

SHIFT-R

Network Journal #1

Understand Stage

Shaping Innovation-Friendly
Territories (Rural Edition)

WE DID IT. YOU CAN SHIFT IT.



 Editorial

A network starts by connecting

SHIFT-R began with a simple but powerful idea: small and medium-sized cities can become more innovation-friendly when they connect their people, spaces, companies, institutions and communities into stronger local ecosystems.

The network, led by Fundão (PT), brings together cities from different European and neighbouring regions — Fundão, Żory, Kymi-Aliveri, Macouria, Nykarleby, Skellefteå, Mostar and Trostyanets — around a shared challenge: how can rural, peripheral, post-industrial or transition territories build the capacity to attract talent, support entrepreneurship, regenerate spaces, involve communities and connect internationally?

This first Network Journal tells the story of the Understand Phase so far. It covers the launch of the network in Fundão, the first online coordination meeting, the city visits, the Transferability Study, the second Transnational Meeting in Skellefteå, and the first steps towards Local Transfer Plans and Small Scale Testing Actions.

The central message is already clear: SHIFT-R is not about copying Fundão. It is about understanding how Fundão's ecosystem works, identifying what can be adapted, and helping each partner city build its own path towards innovation-led territorial transformation.

SHIFT-R in brief

SHIFT-R is an **URBACT IV Transfer Network** running from **November 2025 to April 2028**, led by the Municipality of Fundão (PT). The network includes Fundão (PT), Żory (PL), Kymi-Aliveri (GR), Macouria (FR-Guiana), Nykarleby (FI), Skellefteå (SE), Mostar (BA) and Trostyanets (UA).

The core idea is to help rural and small cities build inclusive innovation ecosystems inspired by Fundão's model, which links digital skills, entrepreneurship, smart regeneration and community participation.

The main goals are to transfer Fundão's "Friendly City of Investment and Innovation" approach, strengthen local innovation ecosystems, empower citizens and local stakeholders through participatory planning, and connect green transition, digitalisation and social inclusion as pillars of territorial development.

SHIFT-R will produce several outputs during the project, including the Transferability Study, Local Transfer Plans, Small Scale Testing Actions, Quarterly Network Journals, Network Articles and final Transfer and Improvement Plans.

Fundão: not a project, but a system

The starting point of SHIFT-R is Fundão's Good Practice. The Transferability Study describes how Fundão faced challenges common to many rural and small and medium-sized cities: depopulation, youth outmigration, ageing, low territorial attractiveness, economic stagnation, limited innovation capacity and weak collaboration between public institutions, businesses, academia and civil society. At the heart of the problem was a systemic failure of integration between education, economic development, governance and infrastructure.

Fundão's response was not to copy metropolitan innovation models. Instead, the municipality built an integrated territorial innovation ecosystem rooted in its own assets. It connected digital skills, entrepreneurship support, public asset regeneration, collaborative governance, housing, quality of life and European cooperation into a long-term place-based strategy.

This matters because many smaller cities do not lack potential. They often lack connection. Talent, empty buildings, local companies, schools, community organisations and public authorities may all exist in the same territory, but they do not always work as one system.

To make Fundão's experience transferable, SHIFT-R organises the model into six modules: integrated innovation ecosystems; talent attraction and digital skills; regeneration of public assets and innovation spaces; smart rural and AgroTech innovation; inclusive governance and community integration; and internationalisation, branding and European networking.

These modules are not a menu of isolated actions. They are connected. Innovation spaces support entrepreneurs. Digital skills help companies grow. Housing and quality of life help attract and retain people. Governance brings stakeholders together. European cooperation gives visibility, funding, learning and scale.

Feature Article: Where small cities learn to scale

For small and medium-sized cities, innovation is rarely only about ideas. It is also about scale.

A city can create a co-working space, launch a startup programme, regenerate an old building or attract a technology company. But if these initiatives remain isolated, their impact may stay local and fragile. To compete with larger metropolitan areas, smaller cities need more than individual projects. They need connected ecosystems.

This is one of the main lessons emerging from SHIFT-R. The URBACT Transfer Network explores how small and medium-sized cities can become more innovation-friendly by connecting talent, entrepreneurship, digital skills, public spaces, governance, housing, quality of life and European cooperation.

