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# POLICY CHALLENGES OF SMART SPECIALISATION STRATEGIES – CONCEPTUAL THOUGHTS

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Miriam Hufnagl & Henning Kroll

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**Policy Challenges of smart specialisation  
strategies – conceptual thoughts**

# What is Smart Specialisation?

## Smart Specialisation:

a strategic approach to economic development through targeted support to **Research and Innovation (R&I)**. It will be the basis for **Structural Fund** investments in R&I as part of the future Cohesion Policy's contribution to the **Europe 2020** jobs and growth agenda.

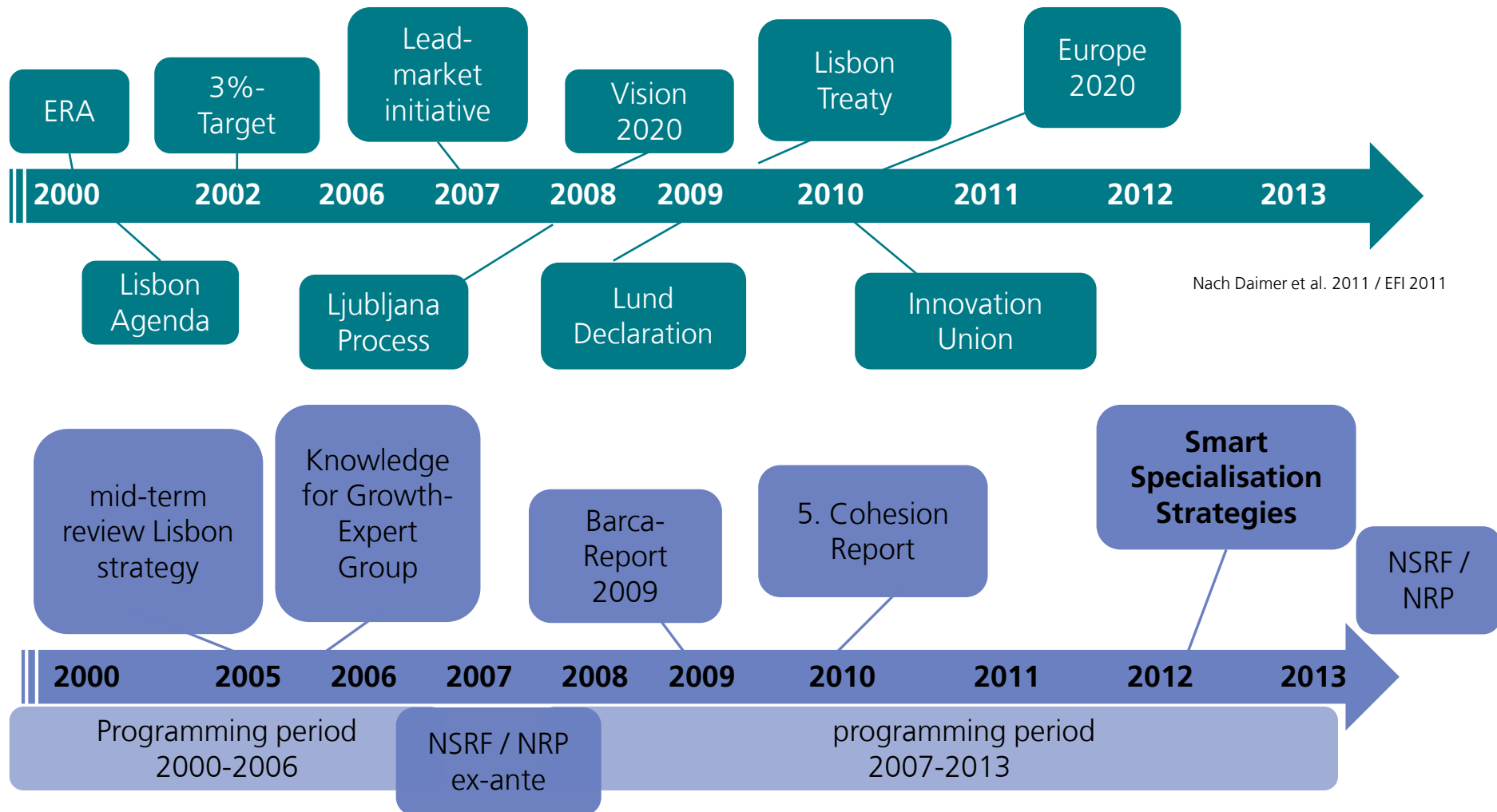
## Smart Specialisation

involves a process of developing a **vision, identifying competitive advantage**, setting strategic priorities and making use of **smart policies** to maximise the **knowledge-based** development potential of any region, strong or weak, high-tech or low-tech.



