**Östersund, Sweden, 180301**

**EDP framework for a S3 strategy in Region Jämtland Härjedalen**

Milestones and key activities/findings in our S3 process:

* Background and the Northern Review (2017), The State of Innovations in Sweden and its Regions, Ylinenpää. New insights and methods to empirical support the EDP policy process, with suggestion of interventions and support directly to the entrepreneurs.
* OECD (2017), OECD Territorial Reviews: Northern Sparsely Populated Areas, OECD Publishing, and its suggestions for the S3 strategy
* The Regional Innovation strategy (RIS, 2014) and Innovation programme (RIP, 2016), Noaksson et al, and its implications for the S3 strategy

**Background and the Northern Review (2017), The State of Innovations in Sweden and its Regions, Ylinenpää. New insights and methods to empirical support the EDP policy process and direct interventions to the entrepreneurs.**

The Region of Jämtland Härjedalen is characterized as a county where small and medium-sized companies traditionally have had an important role in the regional economy, fostering a more entrepreneurially oriented regional culture (Ylinenpää, 2017). However, the Swedish tradition of honouring only radical innovations, measured as innovativeness through patent data, imply a disadvantageous position for regions and companies located outside large metropolitan areas due to the fact that patent data disregards incremental innovations “new to the region” or “new to the firm” which are powerful routes to a more dynamic development path, especially for peripheral regions (Ylinenpää 2017). Ylinenpää (2017) points at the potential of using the Data Envelopment Analysis (DEA) and the Malmquist productivity index as tools for measuring these regional technological innovations which has received great attention by regional policymakers recently in Sweden. These new insights, together with the recently published OECD-report on the Northern Sparsely Populated Areas, and the positive implementation of our regional innovation strategy (RIS) and innovation programme (RIP) now puts the Region of Jämtland Härjedalen in a sincere and unique position to develop a true EDP concept of an entrepreneurial regional innovation system (ERIS, Cooke & Leydesdorff, 2004) with a regional S3 strategy pointing out our regions comparative advantages and sectors of highest potential to develop. In Magdeburg, we seek for co-creation and joint action to build critical mass and knowledge in this new area of research and development (DEA/ERIS), as well as an open and trustful discussion of incentives, interventions and activities to implement this new knowledge into concrete action with our entrepreneurs.

**OECD (2017), OECD Territorial Reviews: Northern Sparsely Populated Areas, OECD Publishing, and its suggestions for the S3 strategy**

**There are four aspects in the OECD Territorial Review for the NSPA area**, that could work as common denominators and a mutual starting point for learning and reform of applied growth policy for the NSPA regions. This analysis is valid and common for the EFNS-regions.

The OECD analysis describes the regions of northern europe in an international context and gives a background for comparisons with main-stream regions. The report provides motives and encouragement to tailor policy responses to address identified common challenges.

A sound response to the OECD report for the NSPA-area is to show that the northern regions have made their homework, learned the lesson and that there is a readiness and willingness to invest in mechanisms circumventing and overcoming the effects induced by permanent handicaps known to the northern regions, the OECD, and the EU.

Based on new insights on how the northern regions are different from regions in continental Europe, tailored policy suggestions are designed to reduce the impact described in the OECD report. This leads to a new and growing momentum in the NSPA cooperation and resolve to make investments in close cooperation with the national level and the EU level.

Tailoring new approaches to applied policy, designed for sparsely populated areas, means a considerable leap in competence provision, digitalisation, service delivery and in the longer perspective a more effective and resource efficient society.

An applied arctic policy for investment and growth supports both cohesion and growth, due to an attractive combination of factors that can be activated by mechanisms and methods at hand by an extended and integrated effort supported by EU resources and EU framework.

