Resituating the Local in Cohesion and Territorial Development

Case Study Report
The Establishment of the Alexander Innovation Zone in the Metropolitan Area of Thessaloniki
Greece

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<thead>
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<th>Description</th>
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<tbody>
<tr>
<td>AIZ</td>
<td>Alexander Innovation Zone</td>
</tr>
<tr>
<td>CSR</td>
<td>Case Study Report</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EFRD</td>
<td>European Fund for Regional Development</td>
</tr>
<tr>
<td>EGTC</td>
<td>European Grouping of Territorial Cooperation</td>
</tr>
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<td>ESF</td>
<td>European Social Fund</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>LAU</td>
<td>Local Administrative Unit</td>
</tr>
<tr>
<td>MD</td>
<td>Minister's Decree</td>
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<tr>
<td>NUTS</td>
<td>Nomenclature of Territorial Units for Statistics</td>
</tr>
<tr>
<td>PPC</td>
<td>Public Power Corporation</td>
</tr>
<tr>
<td>RAM</td>
<td>Regional Association of Municipalities</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RDP</td>
<td>Regional Development Plan</td>
</tr>
<tr>
<td>RIS</td>
<td>Regional Innovation Strategy</td>
</tr>
<tr>
<td>ROP</td>
<td>Regional Operational Programme</td>
</tr>
<tr>
<td>RTDI</td>
<td>Research, Technology Development &amp; Innovation</td>
</tr>
<tr>
<td>SDP</td>
<td>Special Development Programme</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium-Sized Enterprises</td>
</tr>
<tr>
<td>RIS</td>
<td>Regional Innovation Framework Strategy</td>
</tr>
<tr>
<td>ROP</td>
<td>Regional Operational Programme</td>
</tr>
<tr>
<td>GSRT</td>
<td>General Secretariat for Research and Technology</td>
</tr>
<tr>
<td>CERTH</td>
<td>Centre for Research and Technological Development Hellas</td>
</tr>
<tr>
<td>AUT</td>
<td>Aristotle University of Thessaloniki</td>
</tr>
<tr>
<td>AING</td>
<td>Association of Industries of Northern Greece</td>
</tr>
<tr>
<td>EANG</td>
<td>Exporters' Association of Northern Greece</td>
</tr>
<tr>
<td>Thess-</td>
<td>Thessaloniki International Technology Center</td>
</tr>
<tr>
<td>SEPVE</td>
<td>Association of Information Technology Companies of Northern Greece</td>
</tr>
</tbody>
</table>
Executive Summary

Background

This Greek Case Study Report addresses the Alexander Innovation Zone (AIZ), of the Metropolitan Area of Thessaloniki, in Greece. AIZ's is aiming to support and coordinate local innovation ecosystem, which includes the stakeholders of Thessaloniki, the research institutions and the dynamic enterprises. The company is supervised by the Minister of Interior. Based on the RELOCAL rationale, this case study represents an action to deliver and improve spatial justice. The report attempts to shed some light to the research question: "What are the institutional structures and functioning of territorial governances’ arrangements fighting spatial injustice?"

Findings

AIZ is a classical "top down" case, which in practice has been detrimental to policy efficiency, and has led to serious bureaucratic obstacles. The final outputs showed that the central level failed to acquire the 'ownership' of the initiative or put it high on the agenda of its priorities. The strengthening of autonomy at local level, on the other hand, was considered an important prerequisite for dealing with spatial injustice. This strengthening, however, is in contradiction with the current political system's arrangement, as it requires a mature framework of democracy, which at first, does not seem to exist. For others, the crucial is not whether policies are designed 'top-down' or 'bottom-up', but whether there is clarity in vision and roles, consistency in policy choices and speediness in decisions. This means that the two approaches can coexist. Ultimately, the inequality of opportunities that they always have geographic dimension, lies in the core of spatial injustice. A serious issue raised in this debate was whether inequalities in opportunities are the cause or the outcome of territorial injustice. A distributive strategy may sound attractive to the lagging behind regions, but in practice it does not bring real spatial balance as it does not trigger endogenous local mechanisms. On the other hand, experience has shown that a completely neo-liberal approach that does not involve redistributive mechanisms could lead to an exacerbation of regional inequalities.

Outlook

The mix of 'distributive justice', 'procedural justice' and autonomy depends on the nature of the local issue, which should be tackled at the local level. In any case, the answers to this question cannot be either simplistic or horizontal 'one size fits all, particularly in implementing the EU Cohesion Policy at local level. In other words, distributive policy, if treated as a 'resource conveyor belt' from the developed to less developed regions, will not accomplish spatial justice if it fails to mobilize endogenous dynamics. On the other hand, more autonomy combined with addressing bureaucracy if it works appropriately, ensures equal opportunities for all regardless of the geographic location. In addition, it is considered that the required tools, competences and responsibilities are provided at the local level to develop its own strategy. This means that each area will be able to focus on its own comparative advantages through a 'positive sum game' approach that will not work at the expense of others.
1. Introduction

This Case Study Report addresses the Alexander Innovation Zone (AIZ), found in the Metropolitan Area of Thessaloniki, in Greece. Alexander Innovation Zone S.A. is the managing body that has undertaken to organize and promote the Thessaloniki Innovation Zone. A.I.Z’s role is to empower and promote the innovation. A.I.Z. supports the organized innovation ecosystem which includes stakeholders of Thessaloniki and other organisations. The company was established under the Law 3489/2006 and is now supervised by the Minister of Interior pursuant to Law 4180/2013 on “substituting and supplementing provisions on the Thessaloniki Innovation Zone and other provisions”. Among others, AIZ attempts to promote the area of Thessaloniki as an Innovation-Friendly Destination, in order to facilitate international knowledge development partnerships and attract investments that will create high-value jobs and skills.

Based on the RELOCAL rationale, this case study represents an action to deliver and or improve spatial justice. A.I.Z.’s vision is to suspend migration of the best scientists and if possible to reverse the brain drain trends, this can be done: (a) by generating the conditions for the young people, which will allow them “to create in their home country”, and (b) by investing in them, hoping they do not leave en masse, staffing innovative businesses in Europe and USA. One of the main objectives is to attract investment and startups by focusing on knowledge and advanced technologies, that can give new impetus to the local and regional economy. Based on the above, the case of A.I.Z. is expected to provide answers to the research question: “What are the institutional structures and functioning of territorial governances arrangements fighting spatial injustice?”

Based on international experience, an Innovation Zone is an area reserved for the establishment of innovative businesses and research entities engaging in rapidly-developing innovative activities, relying mainly on synergies, thus contributing to the economic development of the wider region. Its aim is to attract direct foreign investment and house economic activities which, due to their focus on knowledge and cutting-edge
technologies, are able to provide the country’s economy with a new boost and orientation. Throughout the world, **Innovation Zones function as magnets for large and small enterprises**, or for the research and development departments of large enterprises, which – in order to succeed – require collaborations, highly skilled administrative and scientific staff, as well as a supportive financial and tax environment. The main argument behind the establishment of the AIZ, was that in Thessaloniki there is an extensive academic and research community that can aid – through synergies and staff – the operation of research and development departments of medium and large enterprises or spin-off companies. Moreover, it is argued that Thessaloniki, due to its geographic position and geopolitical significance, can become the first, most important and the most recognisable innovation hub in Southeast Europe. AIZ stands a a state (top-down) initiative aimed at bringing together innovation-oriented companies with research institutions in geographically defined areas (innovation enclaves) in Thessaloniki.
2. Methodological Reflection

This case study was elaborated following the general principles of the RELOCAL case study guidelines. The conducted interviews allowed for the possibility to know the opinions of different actors involved in the implementation of the action. The interviews have been conducted following a questionnaire based on the questions of the case study guidelines.

In Greece the term that predominantly defines the spatial injustice is “inequalities”. This term was mainly used when translating the questions of the interview and during the interviews. Access to stakeholders of the action in general was easy. All in all, 20 formal interviews were conducted with representatives of stakeholders, mainly face-to-face, employing a snowballing sampling technique. Empirical findings have been based on interviews, focus groups, informal talks, and observations.

The questionnaire has been adapted according to the stakeholders’ role. More specifically, during the interviews, terminology used was adapted to the different profile of each stakeholder trying to make understandable the spatial (in)-justice term.

