

Mind the Gap! Innovating for Regional Cohesion and Smart Growth

New Salzburg Global Seminar partnership with European Commission's Directorate-General for Regional and Urban Policy (DG REGIO)

SCHLOSS LEOPOLDSKRON, SALZBURG, MAY 17-22 2014

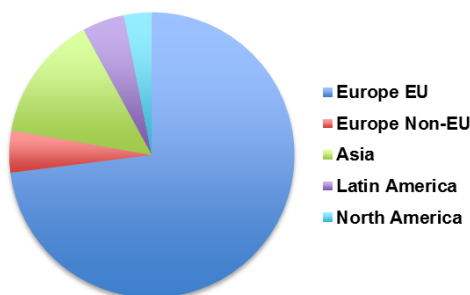
OVERVIEW

One of the EU's main objectives is to promote economic, social and territorial cohesion between regions. The **reformed EU Cohesion Policy 2014-2020** comes at a pivotal moment, after recent years of austerity which have seen rising unemployment and widening inequality, especially in peripheral regions, with youth, women and ethnic minorities worst affected.

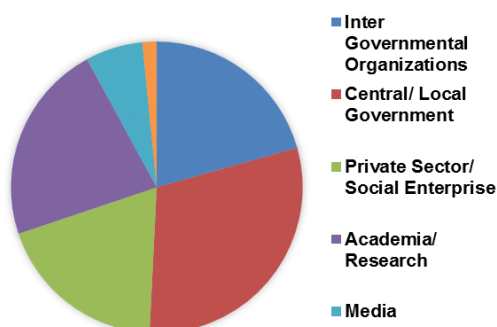
Making over €350 billion available to invest in Europe's regions and cities, the Policy is the EU's principal investment tool to deliver the **Europe 2020 goals**: creating growth and jobs, tackling climate change and energy dependence, reducing poverty and social exclusion. Once member states' national contributions and the leverage effect of financial instruments are taken into account, the impact is likely to be over €500 billion.

Salzburg Global Seminar (www.salzburgglobal.org) and DG Regio teamed up in May 2014 for an inaugural program called *Mind the Gap! Innovating for Regional Cohesion and Smart Growth*, with participation from the Organisation for Economic Co-operation and Development (OECD). With participants from four continents, the program connected experts from EU and other regional institutions, member states and third countries facing similar challenges of **delivering smart, sustainable and inclusive growth**, including Brazil, China, Mexico and Indonesia.

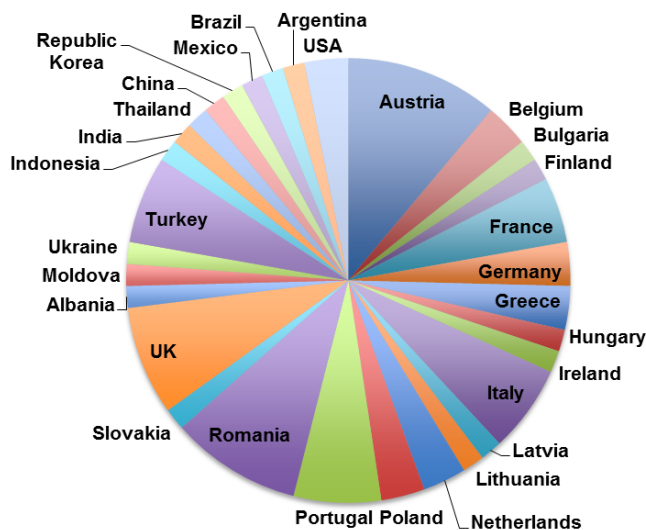
PARTICIPANTS BY REGION



PARTICIPANTS BY SECTOR



63 PARTICIPANTS FROM 30 COUNTRIES



The international cross-sector group straddled intergovernmental organizations, local and national governments, the private sector, social enterprise, research and academia, the media, and civil society organizations. The **highly interactive exchange of ideas and expertise** was even more diverse because participants were at various career stages, from long-serving experts with decades of experience, to mid-career professionals and PhD students.

