurship should be eliminated. He mentioned a present initiative by the Portuguese government to introduce individual work contracts in the Portuguese public administration. He stressed the importance of education and life-long learning which are indispensable for fostering innovation. He also mentioned the need to develop entrepreneurial spirit at school. The third question referred to the cluster concept in PACA and whether the PACA region was able to incorporate an international dimension into the current schemes. The participant mentioned current work being carried out in Finland on creating international innovation networks with this purpose. Mr Fellmann replied positively and gave an example of a university scheme cluster in PACA.

Conclusions

The workshop underlined the need for close co-operation between public authorities and the private sector and the role of regional and multiregional network structures. Key factors for success mentioned by various speakers reiterated the role of co-operation and wide partnership, the importance of coherent regional and national strategies for SME development, a commitment to change, social consensus, the importance of investment in intangible assets such as knowledge management, organisation, education and training, as well as the role of social aspects like the creation of new jobs. The debate emphasised the need for a systemic approach and development of an entrepreneurial spirit in both the public and private sectors.



Paulo Gomes

PROMOTING ENTREPRENEURSHIP AND REGIONAL NETWORKS FOR REGIONAL TRANSFER

Chair: Jean-Noël Durvy, acting Director, European Commission, Enterprise and Industry DG

Experts: Michael Kitson, Cambridge-MIT Institute, UK
Karen Wilson, European Foundation for Entrepreneurship & Research, CH

Speakers: Guifré Esquerra, Centre for Innovation and Regional Development, Catalonia, ES
Andrzej Szoskiewicz, Smartlink Ltd, Poznan, PL
Ziggy Kovacs, DEKUT Research and Innovation NPO, HU

Rapporteur: João Faria, European Commission, Regional Policy DG

Introduction

Entrepreneurial capacity is one of the basic attributes needed in developed societies. A risk-taking society is a society that is open to change and innovation. Business and networking, business support, advice and financing are all vital to enabling potential entrepreneurs to realise their ambitions. Clusters and gazelles, proximity versus transnational links and other ways to engage in the innovation system are important, too. It is crucial to analyse experiences and find the best ways to facilitate these objectives.

Debate

Mr Michael Kitson (Director, Programme on Regional Innovation, Cambridge-MIT Institute) opened the debate by outlining two economic paradoxes which are relevant for regional innovation and regional policy:

- First, the Solow innovation paradox: in 1987, Solow said: "You can see the computer age everywhere these days, except in the productivity statistics". The explanation behind this is that innovation takes time to produce major impacts on economic growth because this is driven by the use of technology not by its generation. As an example, he stated that the three largest contributors to US productivity growth between 1995



Michael Kitson

and 2000 were wholesale trade, retail trade, and security and commodity brokers.

- The implication for regional development is that a distinction should be made between knowledge-generating locations and knowledge-using locations. Too much of current policy is focused on knowledge generation with insufficient focus on the diffusion of innovation to knowledge-using locations.
- Second: empirical evidence indicates that innovating businesses do not engage in extensive collaboration with other local businesses or institutions. This evidence indicates that the policy emphasis on 'geographic concentrations' of collaborators is misleading as national and international collaborations are often more important than local collaborations for innovating firms. This suggests that it is important to distinguish between 'bridging' and 'bonding' networks. Bridging networks are outward looking and link to national and international collaborators. These are more important for the development of knowledge-based activities.

Against this background, Mr Kitson emphasised that regional innovation-led growth can follow different pathways. On the basis of the distinction between knowledge-generation locations, and knowledge-using locations, he recalled that the former implies the indigenous creation of new technologies, but that several scenarios are possible for the latter: transplantation of new economic activities into the region; diversification of existing industry into new activities; and the upgrading of mature industries. When questioned about the implications for public policy design of the prevailing low level of collaboration among local firms, Mr Kitson acknowledged that the collaboration of local firms is important in the early phase of a cluster's life cycle (and therefore deserves to be supported by public instruments). However, when a cluster becomes more mature it is important not to remain inward looking, by establishing national and international connections (and therefore public policy should evolve hand in glove).

Ms Karen Wilson and **Mr Bert Twaalfhoven** (European Foundation for Entrepreneurship Research) focused on the conditions for the creation of dynamic entrepreneurship. They

began by stressing the role of gazelles (successful high-growth-oriented entrepreneurs) as engines of economic growth, because they act as role models for other potential entrepreneurs, creating networks and an entrepreneurial culture in the region. Universities play a key role in breeding gazelles as they can provide entrepreneurship education and training, can help by developing and commercialising (spinning off) innovative technologies, and can foster links between academia and business (intellectual hub, supplier of practically oriented course materials, fund-raiser and critical-mass builder). A set of practical steps was recommended as guidelines for policy:

- To identify the key universities in each region and encourage the sustained development of entrepreneurship programmes;
- To learn from best practices in entrepreneurial regions across Europe;
- To connect universities with local (and alumni) entrepreneurs, companies, venture capital firms and other financial players;
- To support entrepreneurship training programmes;
- To build and strengthen faculty networks with other regions and across borders.

After the two presentations on policy issues, two case studies were presented, the first being inter-regional, and the second local.

The inter-regional project (MATEO) was presented by Guifré Esquerra (CIDEM – Government of Catalonia) and has been jointly developed by four European regions (Catalonia/Spain; Noord-Brabant/The Netherlands, Lombardy/Italy, and South-west Bohemia/Czech Republic). Financed by the ERDF/INTERREG, this project aims to develop new knowledge-intensive industrial activities, and to stimulate the knowledge-intensiveness of existing activities. The participants engaged in several projects in four thematic areas: regional foresight studies (eight studies); diagnosis visits (240 diagnosis of individual organisations); promotion of matches using experts as facilitators (for a total of 100 matches,

40 concerning matches between incubators and techno starters, 40 between techno starters, and 20 technology transfers); sub-projects. Several tools were used to facilitate both the matches and active interchanges on methodologies and best practices, namely brokerage sessions, conferences, and an inter-regional database with organisation profiles. A specific web portal has been created for the project in order to provide a comprehensive overview for all stakeholders.

