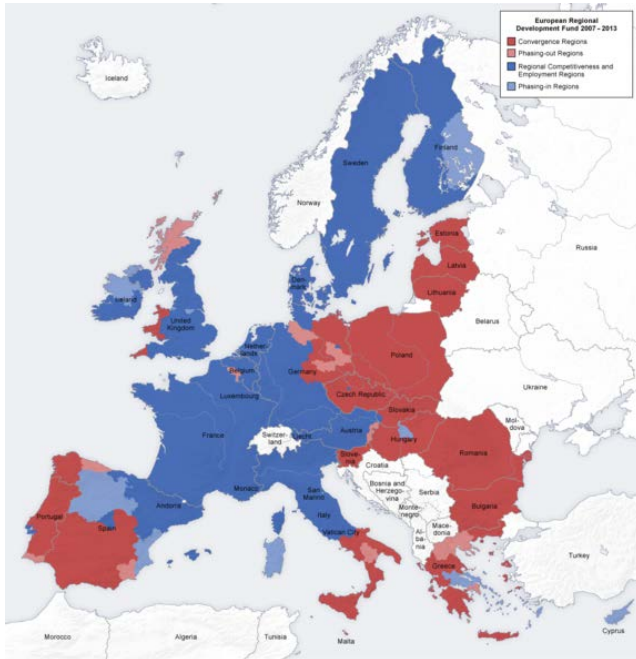


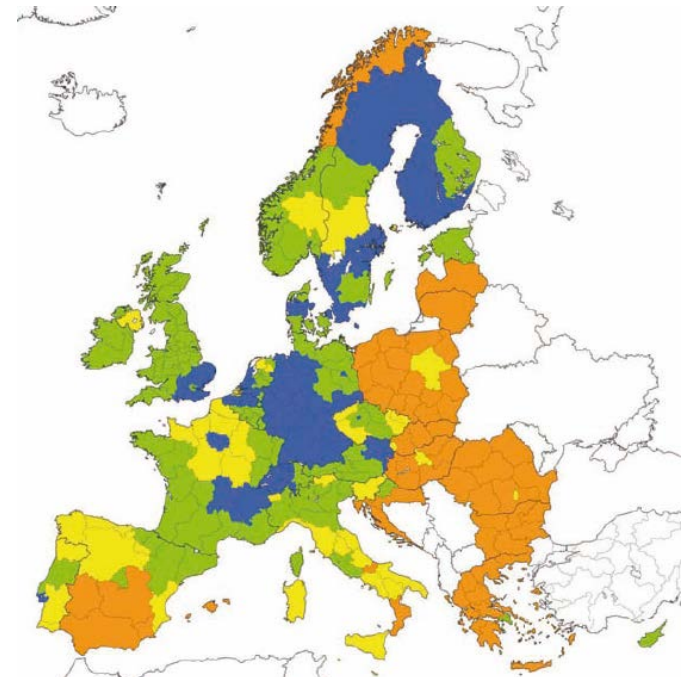
Smart specialization strategies

-

the Fraunhofer ISI survey(s)



Source: DG Regio Website



Source: Regional Innovation Scoreboard

Henning KROLL - Emmanuel MULLER
evoREG workshop : Innovation, territories and policies
January 22, 2014



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Structure of the presentation

- Context
- Objectives
- Survey 1 : EU
- Survey 2 : D + F
- Survey 3 : Upper Rhine
- Summary
- Policy conclusions



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**



What is Smart Specialisation?

Smart Specialisation

a strategic approach to economic development through targeted support to **Research and Innovation (R&I)**. It will be the basis for **Structural Fund** investments in R&I as part of the future Cohesion Policy's contribution to the **Europe 2020** jobs and growth agenda.

Smart Specialisation

involves a process of developing a **vision, identifying competitive advantage**, setting strategic priorities and making use of **smart policies** to maximise the **knowledge-based** development potential of any region, strong or weak, high-tech or low-tech.



Source: <http://s3platform.jrc.ec.europa.eu/de>

Strategies for Smart Specialisation: renew strategy/implementation/monitoring

RIS3 guide - Key steps for developing a RIS3

Step 1 – Analysis of regional context/potential

Step 2 – Governance ?

Step 3 – Vision for the future

Step 4 – Selection of priorities ?

Step 5 – Policy mix

Step 6 – Monitoring and evaluation ?



- **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?



