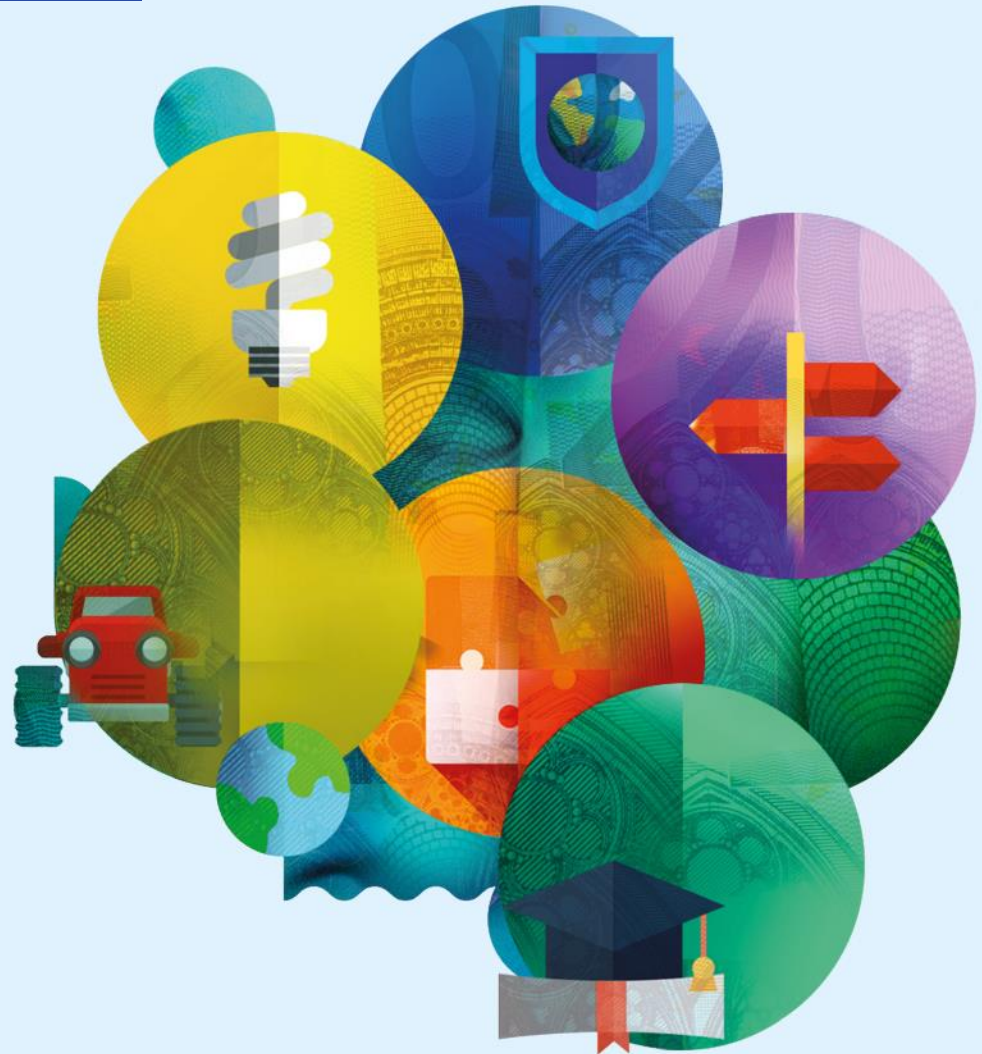


# EU Budget for the future **Moving to smart specialization 2.0**

Agnieszka Krasicka  
DG Regional and Urban Policy

*#CohesionPolicy*  
*#EUinmyRegion*



# Smart specialisation post-2020

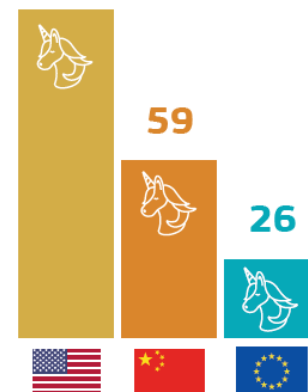
1. Taking stock
2. What have we proposed?
3. How are we preparing?
4. Questions

# Europe has world-class research and strong industries, but underperforms in turning excellence into success ...

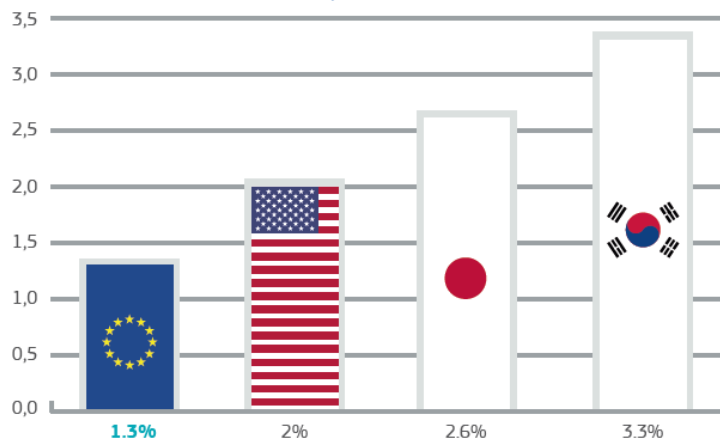
- **EU companies spend less on innovation** than their competitors
- **The EU is home to only 26 "Unicorn start-ups"** (start-ups valued at over \$1 billion) compared to 109 in the US and 59 in China
- **The overall amount of venture capital and the average size of funds in Europe** is too small to allow our start-ups to become big companies
- **Research & Development intensity is still uneven among EU regions**
- **40%** of the workforce in Europe needs **digital upskilling**