The field research took place from the period of 01/07/2018 till 28/12/2018. The role of the European cohesion policies were especially assessed in managing the regional inequalities. The way that these inequalities are perceived is also being analyzed as well as the degree of understanding the regional problem and its management through the implementation of the Alexander Innovation Zone.
3. The Locality

3.1 Territorial Context and Characteristics of the Locality

The Region of Central Macedonia (RCM), one of the thirteen regions of Greece, is situated in Northern Greece, in the South – Eastern part of Europe. It has a population of 1.874,590 inhabitants, representing 17% of the country population and 17% of the GDP (National Statistics Service, 2011 census) covering a total land area of 18.811 km². It includes seven Regional Units (former Prefectures): Chalkidiki (2,918 km²), Imathia (1,701 km²), Kilkis (1,581 km²), Pella (2,506 km²), Pieria (1,516 km²), Serres (3,968 km²) and Thessaloniki (3,683 km²) which are further sub-divided into 38 municipalities. Its capital, Thessaloniki, is the second largest city in Greece in terms of population. At the Regional Unit level, the 57% of the Region's population lived in the Prefecture of Thessaloniki. The Region went through a period of rapid industrial and economic growth that shaped today’s urban network dominated by the Greater Thessaloniki Area and complemented by smaller urban centers.

<table>
<thead>
<tr>
<th>Name of Case Study Area</th>
<th>Alexander Innovation Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>3.683 km²</td>
</tr>
<tr>
<td>Total population (2016)</td>
<td>1.105.563</td>
</tr>
<tr>
<td>Population density (2016)</td>
<td>300.2/km²</td>
</tr>
<tr>
<td>Level of development in relation to wider socio-economic context</td>
<td>Disadvantaged within a wider underdeveloped county (GREECE) under economic crisis</td>
</tr>
<tr>
<td>• Disadvantaged within a developed region/city?</td>
<td>• Disadvantaged within a wider underdeveloped county (GREECE) under economic crisis</td>
</tr>
<tr>
<td>• Disadvantaged within a wider underdeveloped region/city?</td>
<td>Disadvantaged within a wider underdeveloped county (GREECE) under economic crisis</td>
</tr>
<tr>
<td>Type of the region (NUTS3-Eurostat)</td>
<td>Predominantly urban</td>
</tr>
<tr>
<td>• Predominantly urban?</td>
<td>• Predominantly urban?</td>
</tr>
<tr>
<td>• Intermediate?</td>
<td>• Intermediate?</td>
</tr>
<tr>
<td>Predominantly rural?</td>
<td>Predominantly rural?</td>
</tr>
<tr>
<td>Name and Identification Code of the NUTS-3 area, in which the locality is situated (NUTS 3 Code(s) as of 2013)</td>
<td>Region EL522 (NUTS3)-Metropolitan Area</td>
</tr>
<tr>
<td>Name and Identification Code of the NUTS-2 area, in which the locality is situated (NUTS 2 Code(s) as of 2013)</td>
<td>EL52, Central Macedonia</td>
</tr>
</tbody>
</table>

Table 1: Basic socio-economic characteristics of the area
(Source: own elaboration based on data from ELSTAT)

The Region of Central Macedonia is a traditional gateway for trade between Greece, the Balkans and south-eastern Europe. Between mid-90s and 2008, the time of onset of the current economic crisis, the region experienced high economic growth rates. Despite this fact, unemployment rates remained relatively high compared to the EU and the national average. With regards to the economic activity, the primary sector, despite its decline, remains quite significant for the local economy, with high productivity above the
national average. It is important to note the high proportion of arable and irrigated areas, the above national average production of cereals, industrial and aromatic plants, the improved structure of agricultural holdings compared to the national average and the relatively high degree of mechanisation and organisation of animal farming. Nevertheless, the primary sector remains vulnerable because of its dependence on agricultural subsidies and the replacement of products by imports.

The secondary (manufacturing) sector remains highly specialized in certain medium to low technology and labour-intensive sectors. It accounts for a significant part of regional employment and thus it is a factor of social cohesion and the key component of economic activity due to the intense and interactive relationship with other productive activities in all three sectors of the economy. However recent negative trends in investment have been noted, accompanied by relatively lower labour productivity and growth. The rates of setting up new and modern manufacturing enterprises remain low and far from internationally competitive manufacturing standards. The difficulties in attracting Foreign Direct Investments are indicative of the fact.

The Region of Central Macedonia is considered to be a “European paradox”, due to the fact that while there is a high level of research activity and knowledge production by a number of entities and initiatives, the performance of RCM in the field of innovation remains low (Georgiou et. al. 2012). In RCM a relatively small proportion (12%) of firms operate in industries characterized by the OECD as medium-intensive technology. RCM and its capital Thessaloniki appear as "consumer" rather than "producer" of innovation.

The Region is characterized as being of "moderate - low level" of innovation, despite the fact that within its geographical boundaries there is quite a good level of public funding for research (Regional Innovation Scoreboard-RIS, 2009). RCM shows a limited performance in the field of innovation, despite the existence of a high concentration of components of a successful local / regional innovation system, such as research centers, universities, business incubators, active business associations and chambers, dynamic and extroverted companies. This reality reinforces and substantiates the meaning of "paradox" mentioned above. However, while the overall innovation performance of RCM is very low at the EU level, the Region ranks among the top three regions in Greece in terms of innovative performance. Athens and Thessaloniki maintain their top positions because of the ongoing presence of industry and technology-intensive services within their geographical boundaries (Georgiou et. al. 2012).
3.2 The Locality with regards to Dimensions 1 & 2

Analytical Dimension 1: Perception of spatial (in-)justice within the locality

The issue of spatial injustice has an economic, social, cultural and philosophical dimension. In any case, this issue has to do with inequality in opportunities for entrepreneurship, work, education, social services and quality of life in the broad sense (Int.#6). After a certain point, various accumulation mechanisms are activated, such as urban economies, economies of scales, research and technology specialization, tied with a particular geographic setting. These factors diverge in practice the opportunities that some places offer in relation to others (Int.#1, Int.#3, Int.#6).

Based on the interviews’ results, we can conclude that spatial justice can be perceived, traced and assessed in geographical, social, environmental and financial terms. The most distinctive dimension of inequalities however is “geography”. Access to the sea or to large urban centers and agglomerations, the geographical coordinates and distance, the boundaries, borders and neighboring setting and even the geomorphology, are important geographical variables which create different starting points and “initial conditions” for people. Moreover, spatial justice concerns the quality of public services, administrative arrangements, infrastructure, the level of poverty, social exclusion or criminality. From the economic point of view, the weak productive base, low level of R&D and the lack of innovation culture, create conditions of low competitiveness that exacerbate inequalities. All these factors shape the framework of (in-)equalities in opportunities for wealth and personal development.

It has been noted by some interviewees that spatial injustice is the outcome of a ‘power game’ where several centers struggle to control others (Int.#13). As a result, regional policies lack essential content and are unable to cure injustice. The development outcomes are also scarce because structural funds are not being used efficiently as often the priority is given to absorption rather than the actual solution of a problem (Int.#15). Moreover, most policies are characterized by an ‘one size fits all’ approach (Int.#15).

Another interpretation of the inequalities is that the peripheral location of a place in relation to the center, results in introversion and leads to the failure of following global developments (Int.#15). For example, ‘how many farmers in Greece know that production per acre is three times higher in the Netherlands?’ (Int.#15). In addition, not only the next elections but even each minister’s priorities strongly influence the content of policy making. Within this frame the communicative needs are often proved more significant than the needs of substantive policy (Int.#15).

Many times inequalities are hidden and linked to the dominant social model. For example, the choice of benefit policies for people with disabilities versus the choice of establishing serious structures and infrastructures to serve this population, exacerbates inequalities (Int.#11). More specifically, in degraded areas, if regional policy does not intervene drastically by investing in infrastructure and education, the situation will further deteriorate, resulting in both spatial and institutional inequalities (Int.#11).
Intra-regional differences of economic growth in particular, can be usually evaluated in terms of per capita income. However, there is almost universal agreement that GDP alone is an imperfect measure for growth and prosperity.\(^1\) This methodology is characterized as one-dimensional since critical variables such as the European indicator for research and development, the investments in education and in general indicators that reflect better the reality in which the citizens off the region live are not included.

In the Region of Central Macedonia, the social and economic transformations after the liberation in 1912 were shocking. The arrival of thousands of refugees after the 1928 Asia Minor catastrophe brought impressive productivity growth in the primary and secondary sectors. From the post-war period to the late 1980s, micro-crafts and industry have also impressively grown. It should be noted, however, that the closure of Greece to its northern border due to cold war and the obsessions that accompanied it did not contribute to the exploitation of the geographic comparative advantages of Thessaloniki (Int.#8). Most interviewees agree, that following the opening of the northern border since the early 1990s, to date, that the city of Thessaloniki lost many opportunities to become a metropolitan center in the Balkans. The predominant feeling is that there has never been a coherent regional policy plan to boost the leading role of Thessaloniki. As a result, the advantage is gradually turning into a handicap, especially during the time of the crisis (Int.#8).

