

# From Smart Concept to Challenging Practice – How European Regions Deal with the Commission's Request for Novel Innovation Strategies

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## 1 Introduction

As several studies have documented, evidence-based regional innovation strategies were less than commonly available in European regions during the last two decades. Even where strategies were developed, they tended to be general in nature and develop limited impact on the actual policy mix deployed in the regions (Technopolis et al., 2012). While policy makers became quite adept at analysing which instruments were deployed elsewhere, many of them failed to put sufficient effort and political commitment into an analysis of what was locally needed. Without a sound understanding of their regions' potentials and limitations, many of them resorted to either an imitation of perceived "good practices" or a schematic orientation towards general structural funds provisions such as the requirement to somehow implement "cluster policies". As the result of this tendency towards "following policy fashions" (Technopolis et al., 2012), several researchers have observed an increasing "conformity [of] innovation policy research and practices" (Foray, 2011) across Europe that stands in stark contrast to the continent's actual diversity in terms of innovative capabilities. In consequence, most regional innovation policy mixes displayed a worrying "neglect for the demand side" of the policy equation (Technopolis et al., 2012).

In line with this general trend, many European Regional Development Fund (ERDF) co-financed interventions in the field of regional innovation policy were during the past support period characterised by an absence of strategic vision and international perspective, imitation, as well as an overlap of efforts. In many cases, the operational programmes did not sufficiently refer to what local economies needed, resulting in the creation of many less than inspired support actions or, more generally, the unproductive deployment of public resources. With a view to these multiple deficits, the European Commission decided that a new approach was needed with a view to not only new innovation strategies as such but for a more serious consultation of those stakeholders that understand the regional economy's strengths and weaknesses (Sörvik, 2012).

Against this background, the preparation of "strategies for smart specialisation" has been made a formal "ex-ante conditionality", i.e. a prerequisite for the allocation of structural funds (RIS3). For all regions that want to receive European funding, the development of well-founded regional innovation strategies is thus no longer an option but a legal obligation. Originally, "smart specialisation" was developed as an academic concept (Foray et al., 2009). Quite rapidly, however, it became publicly endorsed and went through a number of stages of development with the aim of transforming it into a political tool (McCann, Ortega-Argiles, 2011). In the course of this process, many of its original, academically conceived notions had to be matched with political realities so that general objectives could be translated into more practice-oriented guidelines (Foray et al., 2012) or regulations (European Commission, 2012).

## 2 Background and Objectives of the Study

According to Sörvik (2012) the aim of the RIS3 agenda can be summarised as re-orienting political interventions towards regions' actual needs for knowledge-based development. Further, these needs are to be identified based on a sound analysis of regional strengths and a comprehensive involvement of stakeholders. The required regional innovation strategies must not be drafted on the blackboard but shall be based on the opinions of entrepreneurs who represent the region on the world markets. They shall give sufficient credit to all forms of innovation while at the same time maintaining a sober, outward looking perspective on the region's international competitiveness. Finally, regions will be asked to establish more comprehensive and result-oriented monitoring systems. On the one hand, all these are laudable ambitions. On the other hand, asking for all of them at once appears as asking for a substantial sea-change in a system which, by the very same group of academics, has until very recently been characterised as misguided and ineffective across-the-board. While the agenda's ambition is clear, it is evidently far less clear how and how quickly it can be accomplished.

In practical terms, the first and foremost challenge perceived by most regions is to submit any acceptable strategy for smart specialisation that will technically be approved as a suitable basis for the 2014-20 ERDF support period. This poses a twofold, at times conflicting challenge to many less experienced regions. Firstly, some have to develop their first innovation strategy ever, which in many cases begins with the establishment of a suitable administrative framework. Secondly, they have to live up to the ambitious set of methodological requirements for smart specialisation (Foray et al., 2012). As anecdotal evidence suggest, this can in many cases not realistically be realised from within the administration in the short term, but will require external assistance.

At the same time, much of the current academic debate prompted by the new policy agenda already runs far ahead, focusing on the question whether it can analytically be sensible or not to "specialise regions", and gauging the RIS3 policy agenda according to whatever conclusion the authors may come in this regard (Asheim et al., 2011; Asheim, 2013; Boschma, 2008; Fornahl, 2013; Kiese, 2013; Morgan, 2013; Thissen et al., 2013).

Not denying that these are crucial issues to raise this paper will seek to question if such a factual "techno-economic specialisation effect" can at all be considered a likely outcome of the new policy agenda in the short and, actually, even the long term. For the time being, we suggest to focus on more immediate aspects of the new policy agenda's potential impact, pursuing two major "avenues of doubt".

Firstly, a number of studies cast severe doubt on the ability of some country's policy and governance systems to meaningfully fulfil *any* of the mentioned criteria. In their study on Greece, Reid et al. (2012) deplore not only a "largely closed and inward looking" innovation system" characterised by a "fragmentation of programmes and funds and little in the way of a coherent strategy", a "very low" credibility of support agencies and a consequent large-scale "failure of past regional innovation policy". With a view to RIS3, they find "a relatively weak understanding of the concept of smart specialisation and a situation where "at the regional level, a process for entrepreneurial discovery [...] has not been undertaken". Against such a background, the expectation of any imminent structural changes to the economy as a result of the RIS3 agenda stands in contrast to common sense.

Secondly, several regions have built notable capacities in R&D policy for decades are proficient in strategy design and more or less lived up to the stated criteria long before RIS3

strategies were first called by that name (Baier et al., 2013; Kroll, Meyborg, 2013). In these, "much is present already and [the current task] is mostly about a continuation of existing processes and about developing them further" (Deffaa, 2012). In view of the new guidelines, these regions' policy makers tend to raise concerns that the European Commission is imposing new, rigid requirements that in fact will make little difference to already effective processes. Again, common sense suggests that while many of these regions are capable of fulfilling the ex-ante conditionality with relative ease, doing so will make little immediate difference in the way of changing already well-reflected policies leave alone economic structures.

Beyond corroborating a general scepticism, however, the existence of these two very different anecdotal perspectives appears telling. Apparently, both the main obstacles that the agenda faces and the leverage that it may promise notably depend on the socio-economic and governance framework that it is directed at.

Against this background, our study will seek to find evidence for the following statements.