## Number of Unicorn start-ups

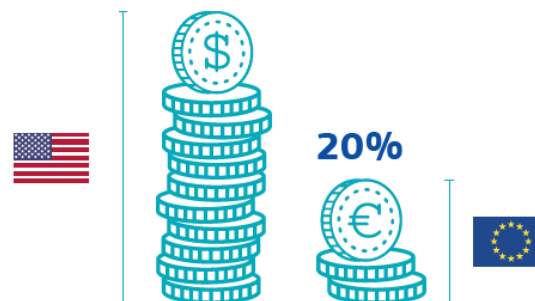
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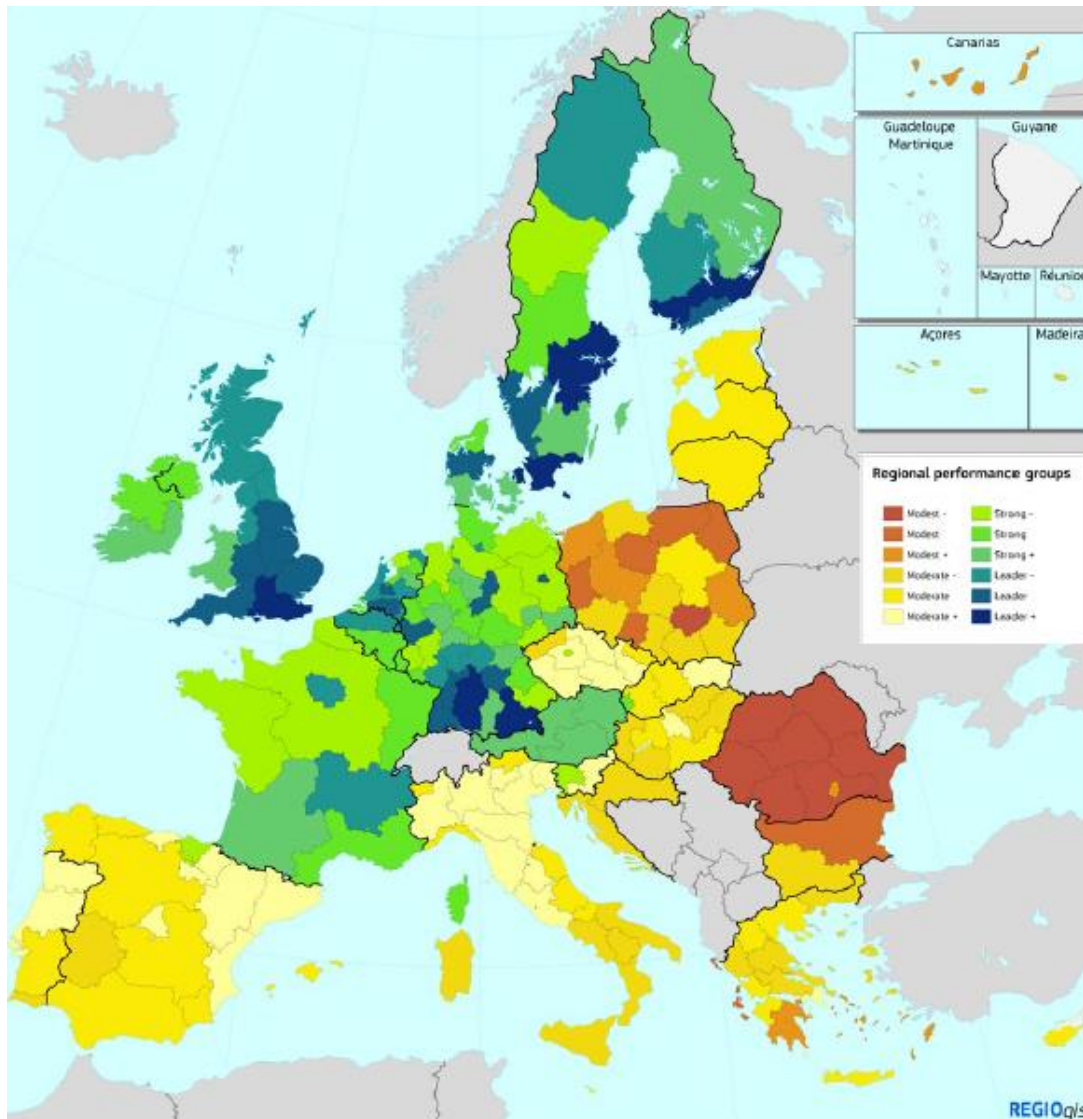
## Business R&D investment in % of GDP



## Venture capital



... with significant disparities in innovation capacities ....

