

Opening Address Dirk AHNER – Regions for Economic Change

Conference 2011

23 June 2011, Charlemagne

Part I – Opening Address

Dear Ladies, dear Gentlemen, dear friends.

More than 600 participants from 24 EU Countries and 2 Candidate Countries have signed up to our conference and are here today.

I thank you for joining us in such impressive numbers and I wish you a warm welcome to our annual Regions for Economic Change Conference.

The Crisis and the need for smart choices

Regions for Economic Change, the title and motto of our initiative, has never been more relevant than today.

The continuing ripples and afterquakes of the economic and financial crisis continue to create a lot of damage in our regions.

In this climate the natural reaction is often one that calls for austerity, for belt-tightening, for cuts across the board.

However, investments in human capital, innovation and research are key to exit the crisis. By cutting indiscriminately we risk to undermine the basis of our future growth. That is the message of Europe 2020 and that is my first message to you today.

My second message is related to the relevance of our Regional Policy for making smart choices in the regions and our vision for the future of this policy.

Europe 2020 is Europe's answer to the crisis. It sets out a course of action tied to the pursuit of smart, sustainable and inclusive growth.

For all of these three objectives, European Regional Policy is a key delivery mechanism to make a difference in the real economy. This has been recognised by all the EU institutions and by our Member States alike.

At the same time, the crisis makes it even more necessary to deliver value for money and improve the effectiveness of our policies. It demands from us to invest more strategically in high value added activities that have a clear impact on our global competitiveness and create the foundations for sustainable jobs and growth in our territories.

To achieve smart growth we need to mobilise and maximise the innovation capacity of every region. This is valid for all types of regions: Those that

are at the cutting edge of science and competing in global high-tech markets as well as those trailing behind. These latter regions very often have yet to exploit all their opportunities for knowledge based activities and build up their innovation potential, often by adapting existing general purpose technologies driving incremental innovation.

We know that regions can be important agents for change. They can help identify the opportunities for transformation and diversification linked to changing or newly emerging markets. They can do this precisely because they are close to the ground and are best placed to mobilise their assets, including their different knowledge bases. This is now widely acknowledged. We also know that the regional diversity in the EU is an important source of innovation, as it favours different routes to growth through smart specialisation.

Our recent communication on smart growth and the OECD report on "Regional Innovation Strategies", which are made available at this event, provide ample evidence and multiple examples of growth enhancing investments in innovation by regions.

However, and this is my third message to you today: To be successful agents of change, regions need to work out carefully their innovation

strategies as well as the right policy mix which needs to be tailored to the specific assets and the realistic potential of each region. This requires prospective analysis and regions self-assessment.

This is why in our communication on smart growth, we ask the Member States and regions to develop smart specialisation strategies, hand in hand with the private sector, the universities and the other science and technology stakeholders.

Smart specialisation, which is central to the presentations and discussions at this year's Regions for Economic Change conference, combines a place-based approach with an innovation system logic and a strong outward orientation towards global value chains and their development.

Smart specialisation is about making the right strategic choices based on hard evidence and consensus-driven processes of stakeholder involvement through what has been called an 'entrepreneurial discovery process'.

Smart is about making the best possible use of the European Research and Innovation area, avoiding duplications and exploiting synergies and cooperation. Smart is also making tough policy choices by focusing scarce public resources in times of austerity.

It is about strengthening the economic fabric in the regions through open innovation and aligning public and private investment decisions towards a limited number of priorities with the highest development impact.

Smart specialisation is definitely not about picking winners from above deciding where to place one or the other activity in Europe's map. No on the contrary, it is a place-based approach to identify opportunities for selective technological diversification in each region based on their own innovation capacities and economic and institutional structures- their endogenous potential.

In other words, Smart specialisation is about focusing on what you are good at and where you could even be better in the future. It is about diversifying from your existing capacities into higher value added activities and emerging market opportunities in order to better position your cities and regions in the global value chains.

The latter also implies strengthening the outward connectivity of our regional innovation actors, the cooperation across borders and territories.

This is a task where the European Territorial Cooperation Programmes will acquire an increased significance and responsibility in supporting regional smart specialisation strategies.

All this is what smart specialisation is about, Ladies and Gentlemen. And yet, this concept is not new. It is not falling from the sky.

It is a consolidation and further refinement of our principles of analysis, programming, partnership and evaluation. It takes into account decades of experience with programming Regional Policy and many years of experience with Regional Innovation Strategies and adjusts them to the new challenges and new opportunities in a globalising environment.

Now, is smart specialisation the holy grail of Regional Policy, a kind of cure all for all development diseases?

Of course it's not. We all know there is no one size fits all solution for economic development, no policy panacea.

But by insisting on tailor-made solutions for territories it puts the regions in the driving seat and gets people to think in new ways and to apply this new powerful lense to the development paths of their regions.

And by insisting on an open participatory process of strategic planning it also facilitates and strengthens delivery and implementation because it creates a shared vision, a shared commitment and co-responsibility for Europe's development at the regional level. It creates ownership.

Smart vs. stupid specialisation

But let's try for a minute a counterfactual approach. What would be stupid specialisation as opposed to smart specialisation?

In regional development and economic geography stupid specialisation means building on sand, copy pasting new policy fads and constructing cathedrals in the desert, building on unfounded ambitions.