1. *The new policy agenda has so far prompted less than far-reaching factual changes in regional innovation policy with a view to both strategy and implementation.*
2. *At the current stage, implementation is likely to remain lagging behind strategy.*
3. *The changes to strategy processes will not in all cases be in line with the RIS3 guidelines, as – in view of factual governance capacities – its aims are set high.*
4. *In times of austerity as well as due to the lack of innovative capacities in some countries, many regions' policy makers will have limited options for strategic choices.*
5. *The opportunities and challenges that the RIS3 provides will be highly contingent on the nature of the region and its governance system with regard to organisational capacity and the level of professional experience in strategy design.*
6. *The setting of priorities will be politically contested and it is unlikely that new policy programmes will be drafted in a way that actually excludes certain fields from funding.*

### **3 Empirical Approach**

So far, little information is publicly available on the overall status quo of RIS3 processes in European regions. While the JRC-IPTS' S3 Platform provides a lot of useful information on the policy and has established a network of interested policy makers it has not yet run any standardised surveys. While there are several informative in-depth country reports (e.g. Reid et al., 2012) these cannot provide a comprehensive overview of the diverse framework conditions under which the RIS3 agenda unfolds across the Union. Hence, this study will seek to close this gap of information by a mix of quantitative and qualitative methodologies.

Firstly, a broad-based survey was conducted with most managing authorities and other relevant policy makers across the European Union. The main objective of this survey was to establish a first geographically comprehensive overview of the state of play of the RIS3 process against which further in-depth studies can be conducted.

Secondly, in-depth analyses of the process and challenges related to the drafting of RIS3 regional innovation were conducted through a range of in-depth case studies. Information was compiled on the basis of qualitative, semi-standardised interviews that allowed us to gain deeper insights into the regionally specific processes, their characteristics and implications.

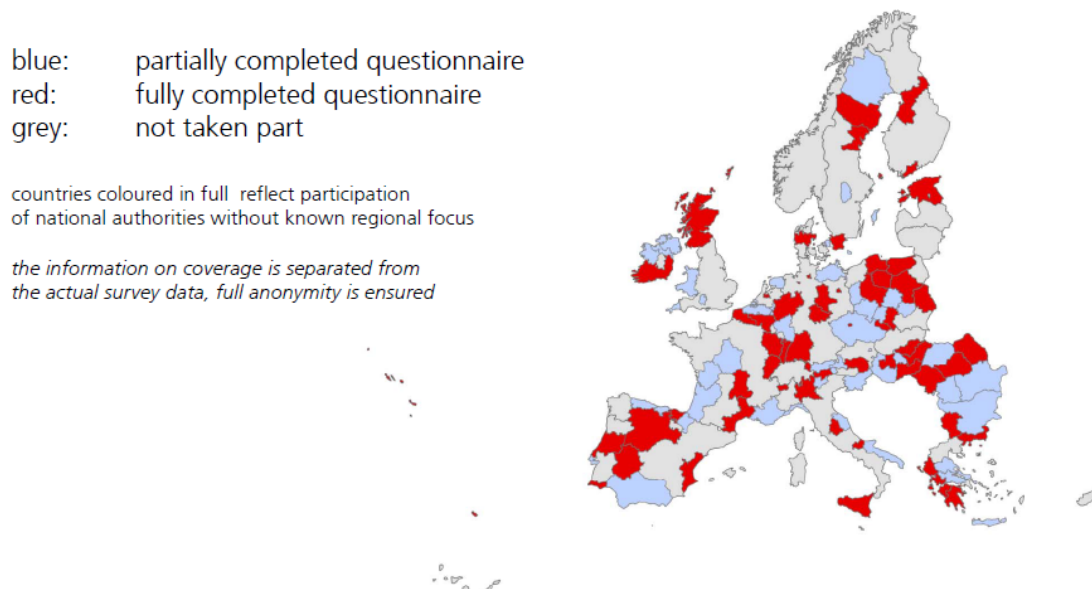
### 3.1 A Survey of Relevant Policy Makers

#### *Structure of Sample and Response Rate*

To gather an impression of the state of play with regard to the spread of RIS3 related activities and the involved administrations' current assessment of the RIS3 agenda, a Europe-wide online survey was run using Questback's EFS survey tool during a three month period from early July 2013 to late September 2013. To ease access for potential respondents, the online questionnaire was made available in English, French, Spanish, and German. While this left certain gaps with regard to e.g. Italian or Eastern European languages our evidence does not suggest a major threshold to participation for addressees from these countries.

Initially, we aimed address all managing authorities as listed on the *Inforegio* website (European Commission, 2013). Later, it became obvious that this approach would not be sufficient as managing authorities were not in all cases factually responsible for policy design. Hence, we extended our focus to relevant regional innovation policy makers, drawing on information from the RIS3 platform (European Commission, 2013) and diverse regional government sources. In exceptional cases, such as for some Eastern European countries, the circle of addressees was extended to consultants known to closely assist their national government in the RIS3 process. Finally, more than 500 potential respondents could be included in the sample. In theory, our flexible approach could be expected to introduce a certain bias in terms of respondent's openness into the survey. In practice, no such bias was obvious in any of the findings outlined below.

Figure 1: Overview of the regions covered by the survey



Source: Own survey, ESRI ArcMap

In total, more than 70 of the targeted addressees completed the questionnaire in full and more than 130 answered some sections of it. 54.6% of the answers came from managing authorities directly while 43.6% were returned by policy makers otherwise in charge leaving a negligible rest of 1.8% to external consultants. Overall, the survey's coverage can be considered significant with a view to around 230 "standard" regional operational programmes which are co-ordinated by even less managing authorities.

43 questionnaires were returned from Central Europe (DE, FR, BE, NL, LU, AT), 10 from Northern Europe, 25 from Southern Europe (ES, PT, IT, GR), 22 from the New Member States, leaving a certain gap only with regard to the mere five answers from Ireland and the United Kingdom, where mostly the devolved governments responded (cf. Figure 1).

### Results

As table 1 summarises, the RIS3 agenda has so far apparently not prompted a sea change in regional policy making. Only 21% of the surveyed respondents report a completely new policy process, while, with 40%, many refer to "adaptations". Remarkably, nearly moreover 40% report that there have not been any notable changes at all. With a view to implementation, only 10% report envisaged "fundamental changes" in policy measures and a further third refers to at least "substantial adaptations". More clearly than with regard to strategy processes, however, more than half (56%) of the respondents stated that the new policies implied either no (22%) or minor adaptations (36%) to the current policy mix. Even of those that reported notable adaptations to the policy mix, only about a fifth (17%) stated that those would lead to "substantial shifts in allocation". The majority, in contrast, assessed the currently foreseeable re-allocation of funding as "some shifts" (60%) or "limited adaptations" (23%) within an overall similar pattern. In terms of cross-tabulation across regional characteristics these findings do not notably differ among target categories, while there is a certain indication that regions with very limited autonomy have less often launched completely new processes or designed completely new policy mixes than others – possibly due to a lack of capacity. Furthermore, highly autonomous regions display an above tendency to not adapt their existing policy mix at all – likely because it was often already well established before.

