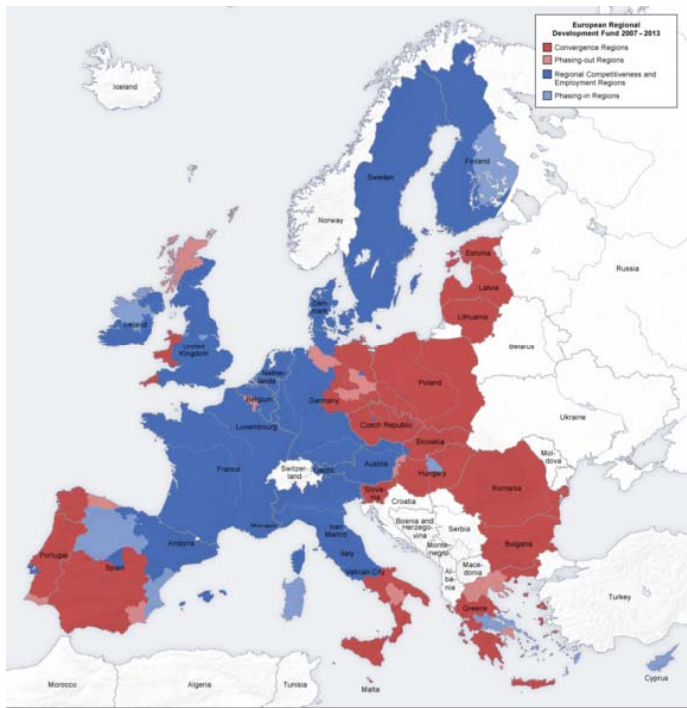


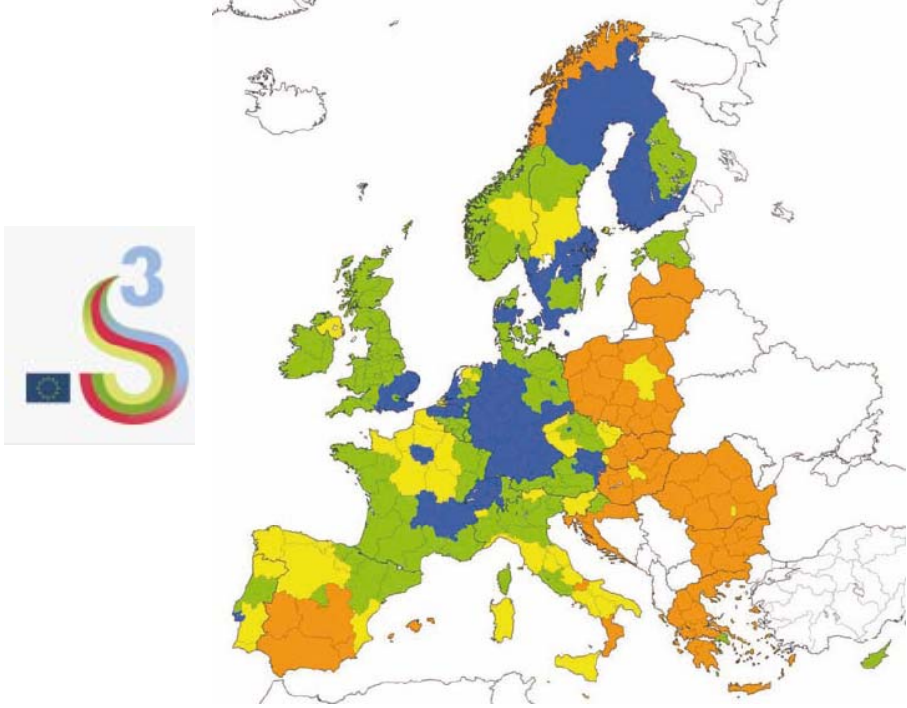
SMART SPECIALISATION APPROACHES

A new policy paradigm on its way from concept to practice

= final results =



Source: DG Regio Website



Source: Regional Innovation Scoreboard

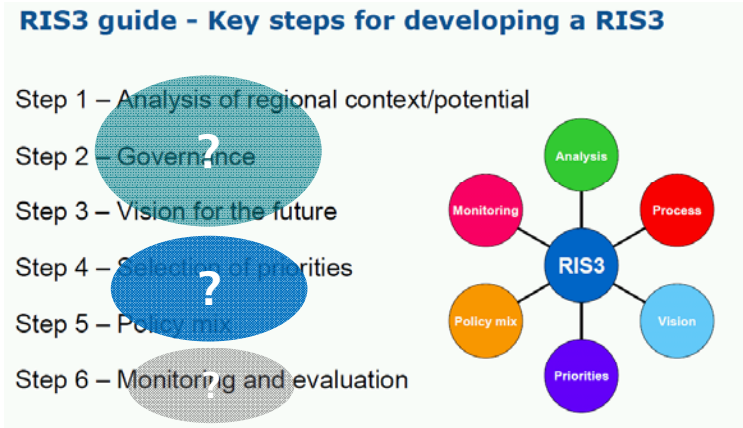
A harsh analysis

“enormous conformity [of] innovation policy research and practices”;
“stifling policy dogma” [Foray et al., 2011]

Claim: in past cohesion policy / regional innovation policy, there has been:

- a lack of vision
→ we need to develop agendas to **drive economic transformation**
- widespread **overlap and imitation** in regional development policies (cluster craze...),
→ we need to **avoid this in the future**
- a widespread waste and/or unproductive use of public resources
→ we need to **better use scarce public resources**, and aim for synergies
- a widespread failure of innovation (strategy) processes at the regional level
→ we need to set **innovation as priority for all regions** (Europe 2020)
- a lack of interregional / international perspective
→ we need to **focus on regional profiles in their national / global context**

Strategies for Smart Specialisation: renew strategy/implementation/monitoring



- **New** Process of Strategy Development
- **New/Adapted** Tools for Implementation
- **New** Process of Monitoring and Evaluation



Strategies for Smart Specialisation: Economic Transformation Agendas

- Focus and align policy support and investments on key national/regional priorities, challenges and needs for knowledge-based development
- Build on each country's/region's strengths, competitive advantages and potential for excellence (= critical mass, differentiation)
- With an outward looking dimension
- With support all forms of innovation
- With full stakeholder involvement in strategy development as well as a process of implementation that encourages experimentation and private sector investment
- Increased transparency in priority setting
- Evidence-based and include sound monitoring and evaluation systems

[Sörvik, 2012]



Good! But: Too much at once?

Main objectives of the study

- I. Understand whether the issuing of new regulations and guidelines has prompted any factual policy action at the regional level (→ multi-level-governance)
 - With a view to strategy
 - With a view to implementation
- II. Understand the nature of the changes, irrespective whether substantial or not
 - Are the changes to strategy processes in line with the guidelines?
 - Is the idea of the approach understood?
- III. Understand whether the new regulations and guidelines are perceived as helpful
 - What is the overall opinion regarding the S³ process?
 - What are perceived advantages and disadvantages?
- IV. Understand the factual room for manoeuvre of regional policy makers
 - To what extent are there any factual options for strategic choice?
 - Which are the limiting real-life factors in the regional economy?

→ How do we assess the potential of the overall policy approach?

Why doubt? [I] is this too ambitious?

The facts...

... **failure of past regional innovation policy** of Greece...

...the Greek innovation system is largely closed and inward looking and the [SF] measures [...] have done little to encourage internationalisation...

... “**extremely low technological innovation potential**” ...

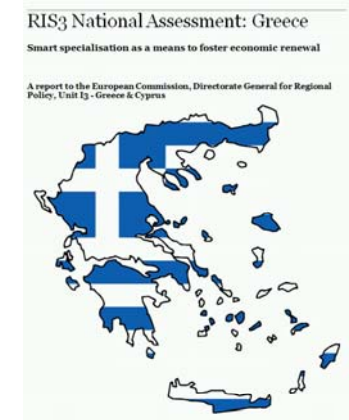
...experience of the current period is not positive with a fragmentation of programmes and funds and **little in the way of a coherent strategy**...

...significant gap between regional innovation priorities and national priorities set by the GSRT...; ...**the credibility [of national] agencies responsible for RTDI policy is very low**...

The on- and outlook...

... [experts] found a **relatively weak understanding of the concept** of smart specialisation...

...[preparatory] studies [are] difficult to compare [and] consider specialisation from a macro-economic perspective...; ... at the regional level, **a process for entrepreneurial discovery [...] has not been undertaken**



Why doubt? [II]

do we change “winning teams” ?

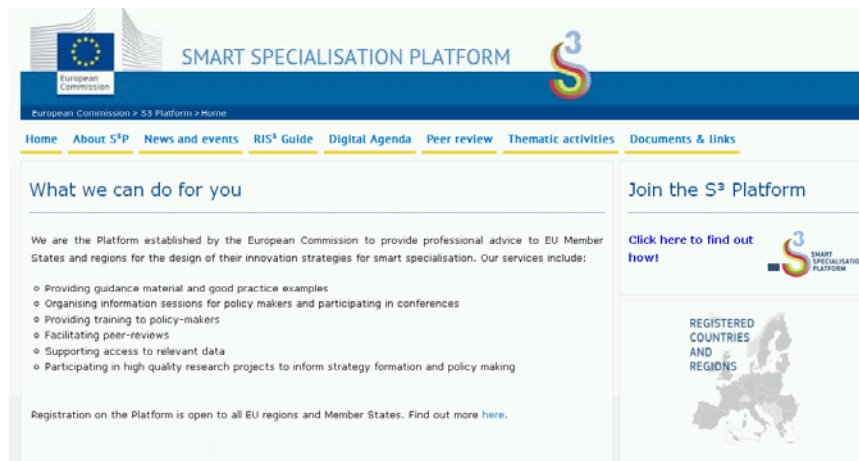
Selected voices from countries with long-standing experience in regional innovation policy:

- “The RIS process is **well meant, but quite academic and inflated** when seen in relation to the factual framework conditions in the regions”
- **“In general, it is useful and positive**, that the EU works toward a strategic framework for innovation and other activities. **The concrete statements, however, are often very academic and the respective officers do not seem acquainted with the factual implementation of measures**, but to simply continue jetting from one best-practice event to the other. There seems to be little Interest in the concrete regional challenges.”
- “There is the impression that **the Commission aims to decree strategy processes (e.g. by excluding scientific reviews in favour of SWOT analysis)**, this does not work, at least not in the regions that have completed their [own] S3-strategy until 2020 years ago. **The regions should be empowered by the Commission to work freely within a plausible framework.**”
- **“Important documents for the development of the OP are simply coming too late.** When important texts, such as guidelines are finally published, existing drafts of programmes have to be completely adapted/rewritten. This is inefficient.”

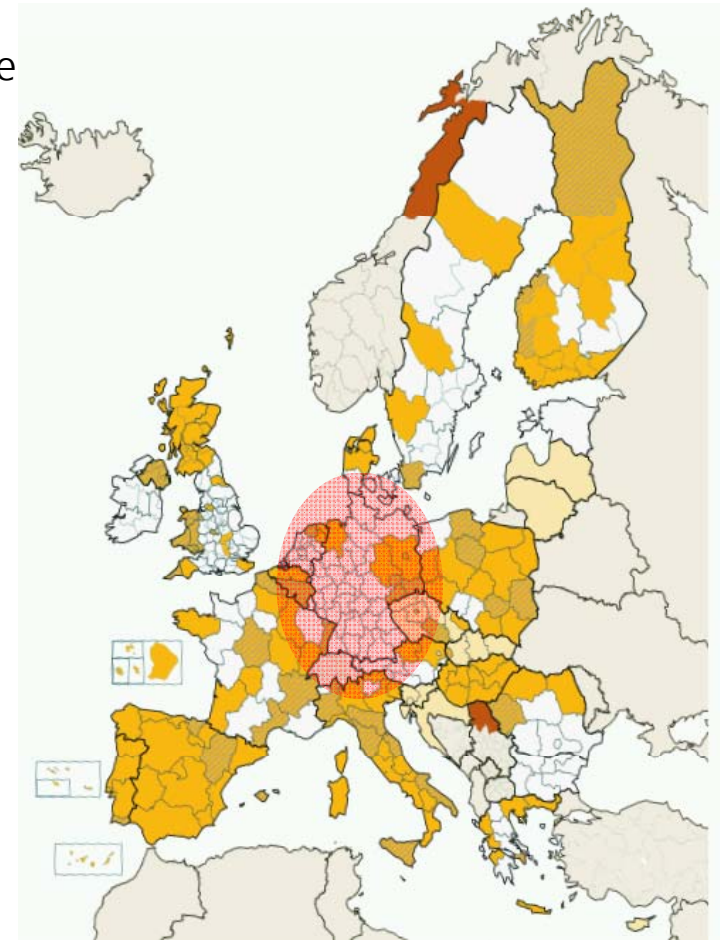
Why doubt? [III]

Are the relevant regions committed?

