

Preparing 2014-2020; Strategies for Smart Specialisation (RIS3)

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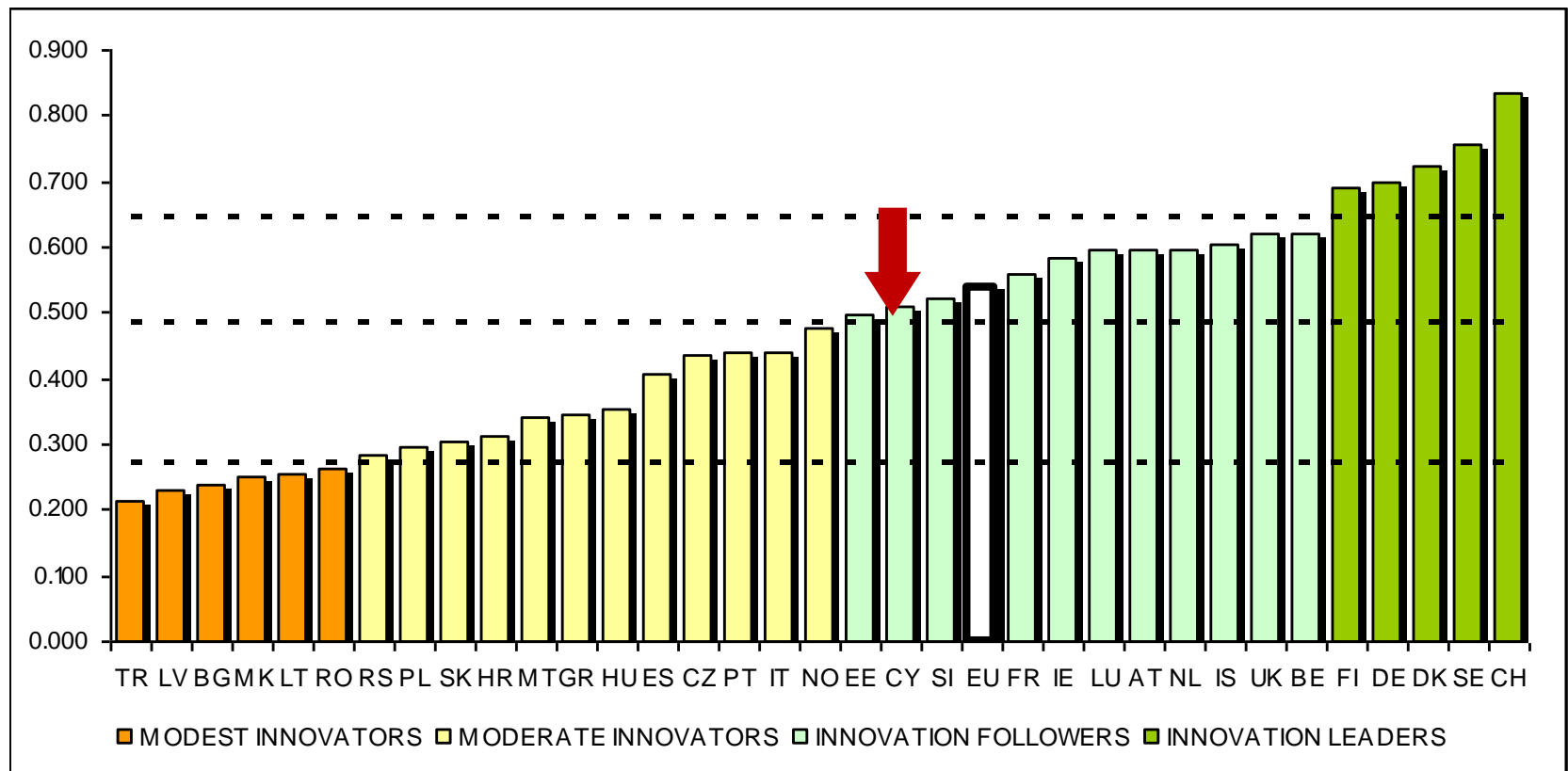
Outline

- 1) What is RIS3 (regional innovation smart specialisation strategy) about?
- 2) Regulatory novelties 2014-2020, RIS 3 as an ex-ante conditionality;
- 3) Likely dilemmas and difficulties in the field;
- 4) Key messages

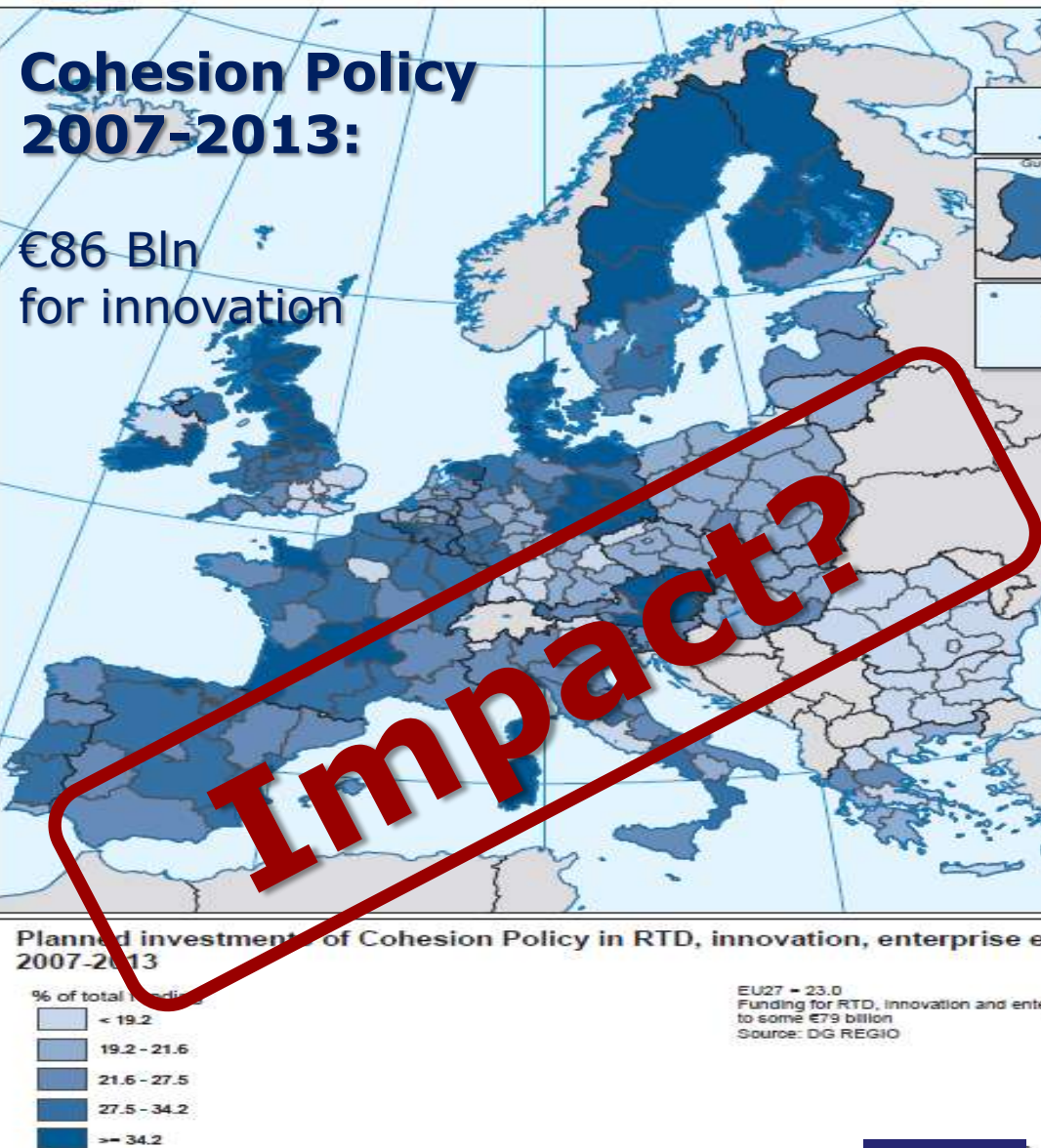
2) What is Smart Specialisation?