The collaboration between SMEs at the local level was dealt with in the second case study. The project 'Innovation Café – a tool to foster relationships between SMEs' (Hungary) was presented by **Mr Ziggy Kovacs** (Dekut IT ISC). It aims to help SMEs to share their efforts so as to compete in the global market. The first steps included the promotion of business networking by the means of topic presentations and group discussions, with the help of information society tools, such as on-line forums, a company database, and a website.



Ziggy Kovacs

Conclusions

The different approaches outlined in the workshop clearly demonstrate that there is no single policy which fits all situations, and that a correct understanding of the entrepreneurial environment and the institutions in the specific locations are a prerequisite for the definition of appropriate public policies. The case studies presented illustrated that successful projects can be essentially local when they start, but will be required to open up to national or even international co-operation as the companies involved reach a more mature phase. As regards the actions aimed at promoting a dynamic entrepreneurship, it was recalled that the importance of universities and the development of faculty networks with other regions and across borders played a key role in breeding high-growth-oriented entrepreneurs, and helping to connect with venture capital players.



Bert Twaalfhoven and Karen Wilson

SUPPORTING SMES TO DEVELOP AND BRING INNOVATIVE PRODUCTS AND SERVICES TO THE MARKET

Chair: **Theodius Lennon**, Director, European Commission, Science and Research DG

Experts: **Philippe Vanrie**, CEO, European Business Network
Juliet Williams, Chair, Regional Development Agency, South West of England, UK

Speakers: **Christian Haberfellner**, Manager, Technology and Innovation Agency, AT
Rene Tonnisson, Member of the Executive Board, Tartu Science Park, EE
Frank Trepte, SMART Regional Framework Operation, Leipzig, DE

Rapporteur: **Olivier Baudelet**, European Commission, Regional Policy DG

Introduction

High-value-added SMEs operate increasingly in a globalised market-place where what makes the difference is their capacity to create goods and services in response to and mainly in anticipation of new markets. For each region there are different opportunities. This workshop focused on the identification and exploitation of these opportunities.

Debate

EU policies for SMEs and innovation

EBN representative, **Mr Philippe Vanrie**, stated that public support to SMEs should take their specificities into consideration. In particular, as the objective is to have marketable products or services, the users' needs should always be taken into consideration and the results should be rapid and visible in order to be convincing. In addition, SMEs usually need customised support from a professional who is credible (e.g. because he/she has experience in running an SME), who acts as a motor pushing for progress, willing to solve problems, having the full support of all the stakeholders involved and with a strong knowledge of the local conditions (market, partners, etc.).



Philippe Vanrie

The discussion highlighted a general concern that EU financing is difficult for SMEs to get. Several reasons for this were identified. First, SMEs tend to be busy with their daily work and do not have time to search for any financing which does not come from their traditional partners (e.g. banks). This is particularly relevant for EU sources of financing as they flow from various DGs with different granting procedures. Secondly, the audience raised the concern that EU policies are not designed to meet the needs of SMEs, one of the reasons being the lack of involvement of the latter in the preparation of these policies. Thirdly, the representative of a multimedia cluster in Poland indicated that national and regional public authorities are so risk-averse that they are reluctant to design policy instruments for SMEs, particularly in the field of innovation.

SMEs and universities

Mrs Juliet Williams (Chair of the Regional Development Agency of the South West of England) stated that innovation is about "developing a culture (...) where we perpetually reinvent ourselves, our businesses and our communities in order to gain competitive advantage in new markets and new situations". This means that business models have to be changed regularly. However, this is particularly difficult for SMEs as they have limited resources to invest in research and planning. To do so, they should find partnerships especially with universities which can act as catalysts for change. Universities should spin out technology companies and support enterprises (e.g. through technology-transfer schemes, 'proof of concept' funding to test new ideas, and training in entrepreneurship). In Cornwall, the regional authorities supported the creation of the 'Combined Universities in Cornwall' (CUC) which is a partnership between two universities and five vocational colleges. The ambition is to help regional enterprises access the knowledge, expertise and facilities that the CUC can offer.

Sources of innovation which have yet to be sufficiently exploited

The discussion identified three areas with a high potential for innovation. The first one is in the environmental field "the market of which being worth \$400 billion a year globally within ten years"



Juliet Williams

(J. Williams, Chair of the Regional Development Agency of the South West of England). The second one is the improvement of branding and differentiation of products and services to reach new markets. The third one concerns the focus of public policies on areas where innovation is low, but the concentration of companies is high.

Knowledge management

EU programmes are often about building knowledge in the region, namely by sharing experiences. Therefore, it is important to be aware of that knowledge to avoid 'reinventing the wheel'. One of the participants involved in INTERREG IIIC voiced his concern that there is no proper management of this knowledge. In particular,

he illustrated this by the fact that programme managers focus too much on financial issues (e.g. how to get additional funding) and thereby divert their attention from using and transmitting knowledge gained through EU programmes.

Networking partnerships

The importance of networking has been mentioned frequently. What matters is not the 'know-how' but more the 'know-who' – i.e. one should 'know who knows how' – "We need to network to learn, to have new ideas, to find models, to find partners, to help taking decisions, to build values" (Ph. Vanrie, CEO of EBN). Networks should have a mix of participants with various skills: representatives from the public administration, consultants, academics, entrepreneurs, representatives from professional bodies, bankers and venture capitalists. Networks are about people ('doers' rather than 'thinkers'), therefore it is important for people to share their knowledge efficiently and to be ready to transform this knowledge into concrete action.

Conclusions

The main message from the workshop was that SMEs are key actors for innovation. Public policies should be designed to fit their needs with customised support from professionals. Networking is seen as an important source of knowledge and a way to create new partnerships. Networks are therefore a crucial instrument for the transfer of technology, know-how and bringing new ideas to the market.