- Important sources of experience like W Germany are by and large absent from the process
- some other leading countries (UK, FR, AT, SE) remain somewhat sparsely involved
- Instead: quite a number of Convergence Regions, those who profit from funding but not necessarily with much experience in regional RTDI policy



The screenshot shows the homepage of the Smart Specialisation Platform. At the top, there is a navigation bar with the European Commission logo and the text 'SMART SPECIALISATION PLATFORM'. Below this is a menu with links: Home, About S³P, News and events, RIS³ Guide, Digital Agenda, Peer review, Thematic activities, and Documents & links. The main content area is divided into two columns. The left column is titled 'What we can do for you' and contains a list of services: providing guidance material, organising information sessions, providing training, facilitating peer-reviews, supporting access to data, and participating in research projects. The right column is titled 'Join the S³ Platform' and includes a link to find out how to join. At the bottom right, there is a map of Europe with a red circle highlighting a specific region, and the text 'REGISTERED COUNTRIES AND REGIONS'.



Our Evidence

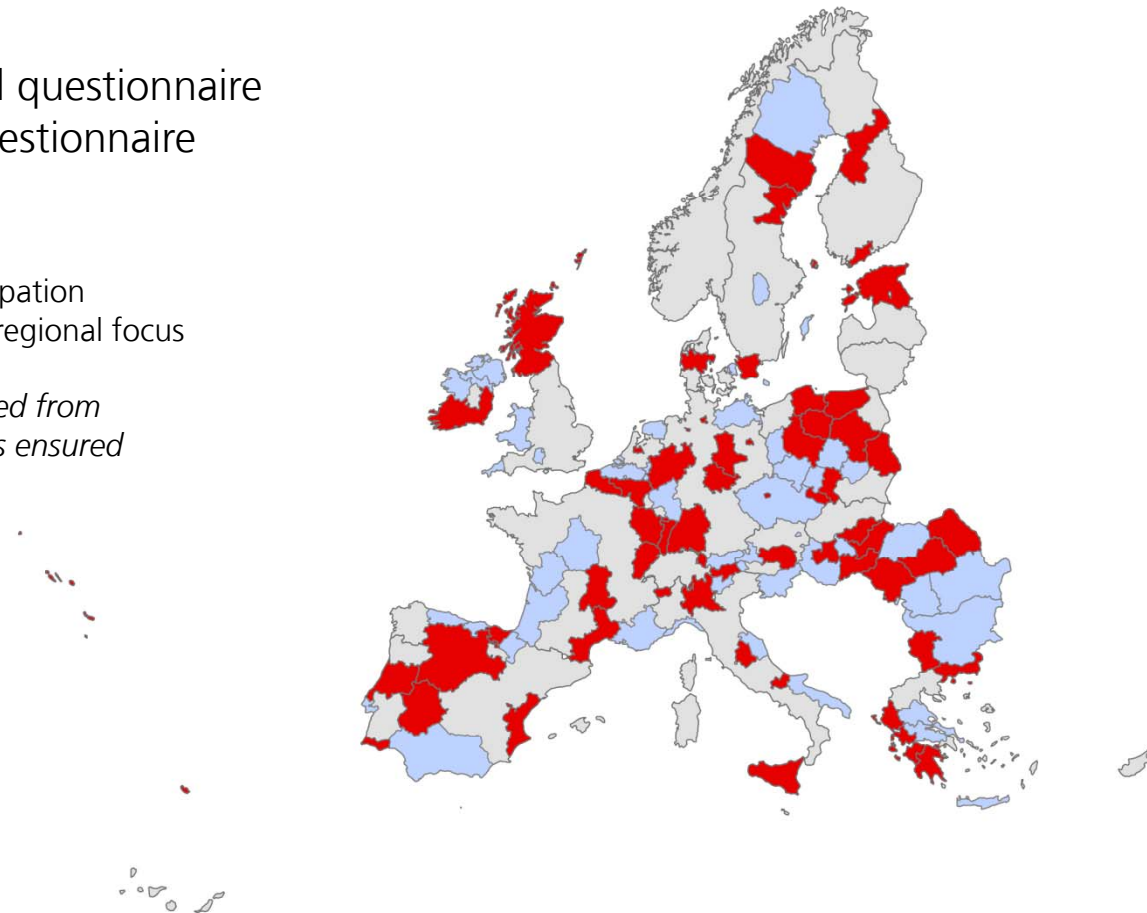
- Survey of **all managing authorities, relevant regional innovation policy makers and selected consultants** across all (then) 27 member states (Online Survey, EFS)
- Information collected during the period from early **July 2013** to late **September 2013**
- Challenges:
 - We speak **some languages, but not all of them...**
Questionnaires could be filled in English, French, Spanish, and German but were not available in Italian or Eastern European languages
 - **Who is a relevant policy maker?** → Inforegio is far from enough to find them
Even in decentralised Spain, the main managing authority is one single unit at the national ministry. → Lengthy process of identifying the true players at regional level
- From **over 500 potential respondents contacted**
> 130 started to answer (60% EN, 14% FR, 14% DE, 12% ES)
and **more than 70 completed the questionnaire in full**
- Representatives from 64 regions completed the questionnaire in full,
Representatives from 49 regions answered some questions (i.e. limited 'double counts')
- Reference: around 230 'standard' OPs (nat. or reg.), less managing authorities

Coverage (I)

blue: partially completed questionnaire
red: fully completed questionnaire
grey: not taken part

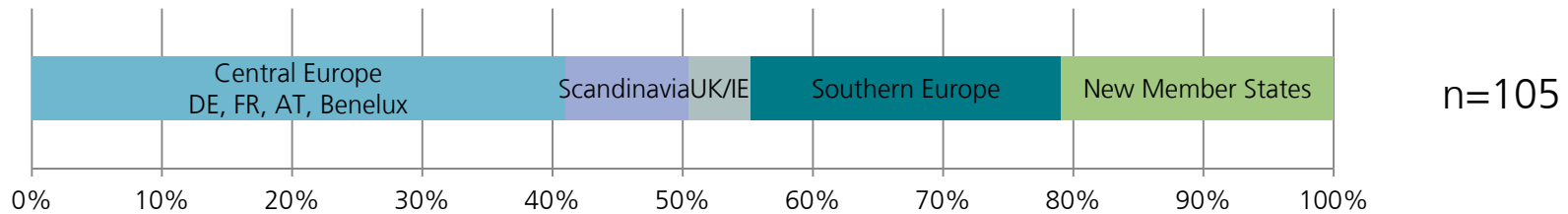
countries coloured in full reflect participation of national authorities without known regional focus

the information on coverage is separated from the actual survey data, full anonymity is ensured

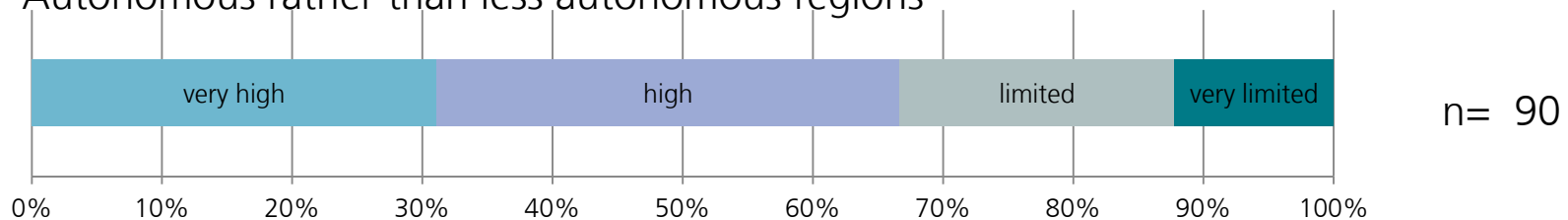


Coverage (II)

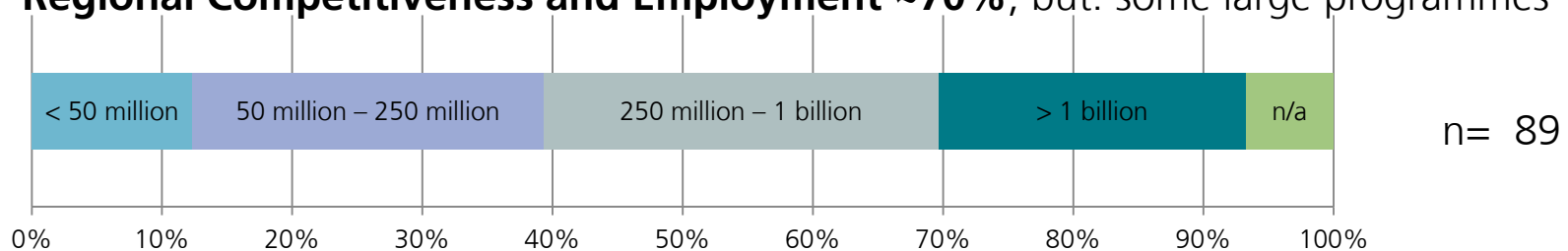
- **Managing Authorities 54,6% ⇔ other Policy Makers 43,6%**
- **Policy Makers across Europe** – only the UK remains underrepresented



- **Autonomous rather than less autonomous regions**



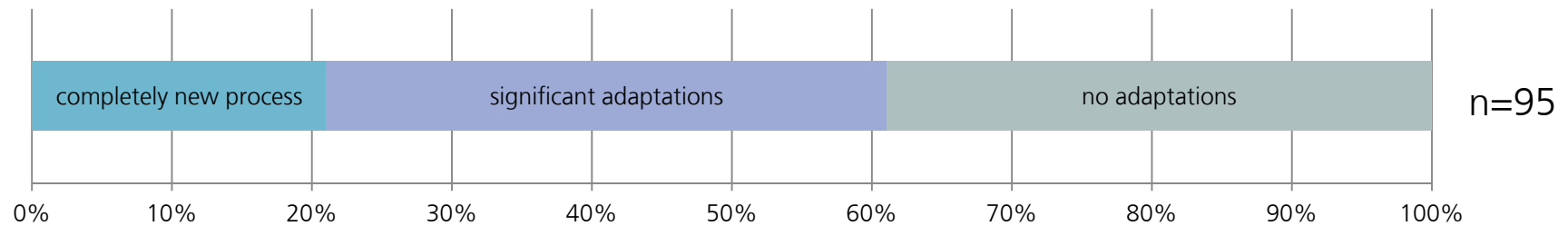
- **Regional Competitiveness and Employment ~70%, but: some large programmes**



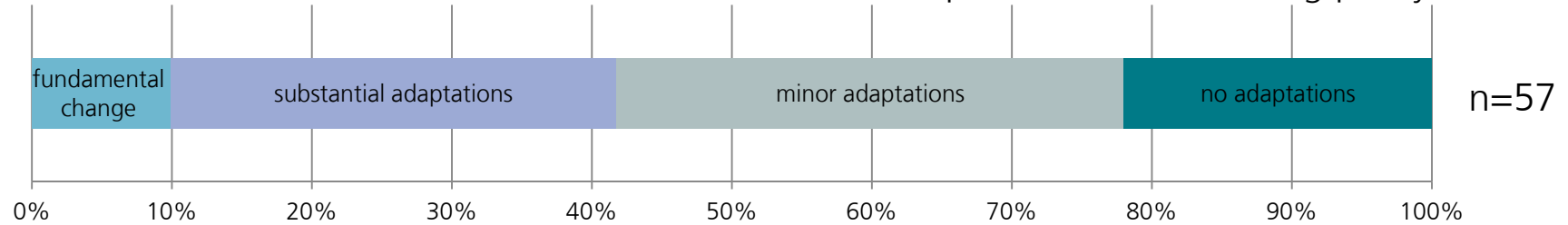
I. Changes in factual policy action

A revolution remains at large...

