Smart Specialisation for Regional Growth in all of the EU

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Overview: Smart Specialisation creates opportunities for all!

1. Policy Context
   New Cohesion Policy (RIS3): implementation!
   EU macro-economic growth strategy
   Investing in the real economy!

2. S3 in practice: the Vanguard Initiative
   Pilot Smart Specialisation Platform ADMA
   The case of 3D-printing: 'networked demonstration'

3. Next steps: supporting internationalisation of RIS3
   Integration of RIS3 and cluster policies
   Thematic Smart Specialisation Platforms
1. Policy Context

- EC macro-economic policy
- Investing in the 'real economy'
- Role of cohesion policy (ESIF)
- RIS3 implementation: proof of the pudding!
- 'Internationalisation' of RIS3 to accelerate focusing on strengths
An Investment Plan for Europe: The ‘virtuous triangle’ of Juncker
An Investment Plan for Europe: The ‘virtuous triangle’

EFSI
- € 315 bn

ESIF
- € 450 bn
  (160 bn for innovation)
ESIF programming for 2014 - 2020

• Thematic concentration

Source: Final ESIF partnership agreements as of December 2014
The policy challenge

*Productivity isn’t everything, but in the long run it is almost everything. A country’s ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.* (Paul Krugman, 1994)

For countries and regions this means:
- to invest in innovation-driven growth and change
- embrace technological change
- create enabling eco-systems
- in a place-based way (e.g. no-one-size-fits-all)
- concentrate on areas of competitive advantage
- prioritise investments based on entrepreneurial knowledge
- leverage private investment and initiatives
- closely monitor investments and change course if needed
- hence: "smart specialisation" to frame such actions
What is the contribution of New Cohesion Policy 2014-2020?

- From 'absorption' logic to 'investment' policy for growth and jobs
  - Greater focus on results
  - Targeting resources at key growth sectors
  - Pre-conditions for funding – *ex ante* conditionalities
  - Reinforced partnership
  - Increased synergies between Funds and with other EU instruments
  - Stronger link to the EU economic governance "European semester"

- **Smart Specialisation** = Key feature of reformed Cohesion Policy to ensure effectiveness of ERDF investments in innovation (ex-ante conditionality)
What is Smart Specialisation?

- **fact-based**: all assets
- **no top-down but dynamic/entrepreneurial discovery process** for shared vision among innovation stakeholders, in particular business
- **All forms of innovation** – not only technology and research driven
- **eco-systems**: creating environments for change, not accumulation of disconnected projects
- **Mobilisation of investments and synergies across different departments and governance levels** (EU-national-regional)
- **source-in** knowledge, & technologies
- **Be different!**
- **competitive advantages**, potential for excellence, opportunities
- **global perspective** on potential competitive advantage + potential for cooperation, global value chains
- **Concentration** of resources on priorities, problems and core needs + accumulation of **critical mass** also across borders
- **no focus on single sector / tech., but cross-fertilisations**, rejuvenating sectors through higher value-added activities + **emerging** sectors / areas for **place-based economic transformation**!
In a nutshell: RIS3 is 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

**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*, through research, innovation and increasing access to ICT and its use
RIS3 implementation

- All countries/regions have now **RIS3 in place**
- = "*renewal of the regional planning culture*" (Fraunhofer)
- Many RIS3 still have **considerable weaknesses** (e.g. broad focus areas, high number of priority areas, superficial entrepreneurial discovery, weak international dimension, monitoring systems not developed): S3 is a process!

- **Implementation will be key**! Investments start only in the coming months and years. Impact rather medium-term. Building on regional eco-systems.