- ≡ **fact-based**: all assets + capabilities + bottlenecks in a region, incl. external perspective, cooperation potential, global value chains
- = **no top-down** decision but **dynamic entrepreneurial discovery process** uniting key stakeholders around shared vision
- = **all forms of innovation**, not only technology-driven, existing / new knowledge
- = **ecosystem** approach: creating environment for change, efficiency of institutions
- = **differentiation**: focus on competitive advantages, potential for excellence, emerging opportunities, market niches
- = **concentration** of resources on priorities, problems and core needs, for critical mass/critical potential
- = **synergies** across different departments and governance levels (EU-national-regional); cross-sector/technology links
- = **place-based economic transformation**: rejuvenate traditional sectors through higher-value activities

Summary Innovation Performance of the EU27 Member States (2011 Summary Innovation Index)



Note: The Summary Innovation Index (SII) is a composite of 25 indicators normalised to a lowest possible performance of 0 to a maximum possible performance of 1. The 2011 SII reflects actual performance in 2010/2009. (Extended benchmark 4 including associated and candidate countries).



Problems:

- Lack of interaction between levels of governance and departments
- Strategies without external perspective – duplication
- Lack of or indifference to critical mass
- Measures only for R&I and capacity building, but not for demand stimulation /market access – new forms of innov.
- Focus on fashionable themes / prestige projects
- Focus on industries and not on emerging sectors and services

See: Regional Innovation Monitor
www.rim-europa.eu

2) Regulatory novelties 2014-2020

- ✓ Deliver the **Europe 2020** strategy objectives of smart, sustainable and inclusive growth;
- ✓ Strengthen **partnership**;
- ✓ **Simplification**;
- ✓ Focus on **results**, not spending;
- ✓ **Maximise the impact** of EU funding (*"do more with less"*)

3) Regulatory novelties 2014-2020

Consequences:

1. **Thematic concentration** to maximise the impact of investments
2. **Ex-ante Conditionalities** and strengthened partnership to ensure effective implementation
3. **Novelties** – to be kept on mind for translating RIS3 strategies into OP

Thematic Concentration

... and what it means for research & innovation


Thematic objectives

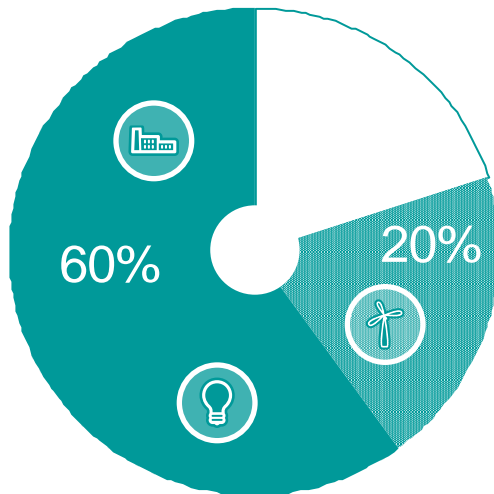
1. **Research and innovation**
2. **Information and Communication Technologies**
3. **Competitiveness of Small and Medium-Sized Enterprises (SME)**
4. Shift to a low-carbon economy
5. Climate change adaptation and risk management and prevention
6. Environmental protection and resource efficiency
7. Sustainable transport and disposal of congestion on major network infrastructure
8. Employment and support for labour mobility
9. Social inclusion and poverty reduction
10. Education, skills and lifelong learning
11. Increased institutional capacity and effectiveness of public administration

ERDF 2014-20: Concentration on R&I and SMEs to maximise impact

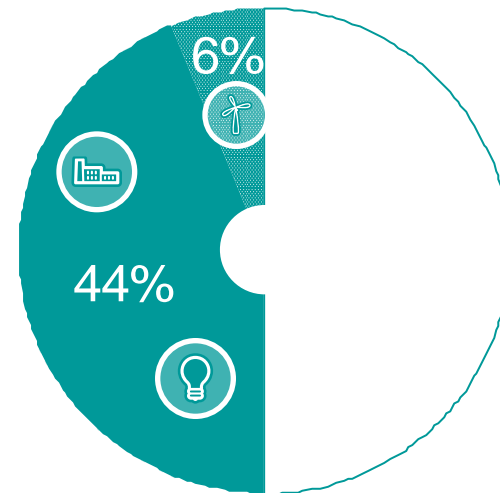
 Research and Innovation

 SMEs competitiveness

 Energy efficiency and renewable energy



Developed regions and
transition regions



Less developed regions

Flexibility (different regions present different needs)
Special arrangements for the previously convergence regions

Ex-ante Conditionalities

... and how + when they will be checked

... and what happens in case of non-compliance

The ex-ante conditionalities for IP 1, 2 and 3

1. Research and
innovation

2. ICT use and
quality

ICT access

3. Competitiveness
of SMEs



**Next Generation
Access / Network
Plan**

Small Business Act

Late payment Directive

**All 3 smart
growth elements
are inter-linked:**

- ▶ No socially & environmentally sustainable competitiveness without innovation
- ▶ Hardly any innovation & new business models without ICT
- ▶ SMEs are 99% of firms and offer 2/3 private sector jobs: they need to innovate!

Ex-Ante Conditionalities: improve the framework conditions and enhance impact of CP investments

How does it work ?

If + When:

- ☐ Linked to investment priorities: only need to be fulfilled if a Member State invests in that Investment Priority area
- ☐ If not in place at agreement of OP: to be fulfilled within two years of the approval of the Partnership Agreement or by end 2016
- ☐ Non-fulfilment of conditionalities by then: **may lead to the suspension of all or part of interim payments**

Issues linked to quality of programmes / strategies

- ☐ Ex-ante provisions do not prevent Commission from discussing other important issues related to quality of strategies, partnership, priorities ... in parallel to ex ante conditionalities – before and during and programming ... but no automatic link to payment flows.



Investment Priority 1 **Council** proposal for modifications

(1) strengthening research, technological development and innovation:

(a) enhancing research and innovation **(R&I)** infrastructure [...] and capacities to develop R&I excellence and promoting centres of competence, in particular those of European interest;

(b) promoting business [...] investment **in innovation and research, and developing links and synergies between enterprises, R&D centres and higher education, in particular** product and service development, technology transfer, social innovation and public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation [...] supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production in Key Enabling Technologies and diffusion of general purpose technologies;*

*) ICT, photonics, nano-electronics, nano- and bio-technologies, advanced materials, etc..



Investment Priority 1 **EP** proposal for modifications

(a) enhancing research and innovation infrastructure (R&I), **technology** and **innovation services and** capacities to develop R&I excellence and promoting centres of competence, in particular those of European interest **and if there are potential synergies with other European programmes such as the establishment of centres of excellence competition under Horizon 2020;**

(b) promoting **private and public** business R&I investment, product and service development, technology transfer, social innovation, **eco-innovation, cultural and creative industries**, public service applications, demand stimulation, networking, clusters, **science and technology parks**, and open innovation through smart specialisation;

(ba) developing links and synergies between enterprises, enhancing R&D centres and higher education, including through business incubators;

(c) supporting research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production in **particular in** Key Enabling Technologies and diffusion of general purpose technologies;

(ca) developing appropriate links and synergies with Horizon 2020;



Investment Priority 2

Council + EP

(2) enhancing access to and use and quality of ICT through:

(a) extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy;

(b) developing ICT products and services, e-commerce and enhancing demand for ICT;

(c) strengthening ICT applications for e-government, e-learning, e-inclusion, e-culture and e-health;



Investment Priority 3 **Council + EP**

- (3) enhancing the competitiveness of SMEs **through:**
- (a) promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, **including through business incubators; venture capital type investments;**
 - (b) developing **and implementing** new business models **and business skills** for SMEs, ~~in particular~~ **including for the development of local markets and** for internationalisation;
 - (c) **supporting the creation and the extension of advanced capacities for product and service development;**
 - (d) **supporting the capacity of SMEs to engage in growth and innovation processes;**



Thematic ex-ante conditionalities

... state-of-play regarding RIS3 conditionality...

