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Along the coasts of the shared sea
Izola, 11-12 May 2021



Smart Specialisation at 12: navigating an uncharted path

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Understanding Smart Specialisation

- Smart specialisation is a **process** aiming to **develop a vision** in order to identify the **areas of intervention** of greatest **strategic potential** in every territory.
- A **‘place-based’ development strategy** that includes not only identifying, through what is known as the **entrepreneurial discovery process**, where the potential of every territory lies, **but also developing a system of governance** involving **multistakeholder mechanisms** in order to set strategic priorities and systems of intervention (*Midtkandal and Sörvik, 2012*)

Smart Specialisation at 12: some hard facts

- Smart Specialisation was « born » in 2009 in the context of a High-level Expert Group (D.Foray, P.David, B.Hall) working for the Research Commissioner Janez Potocnik
- To date, some 180 S3 strategies have been developed and are in the process of being implemented. Few Europe-wide evaluation efforts have so far been undertaken, but preliminary reviews are mixed on their outcomes

How 'smart' are Smart Specialisation strategies? Marco Di Cataldo, Vassilis Monastiriotis, Andrés Rodríguez-Pose Paper No. 18, Geography and Environment Discussion Paper Series, November 2020, LSE Dept of Geography and Environment

Smart Specialisation at 12: some hard facts (2)

- Preliminary analyses (Iacobucci & Guzzini (2016)), have shown that sectoral priorities chosen by regions have largely ignored key concepts such as ‘relatedness’ and ‘connectivity’ of technological domains as guiding principles behind their strategies. Intuition and anecdotal evidence, instead of good evidence have guided choices. Weaker regions had more difficulties to identify priority areas. Weak institutional governance contributed to these problems.
- Another survey (Gianelle et al. (2019) identified a proliferation of priority areas (‘coffee for all’ policy) going against the very principles of smart specialisation

What holds back Smart Specialisation

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Table 1. Main problems and challenges related to the RIS3 exercise

Activity	Problems/challenges
Analysis of the context and potential for innovation	<ol style="list-style-type: none"> 1. Lack of data and/or data availability when needed 2. Lack of evaluation studies and monitoring information on past policies 3. Difficulties in getting civil society groups involved 4. Lack of skills and capabilities in some groups of stakeholders
Monitoring activities	<ol style="list-style-type: none"> 1. Lack of data and/or data availability when needed 2. Lack of evaluation studies and monitoring information on past policies 3. Lack of skills and capabilities within the (regional/national) administration
Policy-mix and policy instruments	<ol style="list-style-type: none"> 1. Obstacles associated with the different rules governing diverse funding sources 2. Synergies among policies and funding managed by different organisations placed on different level (EU, national, regional) 3. Difficulties in managing/financing interregional collaborative projects 4. Lack of skills and capabilities within the (regional/national) administration 5. Difficulties in getting universities and public research organisations involved 6. Difficulties in getting enterprises involved
Priority selection	<ol style="list-style-type: none"> 1. Difficulties in getting enterprises involved 2. Lack of skills and capabilities in some groups of stakeholders 3. Difficulties in getting civil society groups involved

Source: authors' elaboration based on survey data.

Source: Guzzo, F., Gianelle, C. and Marinelli, E. (2018), 'Smart Specialisation at work: the policy makers' view on strategy design and implementation', JRC Technical Reports JRC114141

What really works

- Avoid proliferation of priorities, focus on detecting, identifying and actively supporting new growth drivers
- Support multi-dimensional innovation, listen to all stakeholders, including the civil society and the full quadruple helix constellation in the region
- Go for 'related diversification', modernisation, support transition processes to new, related sectors, without rejecting new 'radical' projects (however evidence is needed)

Smart Specialisation: the Concept Dominique Foray Smart
Specialisation Conference Sofia (Bulgaria), May 10 & 11, 2012

Resilience and Recovery : supporting modernisation of local economies

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- Support, survive, modernise, **transform** should be the rule for Resilience and Recovery. **S3 can be central towards transformative activities at regional level.**
- **Transformative actions** may be defined as a set of innovative activities, that translate evolutionary or disruptive changes in traditional economic sectors. Such actions may lead to a **new generation of industries or services and profoundly transform regional economies**
- **Additional ingredients: human capital and R&D incentives, diffusion of innovation, management upgrade, constant monitoring and evaluation feedback loops**

Dominique Foray, Smart specialisation strategies and industrial modernisation in European regions—theory and practice, Cambridge Journal of Economics 2018, 42, 1505–1520, doi:10.1093/cje/bey022, Published by Oxford University Press on behalf of the Cambridge Political Economy Society.

The Interregional S3 Challenge: a huge opportunity

- Interlinking regional S3 in a macro-regional setting can be challenging. Determinants such as social capital, the economy, the innovation ecosystems and quality of government are crucial for attempting a synthesis. Functional regions can provide a way forward
- The future development of the I3 instrument (Interregional Innovation Investments) may be critical for co-developing smart specialisation in joint value chains

Woolford, J., Amanatidou, E., Gerussi, E. and Boden, J.M., Interregional Cooperation and Smart Specialisation: a Lagging Regions Perspective, EUR 30499 EN, Publications Office of the European Union, Luxembourg, 2020, ISBN 978-92-76-27240-3 (online), doi:10.2760/379859 (online), JRC122978

Ideas and recommendations for policy makers

- Upgrade and improve policy capacity and institutional thickness
- Introduce a twin-track strategy (stable/ conventional; challenging/ experimental): this will require new forms of experimental governance at national and subnational levels (Morgan, 2018).
- Spend more time with private entrepreneurs
- Use new data science analytics for strengthening decision making
- Act vigorously towards actions supported by the Green Deal: Smart

Specialisation for Sustainability (S3>S4)

Carlo Gianelle, Dimitris Kyriakou, Philip McCann & Kevin Morgan (2020) Smart Specialisation on the move: reflections on six years of implementation and prospects for the future, *Regional Studies*, 54:10, 1323-1327, DOI: 10.1080/00343404.2020.1817364



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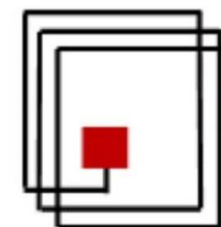
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