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Main objectives of the study and of the surveys

- 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?
- V. Assess the potential of the S³ policy approach in specific cases:
 - Comparing a set of regions in France and Germany
 - Analysing the impact of S³ on the regional convergence process within the Upper Rhine Area (i.e. Alsace and Baden-Württemberg)

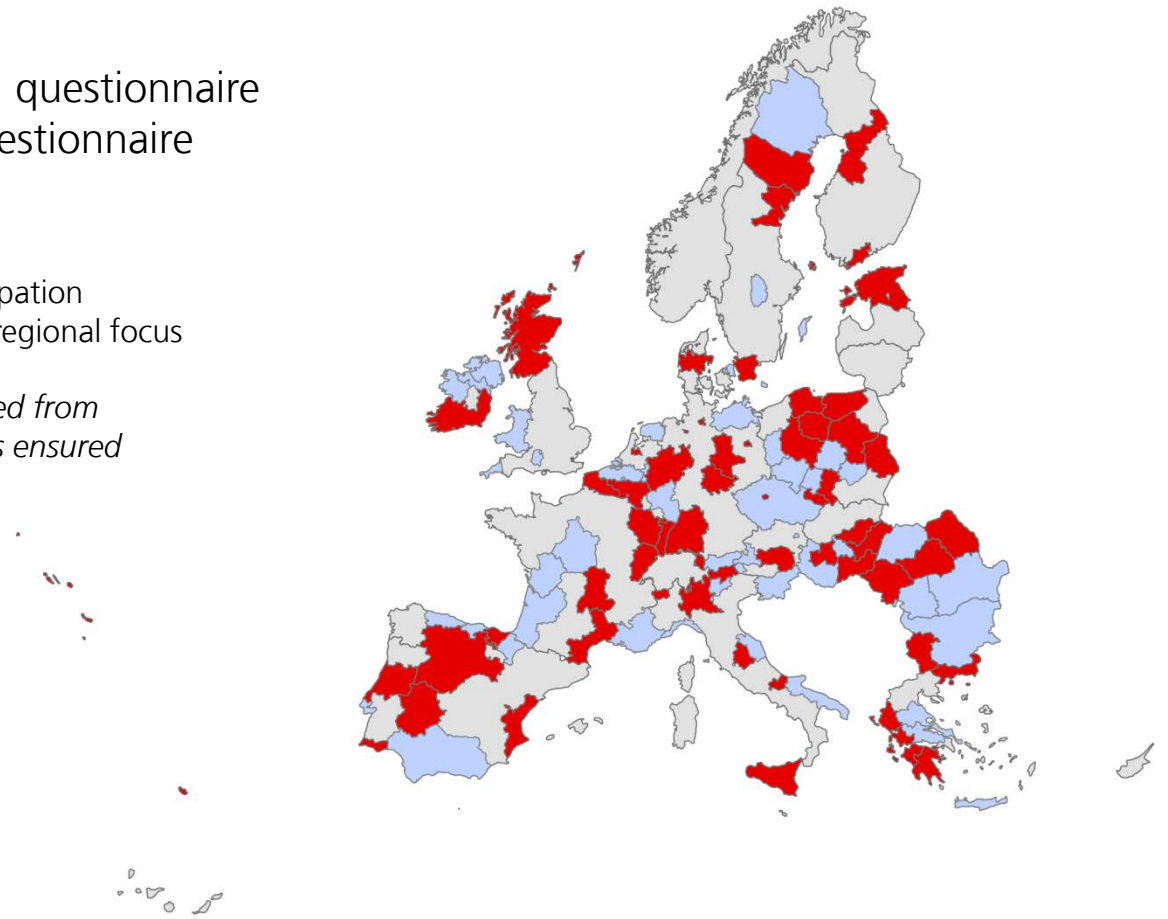


Coverage (I)

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

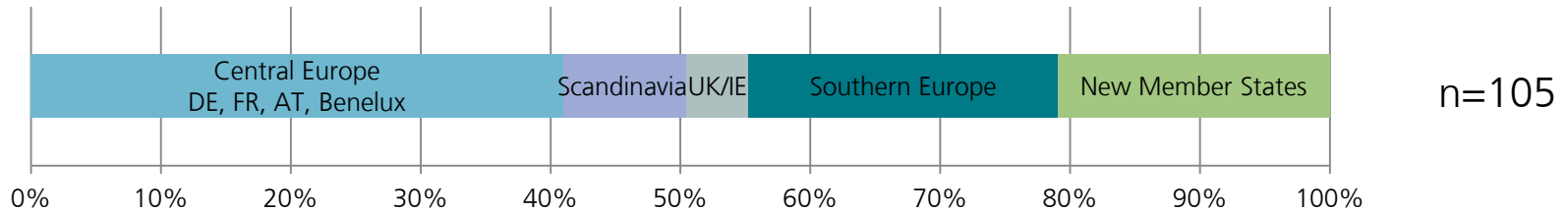
countries coloured in full reflect participation
of national authorities without known regional focus

