



Austrian Federal Ministry of Science and Research

European Politics of **Smart Specialisation**

Armin Mahr, 11 April 2013, Belgrade

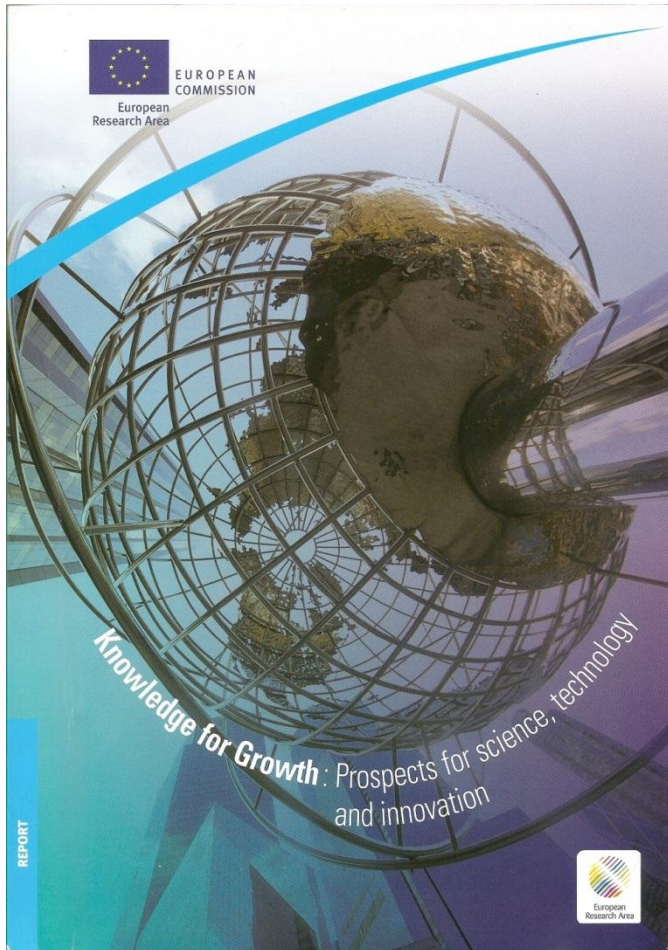
In my view ...

smart specialisation is a predominantly political concept, offering a timely policy frame to mobilise regions and places towards knowledge- and innovation-driven structural change.

Opening a politics bracket: (...

- ① A concept born in a European Union context
- ② linked to the Europe 2020 strategy
- ③ linked to EU policies and meanwhile occupying EU politics at large
- ④ meanwhile sparking the interest of many economies worldwide
- ⑤ because of its practical and mobilising appeal as a policy instrument? ...

1. Born in the EU



D.Foray, P.A. David and B.Hall
Smart Specialisation: The Concept

Knowledge for Growth: Proposals for science, technology and innovation

Ignition for a paradigmatic evolution:

1. Uniting research and innovation policies

- Uniting R&I with regional policy
- Smart specialisation and New Industrial Policy: 2 sides of the same coin

