

EUSAIR FACILITY P



## EUSAIR Innovation Community 3rd event Innovations in Sustainable Tourism 5.7. 2022, 10.00-14.00, Online

"Innovation is insight in action"





Regional Innovation Strategy for Smart Specialisation Strategies (S3) in the EUSAIR

#### ADRIATIC-IONAIN REGION (EUSAIR) S3 NETWORK A PUSH FOR STRENGTHENED INTERNATIONALISATION:

#### **Third EUSAIR Innovation Community Meeting**

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## Provide an empirical assessment of the actual overlap between the EUSAIR pillars and the S3 areas indicated by EUSAIR countries and regions in the programming period 2014-2020.

- The concept of *smart specialisation* emerged within the "Knowledge for Growth" expert group (Foray et al. 2009)
- It was taken by the European Commission as the central pillar of the 2014-2020 cohesion policy (European Commission, 2010).
- Ex –ante condition for the allocation of ESI funds under 2014-2020 TO1 (research and innovation)

### S3 in cohesion policy

- Dissatisfaction for the results of cohesion policy (raising inequalities among regions)
- Need for 'place based' policy at regional level (2009 Barca report on cohesion policy)
- More effective link between R&D and innovation (Foray et al. 2009)
- Structural "gap" between Europe and the USA, as result of a lower economic and technological specialisation and lower ability to prioritize efforts and investments at regional level

Taking into account national contributions and other private investment, the impact of **Cohesion Policy** for **2014-2020** is expected to be about EUR 450 billion EU Commission

The Smart Specialisation Strategy (S3) – «pillars»

- the concentration of (public and private) resources for R&D and innovation in few technological domains (specialisation)
- the specialisation domains must be chosen to complement the research and productive assets in which regions show superior innovative capabilities(smart)

### S3 policies as catalyst of innovation and competitiveness.

Key issues

- R&D/innovation
- Core regions/peripheral regions
- Specialisation/diversification
- Industry sectors/technological domains
- Top down/bottom up
- Coherence/relatedness s/connectivity

The Smart Specialisation Strategy (S3): a key concept

The S3 guide (Foray et al., 2012) emphasizes that in designing S3 regions should consider the actual and potential links between the domains

- knowledge exchanges between different domains at regional level (relatedness)
- knowledge exchanges between different regions specialising in similar or complementary domains (connectivity).

# The importance of connectivity

In designing S3 regions they should consider the **actual and potential links between the domains** 

- knowledge exchange
   between different
   domains at regional level
   (relatedness)
- knowledge exchange
   between different regions
   specialising in similar or
   complementary domains
   (connectivity).

#### • Innovation

"... smart specialisation is also pointing regions towards more strategic cross-border and trans-regional cooperation to achieve more critical potential and related variety."

#### • Complementarity

Relations between 'core' regions (at the frontier of technology) and 'peripheral' regions (applying such technology to specific domains)

The S3 guide (Foray et al., 2012)

### **Entrepreneurial discovery process**

should be the result of a **bottom-up** process to involve all the main private and public stakeholders according to the 4 helix approach

"... entrepreneurs must be understood in a broad sense (firms, higher education institutions, public research institutes, independent inventors and innovators) and include **whoever is in the best position to discover the domains of R&D and innovation in which a region is likely to excel** given its existing capabilities and productive assets"

S3 Guide(Foray et al. 2012).

#### **EU Macro-Regional Strategies**



#### 3 main, broad, interconnected priorities in common:

- 1) environment and climate change
- 2) research & innovation and economic development
- 3) connectivity (transport, energy, digital networks)



- Covers 10 countries
- 4 EU Member States (Croatia, Greece, Italy, Slovenia)
- 6 non –EU Contries (Bosnia and Herzegovina, Montenegro, Serbia North Macedonia- 2020, San Marino -2022)
- 14 Italian regions

## EUSAIR – aims and pillars

To promote economic and social prosperity and growth in the region by improving its attractiveness, competitiveness and connectivity. ....will contribute to the **further integration of the Western Balkans**.







4 main pillars

2 Cross-Cutting aspects (capacity-building; research and innovation)2 horizontal principles for all the four pillars (climate change mitigation and adaptation, disaster risk management)

#### **Ex-ante conditionality**

2014-2020 within Europe's 2020 strategy S3 represented the key feature of reformed Cohesion Policy (Radosevic, 2017)

- a major novelty for the allocation of cohesion funds; specifically, funds addressed to foster research and innovation TO1 (research and innovation)
- S3 required countries and regions to choose key areas on which to concentrate resources. Public and private investment in R&D and innovation should be focused (Foray, 2014).
- Non-EU countries were not required to design S3 to access TO1 ERDF funds. But given the transformative approach of S3 and the interest for the pre-accession countries to align their policies with the "acquis communautaire", some of them designed development strategies following the requirements of S3 (i.e. Montenegro, Serbia (Capello et al., 2020; Matusiak and Kleibrink, 2018).