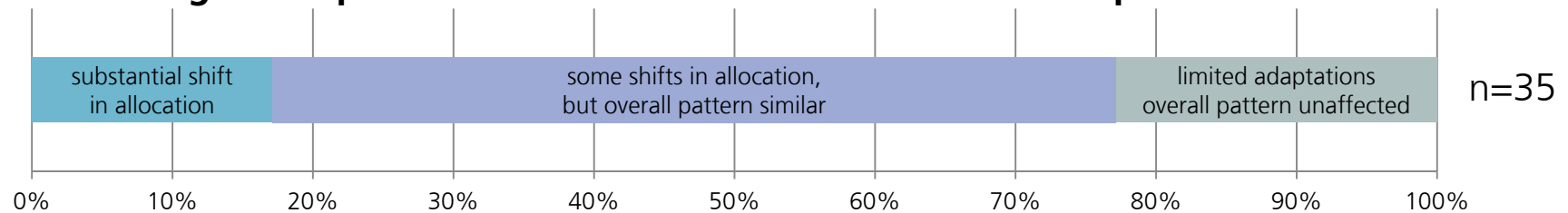
- ~ 39% state that there has **not** been a new process of stakeholder involvement



- > 58% state that there have **not** been substantial adaptations to the existing policy mix

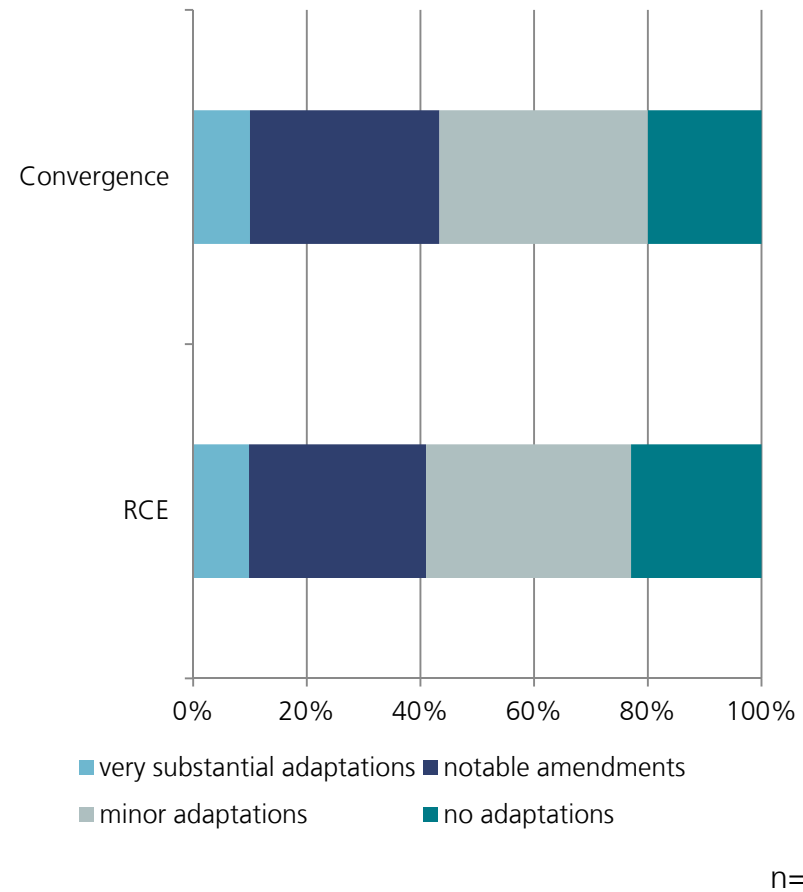
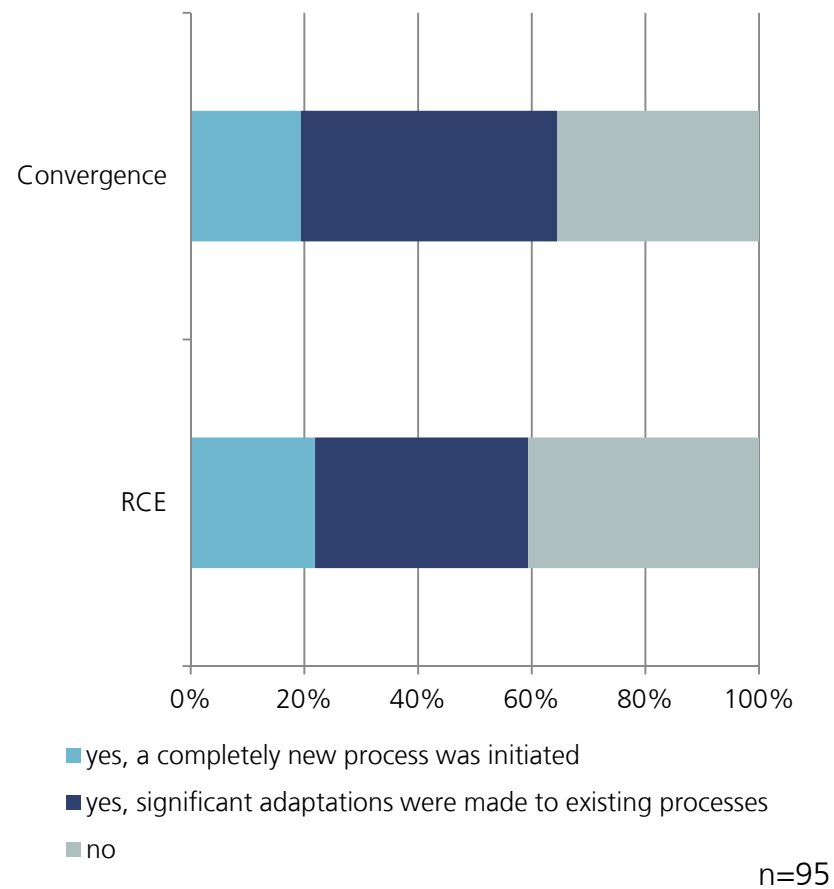


- > 83% of those that do see notable adaptations in the policy mix would say that the **former general pattern of allocation is nonetheless still in place**

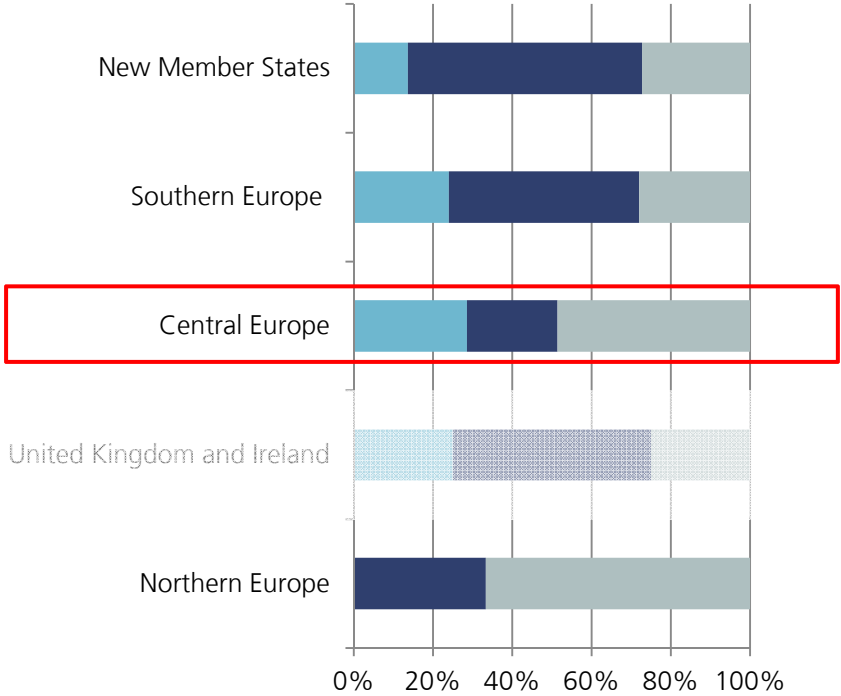


I. Changes in factual policy action

Little difference among target categories...

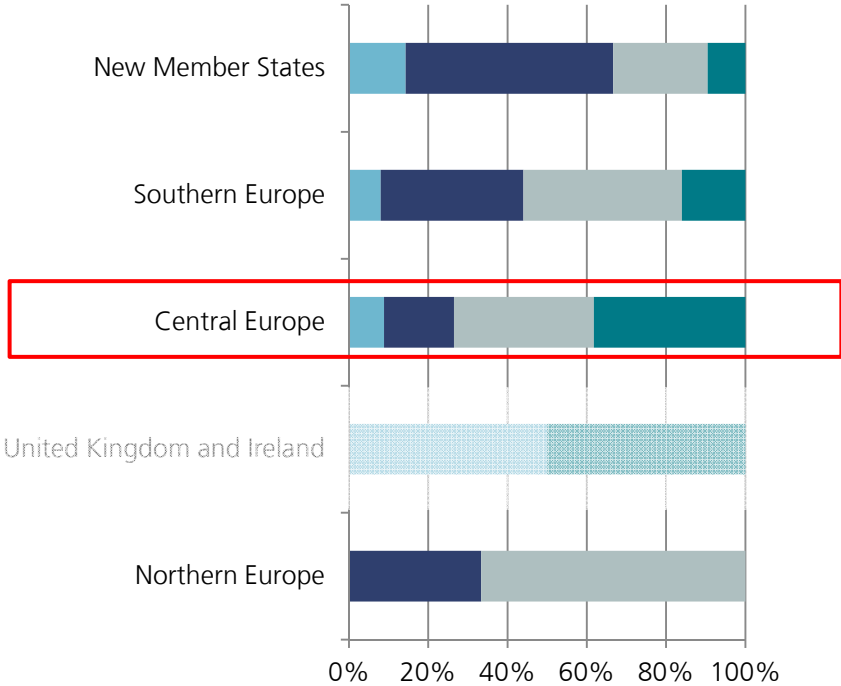


I. Changes in factual policy action ...some differences between countries...



- yes, a completely new process was initiated
- yes, significant adaptations were made to existing processes
- no