2. The EU 2020 Strategy context

- ▶ Smart,
- ▶ Sustainable,
- ▶ Inclusive Growth

for the Union, for member states – and for regions

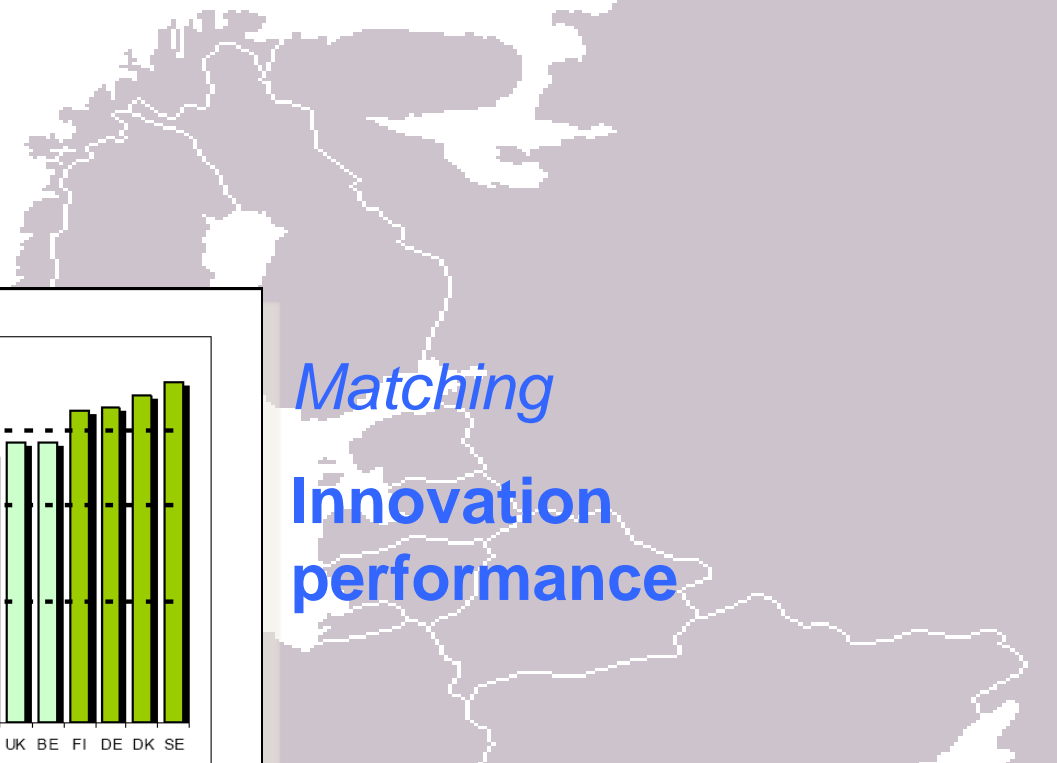
Flagship Initiatives:

- ▶ Innovation Union
- ▶ 34 commitments
(Nr 24: S3
Strategies)

Funding instruments:

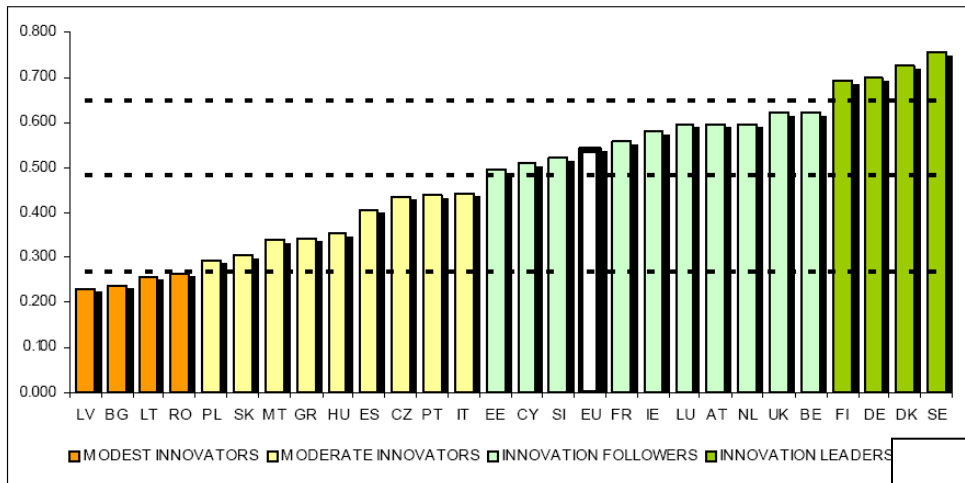
- ▶ European
Structural and
Investment Funds
2014-20
- ▶ Horizon 2020