The Egnatia highway, a road crossing horizontally Northern Greece with length of 67 km (along mountainous adverse sections) crosses five regions, has generated a strong impact in terms of territorial cohesion. As a consequence of the reduction in travel time and costs, relationships among the remotest urban centers and the most dynamic and developed ones have been increased. Although the theory argues that large urban centers are the ones gaining from the construction of high road axes, empirical findings show that many areas outside of Thessaloniki benefited from improving their accessibility due to the construction of the Egnatia Motorway (Int.#11). At the intra-regional level of Central Macedonia, the sovereignty of Thessaloniki over other regional units and cities is indisputable (Int.#9, Int.#6, Int.#3). In other areas outside of Thessaloniki, the situation is not uniform. There are areas relatively isolated such as Pella and areas along major roads such as Kate-rini (PATHE) and Kavala (Egnatia). There are also variations with geographical characteristics (mountainous / lowlands) and productive characteristics (i.e. Imathia-peaches, Almopia-cherries, Drama-marbles). This diversity reflects to a certain extent not only productive models but also diversified cultures and behaviors that characterize the peculiarities of each region (Int.#3). From a functional point of view, one can find a strong pole, the wider area of Thessaloniki, that includes a large part of Chalkidiki, Kilkis and the surrounding areas, which causes very high flows of movements and interdependencies. It is important to note that this type of urban sprawl, which now includes a wider area, is not administratively expressed and represented (1).

Obviously, territorial inequalities between urban and rural space strongly influence living conditions. Inhabitants of the mountain settlements for instance, do not have sufficient access to important health, education, administration and entertainment ser-

\(^{1}\) As the Financial Times put it, "GDP may be anachronistic and misleading. It may fail entirely to capture the complex trade-offs between present and future, work and leisure, 'good' growth and 'bad' growth. Its great virtue, however, remains that it is a single, concrete number. For the time being, we may be stuck with it."
vices. This becomes more obvious in municipalities that do not have an urban center. The impression in general is that the inequalities between urban and rural areas have become worse. Rural areas are characterized by aging population, problematic access to education and health services and the low level of infrastructure.

A trend of urbanization of rural areas was also recorded before the crisis. After the crisis, this trend has changed as the pursuit of lower living costs increased commuting from the city to the countryside, especially when the distance from Thessaloniki is small and is a place of origin of the commuters. (Int.#6). For example, a resident of Thessaloniki originated from Kilkis can cultivate his fields in Kilkis and live in the city center of Thessaloniki (Int.#11). Cumulatively, GDP per capita appears to be significantly higher at the Regional Unity in Thessaloniki compared to other Regional Unities. Significant inequalities are also found within the urban area (Int.#11). The predominant perception is that inequalities are not mitigated but further boosted in a multilevel dimension (Int.#1).

Those most affected by inequalities and spatial injustice are the unemployed who found themselves in social marginalization due to rapid economic and technological transformations. Furthermore, the young people who try to find a way out in other countries due to the economic crisis and the vulnerable social groups (people with disabilities, the elderly etc.). Finally, the small businesses that have failed to withstand due to the relentless competition and the lack of financial instruments within the crisis (Int.#11).

Analytical Dimension 2: Tools and policies for development and cohesion

Attempting to evaluate the general understanding of territorial development and related tools and policies, it seems that local and regional level formal and informal stakeholders have not managed to be collectively mobilized based on a common development vision. The formation of any common vision, manifestations or declarations though is temporary and doesn’t go beyond the needs of the election cycles. Within this framework, localism has dominated over time resulting in no major actions, lacking of critical size.

When asked whether the area’s regional problem was sufficiently understood and led to a common development vision, most of the responses were negative (Int.#9, Int.#11, Int.#7, Int.#2, Int.#1). At the level of communication, however, almost all politicians are mainly interested in demonstrating that they have a development vision for which they work. However, when interviewees were asked regarding the content of regional policies as such, beyond the declarations, they hardly identify a well-developed strategy in terms of applied policies to serve the aforementioned common vision (Int.#11, Int.#17).

In other words, the regional problem has not been sufficiently understood in the field of applied policies by policy-makers (Int.#9). Someone said, ’I have the feeling that the area of Thessaloniki does not know where it is going’ (Int.#7). Someone else argued that ’Thessaloniki’s vision resembles a firecracker that has never been seen as an operational plan’. In this context, operational planning at the regional and local level was addressed not as a policy tool but as a formal procedural obligation (Int.#1). In many cases the way of approaching and assessing the development/regional problem is "epidermal”. Usually the policy makers run behind the problems operating as firefighters. Additionally, there is resistance to change whereas the problems are addressed fragmentarily rather than holistically. Further, the academia has failed to creatively contribute to this debate in terms of forming a
common vision (Int.#1). The fact that there is no metropolitan governance at institutional level has led to the inability to exploit economies of scale and fragmentation of strategies within the same city (Int.#7).

The RIS3 innovation strategy at the level of at least one official text has made a certain degree of vision in the direction of innovation. However, the question remains whether this strategy has been understood and adopted by policy makers and whether it is feasible. The focus, for example, on the pillars of tourism and the harbor of Thessaloniki is indeed an important parameter. However, it was argued that this strategy is fragile. It looks like ‘the frog that slowly warms up in hot water’ or the situation ‘we put a lot of eggs in the same basket’ (Int.#2).

Entrepreneurship in the city of Thessaloniki experienced dramatic transformations at the times of crisis reminiscent of a war situation with one taking into account the extent of the disappearance of traditional sectors (Int.#17). It has also been shown that entrepreneurship was largely dependent on the state and unable to respond to the disappearance of traditional sectors (Int.#11). One even claimed that most businesses suffer from a ‘provincialism’ syndrome (Int.#7). The ability to attract significant investment has also proved to be limited in practice (Int.#11, Int.#3, Int.#7, Int.#9). On the other hand, however, tourism in the city seems to gain significant ground in recent years with a strong presence of Airbnb (Int.#9). In the same direction, another prospect that appears is in the entertainment industry as a ‘city-break’. Also promising seems to be the ‘creative industry’ sector (Int.#1).

Interconnection infrastructures with other countries, notably aviation, are considered to be very good (Int.#1). At the urban level, however, transport infrastructure is very low, while the ‘metro’ (underground) that has been built for many years has not yet been completed (Int.#7, Int.#9). The general feeling is that there is a continuing downward trend in infrastructure (Int.#11). The strategic location of Thessaloniki is included in the great advantages that the city has for its development perspective (Int.#1, Int.#11). However, further exploitation of the harbor and the railroad can further enhance Thessaloniki’s central position (Int.#9, Int.#7). Many problems are also identified in the area of public services (Int.#11). However, it is interesting that the level of these services is considered to be above the country average but well below the level of Athens (Int.#1, Int.#7). Human resources are well trained, which is gradually upgraded but not sufficiently exploited (Int.#1, Int.#9, Int.#7, Int.#11). With regard to demographic trends, the city seems to retain its population due to internal migration that continues to the detriment of the countryside. However, the aging of the population is becoming worrying (Int.#1, Int.#7, Int.#11).

Regarding to the level of living conditions, perceptions appear to be differentiated. Due to traffic congestion, environmental burden and crime, some of the interviewees believe that the living conditions are bad and degraded. (Int.#9, Int.#7) Others, however, consider them to be good due to geographical location and weather conditions (Int.#11, Int.#7, Int.#21). Furthermore, the dense building of the city allows for easy access to many services without the need for long journeys (Int.#1). Tourism and cultural capital has been increasing recently. It is worth noting that hotel beds have been constantly being built in recent years (Int.#1). However, this important sector still has much room for further sustainable exploitation to meet high standards (Int.#9, Int.#7). The identity of the city is rather vague with low scope, although it is included the European cities with relative visibil-
ity (Int.#1, Int.#7). On the other hand, however, the city diplomacy strategy pursued by the municipality over the last few years, taking advantage of the heavy historical heritage of Thessaloniki, changed to a certain extent the city's brand name (Int.#11, Int.#1).

Access to decision-making centers seems to be still significant. But the predominant feeling is that "the further away from Athens, the more difficult life is". Someone described Thessaloniki as 'the largest provincial city of Greece' (Int.#1), while someone else with a strong dose of irony said that 'if the plane of the first morning flying to Athens falls, the city will be left without local leadership' (Int.#9). On the other hand, however, the value of access to decision-making centers has been overstated by many as it is a matter of mentality. The local elite maintained this narrative because it largely covered its own weaknesses and inadequacies (Int.#11). Almost everyone agreed that the degree of capacity of politicians to develop a local and regional strategy agenda was important for the development perspective of the city (Int.#3, Int.#11, Int.#7, Int.#9). The Mayor of Thessaloniki, for example, gave a specific policy stance that was differentiated from a conservative agenda that had been dominant in the city for decades (Int.#1).