- **Transnational cooperation can have important role** to strengthen implementation and reinforce impact upscaling
The Role of Clusters

- Act as facilitator & bridge-builder
- Support groups of related SMEs
- Promote cooperation in new European value chains
- Create favourable "open space" for cross-sectoral fertilisation
- Integrate, catalyse & multiply cross-sectoral and cross-regional cooperation
Joint Conference  27-28 April 2015
'GROW your REGION'
Smart Specialisation and Economic Transformation through Clusters

- Smart specialisations are anchored in entrepreneurial discovery processes through cluster dynamics
- Cluster organisations derive sense of direction from S3
Role of transnational cooperation

- Bring together regions with related RIS3 strategies ('strategic partnering')
- Use smart specialisation as coordination principle to build more critical mass and more scale in key areas
- Undertake joint entrepreneurial discovery processes to map related opportunities based on concrete value chains
- Foster inter-cluster cooperation to learn, connect, demonstrate and commercialise, upscaling dispersed regional efforts
Important novelties for R&I in Regulations
Promoting cooperation with other EU countries:

- Art. 70(2)b Common Provisions Regulation (CPR): up to **15%** of the total amount allocated under an OP can be spent on operations located outside the OP area (but within the EU), provided this is for the benefit of the OP area ...

- Art.96(3) CPR: An OP shall describe the arrangements for (d) **interregional and transnational actions** within the OP, with beneficiaries located in at least one other Member State
  (e) where MS and regions participate in **macro-regional strategies and sea-basin strategies**, ... the contribution of the planned interventions to such strategies

- Art.3(3) ERDF: INTERREG may also support the **sharing of human resources and facilities** and all types of infrastructure across borders in all regions.
Commission support for RIS3:

153 EU regions (from 19MS) + 16 countries at national level

- 52 regional and 16 national strategies peer-reviewed
- Thematic seminars & conferences
- RIS3 guide
- Mapping of specialisations: Eye@RIS3
- Regional profiling
- Web-site, Newsletter ...

http://s3platform.jrc.ec.europa
Eye@RIS3: database for RIS3 priorities

- Enable Regions and Member States to position themselves,
- To find their unique niches
- To seek out potential partners for collaboration

Approx. 31 countries and 196 regions and 1350 priorities

http://s3platform.jrc.ec.europa.eu/map
2. S3 in Practice: The Vanguard Initiative

- 'Vanguard Initiative for New Growth through Smart Specialisation': Background
- Pilot Smart Specialisation Platform ADMA
- Methodology for interregional cooperation based on complementarities
- The case of 3D-Printing
- Next steps
Established November 2013 (at the occasion of HL Event in European Parliament), with 8 members; presently 27 in 14 countries

Key-features: political commitment (Milan Declaration); leading by example (pilot actions)

‘New growth through Smart Specialisation’: interregional cooperation in European priority areas on the basis of complementarities
The Vanguard Initiative
Pilot Smart Specialisation Platform on Advanced Manufacturing

- Cluster-led networks on 3 specific ADMA areas, to further explore opportunities to develop EU value chains by co-investment in demonstrators
  - Advanced Manufacturing for energy applications in harsh environments (lead: Scotland, Basque Country)
  - Pilot plant for efficient and sustainable manufacturing (lead: Catalonia, Lombardy)
  - High Performance Production with 3D Printing (lead: S-Netherlands, Flanders)

- Methodology to generate proposals which can be translated into jointly funded projects (e.g. large scale demonstrators of EU value or EU networks of complementary smaller demonstrators)
Demonstrations are key in transitions

Phaal, O'Sullivan, Routley, Ford & Probert (2011)
Methodology at work in 3D-printing Value Chain

Application domains & challenges
- Healthcare
- Automotive
- Aerospace
- Machinery and instruments
- Electronics and electr. devices
- Creative industries
- Textiles

Mapping, Matching & Co-investing in interregional value chains

20 regions engage in Joint Demonstration to accelerate uptake 3D-Printing Solutions
Vanguard Initiative Methodology for Interregional Cooperation

Learn → Connect → Demonstrate → Commercialisation

= common approach for the VI different pilot cases
Vanguard Initiative Methodology for Interregional Cooperation

**Learn**
- Developing a scoping paper (designing the network); identification of lead-regions
- Mapping questionnaire; identification lead-actors