| Thematic objectives | <u>Ex ante</u> conditionality | Criteria for fulfilment |
|--|---|--|
| 1. Strengthening research, technological development and innovation (R&D target) (referred to in Article 9(1)) | 1.1. Research and innovation: The existence of a national or regional research and innovation (strategy) (<i>strategic policy framework(s)</i>) for smart specialisation in line with the National Reform Programme , to leverage private research and innovation expenditure, <i>[which complies with the features of well-performing national or regional research and innovation systems.]</i> For research infrastructures only: 1.2 The existence of a multi-annual plan for budgeting and prioritization of investments. | <ul style="list-style-type: none"> – is based on a SWOT analysis to concentrate resources on a limited set of research and innovation priorities; – outlines measures to stimulate private RTD investment; – contains a monitoring [and review] system. <p>A framework outlining available budgetary resources for research and innovation;</p> <p>A [indicative] multi-annual plan for budgeting and prioritization of investments linked to EU priorities [and, where appropriate, the] European Strategy Forum on Research Infrastructures -ESFRI)¹⁹</p> |



Thematic ex-ante conditionalities

... to what else does the RIS3 apply?

| Thematic objectives | <u>Ex ante</u> conditionality | Criteria for fulfilment |
|--|---|--|
| 2. Enhancing access to and use and quality of ICT (Broadband target) (referred to in Article 9(2)) (R&D target) (referred to in Article 9(1)) | 2.1. Digital growth: [The existence within the national or regional innovation strategy for smart specialisation of an explicit chapter for] A strategic policy framework for digital growth to stimulate demand for affordable, good quality and interoperable ICT-enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross-border initiatives. | <p>[A strategic policy framework for digital growth, for instance, within the national or regional innovation strategic policy framework for smart specialisation is in place that contains]:</p> <ul style="list-style-type: none"> - budgeting and prioritisation of actions through a SWOT analysis [carried out in Alignment] consistent with the Scoreboard of the Digital Agenda for Europe; – an analyses of balancing support for demand and supply of information and communication technologies (ICT) should have been conducted; – indicators to measure progress [measurable targets for outcomes] of interventions in the field of digital literacy, skills, e-inclusion, e-accessibility, and e-health [within the limits of Article 168 TFEU] which are aligned with existing relevant sectoral national or regional strategies. – assessment of needs to reinforce ICT capacity-building. |

To what extent does the RIS3 ex-ante conditionality apply?

ERDF & EAFRD investments in

- research & innovation
- possibly in take-up and quality of ICT

But RIS3 can encompass:

- ESF investments in business incubation, self-employment and entrepreneurial skills
 - ERDF & EAFRD & EMFF investments in SME competitiveness
 - Innovation demand aspects in Cohesion Fund (public procurement of innovative solutions)
- + own national / regional funding, legislation, etc.

Thematic Objective & Investment Priority 1: **Strengthening RTD and innovation**

Ex ante conditionality:

National and/or regional research and innovation strategic framework for smart specialisation

Key actions:

- ▶ **Staircase to excellence:** R&I Infrastructures, equipment, centres of competence ...
- ▶ **Innovation in enterprises:** tech-transfer, take-up & pilots on KETs, demand stimulation ...
- ▶ **Exploit new ideas:** clusters, advisory services, new business models, university-business links, ...

Thematic Objective & Investment Priority 2:

Enhancing access to + use and quality of ICT

Ex ante conditionality:

Chapter for digital growth in RIS3

Next Generation Access Plan

Key actions:

- ▶ **Broadband roll-out: Next Generation Access**
- ▶ **eGovernment**
- ▶ **Developing ICT products and services**
- ▶ **Large-scale uptake of ICT-based innovations**

Thematic Objective & Investment Priority 3: **Enhancing the competitiveness of SMEs**

Ex ante conditionality:

Small Business Act implementation

Late Payment Directive

Key actions:

- ▶ **Entrepreneurship**, financial instruments, incubation ...
- ▶ **New business models**: exploit new ideas, value chains ...
- ▶ **Business advisory services**: SME needs oriented ...
- ▶ **Web-tools** to facilitate regulatory procedures for SMEs

Common indicators for ERDF support for R&I to control progress ... performance reserve ...

- Number of enterprises cooperating with assisted research institutions
- Number of posts for R&D personnel created in assisted entities
- Private investment matching public support in innovation or R&D projects
- Number of enterprises that introduced new or significantly improved products, new to the market as a result of supported innovation or R&D projects
- Number of enterprises that introduced new or significantly improved products, new to the firm as a result of supported innovation or R&D projects
- ...

How to meet the RIS3 ex-ante conditionality?

Explain in **Partnership Agreement** that RIS3 exists and ...

- ✓ Based on **SWOT analysis** (including ICT)
- ✓ Concentrate resources on a **limited set of priorities**
- ✓ Encourages **private investment** in innovation
- ✓ **Monitoring** and review system
- ✓ If thematic objective 2: Chapter on **digital growth**:
balance of support to the demand and supply of ICT technologies; objectives "e-"
+ derived from the NRPs: national level multi-annual plan for budgeting and prioritisation of investments linked to EU priorities.

RIS3 based on 4 C

Competitive advantage: match R&I potential with business needs and capacities & develop cross-cutting links between sectors ; adoption of technologies (cutting-edge / tested) to for specialised diversification of sectors

Choices (tough ones): select few priorities on basis of specialisation & integration in international value chains.

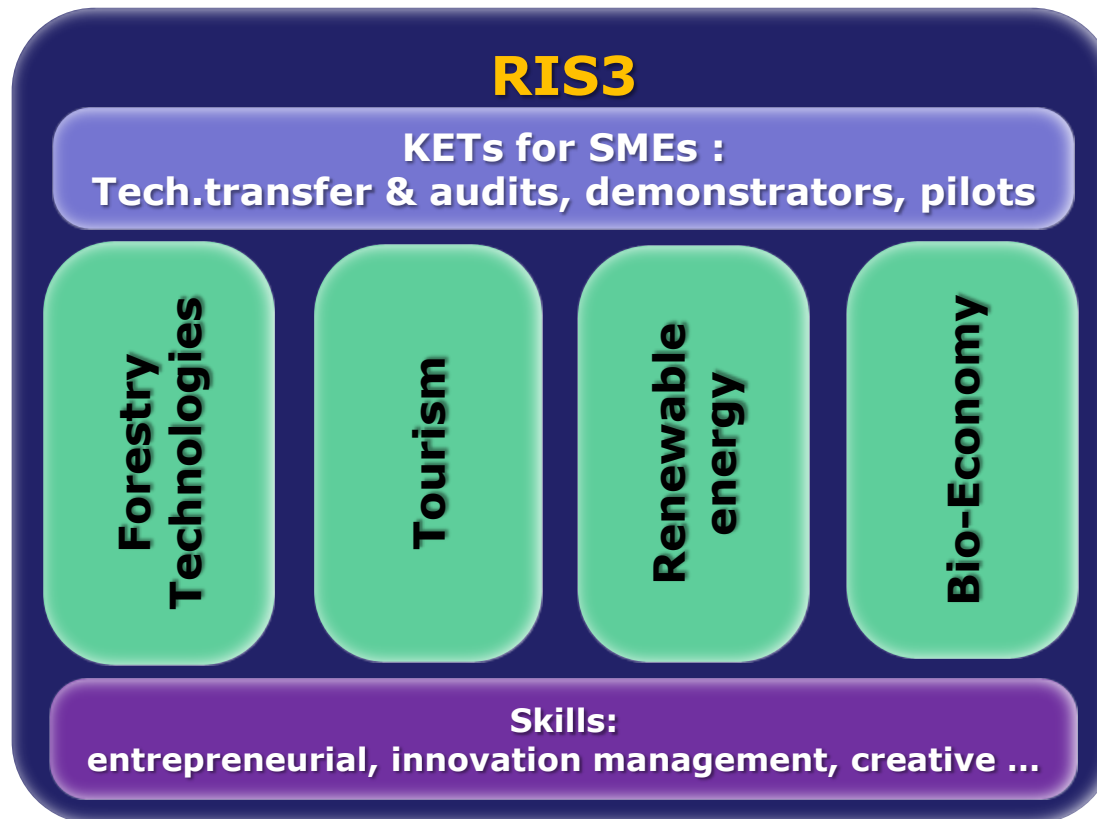
Critical mass of resources & talent: cooperation between regions by avoiding duplication and fragmentation

Collaborative Leadership: involve key stakeholders from academia, businesses, public administrations and civil society ("quadruple helix") for efficient innovation systems & synergies between funding instruments (EU, national, regional)

= *Integrated agenda for place-based economic transformation, strengthening RTD, innovation and increasing access to ICT and its use*

RIS3 ≠ Operational Programme

Hypothetical
example:

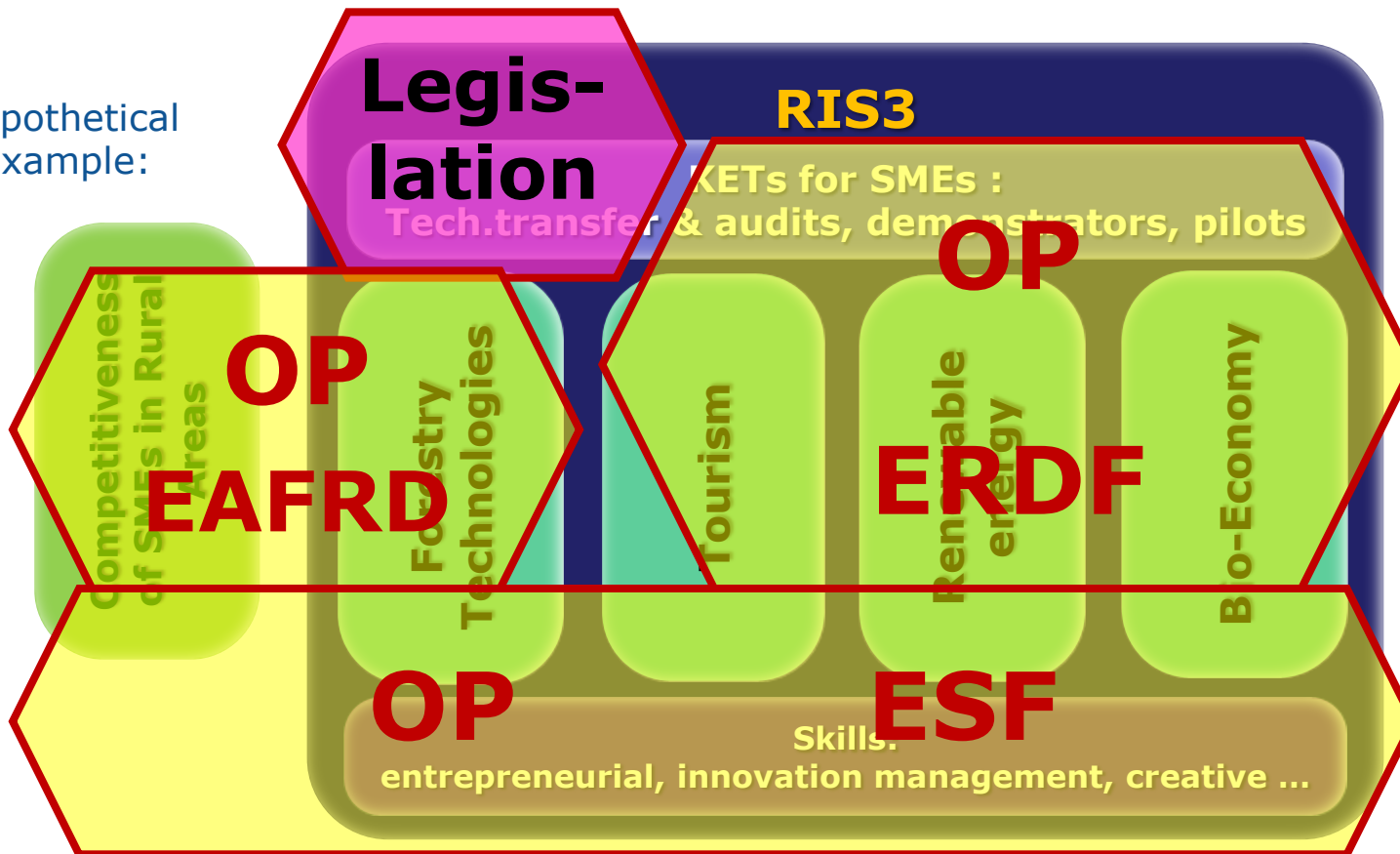


**RIS3 ≠
reinventing
the wheel!**

**If innovation
strategy
exists, build
on it!**

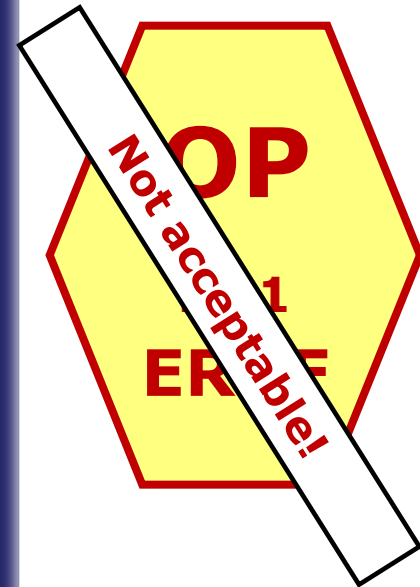
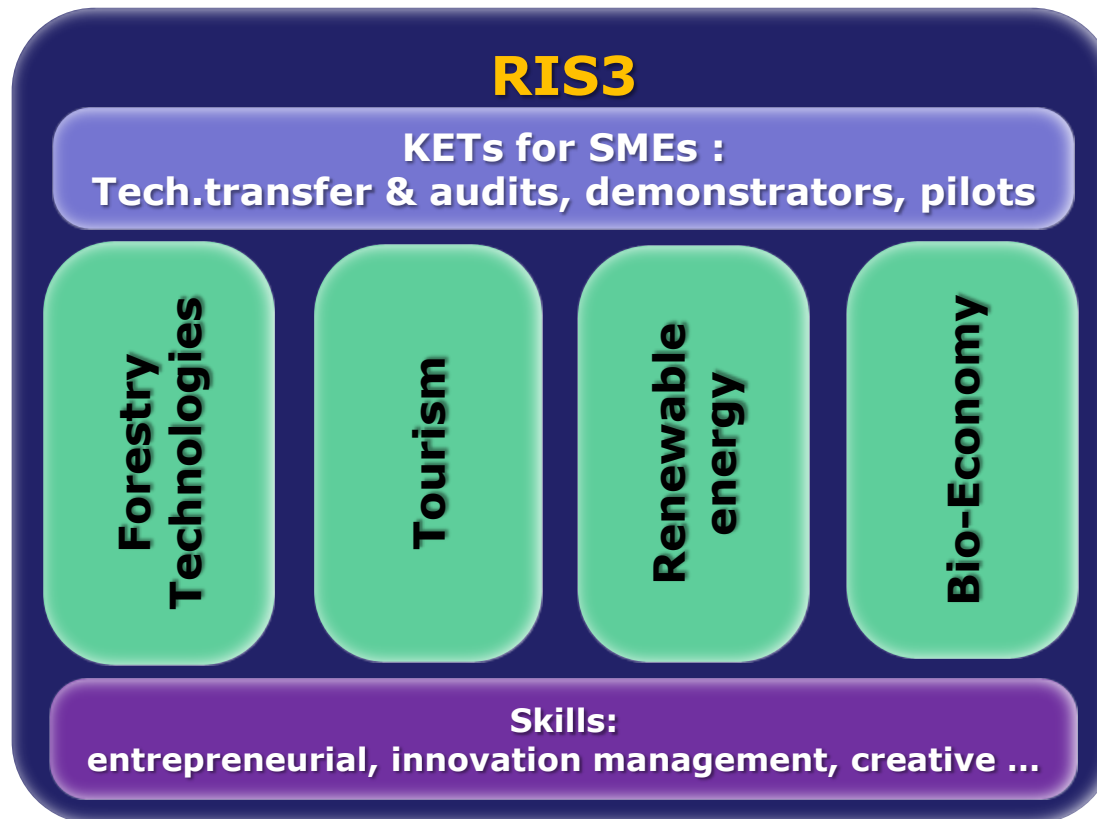
RIS3 ≠ Operational Programme

Hypothetical
example:



RIS3 \neq Operational Programme

Hypothetical
example:



***When should the
"RIS3" be prepared?***

Now!

Calendar

Common Strategic
Framework

Partnership
Agreements

Operational
Programmes

- **July 2012:** Europe 2020: Country specific recommendations & assessments of national reform programmes
- **Early 2013:** adoption of the Structural Funds regulations, Common Strategic Framework
- + **3 months** (2nd trimester 2013):
 - **Partnership agreements:** needs analysis; conditionalities (**RIS3**)
 - **Operational Programmes** including actions for **RIS3**

**If not already started: RIS3
process should start now!**

***Who should
prepare + participate
in RIS3 process?***

key stakeholders from:

academia,

businesses,

public administrations,

and **civil society** ("quadruple helix")

All stakeholders, but not only the "usual suspects" !