Table 1: *Factual policy changes with a view to strategy and implementation*

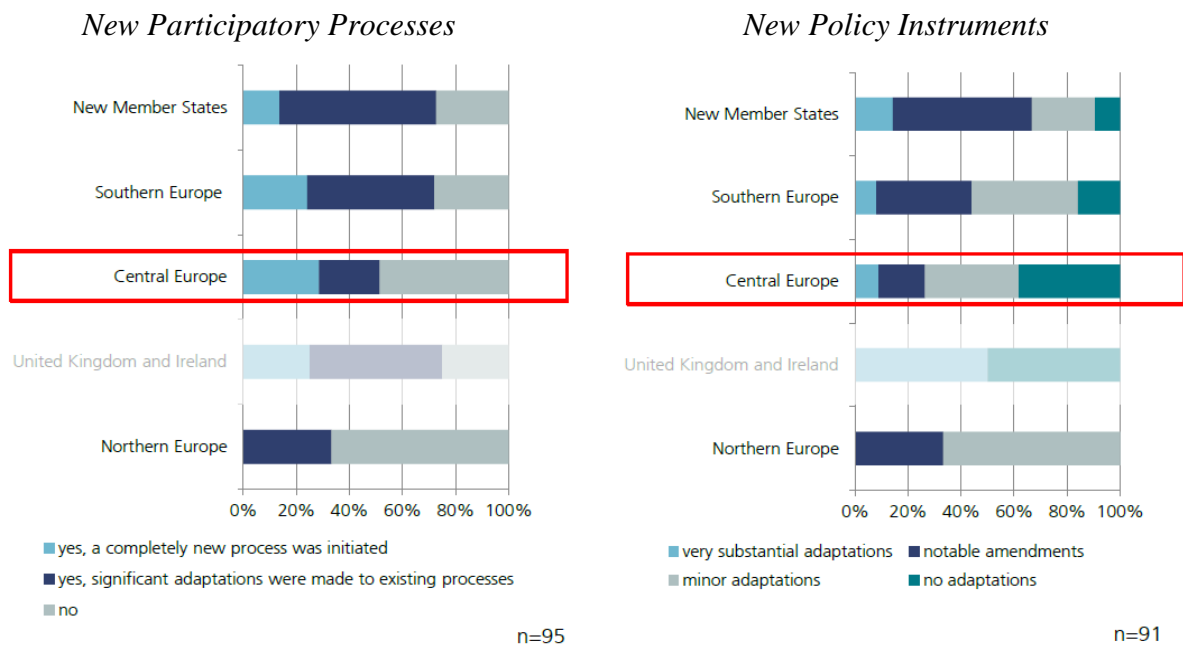
Changes in Strategy Process			Changes in Policy Measures		
Completely new process	20	21%	Fundamental change	9	10%
Significant adaptations	38	40%	Substantial adaptations	29	32%
No adaptations	37	39%	Minor adaptations	33	36%
			No adaptations	20	22%
	n=95			n=91	

Source: Own survey

With a view to the distribution of the RIS3 policy agenda's effects across different groups of Member States, we find that Central European regions are both most commonly report to not have changed their existing strategies at all and to have launched completely new strategies. This, however, is only in its negative aspect reflected with a view to implementation as substantial adaptations to their policy mix remain rare across the board, despite the high share of novel approaches to strategy building. Respondents from Southern Europe and the New Member States, in contrast, more commonly report changes that are notable, but not substantial in the sense that something in either the consultation process or the policy process has been completely revised. On the other hand they are also less likely to report "no changes" than their Central European counterparts. Generally, minor adaptation also seems characteristic for the situation in the Nordic countries, but regional coverage remains too limited to really tell. In summary, the picture seems to reflect one of an ambiguous attitude towards implementation of the new paradigm in the Central European

high-performers – with a particularly high tendency to report "no changes" among those completing the survey in German. The "moderate innovators" or "innovation followers" of the European Union's South and East, in contrast, display some more momentum across-the-board but to, as yet, not in all cases follow it through consequentially.

Figure 2: *Factual policy changes by different groups of Member States*



Source: own survey, numbers for UK/IE too low to allow for judgement

In a second set of questions, the survey analysed the RIS3 policy agenda's impact on the process of consultancy currently in place, asking which new groups of actors had been integrated into the process as a result of the new requirement.

As Table 2 illustrates there has been a balanced involvement of additional stakeholders from the research as well as the enterprise sector – often complemented by external experts. Additional consultations of individual citizens and civil society, in contrast, have remained limited. Nonetheless, it seems remarkable that less than 20% reported that their new or amended strategy process did not involve any new stakeholders. As Table 2 demonstrates further the new or adapted processes of consultation are often organised in a down-to-earth manner, building on established and proven techniques like working groups, focus groups, expert hearings and public consultations. More elaborate and ambitious techniques like foresight and roadmapping are reported are being used by about a third of the respondents. In summary, it seems that the new momentum emerging in processes of regional consultation is well in line with the specifications of the RIS3 guidelines. Interestingly, most activities in this context seem to address the S3 agenda's "new", conceptually complex requirements by means of "old", proven methods.

