Smart Specialisation Strategy of a Reformed Cohesion Policy in the Context of the Europe 2020 Agenda

Philip McCann
University of Groningen
Smart Specialisation and Europe 2020

- Europe 2020 smart, sustainable and inclusive growth
- OECD ‘global’ standard – stronger, cleaner and fairer growth
- US government place-based growth strategy – sustainable communities, innovation clusters, revitalizing neighborhoods
- Different challenges, opportunities and trade-offs for different regions
- Need to identify policy priorities for regions and the principles on which the priorities are based
Smart Specialisation and Europe 2020

- Proposed Regulations – thematic objectives, conditionalities, results indicators, partnership contract, monitoring, multi-level governance, performance reserve, joint action plans, integrated territorial plans, increasing urban emphasis etc
- CSF Common Strategic Framework
- ECCP European Code of Conduct on Partnership
- Smart Specialisation
- ‘Teaming of Excellence’ – Horizon 2020 and Cohesion Policy
Smart Specialisation and Europe 2020

- Place based approach is about building on local knowledge and mobilising it in the wider national and international context
- Multi-level governance for multi-level systems of knowledge
- Not about localism – but about fostering bottom up development and local capabilities in the wider context
- Policy makers must decide the priority on the basis of the best public information (Stiglitz-Sen-Fitoussi 2009) → smart specialisation
Smart Specialisation and Europe 2020

• *Smart specialisation* – ‘Knowledge for Growth Expert Group’ DG Research – Dominque Foray, Bart van Ark, Paul David, Bronwyn Hall, Jacques Mairesse etc

• Smart Specialisation elements: *Entrepreneurial search processes*; *Relevant domains*; *Connectedness*

• A systems approach to innovation – ‘knowledge ecology’

• Dominique Foray’s key insights in the EU and OECD cases
Smart Specialisation and Europe 2020

- Existing assets, institutions, frameworks are all relevant to technological evolution

- *Entrepreneurial search processes* → to identify the distribution of likely opportunities

- *Relevant domains* → to enhance the likely magnitude of opportunities

- *Connectedness* → to maximise the potential for learning about these opportunities
Smart Specialisation and Europe 2020

- Smart specialisation principles provide a quite different logic to much existing thinking
- Explicitly based on the region’s history and context
- Technological upgrading of a region’s existing and traditional sectors
- Focus on coordination between skills-training and emerging technologies
- Building synergies, scale and a realistic and forward-looking agenda
Smart Specialisation and Europe 2020

• In a *regional* context entrepreneurial search processes; relevant domains; and connectedness translate to:
  - Embeddedness
  - Related variety
  - Connectivity

• *Relatedness*: It is not about sectoral specialisation but *diversification* → *specialised technological diversification*

• Embeddedness + Relatedness = Relevant Size Domain
Smart Specialisation and Europe 2020

• A smart specialisation approach to regional policy should be about promoting the generation, exploitation, and dissemination of local ideas and knowledge

• Critical development of local linkages and knowledge exchanges built on global knowledge flows → place based

• Maximising both intra- and inter-regional knowledge spillovers in the relevant scale domains (embeddedness + relatedness)
Smart Specialisation and Europe 2020

• Newness, renewal, transformation, novelty and niches
• All actors involved – competences and capabilities – building new linkages, exchanges, participation, cooperation and spillovers
• Develop a local vision on the basis of what works locally
• Governance experimentalism + innovation
• Iterative approach – feedback, monitoring, evaluation and learning
• ‘Self discovery’ (Hausman and Rodrik 2004)
Smart Specialisation and Europe 2020

- Dominque Foray’s metaphor – ‘excited goblins’, ‘sleeping giant’ and ‘hungry dwarfs’
- Examples of high-tech firms, traditional agriculture, engineering or tourism, long tail of small firms
- Different types of interventions, different intended results/outcomes from the interventions, and different pace and tempo
- Need to decide the level/degree of policy prioritisation based on structure, potential, bottlenecks and missing links
Smart Specialisation and Europe 2020

• Prioritisation and concentration
• Good matching, good fit, and potential
• Analysis of missing links and bottlenecks
• Explicitly takes account of the region’s strengths, history, skills profile
• Focuses on issues of coordination and governance → cross-border (administration/jurisdiction/
• Data baselines
• Risks and responsibilities
Smart Specialisation and Europe 2020

• Results-Oriented policy-design logic
• Inputs → Outputs → Results/Outcomes
• The result/outcome can be a short- and/or a long-term one
• It is a question of intention – this drives the thematic and policy prioritisation and the specific policy design
• Impact refers to the contribution of policy actions to achieving the intended result/outcome
Smart Specialisation and Europe 2020

- **Outputs** are measurable policy actions whose intended task is to produce results/outcomes.
- **Results/outcomes** are the specific dimension of the wellbeing and progress of people (in their capacity of consumers, workers, entrepreneurs, savers, family or community members, etc.) that motivates policy action, - i.e. that is expected to be modified by the interventions designed and implemented by a policy.
- **Results/outcomes** are NOT a change for the supported entities only: they are a change for a territory (region), a sector, a target group of people.
Smart Specialisation and Europe 2020

- Distinguish results/outcomes from outputs
- Measurement of progress towards results/outcome targets
- Identify how and when different data are to be collected, collated and reported
- Data can be at the project level and at the programme level – all projects should be able to generate results/outcome data
- Evaluation needed to assess contribution of project/programme results/outcomes to change at regional/sectoral level
Smart Specialisation and Europe 2020

• Monitoring, feedback and evaluation are critical for policy learning

• Evaluation – with its range of quantitative and qualitative techniques – is what helps us to identify the impact of a policy – not the indicators

• Evaluation involves considering all of the available evidence regarding the policy process, systems and intended objectives – and also unintended implications See: Panorama, Spring 2012, “Targeting Results: Fine Tuning Cohesion Policy”
Smart Specialisation and Europe 2020

- Smart specialisation emphasises strategic and specialised diversification based around core competences and capabilities
- a excellent tool for place-based policy
- promotes clear self-awareness of the key bottlenecks and missing links
- powerful lens through which to ensure thematic prioritisation and concentration
- monitoring, evaluating, steering
- engagement and institutional learning
Smart Specialisation and Europe 2020

- Original insights of Foray et al, are highly relevant to today’s EU regional context
- Close alignment with the Barca (2009) report
- Very powerful for convergence and transition regions as well as advanced regions
- Smart Specialisation S³ Platform IPTS JRC-Seville – RIS3 Guide - and related documents on broadband, role of universities, SMEs, social innovation, environment, evaluation, funding opportunities
- OECD *Innovation-Driven Growth in Regions: The Role of Smart Specialisation* – report for EC