MOVING TO A LOW-CARBON ECONOMY

Chair: **Jos Delbeke**, Director, European Commission, Environment DG

Experts: **Russel Mills**, Director, Technology and Innovation, Dow Europe, BE
Elke Knappe, Project Leader of EuroSustain, Leibniz Institut für Landeskunde, DE

Speakers: **Luc L'Hostis**, Regional Director of Development & Sales, Electricité de France (EDF), Provence-Alpes-Côte d'Azur, FR
John Best, Chief Executive, East of England Energy Group (EEEGR), UK
Morena Diazi, General Director for Industry, Trade and Tourism, Emilia Romagna, IT

Rapporteur: **Peter Ungar**, European Commission, Regional Policy DG

Introduction

Workshop 2A focused on moving to a low-carbon economy. Combating climate change and reducing energy dependence on fossil fuels will require massive investments for restructuring economies for more energy efficiency and increased use of renewable energies. Regions will have to play their role in this part of economic change more actively. The workshop explored proven ways to do this, and presented experiences and good practices to be transferred to a broader range of relevant actors.

Debate

Mr Russel Mills gave an insight into the role of the chemical industry – one of industry's largest user of energy – on our way towards low-carbon economies. It is about understanding future innovation in low-carbon economies, about enabling needed innovations for total value-chain resource efficiency and about speeding up these innovations. On the last point he said: "Perfection is the enemy of innovation". It is not only breakthrough innovation that matters. Incremental improvements yield real value. Among the examples given he cited the importance of value chain innovations in chemistry for reaching more intelligent biomass use via bio-refinery concepts. Industries should innovate,

while governments should enable. Possible solutions in terms of support and stimulation should be exploited before thinking about using regulatory instruments. There is a need for prioritising, notably on investments where we can be world class.

Dr Elke Knappe gave detailed insights into the work of Regio-Sustain, an INTERREG IIIc project dealing with the sustainable use of biomass for energy production. Biomass from wood and biogas have comparatively strong regional effects, notably in terms of job creation. "Biomass has to be understood not only as a local resource, but also as part of regional economic cycles," she explained. The latter implies the clever use of by-products and co-products, when using biomass for energy. New experiences have been gained with short-term plantations, but problems persist because many owners only have very small plots. Biogas offers innovative solutions, and a whole range of possible products may be derived from it, but the suitable use of heat is still a problem sometimes.



Russel Mills



Elke Knappe

Mr Luc L'Hostis reported on the experiences of the Capenergies cluster as regards non-greenhouse gas energy sources acquired in the Provence-Alpes-Côte d'Azur region. Covering seven fields of energy, uniting 160 members from companies, R&D, universities, engineering schools and institutions, the network in 2005 comprised 60 certified projects with €90 million worth

of investments, enabling the creation of about 100 new jobs. The projects lead to 18 registered patents, 13 technological and scientific articles, seven international scientific communications, 11 international technology partnerships and 19 international commercial contracts. The comprehensive approach of the cluster, skills, partnerships, support, labelling and pooling resources, to mention but a few, meant that “a leverage for economic and research policy” could be made, he pointed out.

On the topic of offshore wind energy, **Mr John Best** presented the POWER network, representing global leading regions in offshore wind energy, based around the North Sea. This renewable energy is meant to be cost-effective in the long run, and should see a strong growth in capacity during the next years. In absolute terms, this means around 5 gigawatts in 2010, accelerating significantly in the following years, with another 10 gigawatts planned for the United Kingdom alone. This transnational network is based on a broad range of members, business, business support agencies, local and regional governments, universities and research institutes. It covers strategies and knowledge, supply-chain development and, last but not least, improved skills by harmonised vocational training certification and offshore wind summer schools.

How to attain effective regional energy management was exemplified by **Mr Morena Diazzi** for the Emilia-Romagna region. Their work ranges from a regional analysis of socio-economic data, diagnosis of the regional energy budget, development of a new strategy for regional energy policy and creating an operational regional energy plan. The latter includes the creation of new companies, technologies and services, more research, innovation and training, and pursuing a culture for the efficient use of cleaner and safer energy, among the major objectives. The areas of intervention are comprehensive, and cover all major sectors of the economy. One best practice example for energy management



Luc L'Hostis

concern the Eco-industrial parks, which provide companies with high-quality common infrastructures and services and allow for improved control and reduction of polluting emissions.

Conclusions

The workshop underlined the suitability of regional action for economic change in terms of moving to a low-carbon economy. Again, the basic instruments developed by Cohesion Policy, such as innovation, co-operation, partnership, networking, and transfer of knowledge, play a central role in pursuing low-carbon objectives. Energy efficiency and the promotion of renewable energies are very suitable for mainstreaming and the support for inter-regional networking and exchange for fostering progress towards low-carbon economies. However, there were discussions about problems and shortcomings, too. Networks based on a sectoral approach should enable the problem often presented by networks in terms of building trust and consuming resources to be overcome.

There are still a lot of market failures as regards renewable energies, and comparisons based on simple indicators, such as cost per tonne CO₂ avoided, should always be kept in mind when opting for different approaches. Public support systems should be more homogeneous whereas reduced public support could mean more pressure for market-driven innovations.

Forcing energy intensive, world-class EU industry into leaving the Union is not a viable option as climate change is a global problem. The ideal situation would be to improve their energy efficiency and promote carbon-free or carbon-reduced technologies and concepts. Implementing integrated approaches is already being done by some industries, and regions have to follow accordingly. Comprehensive action on energy efficiency and renewable energies will necessitate reinforced information and awareness-raising work (i.e. in rural areas). Albeit there are encouraging examples of successful international co-operation on energy issues, the potential for such co-operation and knowledge transfer is far from being fully exploited.

Wide-ranging, high-profile, transnational competence networks with complementary industry expertise are the tool of choice for pursuing this objective. Key-sector initiatives for each participating region should be identified and linked together. Network and clustering projects should contain guidance and coherence, strengthen competence centres and develop combined programmes, and keep an eye open for an international strategy for co-operation, notably in terms of research and development.