An important key player in the development of the city, apart from the region and the metropolitan municipalities, is the University, but it seems hesitant to take initiatives that will strengthen its foundations and connection with the local community (Int.#1, Int.#11). The Federation of Industries and the Exporters' Association of Northern Greece continue to be important players in the area of entrepreneurship despite the fact that they have lost significant ground in recent years (Int.#1). Chambers of business and commerce, seem to have failed to give a clear imprint on the development processes of the city (Int.#11). The IT companies that are concentrated most in the eastern part of the city have been able to build for a while an innovation branding with emphasis on software technologies. This dynamic, however, in the years of the crisis has diminished appreciably. Research centers such as CERTH for example and incubators such as OK! Thess, appear to play an important role in the city's innovation ecosystem (Int.#3).

The European Cohesion Policies implemented in Greece and the Thessaloniki region in particular do not seem to be as effective as in other EU countries. Projects are often carried out simply because there are respective programs and funding and not because these projects meet the real needs and priorities (Int.#3). In addition, many of these projects are 'carried' from other areas with completely different features and peculiarities (Int.#3).

Based on the experience of the interviewees, the main way of planning for each region was "one size fits all". The EC maintained a high degree of supervision, ignoring the many particularities of the regions. For instance, in the Strategies for Viable Urban Development, the European but also the national policies didn't take into consideration the particularities of the cities to which they are addressed, resulting in the logic of using "brought over projects" that were designed and implemented somewhere else. In other words, the way of implementation was a patented" one (Int.#9).

On the other hand, there is no doubt that the country and the region have solved its basic infrastructure problems through the funding of European cohesion policy, having a positive footprint. Undoubtedly, many infrastructures (e.g. roads, schools, nursery schools, biological waste treatment plants etc.) would not exist today without the European cohesion policies. (Int.#9, Int.#7, Int.#11). But when one goes in the areas of human resources, entrepreneurship and innovation, the results seem to be poor (Int.#7). The amount of re-
sources was not recorded as the most serious issue. On the contrary, it was stressed that
the direction of resources and how these resources were handled is crucial (Int.#1). Fur-
thermore, the impact of these policies was never measured and assessed.

In conclusion to this section and in an attempt to synthesize the interviewer's opinions, it is
clear that a new development model and a collaborative culture in planning is needed, fo-
cusing on the valorization of the comparative advantages, which integrates innovation and
enhance the creation of new jobs, the social cohesion and the environmental dimension of
the actions.
4. The Action

4.1 Basic Characteristics of the Action

Based on international experience, an Innovation Zone is an area reserved for the establishment of innovative businesses and research entities engaging in rapidly-developing innovative activities, relying mainly on synergies, thus contributing to the economic development of the wider region. Its aim is to attract direct foreign investment and house economic activities which, due to their focus on knowledge and cutting-edge technologies, are able to provide the country’s economy with a new boost and orientation. Throughout the world, Innovation Zones function as magnets for large and small enterprises, or for the research and development departments of large enterprises, which – in order to succeed – require collaborations, highly skilled administrative and scientific staff, as well as a supportive financial and tax environment.

The main argument behind the establishment of the AIZ, was that in Thessaloniki there is an extensive academic and research community that can aid – through synergies and staff – the operation of research and development departments of medium and large enterprises or spin-off companies. Moreover, it was argued that, due to its geographic position and geopolitical significance, Thessaloniki can become the first, most important and the most recognisable innovation hub in Southeast Europe. AIZ stands a a state (top-down) initiative aiming at bringing together innovation-oriented companies with research institutions in geographically defined areas (innovation enclaves) in Thessaloniki. Alexander Innovation Zone S.A is the managing body that has undertaken to organize and promote the Thessaloniki Innovation Zone (T.I.Z.). The company was established under Law 3489/2006 and is now supervised by the Minister of Interior pursuant to Law 4180/2013.

Some of the major steps taken by the company up until now are: (a) The T.I.Z. Strategic Development Plan was prepared. (b) The delimitation of the T.I.Z. was published and public land was conceded, covering a surface area of 6 hectares in the area of Thermi for the development of the Zone’s first Pocket of Innovation. (c) At the initiative of the A.I.Z. S.A., a Memorandum of Understanding was signed with the top 16 research and innovative entrepreneurship entities of Thessaloniki. The objective is to increase synergies and the added value of joint actions under the umbrella of the Innovation Zone. (d) It is currently in touch with investors, research organizations and individual researchers who have expressed a strong interest in the venture as a whole. (e) A favorable provision has been granted under the recent investment law, which provides 5% additional aid to investment plans implemented within the T.I.Z. (f) The first important soft action of A.I.Z. S.A. has been created and successfully implemented by Thessaloniki Smart Innohub, which is housing new business plans with the intention of turning them into start-up businesses. (www.thessinnozone.gr).

The goal of AIZ is not to produce innovation itself but to identify and help innovative ideas that fail to get into the death valley, transforming innovation into a commercial activity giving added value to the market (Int.#2, Int.#5). In other words, AIZ’s goal was to act as a ‘connecting platform’ among the academic, research and business web, which will give business added value to innovation (Int.#15). Some even argue that the AIZ should also have antennas and branches in all big cities of Northern Greece (Int.#14).
The final administration of the AIZ was to respond to these challenges through three pillars. (a) Emphasizing the extroversion and integration of Thessaloniki into the international map of innovation through the Thessaloniki friendly destination strategy. In this context, the Greek diaspora was briefed and an attempt was made to attract large corporations to transfer their R & D departments to the universities of Thessaloniki or to invest in existing companies. (b) Maturing of new business ideas and the support of scale up of more mature companies, through the structure of OKThess in cooperation with the Municipality of Thessaloniki and the Niarchos Foundation. (c) The creation of a digital innovation hub in agri-food in an area of 60 acres as a pilot for the future (Int.#15).

However, two basic prerequisites for the success of the project were the existence of a specific public land and the provision of incentives, which have not yet been finally resolved, contrary to what is happening in other parts of Europe (Int.#6). In other words, it should be a spatial intervention that should provide a clear answer to the question "where the AIZ is located?" (Int.#11). In practice, there have been so many delays, which have largely canceled the endeavor and vision. Someone paralleled the AIZ endeavor ‘with a child suffering from distraction’ (Int.#13). For example, the area of 60 acres granted in 2014, apart from being small, in practice was 40 acres as many buildings are unprofitable. Given that the construction works in this area has not started so far, some experts who have been following the project since its birth, have described it as a ‘big bubble’ (Int.#7). As a result, the high expectations of attracting large investments and the establishment of a robust innovation management mechanism, soon disputed (Int.#9).

4.2 The Action with regards to Dimensions 3-5

Analytical Dimension 3: Coordination and implementation of the action in the locality under consideration

Cooperative innovation platforms (linked today with AIZ), already existed in the city of Thessaloniki before the establishment of the AIZ such as the Technopolis, Association of Information Technology Companies of Northern Greece (SEPVE), KEPA, CERTH, Incubator i4g, International University and others. SEPVE, which began in 1994, was the first attempt to cooperate with IT companies. In 2000, 74 companies decided to set up the Technological Park 'TECHNOPOLIS' on an area of 100 acres in order to exploit synergies and economies of scale. In this context, the idea of creating the Alexandria Innovation Zone was first introduced (Int.#18).

In 2012, the Technology Forum (directly linked with AIZ) was established, another smaller scale collaborative platform among the computing companies of Northern Greece, which goes against the dominant notion that ‘the “we” does not work in Greece’. (20). The Technology Forum is held once per year. It started off from a 1-day event and is now weekly event, under the name Week-Thess (15). In other words, what the AIZ attempts to do at a large scale, the Technology Forum is already doing it at a lower scale (Int.#20).
The AIZ came under the control and supervision of the Ministry of Macedonia and Thrace, which was the most incompetent Ministry, with no relevant authority. The representatives of the entities that participated in the Board of Directors often had their own agendas and competitions. (Int.#19). The fact that the representatives of the bodies involved were persons with strong personality was both positive and negative (Int.#19). In particular, rivalries and rivalries have been between AIZ and CERTH, which perceives AIZ as a threat (Int.#14). Competitions have also been traced time to time with Technopolis regarding the innovation strategy and the role of each organization (Int.#19).