n=95

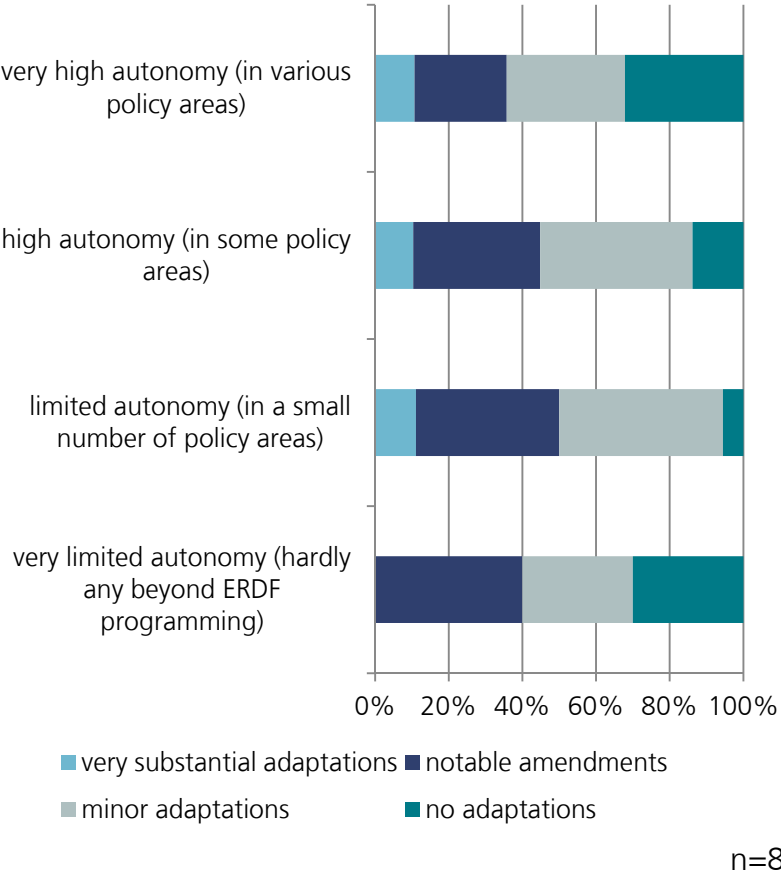
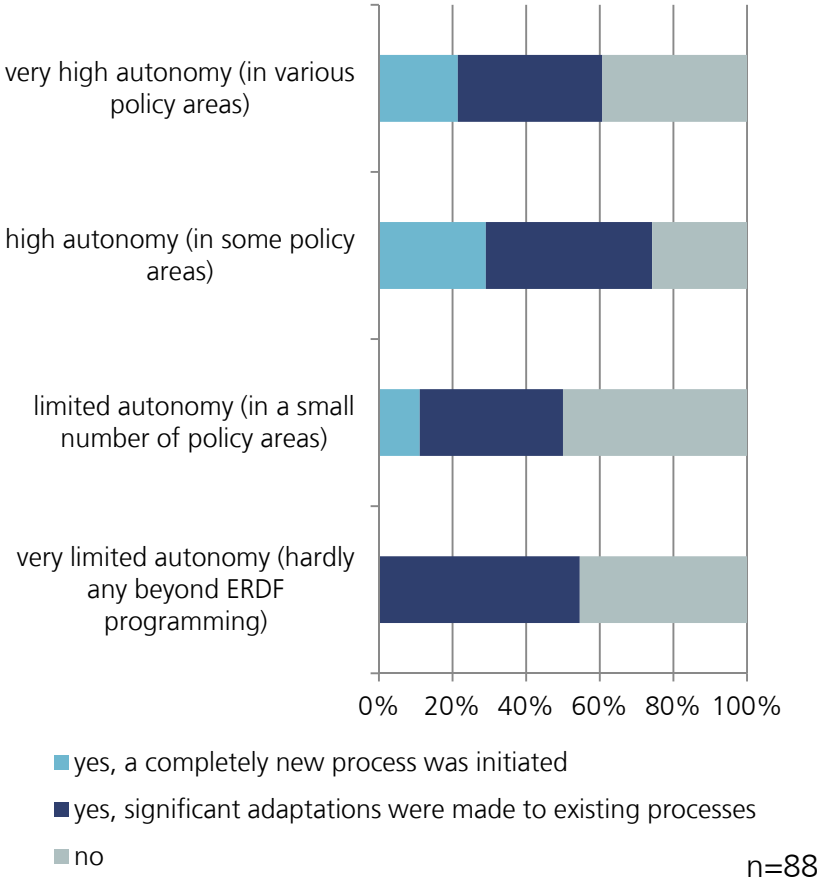


- very substantial adaptations
- notable amendments
- minor adaptations
- no adaptations

n=91

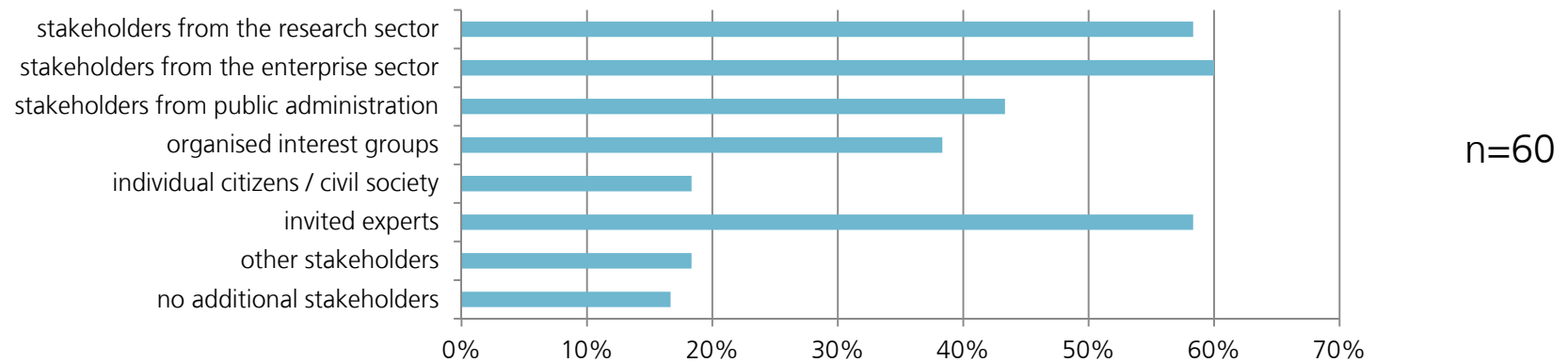
I. Changes in factual policy action

...lack of autonomy can hinder the process

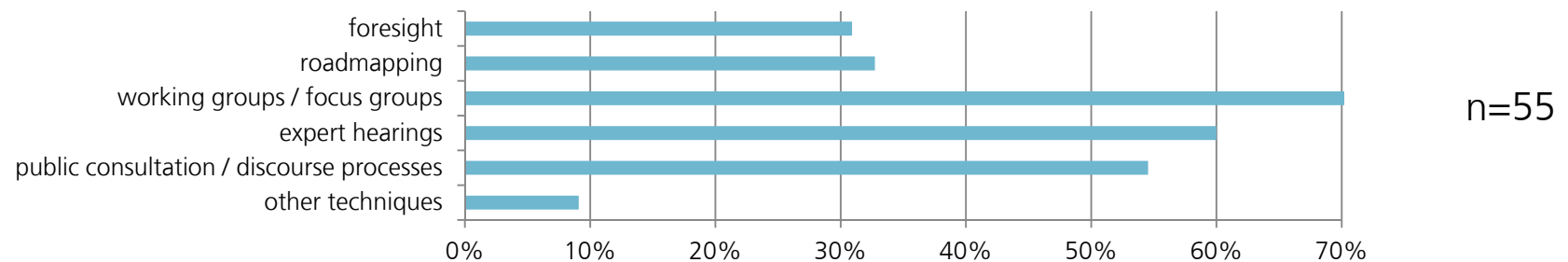


II. The nature of the changes „entrepreneurial discovery“ seems underway

- There is a balanced involvement of additional stakeholders from both the research and the enterprise sector as – but also a strong reliance on (invited) experts

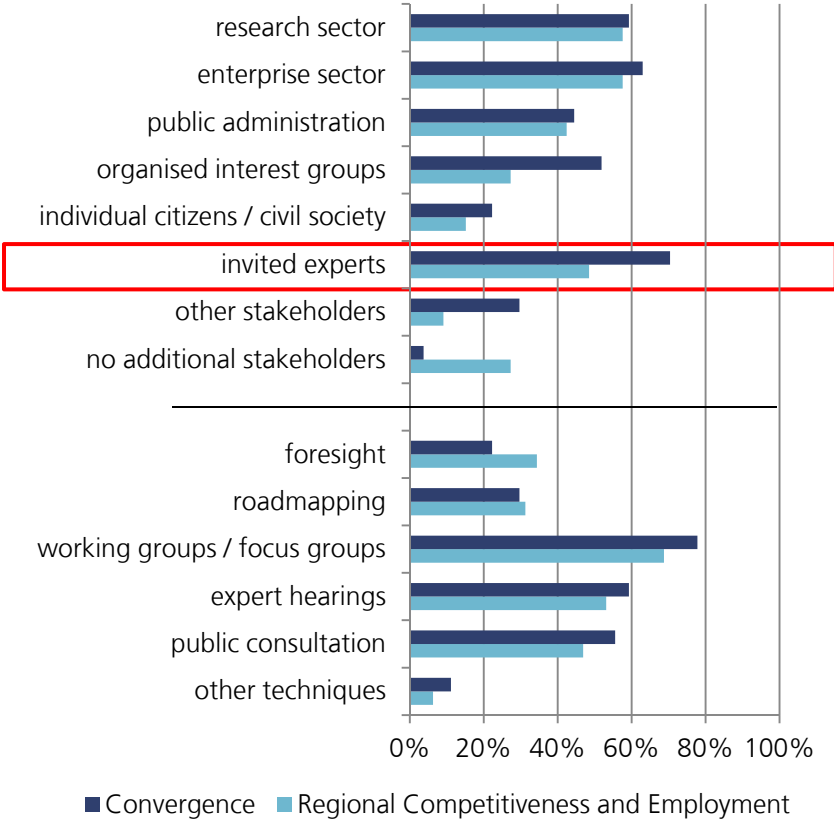


- The processes of consultation is not technocratic or formalised but seems down-to-earth, building on working groups, expert hearings and public consultation

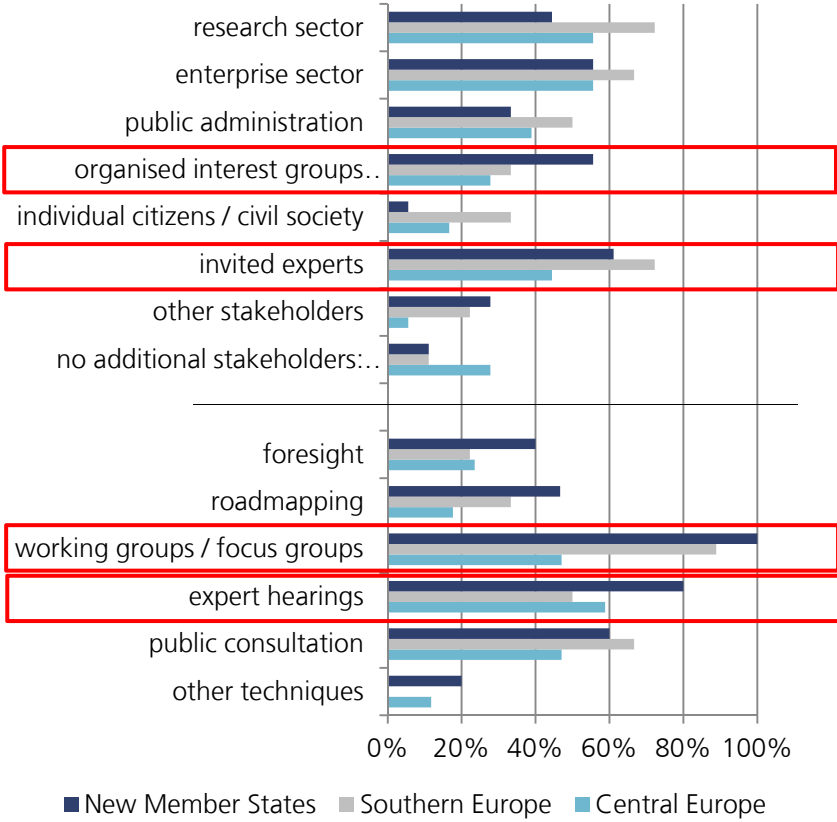


II. The nature of the changes

Differentiation by groups



n=60/55

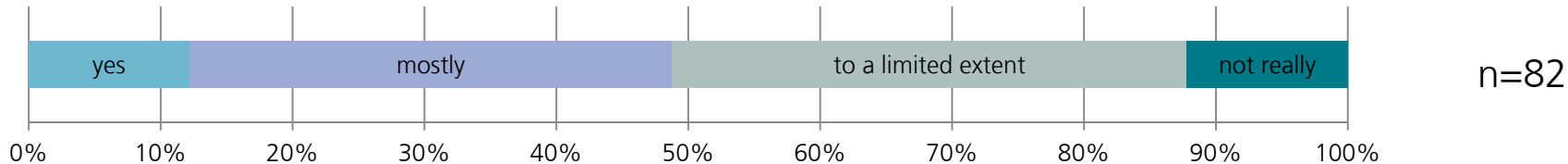


n=60/55

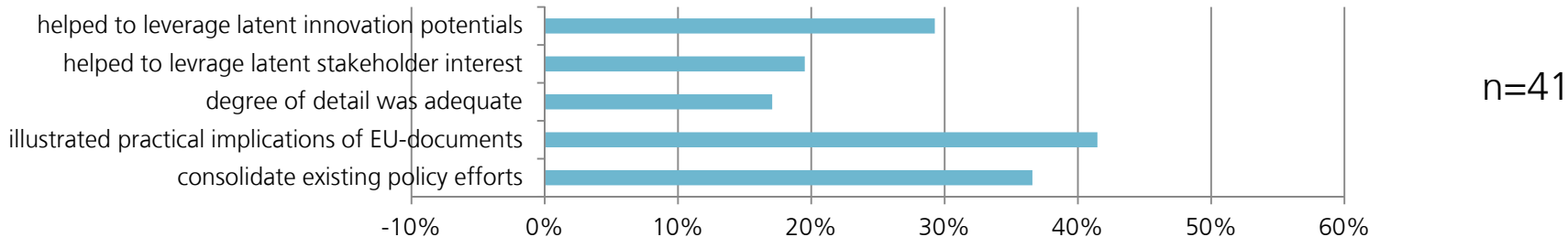
III. Opinions regarding the new approach