Comprehensive system of annual reporting, monitoring and measuring



Matching
Innovation
performance

FIGURE 2: EU MEMBER STATES' INNOVATION PERFORMANCE

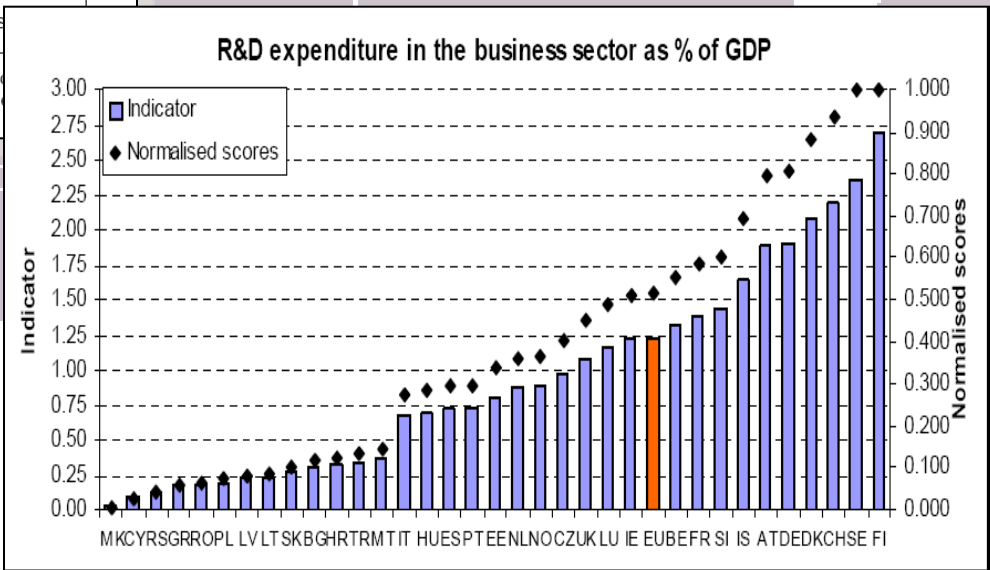


Note: Average performance is measured using a composite indicator building on data for 24 indicators from a lowest possible performance of 0 to a maximum possible performance of 1. Average performance in 2011 reflects performance in 2009/2010 due to a lag in data availability.

Source: Innovation Union Scoreboard 2013

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R&D expenditure in the business sector as % of GDP



Ad Implementing a concept in a funding policy intervention:

European Structural and Investment Funds 2014-20
(draft regulation)

ANNEX IV

Ex ante conditionalities

Thematic *ex ante* conditionalities

Thematic objectives	Investment priorities	<i>Ex ante</i> conditionality	Criteria for fulfilment
1. Strengthening research, technological development and innovation (R&D target) (referred to in Article 9(1))	ERDF: - All investment priorities under thematic objective no. 1	1.1. <i>Research and innovation</i> : The existence of a national or regional research and innovation strategic policy framework for smart specialisation, where appropriate, in line with the National Reform Programme, to leverage private research and innovation expenditure.	<ul style="list-style-type: none"> - A national or regional research and innovation strategic policy framework for smart specialisation is in place that: <ul style="list-style-type: none"> - is based on a SWOT or similar analysis to concentrate resources on a limited set of research and innovation priorities; - outlines measures to stimulate private RTD investment; - contains a monitoring mechanism. - A framework outlining available budgetary resources for research and innovation has been adopted.
	ERDF: - Enhancing research and innovation infrastructure (R&I) and capacities to develop R&I excellence and promoting centres of competence, in particular those of European interest	1.2 The existence of a multi-annual plan for budgeting and prioritization of investments.	<ul style="list-style-type: none"> - An 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 has been adopted.

3. Smart Specialisation challenging politics at all levels

- ▶ Research and Innovation **S**trategies for **S**mart **S**pecialisation (**RIS3**) as central instruments for implementation and monitoring
- ▶ Broad horizontal involvement of EU services
- ▶ Vertical involvement of all levels of government
- ▶ Compulsory involvement of stakeholders /experts / entrepreneurs

4. A place-based concept with international spill-over potential

- ▶ Smart specialisation fostering cohesion in EU accession countries, preparing for membership
- ▶ The European Union as a policy laboratory opportunity for OECD partners (with mutual benefit!)
- ▶ UNECE and World Bank propose smart specialisation to emerging economies
- ▶ The EU's choice of growth dimensions feels right and timely
- ▶ Challenges are global, proximity counts worldwide
- ▶ Politics in search of new logics for policy interventions (multi-level governance, a globalised environment still needs places and spaces of reference)