EFFICIENT, SECURE AND RENEWABLE ENERGIES FOR HOUSING

- Chair:** **Luc Werring**, Principal advisor, European Commission, Transport DG
- Experts:** **Frank Klinckenberg**, Klinckenberg Consultants, NL
Lauri Hietaniemi, Managing Director, Green Net, FI
- Speakers:** **Jean-Luc Sadorge**, Director of Agriculture, Forestry, Tourism and Environment, Alsace, FR
Claire Roumet, Secretary-General, CECODHAS, the European Liaison Committee for Social Housing, BE
Werner Rauscher, General Manager, European Centre for Energy, AT
- Rapporteur:** **Stig Joergen Gren**, European Commission, Regional Policy DG

Introduction

Many regions are confronted with housing stock of poor quality in terms of energy efficiency. This is costly for the citizens and detrimental for the economy. New technologies and methods need to be brought to the market to change this situation, and conditions to facilitate their take-up have to be developed.

Several community policies are complementary in this field. This interacts with financing renovation of social housing within the Structural Funds in the new Member States, to pilot projects under the EU programme JESSICA, to EU-sponsored research and development projects in e.g. renewable energies and with European legislation such as the Directive on energy performance in buildings.

Debate

Mr Frank Klinckenberg gave an overview of the issues at hand, in particular the political and technical gaps that hinder the development of energy-efficient housing. These range from. Multi-ownership of buildings, low income of owners to a limited understanding of the benefits and technical issues concerning housing (handling works, contracts, etc.). Nevertheless, he showed that energy efficiency is also financially profitable. Studies show



Frank Klinckenberg

that the renovation of all buildings in the new Member States would cost €15 billion but would save €25 billion in energy costs!

Mr Lauri Hietaniemi, Green net, gave an interesting analysis of the situation in Finland where although the consumption/m² is already quite low there is a perception that more can be done. For example, penalising excessive consumption through higher energy bills for high users of 'housing space' (i.e. large houses with a small number of occupants).

Some lessons can be drawn from the projects presented. For example, there is a demand for public authorities to be proactive as regards training and raising awareness among home owners, builders and architects; they should also look at poverty factors and high energy costs.

Finally, reference was made to the positive economic and ecological impacts of Güssing city that changed an energy system based on traditional energy sources into one fed with local resources: solar, grass/corn, sawdust, etc. This process created 1 000 jobs, safe and secure energy distribution for companies, and a strong basis for attracting investments (50 new companies) for a relatively small and peripheral town in Austria of just 4 200 people.

The discussion showed the potential of investments in energy efficiency in the new Member States, with benefits three to four times greater for each euro invested than in the EU-15. As regards the situation in the new Member States, the support available through Cohesion Policy only addresses social housing, which represents a low percentage of the total (around 8%). Therefore, other investments are needed. It was also noted in the discussion how important it is to work with all societal actors, from the agricultural waste reuse sector (green energy in individual houses) to getting all the large consumers in a town – schools, sports installations, municipalities, etc. – directly on-board for any public energy-saving programme. With reference to R&D in the area of renewable energies for housing, it was mentioned that there is not so much need for new R&D as there is the need for greater use of those technologies that already exist.

Conclusions

- Investment in the area of efficient, secure and renewable energies for housing **will often save more than it costs**, from the individual owner installing double-glazing or thermal solar panels, to the institutional investment packages for housing such as the EU Cohesion Policy or national investment strategies.
- This having been said, there are certain **gaps that need to be addressed** mainly in terms of individual house-owner behaviour, legislative issues and disseminate existing (and affordable) technology.
- In general, active public policies should **work on the demand-side, in particular loans to house owners** would seem a very efficient instrument in many situations (as the investment would be recovered in a short period of time, and there is little economic efficiency in direct subsidies).
- Even if Member States are in different positions – e.g. Finland where the kilowatt usage per m² is half of that in, for example, the Baltic States – they **share the common problems** or gaps as outlined above.
- The importance of **political vision and understanding the issue, as well as the capacity at the political level to pull the regional forces in one direction**, cannot be overestimated (a positive example here would be Güssing).
- There is often a strong **bottom-up demand** for integrating renewable energy in the housing policies to lower the consumption and find new solutions on a local scale. For example, training and awareness-raising not only among the population but also **at the source** – i.e. in professional circles of builders, architects and local/regional public actors responsible for the public procurement of buildings.

The conference ended with Mr Werring summing up the discussions and noting that efficient energy activities can improve the quality of housing, create jobs and reduce both energy bills and CO₂ emissions.



INTEGRATED POLICIES ON SUSTAINABLE URBAN TRANSPORT

Chair: Elisabeth Helander, Director, European Commission, Regional Policy DG

Experts: Michael Froemming, Free Hanseatic City of Bremen, DE
Herbert Kemming, Research Institute for Regional and Urban Development of the Federal State of North Rhine and Westphalia, DE

Speakers: Antonietta Piscioneri, European Project Manager, Lazio, IT
Emmanuel Vougioukas, University of Thessaly, Volos, EL
Siegfried Rupprecht, Rupprecht Consult GmbH, Köln, DE, CIVITAS project

Rapporteur: Jozef Stahl, European Commission, Regional Policy DG

Urban transport is a key element in determining the attractiveness of cities to citizens and businesses. The workshop explored the role of cities and regions in developing strategies to provide high-quality transport and better management of traffic. Examples from large cities, metropolitan areas as well as small and medium-sized towns, were discussed.

Introduction

Mr Michael Froemming from Bremen's Ministry of Construction, Environment and Transport (Germany) described the main elements of integrated policies on sustainable transport in the city. Support for public transport and cycling has been accompanied in an innovative way by other transport solutions such as car sharing, car-pooling, and intermodal access points. All these measures have proved successful when implemented via integrated policy. Intermodality projects, such as a combination of car sharing, cycling and public transport, are important for achieving the overall objectives of sustainable urban transport policies.