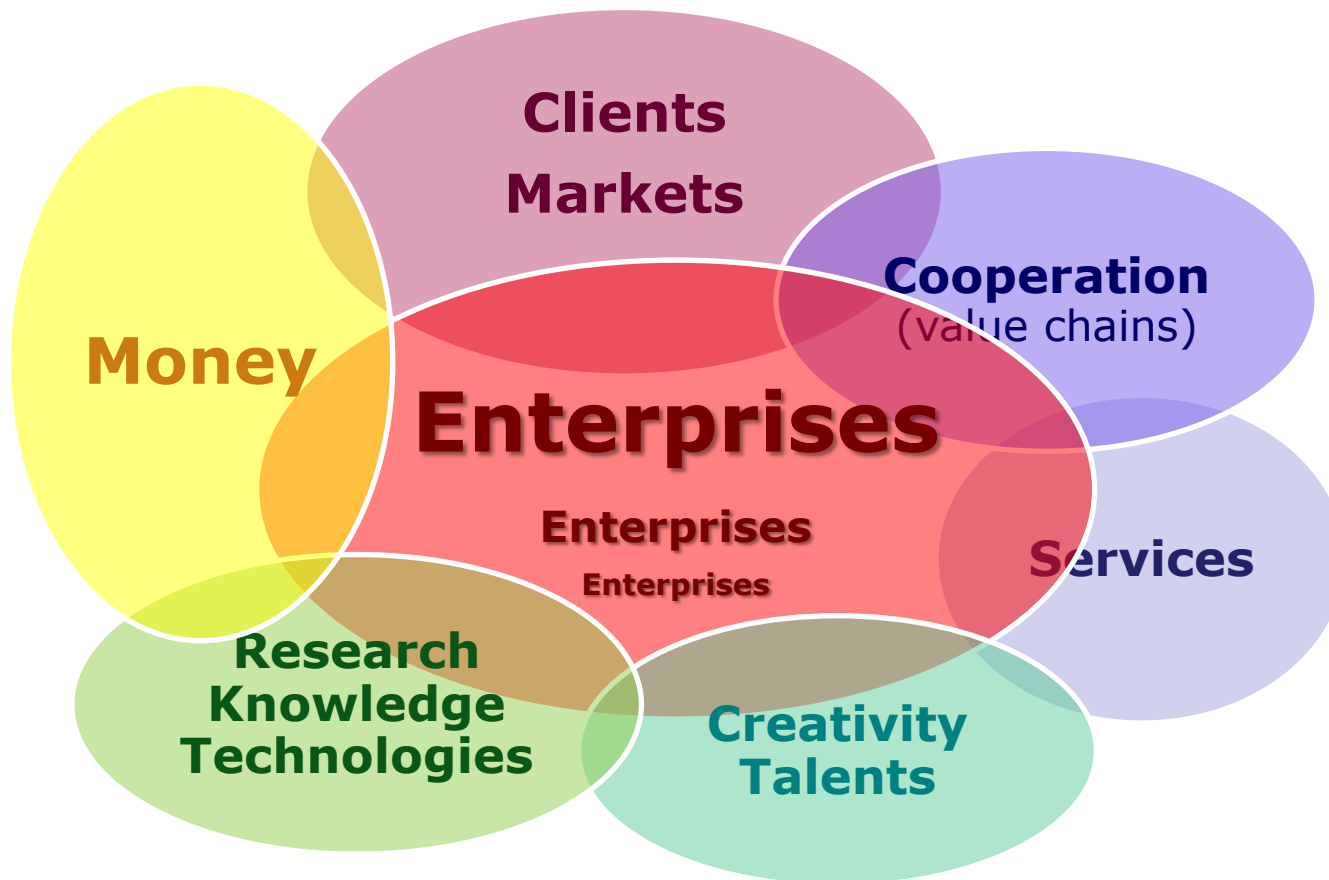
Who does NOT prepare your RIS3?

- ☐ Consultants, experts
- ☐ European Commission
- ☐ JASPERS
- ☐ World Bank
- ☐ OECD



... but they can accompany the process, provide contacts, data material, information, methodologies, assist with trans-national comparisons ...

RIS3 is a process ... of «entrepreneurial discovery»



What do
enterprises need?

With whom to
cooperate?

Who are your
customers /
competitors?

Is there critical
mass / excellence?

Who can help with the RIS3 development?

Support for RIS3 development:

- **S3Platform:**

- ✓ Website
- ✓ Guidance on process for development of RIS3
- ✓ Analytical support
- ✓ Organises "peer-reviews" of national / regional strategies
- ✓ Conferences, working groups, trainings ...



- **Informal expert reviews**

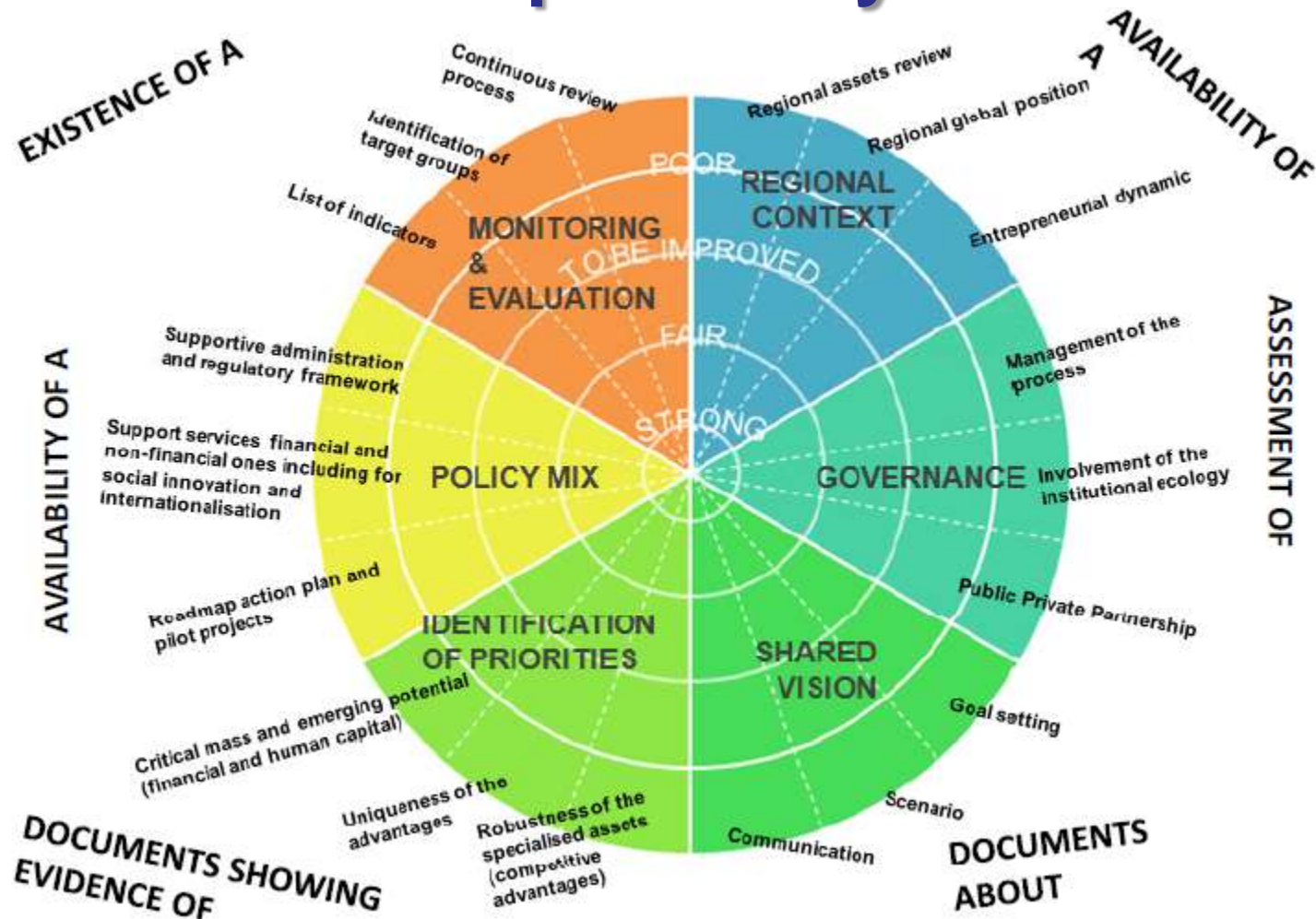
- **Data material**, e.g. Regional Innovation Scoreboard, ERAWATCH, RIM, European Cluster Observatory, Digital Agenda Scoreboard, SME performance review, SSH studies, IPTS studies, etc.