Satisfaction with regulations/guidelines

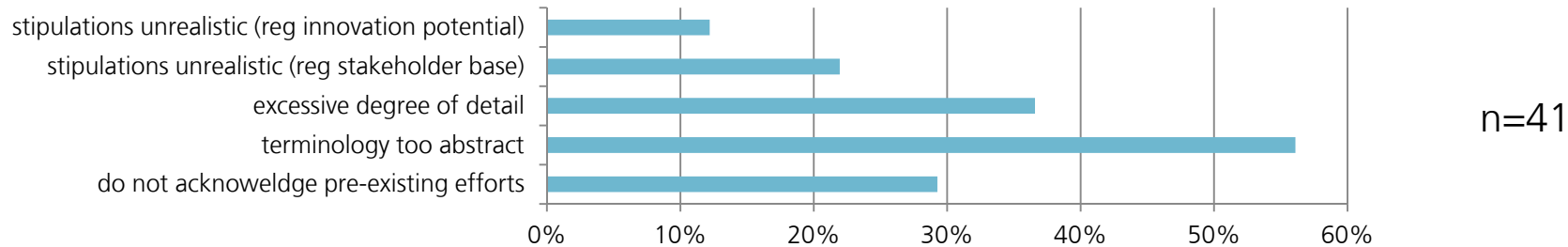
- A mixed opinion with a view to policy guidelines (normal distribution...)



- most see S3 as helpful insofar as the guidelines have provided additional input, even of those positive about the process, few see more substantial implications



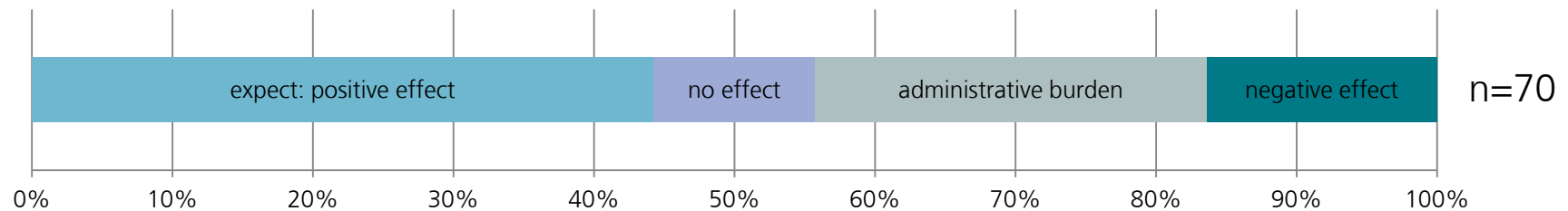
- Complaints on degree of abstraction/complexity; less on the overall degree of realism



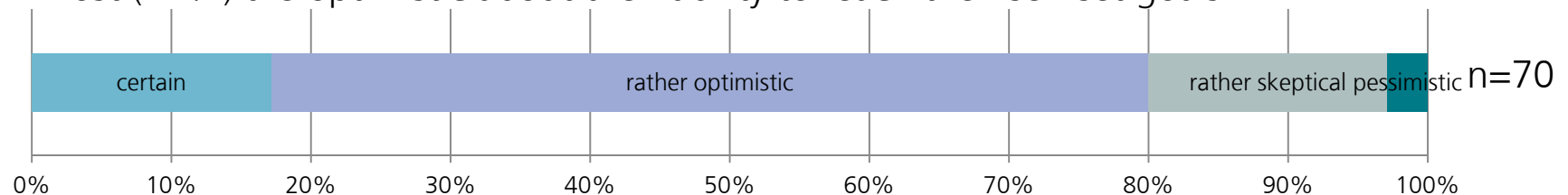
III. Opinions regarding the new approach

Satisfaction with the monitoring system

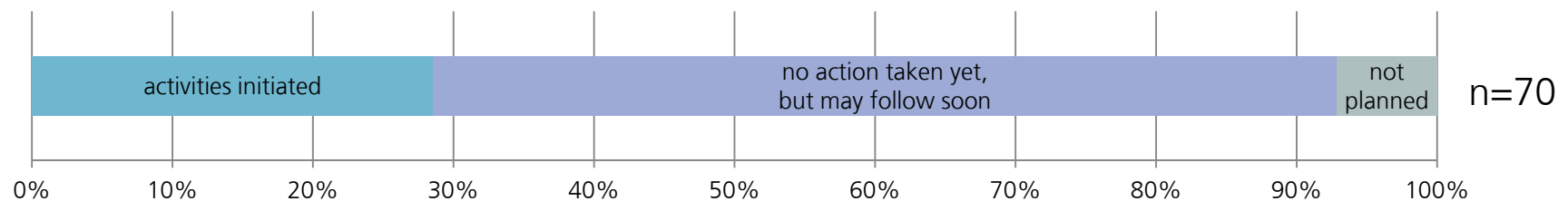
- About half of the respondents are indeed positive about the changes



- Most (80%) are optimistic about their ability to reach their self-set goals

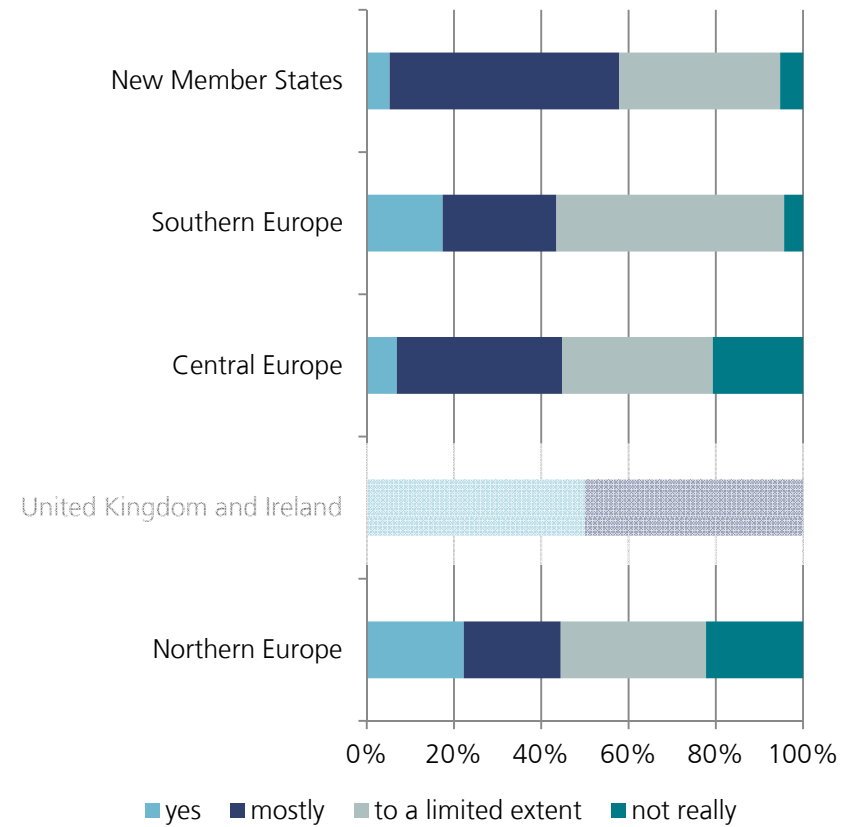


- Even though the new baselines and impacts have so far remained without consequence...