1) Applied Growth Policy has to work with value creation and commercialisation as defined by both entrepreneurs and universities/institutes. In comparison with continental Europe, Innovation in the NSPA is driven by entrepreneurs to a larger extent, and in many areas exclusively by entrepreneurs. It is neither effective, nor successful to limit public intervention to regional innovation systems designed and proven in large labour markets where innovation is supported by massive investment in publicly funded RnD. National growth policy focuses strongly on University/Institutionally driven and research based innovation. Since investment in universities and institutes are relatively modest in the NSPA-area, in comparison with other NUTS II & III-areas, a full contribution to economic development and employment must allow for a S3 context supporting incremental company based RnD and value chains.

2) Micro LLMs (Low density Labour Markets) is the working environment for all employers in the NSPA. Sparsely inhabited, and characterised by long distances. The inevitable consequence are radically different prerequisites of competence provision in the NSPA areas.

3) Lagging productivity development in the industry threatens virtually all sectors and employers. One characteristic of the region is that commercial capital avoids risks associated with low density economies. All sectors and companies are in need of risk mitigating instrument, in order to accomplish a level competitiveness which is comparable to competitors located in growth-pots and hot-spots.

Conclusion: Instigate tailored financial instruments in line with needs supported by EIB-EIF/EFSI competence and resources.

4) OECD clearly points at the strong dependence in the NSPA area on natural resources and more specifically, the extraction of natural resources supported by short value chains. This dependence identifies job opportunities for men and correspondingly, the public sector dominance as an employer for women. This puts a stigma on the small labour market in the NSPA area, alienating large groups who for some reason does not identify with job opportunities at hand. Notwithstanding the importance of natural resources as the backbone of NSPA economy, one evident priority has to be investments a long term and substantial transformation of industry into service-based sectors endorsing digitalization through smart specialisation, stimulation of heterogeneous environments emphasizing new groups, and women in particular, into a broader and more diverse labour market. This long term effort will gradually enhance the attraction of the region for the younger generation.

**The Regional Innovation strategy (RIS, 2014) and Innovation programme (RIP, 2016), Noaksson et al, and its implications for the S3 strategy (bolded focus areas below are prioritised now)**

**Overall objectives (RIS): (1) Smart specialisation on our terms**, (2) Boost the external view of what makes us unique, (3) Effective use of external resources

**Main focus areas (RIP): (1) Support for innovators**, (2) **Creative meetings**, (3) Creative bureaucrats, (4) Developing talents, (5) The things about Jämtland Härjedalen, (6) Borderless neighbours, (7) **Circular economy as a driver for development**

Strong sectors are tourism, small scale manufacturing, cultural & creative industries, business supporting services & accounting.

The regional innovation programme wants to inspire more creative people to create benefit for others. Public resources cannot cover all the needs that are awaiting a solution and the same applies in business, civil society and academia. Here, Region Jämtland Härjedalen is a facilitator, one that wants to use the innovation programme to inspire co-creation. The Region will take a lead by creating the right conditions for regular, dialogue-based meeting places throughout the region, at which citizen-run progress groups tackle these activities. The hope is that the Region can contribute funding and a range of supporting measures, but we will only succeed if we work together and are smart in the use of our current resources.

One “Flagship-initiative” has successfully been launched for implementation of RIP together with Norway to start to explore our best “facilitating role” – [www.smice.nu](http://www.smice.nu). This initiative focus on areas (1, 2, & 7 in RIP with a bench learning partner in http://www.sustainablecleveland.org/)

We will at the Magdeburg EDP-summit specifically focus how to explore our true comparative advantages (Simpler analysis/Bisnode), point public incentives and support towards these strengths and implement continues activities and co-creational processes, directly to our entrepreneurs/SMEs (ERIS/DEA-model/the Malmquist productivity index, Ylinenpää), in favor for heavy, traditional R&D-investments and support towards our institutional local/regional university.

References:

* The Northern Review (2017), The State of Innovations in Sweden and its Regions, Ylinenpää, (http://journals.sfu.ca/nr/index.php/nr/article/view/661)
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* The Regional Innovation strategy (RIS, 2014), Noaksson et al. (http://www.regionjamtland.se/innovation/wp-content/uploads/2015/11/RIS\_ny-layout-dec-2015-eng.pdf)
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