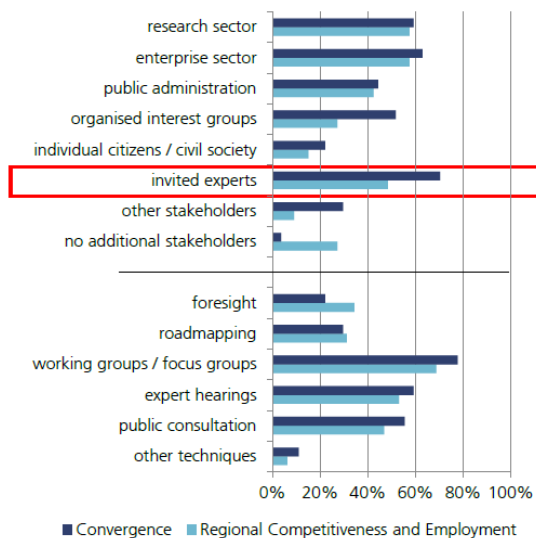
Table 2: New stakeholders and new techniques of consultation used

<b>Type of Stakeholders Involved</b>	
<i>stakeholders from the research sector</i>	58.3%
<i>stakeholders from the enterprise sector</i>	60.0%
stakeholders from public administration	43.3%
organised interest groups	38.3%
individual citizens / civil society	18.3%
<i>invited experts</i>	58.3%
other stakeholders	18.3%
no additional stakeholders	16.7%
	n=60
<b>Techniques of Consultation Used</b>	
Foresight	30.9%
Roadmapping	32.7%
<i>Working groups / focus groups</i>	78.2%
<i>Expert hearings</i>	60.0%
<i>Public consultation / discourse processes</i>	54.5%
other techniques	9.1%
	n=55

Source: own survey

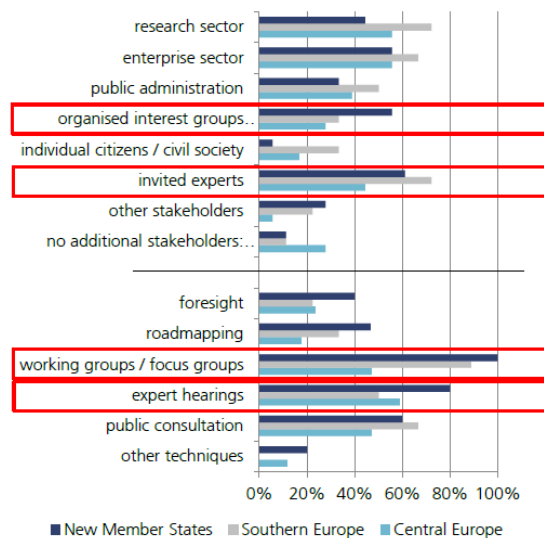
With a view to their distribution across target categories (Figure 2) it is no surprise to find that some more amendments are apparently being made in Convergence Regions. In particular, their policy makers more commonly invite external experts and consult further interest groups. Even more interestingly, as less expected, is different prevalence of certain activities by type of Member State.

Figure 2: Changes in the consultation process by different groups of Member States  
By Target Category



n=60/55

By Member State Group



n=60/55

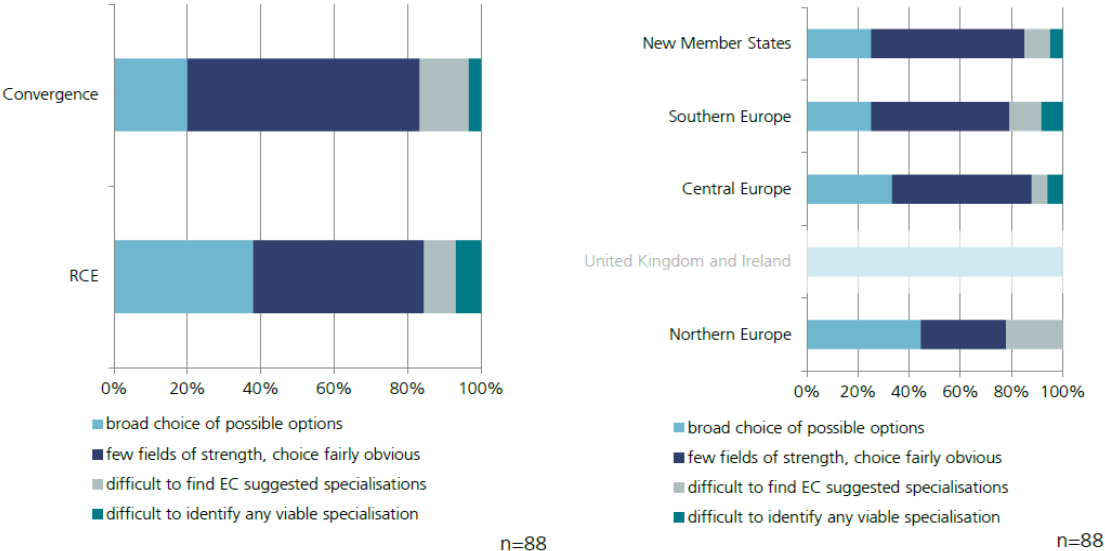
Source: own survey

In general terms, it seems that Central European regions only amended their processes slightly, leaving their respondents the most common to report that no additional stakeholders were consulted. Southern European regions, to the contrary, reported a additional engagement of stakeholders from a broad range of backgrounds, including individuals and experts. Regions from the New Member States, finally, displayed the highest tendency to work through organised interest groups, potentially due to their overall still less established systems for broad based consultation. Remarkably, however, it were respondents from those regions that most commonly reported the use of sophisticated techniques such as foresight and roadmapping – although their main focus of activities, as in all other regions, lay elsewhere.

Among the policy makers surveyed, there was a prevalent perception that the intended changes to the actual policy mix are likely to result in a certain "thematic shift of emphasis" (66%), "changes in stipulations of existing" and "the launch of new programmes" (39% each). An overall shift in the target groups addressed or an increase in the overall consistency of the regional support system, in contrast, were less commonly expected (31%/28%).

Moreover, economic reality comes in as a strong moderating factor as around 52% of the respondents state that the choice for the region was "somewhat inevitable" against 32% that report a "broad choice of possible fields". Nonetheless, few respondents considered the stated requirements as unachievable, either. In sum, 10% stated that it was difficult to find regional specialisation according to the criteria specified by the European Commission while 6% found it hard to identify any regionally viable specialisation at all. Interestingly, this assessment varies less substantially across groups of Member States than could have been expected (Figure 3) – while it does underline that the range of available options is systematically lower in Convergence regions.