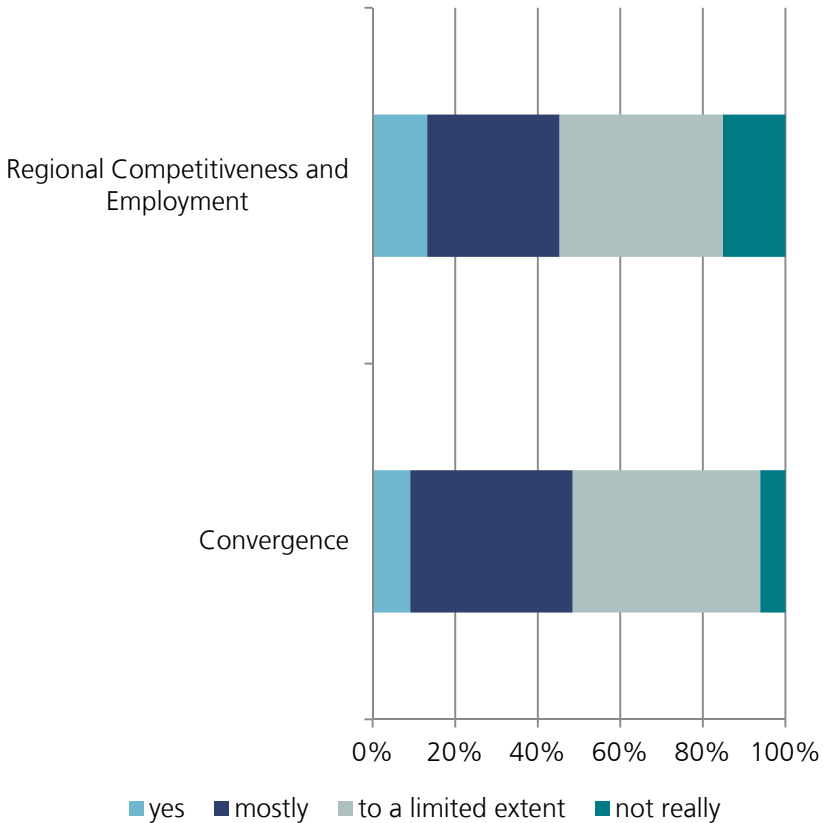


III. Opinions regarding the new approach

Satisfaction with guidelines in detail



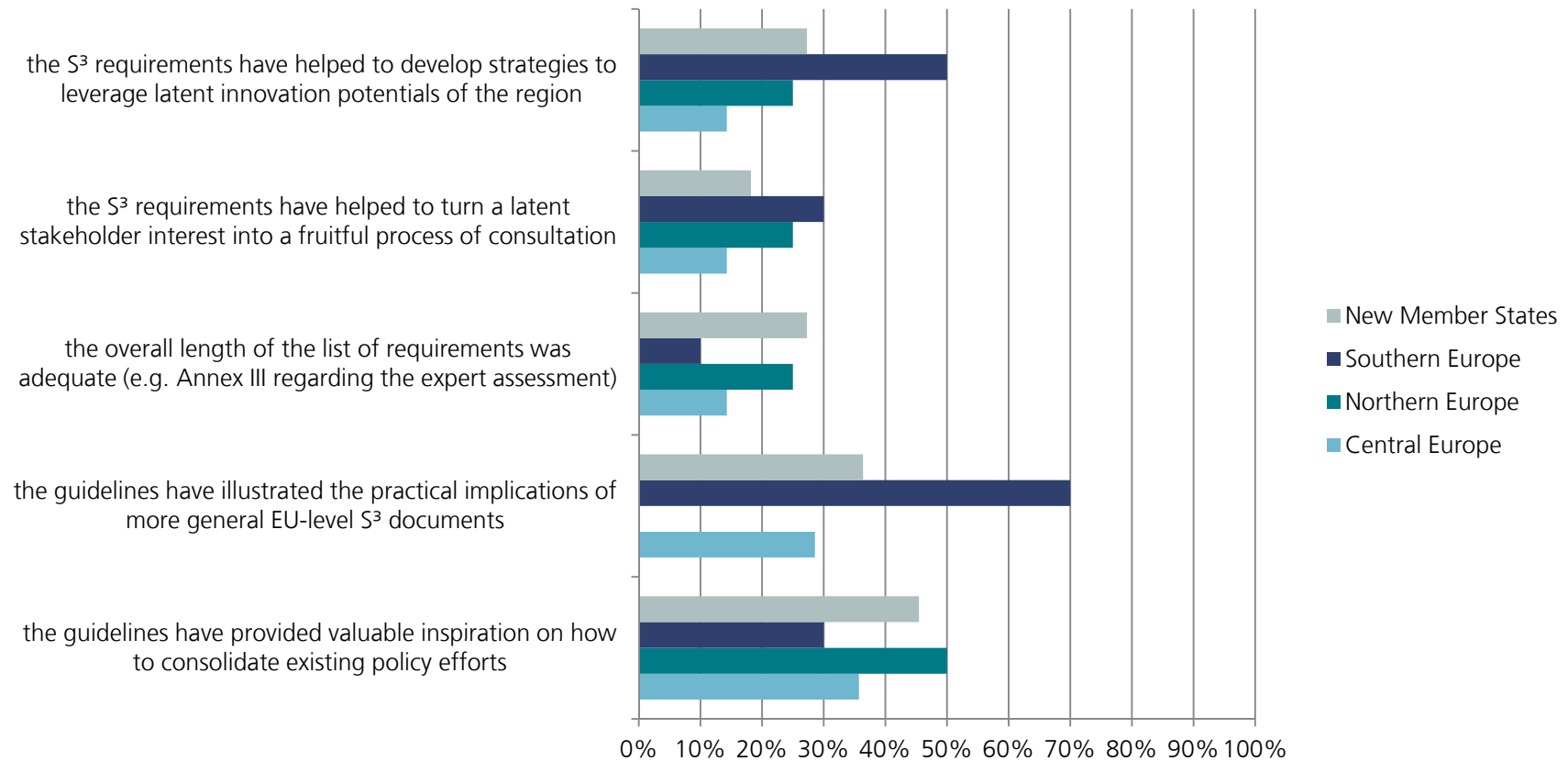
n=82



n=86

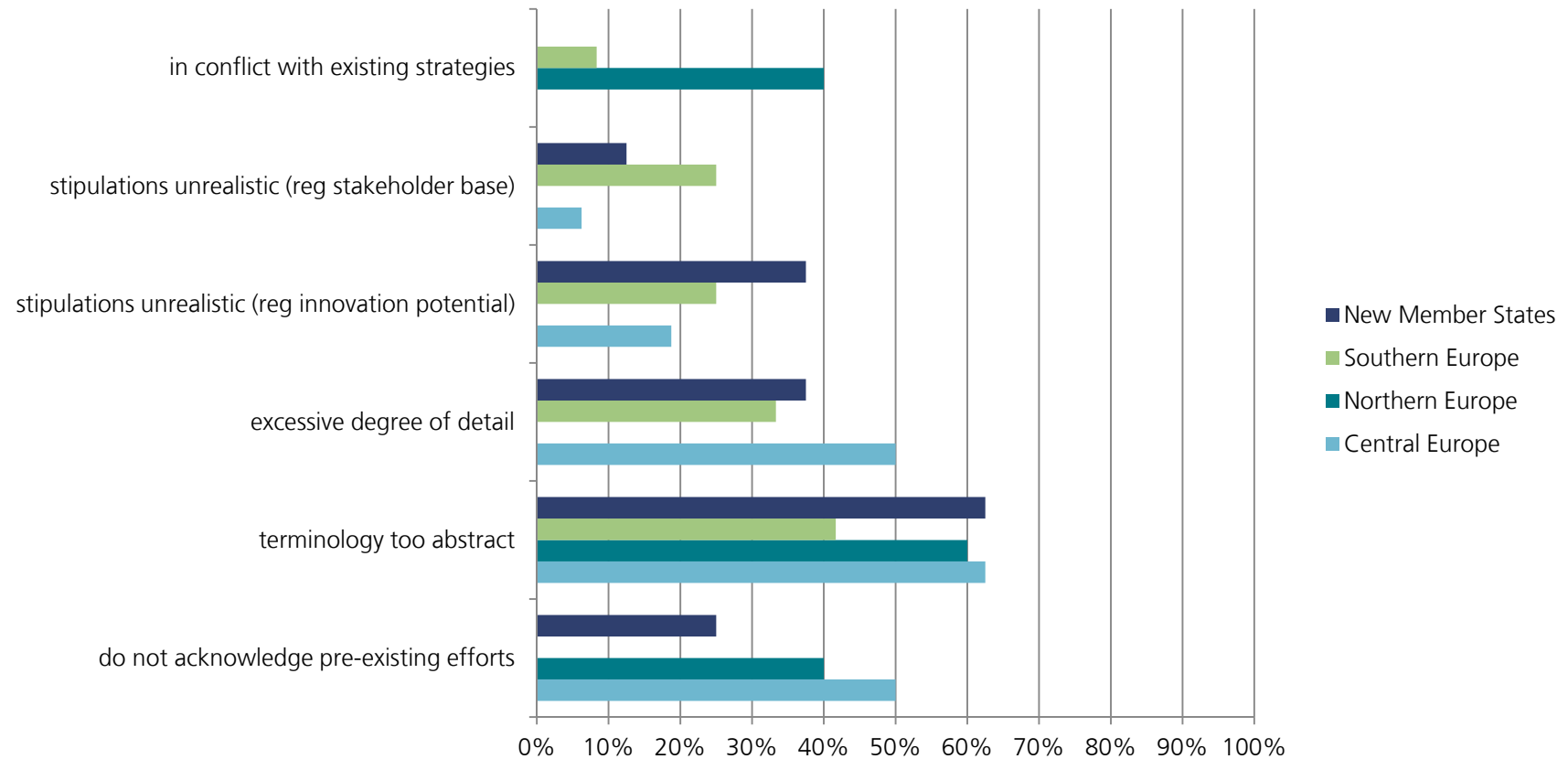
III. Opinions regarding the new approach

As praise differs according to framework...



N=41

III. Opinions regarding the new approach ...complaints differ according to framework



n=41

III. Opinions regarding the new approach

On the positive side...

- **Many of the optimists** „fully agree“ that the RIS³ process **has improved the exchange** between regional stakeholders (17 of 41, 42%)
- Most others at least „somewhat agree“ that the administrative effort related to RIS³ **has been worthwhile** (32 of 41, 78%)
the RIS³ requirements **are fairly easy to fulfil in form and substance** (28 of 41, 68%)
RIS³ strategies **go substantially beyond** existing strategies (23 of 41, 56%)
- However, most also state that the exchange between managing authorities has only to „a limited extent“ or „not at all“ been improved by the RIS³ process (21 of 41, 51%)

III. Opinions regarding the new approach

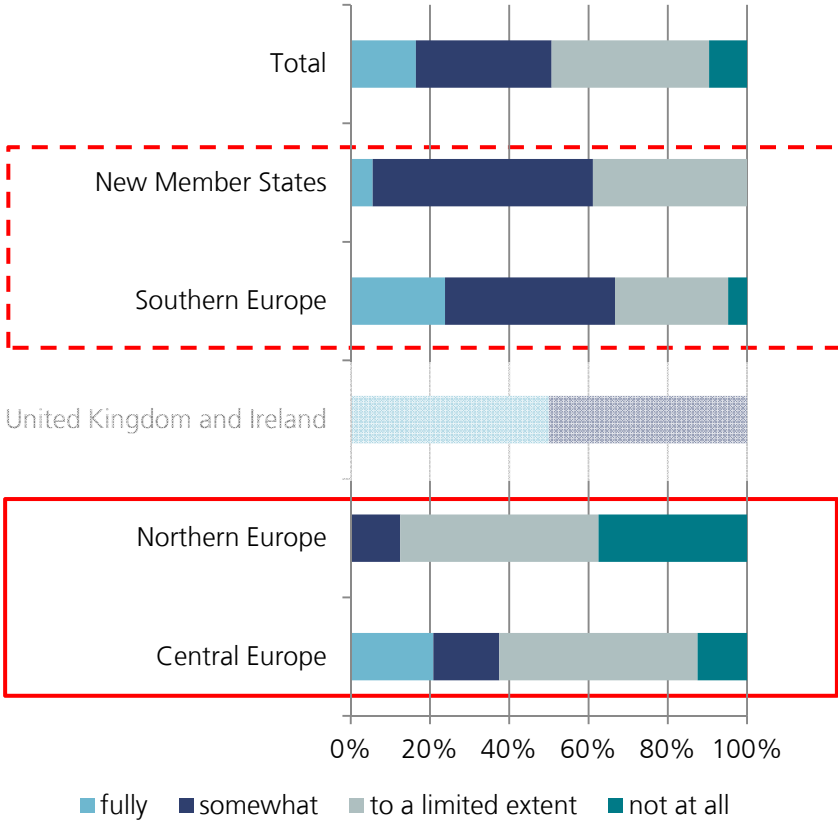
On the negative side...

- **More than half of the sceptics** „fully agree“ or „somewhat agree“ that RIS³ requirements are easy to fulfil in form but that alone **does not make a difference** (23 of 41, 56%)
RIS³ strategies **do not go substantially beyond** existing strategies (23 of 41, 56%)
and two fifths say that the administrative effort related to RIS³ **has not been worthwhile** (17 of 41, 41%)
- Yet, even they concede that the RIS³ process **has improved the exchange** between regional stakeholders (21 of 41, 51%), and the RIS³ guidelines **are not in conflict with existing regional strategies** (32 of 41, 78%)
- Again, most state that the exchange between managing authorities has only to „a limited extent“ or „not at all“ been improved by the RIS³ process (24 of 41, 59%)

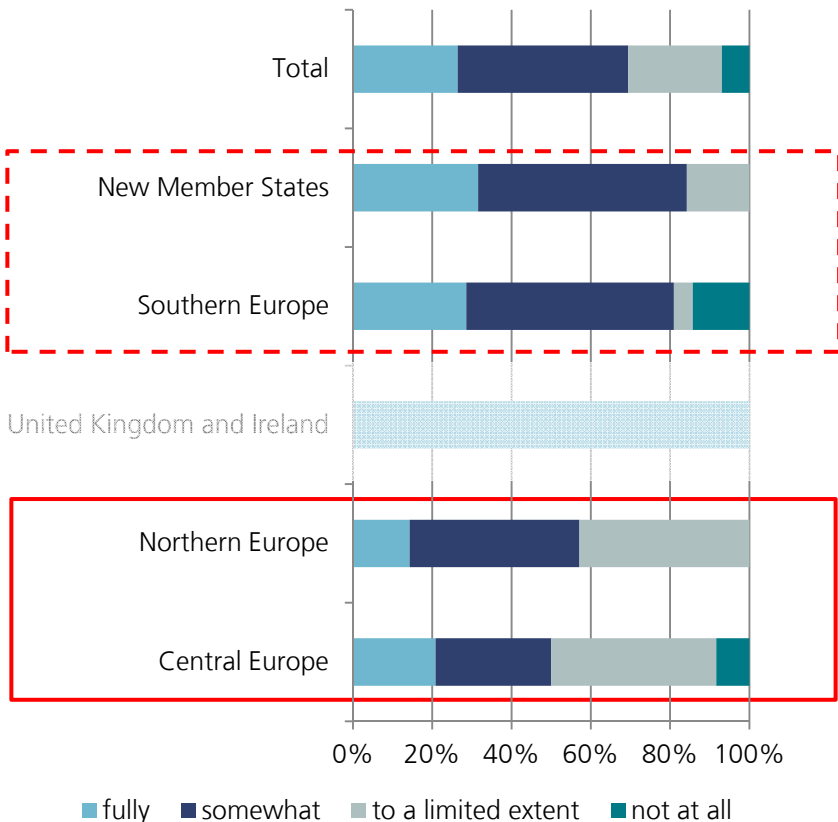
III. Opinions regarding the new approach

Opinions in detail [I]