# Data and methodology

#### Classification and mapping of EUSAIR pillars

Pillars	Topics	Key-words				
		Shipbuilding				
	1.1 Blue tehnologies	Marine technologies				
		Blue economy sectors				
		Fisheries Identified from the				
1 Dive Crewth		Aquaculture description of				
1. Blue Growth	1.2 Fisheries and Aquaculture	Aquatic ecosystems pillars				
		Seadfood production				
		Marine services				
	1.3 Maritime and marine governance and services	Marine governance				
		Sea basin governance				
		Maritime security				
		Marine transports				
2.Connecting the region		Terrestrial transports				
	2.2 Intermodal connections to the hinterland	Intermodal connections				
	2.3 Energy networks	Gas and power networks				
		Aquatic ecosystems				
	2.4 The merice environment	Marine environment				
3.Environmental Quality	3.1 The marine environment	Water pollution				
		Waste management				
		Coastal environment				
	3.2 Transhational terrestrial Habitats and Biodiversity	Marine and terrestrial biodiversity				
	4.4 Disconified to unions (Decidents and Comission)	Demand seasonality				
	4.1 Diversified tourism (Products and Services)	Cultural industry				
4. Sustainable i ourism		Sustainable tourism				

# **Empirical Results**

Matching between S3 specialisation areas and EUSAIR pillars

Region/Country							Share of S3 specialization areas referring to the EUSAIR pillars					
	Blue Growth	Connecting the region	Environmental Quality	Sustainable Tourism	Other areas	Total						
Albania		1	1		5	7						
Bosnia and Herzegovina					6	6						
Croatia		1			4	5		Blue growth	6			
Greece	3	7	2	13	63	88		Connecting the region	18			
EUSAIR Italy	3	7	3	10	59	82		Environmental Quality	7			
Montenegro		1		1	3	5		Sustainable Tourism	26			
Serbia			1	1	7	9						
Slovenia		1		1	7	9						
North Macedonia					1	1	Blue growth					
Total	6	18	7	26	155	212	Sustainable Tourism  Other areas					

Source: JRC platform and own elaboration

About a quarter of the specialisation areas indicated by regions and countries in their S3 documents are related to EUSAIR pillars.

The overlapping is mostly observed for the pillars referring to sustainable tourism and connecting the regions (energy and transportations) while blue growth and environmental quality show a low presence in S3 specialization areas.

## Data and methodology

The analysis covers 33 territorial units (countries/regions) with info at relevant territorial level NUTS 2

<u>S3 Platform</u> + direct examination of S3 documents and the identification of specialisation areas

Two main limitations in collecting information

- no common way to indicate S3 areas of specialisation.
- no homogeneity in the definition and classification

Further check for validation of the previous analysis;

• Opencoesione database - consider the actual allocation of funds rather than the initial intentions declared in S3 documents. Collected information on the actual projects financed under TO1. For Italian regions.

## **Empirical Results**

Italian regions - 14 EUSAIR territorial units out of 33 - The empirical analysis refers to slightly

less than 20,000 projects with an overall amount of more than 7 billion euros.

Number of projects financed with ERDF-TO1 funds by regions 2014-2020

Amount of public funds allocated to project under ERDF TO1 2014-2020 (million Euros)

	Blue Growth			Sustainable Tourism		Total		Blue Growth			Sustainable Tourism		Total
	1.1	1.2	1.3	4.1	4.2			1.1	1.2	1.3	4.1	4.2	
ABRUZZO		3		3	2	8	ABRUZZO		1			1	2
BASILICATA				5	2	7	BASILICATA				22	1	22
CALABRIA			3	19	1	23	CALABRIA				5		5
EMILIA-ROMAGNA	3	1			4	8	EMILIA-ROMAGNA					2	2
FRIULI-VENEZIA GIULIA	80	5	14	4		103	FRIULI-VENEZIA GIULIA	9	1	3	5		17
LOMBARDIA	4	1	1		1	7	LOMBARDIA	5		1			6
MARCHE							MARCHE						0
MOLISE		2	1	19		22	MOLISE				2		2
PUGLIA	5	4	11	30	10	60	PUGLIA	2		1	13	1	17
SICILIA	8	4	6	29	18	65	SICILIA	12	2	6	48	6	74
TRENTINO-ALTO ADIGE							TRENTINO-ALTO ADIGE						0
UMBRIA				1		1	UMBRIA						0
VENETO	5	5	1	15	2	28	VENETO	6		3	3		12
Total	105	25	37	125	40	332	Total	34	4	14	98	11	161

