Smart Specialisation Strategies & Cluster initiatives

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Structure

1. Past experiences in Cohesion Policy with cluster development
2. Smart specialisation strategies: links with cluster initiatives
3. Outlook on new operational programmes of the MS and regions: issues and opportunities regarding clusters
Cluster support under Cohesion policy

- **Substantial ESIF funding since 20 years:**
  «Approximately 20% of all European Cluster Programmes in the EU were financed by Structural Funds... » (Oxford Research 2008, « Cluster Policy in Europe »)

- **Increasing acknowledgement in MS and regions of economic potential of clusters**

- **Used both for SME / industry and innovation support**
2012 RegioStars finalist: Clean-tech cluster ECO WORLD STYRIA

- Cleantech cluster ECO WORLD STYRIA set up in 2005: specialise in energy & environmental engineering & develop a world level 'Green Tech Valley'

- PPP driven by a **triple-helix cluster** (research-industry-government): shareholders + funds from business, science, public

- **179 cluster partner** in biomass, solar, hydro, recycling

- 5/2007 – 3/2012 with 50% of ERDF (€ 444 000)

- Global, unique „ECO Future Radar“ provided 50 cleantech biz trends to 500 companies developing innovative business models

- Website: [www.eco.at](http://www.eco.at)
Categories:

1: **Smart Growth**: Unleashing SME growth potential for a digital economy
2: **Sustainable Growth**: Mobilizing investments in energy efficiency for the benefit of citizens and society
3: **Inclusive Growth**: Integrating in society those at risk of social exclusion
4: **CityStar**: Transforming cities for future challenges

**Deadline: 28 February 2015**

Applications to be sent to REGIO-STARS@ec.europa.eu

**Application forms:**

Excellent ERDF co-funded clusters

European Cluster Excellence Initiative conducted analysis of around 300 cluster bodies as regards the quality and suitability of their services:

- **Gold Labels** awarded to clusters with particularly good quality and suitability of services. All EU ones have received Structural Funds support:
  - Eco World Styria, Graz (Austria), [www.eco.at](http://www.eco.at)
  - FEMAC - Agricultural Machinery Cluster, Lleida (Spain), [www.femac.org](http://www.femac.org)
  - FPX - Future Position X, Gävle (Sweden), [www.fpx.se](http://www.fpx.se)
  - Kunststoff Cluster, Linz/St. Pölten (Austria), [www.kunststoff-cluster.at](http://www.kunststoff-cluster.at)
  - Minalogic - Maison des Micro et Nanotechnologies, Grenoble (France), [www.minalogic.com](http://www.minalogic.com)
  - Offshore Center Danmark, Esbjerg (Denmark), [www.offshorecenter.dk](http://www.offshorecenter.dk)
  - Silicon Saxony, Dresden (Germany), [www.silicon-saxony.de](http://www.silicon-saxony.de)
  - Systematic - Paris Region Systems & ICT Cluster, Saint Aubin (France), [www.systematic-paris-region.org](http://www.systematic-paris-region.org)

ERDF projects win European Enterprise Promotion Awards 2012

Campus i12 Visualisation Park
won the Investment in Skills Category

Campus i12 is located in Sweden and fosters knowledge transfer and digital visualisation.
Campus i12 was created to foster a digital visualisation cluster and entrepreneurship in the small rural military town of Eksjö.

Since its foundation in July 2009, the number of partner companies has more than doubled, to over 100 and most importantly, students’ are now more inclined to be entrepreneurs themselves.

Cluster support under Cohesion policy

- However, in some cases:
  - Initiatives sometimes not industry / bottom-up, but policy driven
  - Lack of critical mass
  - Sectoral lock-in
  - Lack of transformation perspective
  - Not connected enough (universities, education, international ...)
  - Lack of "business plan" for cluster organisations
  - ...
Regional economy

A fragmented regional economy: Less favoured regions
Structure

1. *Past experiences in Cohesion Policy with cluster development*

2. **Smart specialisation strategies: links with cluster initiatives**

3. *Outlook on new operational programmes of the MS and regions: issues and opportunities regarding clusters*
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

- **Commitment 24**
Starting in 2010: Member States should considerably improve their use of existing Structural Funds for research & innovation projects, helping people to acquire the necessary skills, improving the performance of national systems and implementing smart specialisation strategies and trans-national projects. This should also apply to the pre-accession funding for EU candidate countries. The Commission stands ready to assist and will use its regional research and cluster initiatives to support this change and establish a "smart specialisation platform" by 2012, including further support for the emergence of world class clusters. Further details are in an accompanying Communication.

- **Commitment 25**
Member States should initiate the preparation of post 2013 Structural Fund programmes with an increased focus on innovation and smart specialisation. Future regulations governing the operation of the European Regional Development Fund should further commit substantial financial resources to support innovation initiatives within the regions of the European Union.
RIS3 ex-ante conditionality

Existence of a **national or regional research and innovation strategy for smart specialisation** (incl. digital growth, if relevant)

Fulfilment will be checked along the following criteria:
- Based on **SWOT** or similar **analysis**
- **Concentrate resources** on a **limited set of R&I priorities**
- Outlines **measures** to stimulate **private RTD investment**
- **Monitoring** system
- Framework outlining **available budgetary resources** for R&I

**If investments in R&I infrastructures:**
-indicative multi-annual plan for budgeting and prioritization of investments linked to EU priorities, and, where appropriate, ESFRI
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... also service innovation, eco-innovation, social innovation ....

- Critical mass ... incl. by pooling across borders

- Rejuvenating traditional sectors through higher value-added activities, diversification & differentiation

- Cross-sectoral links & new mixes of technologies

- New market niches by sourcing-in and disseminating new technologies rather than re-inventing the wheel

Place-based economic transformation!
How develop a RIS3?