S³ strategies go beyond pre-existing political strategies The administrative effort strategies has been worthwhile



n=73



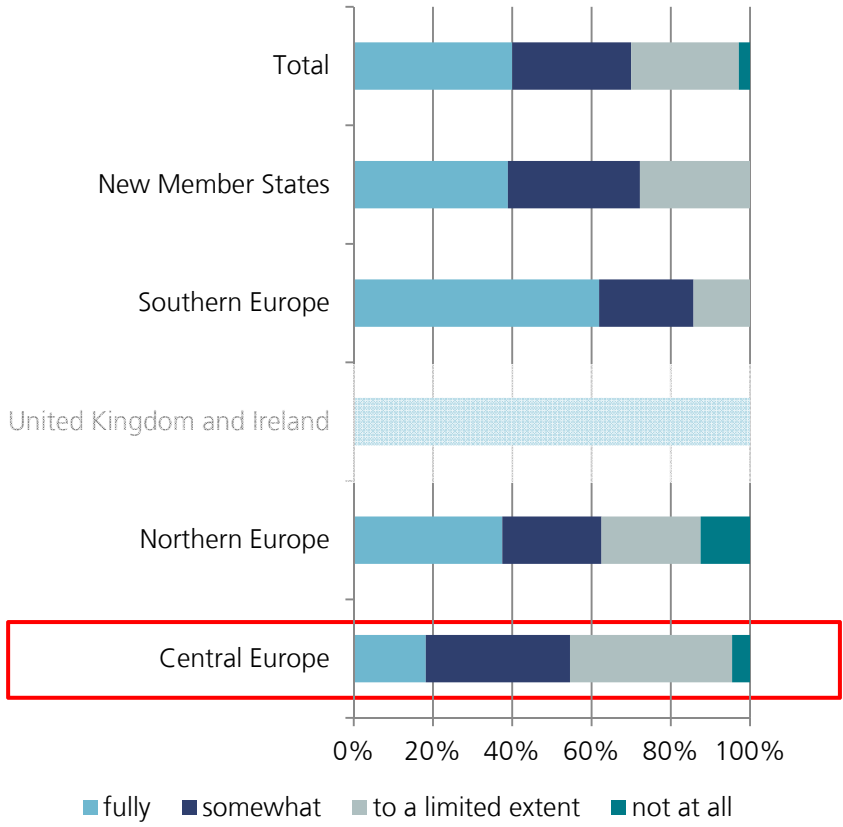
n=72

III. Opinions regarding the new approach

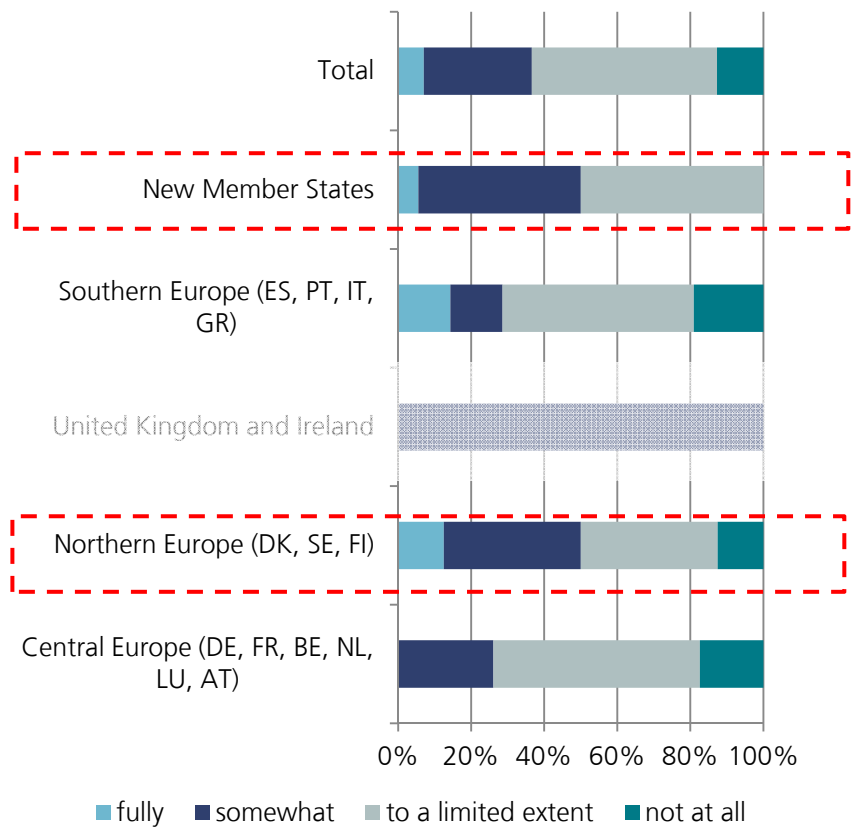
Opinions in detail [III]

...better involvement / exchange of stakeholders in region

...better exchange with other managing authorities



n=70



n=71

III. Opinions regarding the new approach some issues remain, things to be sorted out

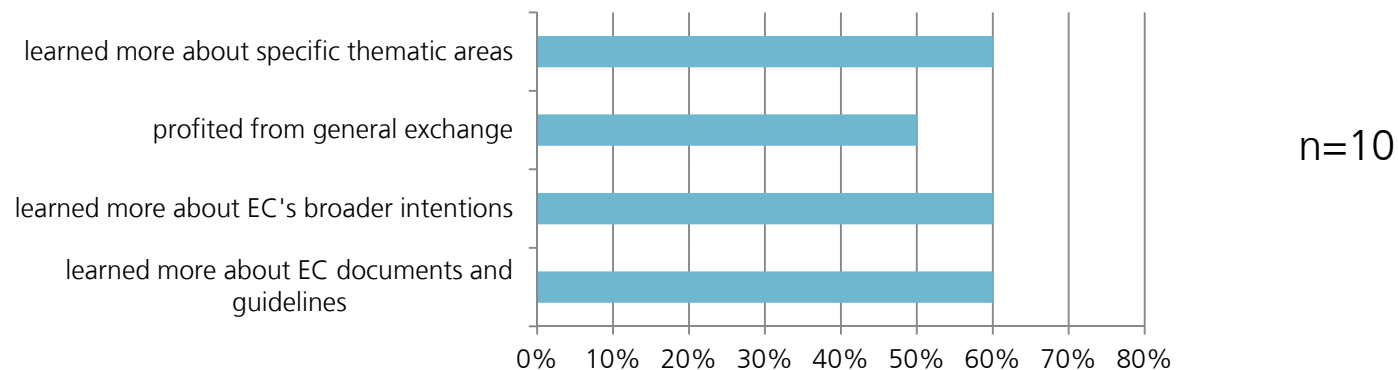
- *the RIS3 exercise has brought a return for different actors as the approach is new and has **led to a new consideration of the regional innovation system from a market-centred perspective** [FR]*
- *the S3 has to **permit the definition of specialisations based on the research sector's willingness to develop, even if the local industry is weak** [FR]*
- *it should be possible to specify **different horizons for different specialisations** [FR]*
- ***the focus remains very much centred on the geographic region.** There has not been any benchmarking with other European regions. This could have served to identify complementarities and competences absent in our region [FR]*
- *to **little coordination between regional and central level** [NMS]*

- *process of developing the S3 is only really beginning [UK/Ireland]*
- *As the process of strategy development and implementation has not been completed, not all questions could be answered [DE/AT]*
- *It needs to be pointed out that the process of drafting the S3 strategy in our region is still not finished, so some answers considered the adopted methodology and not the finished result. [NMS]*

III. Opinions regarding the new approach

What about concrete Commission support?

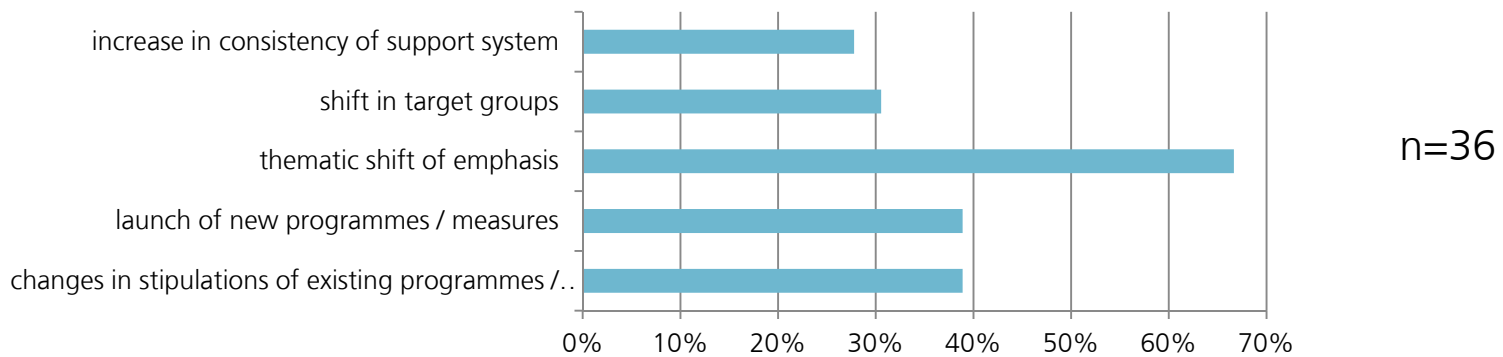
- About half (44%) of the surveyed policy makers have taken part in the process of best practice exchange on the Seville platform
- 29%/68% of those taking part state that this has been / has been somewhat relevant
- 14%/69% confirm that it has / has somewhat affected their concrete policy decisions
- Of those positive about the process, most highlight that it has been useful in various ways beyond general exchange



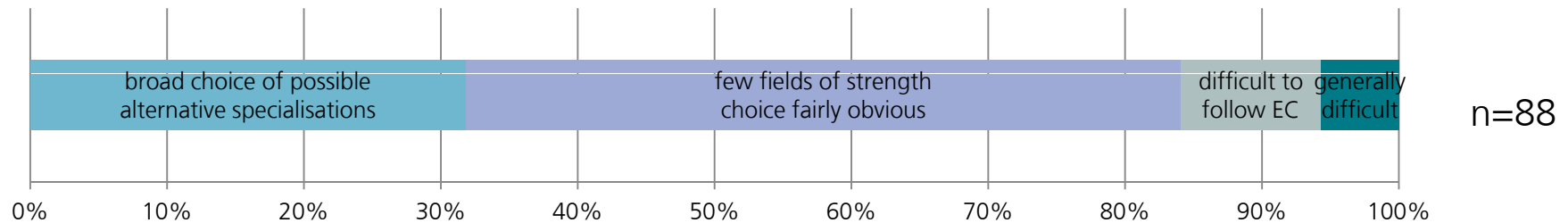
IV. Room for manoeuvre

How much potential for effects on policy?