Source: elaboration on Opencoesione database

## **Empirical Results**

Share of projects and funds referring to	EUEAIR pillars 1 and 4 under ER	RDF TO1 2014-2020 (% on total)
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	Blue G	rowth	Sustainable	Tourism	Total pillars 1 and 4		
	Projects	Funds	Projects	Funds	Projects	Funds	
ABRUZZO	0.6	0.3	1.0	0.4	1.5	0.6	
BASILICATA			1.0	9.7	1.0	9.7	
CALABRIA	0.3	0.1	2.0	1.2	2.3	1.2	
EMILIA-ROMAGNA	0.7	0.1	0.7	0.6	1.3	0.8	
FRIULI-VENEZIA GIULIA	5.3	5.0	0.2	1.9	5.5	6.9	
LOMBARDIA	0.8	1.0	0.1	0.1	0.9	1.0	
MARCHE						0.0	
MOLISE	0.2	0.1	1.0	2.5	1.1	2.5	
PUGLIA	0.2	0.3	0.5	1.0	0.7	1.3	
SICILIA	1.0	1.3	2.7	3.7	3.7	5.0	
TRENTINO-ALTO ADIGE						0.0	
UMBRIA			0.2	0.1	0.2	0.1	
VENETO	1.2	5.6	1.8	1.8	2.9	7.4	
Total	0.9	0.9	0.8	2.0	1.7	2.9	

3 regions, Friuli Venezia Giulia, Veneto, and Sicilia show a significant share of their S3 projects with the two pillars considered. Basilicata and Molise show a significant share only in pillar 4. All the other regions show a percentage of funds around or under 1% of total funds

blue growth pillar 1 only two regions, Friuli Venezia Giulia and Veneto, show a significant share of projects and funds. In the case of FVG this is coherent with the S3 priorities. Veneto did not explicitly prioritise blue pillar topics in its S3 document. Puglia and Sicilia indicated blue growth topics in their S3 documents but allocated a very small share of funds to them.

Sustainable tourism pillar 4 indicated by almost all regions. But only some of them allocated a significant share of funds: Basilicata, Sicilia, Molise, Friuli Venezia Giulia, and Veneto. No projects for Marche and Trentino Alto Adige. .

# **Final remarks**

- Both the implementation of S3 and MRSs are based on a complex architecture of multilevel governance.
- Both S3 and MRSs are based on the identification of sectoral priorities embedding
- EUSAIR has a predefined set of themes (pillars)
- S3 countries and regions are free to choose their specialisation areas
- EUSAIR already consolidated framework to develop S3

The overlapping between S3 specialization areas and EUSAIR pillars is less widespread than expected.

Only on quarter of S3 specialization areas may by associated with EUSAIR pillars and topics. Most common association to **sustainable tourism** (tourism and cultural heritage) and **connecting the region** (energy and transport).

Only a few of the EUSAIR regions and countries selected topics related to **blue growth** and **environmental quality**.

Possible explanations:

- S3 was designed before the institutions of EUSAIR
- the attention to environmental and marine issues has raised during the last decade<sub>21</sub>

# **Final remarks**

- In the framework of the **3 No's' principle:** (no new EU legislation, no new EU institutions, no new EU fundings) on which macro regional strategies are based it is essential to effectively use existing instruments and funds to attain macro-regional objectives. It is important to take advantage of existing instruments and funds.
- The integration between macro-regional pillars and S3 specialisation areas is specifically relevant in this regard; the two strategies share important similarities in their objectives and implementation process.
- EUSAIR is unique in that it involves countries states potentially eligible to join EU (soft skills – acquis communautaire)
- The integration between S3 and the macroregional strategy is specifically important for the non-EU EUSAIR countries to enhance their development policy and speed up the accession process to the EU – transformative logic





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In 2014-2020 programming period, the adoption of the S3 was an ex-ante conditionality for ERDF funding under the Thematic Objective 1 for Research and Innovation.(Regulation (EU) 1301/2021).

After the first piloting phase of S3 implementation, regions are called to design an updated version of S3 for the 2021-2027 programming period (enabling condition).

Given the logic of S3 and the experience gained from the 2014-2020 implementation we expect a better focus on investment priorities.





"Smart but not specialized"

- a. The design process (R&D context analysis, EPD, strengths and weaknesses analysis) is well established and better implemented compared to the previous programming period
- b. The prioritization suffers from the enlargement of investment domains and the switch towards a systemic (inclusive) logic.