Figure 3: Room for manoeuvre for policy by target categories and groups of Member States



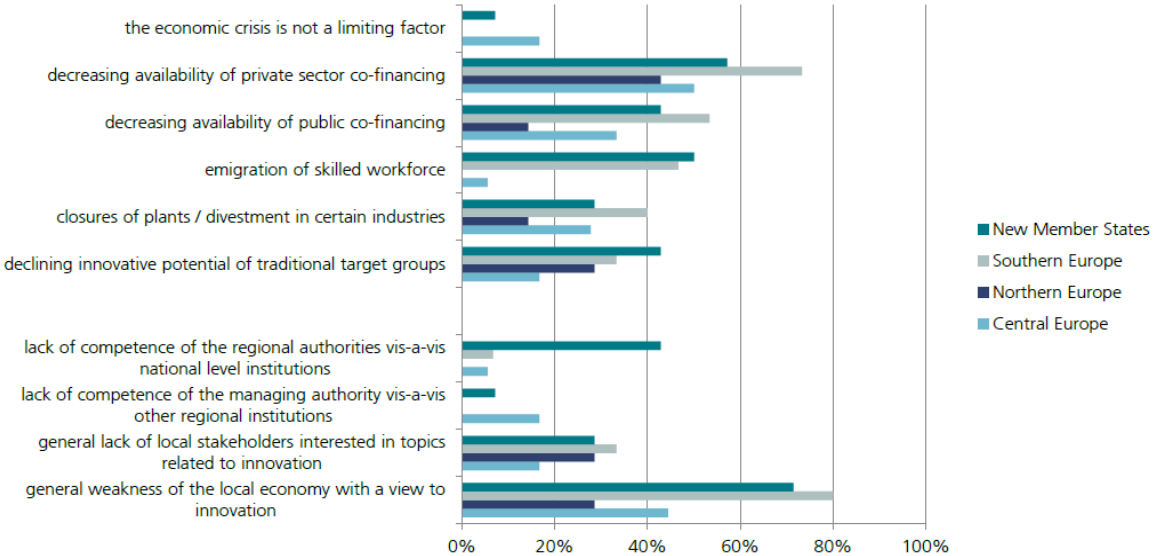
Source: Own survey



Arguably, the reason for this comparatively uniform distribution can be found in the fact that the most common limiting factor is the limited innovation capacity of single regions across different Member States. Asked what they perceived as the main reasons for the lack of choice they had stated, most respondents mentioned a "general weakness of region with view to innovation" (59%), followed by a "general lack of interested stakeholders" (26%). Issues with regard to administrative capacity and political competence, in contrast, were less commonly mentioned (7% for standing in region vs. 15% for standing in nation). With a view to current developments as a result of the economic crisis, an increasing lack of private co-financing was mentioned as the most relevant issue (57%), by far eclipsing even that of a lack of public co-financing due to budgetary restraint (39%). Other commonly mentioned issues included a "declining innovative potential of traditional target groups" (30%), "closures of plants / divestment in certain industries" (30%), and the "emigration of skilled workforce" (28%). Only 7% stated that the economic crisis was not a limiting factor.

As could be expected, however, these challenges were distributed quite unevenly across the (then) EU-27. Unsurprisingly, all statements that the economic crisis was not a limiting factor originated from either Central or Northern Europe. Likewise, respondents from those countries less commonly than others reported a general weakness with regard to innovation or a general lack of stakeholder interest, even though some such cases existed. Issues with regard to both private- and public-sector co-financing, however, were not unknown to in particular Central European regions. In that sense, the abovementioned outstanding importance of in particular private sector engagement can only be underlined further. In the meantime, both Southern and Eastern European regions have to deal with factual challenges to a similar, more intensive degree. On the upside, Eastern European region seem somewhat less affected by closures of plants and divestment. On the downside, the survey mirrors that they face much more pronounced governance challenges in terms of the dominating influence (and interventions) of national institutions.

Figure 4: General and current challenges by groups of Member States



n=54

Source: Own survey

### 3.2 Case Studies from across the EU27

To broaden the scope of the analysis and to add analytical rigour to the interpretation of the "pure facts" collected through the online survey, qualitative interviews were conducted to develop a better understanding of aspects that the online survey could not directly cover but which are key to the interpretation of the obtained data. In detail, those concern

The **regional framework conditions**, regarding

- Overall level of political support,
- Availability of sufficient human resources,
- Availability of sufficient professional capacity and experience in drafting strategies.

The **current level of achievements** with regard to the S3 process, regarding

- The fact whether a strategy will be delivered within the agreed time,
- The quality and nature of the stakeholder consultation process ("EDP"),
- The overall quality of the strategy, if any
- The question if new support measures or monitoring instruments have been launched,
- The level to which external assistance was needed to comply with the process.

To that end, case studies were selected following three main objectives:

- cover the breath of main groups of European Member States (Central, South, East),
- cover differences within these groups with regard to governance systems,
- cover differences within those countries in which local governance systems differ.

Information was collected in interviews based on semi-structured guidelines, each lasting between 45-75 minutes. Whenever possible, analyses were conducted at the regional level. When necessary, the focused was placed on the national level. Whenever possible, interviews were conducted with policy makers directly involved in the process, though not necessarily with those who officially own it. When necessary, interviews were conducted with experts who work closely with the regional and national authorities of their country in the drafting smart specialisation strategies. In these cases, attempts have been made at triangulation.

In the following, we will present findings from the Austrian, the Polish and the Greek case study in detail, making reference to both the regional framework conditions and the current state of play with regard to the RIS3 process. This selection of detailed case studies was made for the sake of brevity, including a good practice example and two cases representing each of the European Union's remaining main geographical areas. An interim conclusion will pick up on the results other cases that are not elaborated in detail.

#### 3.2.1 Austria (Lower Austria)

##### *Regional Framework Conditions*

Lower Austria is regarded as a best practice example for establishing and implementing a smart specialisation strategy both by the European Union and other parties. As early as 1995, Lower Austria took part in an EU-project which led to establishing its first innovation strategy in 1997. Thus, Lower Austria was the first Austrian federal state with a regional innovation strategy built on the consultation of different regional players. It became clear that some of the same issues were handled by different agencies. The strategy helped initiating a process of

strengthening core competencies. Currently, the Economic Strategy 2015 is in place. The experience since 1995 has shown how important it is to talk to each other, especially to match offers with the expectations of the target group. Since then dialogue processes are an important element for strategy formulation. A main element is the steering committee which acts as a platform for communication. The steering committee is comprised of representatives from government of Lower Austria, higher education institutions, research institutes, federal government, the Vienna region, social partners, chambers, and other organizations.

Other important elements of achieving a constant exchange between policy making and the economy are surveys among companies as well as enterprise dialogues on a regular basis with small groups of firms. The surveys are carried out approximately every 5 years. Important aspects are the innovation activities of firms and their needs regarding innovation support as well as their satisfaction with the existing offering. More in-depth information and assessments are gathered at the meetings with firms. In particular, these meetings aim at identifying new topics and issues. While in the first years external consultants were involved in establishing the strategy, their involvement has become more and more selective since 2005, e.g. to gather insights from other region or for running surveys among companies.