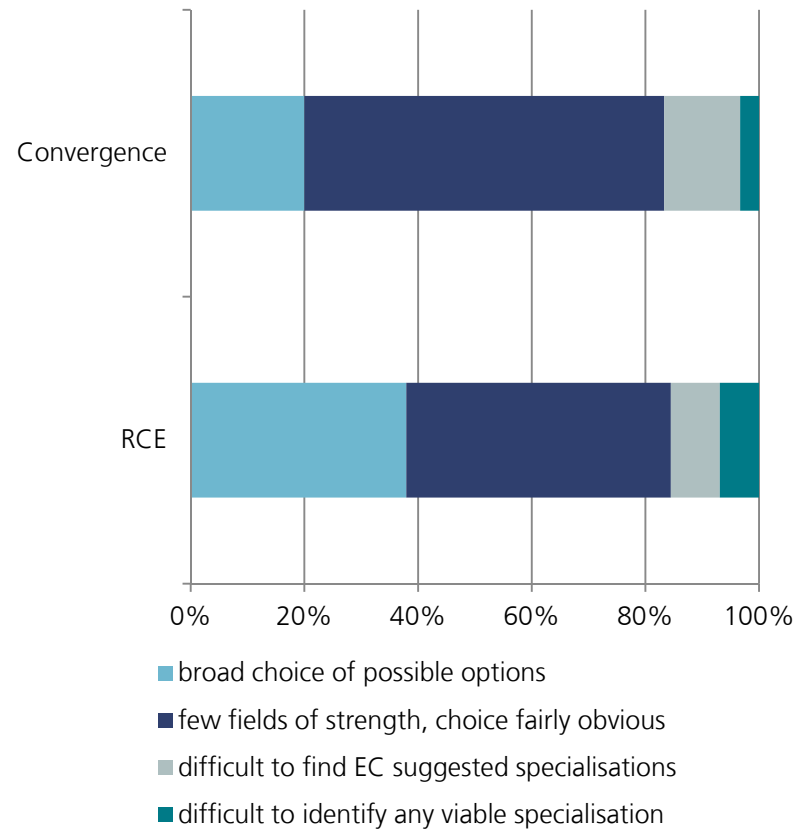
- There is a strong claim of a “thematic shift of emphasis”, implemented through “changes in stipulations if existing programmes” and “the launch of new programmes”



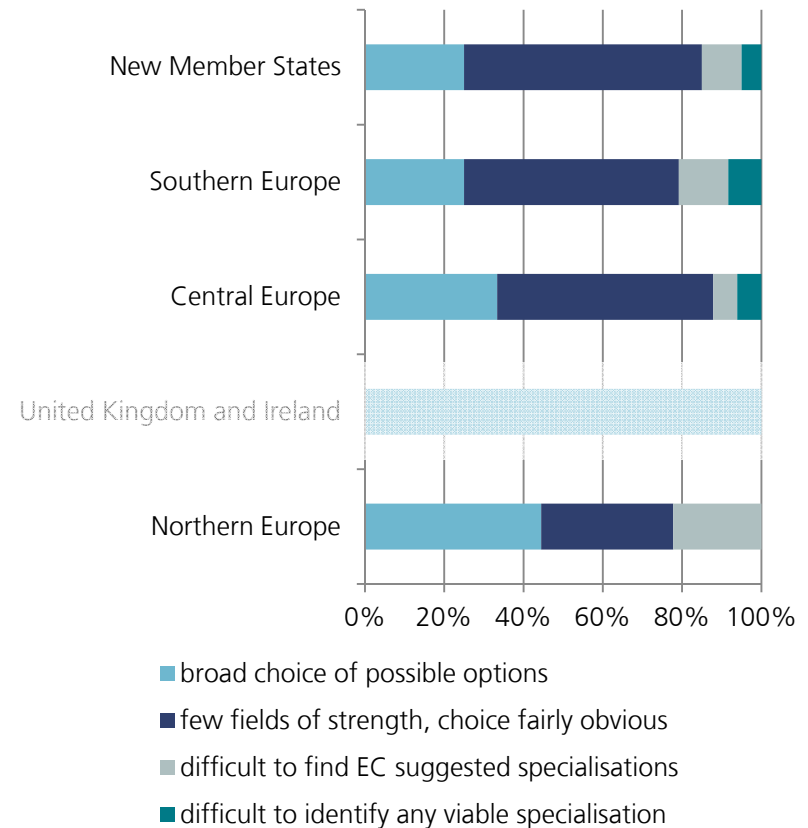
- On the other hand economic reality comes in as a *strong* moderating factor: around 52% say that the choice for the region was somewhat inevitable while only 16% underline that innovative specialisation is hard to achieve in their region



IV. Room for manoeuvre Across EU: strategies 'build on the obvious'



n=88

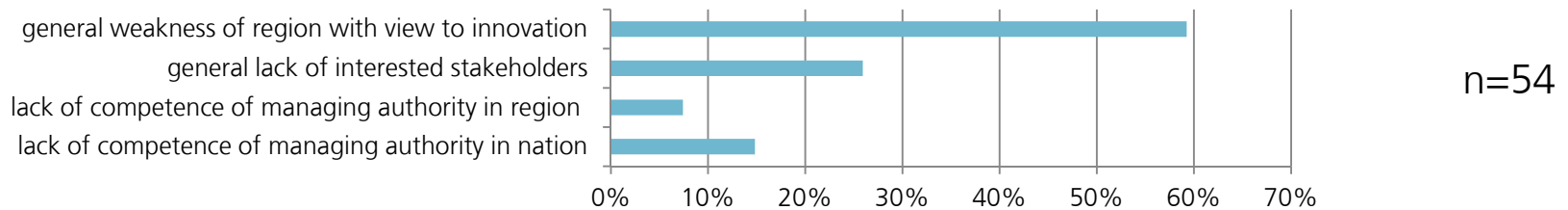


n=88

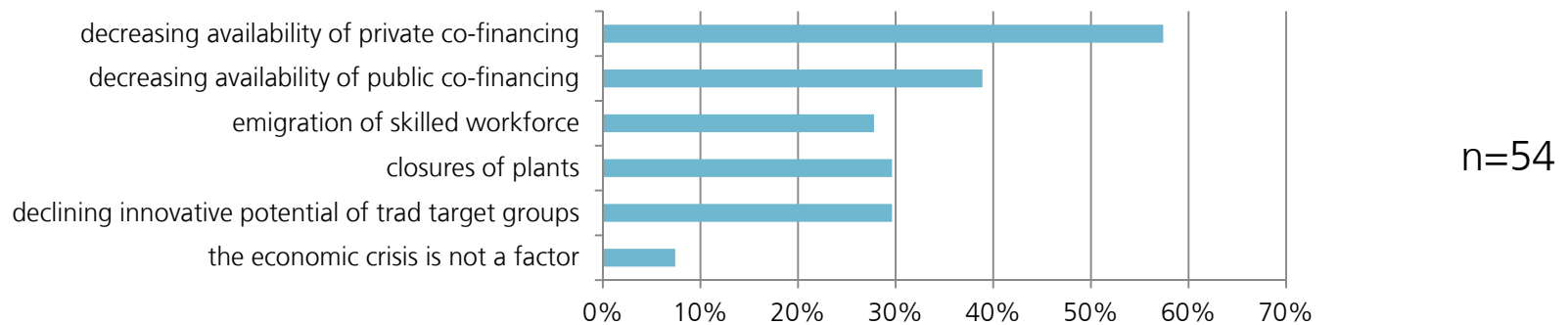
IV. Room for manoeuvre

How much potential for economic effects?

- The challenge to policy relevance is real, not in perception or authority:
59% mention a lack of innovative potential, this is clearly not only about awareness...

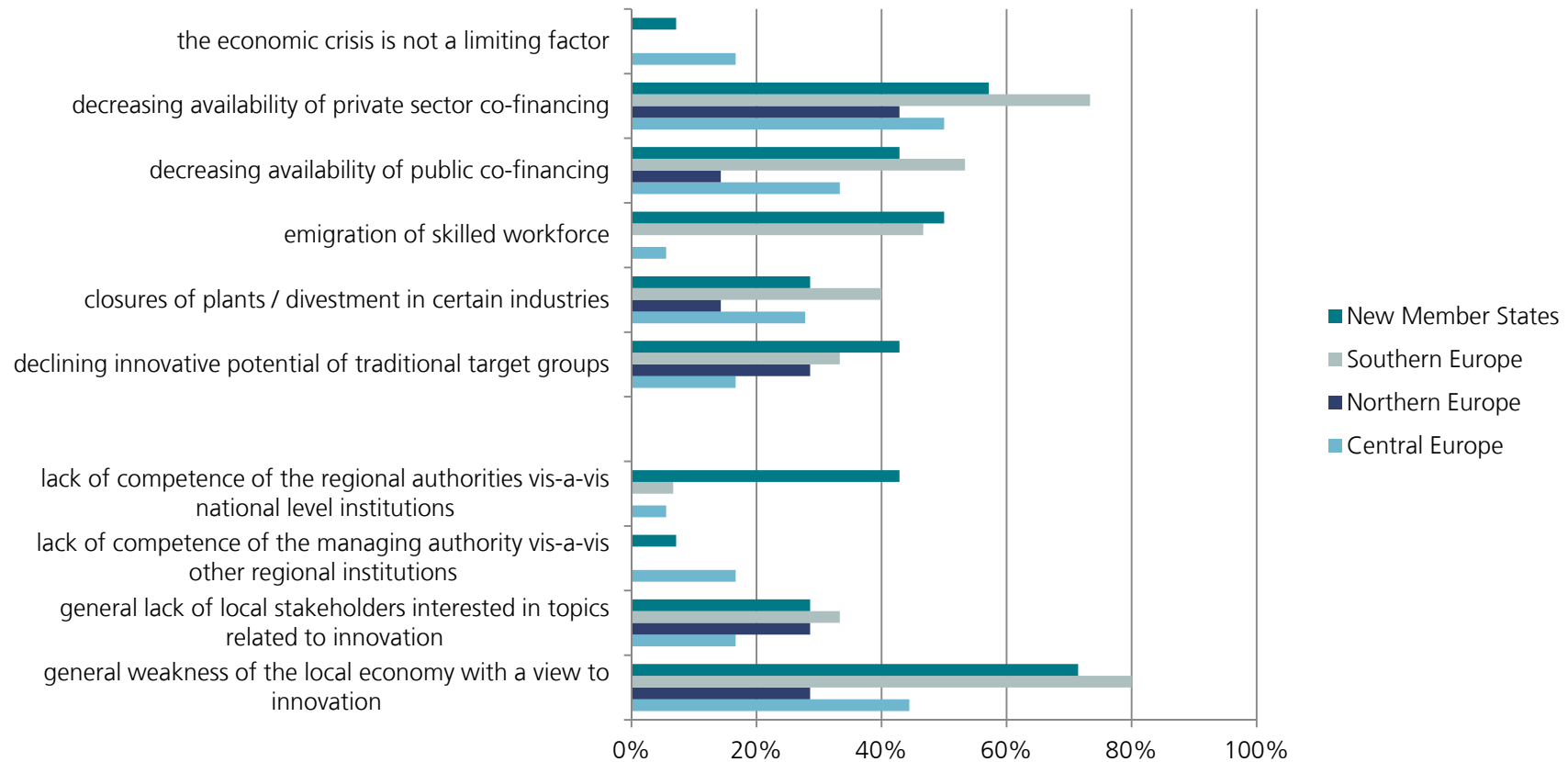


- Close to 30% are challenged by major events like divestment, plant closures, or the emigration of skilled workforce (28%)
57% find a lack of private co-financing, opposed to only 39% for the public side
➔ **the private sector is on board for the strategy, but then not for practice (?)**



IV. Room for manoeuvre

Restraining factors differ by Member State



n=54

Summary

- The **RIS3 approach will not change the world of regional innovation policy** in the European Union nor will it put an immediate or even rapid end to all the inherent challenges of structural funding, but:
- arguably, this is **in part a sign of strength** rather than weakness: the strategy is aimed at conscious review, fine-tuning and improving effectiveness which is a **good approach to tackle the heterogeneous world of European regions**
- The **main aspects of implementation appear to be well in line with the main ideas** put down by the Commission, the **intention of RIS3 seems understood**
- Overall, the RIS3 policy approach, including its objectively complex guidelines has been **remarkably positively received**, even with regard to the monitoring system

However (!):

- although this study has a certain bias towards better performing regions (RCE)
 - it highlights **strong limiting effects of the factual socio-economic conditions**
 - It underlines that **leverage of SF is halted by a lack of private co-financing**
- There is a general implication that RIS3 **helps to improve rather than to create anew**

Policy Conclusions

- **Overall: A well-designed European Commission Approach**
- **But: The actual work rests with the regions so they have to remain in focus**

Beware of euphoria:

- RIS3 is **a good fertilizer rather than the tree itself**
if anything, the results provide evidence that regional intelligence/experience counts
- Safeguard and improve what there is, **do not reach for more too quickly**;
if existing achievements can be secured and fine-tuned, much has been achieved
- Some things will remain hard to reach, despite all strategy (**private co-financing**):
there must be monitored pressure to improve, but it must remain realistic
- RIS3 should focus on working towards the attainable,
it seems important to **safeguard the surprisingly strong initial openness**

Thank you !

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henning.kroll@isi.fraunhofer.de

*These slides constitute a more detailed and updated version of
a presentation given at the ERSA Conference in Palermo on 29/08/13*