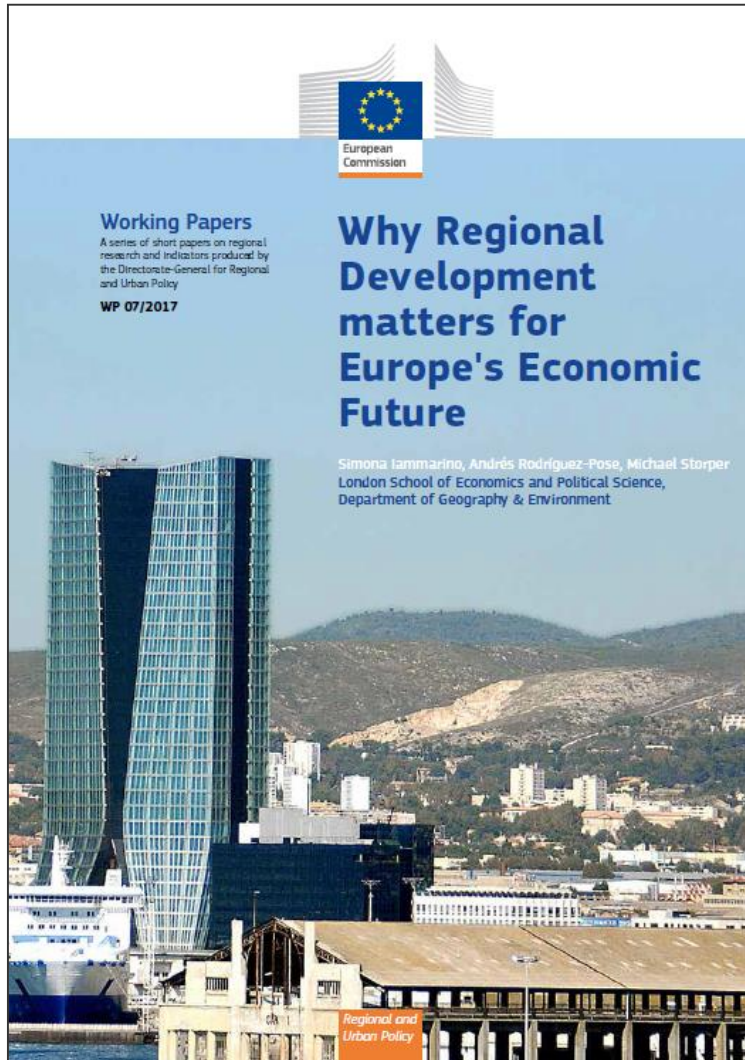


Regional **Innovation** Scoreboard 2017

1. Taking stock

Commission

# Policy challenge: the geography of growth



*“Regional inequality is proving too politically dangerous to ignore”*

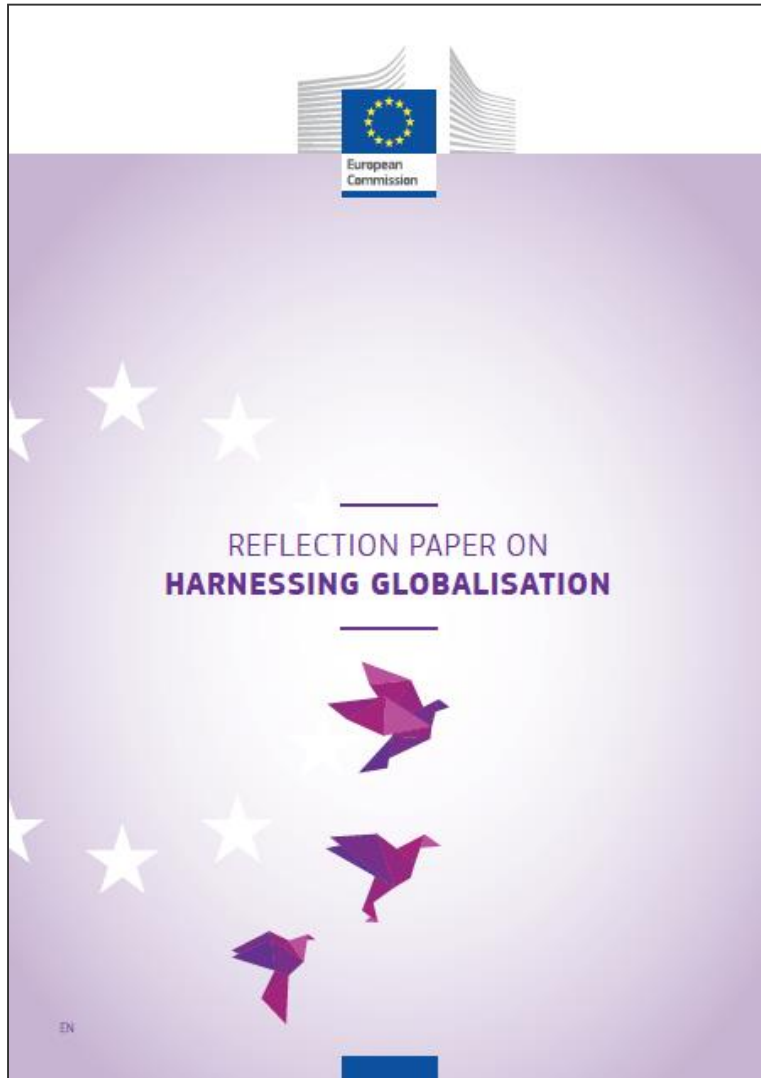
The Economist, 17 December 2016

## Europe's geographical challenges:

- Competitiveness
- Development and opportunities

1. Taking stock

# Policy challenge: Responding to globalisation and technological change



Building resilience through better sharing of benefits and promoting of long term competitiveness:

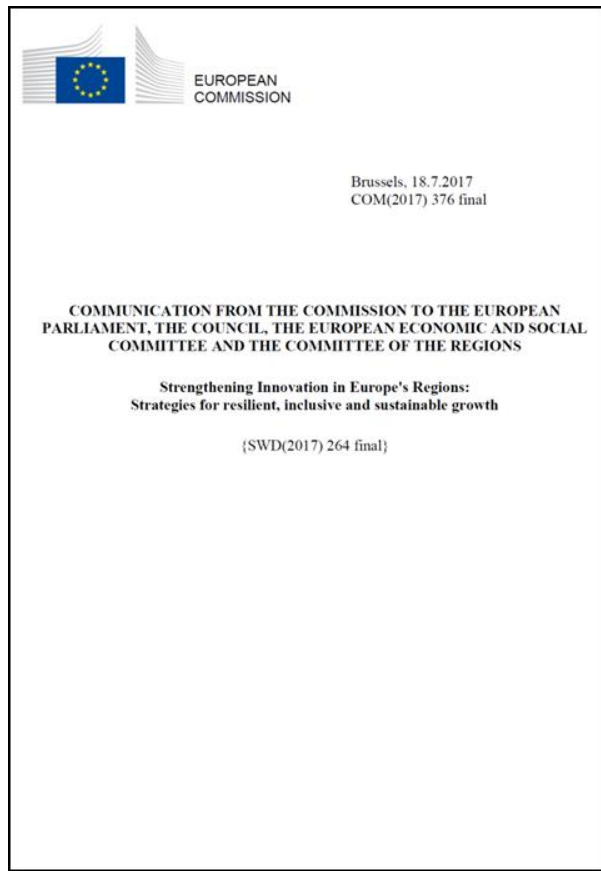
- Robust social and education policies are key to ensuring resilience and fair distribution of wealth
- Major efforts are needed to make Europe a more competitive and innovative economy
- In close partnership with empowered regions

1. Taking stock

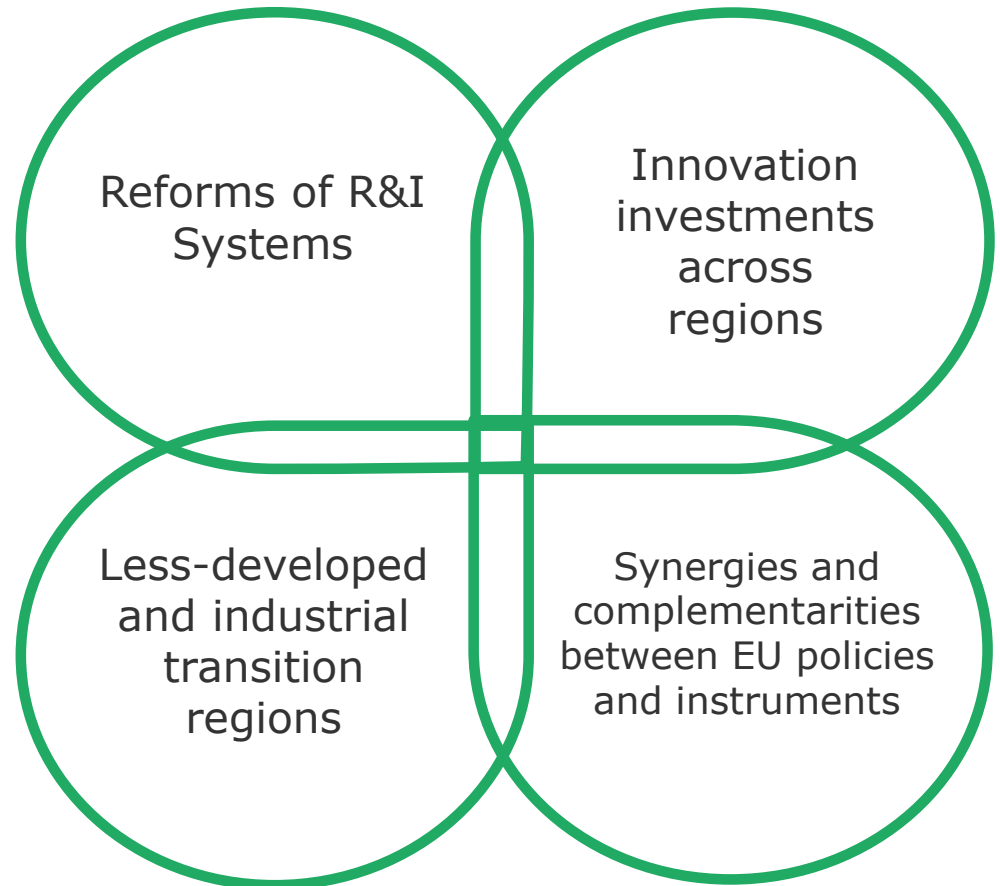


# Policy challenge: Improving effectiveness

## Strengthening innovation in Europe's regions



## Four challenges for boosting innovation-led growth



# Smart Specialisation 1.0 - 2014-2020 has already captured some of these challenges

- Place-based transformation embedded in local economy
- Dynamic entrepreneurial discovery process uniting key stakeholders around shared vision
- **Evidence-based**
- Mobilisation across different departments and governance levels – triple/quadruple helix
- Concentration of resources on priorities