But the first months of SHIFT-R have also shown something equally important: a transfer network becomes stronger when it looks beyond itself. That is why the encounters with the URBACT METACITY Network in Fundão and Cities in Transition Europe during Society Expo 2026 in Skellefteå were not side events. They were central moments in the learning journey of SHIFT-R partners.

first SHIFT-R Transnational

The first SHIFT-R Transnational Meeting took place in Fundão on 26–27 November 2025. It marked the official launch of the network and the beginning of the Understand Phase. Partners visited Fundão's innovation ecosystem and explored how different initiatives — migration support, AgroTech, science education, business support, housing, co-working, digital innovation, health and rural innovation — work together as part of one territorial strategy.

The meeting was organised simultaneously with the final event of the URBACT METACITY Action Planning Network. This gave SHIFT-R partners the chance to meet cities that had already developed Integrated Action Plans and tested Small Scale Actions.

For SHIFT-R partners, METACITY made the URBACT learning cycle visible. Cities at the beginning of their transfer journey could learn from cities that had already moved from planning to testing. They could ask practical questions about stakeholder engagement, experimentation, implementation challenges and local capacity.

second SHIFT-R Transnational

The second SHIFT-R Transnational Meeting took place in Skellefteå (SE) from 8 to 10 June 2026. It moved the network from understanding Fundão's Good Practice towards analysing how it could be adapted to each local context. The meeting was deliberately organised alongside Society Expo 2026 and the founding meeting of Cities in Transition Europe, a new European alliance of medium-sized cities facing economic, industrial and demographic transitions.

This changed the scale of the conversation. SHIFT-R partners were no longer only discussing how to transfer one good practice. They were engaging with a broader European community dealing with similar pressures: skills shortages, housing needs, industrial change, demographic transformation, social inclusion and the need for new governance models.

The Skellefteå meeting reinforced one of the strongest messages of the network: innovation ecosystems cannot be transferred through isolated projects. Successful transfer requires understanding governance, relationships, institutional culture and ecosystem dynamics.

Scale does not always come from size. Sometimes, it comes from connection.

The Fundão Good Practice

An ecosystem, not a single project

Fundão's Good Practice is the foundation of SHIFT-R. Over the past decade, the municipality has built an integrated territorial innovation ecosystem combining infrastructure, experimentation labs, capacity-building programmes, entrepreneurship support, talent attraction and European cooperation.

The ecosystem includes the Digital Innovation Lab, a distributed co-working network, Fab Lab, Craft Lab, business support structures, AgroTech initiatives, creative spaces, the Move to Fundão platform, and initiatives linked to housing and quality of life.

The "A Praça" incubator acts as a central node of the entrepreneurial ecosystem. The Transferability Study highlights 21 startups in physical incubation, 33 startups in the incubation pipeline, 125 active virtual offices, 66 startups supported since 2013 and around 120 direct jobs created through incubation activities.

The "Move to Fundão" initiative shows how talent attraction depends on more than employment. It connects quality of life, digital connectivity, affordable living, entrepreneurship opportunities, community integration and access to innovation ecosystems. The Fundão Housing Pool reinforces this logic by linking housing availability with talent retention and business attraction.

The key lesson for SHIFT-R partners is that Fundão's success does not come from isolated projects. It comes from the way these projects are connected. The image below shows the "System Logic of the Fundão Innovation Ecosystem".

SYSTEM LOGIC OF THE FUNDÃO INNOVATION ECOSYSTEM

A self-reinforcing cycle where talent, innovation, economy and quality of life continuously strengthen the territory.



THE SYSTEM IN ACTION

- People develop skills and ideas
- ↓
- Ideas turn into projects and businesses
- ↓
- Businesses grow and create impact
- ↓
- The territory becomes more attractive
- ↓
- More people choose to stay or come
- ↓
- The ecosystem becomes stronger every day

ENABLING LAYERS (CROSS-CUTTING)

<p>GOVERNANCE & PARTICIPATION Strong leadership, agile decision-making and collaborative governance ensure alignment and coordination.</p>	<p>INFRASTRUCTURE & SPATIAL PLANNING Regenerated spaces, smart infrastructure and territorial planning provide the physical backbone of innovation.</p>	<p>DIGITAL SYSTEMS & CONNECTIVITY IoT networks, AI, data systems and digital platforms enhance efficiency, connectivity and experimentation.</p>	<p>SUSTAINABILITY & CIRCULAR ECONOMY Environmental solutions, energy efficiency and circular principles ensure long-term resilience.</p>	<p>EUROPEAN COOPERATION & NETWORKS European projects, networks and partnerships accelerate learning, visibility and innovation.</p>
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A CONTINUOUS, SELF-REINFORCING CYCLE THAT GENERATES INNOVATION, OPPORTUNITY AND QUALITY OF LIFE FOR THE TERRITORY.