- **Guidance & good practices**: e.g. thematic guides, RegioStars, European Entrepreneurship Awards ...

- **CoR, OECD, World Bank, JASPERS, EURADA, ERRIN, EBN**, etc.



Dimensions of expert analysis





Dimensions of expert analysis

Suggested questions:

1. **Appropriate stakeholder involvement?** How does it support the entrepreneurial discovery process of testing possible new areas?
2. **Evidence-based?** How have areas of strength and future activity been identified?
3. **Innovation and knowledge-based development priorities?** How have potential areas of future activity been identified? How does it support the upgrading of existing activities?
4. **Appropriate actions identified?** How good is the policy mix?
5. **Is strategy outward looking?** How does it promote **critical mass**/potential?
6. **Synergies between different policies and funding sources?** How does it align/leverage EU/national/regional policies to support upgrading in the identified areas of current and potential future strength?
7. **Achievable goals set to measure progress?** How does it support a process of policy learning and adaptation?
8. **Conform with CP ex-ante conditionality?** Which advice can be given to improve the strategy?

4) Likely dilemmas and difficulties in the field

- Minister A (of Science, Education, Research) does not speak the language of Minister B (of Economy, Industry, Competitiveness)...and do not listen to each other...
- National Minister A or B (...) does not communicate / collaborate with Regional Minister/Governor of (...) and vice versa
- ...but they all agree that on the basis of subsidiarity the Commission should pay and not get too involved...

In a nutshell: RIS3 based on **4 Cs + C**

Competitive advantage: match R&I potential with business needs and capacities & develop links between sectors (related variety); adoption of (generic/new) technologies for specialised **diversification/modernisation** of sectors + explore **emerging areas**

Policy Choices (tough ones): select few priorities on basis of specialisation & integration in international value chains.

Critical mass of resources & talent: cooperation between regions by avoiding duplication and fragmentation

Collaborative Leadership: involve key stakeholders from academia, businesses, public administrations and civil society ("quadruple helix") for efficient innovation systems & synergies between funding instruments (EU, national, regional)

+...**Common sense** = ***Integrated agenda for place-based economic transformation, strengthening RTD, innovation and increasing access to ICT and its use***

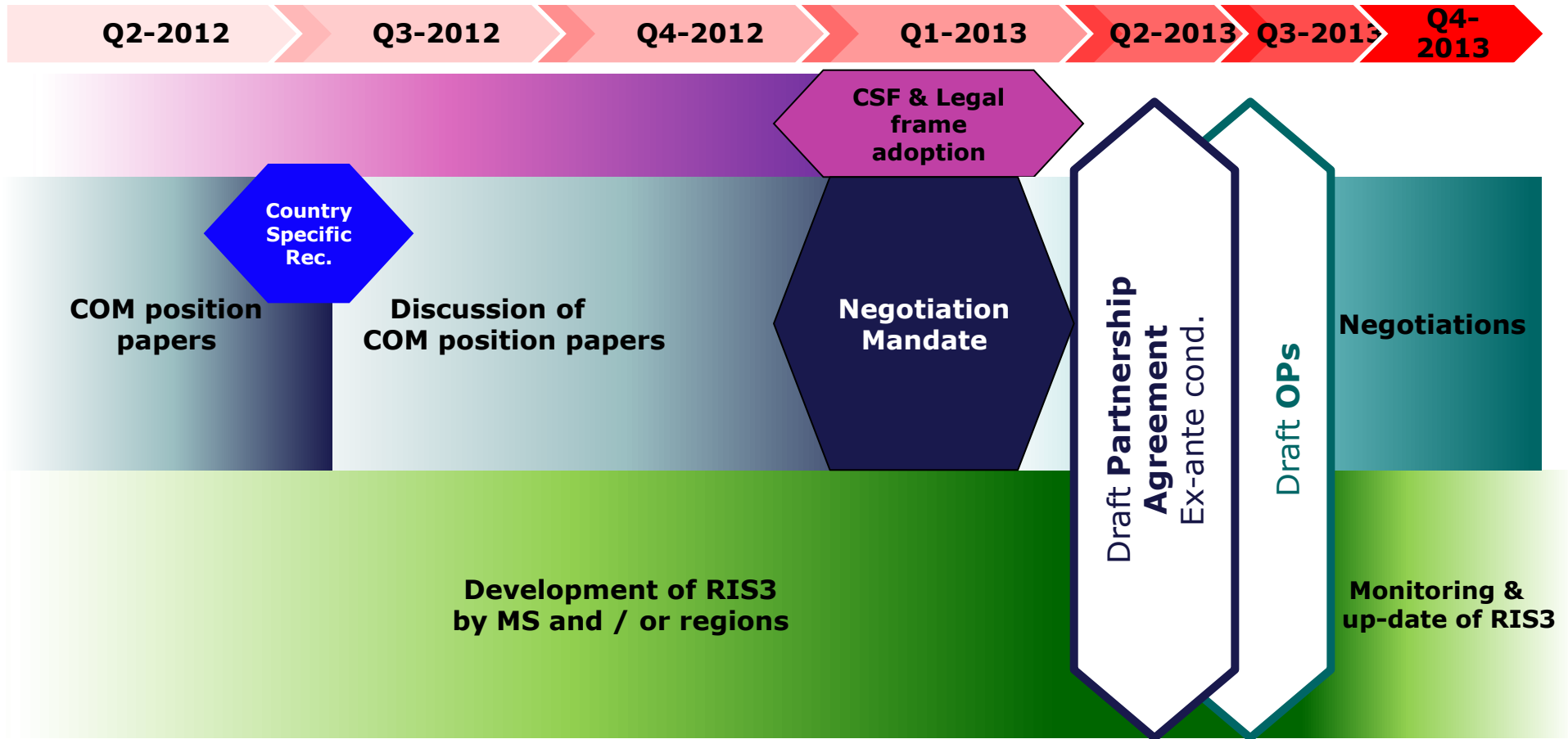


Message :

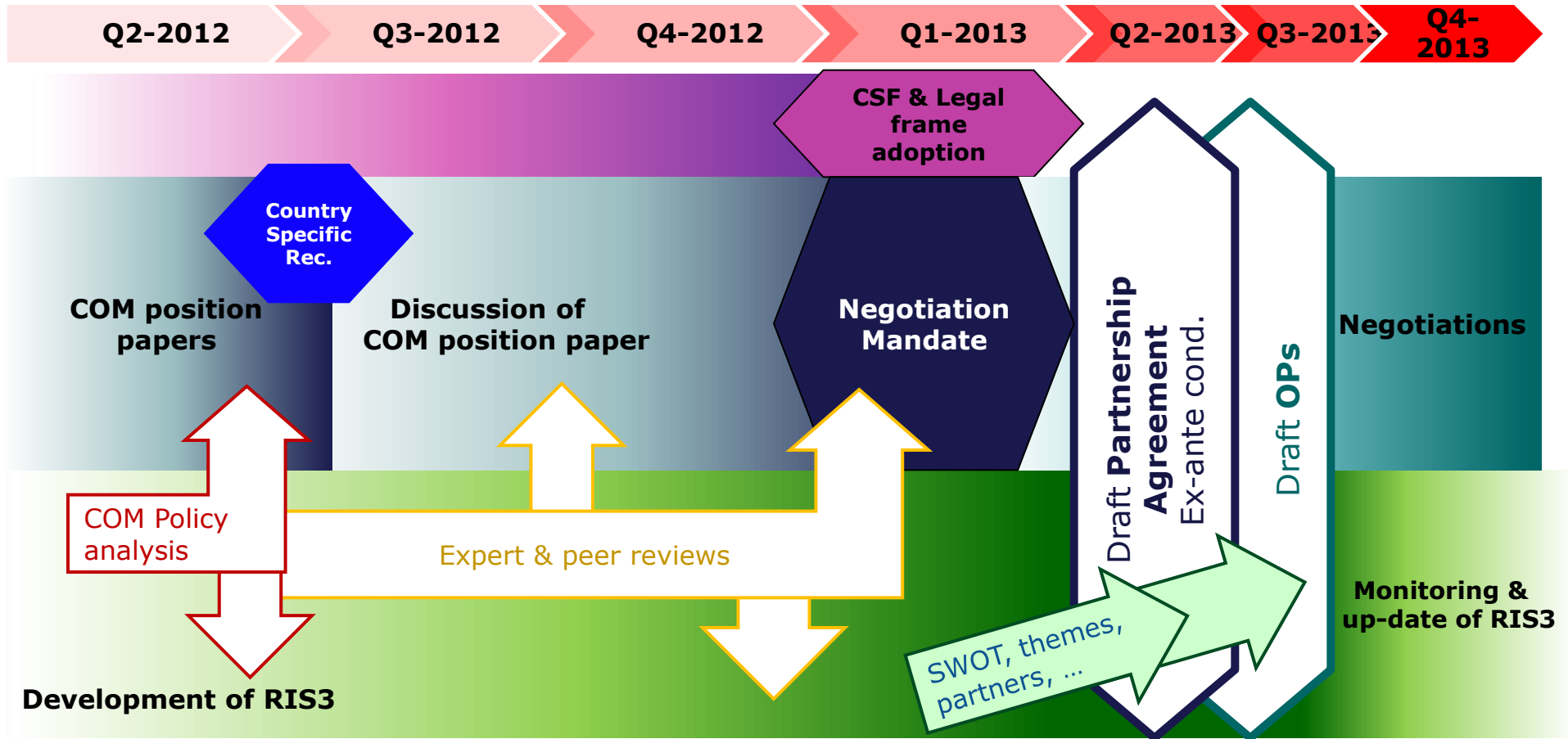
RIS³ is not only about passing the ex-ante conditionality to access Structural Funds money or yet another administrative "paper-filling" obligation imposed by the Commission, but:

- **Doing more with less** through focus & cooperation
- **Comprehensive** (legal & admin. framework, synergies ...)
- **Evidence-based & built on existing assets**
- **Put innovators' needs at centre!**
- **Good policy-making!!!**

Timing for RIS3 development & assessment



Timing for RIS3 development & assessment



... and what happens if RIS3 implementation is unsatisfactory?

Milestones & indicators:

e.g. for innovation

- Number of enterprises cooperating with assisted research institutions
- Number of posts for R&D personnel created in assisted entities
- Private investment matching public support in innovation or R&D projects
- Number of enterprises that introduced new or significantly improved products, new to the market as a result of supported innovation or R&D projects
- Number of enterprises that introduced new or significantly improved products, new to the firm as a result of supported innovation or R&D projects
- Number of R&D personnel/researchers working in newly built or equipped research infrastructures

Performance review in 2017 and 2019:

→ **suspend payments or apply financial corrections**, to avoid wastefulness & inefficiency



Message :

- **The Commission and its experts are not coming here to school-master or "mark" the MS / regions**
- **... nor to write the strategies for them!**

- **The Commission and its experts are here to help MS / regions develop their own RIS3:**
 - **To help them build cooperation and ownership beyond the research community, across the entire "knowledge-triangle" / "quadruple helix" stakeholders**
 - **To provide an external perspective, contacts & experiences**
 - **...**

Our role in the RIS3 initiative:

- **S3Platform:**

- ✓ Website
- ✓ Guidance on process for development of RIS3
- ✓ Analytical support
- ✓ Organises "peer-reviews" of national / regional strategies
- ✓ Conferences, working groups, trainings ...



- **Informal expert reviews**

- **Data material**, e.g. Regional Innovation Scoreboard, ERAWATCH, RIM, European Cluster Observatory, Digital Agenda Scoreboard, SME performance review, SSH studies, IPTS studies, etc.

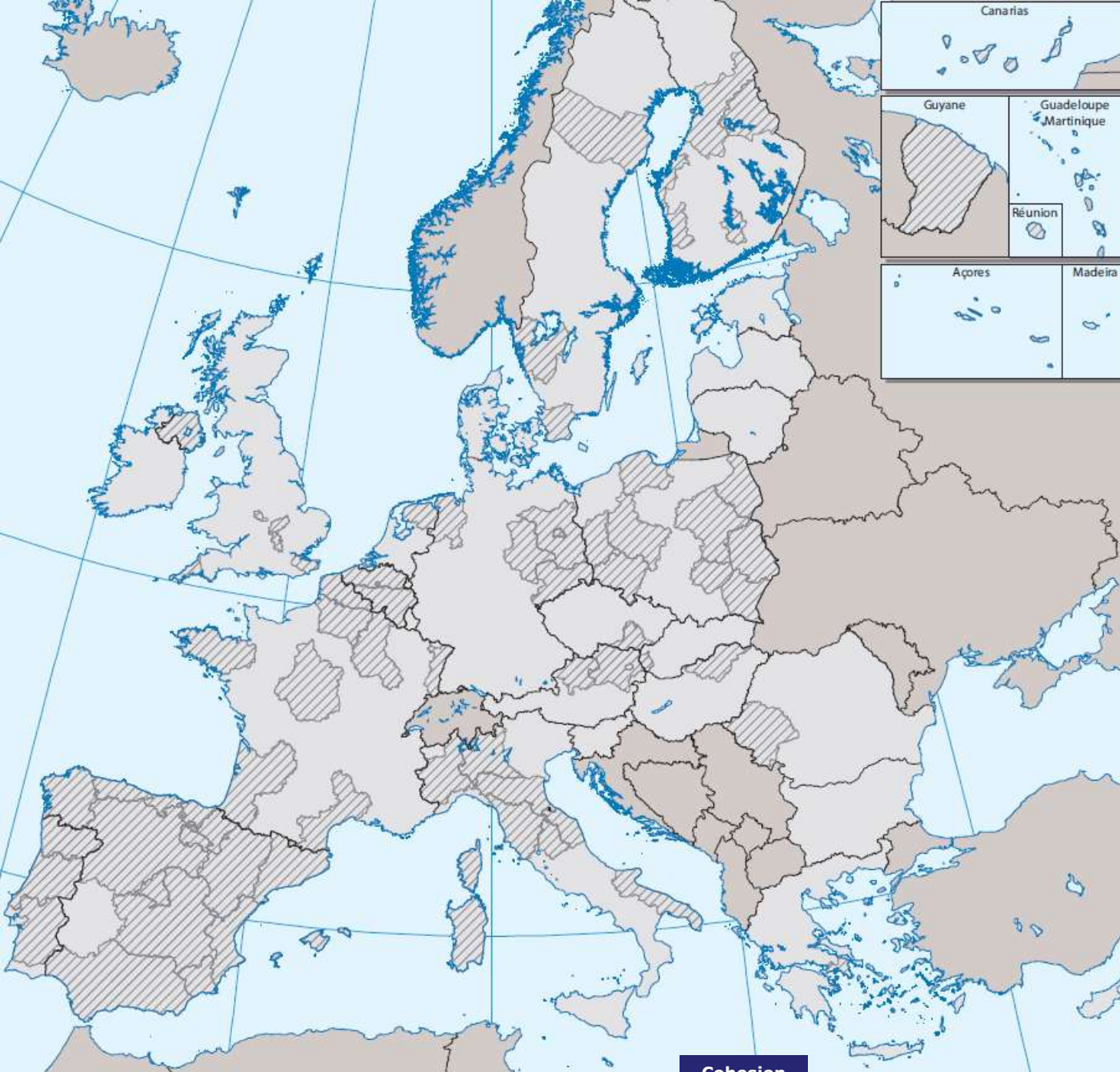
- **Guidance & good practices**: e.g. thematic guides, RegioStars, European Entrepreneurship Awards ...