Integrated into Cohesion Policy (2014-2020) as ex-ante conditionality:

- EUR 40 billion from ERDF to finance R&I projects (EUR 65 billion including co-financing)
- Over 120 smart specialisation strategies supported by the S3-Platform

It helped regions and MS in:

- developing a strategic approach to innovation
- prioritising R&I investments
- **breaking down silos**



# PO1 Smart Growth specific objectives

Common provisions – Proposal for a Regulation COM(2018) 375 and annexes

In accordance with the policy objectives, the ERDF shall support the specific objectives of *"a smarter Europe by promoting innovative and smart economic transformation"* by:

1. Enhancing research and innovation **capacities** and **the uptake of advanced technologies**;
2. Reaping the benefits of **digitisation** for citizens, companies and governments;
3. Enhancing growth and competitiveness of SMEs;
4. **Developing skills for smart specialisation, industrial transition and entrepreneurship.**

# Enabling condition for smart specialisation

Policy objective	Specific objective	Name of enabling condition
<b>1. A smarter Europe by promoting innovative and smart economic transformation</b>	ERDF: All specific objectives under this policy objectives	<b>Good governance of national or regional smart specialisation strategy</b>

Fulfilment criteria for the enabling condition
<p>Smart specialisation strategy(ies) shall be supported by:</p> <ol style="list-style-type: none"> <li>1. Up-to-date analysis of bottlenecks for innovation diffusion, including digitalisation</li> <li>2. Existence of competent regional / national institution or body, responsible for the management of the smart specialisation strategy</li> <li>3. Monitoring and evaluation tools to measure performance towards the objectives of the strategy</li> <li>4. Effective functioning of entrepreneurial discovery process</li> <li>5. Actions necessary to improve national or regional research and innovation systems</li> <li>6. Actions to manage industrial transition</li> <li>7. Measures for international collaboration</li> </ol>

**2. What are we proposing?**

# Preparatory Work

## Country Report Croatia, SWD (2019) 1010 final

- Annex D: Investment Guidance on Cohesion Policy Funding 2021 – 2027 for Croatia

### Investment needs under PO1:

- **collaboration between research, universities and businesses.**
- **SMEs** to move up the value chains
- **reap the benefits of digitalisation**
- **enhance skills** especially as regards smart specialization areas

# Steps ahead

- Commission ready to start informal dialogue, important to make as much progress as possible in 2019 and 2020
- Engage from the start in dialogue with all relevant stakeholders (Code of Conduct!)
- Member State programming plans by end of June 2019 (roadmap)
- Technical seminar with Managing Authorities in Brussels in the summer
- Joint objective to adopt all Partnership Agreements and programmes by end of 2020

# REGIO: on-going support to monitoring & governance of RIS3 in Croatia

How to gather relevant data to follow up RIS3 implementation and provide information for updating the strategy?



How to translate RIS3 vision, general and specific objectives and priority areas into a coherent policy mix?

3. How are we preparing? How can we help?

# JRC: horizontal support, peer learning & analysis

- **Providing supporting evidence**

On-going: Stocktaking of RIS3 implementation and criteria of governance, in collaboration with the Institute of Economics Zagreb

- **Providing opportunities for interregional learning**

(possibility to organise events to support EDP, governance, monitoring/evaluation)



# Questions?

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# Additional information

# Policy framework

- A Renewed European Agenda for Research and Innovation COM(2018)306 final
- The New Industrial Policy Strategy COM(2017)479 final
- Start-up and scale-up initiative COM(2016)733 final
- New Skills Agenda: Blueprint for Sectoral Cooperation on Skills COM(2016) 381 final
- The Renewed EU Agenda for Higher Education COM(2017) 247 final



## Cohesion Policy Post 2020

### Common provisions – Proposal for a Regulation COM(2018) 375 and annexes

#### Modern

- Focus on smart, low carbon
- Enabling conditions, **link to Semester**

#### Simple & flexible

- **11 objectives are simplified and consolidated to 5**
- 50% shorter regulations
- 50 key simplifications
- Adapts to emerging needs (migration, economy)

#### For all regions

- More tailored approach to regional needs

# ERDF thematic concentration

- Maintaining spending in the key areas for growth and jobs
- At national level based on GNI per head => flexibility

For countries with:	minimum % PO1 ("smarter Europe")	minimum % PO2 ("greener, low carbon Europe")
<b>GNI below 75%</b>	35%	30%
<b>GNI 75-100%</b>	45%	30%
<b>GNI above 100%</b>	60%	PO1 + PO2 min. 85%

- 6% of budget to urban development, delivered through local development partnerships



# Policy framework for the smarter Europe: Testing new approaches I



**Development of a comprehensive strategy for economic transformation**

- **Broad innovation and inclusive growth building on smart specialisation strategy**
- **Multi-sectoral focusing on jobs, industrial sectors, business models, economy and society as a whole**
- **Addressing globalisation, automation, decarbonisation, emerging and digital technologies, skills and investment**