Mr Herbert Kemming from the Research Institute for Regional and Urban Development of the Federal State of North Rhine and Westphalia (Germany) outlined the need for integrated urban transport policies. More attention should be paid to their acceptance by users. Stakeholders' involvement is crucial and must be well prepared. Local authorities must play an active role for measures to be successful. There is a need for better matching the policies at different spatial and governance levels. There are big differences in Europe as regards mobility management and improving intermodality in order to change travel behaviour from single car use to other alternatives. EU transferability strategies could help in promoting good practice.

Three good practice projects were presented. **Ms Antonietta Piscioneri** focused on rebalancing the links between metropolitan centres and their surrounding areas, based on the example of the Rome Metropolitan Area. She explained how tourists can be encouraged to use public transport by coordinating public regional transport services with railway services, and support for footpaths and cycling. This system, based on intermodality and better

information for end-users, improves access to interesting places that would otherwise be missed. The project demonstrates how the exchange of experiences via an INTERREG project can contribute to improving of public transport policies in metropolitan areas.

Mr Emmanuel Vougioukas focused on developing new transit systems in small and medium-sized cities. Previous research and experience show that there are significant indirect benefits in terms of socio-economic development and urban regeneration impact from implementing modern high-quality urban transit systems. These indirect benefits can be substantial in terms of employment opportunities, urban regeneration, regional GDP, institutional development and urban governance, and can justify high investments in sustainable urban transport. The TranSURban project has established a framework for quantifying such indirect benefits.

In his presentation of the CIVITAS initiative, **Mr Siegfried Rupprecht** outlined the important role it plays in promoting clean vehicles and fuels, the usefulness of access restrictions to inner city areas, and new approaches to parking management, integrated pricing, car sharing and car-pooling. Clean vehicles and fuels have high user acceptance and very good environmental balance, but they are still a niche market. Standardisation, stimulation of demand, and a positive regulatory and fiscal framework are necessary to support the wider use of these technologies. Access restrictions bring significant noise and air-quality improvements, reduced congestion, and higher appreciation on behalf of the residents and shop owners (usually after strong opposition initially). Congestion charging is a successful demand-management tool which has a positive impact on air quality and quality of life. Successful integrated urban policy needs to meet two conditions – all measures must be part of an integrated urban policy, part of a package, and all stakeholders must be closely consulted from the very beginning to ensure acceptance.

Debate

The lively discussion focused on several issues raised in the introductory speeches. Citizens and companies take into account well-organised transport and quality of life when deciding where to

live or where to locate enterprises. Mobility is an important factor for the economic development of regions and cities. Public transport should be developed in a more diversified way reflecting various patterns of work and daily life as well as demographic changes.

Every city has its specific characteristics which need to be taken into account in planning urban transport. Various solutions appeal to different groups – the age structure of the population may have an effect on the solutions offered. Buses can be introduced easily, while trams may need some reorganisation of towns and may therefore be more expensive. Nevertheless, trams are more attractive and may increase the share of public transport. Innovative measures, such as car sharing, appeal to young people. Even if there are good solutions available, the key is to persuade citizens and show them good examples, otherwise we will not be successful.

Although transport of goods was not considered in the workshop, this element should also be carefully managed. This requires strengthening the partnership between policy-makers and businesses. Public-private partnership is important to address this.

Conclusions

Clean urban transport and mobility is a precondition for sustainable economic development of regions and cities. Mobility and environment represent important elements in evaluating the attractiveness of cities, and sustainable urban transport is a tool to address this.

Traditional measures in existence in the large European urban areas (trams, buses, cycling) should be combined in an innovative way with new solutions, such as intermodal access points for public

transport, car sharing, car-pooling, and congestion charging in order to achieve the overall objectives of sustainable urban transport policies. A high level of intermodality is key to changing transport behaviour and offering useful and practical solutions for citizens and visitors to cities.

It is crucial that available measures are implemented as a part of an integrated urban transport policy. All measures must be accompanied by good and early information for end-users.

Implementing modern high-quality public urban transport systems offers significant indirect benefits in terms of socio-economic development as regards employment opportunities and urban regeneration. There is a need for an agreed procedure to include indirect benefits in investment appraisal. JESSICA – the new instrument to facilitate public-private partnership can provide the necessary impetus for such investments.

Sustainable urban transport policy should pay more attention to procedures. Stakeholders must be involved from the very beginning and the processes must be well prepared. It is important to consult closely with the public to increase acceptance of the proposed measures. It is not enough simply to propose good solutions; it is necessary to persuade citizens and show them good examples. Local municipalities need to play a key role and to come with new innovative ideas.

There are big differences in Europe as regards using mobility management and improving intermodality, and EU transferability strategies could help. Community projects are important – even small projects make people aware of new opportunities to manage mobility in a sustainable way.



Siegfried Rupprecht, Jozef Stahl, Herbert Kemming, Emmanuel Vougioukas, Antonietta Piscioneri, Michael Froemming, Elisabeth Helander

FOSTERING HEALTHY COMMUNITIES

- Chair:** **Andrzej Jan Rys**, Director, European Commission, Health and Consumer Protection DG
- Experts:** **Lisette Mermod**, CEO & Managing Director, Business Development and Knowledge Transfer, BDKT Lifescience Facilities, UK
Lars Jonsson, Uppsala University, SE
- Speakers:** **Jan-Erik Nygard**, Chief Information Officer, Norrbotten County Council, SE
Manuel Martinez, FIVEC, Valencia, ES
Maciej Czarnik, Centre of Innovation, Technology Transfer and University Development, Jagiellonian University, Krakow, PL
- Rapporteur:** **Gabriella Fesus**, European Commission, Regional Policy DG

Introduction

The role of health in regional development and competitiveness is becoming increasingly recognised. Vast regional disparities exist in Europe in terms of health status and access to and quality of health services. Increasing the number of the population's healthy years is important in view of raising labour productivity and responding to the challenges posed by an ageing population.

The health sector and healthcare industry form a growing part of regional economies. Creating favourable conditions at regional level is essential for the healthcare industry to develop and flourish. Structural Funds can assist European regions in this respect.

The workshop explored the views of industry and academia on developing innovative solutions to the problems of healthcare, and presented examples of good practice from three European regions.

