



Place-based innovation for sustainability

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The unequal impact of global crises

- Global crises have very differentiated territorial local impact
- The three recent global crises illustrate this in different ways:
 - The global financial crisis generated not only a banking crisis but in Europe also a Eurozone crisis exacerbating existing social and economic disparities within the EU.
 - The global health crisis (COVID-19) represents not just a pandemic but a “syndemic”: a new virus interacting with other non-communicable diseases clustering health outcomes in a very differentiated way.
 - The global climate crisis has a very differentiated local impact based on an array of physical, economic and social conditions.
- Urgent need for a reassessment of the role of regional/local policies

Why regional policies? Lessons from COVID-19?

- Both the health and climate crises have been characterized by strong local/regional clusters of “infection”.
- When confronted with crises, it is regional knowledge and governance power that matter. E.g. Germany's relative success in dealing with COVID-19 has a lot to do with the decentralized nature of the German health care system, enabling individual Länder/regions to respond to the crisis on the basis of more local knowledge in a more effective way.
- The European Green Deal will require in its implementation local knowledge, innovation and mitigation skills of local entrepreneurs and regional/local authorities. They have better knowledge on the local situation and are in a better situation to make decisions locally.
- At the same time, global (financial) markets are now also shifting in the direction of sustainability putting political pressure on introducing global/national taxation regimes reflecting sustainability. The EGD drive combining Resources-Regulation-Reforms for a common objective creates many knowledge spill-overs and network externalities for regional actors in the EU.
- This provides a new framework for innovation at regional/local level, in short for S4+.

How? Avoiding local climate lockdowns

- In line with the S3 notion, there are numerous ways in which place-based innovation for sustainability could be filled in at regional/local level.
 - A more **local mission strategy** mobilizing citizens as actors: “from yellow to green jackets”. Cities as the invisible atoms of the EU witnessing changes on a daily basis.
 - A broader **transition strategy** depending on the region’s current industrial system focusing on transformative change towards sustainability.
 - An entrepreneurial **diffusion strategy** (re-)attracting external talent, knowledge and leading firms with green-digital expertise giving them local testbeds to develop circular economy processes/products. Such strategies will in parallel reinforce the local innovation system and absorptive capacity.
 - A complementary **value chain strategy**, depending on the region’s geographical location focusing on connecting local firms with strategic European value chains in clean-tech, digital, circular, bioeconomy.