Let me provide you with a few examples:

It means, for instance, that we need to avoid that two neighbouring regions invest in the same expensive technologies and research capacities without coordinating their efforts.

It means not to take investment decisions without a proper governance system in place. That is, without ensuring ownership and commitment, horizontally across different ministries or agencies sharing the innovation and vertically without engaging the different institutional layers, European, national and regional all the way to the local stakeholders and entrepreneurs.

It means not to spread investments widely and thinly by funding, for instance 30 different clusters in a region, 20 with national money, 10 with regional money and without any integrated strategy between them.

It means that we need to avoid the risk of expensive innovation investments into areas where the region has no real embedded capacities to benefit from these investments, regardless of the lobbying powers of well established interest groups.

Lat but not least, it means staying clear from over-concentration on a few well established industries and lock-in into a few sectors, ignoring the potential for cross-sectoral and interregional linkages and for the diversification from a local capacity base into new opportunities; something that academics refer to as the potential of related-variety. In other words: Avoid driving ahead by only looking at the rear mirror of the car.

I strongly believe that to avoid all these traps and make our policy more focused and more result-oriented, smart specialisation is the way forward.

I am, therefore, glad that we have the opportunity today to explore this concept together with you and discuss its implications.

Sustainability Theme

I have already mentioned green growth, Ladies and Gentlemen. It is now widely acknowledged that Europe needs more innovation and more sustainability to offer solutions to the environmental challenges of our time.

By way of this we can not only enhance our attractiveness and quality of life but also continue unlocking the job potential in green markets. This is an opportunity we must not miss.

You will have the possibility to discuss this second pillar of EU 2020 more in detail tomorrow morning. But as being smart and being green are two sides of the same coin, you will find sustainability elements in the smart actions that we are discussing today and vice-versa for tomorrow.

Of course, I don't want to leave out the third goal of inclusive growth and the social innovation that promises to be an important concept to drive change, and growth and jobs in the regions.

We will certainly have an opportunity to discuss this third objective more in detail from a regional policy perspective in one of our future events.

Closing remarks

So today and tomorrow we have the opportunity to discuss smart and sustainable and to showcase the good work that has been done in some regions.

You will learn about plenty of good examples during the workshops

I am proud and gratified that we were able to contribute to these success stories with our policy and the assistance of our services.

But this conference is not only about showing that Regional policy works.

It is to stimulate continuous policy learning in a frank and open exchange about the opportunities and the success factors but also about the limits and failures of our policy and the further improvements needed in both policy design and implementation. It is meant to be a true policy knowledge management platform at the service of the regions in the use of European regional policy.

I sincerely hope that you will all have a good and fruitful time at this conference and continue to support our place-based approach, but also provide us with your insights and lessons learned, to make Regional Policy the cornerstone of Europe 2020 and the Innovation Union.

Let me all thank you again for coming here. I wish you a successful Regions for Economic Change conference 2011. I will follow this mornings' debate about smart specialisation and will have the pleasure to address you again, shortly this time, I promise, after the panel debate when we I launch the Smart Specialisation Platform together with my dear colleague and fellow Director General Dominique Ristori from the JRC. But now, Ladies and Gentlemen, I hand over to Ann Mettler, Executive Director of the Lisbon Council and, very important for today, president of the 2011 Regio Star Jury.

Part II – Launch of the Smart Specialisation Platform

Ladies and Gentlemen, dear Dominique

I am grateful you are sharing this podium with me today. After the video and your excellent expose on the purpose of the Smart Specialisation Platform, there is not much I can now add.

But allow me to put this into a wider perspective. We are one week away from the presentation of the financial perspective for the next multi-annual EU budget.

But independently of the results of the institutional decision making process, we have clearly an obligation to the taxpayers to make this policy more focused and effective.

We are currently thinking very intensively together with the other Commission Services and the Member States about the success factors for this policy and we will soon propose conditions to be fulfilled to spend the EU Structural Funds to the greatest possible benefit for the individual regions.

With the smart specialisation platform we offer to the regions a forum and a tool to prepare for this.

We invite you to work with us in the Commission on designing sophisticated investment strategies and policy mixes that will ensure that the money is well spent from the first to the last Euro.

Strategies that ensure that we support growth enhancing measures tailored to the specificities of each region but also taking into account that the conditions, in terms of substance, process and governance, are in place to maximise their benefit.

The platform has a huge responsibility and as you rightly say, dear Dominique, the expectations are high, but it can only live up to these expectations with the support and commitment of the regions, the regional policy makers, the Structural Funds and innovation professionals and the multiple stakeholders on the ground.

I believe this platform will catalyze a process that will lead to a better use of Structural Funds in the service of smart, sustainable and inclusive jobs and growth.

All regions are kindly invited to join the platform and work with it. For all the practical information on how this works, I kindly invite you to go to the website of the platform or contact the platform staff at the JRC.

(PLEASE NOTE: the platform logo, a contact email and the website address of the platform will be displayed on the screen during the speeches of Mr. Ristori and Mr. Ahner!).

I wish you now a fruitful continuation of your exchanges and networking over lunch and later in the afternoon workshops and I am looking forward to seeing you tonight at our RegioStars awards 2011.