Salzburg Global Seminar, founded in 1947 at the crossroads of East and West, has run over 15 sessions on regional integration and sustainable growth and trained many EU officials through its longstanding European program. The 2014 session was timed to help key stakeholders understand the Policy's **results-oriented focus and ensure maximum impact for these investments.**

Participants examined **tools for environmentally sustainable innovation, human capital development, creation and financing of SMEs and the transition to a low carbon economy.** They compared practical projects and mechanisms that have delivered successful outcomes in and beyond Europe, in order to identify transferable tools and opportunities for scaling up and also connect stakeholders who are leading cutting-edge work around the world.

PROGRAM

Session One

DID THE CRISIS AFFECT EUROPE'S COMPETITIVENESS?

Ronald Hall (Moderator), *Principal Advisor, DG REGIO, European Commission*

Jean- Marc Fournier, *Economist, OECD*

Madlen Serban, *Director, European Training Foundation*

KEY FACTORS FOR ACCELERATING THE SHIFT TO A LOW-CARBON ECONOMY: CHALLENGES AND OPPORTUNITIES

Clare Shine (Moderator), *Vice-President & Chief Program Officer, Salzburg Global Seminar*

Perry Heijne, *Group Director Corporate Responsibility, TNT Express*

Alexander Kainer, *Principal, Roland Berger Strategy Consultants*

Wolfgang Teubner, *Regional Director Europe, ICLEI European Secretariat*

WHAT MATTERS MOST TO BUSINESS?

Alexander Kainer (Moderator), *Principal, Roland Berger Strategy Consultants*

Rudiger Ahrend, *Head of the Regional Economics and Governance Unit, OECD*

Iain Begg, *Professorial Research Fellow, European Institute, London School of Economics*

Irene Schulte, *Director for Salzburg, Federation of Austrian Industries*

Key takeaways

Participants looked beyond the economic downturn to the need for new policies for 2014-2020, noting that in an area that is so culturally, socially and economically diverse, there needs to be effective and coordinated use of complementary policy and financial instruments to revive and sustain growth.

Areas identified for improvement in order to restore positive growth trajectories and improve social cohesion included:

- New fora for talent development and tackling youth unemployment;
- More homogeneous carbon pricing;
- Higher investment in R&D and innovation;
- Reduction of barriers to trade and regulation that could hinder innovation;
- Boosting innovation and investment for genuinely sustainable cities.

Participants noted a real desire to pay attention to variations in regional markets. Ways to get multilateral governance actually working in Europe, with initiatives driven from regional and local levels, could also promote more targeted responses to specific regional challenges and bridge the urban-rural divide in imaginative and productive ways.

Session Two

EU COHESION POLICY 2014-2020: A STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH

Rudiger Ahrend (Moderator), *Head of Regional Economic and Government Unit, OECD*

Pat Colgan (Co-Chair), *CEO, Special EU Programs Body*

Ronald Hall (Co-Chair), *Principal Advisor, DG REGIO, European Commission*

Wolfgang Petzold, *Head of Communications Unit, Committee of the Regions*

Key takeaways

Even if the Policy targets competitiveness and innovation, speakers were keen to point out that one of its founding and continuing objectives is to foster social and community capital, a key lever for boosting economic dynamism and growth.

Although flagship initiatives like the PEACE programs for Northern Ireland and the border regions are an excellent example of the EU's holistic approach, participants noted that for complex challenges, "you cannot fix cohesion in one generation". As populations move within and into the EU, regions and communities face new economic and social challenges. In Northern Ireland, for example, local communities are slowly pulling down the mental and physical traces of the so-called "peace walls", but now need to adapt to the arrival of migrant workers from outside.

Participants highlighted the need for clear strategic thinking in cohesion policy:

- Training and education remain high priorities, but without the innovation to create jobs, increased education will not reduce unemployment and improving infrastructure will not alone boost economic growth;
- Better infrastructure can help move goods more easily, but it doesn't necessarily increase the productivity that is also needed to boost exports.