Debate

Mr Andrzej Jan Rys set out the framework for the presentations.

Mrs Lisette Mermod, Managing Director for Business Development and Knowledge Transfer, Consortium for Life Sciences Facilities (United Kingdom) presented the concept of bioparks

(or science and technology parks). Bioparks are linked to a research institute, university or teaching hospital and aim to facilitate the creation or enhance the growth of existing biomedical and biotechnology businesses through the provision of services and facilities.

Among the critical success factors for bioparks, she underlined the importance of a high-quality business environment, client-focused service culture, market awareness and responsiveness and demonstration of excellence. She argued that universities, which to date have received the bulk of public-sector investments for creating new science parks, did not always have the necessary expertise to commercialise research results. The most successful companies within science park environments emerged from experienced private-sector managers. Among the challenges faced by bioparks she stressed that not all scientific or biomedical ideas are suitable as businesses, and referred to the emerging competition from India, China and Brazil for innovative science park models.

Mr Lars Jonsson, General Manager of the Uppsala University Holding Company (Sweden), reflected upon the question of whether the ageing population represents a problem or an opportunity. He argued that the demographic development in Europe is a challenge but not necessarily a problem, in view of the business opportunities that it creates. Describing the characteristics of the elderly of



Andrzej Jan Rys and Lisette Mermod



Lars Jonsson

tomorrow, he referred to the increased use of ICT, travelling, use of home services, healthcare services, new medicinal drugs and technical aids.

He also presented the evolution of research activity at Uppsala University, as well as the activities of the Holding Company (owned by the university), which strongly supports commercialisation of research. He showed how the university could attract and form new companies after one of the major investors withdrew from Uppsala.



Jan-Erik Nygard

The two presentations were followed by examples of good practice from three regions:

Mr Jan-Erik Nygard, Chief Information Officer of the Norrbotten County Council (Sweden), described an innovative project named Network Based Information Platform (NIM) for healthcare. Based on the Swedish defence project, Network Based Defense System, the project aims at achieving a seamless exchange of health information independent of operational or administrative boundaries or geographical distance. The regional platform for e-health offers regional specialisation through players in the health and social care sectors, together with the business sector developing innovative IT-based solutions. The county of Norrbotten is building a unified and harmonised architecture on a service-oriented structure for healthcare and invites other regions to participate in the project.

Mr Manuel Martinez, from FIVEC Valencia (Foundation for Local Development and Innovation – Spain) presented the GECOBIO project. GECOBIO is a network of co-operation of scientific, medical and entrepreneurial communities and public entities, for the promotion of technology transfer and knowledge applicable to health science and technology. A wide range of services are offered to the participants, including an IT management tool to exchange information between participants with the same knowledge profile; an on-line technology market, supply and demand of products and services, and funding opportunities. In addition, a venture capital fund has been established.

Mr Maciej Czarnik, from the Centre for Innovation, Technology Transfer and University Development of the Jagiellonian University (Poland, Krakow) presented Crakow's recently established life-science cluster which builds on the potential in life science R&D and industry of the Malopolska region. The cluster initiated and managed by the Jagellonian Centre for Innovation aims to stimulate science-business co-operation, attracting foreign investors, and involves bio-businesses, hospitals, research institutes and local authorities. Among recent initiatives he highlighted the opening of a life science park and the establishment of a regional biotechnology centre in the next two years, co-financed by the Structural Funds.

The issues discussed in the subsequent debate included the role of the private sector in healthcare provision; the question of whether or not an ageing society is more 'expensive' in view of elderly people's contribution to the economy, and whether public funding should be given to universities. The outcome of the debate is included in the following conclusions.

Conclusions

The main conclusions drawn from the presentations and the subsequent discussion are as follows:

- An ageing society represents a challenge; however, it also creates many opportunities for business in view of the characteristics of the elderly of tomorrow.
- There is a growing trend towards greater private-sector involvement in healthcare, in view of the pressure on national, regional and local healthcare budgets.
- In order to commercialise research results effectively, it is crucial to develop a close relationship between higher education, research institutes, public bodies and businesses.
- Public funding should be given mainly to university/private-sector consortia, and to those universities which have a proven record of contributing to growth.
- The Swedish case demonstrated the potential of innovative, IT-based solutions in overcoming administrative boundaries and geographical distance in healthcare.
- The Valencian case showed how active a role public entities, inter alia the regional and city government, can play in fostering innovation and promoting technology transfer.
- The case of Crakow demonstrated that a university can act as a catalyst for economic development through attracting investments and promoting entrepreneurship.
- Finally, the need to ensure an adequate follow-up of the workshop was underlined, in view of the importance of regional networking and transfer of best practices.

ATTRACTIVE CITIES FOR GROWTH AND JOBS

Chair: **Alvaro Ancisi**, Committee of the Regions and local advisor of Ravenna, IT

Experts: **Lesley Chalmers**, English Cities Fund, UK

Utz Ingo Küpper, Councillor for Urban Development, DE

Speakers: **Rafal Dutkiewicz & Jerzy Langer**, City of Wroclaw, Lower Silesia, PL

Nico Groenendijk, Professor, School of Management & Governance, Centre for European Studies University of Twente, NL

Nils-Erik Selin, Development Manager, Huddinge Municipality, SE

Rapporteur: **Corinne Hermant-de Callatay**, European Commission, Regional Policy DG

Introduction

In its June 2006 Communication Cohesion Policy and cities: the urban contribution to growth and jobs in the regions (SEC(2006) 928), the European Commission demonstrated the importance of making cities attractive in order to implement the Lisbon Agenda.

In a context where an estimated 80% of people are living in cities or urban areas, this session aimed to give examples of good practice to implement the mainstreaming of urban policies in Structural Funds Operational Programmes. Mainstreaming involves integrated urban development plans and a critical mass of resources to be devoted to specific deprived neighbourhoods or urban areas. Improving cities' attractiveness is key to achieving the Lisbon objectives.