First thematic foci were introduced in 2004, when Lower Austria implemented the Technopol Programme. Technopols are centres of technology and business which are established close to recognized educational and research institutes. They aim at bundling of top-level education, research and business. Currently, four technopols remain operative in the region. Furthermore, Lower Austria promotes clusters. Currently, cluster promotion focuses on six clusters which have been initiated between 2003 and 2010. Apart from the thematically focused initiatives, Lower Austria was among the first regions to pilot what was to become broadly known as the Innovation Assistant Program between 2002 and 2004. Innovation assistants are graduates aiming at raising the innovativeness of their employer companies by providing and transferring skills in the field of innovation management. The program encompasses not only subsidies for labour costs, but also a mandatory training for the innovation assistant.

In 2010, evaluation results confirmed the positive effect of the technopols. The quantitative analysis showed the contribution of technopols in terms of economic and scientific. In addition, to direct effects, indirect and induced effects on value added, employment, tax revenues and social security contributions could be identified. Thus, the technopols have contributed to structural change. The publication of these results fell into the time when the concept of smart specialisation was first discussed, explaining the broad recognition of the best practice status of the Lower Austrian approach.

What is more, Lower Austria implemented further good practice examples. In 2008, Lower Austria implemented a balanced score card (BSC) for monitoring and evaluation purposes. The overall BSC for Lower Austria is established from a set of very detailed BSCs for specific fields like cluster and networks or technopols. While the introduction of the BSC was initially seen critically, the results generated provide a direct feedback on the work of the people in charge, so that a positive assessment of the BSC prevails now. However, it is important that the specific aims are reviewed on constant bases and adjusted if necessary.

Further elements of the regional innovation strategy approach in Lower Austria are insights from benchmarking with other Austrian regions and neighbouring countries as well as analyses on economic and innovation trends (for example based on CIS data).

### *Current Level of Achievements*

As Lower Austria is already regarded as a best practice example for establishing and implementing a smart specialisation strategy by the European Commission, no major changes to the regional strategy will be required. Smart specialisation in Lower Austria can be regarded as pyramid with thematically focused and research oriented technopols at the top, cluster promotion with the broader focus in the middle, and programs like the promotion innovation assistant forming the bases for promoting innovation potentials economy-wide.

The current Economic Strategy 2015 will be replaced by a subsequent strategy with a time horizon until 2020. Its development will start in 2014 based on the experiences Lower Austria gathered since 1995. However, experimenting with policy tools will remain an important element. Thus, the current situation must not be seen as an end of a development path, but as a process in which Lower Austria will continuously aim to learn in order to promote regional innovation and development.

## **3.2.2 Poland**

### *Regional Framework Conditions*

In Poland, responsibilities for regional development policy have been decentralised since the 2007-2013 Programming Period, and the voivodeships (regional level authorities) are now the relevant decision-making and implementation level in these matters. Regional policies are embedded in national strategies and follow the goal to efficiently use regional development potentials for contributing to the national long-term growth, employment and cohesion objectives. Roles and responsibilities of national, regional and local levels are specified in territorial contracts. Generally, the majority of national development policies, including innovation policy, are implemented as part of EU policies; innovation policy planning, funds and implementation are directly linked to EU funds via the Operational Programmes (Ministry of Infrastructure and Development 2012, Gorzelak et al. 2010).

Like some other Polish regions, Wielkopolska has a long experience with innovation strategy building that predates the 2007-2013 support period. The first "Regional Innovation Strategy" was conceived in the early 2000s and, in 2011, the current, more in-depth, "Regional Innovation Strategy for Wielkopolska 2010-2020" was adopted by the regional parliament.

In that context, the first broad-based consultation process involving large companies, clusters, and research institutes started in 2010. Furthermore, the region is active in various external networks (the INTERREG project KNOW-HUB, national-regional coordination platforms, etc.) and its regular exchange with external experts promotes coordination and strategy-building processes. While strategy building and an outward-looking perspective are thus not entirely new to the region, they were never directly connected to sectoral policies in the past and not all coordination processes needed for RIS3 were previously well established.

### *Current Level of Achievements*

In the Polish region of Wielkopolska, three departments of the Marshal Office are engaged in the RIS3 process and the drafting of the operational programme: the Department of Economy (main responsibility for smart specialisation strategy), the Department of Regional

Development, and the Department of Implementation of Regional Operational Programmes. In order to discuss and prepare the new strategies and Operational Programmes, an interdepartmental team within the Marshal Office was established. This process of initiating inter-ministerial coordination was promoted through engaging external experts. These inputs as well as a newly-established interdepartmental office for strategy questions had positive effects on strategy building. Besides strategy coordination on the regional level, exchange processes between regional and national levels are important for aligning strategies on both levels. Two procedures which focus on coherence between national and regional strategies have been set in place: (i) the World Bank was engaged to assess S3 processes in Poland, and (ii) a working group comprising representatives of Poland's regions as well as of the key national ministries, the World Bank, the European Commission and further advisors was set up. Though having started quite recently, this initiative proves to be very useful for boosting exchanges between the different governance levels.

With a view to content, the existing innovation strategy serves as a basis for the new RIS3 strategy; regional stakeholders are currently working on the new document and particularly on identifying fields for specialisation. The approach includes a comprehensive empirical analysis, consisting of a data-based statistical analysis on economic specialisation, a questionnaire-based analysis on innovation needs of regional enterprises, and a specialisation analysis for the science sector. Information of an INTERREG IVc project on monitoring of S3, the S3 guide and inspirations from other regions were taken into account. Based on these elements, an expert team analysed regional challenges, new economic sectors and is currently matching the different fields. On this base, propositions on specialisation fields are formulated and presented to regional stakeholders, and will be followed up and further developed by working groups for each specialisation field.

Since the current process of defining areas for specialisation constitutes a new challenge for regional stakeholders, Wielkopolska initiated an advisory body on this issue, consisting of CEOs of important regional enterprises, 10 mayors of the largest cities in the region and 10 chancellors or regional universities. Both the evidence-based approach and discursive processes on specialisation are new elements of regional strategy building. In the coming months, enhancing the management of the regional innovation system, and "implementation of innovation policy" is perceived as both a chance and a challenge. Further aspects are to use internal competencies for efficient cooperation within the region, as well as the integration of civil society. Additional crucial points for the near future are to generate and enhance awareness and motivation for innovation, and, finally, to overcome foreign enterprises' focus on production and to motivate them to engage in R&D and innovation activities in the region.