5. What is in for politics? What is in for you?

- ▶ As a policy-driven concept, policy-makers should see smart specialisation as a communication instrument with stakeholders of a process for structural change. The mobilising and empowering elements are key.
- ▶ Regions cannot be frontrunners in every industry/STI field: evidence-base and originality count / limited resources need to find the right investment place: more effective allocation of resources, reduction of fragmentation/duplication
- ▶ Smart specialisation is a policy process where tough choices become more transparent: Choices are risky but joint policy risk-sharing
- ▶ Creation of synergies between public support mechanisms for R&D and innovation, industrial promotion and human capital and training in order to leverage private investments, boosting business opportunities and attracting foreign investment: joint financial risk-sharing

5. What is in for politics? What is in for you?

- ▶ Smart specialisation is not about any specialisation in a set of industries or STI fields, it considers where existing strengths in one sector suggest potential in the other: industry and academia need to become empowered policy entrepreneurs
- ▶ Smart specialisation is not about innovations everywhere or lottery bets; no golden way. Innovation is multi-dimensional, for every place there are several games: an educated guess is based on a history, monitoring and evaluation
- ▶ Smart Specialisations are not made for eternity: It is part of the strategy process to assess whether at any time my system is able to generate, discover, detect and realise opportunities in a global value-chain context. Are politics/industry/academia fit to specialise? Is it the right time for that specialisation? Time matters.

Ad 5. RIS3 opportunities for place-based interventions (entrepreneurial discovery / open governance)

- ▶ Green Growth: only sustainable is smart – Eco-innovation & Energy efficiency
- ▶ Digital agenda: enabling knowledge flows within and across regions – connected regions
- ▶ Clusters for regional growth: business ecologies that drive innovation
- ▶ Innovation-friendly business environments for SMEs: good jobs in internationally competitive firms
- ▶ Social innovation: new organisational forms to tackle societal challenges
- ▶ Stronger focus on financial engineering: new funding models, not only grants
- ▶ Lifelong Learning in research and innovation: support knowledge triangle (edu/research/inno) and university-enterprise cooperation
- ▶ Key Enabling Technologies: systemic potential to induce structural change
- ▶ Research infrastructure/centres of competence: support to wide diffusion of leading edge R&D results
- ▶ Creativity and cultural industries: innovation beyond technology and outside manufacturing
- ▶ Public procurement for market pull: pre-competitive PP to open new innovation friendly market niches

OECD project

Innovation-driven growth in regions: The role of smart specialisation

- OECD Working Party on Innovation and Technology Policy (TIP), initiated and led by Belgium, Austria, Finland and Korea
- 12 countries, 15 regions, 17 case studies
- Synthesis presented in December 2012 to Commissioners Hahn and Geoghegan-Quinn, final report in spring 2013
- Translating the concept for practical use
- Developing check-lists, diagnostic and self-assessment tools
- Insight into regional and industry cases
- Comparative industry and knowledge profiles and indicators
- Governance mechanisms, entrepreneurial discovery etc

Examples from the OECD project (1)

- **Tackling societal and technology challenges:** **UK** automotive strategy to reduce CO2 emission > securing environmental benefits while regenerating competitive advantage; **EE** strategy to raise critical mass through EU and cross-border cooperation
- **Importance of lead actors:** **ES** (Andalucía) metal-mechanic companies turned to aeronautics after decline of ship-building > lead companies dialogue with government
- **Adapting to changing environment:** **PL** (Malopolska) regional universities profiles changed to support challenges for structural change in industries
- **Closing down specialisations:** **AT** (Lower Austria) Balanced scorecard model used to assess ongoing specialisations.