Session Three

CONDITIONS FOR TRANSFORMATION: BUILDING CONSTITUENCIES FOR LASTING RESULTS

Pat Colgan (Co-Chair, Moderator), *CEO, Special EU Programs Body*

Iain Begg *Professorial Research Fellow, European Institute, London School of Economics*

Madeleine Mahovsky, *Deputy Head of Unit, Competence Centre Urban and Territorial Development, DG REGIO, European Commission*

Nahuel Oddone, *Expert, Unit International Trade and Industry, ECLAC*

Key takeaways

Regional cohesion is "not as easy as saying 'Let's have an airport, build a bridge or a science park.'" An effective strategic plan requires:

- Clear goals and metrics by which success can be measured;
- Looking beyond kilometers of new roads, etc. to evaluate long-term economic and social impacts which are key building blocks to tackle inequality and boost community cohesion;
- The "right" partners: engage business and civil society organizations early in the process, as well as public bodies) to help prepare, implement and evaluate the programs.

Successful projects are more likely to involve partners selected by the regional governments and local authorities directly concerned with delivery, rather than partners selected by a distant national government or DG REGIO, because stakeholders close to the ground can better assess priorities for both the project and the region or city.

Even when a project is measurable and considered a success, there's still no guarantee that EU Cohesion Policy was the main reason for that success. Many other strategies, policies and external factors can contribute to or hamper the effectiveness of EU Cohesion programs.

Session Four

DRIVERS OF INNOVATION AND SMART GROWTH

Bernardus Djonoputro (Moderator), *President, Indonesian Association of Urban & Regional Planners*

Christian Hartmann, *Head of Research Group, Joanneum Research*

Rudolf Lichtmannegger, *Head of Department, Austrian Chamber of Commerce*

Madlen Serban, *Director, European Training Foundation*

Key takeaways

This panel compared global perspectives and innovative experience on ways to design and deliver “smart specialization strategies”. 3S strategies use an evidence-based approach and need to be:

- Particular and unique to the natural and cultural assets of an individual region;
- Tailor-made, not copy pasted from somewhere else.
- Appropriate to local human capital, and how communities’ lives might benefit from changes to social structures, with education, environment, health care, transport and infrastructure amongst the most prevalent challenges.

Five out of the top 10 innovation economies in the world are in the EU. To enable less innovative Member States to transform their performance, with competitiveness benefits for the EU as a whole, three priorities need to be targeted:

- Active leadership, networks and policies to galvanize protracted and prolonged growth;
- Investment in science and research, technology, and culture at local levels;
- A trade cycle that is adapted to regional variations across an entire continent.

Ideally, each region’s growth will progressively correlate to growth in another region, then another and another, creating a series of interdependent creative networks.

Session Five

SUSTAINABLE INTEGRATED URBAN DEVELOPMENT

Madeleine Mahovsky (Moderator), *Deputy Head of Unit, DG Regio, European Commission*

Eduarda Marques da Costa, *Professor, University of Lisbon*

Fernanda Riedlinger de Magalhaes, *Senior Urban Specialist, Inter-American Development Bank*

Wolfgang Teubner, *Regional Director Europe, ICLEI European Secretariat*

CITIES AS CATALYSTS

Johannes Hahn, *Commissioner, DG REGIO, European Commission*

Madeleine Mahovsky (Moderator), *Deputy Head of Unit, DG REGIO, European Commission*

URBAN AREAS AT THE FOREFRONT OF ENERGY TRANSFORMATION

Fernanda Riedlinger de Magalhaes (Moderator), *Senior Urban Specialist, Inter-American Development Bank*

Bernardus Djonoputro, *President, Indonesian Association of Urban & Regional Planners*

Alex Kainer, *Principal, Roland Berger Strategy Consultancy*

Rudolf Lichtmannegger, *Head of Department, Austrian Chamber of Commerce*

Key Takeaways

EU Commissioner for Urban and Regional Policy, Johannes Hahn, delivering Salzburg Global’s annual Jacques Delors Lecture on the Future of the European Union, highlighted the EU’s robust commitment to urban policy and cities’ valuable role as “anchors” for their regions.

An integrated approach to territorial development can help avoid mass migration to often-overburdened capital cities and enable those in more isolated rural areas to still access vital services. With so many different actors (local governments, transport and utilities providers, social and private home owners in cities,

commuters in surrounding areas), only coordinated cross-sectoral planning can ensure streamlining of approaches, efficiency in processes, and sustainability.

As 75% of Europeans live in cities, sustainability of urban living is a key concern of the EU. Challenges identified included:

- How do we deal with greater decentralization of power sources as homeowners adopt green solutions such as solar panels?
- How do we justify the expense of continuing to provide services to a dwindling rural population?
- With a more mobile population across Europe, how do we ensure that wealthier parts of our cities don't become ghost towns as the rich move from house to house across the continent?
- How can cities face the dual challenge of rising populations and rising climate risks?