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

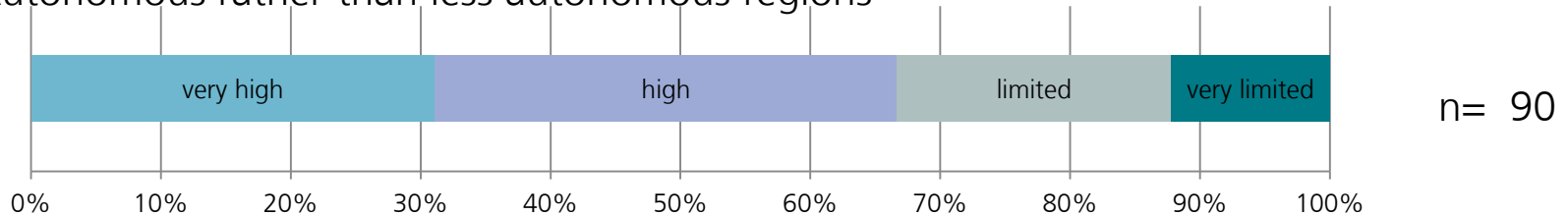


Coverage (II)

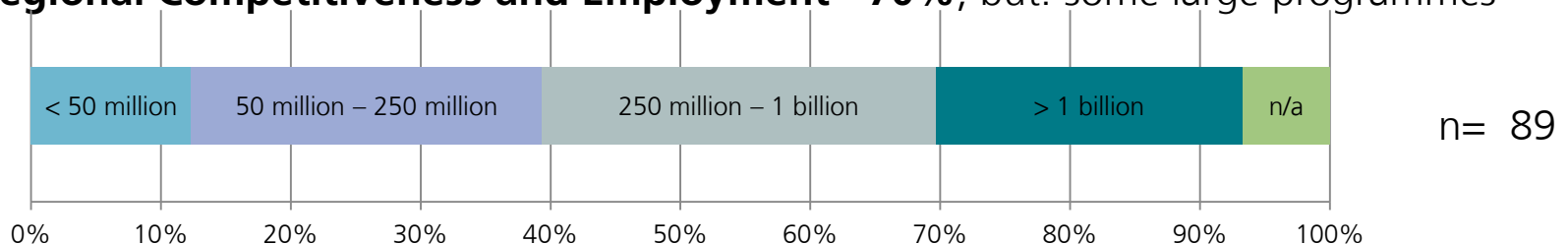
- **Managing Authorities 54,6%** ⇔ **other Policy Makers 43,6%**
- **Policy Makers across Europe** – only the UK remains underrepresented



- **Autonomous rather than less autonomous regions**



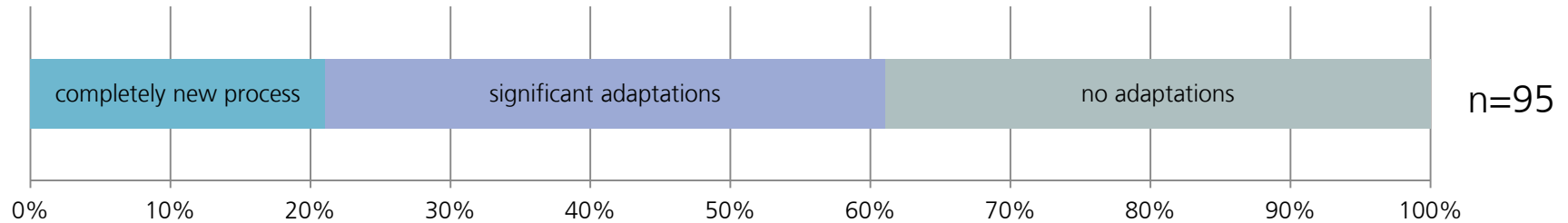
- **Regional Competitiveness and Employment ~70%**, but: some large programmes