Another issue that has emerged recently, with conflicting views, is the idea of establishing in Thessaloniki an international technology center named ‘Thessaloniki International Technology Center’ (Thess-INTEC) in an area of 760 acres close to Thessaloniki Airport. The project refers to the creation of a fourth-generation Technology Park. The aim of this park, whose investment cost amounts to EUR 70 million in the first phase, is to attract high-level staff, while its contribution to halting brain drain can also be important, according to the Chairman of the Technology Park of Thessaloniki, businessman Efthimiadis, in an interview on 14-8-2018 (www.typosthes.gr). It is estimated that over ten years investment could reach 500 million, new jobs at 7,000, regional GDP growth of 2%, and state tax revenues to 180 million per year.

However, this very ambitious plan also has a particularly interesting counter-argument. Some believe that Thess-INTEC works competitively and not complementary to the AZA as it pursues the same goals on a larger scale (Int.#16, Int.#19). The project is also not considered realistic as it has a very high cost low probability of funding from charitable institutions without prior work infrastructure (Int.#16). At the same time, smaller similar infrastructure already built has empty buildings (Int.#19). Ultimately, if this enormous task could be implemented with private funds, nobody would have objected. The question arises whether significant public resources should be earmarked for this purpose (Int.#18).

On the other hand, OK!Thess, as a result of synergies between the AIZ, the Municipality of Thessaloniki and the Niarchos Foundation, has succeeded by offering space and a comprehensive program of technical support to groups of people with innovative ideas, helping them to develop a viable business model and to get in touch with the market as well as the creative business community of the city. Subsequently, two other private incubators were set up in Thessaloniki, the i4G and Thermi (Int.#15, Int.#18). This has shown that OK!Thess has included everyone who is able and willing to contribute to the development of innovation ecosystem in the city.
Some have argued that AIZ should create channels of communication across fragmented worlds by playing the role of 'facilitator'. But this requires appropriate marketing of this strategy and a strong management that will benchmark all this knowledge. However, when questions arise as to how to achieve the necessary synergy and through which mechanism and procedures, the answers given are not sufficient (Int.#18). In practice, what we have is scattered islands of innovation initiatives with no critical size and coordination with each other. What is needed is a development organization that will effectively coordinate all the city's initiatives 'without tightening them to keep them from choking' and operating outside the narrow rules of public accounting (Int.#2).

As the AIZ initiative is a classic top down public intervention, the player with the predominant role is primarily the Ministry of Interior, which is responsible for overseeing and financing the venture and secondarily the Ministry of Macedonia and Thrace, where AIZ is based (Int.#5). Of course, the President, who is formally elected by the 7-member board of directors of AIZ, is the person who gives his mark and significantly influences the course of the AIZ, depending on his abilities and personality (Int.#16). For example, important initiatives have been taken recently to kick-start ups, promote re-branding of the city with the slogan 'Thessaloniki friendly destination', and the 'matching business' initiative in cooperation with the US Embassy. (Int.#4). The above shows that some of the persons who served as chairmen of the AIZ gave a particular impetus to the project, proving that the leaders' personality ultimately plays an important role (Int.#5).

The other bodies represented in the Board of Directors of AIZ are the Region of Central Macedonia, the Centre for Research and Technological Development Hellas (CERTH), the Aristotle University of Thessaloniki (AUT), the Association of Industries of Northern Greece (AING) and the Exporters' Association of Northern Greece (EANG). It should be noted that the representatives of these bodies were important personalities, the gravity of which however, did not correspond to the effectiveness of the project, as they did not actively support it (Int.#19). Of course, the Board of Directors generally, with few exceptions, worked together harmoniously and developed a useful and extensive dialogue to better coordinate the innovation initiatives (Int.#15). However, some of these players have gradually become state-dependent mechanisms that manage resources that could be directed to those with immediate needs such as the unemployed, young scientists etc (Int.#8). Industrialists' representatives have in particular lost the ability to dominate with the same dynamics as the past (Int.#8). Other important stakeholders in the city's innovation ecosystem are the port of Thessaloniki, the International Exhibition of...
Thessaloniki and the Egnatia Organization. The University, in particular, should be a protagonist. However, it seems to be aged, giant and trapped in an endoscopy (Int.#7).

Interventions by non-institutional players in AIZ’s decision making were not officially recorded (Int.#1, Int.#15). However, the fact that AIZ operates under the public umbrella, gives room for external interventions that go beyond the local level (Int.#8). Besides, substantial interventions can be made with a telephone or communication that can be done outside the narrow limits of the institutional framework (Int.#1). But what society ultimately evaluates is the actions that are decided to be implemented (Int.#5).

Issues of lack of transparency, or serious problems of access to information were not identified (Int.#15, Int.#5, Int.#1). However, criticism focused on the long delays and the failure to achieve serious results has been made occasionally (Int.#2). In addition, there have been periodic procedures for information, consultation and accountability through press conferences, e-newsletters and special awareness efforts (Int.#5). Under the Statute, the target groups of AIZ’s actions may be the research and business community. However, in practice it seemed that the interconnection of research with business activity was problematic and the diffusion of research results deficient (Int.#1). Accumulated local knowledge have been utilized in research institutions without, however, being able to create a local epistemic community (Int.#1). In addition, the AIZ was largely alien to the local community as it did not manage to ‘get in the local players’ shoes” of needs (Int.#1).

Analytical Dimension 4: Autonomy, participation and engagement

The strengthening of autonomy at the local level was characterized by some as an important prerequisite for addressing spatial injustice, as the locally elected leader is accountable to the local scale in which he/she is elected (Int.#15). In addition, the concentration of power and resources in the center works to the detriment of efficiency. For example, the centralized management and control of European funds has led to stagnation and long delays in many thematic areas such as IT and innovation. As a result, many peripheral businesses find themselves in extremely unfavorable conditions of sustainability (Int.#13).

Autonomy is important. However, it suffers from the weakness of the current administrative arrangements and political setting (Int.#9). It has been noted that autonomy works positively when there is a mature framework for democracy. Otherwise autonomy looks like an empty box. In the Thessaloniki International Fair, for example, what the local stakeholders simply do is to play a mediating role by submitting their requests to the central government (Int.#8). In other words, this kind of ecosystems usually claims to have an important role in the development process, in practice however, they are not able to prove this role in practice. This is because of the negative stereotype of ‘the city under the capital city’ that exists in the perception of many in Thessaloniki against Athens. But this is ultimately a fairy tale that seeks a fake autonomy. This stereotype has a historical background, which rather serves needs of personal agendas and less real needs. In fact, ‘Athens does not care for all of this and does not see Thessaloniki competitively’ (Int.#8).

In addition, there were serious concerns about whether self-government is mature to adopt a serious fiscal decentralization (Int.#9). This is a characteristic indication that the local political system has not managed to be ‘weaned out of the center’, thus failing to deal effectively with the issues of regional inequalities (Int.#8). It has been noted that
'safeguarding autonomy in practice is something that wants years to integrate in everyday life. They do not change things from one day to the next' (Int.#1).

Speaking theoretically, the ecosystem of innovation should be born only by the market itself. In practice, however, a **combination of centralized distributive and procedural interventions is necessary** at least in the early stages of an operation such as that of AIZ (Int.#21). This means integrated spatial planning, providing strong incentives and bringing together a critical mass of businesses and research organizations (Int.#21). International experience shows that such ecosystems should not be spatially enclosed but functionally linked to the urban space, ensuring an environment of dynamic interaction and synergies between enterprises and innovative research outcomes (Int.#20, Int.#21). Moreover, the fact that in the area where the Innovation Zone has spatially been delimited, the responsibility for public infrastructure and networks belongs only to one Municipality (Thermi) that does not even belong to the urban planning complex of Thessaloniki, makes the project even more complicated. In the view of institutional level of decentralization, the lack of an institution responsible for metropolitan governance proved to be an important inhibitor (Int.#6).

**Analytical Dimension 5: Expression and mobilisation of place-based knowledge and adaptability**

Everyone agrees that AIZ is a pure top-down intervention initiated by the central state. However, when the question arises, ‘**what could be the most appropriate governance structure?**’ the responses diverge. Most interviewees claim that the top down logic of creating an innovative ecosystem to be applied at the local level is wrong by definition (Int.#21). Practices are very often copied without considering the specificities of the place and without ensuring the acceptance of key stakeholders. Within such a framework, the central level will never succeed in acquiring the ‘ownership’ of the initiative either to place it high on the agenda of its priorities, nor to understand it adequately (Int.#21, Int.#18, Int.#9, Int.#1).