Preparing the transfer journey

First Transnational Meeting

Fundão: understanding the Good Practice

The first Transnational Meeting took place in Fundão on 26–27 November 2025 under the theme “**Shaping innovation-friendly territories**”. It officially launched the network and opened the Understand Phase of the URBACT Transfer Network methodology.

The meeting pursued four objectives: launching the network, enabling partners to understand the Fundão Good Practice, initiating collaboration between partner cities, and creating synergies between SHIFT-R and METACITY.

Study visits were central to the meeting. Partners visited the Migration Centre, Agro-Tech Centre, Cherry and Ideas Living Science Centre, Business Spot, Municipal Housing Pool, Living Lab Cova da Beira, CAET, Memo Move, Logikaline, Acrópole Co-working and Co-work Alcaide.

One particularly important learning moment was the visit to Co-work Alcaide, in a rural village. It showed that innovation infrastructure is not limited to urban centres and that villages can become attractive places for entrepreneurs, remote workers, digital professionals and community innovation.

The meeting also confirmed that transfer is not about replication. Each partner city will need to adapt Fundão’s experience according to its territorial characteristics, governance capacity, demographic profile, economic structure and political priorities.

First Online Coordination Meeting

The first online coordination meeting took place on 29 January 2026, around two months after the Fundão kick-off. It was the first operational milestone of the Understand Phase.

Unlike the kick-off, which focused on the Good Practice and network identity, the e-meeting was a practical working session. It prepared partners for city visits, the Transferability Study, pre-visit questionnaires, URBACT Local Groups, administrative procedures and communication requirements.

A key message guided the meeting: **the quality of the transfer process depends on the quality of the understanding phase.**

The meeting introduced the Transferability Study as the first major knowledge output of the network. It would describe Fundão’s Good Practice, profile each partner city, assess transfer readiness and define the methodology for the next phases.

The meeting also reinforced the central role of URBACT Local Groups. ULGs were presented as the bridge between local stakeholders and transnational learning, supporting local reflection, co-production of Local Transfer Plans and wider ownership of the transfer process.

City visits Reading each city
through the lens of transfer

Between February and May 2026, the Lead Partner and Lead Expert carried out city visits across the SHIFT-R partnership. These visits were designed to move beyond written information and understand each local ecosystem directly. They included meetings with municipal teams, political representatives, URBACT Local Group members, site visits, questionnaire reviews and discussions on transfer ambitions.

Kymi-Aliveri (EL): building from industrial and cultural assets

Kymi-Aliveri combines two territorial identities: Kymi, with its coastal, cultural and tourism profile, and Aliveri, with its industrial and energy-based economy. The city faces population decline, ageing, youth outmigration, limited digital and creative industries and weak links between industry and innovation.

The visit highlighted strong local identity, industrial assets and opportunities for tourism, heritage and innovation. For Kymi-Aliveri, SHIFT-R offers a chance to move from isolated digital actions towards a more systemic ecosystem approach.

Mostar (BA): connecting existing innovation assets

Mostar has a strong strategic position, a UNESCO heritage identity, a growing ICT sector, important companies such as NSoft and ZenDev, and key innovation actors such as INTERA Technology Park and the Centre for Artificial Intelligence at the University of Mostar.

The challenge is not the absence of innovation assets, but the need to connect them through stronger ecosystem governance. The city visit showed that Mostar has strong potential to become a more integrated innovation hub in the Western Balkans.

Żory (PL): post-industrial transformation

Żory is a post-industrial city in Silesia positioning itself as a “Transformation City 2.0”. Its economy is moving from coal mining and heavy industry towards advanced manufacturing, entrepreneurship, green economy and innovation-based services.

The visit showed strong political continuity, institutional capacity, experience with EU-funded initiatives and alignment with Just Transition priorities. Żory’s transfer journey is likely to focus on connecting post-industrial regeneration, innovation infrastructure, vocational skills and economic diversification.