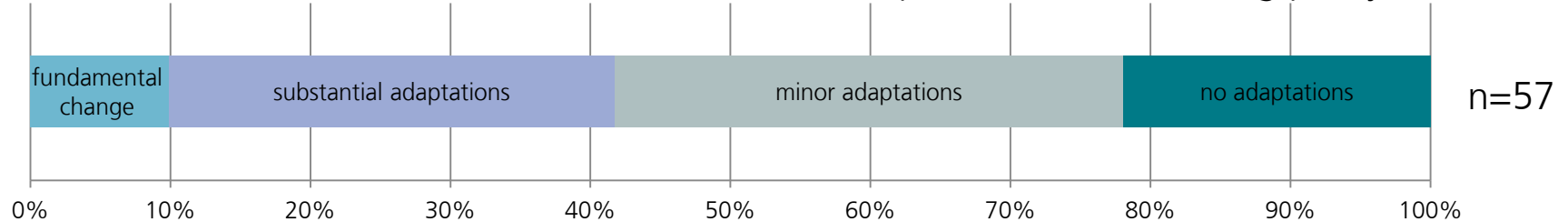
Changes in factual policy action

A revolution remains at large...

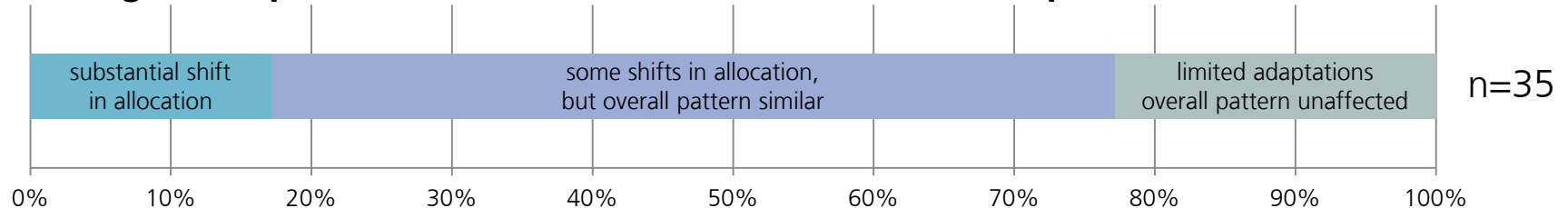
- ~ 39% state that there has **not** been a new process of stakeholder involvement



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



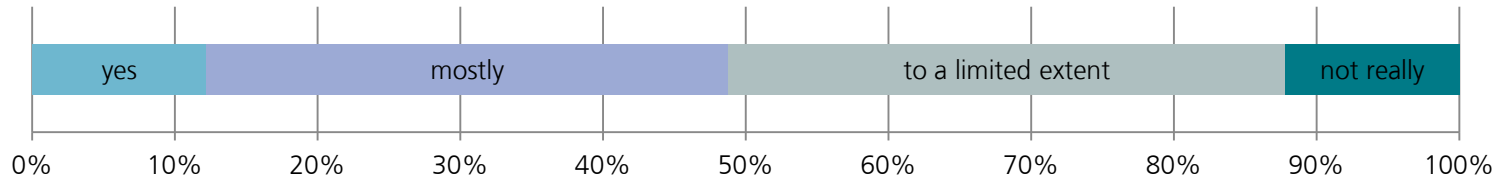
- > 83% of those that do see notable adaptations in the policy mix would say that the **former general pattern of allocation is nonetheless still in place**



Opinions regarding the new approach

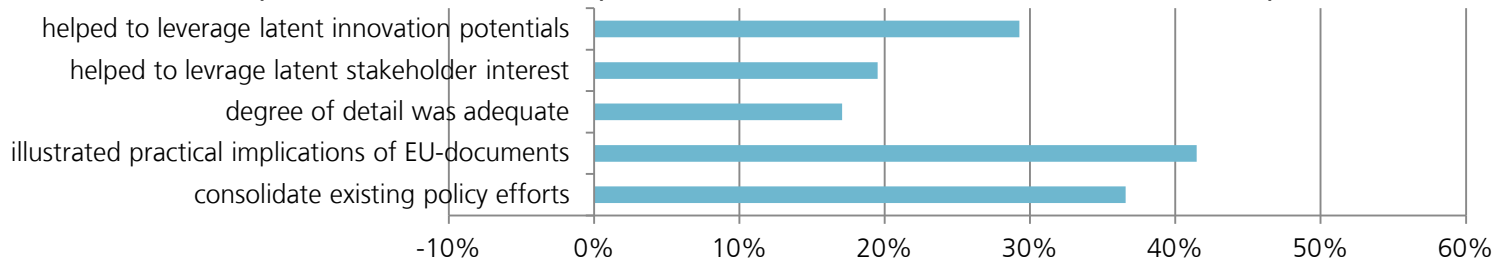
Satisfaction with regulations/guidelines