Moreover, under the umbrella of the Ministry of the Interior and the Ministry of Macedonia and Thrace, the **AIZ loses a considerable degree of flexibility as it comes under the narrow rules of public accounting** (Int.#15). The legislative framework has not only delayed long before shaping its final form but is also extremely complicated and complex. It is worth noting that in other cases of technology parks, such as in Istanbul, for example, the law regulating the respective technology park is only 3 pages and remains stable without backfire (18). In addition, AIZ should fall under the Ministry of Development’s responsibilities related to entrepreneurship and not under the General Secretariat for Research and Technology (GSRT) which has competence in the field of education because research at universities is different when compared to applied innovation at the level of business (Int.#12).

In the same direction, some argue that the top down approach is at the core of the AIZ problem, along with **staff shortages and incentives to attract businesses** within the innovation zone (Int.#6, Int.#1). In Athens, for example, that implemented another model which involved many and dispersed initiatives across Attica through a bottom up logic, the results were much more positive (1). In this case, stakeholders involved in production and
business could be more actively involved, achieving greater osmosis and collaboration with the academic and research community and local government (Int.#17).

In any case, the state should become more flexible and more effective. In practice, it turns out that there are **many bureaucratic gears that pose obstacles**. Often the audits are so severe that those who are controlled feel that they are considered as potential suspects. As a result, more time and energy is often devoted to processes and less to the physical object, more to absorption and less to the final result (Int.#20).

On the other hand, however, it was argued that the **technocratic capacity of local actors to design and implement initiatives of this importance is inadequate** (Int.#7). It has been noted that it is only the State that could negotiate with the European Union the introduction of specific incentives for AIZ under the aid scheme (Int.#16). It was further argued that the whole project would be useful to go under the responsibility of the Prime Minister (Int.#18). In addition, the concession, siting and planning of the area, as well as its funding, could only be implemented effectively at the central level (Int.#16, Int.#7). Besides, there were no initiatives taken by the AIZ in which the Ministry put obstacles (Int.#7).

It was also noted that the **stereotype (which sometimes takes the form of inferiority complex), that Athens always sees Thessaloniki through a competitive look is dominant**. For this reason, there is often a widespread suspicion of anything planned and implemented by Athens (Int.#8). In practice, however, what is important for local actors is to demonstrate the will and capacity to cooperate by putting ‘mine’ in the service of ‘ours’ (Int.#20). It is also crucial that the head of the AIZ is an adequate person who can quickly understand what is happening in relation to innovation and research and entrepreneurship (Int.#14, Int.#19).

It was also considered that **the crucial issue is not whether policies are designed top-down or bottom-up but the extent to which there is clarity in vision, spatial scope and roles**, consequence in policy choices and speed indecision-making (Int.#13, Int.#18). In addition, top-down and bottom-up approaches, may well co-exist. For example, if the AIZ had ensured its responsibilities, territory, incentives and resources from its first steps, then the top down approach would work effectively (Int.#14). But at the moment when all these were not ensured, it would have to find ways to convince the community at the local level of the innovation ecosystem. In this context, the recovery of confidence, through the effective activation of local actors, is a very crucial issue (Int.#14). Instead, practices that have been implemented elsewhere are often easily copied, without looking at the specificities of the place (Int.#8).

The predominant feeling is that the organizations did not substantially improve their level of knowledge and skills either in organizational learning or at the individual level. Seen the above learning process at **individual level** and assessing the capacity to build knowledge, it is highlighted that learning begins with the interest, engagement, and motivation of the learner, in order to become more active participants. The general impression is that individual knowledge was accumulated by those who participate in the implementation procedures of the Action, which is utilized to a great degree. Seen in this respect, those individuals in most of the times acquired new knowledge and improve their skills facilitating the implementation of the Action. Moreover, many forms of “**accumulated local knowledge**"
were utilized such as studies, operating plans, applied methodologies, configured contact networks, experts etc. Especially utilised was the ROP 2014-2020, the Strategic Smart Specialisation Strategy (RIS).
5. Final Assessment: Capacities for Change

Synthesising Dimension A: Assessment of promoters and inhibitors (in regards to dimensions 3 to 5)

The availability of high-level and low-cost human resources compared to other regions in Europe has been seen by many as one of the strong assets of the metropolitan area of Thessaloniki (Int.#15, Int.#20). In practice, however, when specific companies are looking for specialized personnel, particularly in the field of IT and high technology, serious weaknesses are identified, even if the recruiting of the respective executives is undertaken by experienced personnel selection companies (Int.#20). Some companies, in order to fill this gap, undertake the initiative to invest in capacity building by organizing well targeted vocational programs for staff prior to their recruitment (Int.#21).

The issue of incentives to attract business establishment within the AIZ is perhaps the most prominent example of a redistributive strategy by the central state. The fact that this process has not yet been completed, despite the fact that this debate has begun many years ago, is the most important obstacle to the development of the AIZ (Int.#15, Int.#16, Int.#14). It has been found that the European Union has put in place a series of legislative barriers to avoid distorting the single regime of competition. But this issue required intensive and systematic negotiations with the European Union to be resolved. However, the Ministry of Development, despite having caused a dialogue with the EU, eventually left the negotiations after a period of time (Int.#14). This withdrawal has shown that the central state hasn’t supported the issue of incentives systematically and with the necessary intensity and it has never raised it high on its agenda and policy priorities (Int.#13, Int.#9, Int.#12). On the contrary, what was predominant was the need for communication and less the essence, as the Ministry of Macedonia & Thrace is a ministry which lacks substantive powers (Int.#13).

Assessing the results retrospectively, one noticed that no serious preparations have been made before the formal announcement of the decision to establish the AIZ during the International Exhibition of Thessaloniki in 2004. More specifically, the idea of the AIZ was announced, but the legislative initiative followed two years after, in 2006. Meanwhile, neither before 2004 nor until 2006 when the LAZ was set up by law, there was no well-designed strategic planning of the project that would clarify the vision and specify the objectives, steps, mechanisms and resources needed. As a result, high expectations have been created, but these have never been fulfilled (Int.#18). Then a strategic plan was drawn up after years, but it was never released. As a result, the key players of the ecosystem and the local community more broadly, they were not aware of this planning (Int.#12). In addition, AZA has never been integrated into a serious National Innovation Framework Strategy (RIS) at a time when innovation is a conditionality in the European Cohesion Programs (Int.#12).

The unreasonably slow implementation of the individual phases of the AIZ from the official announcement in 2004 to the present day, cancels the project in practice, as developments in technology are running at a very fast pace. Given these facts, what is needed is not ambitious plans and declarations, but steady and fast steps in the context of well-designed planning, whose local innovation eco-system will have taken ‘ownership’ of it.
Moreover, innovation products have a limited margin to absorb long delays as they have a short life span (Int.#8, Int.#14).

On the other hand, the city of Thessaloniki has very good air connections, a strategic geographical position, a promising port, low rents, cheap labor, good living conditions and an attractive tourist and cultural product. In addition, there are many skilled and competent executives who do not want to leave their city even if they have to make some sacrifices (Int.#21). These favorable conditions create to a certain extent a positive counterweight to the aforementioned negative factors. These factors, however, need clear political vision and planning, a system of governance with clear roles between the state and the local ecosystem, a framework of strong incentives and policy interventions at national and local level, and a robust implementation and coordination mechanism.

**Synthesising Dimension B: Competences and capacities of stakeholders**

Interestingly, while the AZZ venture could become an exportable product linked to the city's brand name, it was virtually not relied on by universities, research departments and businesses (Int.#12). Someone noted: 'In Thessaloniki, when we get together, we ask who will be the leader. In Athens they ask what we will all win together?' (Int.#12). All of these individual pieces of puzzles have never come into systematic and functional interconnection with each other. The fact that there has never been a well-organized coordination mechanism nor a clear strategic framework with a clear vision has played an important role in the above-mentioned result (Int.#16). Also, there has been no systematic consultation effort aimed at effectively communicating the message and vision of the AIZ (Int.#8). As a result, the attitude of the city towards the AIZ venture was 'this issue does not concern me' (Int.#6).

One issue raised by many interviewees was the weak culture of cooperation between the key players in the innovation ecosystem. In this context, one said 'research and its results are a collective venture if we want to have business results' (Int.#17). Apart from some exceptions, the actors involved in the AIZ do not mention in brochures, on their website or on a sign that they are members of the innovation ecosystem, nor have they pursued warmly to implement a joint project (Int.#12). In this context, one said: 'We are in a country where everyone moves individually and not collectively' (Int.#13). On the other hand, businesses do not seem to have realized that AIZ is also useful for their own development (Int.#12). It should be noted, however, that there are positive examples, such as the Technology Forum, which since 2012 has been continuously pursuing its work to date (Int.#15).