Examples from the OECD project (2)

- **Harmonising strategy levels:** FI synchronisation of national and regional strategies, defining lead industries, building strong networked knowledge base
- **Openness to other regions:** DE shows a joint innovation strategy of Berlin and Brandenburg; in AT there are thematic clusters cutting across several regions; BE and NL show strong cooperation between their R&D intense Eindhoven/Leuven regions
- **Empowering stakeholders/open governance:** NL (Brainport Eindhoven) shows a business-driven innovation system, powered by entrepreneurial leadership and strong triple helix cooperation > government as stimulator; in AT the RIS3 KEY is used as a communication tool to mobilise and empower universities to fulfil their performance contracts and get active in their region.

Useful documents

The European Commission's **S3 platform** at the Joint Research Centre, Sevilla, Spain:

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

Download your **RIS3 KEY** from the Austrian ERA portal: www.era.gv.at and get started with Smart Specialisation.



Thank you.

Keep in touch:
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The logo for BMW.F Austria, featuring the letters 'BMW.F' in a blue, sans-serif font, with a small red 'a' superscripted to the right of the 'F'.

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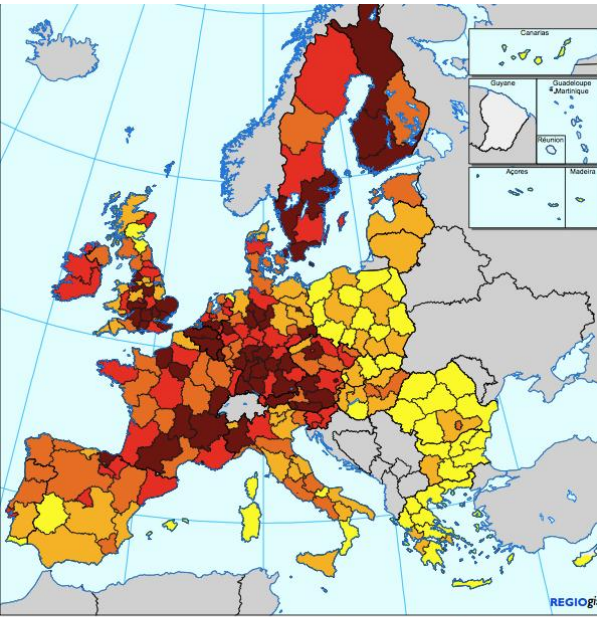
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Monitoring EU regional competitiveness:

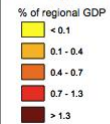
1. business sector expenditure in R&D

2. patent intensity

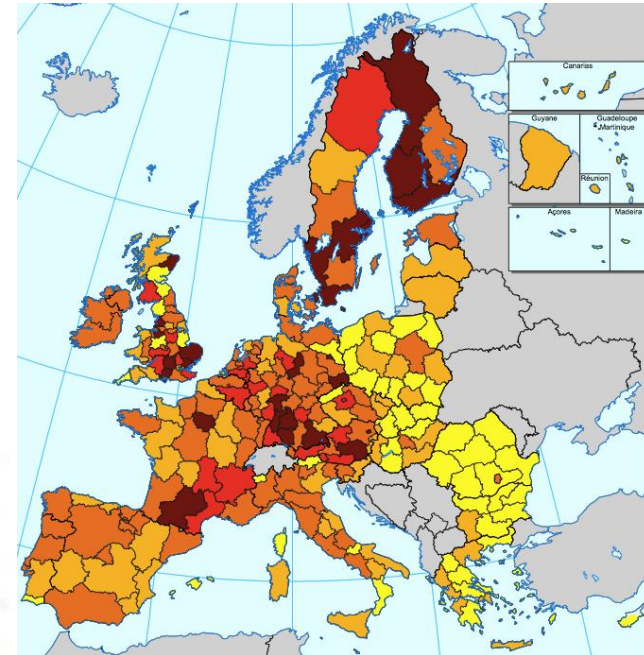
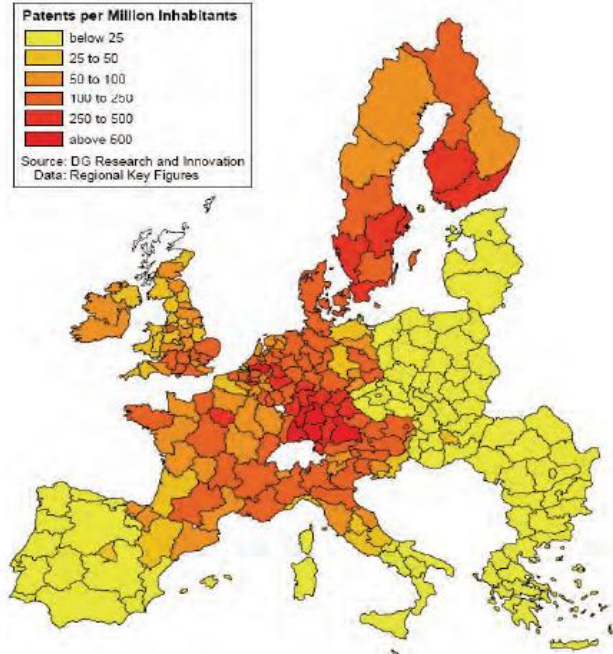
3. GERD