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



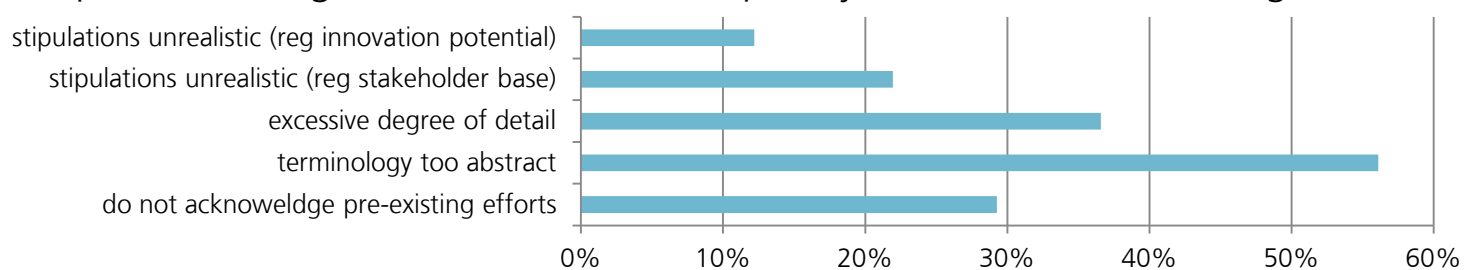
n=82

- 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

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%)

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%)

Diversity of national environments in terms of framework conditions and

	DE	FR	ES	PL	GR	BG
Framework conditions						
Policy support	+/o	+/o	o	o	--	--
Mobilisation of human resources	++	+	+	+	-	--
Availability of specific competencies	+/o	+	o/-	-	--	--
Degree of achievement						
Respect of time schedule	+	+/-	-	o/-	--	o
Entrepreneurial discovery process	++	+	+/o	o/-	o/-	--
Strategy	+/o	+/o	o	o	-	-
New tools and monitoring	+/o	-	o/-	o	--	--
Realisation through Administration/Consultants	A(/C)	A(/C)	A/C	A/C	C	C

Comparing French and German regions (work in progress)

- French regions:
 - Alsace
 - Basse-Normandie
 - Midi-Pyrénées
- German regions:
 - Baden-Württemberg
 - North Rhine-Westphalia
 - Thuringia
- Sets of interviews
 - Differences in the process of development of RIS³ strategies when compared to earlier strategies
 - Connection / coherence of (new) strategies and (former) policy tools
 - Local opportunities and challenges



Provisory observations related to the French-German comparison

- Clear difference between French and German regions : strong influence of the *stratégie régionale d'innovation* ("méthode Prager" - 2006-2009) on the French side, can be seen as a preparatory stage to the S3 process
- S3 rather an evolution than a revolution : trajectories-based patterns can be observed, i.e. the degree of achievement of the S3 process seems to be dependant from the starting point
- The working hypothesis of a kind of national intra-homogeneity and international extra-heterogeneity cannot be confirmed, i.e. to a certain extent Midi-Pyrénées is "closer" to Baden-Wurttemberg than to Basse-Normandie