Macouria (FR): innovation as social inclusion

Macouria, in French Guiana, is one of the fastest-growing municipalities in the SHIFT-R network. Unlike many partners facing decline, Macouria is managing rapid demographic growth, a very young population, multicultural diversity, youth unemployment and social inclusion challenges.

The visit showed that innovation in Macouria is strongly linked to youth empowerment, community infrastructure and territorial cohesion. The Médiathèque de Soula and other local facilities point to an emerging model where innovation is not only technological, but also social and community-based.

Nykarleby (FI): dreaming big in a small town

Nykarleby is a small coastal municipality in Ostrobothnia, Finland, with around 7,500 inhabitants and a large rural territory composed of several villages. Its Strategy 2040 is built around the vision “**Dream Big in a Small Town**”, aiming to reach 10,000 residents by 2040 through sustainable growth, community participation and quality of life.

Nykarleby enters SHIFT-R as a small but ambitious territory seeking to transform existing assets into a coordinated innovation ecosystem. Its main opportunities relate to governance, international cooperation, talent attraction and stakeholder collaboration.

Skellefteå (SE): managing rapid green industrial growth

Skellefteå is one of Europe's most visible examples of place-based innovation, industrial transformation and green transition. The city has experienced rapid growth driven by investments in battery manufacturing, renewable energy and advanced technologies.

The visit highlighted Skellefteå Science City, Creative Crowd and the Arctic Center of Energy as important ecosystem actors. It also showed that Skellefteå's innovation model is not only technological: quality of life, attractiveness, sustainability, collaboration and community development are central to its strategy.

Trostanets (UA): innovation through resilience

Trostanets is a small Ukrainian city in Sumy Oblast, close to the Russian border. The online visit explored how innovation ecosystems can emerge in wartime and post-war contexts. The city has experienced occupation, infrastructure destruction and social disruption, but its recovery has become a driver of digital governance, civic mobilisation and institutional transformation.

The visit showed strong municipal commitment, active civic organisations, digital governance tools and an ambition to create a future integrated innovation and business support hub inspired by Fundão.

Second Transnational Meeting Skellefteå: from understanding to transfer

The second Transnational Meeting took place in Skellefteå from 8 to 10 June 2026 under the title **"From Understanding to Transfer: Building European Innovation Alliances"**. It represented a major milestone in the Understand Phase, moving the partnership from understanding Fundão's Good Practice towards analysing its transferability in each city.

The meeting pursued five objectives: reviewing and consolidating the Transferability Study, deepening understanding of Fundão's system logic, assessing transfer potential, experiencing Skellefteå's innovation ecosystem and connecting SHIFT-R with wider European initiatives through Society Expo and CITE.

Partners worked on the relationships between the six transfer modules, completed Transfer Assessment Canvases and began designing local transfer pathways. These canvases became the first practical building blocks for future Local Transfer Plans.

The study visits added important inspiration. Sara Kulturhus showed how architecture, sustainability, culture and urban regeneration can reinforce place attractiveness. Skellefteå Universities Alliance demonstrated how universities, research institutions, industry and municipalities can cooperate around skills, talent attraction, applied research and lifelong learning. Creative Crowd and Jörniverse showed how creativity and entrepreneurship can revitalise small rural communities.

Transferability Study

The backbone of the network

The Transferability Study is the backbone of the SHIFT-R methodology. It presents the Fundão Good Practice, analyses the policy context, describes the six transfer modules, profiles each partner city and outlines the transfer methodology for the following phases.

The study confirms that the SHIFT-R network is highly diverse. Partner cities differ in geography, demography, institutional capacity, economic structure and innovation maturity. However, they share common challenges:

demographic change, economic transition, talent retention, limited innovation capacity and the need to strengthen local ecosystems for sustainable and inclusive development.