### **3.2.3 Greece**

#### *Regional Framework Conditions*

The current Greek regional authorities have only been set up in 2012 and did not exist before. According to the interviewed experts, their experience with any form of strategy development is close to zero. Even today, there are no specific units for innovation or R&D issues but only traditional regional planning unit. Most of the authorities' staff has been taken over from the former regional administrations who as administrators in lower echelons of the central government know how to execute and implement policies but not how to design them.

Even for the national government, developing regional innovation strategies is a completely new, first-time challenge. While there were some strategy efforts in selected Greek regions in the 1990s and 2000s, their results were never incorporated in the actual policy process. Even the national government had never really thought about specialisation and competitive advantage seriously before, so far they pursued a somewhat trivial, generic approach to challenges like "improving human capital", "building infrastructure", "increasing R&D in the company sector" without any clearly defined intervention logic or aim in mind. Moreover, past regional and even national-level operational programmes allocated very small budgets to innovation and R&D anyway – there were e.g. a mere three R&D projects in the South Aegean. Hence, developing strategies with a focus on competitive advantages and innovation is a new concept to everyone in Greece.

### *Current Level of Achievements*

In general, the experts perceived a lack of political leadership in the Greek RIS3 process on all levels. The authority formally responsible for the drafting of the design of RIS3 strategies is the Ministry of Development. In practice, however, their contributions have been unsystematic and lacked substance. Due to this lack of action, the factual initiative has been taken by the General Secretariat for Research and Technology. On the regional level, the task of developing RIS3 strategies was delegated to the managing authorities, although these are already overburdened with work. At present, most of them employ 10-15 staff, but have to spend most energy on allocating funds under the 2007-2013 operational programmes – a process in which Greece is lagging substantially. In consequence, a mere 1-2 people will on average find the time to work on the future regional RIS3 strategies on a part-time basis. Evidently, therefore the authorities in charge have neither the technical nor the professional capacities to perform a meaningful S3 process.

Consequently, the whole RIS3 process is very late. At the beginning, the national ministry did not commit much effort, resulting in a first, substantial time-lag on the national level. When first national guidelines were finally issued in March 2013, it was the regions who took some further months until they understood the seriousness of the request in both budgetary and methodological terms. When they finally did, it was immediately evident that they would need external support – and that the original deadline for the finalisation of strategies in July 2013 had thus become unrealistic straight away. First, it was moved to September, then to December 2013. At the time of the interview, even that goal appeared rather unrealistic.

According to the interviewed experts, a further practical problem is that Greek companies usually do not perceive regional authorities as entities that support their activities but as the old regional administrations which had no authority in business development but instead in various regulatory fields. Hence they are not known as enabling, but as limiting or restricting actors. More trivially, many Greek firms do not operate on the basis of R&D or innovation and hence care little about RTDI related strategies in the first place.

According to consultants seeking to support processes of strategy building, round tables and conference are usually of limited use to engage the Greek business sector, as companies would simply not attend. Hence, they have started to arrange bilateral meetings and interviews with companies on-site. In part quite significant samples of more than fifty companies could be thus contacted during the current process. Defining and negotiating specialisations on the level of regions is fairly easy and can politically be realised without friction, because most

Greek regions are fairly obviously specialised on a certain field anyway. On the Greek Islands, the focus will likely be on the diffusion of mature technologies, agriculture and tourism, in Epiros, specialisations will likely be defined on the manufacturing of foods while in Central Greece some industrial potentials may be found in mining and metal processing. The only region where frictions will likely appear is Attika where diverse universities and research institutions have to be consulted.

### 3.2.4 Overview

In summary, our case studies have illustrated that both the relevant framework conditions and the degree of achievements with respect to the S3 agenda differ broadly across the European Union's Member states. While the detailed storyline of the case studies differs according to the specific situation under study, several aspects have been addressed in many, if not all of them. Some of those had been explicitly asked for based on the interview guidelines, others kept being raised even though no specific question had been asked.

In the area of *relevant framework conditions*, next to all interviewees addressed the need for general political support for the process, the availability of technical capacities (most often human resources), and the level of professional capacities of the administrators responsible for drafting the strategies.

With regard to the *current degree of achievements*, next to all commented on the adherence to the overall time-schedule set by the European Commission and/or their national governments, progress with regard to strategy, progress with regard to the consultation process, and progress with regard to actual adaptation in policies and measures. Finally, many of them elaborated whether the local authorities were able to perform the process alone or needed support from external consultants or sub-ordinate government think-tanks.

Figure 5 Framework Conditions and Achievements with relevance for the RIS3 Process

	AT	DE	FR	ES	PL	GR	BG
<b>Framework Conditions</b>							
Political Ownership	++	+/o	+/o	o	+/o	--	--
Technical/Human Capacity	++	++	+	+	+	-	--
Professional Capacity	+	+/o	+	o/-	-	--	--
<b>Level of Achievements</b>							
Process within Schedule	ahead of schedule	mostly in time	more or less	behind schedule	more or less	severely lagging	unclear
Consultation Process	++	++	+	+/o	+/o	o/-	-
Strategy Process	++	+/o	+/o	o	o	-	-
Implementation Process	+	+/o	-	o/-	-	--	--
Role of Consultants	limited support	some support	some support	strong support	strong support	leading role	leading role

Note: ++/+= (fully) given/achieved, o = somewhat given/achieved, --/- = not (at all) given/achieved

Source: own qualitative analysis of interviews

Case studies: AT: Lower Austria; DE: Baden-Württemberg, Thuringia, FR: Alsace, Basse-Normandie, Midi-Pyrénées; PL: Wielkopolska; ES, GR, and BG: Experiences from various regions and national level.

Before we turn to addressing this study's overall hypotheses in the summary section, we would therefore like to point out that, based on the case studies, three main groups of countries can be distinguished in terms of their dealings with the RIS3 agenda (Figure 5)

On this basis, we come to the conclusion that there are three main types of cases:

Firstly, regions in France, Austria, and Germany that have long traditions in innovation policy. They may be sceptical of the new regulations but also command sufficient resources and have an intrinsic interest to implement some sort of effective process. As a result, most have successfully done so, drawing on either internal resources or sub-ordinate think tanks.