**Connect**
- Matching events for complementary partners
- Development of cases

**Demonstrate**
- Networked demonstration
- Pilot-lines & first-of-a-kind factories (TRL 6-8)

**Commercialisation**
- Launch of new ventures & start-ups
- New value-chains (TRL 9)

VI activities, still in an early stage on the way to new value chains
Vanguard Initiative Methodology

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Co-investment in European Value Chains: a quality ‘project pipeline’
- Co-creation of European standards and markets
- Regional clusters become world-class clusters
- Take-off strong new European industries by networking of pilot lines and demonstrators
Organising Entrepreneurial Discovery in a 3DP Eco system

Mapping; exploration of demo-cases; collaborative action for interregional value chains: **21 regions** engage in Joint Demonstration to accelerate uptake **3D-Printing solutions**

**Cases under investigation:**
- **Healthcare:** Complex implants (South-Netherlands, Aragon, Skane, Flanders, Asturias, Tampere)
- **Automotive:** Hybrid additive-subtractive processes (Aragon, Emilia-Romagna, Norte)
- **Machinery / tooling:** Extending 3DP to larger, complex structures (Wallonia, Lombardy, Baden-Württemberg, Tampere)
- **Embedded electronics:** 3DP electronics in polymeric materials + smart patches (textile): (South-NL, Baden-Württemberg, Tampere, Flanders, Wallonia)
- **Textile:** Multi-material (Lombardy, Nord-pas-de Calais, Catalonia, Flanders, S-NL)
- **Creative industries:** Fashion (Catalonia, Lombardy, N-P-de-Calais, Flanders)
- **Creative Industries:** 3DP Bike (Flanders, Catalonia, Lombardy)
The Vanguard Initiative for New growth through Smart Specialisation

- **Political initiative** by 27 industrial regions (Milan Declaration):
- Mobilising regional resources to address **EU priority areas in innovation and industrial policy** on basis of smart specialisation
- Exploiting **network effects** of regional investments (development and demonstration of new business solutions, joint pilots and demonstrators, co-creation of growth markets)
- Through entrepreneurial discovery process of **mapping and matching** in niche-areas on basis of RIS3 strategies, developing cluster cooperation for new value chains, working towards common roadmaps
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3. Next steps for implementation

- **YOU:** Implementation of RIS3 in OPs!
  - **Interreg Europe:** Policy Learning Platform
  - Exploring opportunities for interregional cooperation (BSR!)
- **DG REGIO/JRC-S3 Platform:** Thematic Smart Specialisation Platforms in priority areas
  - **SSP Energy** / others to follow (Digital growth, Agro-Food, Advanced Manufacturing, ... (involving lead-regions!))
- **DG REGIO/DG RTD:** 'Seal of Excellence'
  - **SME programme**
- **DG REGIO/DG GROW:**
  - 'Smart Guide to Cluster Policy';
  - Joint work on 'European Strategic Cluster Partnerships for Smart Specialisation Investments'
To sum up:

- **Macro-economic growth strategy in EU: investment for growth & jobs, focus on European priority areas**
- **Role of smart specialisation in giving direction to need for transformation (need for synergies in support)**
- **Implementation of RIS3 is crucial (110 bn euro)**
- **'Internationalisation' of RIS3 = focus & complementarity**
- **VI: methodology for interregional coop in emerging VC**
- **'Synergies' in EC support instruments, starting with 'seal of excellence' and integration of cluster policies and RIS3**

**EVERYTHING DEPENDS ON THE UPTAKE IN THE REGIONS!**
Links

DG REGIO 'INTERREG'
http://www.interreg4c.eu/

DG Regio/JRC-IPTS, Smart Specialisation Platform
http://s3platform.jrc.ec.europa.eu/home

DG Grow, EU Cluster Portal
http://ec.europa.eu/enterprise/initiatives/cluster/

European Cluster Collaboration Platform (ECCP)
www.clustercollaboration.eu

Vanguard Initiative New Growth through Smart Specialisation
www.s3vanguardinitiative.eu