Smart Specialisation

Challenges to and Prospects for Implementation

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Concentrating resources in a few domains and focusing efforts will generate size and critical mass effects that would not occur if you do a little of everything (Foray 2015:4).
Tracing the origin of a policy idea

- 2008-09 elaborated by a group of innovation scholars
- Key element of the EU 2020 Innovation Union initiative
- S3 is set as a conditionality for two thematic objectives of the future Cohesion Policy
- OECD and World Bank promoting S3 in other parts of the world

YET

‘[...] policy makers would probably have been better off proceeding first to clinical trials and pilot experimentation before applying the treatment to the whole population of regions’ (Foray 2015:7).
Territorial dimension of innovation strategies

- Territorial dimension introduced
  - **territorial cohesion**: stronger mobilisation of regional and local actors in policy elaboration/implementation
  - **territorial diversity**: new sets of interaction between human capital, natural resources and governance structures
  - **place-based approach**: interplay between local actors and external agencies
Territorial dimension of innovation strategies

- **RIS3** articulates place-based local development policies
  
  - **European level**: closer integration between research and innovation policies with territorial policies
  
  - **Regional level**: closer collaboration between different actors: public, industrial, research etc. in both strategy’s design and implementation processes.
What is smart specialisation?

New *policy-prioritization logic* grounded in the entrepreneurial discovery process (McCann and Ortega-Argilés 2013).

[Diagram description]

- **Entrepreneurial discovery: RIS3 smart 'core'**
  - Consolidation of regional & extra-regional networks
  - Introduction of novelty based on shared-knowledge-base
  - Not technology development per se but application of knowledge in new ways
  - Entrepreneurial and economic knowledge deployment within specialized area
How to fail (Foray 2015)

– “You just present grand themes (e.g. biotechnology and environment; health, information technology and dependency...)

– “You just present the strong points of public research”

– “You simply recycle cluster programmes”

A fundamental cause of failure lies in presenting what already exists – structures, strong points - without taking into account the importance of entrepreneurial discovery.
Novelty introduced by Entrepreneurial Discovery

Regional innovation as (Dubois, Kristensen, Teräs *(forthcoming)* 2017):

- Multi-local process
- Democratic process
- Open process
- Learning process
Prospects for S3 implementation … and a reality check?

- Conceptual and academic narratives in the official RIS3 guidance material vs. the practical realities faced by the policy-makers
- How to translate RIS3 conceptual ideas into policy frameworks?
Better Policy Instruments for High Innovation Projects in the European Regions

€1,871,000.00

from 1 Apr 2016 to 30 Sep 2020

TOPIC
Research and innovation
Bottlenecks for S3 implementation: limits of the real economy (Capello & Kroll, 2016)

1. The lack of local preconditions for innovation

2. The lack of capacity to upgrade the quality of existing specialisation through a creative and appropriate diversification process

3. Difficulties in policy prioritisation: a tendency exists to replicate at the local level what is thought to be strategic at the national and worldwide levels

4. Repositioning of peripheral regions in international value chains can often not be controlled by policymakers from within these regions alone (e.g. major multinational actors, global corporate strategies)

5. ‘SMEs cannot be bothered’ due to lack of resources for absorptiveness and creativity > entrepreneurial discovery process becomes publically driven for the lack of better options
Joint learning and exchange of experiences for S3 implementation: Challenges and opportunities

- “Compile an S3 good practice catalogue and benchmark HIGHER regions’ S3 against European best practices”

- Identification of good practice for S3 design and implementation
  - what is a good practice, to whom is it a good practice and where to focus (certain theme, governance, types of public private partnerships, measurements and evaluation methods...)?
Five key milestones of the implementation process:

1) The Entrepreneurial Discovery Process (EDP) cycle: from priority selection to strategy implementation