Secondly, regions in Poland and Spain where the regional echelon is comparatively strong with respect to staffing and political authority but lacks competences in strategy development. Moreover, the multi-level governance set-up between central and regional levels can be challenging. Many of these regional administrations seek assistance from consultants.

Thirdly, Greece and Bulgaria where the regional level is weak even in terms of staffing and politically relevant public consultation in innovation policy without precedence. Here, the strategy processes are next to exclusively be performed by consultants, while efforts at the regional level (if any) concentrate on capacity building and implementation.

In all three groups of countries, political ownership of and interest in the process differs from region to region. Nonetheless, there is a general tendency that it will be lower in those contexts where RIS3-type processes are alien to the local tradition of government. Moreover, the political priority of such processes tends to depend on the overall challenges that a country is facing. In countries facing severe impacts of the economic crisis, attention will be often be focused on immediate response rather than long-term strategies.

#### **4 Summary of Results**

In summary, our findings suggest that the current efforts towards fulfilling the RIS3 ex-ante conditionalities are neither likely to trigger a immediate revolution in European region's approaches innovation policy nor will they put a rapid end to the inherent challenges and contradictions of innovation-related structural funding that have emerged and evolved across decades of past support periods.

With a view to *Hypothesis 1*, both the survey and the cases studies document a fairly low engagement in new strategy processes that can be interpreted as evidence that many regions either already had such processes or face difficulties to set them in motion. As suggested by *Hypothesis 2*. Moreover, it documents even more limited changes in many regions' factual policy mixes. This, however, should be understood against the background of the fact that many of the RIS3 processes are indeed running late and at the time of the online survey and the interviews remained at the stage of (first) strategic considerations. Hence, it is only natural that few substantial changes to regional policy mixes could be observed.

Nonetheless, there is at least an overall tendency that those processes that are initiated at least formally comply with the RIS3 guidelines. In that sense, *Hypothesis 3* can be considered as partially refuted, although the interview-based case studies advise caution with respect to the actual depth of stakeholder consultation that has been reached in some cases. Moreover,

*Hypothesis 4* with regard to limited factual choice is confirmed so that the processes actual outcome remains less than certain.



Quite obviously, the RIS3-related push for the reconsideration and realignment of regional innovation policies met very different "starting conditions" in both socio-economic and governance-related terms as suggested by *Hypothesis 5*. Consequently, the expected outcome of any RIS3 related process will differ substantially.

In brief, three types of frameworks can be distinguished and connected to likely benefits:

- Regions with a long-standing tradition in regional innovation policy, substantial prior experience in stakeholder involvement and notable regional innovation capacities. Many of them tend to regard the RIS3 process from a sceptical, yet informed perspective and perceive the potential utility of the process as gradual and of a technical nature. German, Austrian, French and Scandinavian regions are key exponents of this sub-group.
- Regions with some experience in regional innovation policy, stakeholder involvement yet limited regional innovation capacities – that have been further weakened by the economic crisis. Many of these regions tend to regard the RIS3 process as quite helpful in terms of supporting a consolidation of their regional innovation policy that, for fiscal reasons, is due anyway. Spanish, Portuguese and Italian regions are key exponents of this sub-group
- Regions or countries with a strong planning tradition and an often weak regional echelon of governance, notably in the New Member States but also in Greece. In many of those regions, the key challenge of the RIS3 agenda is the requirement for a process of in-depth stakeholder involvement that comes as a novelty into local governance systems in which it has no real precedence. In these regions and nations the key advancement of the S3 agenda may actually be of a processual, governance-related nature

With a view to *Hypothesis 6* we find that the technical exclusion of former key groups of beneficiaries does not seem politically viable in any of the regions under study. The need for such consequences, however, was in few cases mentioned as the natural outcome of an evidence and consultation-based process. Instead, the RIS3 agenda was considered as a tool of reorientation and reconsideration of current practices.

## **5 Discussion and Conclusion**

In sum, the concrete benefit of the RIS3 agenda cannot be understood as one-dimensional but as highly contingent on the regional context. Arguably, it is not despite, but because of this place-specific value added, that some merit is seen in the approach by many. Even though opinions on the precise nature of the process may diverge, the European Commission's underlying ambition of ensuring that structural funding should be more responsibly spent in a more accountable manner is hard to dismiss in principle and shared by many.

In summary, our case studies suggest that after case specific negotiations, the following key principles are being imposed as hard requirements and – gradually, but to a large extent – accepted by most regions and Member States.

- Implementing a process that is credibly anchored at the regional level, lest the case can be made that the country is too small to justify strategic differentiation,
- Implementing a process consultation that credibly involves regional stakeholders beyond the "usual suspects" and considers their opinion,
- Submitting a strategy that documents a conscious, evidence-based review of the regional socio-economic situation – with a view to potential points of leverage,
- Submitting a strategy that documents a justification of the chosen priorities in spending, even if those were obvious to a certain extent before.

- Submitting a strategy that documents concrete, envisaged steps to fine-tune and improve the effectiveness of regional innovation policy.

Without doubt, even this remains an ambitious agenda for many Member States and regions to which open consultation processes and evidence-based priority setting – or even the involvement of regional level authorities – come as novel approaches. Against this background it appears remarkable that the main aspects of implementation that could be documented by our online survey appear well in line with the early conceptual guidelines presented by the European Commission. Even when some of the statements on methodology and stakeholder involvement may reflect but the formal fulfilment of the requirements, this would still allow us to conclude that the overall intention and thrust of the RIS3 approach has become more broadly and better understood than initially expected.

Despite all its obvious drawbacks, our findings suggest that the European Commission's policy with regard to smart specialisation has consequentially, even if gradually evolved from a highly abstract, academic approach into a practice-oriented effort to ensure the broader use of evidence-based methodologies and stakeholder consultation.

While it can thus be argued that the overall RIS3 agenda is well-designed in many respects, the actual challenges of implementation still rest with the regions and in many cases just beginning to be overcome. Without question, sustaining the process and filling it with life will be a much more ambitious quest than merely forcing regions to submit strategies of a defined nature. As we have seen, a strategy document alone does not make for a viable and lasting change in policy. In many cases, translating the strategy process into factual implementation requires political backing far beyond the remit of the managing authorities, in cases up to regional cabinet level. In a sense, the European Commission has provided a valuable impulse that now remains up to the Member States to maintain and develop.

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