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

# Development EU Innovation policies and Regional Development measures



# What is smart...

- place-based **SWOT**
- **balance** between bottom-up partnership approach and top-down framework
- **global perspective** on potential competitive advantage & potential for cooperation
- **Securing sources in knowledge**, services, technologies, talent and investors

# and what is specialisation?

- **priority setting** in times of scarce resources
- building excellence in **something specific**
- accumulation of **critical mass**
- not necessarily focus on a single factor, but **cross-sectoral approach**



For DG Research: the best way to exploit territorial potential for innovation and to foster interregional comparative advantage

Source: EURADA Directory of "No-Nonsense" Activities to Build S<sup>3</sup>-minded Regions, p.13

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# Smart Specialisation: implementation in practice

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- Context: **EU-Regional Policy**
  - ➔ more than one third of the EU budget – 380 Mrd. €
  - ➔ Focus **of public investment** on few **key priorities** and **challenges**
  
- S3 will become an **ex-ante conditionality** for regional funding
- ➔ The EU commission demands national & regional smart specialisation strategies:
  - that rely on a **SWOT**-analysis
  - that take into account **private investments** in R&D
  - that follow a **detailed monitoring and evaluation scheme**
  
- ➔ **decentralised decisions on objectives and indicators** are possible, payments are subject to reaching these goals (mid-term evaluation)

# Smart Specialisation: current set up

- **Smart Specialisation** is not necessarily new (similar approaches already established e.g. in Germany, Austria), however the EU initiative may serve:
    - to further **disseminate** specialisation approaches **across member states**
    - to **specify** and **formalise** existing approaches
  - Goal: **refinement and optimization of the existing methodology** for the next programming period of structural funds and cohesion policy altogether
- currently several regions develop S3 concepts, also Alsace
- At EU level several coordination processes and efforts for **good-practice learning** are taking place (OECD, EU-COM Working Group)