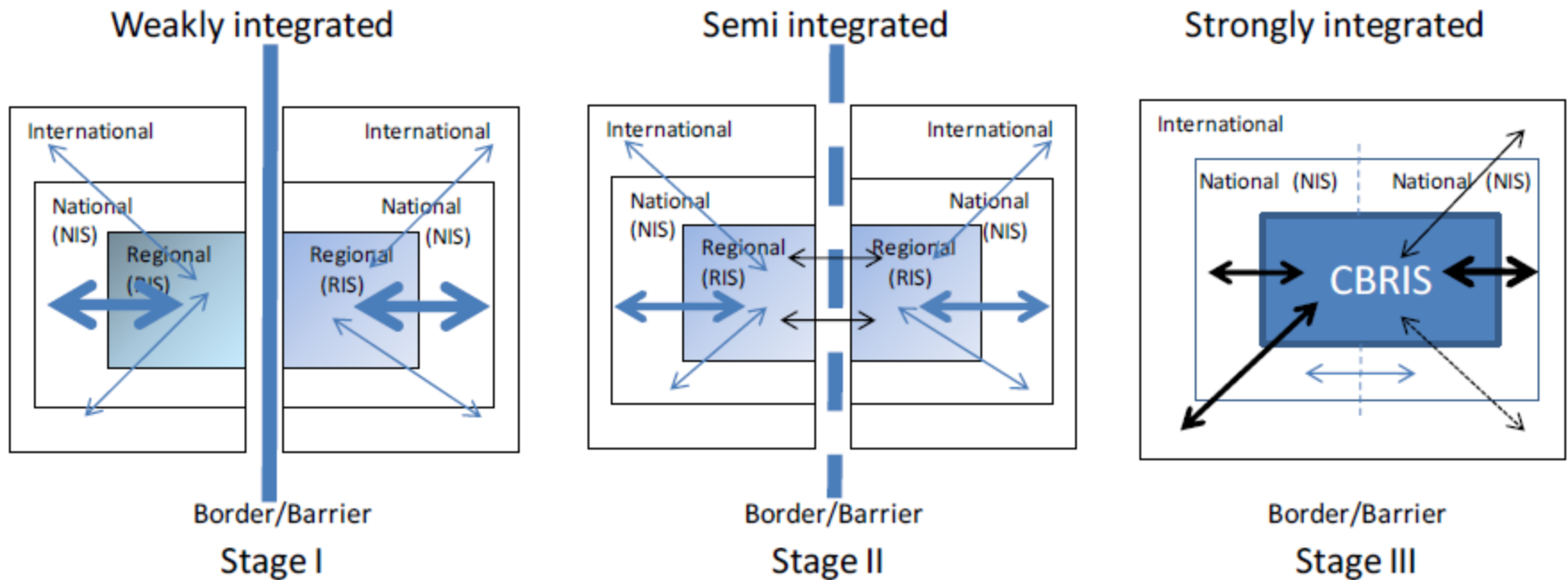


Policy dynamics and challenges for the Upper Rhine (work in progress)

- Smart specialisation strategies and cross-border integration of regional innovation systems between Alsace and Baden-Württemberg
- The specificity of this area, and maybe its strength, is its polycentric metropolitan nature: linguistic and institutional variety, together with a very old common culture, may constitute a laboratory for S3 application. Furthermore it might provide a “living lab” to improve the understanding of policy dynamics and policy complexity.
- Cross-border innovation issues at a glance:
 - Role of (cross-border) proximity?
 - Innovation value chains over administrative (national) borders?
 - Integration rather than fragmentation?



Ideal types of different levels of cross-border integration (Lundquist and Trippl, 2009)



Adapted from Lundquist and Trippl (2013, p. 6)



Scope and substance of cross-border partnerships around innovation (Nauwelaers, 2013)

Information	Mutual exchange of policy information
Experimentation	Ad hoc and temporary common initiatives without joint funding
Alignment	Mutual opening of programmes or structures across borders – no joint funding
Joint actions (narrow)	Cross-border measures, structures and actions – joint funding by actors from several regions
Joint actions (broad)	Joint policies or policy instruments co-funded by all constituting regions
Joint strategy	Joint common strategy adopted at the level of the cross-border area, translated into common policy mix co-funded by all constituting regions

Adapted from Nauwelaers (2013, p. 20)

Provisory observations related to the Upper Rhine

- “Semi-integrated” situation according to Lundquist and Trippl (2009)
- “Alignment / joint action (narrow)” stage according to Nauwelaers’ typology (2013)
- S3 does not constitute a major rupture or a radical change in the cross-border partnership between Alsace and Baden-Wurtemberg, rather seen as an additional opportunity for collaboration
- Respective strategies were developed on both side of the Rhine without real connections between the partners (missed strategy opportunity?)
- In particular, this seems to be true when it comes to the definition/selection of areas of specialisation
- But interactions are taking place in the current stages
- So called “Science offensive” may be again play a role in the future (co-ordinated activation of European and regional financial ressources)



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 these analyses have a certain bias towards better performing regions (RCE)
 - they highlight **strong limiting effects of the factual socio-economic conditions**
 - they underline 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**





Merci pour votre attention
Danke für Ihre Aufmerksamkeit



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