# Policy framework for the smarter Europe: Testing new approaches II



## Test new ways to:

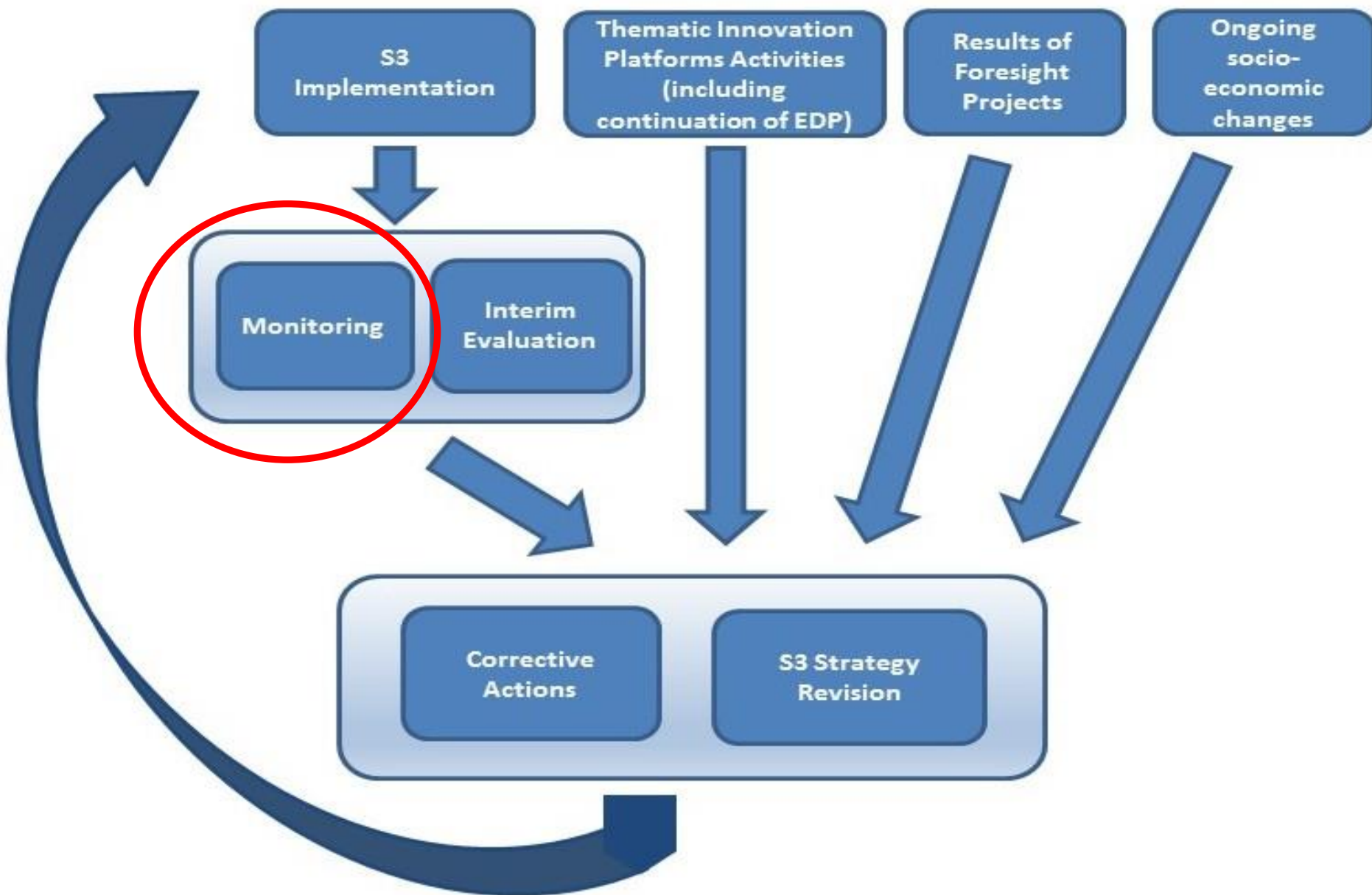
- **Commercialize and scale-up interregional innovation projects that can create or reshape European value chains**
- **Attract private investment for promising innovation projects**
- **Explore and strengthen synergies between different EU instruments (ESI funds, the Investment Plan, Horizon 2020, COSME)**