"Smart specialisation strategies shall be developed .... in an entrepreneurial discovery process."

See Common Provisions Regulation for all ESI Funds, No 1303/2013 - Annex 1, point 4.3.2.

- Reiterative process
- Creative thinking / combination
- External view needed
RIS3 Guide

Content:
► Step-by-step guide to strategy development
► Suggestions for delivery instruments
► Guidance for expert assessment

Target group: policy-makers, academics, innovation support providers

See: http://s3platform.jrc.ec.europa.eu/s3pguide
## ANNEX II: DELIVERY INSTRUMENTS AND HORIZONTAL APPROACHES

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RIS3 Guide

Role of clusters / sector analysis for the identification of RIS3 priorities

Sectoral level

Activity level

Modernisation of the old transport sector: integrated logistic system

Transition of the cluster: from ICT to med-tech

Diversification of SMEs: from automotive to biomedical sector

mapping

prioritisation
The role of clusters in RIS3

Conclusions of DG RTD expert group (2013)

- RIS3 integrate cluster policies into a broader transformation agenda for the entire regional economy
- RIS3 complement cluster policies with other cross-cutting and technology/knowledge-domain-specific activities
- RIS3 cluster measures move beyond the current cluster policy practice (adjust to regional environment, level of maturity of the cluster, address emerging new domains cutting across sectors, new actors ...).

... combine regional and industrial policy tools to create Smart Specialisation Platforms to help regions roll out smart specialisation strategies by facilitating contacts between firms and clusters, enabling access to the innovative technologies and market opportunities. ...

... Since the impact of restructuring is most directly felt at regional level, managing and anticipating change requires regions to be actively involved. ... successful ‘smart specialisation’ strategies should therefore take into account the effects of forthcoming restructuring.
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ESIF programming: State of Play

- **So far 266 ESIF programmes adopted**, worth more than €256 billion. Last adoptions of the remaining over 100 programmes expected in May 2015
- **Numerous Action Plans for ex ante conditionality fulfilment** (some significant prejudice cases with suspension of payments)

![Graph showing thematic concentration of ESIF funds](image)

Source: Final ESIF partnership agreements as of December 2014
ERDF Investment Priorities under thematic objective 1

Strengthening research, technological development and innovation through:

1.a: enhancing research and innovation infrastructure and capacities to develop R&I excellence and promoting centres of competence, in particular those of European interest;

1.b: promoting business investment in innovation and research, and developing links and synergies between enterprises, R&D centres and higher education, in particular product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in Key Enabling Technologies and diffusion of general purpose technologies,
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2014-2020 ERDF & ESF categories of regions:

ERDF Thematic concentration:

More developed regions: 80% of ERDF for R&I, ICT, SME, low carbon

Transition regions: 60% of ERDF for R&I, ICT, SME, low carbon

Less developed regions: 50% of ERDF for R&I, ICT, SME, low carbon
FIGURE II.4.6 EU funding of R&D as % of civil GBAORD, 2007-2009 (annual average)

Source: DG Research and Innovation
Data: DG Research and Innovation, DG REGIO
Notes: (1) Initial allocation of 2007-2013 Structural Funds to RTDI activities, annual average.
(2) Received FP7 funding up to 2009, annual average.

Innovation Union Competitiveness Report 2011
Which fields of specialisation emerge?

Regions and MS can indicate in **Eye@RIS3 database** envisaged fields for specialisation and identify partners for cooperation.

Most frequently cited fields of RIS³ are related to:
- Energy
- Health
- ICT
- Agro-food
- Advanced materials
- Services / Tourism
- Eco-innovation
- Advanced manufacturing
- Creative industries
RIS3 is for all regions and supports different pathways to innovation

Sleeping giants (e.g. agri-food)

Excited goblins (e.g. ICT start-ups)

Hungry dwarves (SMEs)

Video: The Kingdom of Smart
New Industrial Value Chains
Designing smart specialisation strategies for cluster development in global value chains (EU/OECD project -> Horizon2020 ...)

**Challenges**
- Reindustrialise EU's industrial base
- Develop long-term internationally competitive goods and services

**Objectives**
- Create new industrial value chains
- Support development of emerging industries in Europe
- Contribute to regional smart specialisation strategies

**Measures**
- Support cross-sectoral and cross-regional cooperation
- Support innovation activities
- Improve business environment through open collaboration spaces
The Role of Clusters

Create favourable "open space" for cross-sectoral fertilisation

Integrate, catalyse & multiply cross-sectoral and cross-regional cooperation

Act as facilitator & bridge-builder

Promote cross-border & cross-sectoral cooperation

Support groups of related SMEs
Main challenges for Commission to make smart specialisation work:

1. **Keep the ball rolling**: RIS3 is conceived as an on-going (and reiterative) process with stakeholder involvement (Entrepreneurial Discovery Process), monitoring and adjustments until 2020...

2. **Implementation tools & capacities**: quality of the implementation and impact depend on suitability of the support tools, the administrative capacities to design such tools and manage them effectively and efficiently

3. **International opening and cooperation**: generate critical mass via combining forces, complementing capacities and getting the chain links together for value chains. Role for synergies with Horizon 2020...

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**President Juncker's focus for Commissioner Crețu:**

- Ensuring that the new conditionality provisions of the Funds are respected and perform their role´...
- Contributing to:
  - 300bn investment package
  - Energy Union
  - Digital Single Market
- Ensuring coherence and coordination between all funds covered by the Common Strategic Framework, as well as maximising synergies with instruments available at EU level...
Thank you for your attention!

For more information:

- on Smart Specialisation Strategies http://s3platform.jrc.ec.europa.eu/s3pguide