SMART SPECIALISATION APPROACHES

A new policy paradigm on its way from concept to practice

= final results =
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/implementatation/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
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-strategiy 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
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

![Regional Competitiveness and Employment](chart)

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

![Dissemination of funds](chart)
I. Changes in factual policy action
A revolution remains at large...

- ~39% state that there has **not** been a new process of stakeholder involvement
  - [Bar chart: 0% completely new process, 20% significant adaptations, 60% no adaptations] n=95

- >58% state that there have **not** been substantial adaptations to the existing policy mix
  - [Bar chart: 0% fundamental change, 20% substantial adaptations, 60% minor adaptations, 20% no adaptations] n=57

- >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**
  - [Bar chart: 0% substantial shift in allocation, 20% some shifts in allocation, but overall pattern similar, 60% limited adaptations, overall pattern unaffected] n=35
I. Changes in factual policy action

Little difference among target categories...

- Convergence
- RCE

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

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

n=95
n=91
I. Changes in factual policy action...
...some differences between countries...

- **New Member States**
  - Yes, a completely new process was initiated: 20%
  - Yes, significant adaptations were made to existing processes: 40%
  - Very substantial adaptations: 10%
  - Notable amendments: 20%
  - Minor adaptations: 10%
  - No adaptations: 0%

- **Southern Europe**
  - Yes, a completely new process was initiated: 10%
  - Yes, significant adaptations were made to existing processes: 30%
  - Very substantial adaptations: 30%
  - Notable amendments: 10%
  - Minor adaptations: 20%
  - No adaptations: 0%

- **Central Europe**
  - Yes, a completely new process was initiated: 10%
  - Yes, significant adaptations were made to existing processes: 20%
  - Very substantial adaptations: 30%
  - Notable amendments: 30%
  - Minor adaptations: 10%
  - No adaptations: 0%

- **United Kingdom and Ireland**
  - Yes, a completely new process was initiated: 20%
  - Yes, significant adaptations were made to existing processes: 40%
  - Very substantial adaptations: 10%
  - Notable amendments: 20%
  - Minor adaptations: 10%
  - No adaptations: 0%

- **Northern Europe**
  - Yes, a completely new process was initiated: 20%
  - Yes, significant adaptations were made to existing processes: 40%
  - Very substantial adaptations: 10%
  - Notable amendments: 20%
  - Minor adaptations: 10%
  - No adaptations: 0%

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Seite 14

n=95

Page dimensions: 595.2x842.0
[Image 316x86 to 368x758]
I. Changes in factual policy action

...lack of autonomy can hinder the process

- very high autonomy (in various policy areas)
- high autonomy (in some policy areas)
- limited autonomy (in a small number of policy areas)
- very limited autonomy (hardly any beyond ERDF programming)

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

- very substantial adaptations
- notable amendments
- no adaptations

n=88

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Seite 15
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

Convergence  Regional Competitiveness and Employment

New Member States  Southern Europe  Central Europe

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...)**
  - n=82

- **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**
  - n=41

- **Complaints on degree of abstraction/complexity; less on the overall degree of realism**
  - n=41
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

Regional Competitiveness and Employment

Convergence

n=82

n=86

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Seite 20
III. Opinions regarding the new approach
As praise differs according to framework...

- the S³ requirements have helped to develop strategies to leverage latent innovation potentials of the region
- the S³ requirements have helped to turn a latent stakeholder interest into a fruitful process of consultation
- the overall length of the list of requirements was adequate (e.g. Annex III regarding the expert assessment)
- the guidelines have illustrated the practical implications of more general EU-level S³ documents
- the guidelines have provided valuable inspiration on how to consolidate existing policy efforts

N=41
III. Opinions regarding the new approach

...complaints differ according to framework

- In conflict with existing strategies
- Stipulations unrealistic (reg stakeholder base)
- Stipulations unrealistic (reg innovation potential)
- Excessive degree of detail
- Terminology too abstract
- Do not acknowledge pre-existing efforts

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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

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n=73

n=72
III. Opinions regarding the new approach
Opinions in detail [II]

...better involvement / exchange of stakeholders in region

...better exchange with other managing authorities

n=70

n=71

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Seite 26
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

- learned more about specific thematic areas
- profited from general exchange
- learned more about EC’s broader intentions
- learned more about EC documents and guidelines

n=10
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’

- New Member States
  - Broad choice of possible options
  - Few fields of strength, choice fairly obvious
  - Difficult to find EC suggested specialisations
  - Difficult to identify any viable specialisation

- Southern Europe
  - Broad choice of possible options
  - Few fields of strength, choice fairly obvious
  - Difficult to find EC suggested specialisations
  - Difficult to identify any viable specialisation

- Central Europe
  - Broad choice of possible options
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- United Kingdom and Ireland
  - Difficult to find EC suggested specialisations

- Northern Europe
  - Few fields of strength, choice fairly obvious
  - Difficult to identify any viable specialisation

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

- The economic crisis is not a limiting factor
- Decreasing availability of private sector co-financing
- Decreasing availability of public co-financing
- Emigration of skilled workforce
- Closures of plants / divestment in certain industries
- Declining innovative potential of traditional target groups
- Lack of competence of the regional authorities vis-à-vis national level institutions
- Lack of competence of the managing authority vis-à-vis other regional institutions
- General lack of local stakeholders interested in topics related to innovation
- General weakness of the local economy with a view to innovation

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Seite 32
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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These slides constitute a more detailed and updated version of a presentation given at the ERSA Conference in Palermo on 29/08/13