Debate

Cities are essential assets to regions' growth and job creation. "The European city is our success model," said one of the session keynote speakers, while another reminded the audience that "Regions without cities are like cars without engines". Cities have always been places of exchanges, where goods and knowledge are produced. Cities that attract investors are those which provide a good transport and telecommunication infrastructure, and high-quality education, health and cultural services.

Attractive cities are also places where people want to live, visit and invest. The appeal of a city is at the core of its potential to attract both visitors, and future residents, as well as enterprises and investments along with human resources. Cultural heritage, good architecture and urban design are also important elements of this attractiveness.

The first keynote speaker, **Mrs Lesley Chalmers** (Chief Executive of the English Cities Fund, UK) therefore stressed the importance of "place-making". She also made a link between attractiveness and population density. Attractive cities are dense cities. And although some urban models may recommend developing specific business



Rafal Dutkiewicz

and shopping parks outside cities, urban density is an asset, as an element of the pleasure of living in a city. Mrs Chalmers insisted on three principles for the allocation of Structural Funds to urban policies: "Places, not just buildings; quality, not just style; value, not just cost".

The second keynote speaker, Dr Utz Ingo Küpper (Councillor for Urban Development, Germany) first reminded the audience about the long-running European history of vibrant cities "which were considered as the socio-economic, political and cultural hubs of their countries and their economies". Despite the wave of pessimism in the eighties and nineties, many European urban centres now attract international companies and capital. Referring to the conclusions of an American author, Richard Florida, who analysed the rise and fall of American cities in the last century, Dr Küpper underlined that "people climate" is as important as "business climate". So, good city managers have to learn how they can take advantage of this multifaceted urban dimension. It involves capacity-building on "managing change" and on building "innovative milieux".

Mr Rafal Dutkiewicz, Mayor of the Polish city of Wroclaw, provided an enlightening speech on his city. Quoting the historian Norman Davies, he spoke about Wroclaw as a "kind of microcosm of Central Europe". In his speech, Mr Dutkiewicz mentioned some of Wroclaw's achievements since 2003. He estimates that, in the

Wroclaw metropolitan area, a total of 100 000 jobs (current and future jobs) will result from the €3 billion national and foreign investments. The city has numerous assets for sustaining a knowledge-intensive growth and it competes as a host of the European Institute of Technology. Development builds on a triple-helix model linking basic and applied research on new technology (ICT, biotechnology, nanotechnology), business and good governance.

The two following speeches emphasised the importance of partnership and stakeholders' involvement.

Mr Nils-Erik Selin (Business Development Director of the Swedish city of Huddinge) presented the Flemingsberg spatial development strategy. The whole programme aims at transforming an area which still has an unknown or depressed reputation into an area which is fit for people, business, workplaces and services. An important characteristic of the project lies in the collaboration between two local authorities, one regional authority and three universities. An integrated strategy – based on a long-term vision – has been devised. It embeds the physical, economic, social and connectivity aspects of this development.



Nils-Erik Selin

Mr Nico Groenendijk (Twente University, The Netherlands) presented the results of an INTERREG IIIB funded-project, REVIT, running from January 2004 until mid-2007. This project focuses on brown-field regeneration by PPP (public and private partnerships). It aims to provide models for financing techniques and co-operation between public and private actors, based on joint work between six cities in four countries (DE, F, NL, UK).

The speech also highlighted the importance for cities to design PPP carefully, and to involve stakeholders. Managing financial incentives and more complex financing techniques (relying on JESSICA, for example) now becomes a part of cities' "management tool kit".

Debate

The discussion provided interesting elements for further work on the attractiveness of cities. A particular focus was put on two challenges: balanced development and sound multi-level governance.

The importance of balanced development was underlined against a strategy based only on the development of poles of excellence.

Regional policies should address both competitive and declining areas. A growing polarisation between well-off areas and deprived areas should be avoided, and particular attention should be given to disadvantaged youth and other groups. In this context, the importance of education and building confidence was raised: "We must take on-board young people without qualifications who, in some cases, have never seen their parents working."

Good governance was called upon. The role of networks, clusters and the subsequent importance of "organising capacity of connectivity" was underlined, as well as the management of good partnerships. "It should not be the public taking the risk and the private taking the profit."

An implicit call was made for more "entrepreneurial cities" and greater "corporate citizenship" in line with the readiness of many enterprises to fund urban projects.

The importance of capacity-building for "sustainable communities" was also underlined in the discussion. New skills are required for city managers to fulfil their role in making these sustainable communities both competitive and socially cohesive.



Nico Groenendijk

BRINGING ECONOMIC DIVERSIFICATION TO RURAL AREAS

Chair: **Nikiforos Sivenas**, Director, European Commission, Agriculture and Rural Development DG

Experts: **Jan Douwe Van der Ploeg**, University of Wageningen, NL
Carlo Ricci, Milan, IT

Speakers: **John Davies**, Centre Manager, Food Centre, Wales, UK
Fernando Dos Santos, New University of Lisbon, Alentejo, PT
Franz Dullinger, Engineer, Bavaria, DE

Rapporteur: **René-Laurent Ballaguy**, European Commission, Regional Policy DG

Introduction

Economic diversification is an area where the EU rural development policy and Cohesion Policy will interact during the programming period 2007-2013. The Rural Development Fund encompasses three objectives: 'improving the competitiveness of the European agriculture and forestry sectors', 'supporting land management and improving the environment and the quality of life', and 'encouraging diversification of economic activities'. Each rural development programme will have three thematic axes matching these objectives. A minimum funding for each axis is required to ensure some overall balance in the programme (10% for Axis 1, 25% for Axis 2; 10% for Axis 3). The rural development policy will have a budget for the period 2007-2013 which amounts to a total of €88.3 billion for the EU-27.

In the National Strategy Plans for rural development 2007-2013 received by the Commission, Member States indicate that rural development programmes on Axis 3 (diversification) foresee 16% of total spending). In the National Strategic Reference Frameworks and Operational Programmes financed by the Structural Funds, submitted to the Commission, significant amounts of the total budget of €308 billion will also be spent in rural areas.