Negative impact on the degree of flexibility and effectiveness was also the fact that the supervision and operation of the AZA came under the strict umbrella of public accounting in the context of implementing the memorandum's implementing laws, which has created a shock adaptation (Int.#14). This has caused very serious difficulties and delays in the staffing of AIZ and in setting up the appropriate structures and mechanisms that would allow the AIZ to play the role of facilitator in the local innovation ecosystem (Int.#15, Int.#5). The role of the AIZ could become a protagonist if the innovation ecosystem was not fragmented, if there was a better culture of cooperation between the main players and if the administrative mechanism was not under staff, (Int.#21).
It was pointed out by most interviewees, that one of the interpretive factors of producing and reproducing spatial injustice was the so called “center-periphery” administrative, political and economic development model. This model, involved mechanisms, procedures and institutional arrangements, which dominated the country and are defined by the lack of autonomous regional planning, problematic administrative structures, overlapping of competences, forms of political dependency and huge bureaucracy. As a result, the region has a small degree of flexibility and sufficiency of financial and human resources and mechanisms to plan and apply effective policies, due to the discontinuity in the structural operations of the central state in relation to the region. The problem is that there is no permanence, consistency and clear focus in planning neither at national nor at regional level.

The above-mentioned setting designates to a great extent the scope and limitations as well as the potentials and opportunities for local stakeholders to shape and implement a place-based agenda. In this context, it is interesting to look at how the local stakeholders understand spatial justice and how they engage with it in relation to their access to decision-making centers. Based on the analysis of the recorded views, one could hardly trace a single and clear picture. There is the opinion that under no circumstance the access to the decision-making centers poses a problem. At individual base however, it is pointed out by formal stakeholders, that the access to the decision-making centers is still important and possibly plays the most important role reproducing dependency relationships. For this reason, this access must be improved for better results to be produced.

Assessing the capacities of the local and regional political staff and based on opinions expressed at individual and not at organization’s point of view, it is widely agreed that policy makers didn’t manage to adequately respond to the critical development challenges that emerged. In other words, the area’s political staff didn’t shape a clear, consistent and commonly accepted agenda. This applies to the regional as well as the local framework. All of the above do not mean that there were no positive examples of policy makers with visionary leadership and significant results, utilizing "distributive" resources more appropriately and inclusively for mitigating spatial injustice. In this respect, the profile, the capacity and the willingness of persons in the decision-taking bodies even at the lowest local level play an important role.

It is pointed out that phenomenon of policies being overthrown when the persons and the political staff change are frequent and intense. It was also stressed that an indication of inspired leadership is the ability of actors to overcome localism and temporary political benefit, and further to design projects and interventions of critical size and long-term developmental footprint. Most interviewers agreed that within the Action, this has not been achieved. In the majority of actions, infrastructure projects prevail with no developmental value added which would support entrepreneurship and create prospects for new and viable jobs. It is characteristic that the results of the actions for the entrepreneurship and employment have not been counted yet.

Among the factors, hindering stakeholders at the lowest local level to release their potential for development, social and spatial inclusion is the dominant role that political parties play in the formation of local and regional agendas. This parameter reflects “top down” and “paternalistic” practices which strongly influences the dynamics that can be identified between interplays of formal and informal empowerments.
It is stressed that the Action’s interventions are not effective because they are not well-understood by those who are called upon to implement them. Additionally, it seems that stakeholders have no capacities to design visions, set realistic goals and serve them consistently. Often simplistic solutions prevail against what was planned. In other words, the avoidance of political costs was the predominant models of political decision-making. As a result, there are no measurable outcomes at the end of each programming period as well as lack of common understanding of the real problems in the region.

It was also highlighted that the effectiveness of the interventions and overcoming the bureaucracy constraints were not the same in space and time. For example, there can be identified areas or time periods where the design and implementation effectiveness were much greater than some other areas or other time periods due to different political staff.

**Awareness activities and consultation processes** with local stakeholders and potential beneficiaries are another interesting part, in the decision-making chain, concerning spatial justice. It is pointed out that the beneficiaries’ participation in the consultation adds no specific added value whereas most of the times these procedures take place within the legal compulsion of the regulatory framework. Also, it is highlighted reluctance of the beneficiaries to participate as they believe that such kinds of consultations are usually deceptive. Usually, the participants are a small group of people, representing a small circle of local institutions. As a result, consultation, public debate and planning engagement, is practically being recycled and discussed among the same people.

**Synthesising Dimension C: Connecting the action to procedural and distributive justice**

An interesting point of view was that 'bureaucracy does not create regional disparities per se'. What feeds inequalities in practice is the central philosophy and content of bureaucratic processes, which is a deep political choice (Int.#15). In this frame, someone expressed the view that ‘the further away a citizen or a stakeholder from the center is, the more they need the simplification or digitization of procedures’ (Int.#8). There is no doubt that the complexity of bureaucracy in modern times can be largely addressed by using technology and advanced communication tools. In other words, the tools are available if someone at the political level wants to use them operationally (Int.#13). In this context, the bribery and corruption, for instance, is the most typical case of spatial injustice.

It has been stressed by many interviewees that inequality in the opportunities offered is at the core of social injustice and spatial inequality. These unequal opportunities, which always have a geographical dimension, may concern education, research, health, entertainment, public services, financial and business opportunities, and even access to decision-making centers. A serious issue raised here is whether these inequalities in opportunities are the cause or the outcome of spatial injustice. From the territorial justice point of view, the crucial political challenge is whether the central state provides the same opportunities to citizens, businesses and institutions established either in the center or in the periphery (Int.#14).

On the other hand, a redistributive strategy in which resources from the richest regions will be transferred to weaker areas is not treated by many positively as it does not give
incentives for improvement to the weakest regions (Int.#15, Int.#14). **Redistributive policy may sound attractive to the weaker regions, but in practice it does not bring about balancing** because it does not trigger endogenous local mechanisms alone (Int.#3). On the other hand, experience has shown that a completely neo-liberal approach that does not involve redistributive mechanisms can lead to an exacerbation of regional inequalities (Int.#1, Int.#8). Besides, this redistributive logic has been one of the main pillars of the European Cohesion Policy strategy.

Redistributive policies should be limited to a narrow view of financial resources in the form of financing and investment projects. **Redistributive policy can also concern human resources in the form of education, capacity building or recruitment of key personnel.** Experience shows that often the region manages to mobilize less dynamics than the center, not because of a lack of resources or competencies, but because of a lack of personnel with necessary capacities (Int.#7). In this sense, the EU has adopted an interesting approach through the regional aid map. This practically means that ‘the further you are away from the developed regions, the more support I will provide you’ (Int.#3).

In any case, **the mix of ‘distributive justice’, ‘procedural justice’ and ‘autonomy’ depends on the nature of the local issue, which should be tackled** at the local level. (Int.#11). In any case, the solutions cannot be “one-size-fits-all. In conclusion, redistributive policy may initially sound like an attractive recipe, but it is often simplistic to conceive and inadequate in terms of the spatial justice. Experience shows that, distributive policy, if treated as a ‘resource conveyor belt’ from the developed to less developed regions, will not accomplish spatial justice if it fails to mobilize endogenous dynamics.

On the other hand, more autonomy combined with addressing bureaucracy if it works appropriately, ensures **equal opportunities for all regardless of the geographic location.** In addition, it is considered that the required tools, competences and responsibilities are provided at the local level to develop its own strategy. This means that each area will be able to focus on its own comparative advantages through a ‘positive sum game’ approach that will not work at the expense of others.
6. Conclusions

One of the key strategic objectives, at least at the level of declarations, was that the AIZ would create those conditions that would be capable of acting as a preventive to so-called brain drain. The idea of locating the innovation zone was accompanied by the notion of creating an attractive place very close to the airport with ideal conditions in terms of quality of life. However, the fulfillment of political declarations requires the completion of the delimitation of the innovation zone land, introducing strong incentives to attract innovative businesses and establishing an effective supportive and coordinating mechanism. Paradoxically, while most of the above prerequisites have not been fulfilled, 'great ideas' are re-launching in the public debate for establishing a new technology park, which for infrastructure works will only need over 80 million euros. At the same time, much of the existing building infrastructure for hosting innovative businesses remains untapped.