2) Good governance: principles and challenges

3) From priorities to projects: selection criteria and selection process

4) Transnational cooperation and value chains

5) Monitoring
<table>
<thead>
<tr>
<th>GOOD PRACTICE CATEGORY</th>
<th>PRESSING ISSUES</th>
<th>(SUB-THEMES)</th>
<th>POTENTIAL CASES</th>
<th>(SUB-THEMES)</th>
<th>POTENTIAL CASES</th>
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</thead>
<tbody>
<tr>
<td>The Entrepreneurial Discovery Process cycle: from priority selection to strategy implementation</td>
<td>What are the conditions for an effective and efficient discovery process? How can we make the process sustainable in time?</td>
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<td>Good Governance: principles and challenges</td>
<td>What type of governance arrangements are needed to ensure that a wide variety of stakeholders participates in the strategies, in particular the business community? How to mediate between interest groups?</td>
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<tr>
<td>From Priorities to Projects: selection criteria and selection process</td>
<td>How to prioritise? How to define projects and calls within priorities areas in a way that allows to best realise the innovation potential of those areas?</td>
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<tr>
<td>Transnational cooperation and value chains</td>
<td>In which manner to include transnational aspects into S3 strategies? Access into / repositioning in the international value chains?</td>
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<tr>
<td>Monitoring</td>
<td>Which type of monitoring activities and indicators to use in relation to S3?</td>
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S3 Benchmarking – experiences and challenges

- “Benchmark HIGHER regions’ S3 against European best practices” – how to make the exercise meaningful?
European innovation benchmarking tools

- Eye@RIS3
  http://s3platform.jrc.ec.europa.eu/eye-ris3
- Benchmarking regional structure (Orkestra)
  http://s3platform.jrc.ec.europa.eu/regional-benchmarking
- S3 Inter-regional Trade and Competition Tool
  http://s3platform.jrc.ec.europa.eu/s3-trade-tool
- RIM Plus:
  http://ec.europa.eu/enterprise/policies/innovation/policy/regional-innovation/monitor/
- European Innovation Scoreboards
  http://ec.europa.eu/growth/industry/innovation/facts/figures/scoreboards/index_en.htm
- Regional Competitiveness Index 2013:
- KETs Observatory:
  https://webgate.ec.europa.eu/ketobservatory/policy
- KETs Technology Infrastructure:
- Digital Entrepreneurship Monitor:
  http://ec.europa.eu/enterprise/dem/
- Eurostat «Regional Statistics Illustrated» per NUTS2 region 2003–2011:
  http://epp.eurostat.ec.europa.eu/cache/RSI/#/vis=economy
- Regional Development and Entrepreneurship Index
  http://blogs.lse.ac.uk/redi/
- RIO

- The Horizon 2020 Policy Support Facility
- European Service Innovation Scoreboard ESIS
- Sectoral analyses
- International Benchmarking Database
  BAKBasel
- The Online Education and Training Monitor
- CityBench—ESPON CityBench for benchmarking European Urban Zones
- European Localized Innovation Observatory
- EUROLIO
  http://eurolio.univ-st-etienne.fr/?language=en
- DG Growth—Internal Market, Industry, Entrepreneurship and SMEs
- Small Business Act—Database on Good Practices:
- Example of information provided by industry:
  Aeronautics and Space:
  http://www.acare4europe.com/sria
- European Cluster Observatory
  http://www.clusterobservatory.eu/index.html
Structural similarity as basis for benchmarking
Some conclusions:

- More experience, narratives and evidence regarding S3 implementation is still needed
  - Use of indicators for ex ante policy design, policy experimentation and better ex post evaluation
  - More coherent and detailed information sources (e.g. for benchmarking)
  - More structurally analysed good practice cases

- Multiple mechanisms for benchmarking and joint learning between regions:
  - A mixture of tools and material available for difference phases and puzzling moments – try and choose wisely!
  - Just collaborate: Explain, listen, ask, digest, find buddies (it’s like S3 blind dating...)
Some conclusions:

- The dilemma of ‘specialisation’ across Europe
  - The interplays between:
    - diversifying and prioritising
    - regional resilience, diversification and an agile innovation system (e.g. Stockholm model, case Lithuania)
  - Distorted prioritisation due to e.g. national funding priorities and homogenous approach to priorities at the EU level
  - Multi-dimensionality of S3 and innovation: also institutional and governance dimensions, targeting social challenges, social innovation...
To conclude:

“Effective RIS3 policies have to become increasingly locally-owned rather than externally imposed by conditionalities, if they are to be genuinely long-lasting. This is also essential in order to ensure that difficult and often controversial policy prioritisation decisions can be legitimately made.” (Kroll, 2015)

“Policy-makers have a crucial role here to arbitrate such debates and to make decisions accordingly” (Stiglitz, Sen, & Fitoussi, 2009)
Questions?

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