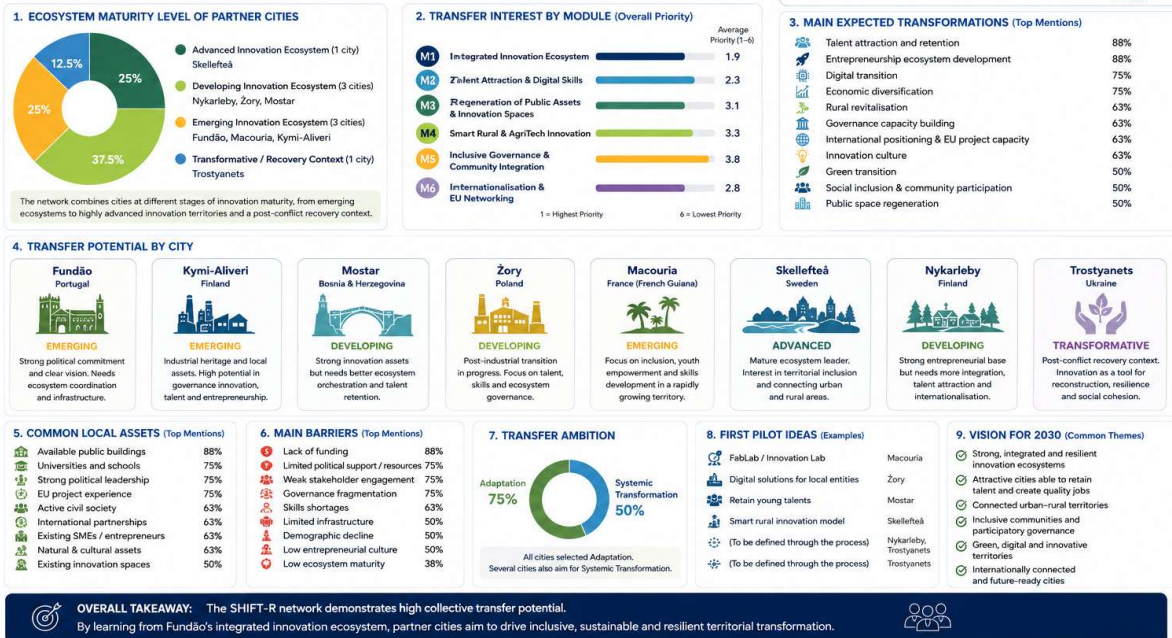
The study also makes clear that transfer is not replication. The Fundão model must be adapted to each city's assets, needs, governance capacity and long-term ambitions.

One of the most important contributions of the Transferability Study is the idea of reverse learning. Fundão is not only transferring its Good Practice; it will also prepare its own Improvement Plan, using experiences and innovations emerging from partner cities to strengthen its ecosystem.

SHIFT-R Network TRANSFER POTENTIAL ASSESSMENT - OVERALL SUMMARY

Based on transfer assessments from 8 partner cities

The SHIFT-R network brings together 8 diverse European cities at different stages of innovation ecosystem development. All cities show strong interest in transferring and adapting elements of the Fundão Good Practice to accelerate territorial transformation, strengthen resilience and address local challenges.



What we learned so far

Transfer is not copy-paste

Fundão's Good Practice is not a fixed formula. Each partner city must adapt the system logic to its own context.

Ecosystems are built through connections

Innovation spaces, skills, companies, institutions, communities and quality of life measures become stronger when they reinforce one another.

Small cities need European scale

International cooperation gives small and medium-sized cities access to visibility, learning, funding, partnerships and confidence.

Innovation is not only technology

SHIFT-R shows that innovation also includes housing, culture, governance, inclusion, education, health, quality of life and community.

Peer learning is the engine of the network

Study visits, informal exchanges, workshops and conversations with other cities are as important as formal presentations.

Local groups are central

URBACT Local Groups are not an administrative requirement. They are the mechanism that connects local ownership with transnational learning.

What comes next

After the first two transnational meetings, the first online meeting and the city visits, the network is ready to move towards the next stage of the transfer journey.

The immediate priorities are to finalise the Transferability Study, strengthen URBACT Local Groups, complete city visit reports, begin preparing Local Transfer Plans, identify Small Scale Testing Actions and continue documenting transfer through Transfer Diaries.

The next phase will move from understanding to adaptation. Partner cities will begin testing selected elements of the Fundão model in real local conditions. These Small Scale Testing Actions will work as laboratories for experimentation, helping cities generate evidence on feasibility, stakeholder engagement, governance arrangements and potential impacts.

The final objective is not simply to produce plans. It is to help each city build stronger governance, stronger partnerships and stronger innovation ecosystems.

SHIFT-R started with Fundão's Good Practice. It is now becoming a shared European learning journey.

Learning together. Improving together. Stronger cities, better futures.



THE SHIFT-R TRANSFER JOURNEY

From Good Practice Transfer to Continuous Improvement



We are ready



Innovation Beyond Scale.
Technology. Talent. Territory.

WE DID IT. YOU CAN SHIFT IT.



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