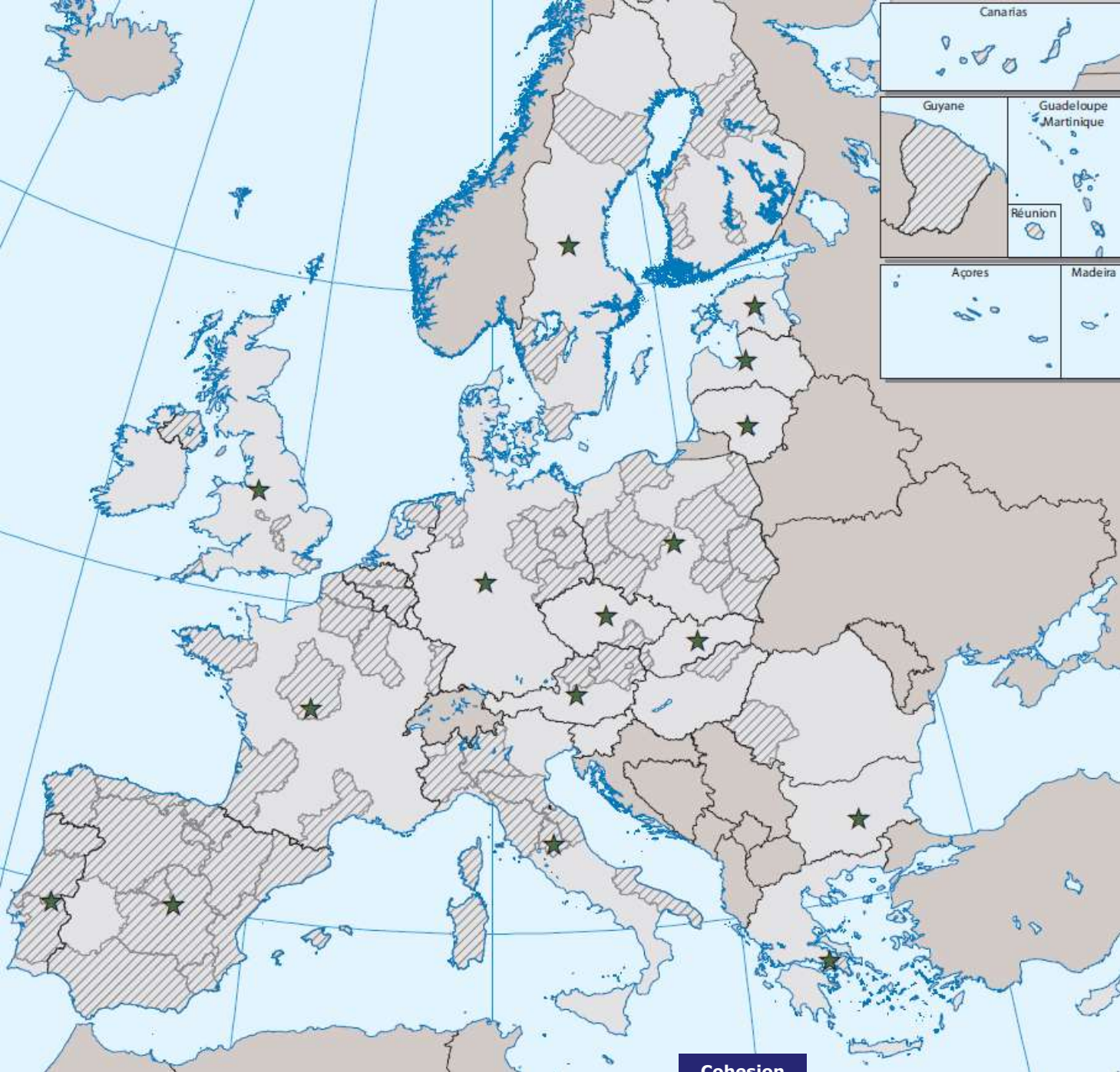
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Commission support for RIS3:

/// S3Platform:

- peer-reviews
- analysis & data
- training
- communication





Commission support for RIS3:

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- peer-reviews
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- communication

★ RIS3 policy events:

- national
- trans-national

Commission support for RIS3:



///S3Platform:

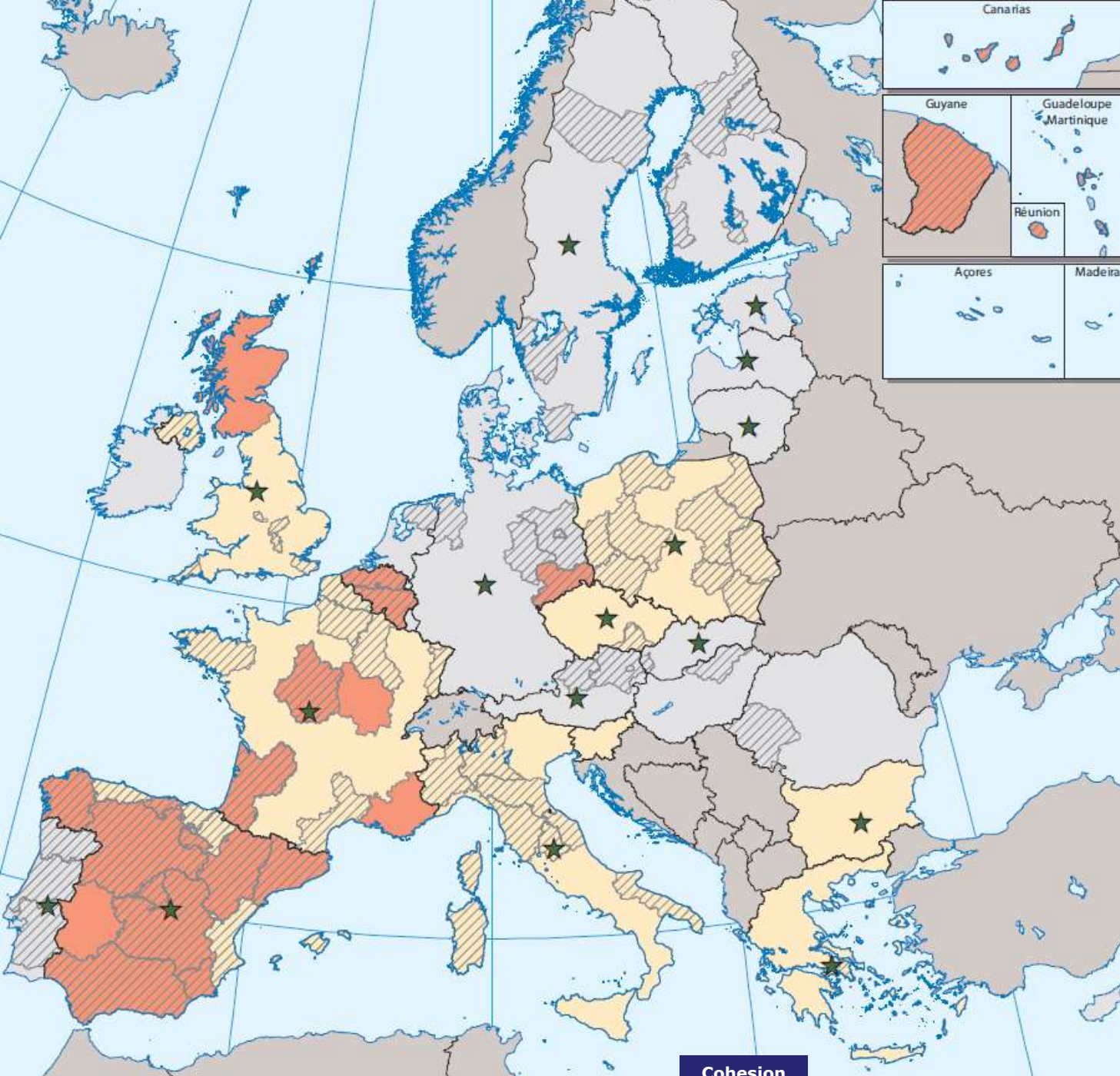
- peer-reviews
- analysis & data
- training
- communication

★ RIS3 policy events:

- national
- trans-national

Expert analysis and support

- national 
- regional 
- thematic
- process
-



Further reading:

Thematic guides

- ❑ Incubators
- ❑ Universities & regional development
- ❑ Broadband
- ❑ Creative industries

Soon available:

- ▶ *Clusters* ▶ *Social Innovation*
- ▶ *Green growth* ▶ *Entrepreneurial spirit*
- ▶ *Service innovation*
- ▶ *Public procurement for innovation*

... and:

- **OECD:** <https://community.oecd.org/community/smartspecialisation>
- **Community framework for State Aid to Research and Innovation**
- **Analysis of regional innovation** <http://www.rim-europa.eu>





If there is one think to retain, this is that the regional smart specialisation strategy should involve all relevant regional stakeholders to its design and implementation

Thank you for your attention