THEMATIC AREA	COORDINATED BY	LEAD REGIONS	PARTICIPATING REGIONS
 3Dprinting	Thematic Smart Specialisation Platform for Industrial modernisation	Flanders (BE), Noord-Brabant (NL), Norte (PT)	Emilia-Romagna (IT), Wallonia (BE), Lombardy (IT), Aragon (ES), Saxony (DE)
 Bio-economy	Thematic Smart Specialisation Platform for Industrial modernisation	Flanders (BE)	Wallonia (BE), Lower-Austria (AT), North Rhine-Westphalia (DE), Emilia-Romagna (IT), Navarra (ES), Noord-Brabant (NL), Helsinki-Uusimaa (FI), Łódzkie (PL)
 Cybersecurity	New thematic area	Brittany (FR)	Estonia, North Rhine Westphalia (DE), Central Finland (FI), Castilla y Leon (ES)
 De- & re-manufacturing for circular economy	Thematic Smart Specialisation Platform for Industrial modernisation	Lombardy (IT)	Tampere (FI), Norte (PT), Scotland (UK), Saxony (DE), Basque Country (ES), Flanders (BE), Emilia Romagna (IT)
 High-tech farming	Thematic Smart Specialisation Platform for Agri-food	Tuscany (IT)	Estonia, Flanders (BE), Weser-Ems (DE), Central Macedonia (EL), West Macedonia (EL), Galicia (ES), Extremadura (ES), South Ostrobothnia (FI), Pays De la Loire (FR), Marche (IT), Veneto (IT), Emilia-Romagna (IT), North-East Romania (RO), East Central Sweden (SE), Northern Netherlands (NL), Gelderland (NL), Noord-Holland (NL), Zuid-Holland (NL), North-Brabant (NL), Limburg (BE), Northern Ireland (UK), Centro (PT)
 Marine renewable energy	Thematic Smart Specialisation Platform for Energy	Basque Country (ES) & Scotland (UK)	Asturias (ES), Andalucía (ES), Navarra (ES), Norte (PT), Flanders (BE), Emilia Romagna (IT), Lombardy (IT), South Denmark (DK), Skåne (SE), Dalarna (SE), Ostrobothnia (FI), Brittany (FR), Cornwall (UK), Sogn og Fjordane (NO)
 Sustainable buildings	Thematic Smart Specialisation Platform for Energy	Andalucía (ES)	Friuli Venezia Giulia Region (IT), Central Slovenia (SI), South Karelia (FI), Provence-Alpes-Côte-d'Azur (FR), Algarve (PT)
 Traceability and big data in agri-food	Thematic Smart Specialisation Platform for Agri-food	Andalucía (ES), Emilia-Romagna (IT)	Pays de la Loire (FR), Friuli Venezia Giulia (IT), Aragon (ES), Extremadura (ES), Pazardzhik (BG), South Ostrobothnia Region (FI), South Savo (FI)

# Technical assistance from the Commission - examples



# The role of RIS3 Monitoring in Croatia



## Key concepts: Intervention logic and RIS3 Policy mix

The **RIS3 intervention logic** is the link between:

- ❖ overall strategy goals, addressing regions' key challenges
- ❖ specific goals = concrete bottlenecks or opportunities
- ❖ range of instruments : how they intend to contribute to these goals



'Cause-effect' relationship or 'theory of change'

The '**RIS3-relevant policy mix**' is the combination of policies from various levels and various domains, which together contribute to the objectives and priorities set in the strategy.

## Why a RIS3 Monitoring system?

- ❑ To provide robust evidence **for policy learning**
- ❑ Moving towards **outcome-based** policy-making
- ❑ Creating **shared expectations and a common understanding** of RIS3 through stakeholders' engagement
- ❑ Prepare for **revised RIS3** in 2021-2027
  - Are the instruments delivering according to their mission?
  - Who are the beneficiaries?
  - Which instruments contribute to which goals? What are the others doing?
  - Are there gaps or overlaps across instruments?
  - ....

**Good evidence-based descriptions may tell inconvenient truth and challenge preconceived ideas**

# How does a RIS3 Monitoring system look like?

S3 Objective	Detailed objective	Policy instrument	Owner	Input indicator	Output indicator	Result indicator	Context indicator	
Strategic Objective 1	Sub-objective 1.1	Instrument A	Ministry X	Definition, source, frequency	Definition, source, frequency	Definition, source, frequency	At level of strategic objective	
		Instrument B						
	Sub-objective 1.2	Instrument C	Ministry Y					
Strategic Objective 2	Sub-objective 2.1	Instrument D	Ministry Z	BY S3 Domain			At level of strategic objective and sub-objective	
		Instrument A	Ministry X					
		Instrument E	Ministry Z					
	Sub-objective 2.2	Instrument F	Ministry X		Year 1			
		Instrument G			Year 3			
	Sub-objective 2.3				Year 5			
Strategic Objective 3	Sub-objective 3.1	Instrument E	Agency X				At level of sub-objective	
	Sub-objective 3.2	Instrument B	Ministry V				At level of sub-objective	
		Instrument H					At level of sub-objective	



# Proposal for core indicators

Main goal	Output indicators	Outcome indicators
Improving capacity for excellent and relevant research in the public sector	<ul style="list-style-type: none"> <li>Number of new researchers that receive support (in HEIs and PRO)</li> </ul>	<ul style="list-style-type: none"> <li>Number of Scientific publications published in the journals indexed in the Web of Science core collection (y1, y3, y5)</li> <li>Total contracted amount for R&amp;DI funding from EU funds (attracted by beneficiaries in HEIs and PRO)(y3, y5)</li> <li>Number of collaborative contracted projects (by beneficiaries in HEIs and PRO) with foreign HEI and PRO institutions (y3, y5)</li> </ul>
Closing the gap between research and business	<ul style="list-style-type: none"> <li>Number of unique enterprises supported cooperating with research institutions</li> <li>Number of collaborative projects supported</li> </ul>	<ul style="list-style-type: none"> <li>Rate of public infrastructure usage by companies (y5)</li> <li>Number of collaborative contracted projects between companies and PROs/HEIs after the end of supported projects (y1, y3, y5)</li> <li>Total contracted amount for R&amp;D funding from private sector (attracted by PROs/HEIs beneficiaries)(y5)</li> </ul>
Increasing R&D and innovation in business	<ul style="list-style-type: none"> <li>2Number of unique enterprises supported to introduce new to the firm products</li> <li>Private investment matching public support in innovation or R&amp;D projects</li> <li>Share of enterprises that are newcomers to support schemes</li> <li>Number of new researchers engaged in supported enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Sales of new to the firm innovation (as percentage of turnover) (y1, y3, y5)</li> <li>Number of start-ups/spin-offs/spin-outs originating from supported projects (y3)</li> <li>Number of job positions in R&amp;D created in enterprises by RDI projects after the end of funded project (y3, y5)</li> </ul>