Assessing the course of the AIZ from 2004 to the present, the critical question now is dealt with the strategic orientation and priorities. Two different strategies and perspectives are identified in this issue. The first places the greatest emphasis on the delimited land plot; either it is the one of 60 acres with the axis of agri-food or the one of 760 acres as a modern technology park. From this perspective, the debate revolves around the need for infrastructure works, spatial and urban planning as well as the provision of strong incentives aiming to attract big firms. The second development path argues that innovation cannot be limited in space but should be diffused across all spots of innovation in the city, interconnecting them functionally and producing added value. This means that, beyond the incentives (which are absolutely necessary), there will be systematic support for the innovation ecosystem by an effective mechanism that will record, assess and interconnect research with entrepreneurship. The second approach, however, does not serve needs of the central political system for projecting and promoting in terms of communication, as it does not provide plenty of room for declarations of major plans linked to the needs of the next electoral cycle.

Thessaloniki’s eco-innovation system could be linked to the city’s brand name if it was a solid strategy for all key players in research, innovation and entrepreneurship in the metropolitan area. This practically means encouraging, supporting and funding business innovative projects through the logic of the triple helix. In particular, because of the economic crisis that has taken place in the whole country, what the market needs is new ideas, new businesses and new investments, which will prevent the region’s scientific staff from migrating abroad.

Through a think-big vision, AIZ could function as a service bureau offering one-stop shop research and production services or even as a ‘VIP consulting company’ (Int.#15). In addition, AIZ could potentially play, in cooperation with the Regional Research and Innovation Council, the role of state and regional authorities’ advisor, in the implementation of major projects that stimulate innovation and entrepreneurship, promoting the trade mark in the region (Int.#14). In practice, however, the Regional Research and Innovation Councils set up in each region remained inactive, without being able to play a significant role in the development of research and innovation.

It is also important for a place-based approach to carry out a systematic mapping and evaluation of innovation-producing research entities and businesses, group them together and promote them and prepare joint actions to attract investment (Int.#15). Also, skilled staff from the bodies involved in AIZ could set up an informal network of executives with the help of the AIZ’s mechanism, acting as multipliers of the central idea, contributing to the diffusion of the model to the outside (Int.#4). In other words, an effort
should be made in terms of skills & positioning and then followed by the attempt to attract investment based on tangible or intangible motivation (Int.#18).

Based on the aforementioned analysis, it is strongly agreed that through **visionary leadership and clear vision of “where we want to go”** a greater spatial justice could be achieved. In practice however, epidermal approaches, simplistic solutions and lack of realism, absence of impact indicators and “collaborative culture” as well as temporary political benefits in view of the next election cycle, were the dominant spatial justice constraints. As a result, the Action has not been treated by the political staff, as a golden opportunity for the Metropolitan centre to catch up the international trends and challenges in the pitch of innovation.

Besides, findings show that the institutional and political context as well as the **administrative arrangements** at the national level negatively influence the Action’s spatial justice outcomes. More specifically, the major reforms in public administration involving local and regional governments were not accompanied by a precise and **metropolitan governance framework** not even to greater autonomy. A centre-periphery pattern seems to be dominant in all particular aspects of political, administrative and economic arrangements, associated by large bureaucracy and ineffective central administration. At the same time however, empirical evidence suggests that the crucial issue is not whether policies are designed top-down or bottom-up but the extent to which there is **clarity in vision, spatial scope and roles** among the key-stakeholders.

Finally, it should be noted that planning aiming to **spatial justice is foremost a political process** and choice. This requires a visionary political leadership that adequately comprehends the international, national and local challenges and efficiently responds with certain strategy, priorities and interventions. Should these priorities be politically legitimized then, the planning and implementation, on an operational and technocratic level, will become easier and substantial.
7. References


Hans Schaffers, Nicos Komninos, Marc Pallot, Miguel Aguas, Esteve Almirall, Tuba Bakici, Jean Barroca, Dave Carter, Michel Corriou, Joana Fernadez, et al. (2013), Smart Cities as Innovation Ecosystems sustained by the Future Internet, HAL Id: hal-00769635 https://hal.inria.fr/hal-00769635.


8. Annexes

8.1 List of Interviewed Experts

- Anonymised list of experts
- Including type of expert, date and time of interview

1. Int# 1. Academic, expert in Regional Development, 02/11/2018, 10:00 p.m.
2. Int# 2. Elected in local government, Portfolio of Entrepreneurship & Innovation, 02/11/2018, 12:30 p.m.
3. Int# 3. Staff Member of organization related to Innovation, 02/11/2018, 14:00 a.m.
4. Int# 4. Staff Member of University, expert in diffusion research outputs, 03/11/2018, 12:00 p.m.
5. Int# 5. Staff Member of University, expert in diffusion research outputs, 03/11/2018, 13:30 p.m.
13. Int# 13. IT Expert, 09/11/2018, 16:00 a.m.
15. Int# 15. Academic, Expert in Innovation aspects, 16/11/2018, 18:00, p.m.
17. Int# 17. Expert, Business Support Organization, 18/11/2018, 14:00 p.m.
22.

8.2 Stakeholder Interaction Table

<table>
<thead>
<tr>
<th>Type of Stakeholders</th>
<th>Most relevant ‘territorial’ level they operate at</th>
<th>Stakeholders’ ways of involvement in the project (What do we gain, what do they gain)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local politicians</td>
<td>Local Level</td>
<td>Interviews: Insights into governance processes, ideas &amp; knowledge sharing, place base knowledge, future challenges</td>
</tr>
<tr>
<td>Local administration</td>
<td>Local Level</td>
<td>Interviews: Insights into governance processes, ideas &amp; knowledge sharing, place base knowledge, future challenges</td>
</tr>
<tr>
<td>Associations representing private businesses</td>
<td>Regional Level</td>
<td>Interviews: Insights into governance processes, ideas &amp; knowledge sharing, place base knowledge, future challenges</td>
</tr>
<tr>
<td>Local development companies/agencies</td>
<td>Local Level</td>
<td>Interviews: Insights into</td>
</tr>
<tr>
<td>Stakeholder Type</td>
<td>Level</td>
<td>Interviews: Insights into governance processes, ideas &amp; knowledge sharing, place base knowledge, future challenges</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------------</td>
<td>---------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Other local community stakeholders</td>
<td>Local Level</td>
<td></td>
</tr>
<tr>
<td>Local state offices/representations</td>
<td>Local Level</td>
<td></td>
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<tr>
<td>Regional state offices/representations</td>
<td>Regional Level</td>
<td></td>
</tr>
<tr>
<td>Cohesion Policy think tanks (national/EU-level)</td>
<td>National Level</td>
<td></td>
</tr>
<tr>
<td>Colleges and universities</td>
<td>Regional Level</td>
<td></td>
</tr>
<tr>
<td>Media</td>
<td>Local Level</td>
<td></td>
</tr>
</tbody>
</table>
8.3 Map(s) and Photos

Map 1. Central Macedonia Region in the national context
Source: https://en.wikipedia.org/wiki/Central_Macedonia

Map 2. The area of Alexander Innovation Zone
Source: Alexander Innovation Zone https://www.thessinnozone.gr/
Map 3. The area of Agri-Food in the Alexander Innovation Zone
Source: Alexander Innovation Zone https://www.thessinnozone.gr/

8.4 Figures

Figure 5: The city of Thessaloniki
Figure 6: The Job Festival organized by the Alexander Innovation Zone
Source: Alexander Innovation Zone https://www.thessinnozone.gr/
Figure 7: Alexander Innovation Zone – Training Activities
Source: Alexander Innovation Zone https://www.thesinnozone.gr/
Figure 8: Alexander Innovation Zone – OKThess - Joint Activities
Source: Alexander Innovation Zone https://www.thessinnozone.gr/

Figure 9: Alexander Innovation Zone – Start up Activities
Source: Alexander Innovation Zone https://www.thessinnozone.gr/
**Figure 10:** Alexander Innovation Zone – Technology Forum - Joint Activities
Source: Alexander Innovation Zone [https://www.thessinnozone.gr/](https://www.thessinnozone.gr/)
The RELOCAL Project

EU Horizon 2020 research project ‘Resituating the local in cohesion and territorial development’ – RELOCAL aims to identify factors that condition local accessibility of European policies, local abilities to articulate needs and equality claims and local capacities for exploiting European opportunity structures.

In the past, especially since the economic and financial crisis, the European Social Model has proven to be challenged by the emergence of spatially unjust results. The RELOCAL hypothesis is that processes of localisation and place-based public policy can make a positive contribution to spatial justice and democratic empowerment.

The research is based on 33 case studies in 13 different European countries that exemplify development challenges in terms of spatial justice. The cases were chosen to allow for a balanced representation of different institutional contexts. Based on case study findings, project partners will draw out the factors that influence the impact of place-based approaches or actions from a comparative perspective. The results are intended to facilitate a greater local orientation of cohesion, territorial development and other EU policies.

The RELOCAL project runs from October 2016 until September 2020.

Read more at https://relocal.eu

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