R&D expenditure in the business enterprise sector, as % of GDP - 2007

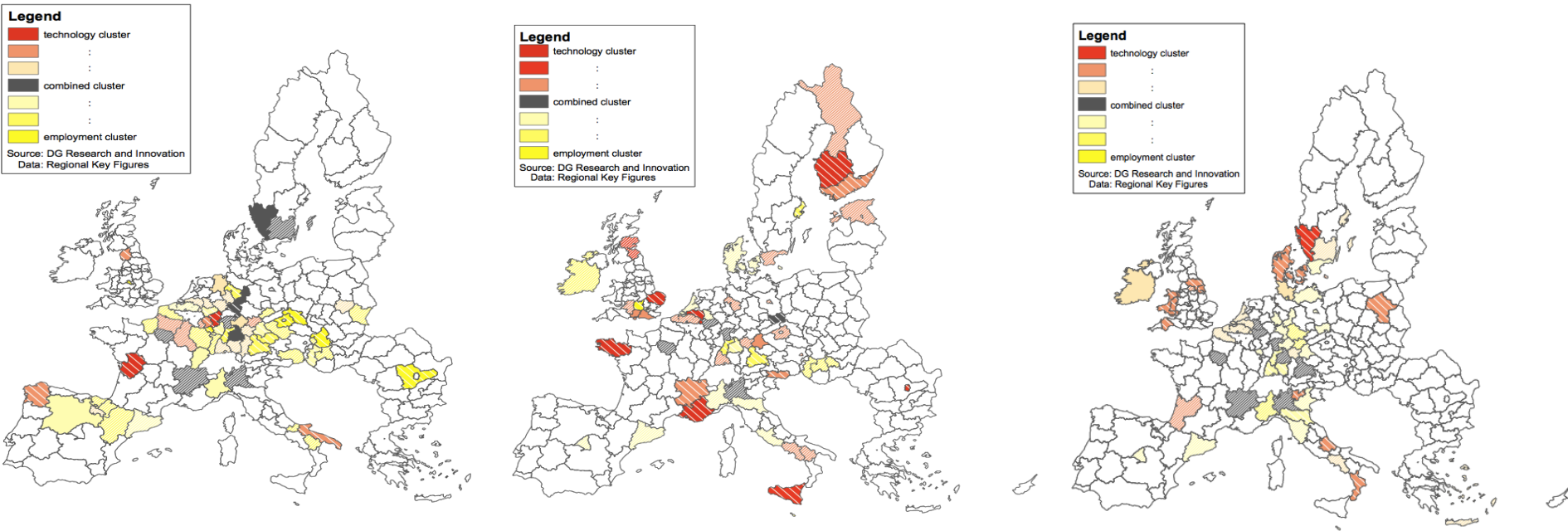


EU-27 = 1.19
GR, IT: 2005; FR: 2004; NL: 2003
Source: Eurostat



Source: Innovation Union Competitiveness Report 2011

EU NUTS2-level regions with (a) automotive, (b) IT and (c) medical clusters



Source: Innovation Union Competitiveness Report 2011 (data mostly from 2005)