## **JRC "Lagging Regions 2" Project objectives:** **specific support and horizontal approaches**

- to develop and provide appropriate and **specific support** to selected regions in RIS3 implementation, building on EDP
- to develop and enhance linkages between RIS3 at **regional** and **national** levels
- to develop and implement **horizontal approaches** to key issues in the growth and governance of RIS3 (e.g. monitoring)
- to develop and disseminate lessons and tools for other EU regions
- meeting the 2021-7 enabling condition of **good governance of national or regional smart specialisation strategy** with seven fulfilment criteria

# *JRC: Horizontal support, peer learning & analysis*

- Issues common to the partner regions and relevance to five policy objectives (especially PO1), associated enabling conditions and fulfilment criteria:
  - Governance, Monitoring and Evaluation (2,3,4,5)
  - Managing Industrial Transitions (6)
  - Transregional and transnational collaboration (7)
  - Crosscutting concerns - administrative capacity building and cooperation

# ***JRC "Lagging Regions 2" (LR2) Project objectives: **specific support** and **horizontal approaches*****

- to develop and provide appropriate and **specific support** to selected regions in RIS3 implementation, building on EDP
- to develop and enhance linkages between RIS3 at **regional** and **national** levels
- to develop and implement **horizontal approaches** to key issues in the growth and governance of RIS3 (e.g. monitoring)
- to develop and disseminate lessons and tools for other EU regions
- meeting the 2021-7 enabling condition of **good governance of national or regional smart specialisation strategy** with seven fulfilment criteria

# ***Monitoring and Evaluation***

- **LR1 Monitoring Working Group**
  - Massive Open Online course
  - Identification of next steps in furthering monitoring & evaluation of RIS3 outcomes (→LR2)
- **LR2 Monitoring Working Group** (criteria 2,3)
  - Coordination of national and regional RIS3 monitoring
  - Use of national and international open data for RIS3
  - Evaluation of RIS3

# JRC Massive Online Open Course

<https://iversity.org/en/courses/monitoring-smart-specialisation-strategies>

Monitoring Smart Specialisation X

https://iversity.org/en/courses/sandbox-course-old-continent

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Joint Research Centre

Dr Elisabetta Marinelli, Dr Carlo Gianelle, Dr Fabrizio Guzzo, and Ken Guy

## Monitoring Smart Specialisation Strategies

Build an effective monitoring system for your Smart Specialisation Strategy and help your region meet its long-term goals.

FREE

MOOC

- Self-Paced
- English
- Management

Enroll

### About this course

Research and innovation are crucial for meeting the socio-economic challenges of our times. This is why they are at the centre of the European Union strategy and its Cohesion policy. Indeed, countries and regions have designed a Research and Innovation strategy for Smart Specialisation (RIS3) to guide public investment in the coming years. To check whether their policies, investment decisions and projects are delivering, regions and countries need an effective monitoring system, and this course aims at supporting this process. This MOOC, organised by the Joint Research Centre of the European Commission (JRC), answers some of the key questions related to monitoring RIS3, addressing conceptual, policy and empirical aspects.

### Who is this course for?

This course is open to anyone interested in monitoring knowledge-based regional development, and in particular monitoring Smart Specialisation Strategies. Whilst it is designed with EU regions and member states specifically in mind, the principles and ideas discussed should be of relevance to a broader audience.

### Course instructors

Support

EN

15:01

08/02/2019



# ***RIS3 Governance***

- **LR1 Governance Working Group**
  - Key issues in RIS3 governance RIS3: multilevel governance and sustaining EDP over the long term
  - identification of key bottlenecks in RIS3 governance, and agenda for future activities (→LR2)
- **LR2 Governance Working Group** (criteria 2,4,5)
  - Coordination between national and regional level (regulatory aspects, funding synergies, institutional capacity) (criteria 2,5)
  - Integration of stakeholder input in the governance process (criteria 4,5)

# ***Managing Industrial Transitions***

- Addressing the challenge of deindustrialisation (DG REGIO Pilot Action: *Regions in Industrial Transition*)
- Exploring the central role of RIS3 strategies in responding to deindustrialisation
- How best to support regions in better tailoring RIS3 to the specific challenges of industrial transitions?
  - Detailed analysis of key issues with hands-on engagement and mutual learning activity with stakeholders in both lagging and transition regions.
  - Expert review and workshop
  - Mutual learning working group
  - Criterion 6

# ***Transregional and transnational cooperation***

- EC Proposal for Cohesion Policy regulation pays significant attention to the issue of transregional cooperation, offering instruments to support it
- LR2 – activities to explore and support the development and implementation of transnational collaboration for lagging regions:
  - feasibility of interregional cooperation instruments as a tool for RIS3 implementation (criterion 7)