Europe is far from alone in facing these urban problems. Case studies focused on Jakarta, Indonesia and on URBELAC – Urban European and Latin American and Caribbean Cities project – which seeks to promote inter-city collaboration to identify the most innovative integrated urban strategies.

Session Six

TOOLS, TRACKING AND OUTCOMES

Rudiger Ahrend (Moderator), *Head of Regional Economics and Governance Unit, OECD*

Christian Hartmann, *Head of Research Group, Joanneum Research*

Gabriela Fesus, *Assistant to Director-General, DG REGIO*

Emilia Paiva, *Vice-President & Director, Minas Gerais Government, Brazil*

To turn results-orientation into reality for greater economic and social impact and cohesion, project leaders must:

- Set the right framework conditions;
- Have clear objectives
- Make systematic use of “realistic, achievable and relevant” progress indicators so that success can be measurable across projects and regions
- Make a clear distinction between monitoring and evaluation with various milestones set from the start.

However, whilst indicators are vital for success, they should also keep in mind that indicators may have unintended negative impacts by diverting attention from elsewhere.

Participants looked beyond the EU to the case study of Minas Gerais in Brazil – a state the size of France. It has more municipalities (853) than any other Brazilian state, a population of 20 million people and huge disparities in economic growth. Minas Gerais' cohesion strategy has turned around one of the worst fiscal situations in Brazil and provides an outstanding example of how implementing results-driven and priority-focused management can deliver.

CONCLUSIONS AND NEXT STEPS

The program provided an exceptional international opportunity for regional development specialists, governments, industry and social innovators to share evidence and insights on how strategic, measurable, results-orientated cohesion policies can boost smart, sustainable and inclusive growth.

Success stories and lessons learnt spanned local, regional and transboundary levels - showing how the EU's pioneering policies can help other regions across the world and how third countries can share and support new initiatives and approaches within Europe.

Salzburg Global Seminar and DG Regio look forward to future collaboration during the course of the EU Cohesion Policy 2014-2020 and to catalyzing inter-regional innovation to tackle inequality and advance regional cohesion and the sustainable urban agenda.

FELLOW COMMENTS

“The most important outcome is that we can improve the way of implementation by having a different approach about what we do. We have to start thinking about how to do instead of what to do...It is a great challenge, but I know that if in Ireland was possible then it will be in Romania too.” – Fellow from Romania

“I was impressed from the variety of development cases analyzed both in EU and third countries, and therefore the need of a more flexible approach to policy-making.” – Fellow from Portugal

“I have a better understanding of the impact of urbanization... [My key takeaways were] a good intersubjective perspective on the major relevant developments in the world; some useful experience to cope with the challenges arising from that; and a good and valuable network.” – Fellow from the Netherlands

“[My participation impacted] my international perspective on inclusion and what this means in the UK context... I made many new contacts – some as potential clients, some as potential partners, some as professional peers.” – Fellow from the UK

“Panels were definitely fruitful for us in terms of both having a deeper knowledge about the cohesion policy of Europe and regional development cases from different parts of the world.” – Fellow from Turkey

“Salzburg Global Seminar provided a platform to meet and interact with European leaders. As a young professional from South Korea, it is extremely difficult to interact with and learn from European leaders. I think SGS’s biggest strength lies in its ability to bring such a diverse and influential group of people. It was a great honor to be a part of it.” – Fellow from Korea

“The broad range of participant countries allowed a wide and rich tapestry of conversation concerning the European Union and other nations. I am very interested in the human story as well as the political side of the conversation. There is no substitute for a face-to-face conversation. I have come to listen, there are ‘voices’ to be heard that are not often in conversations in the US.” – Fellow from USA

“I believe in the power of your institution to expand and deepen the focus on the realities of other parts of the world from the quality of its technical team and partnerships with other institutions.” – Fellow from Mexico



For more information on Salzburg Global Seminar and its programs:

Please see our website: www.salzburgglobal.org

Or email **Clare Shine**, Vice President and Chief Program Officer: cshine@salzburgglobal.org