Mr Van der Ploeg, from the University of Wageningen in the Netherlands, presented three conceptual models: the district



Jan Douwe Van der Ploeg

model (macro), the enterprise level model (micro) and the interaction between micro- and macro-level models. He explained that to address the whole range rural world challenges efficiently, and to use all their potential, integrated development strategies (based on the interaction model) give better results.

Mr Carlo Ricci (University of Milan) focused on the three sources of added value (identity of the territory/raw materials/human resources) that have been developed in response to the 'agriculture nightmare of the 90s', based on 'characterisation of the products', 'protection of the products/areas' and 'access to global markets'. He explained the changes in consumers' map minds and the ways these could be used for new strategies.



Carlo Ricci

Mr John Davies (Food Centre Wales) presented an ERDF funded project: a centre to act as pre-incubator, and incubating companies to develop and add value to their core agricultural products (300 people trained); success stories include an organic meat co-operative, organic yoghurts, buffalo milk and dairy ice creams. He insisted on the importance of the rural community and the collective acceptance of risks.

Mr Fernando Dos Santos (Portugal) presented the successful development of the wine sector in Alentejo (south-east Portugal) and the need to pass from wisdom to knowledge.



Mr Franz Dullinger, responsible for the Innovative Actions projects in Bavaria, underlined the importance of “looking for those who have potential as innovators and are lost in the crowd”. These are the targets for customised support (business plan and access to finance), and are the principles of the XperRegio project. He gave several examples, such as from a small craft (woodwork) you can become a supplier for Hong Kong Airport, the Berlin Sony Centre and Bank Canary Wharf in London.

Debate

The audience welcomed the inclusion of examples of innovation in rural areas outside of the food sector. On this point, the crucial importance of local services and good communications for creating a favourable framework for innovation was referred to. The chairman, Mr Sivenas, informed the audience that a conference will be held in May on the information society in rural areas: “Bridging the broadband gap: benefits of broadband for rural areas and less developed regions”, conference and exhibition, Brussels, 14-15 May 2007; http://ec.europa.eu/information_society/events/broadband_gap_2007/index_en.htm .

The importance of having a territorial and integrated approach instead of reasoning at the level of isolated people, plus the need to look at the identity of a territory as a main differentiation factor were other relevant points made.

The risk that the new Member States would lack the interest to develop their rural areas was raised by a representative from these states, while others asked for a more multidisciplinary approach.

Conclusions

- The right balance should be found between the agricultural and non-agricultural sectors.
- The importance of renewable energies for economic diversification in rural areas should be highlighted.
- The need to anchor development to local factors is one of the best ways to limit the risk of delocalisation.
- Rural development should not be limited to the agricultural sector.
- The main factors of concern for development are endogenous (social, local capital, identity of the territory) although networking, connections and communications also play a crucial role.



Fernando Dos Santos



Franz Dullinger







Danuta Hübner

**Philippe de Buck,
Secretary-General, BUSINESSEUROPE**

“Coordinated regional policy actions can play a decisive role in stimulating Europe’s innovation performance, growth and jobs.”

“When it comes to innovation, local, regional and national actors are key players in enhancing competitiveness.”

“The role of authorities in boosting growth and jobs is not only limited to earmarking financial allocations towards competitiveness and innovation. In promoting entrepreneurship, public authorities can encourage an entrepreneurial mindset in schools and provide SME financing and R&D access.”



Günter Verheugen

**Danuta Hübner,
Commissioner For Regional Policy**

“Today, in a global world, it is clearer more than ever that the competitiveness of Europe cannot be achieved by the Union, individual Member States or by regions acting alone. Economic success requires the close co-operation of all of them.”

“If relationships are important to innovation-based economic development it is clear that regional policy must further develop the approach based on networking and co-operation. There is no contradiction between the title of the conference ‘Fostering competitiveness’ and the principles of co-operation we advocate. Modern economics teaches us that whenever resources are scarce there are competitive pressures to co-operate as there is an important correlation between trust and economic success.”



Philippe de Buck

**Günter Verheugen,
Vice-President of the European Commission
in charge of Enterprise and Industry Policy**

“I fully support the idea which underpins this conference: the idea that the growth and jobs strategy must be seen as a two-way process where the role of the regions and local-level actors is as important as that of policy-makers at EU or national level!”

“Globalisation has also changed the environment in which our businesses operate. It enlarged their business opportunities, but it also increased the number of potential competitors. The really new dimension of today’s globalisation is that competition nowadays happens between regions and enterprises at a very comparable technological level. We have to defend our role of a strong and independent Europe. We should not allow other regions in the world to define our destiny, we have to do it ourselves.”

**Michel Delebarre,
President of the Committee of the Regions**

“Proper use of the financial resources allocated to regional policy includes Lisbon earmarking which ensures that the Structural Funds are focused on competitiveness, employment and sustainable development. We are convinced that this requires increased coordination between national, regional and local authorities.

It is clear that well-targeted incentives can play a decisive role when it comes to directing public investment in the towns and regions of Europe.”



Michel Delebarre

**Michel Vauzelle,
President of the Provence-Alpes-
Côte d’Azur Region**

“The three challenges [...innovation, sustainable development and support for SMEs...] determine Europe’s position in the globalised economy. These are, without doubt, the keys to maintaining and developing an industrial striking force, which is (itself) essential for delivering growth and jobs. The Provence-Alpes-Côte d’Azur region has resolutely committed itself in a dynamic way to answer this challenge. PACA, like all other French regions, grasped the opportunity offered by the state in 2004 and in 2006, after a large consensus with all the institutional economic and social actors concerned, the region has acquired a strategic framework, a regional framework for economic development.”



Michel Vauzelle

**Dirk Ahner,
Director-General, European Commission,
Regional Policy DG**

“One of the benefits of the initiative ‘Regions for Economic Change’ is the enhanced partnership that it catalyses. Without this close partnership established within the Commission services we would not be able to ensure the high quality of speakers, projects and debates that you have benefited from today.”



Dirk Ahner



European Commission

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