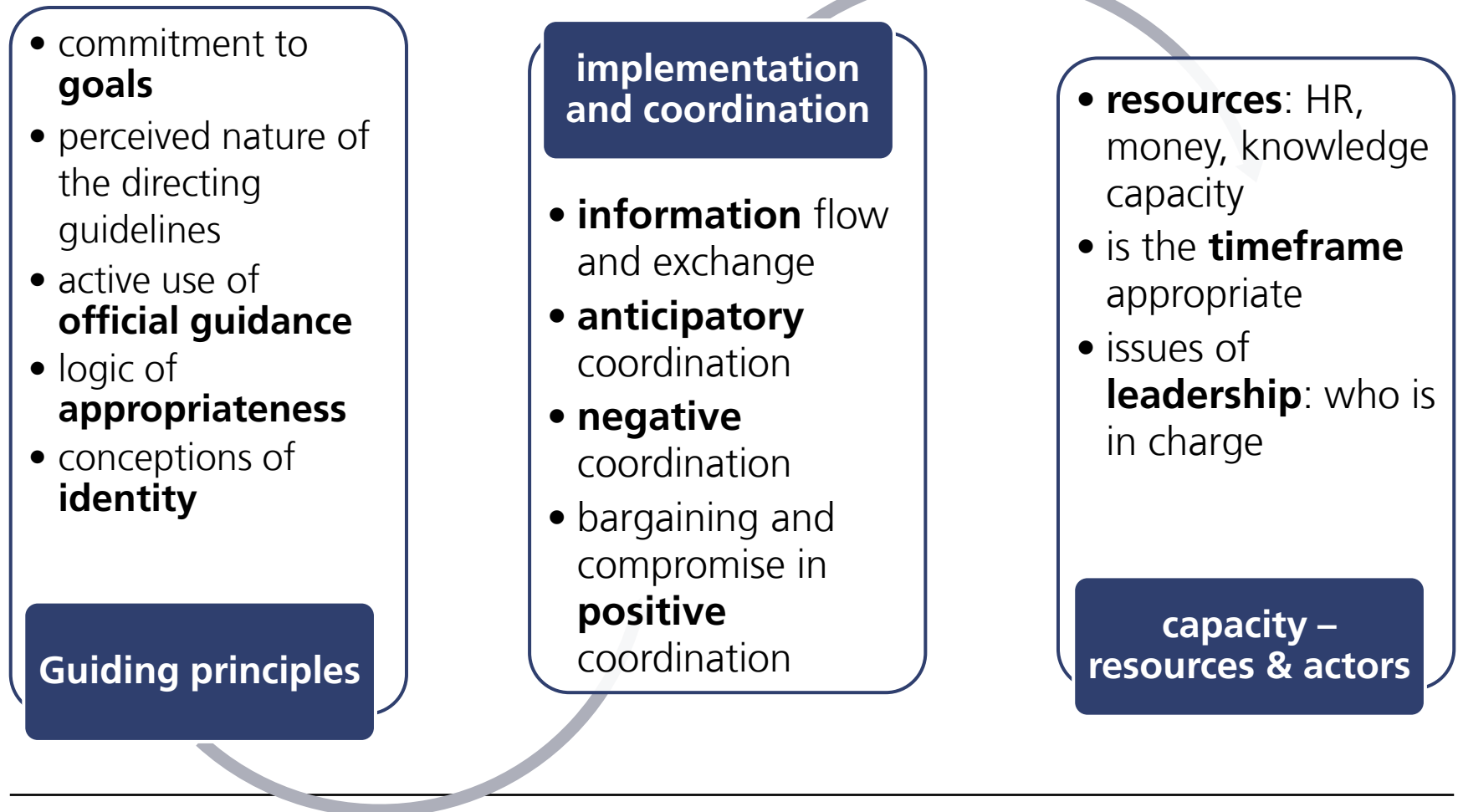
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# S3 – Policy Challenges: Foray's 5 Principles

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1. **Self-discovery (or entrepreneurial discovery) through entrepreneurial trial and error:** Prioritization is no longer the role of the omniscient planner! Interactive process, in which the private sector is in charge and the government assesses potential and then empowers those actors most capable of realizing the potential.
  2. The **response to the big question 'what are my priorities?'** is not given at sector level nor at the individual level of companies but at the level of **new activities**. Government provides funding for that!
  3. In general what is discovered as **future priorities** are those activities where **innovative projects complement existing productive assets**: modernisation? Diversification? Transition? Radical foundation?
  4. While at t0 some priorities emerge & subsequent activities will be supported, it is likely that 3 or 4 years later other discoveries will be made [...] [and support will thus be shifted to new fields]. The main purpose of S3 is to **diversify the economy** (new activities) through commitment of resources (specialisation).
  5. Clear **benchmarks and criteria for success and failures** are needed
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# S3 – Policy Challenges - Hufnagl's 3 Strategy Pillars





Examples of established activities: cooperation between

Life Sciences  
→ BioValley

IT  
→ IT2Rhine  
(Hauptpartner)

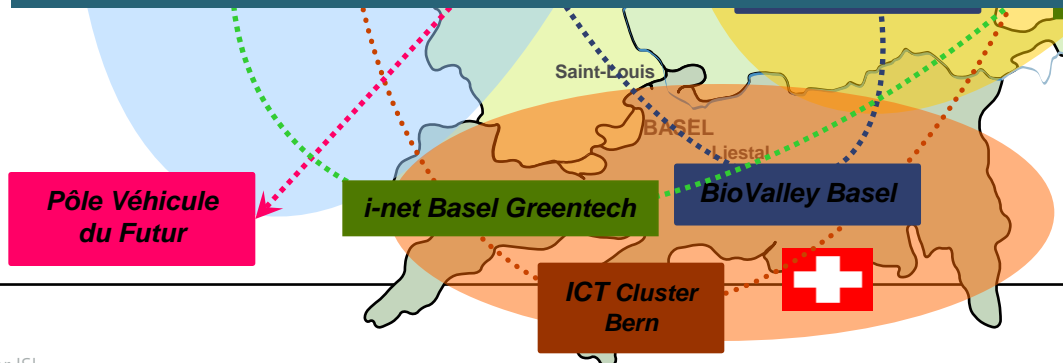
Automotive  
→ PVF / AEN

Green Tech  
→ TRION

There are already many activities in the Upper Rhine region:

- S3 Alsace
- Trinational Metropolitan Region of the Upper Rhine
- Upper-Rhine University EUCOR
- "Science Offensive" – trinational funding instrument
- Three ERA-NETs

Is S3 a useful tool to improve the cooperation even further?

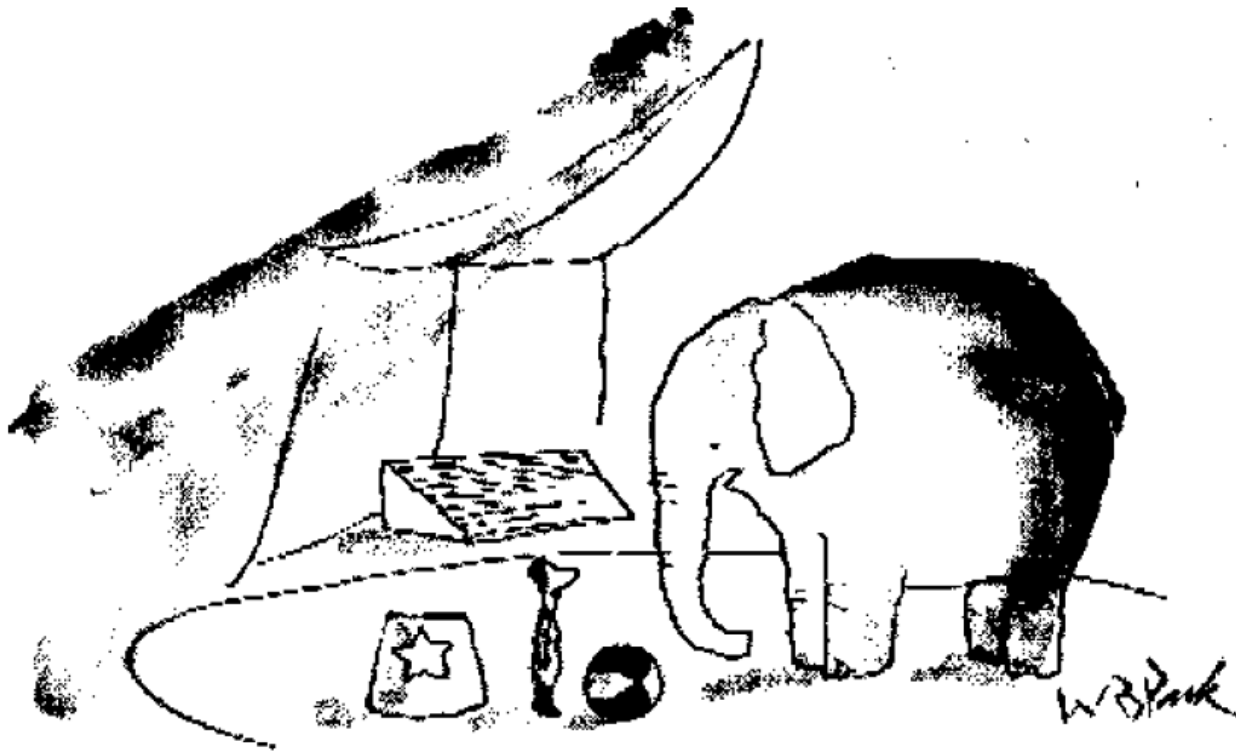


Presentation: <http://www.upperhine-clusterforum.eu/index.php/liens-et-telechargements>; Cluster Forum 2012  
Autor: J.M.Stearle; slide 17

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# Merci for your attention!

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*"To be perfectly frank, I'm not nearly as smart as you seem to think I am."*

Source: Henry Mintzberg et al. (1998), Strategy Safari, p.1