# The key role of Regional Development Agencies (RDAs) for Smart Specialisation Strategies

Beyond EDP
Interreg Europe

European Union
European Regional
Development Fund

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SMART SPECIALISATION PLATFORM

Changing Patterns of Territorial Policy: Smart Specialisation & Innovation in Europe
First SMARTER Conference on Smart Specialisation and Territorial Development, 28th-30th September Seville, Spain
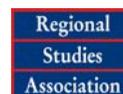
**Summary**

## Issue addressed

Smart Specialisation have already produced new governance models in regions which have made regional development agencies (RDAs) to adopt a key role in RIS3 implementation

## Overview of presentation

- Context
- Examples of changing role of RDAs
- The specific case of ARITT Centre

1.- Presentation of the context and the issue addressed

# CHANGES IN ROLES

# Initial finding about the RIS3

**Concerning their RIS3, European regions face the following challenges:**

**During the RIS3 design**
- To identify the relevant domains in which to allocate funds to foster innovation and economic development
- To accept these choices by all parties involved

**During the RIS3 implementation**
- To use the right levers to successfully implement the tools developed in the RIS3
- To create an ecosystem that allow to optimize the access and the use of the knowledge and other resources (physical, financial, human)

# Entrepreneurial discovery process

- The policy makers no longer plays a role of omniscient planner.
- EDP recognises that they need to be prepared to listen to entrepreneurs, researchers and citizens in order to identify specialisation areas, improve their acceptance and facilitate the emergence and growth of new activities.

- Now, it will assess the potential of economics activities in the priority domains and empower those actors which are the most capable of generate growth and jobs through innovation.

- Governments have relevant role in economic development support
    - Public sector organisations could play a catalytic role fostering innovation. Entrepreneurial state (Mazzucato 2013)
    - Smart states can make a big difference to innovation and development (if they have the institutional capacity/political leadership). Kevin Morgan (2016)

2.- Examples of changes in the roles of Regional Development Agencies (RDAs) caused by RIS3 implementation

# GOOD PRACTICES IN EU

# Approach

- RDAs are valuable policy instruments taking into account their capacities to mobilise stakeholders in the regions

- The catalytic role of RDAs has been empowered in almost all EU regions by the implementation of the entrepreneurial discovery process

- There are valuable bests practices
  - Today (in 2016), there are still little general evidences about how the RDA are using their place based network competences.
  - However, there are numerous relevant good practices that illustrate the new roles taking over by RDA during the RIS3 design and implementation

# Shared leadership in Scotland

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Becoming a world-leading entrepreneurial and innovative nation: a CAN DO place for business.

**C**apable,
**A**mbitious,
**N**etworked,
addressing **D**emand and supporting **O**pportunity

• The Regional Development Agencies playing a catalytic role are Scottish Enterprise and Highlands and Islands Enterprise
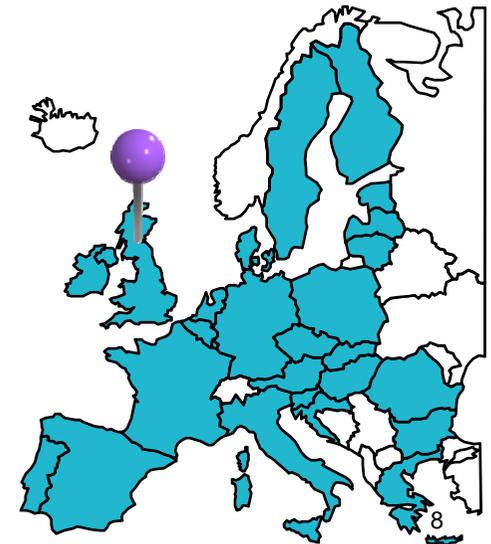
2nd  Example:

# Regionalisation in Romania

- RDA Nord-East took the lead to develop a regional strategy complementing the national Romanian RIS3
- It was the first regional one and it revealed that it was possible to challenge the national RIS3.
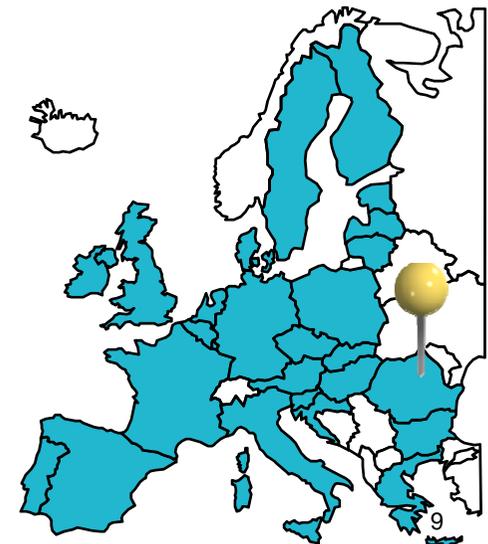
# Diversity of changes in EU

- Involving financial sector
  - IVACE, the development agency of Valencia region, was one of the few RIS3 coordinators to involve the regional financial community in the drafting of the RIS3.

- Innovative approaches with living labs
  - The Innovation Agency for the Canary Islands region used the living lab concept to involved all the stakeholders of the tourism sector in order to assess their real needs in a changing global environment

- Involving stakeholders
  - IGRETEG from Belgium was not listen in its attempt to propose the right type of governance and thus unable to influence the drafting process put in place by the regional authority. The result at the end the day was that the RIS3 of the region was not initially approved by the European Commission.

- Outside of EU
  - Middle Black Sea (OKA) and East Marmara (MARKA) regional development agencies from Turkey have provided leadership to implement the concept in their regions and align the governance of their regions with the current practices in Europe
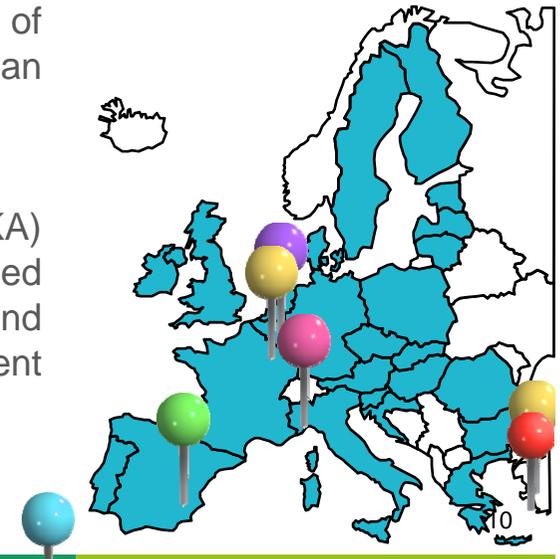
# Initial assessment of ERDF OPs

From an analyse of the OPs it appears that most RDAs and other professional intermediary organisations have not been able to successfully translate the highlights of the RIS3 into strong budget commitments and expected results.

Indeed, the overview of around 170 national and regional OPs shows that:

- less than 20% of them will support the creation of start-ups and/or jobs;

-  less than 30% of them anticipate to help the introduction of new products into markets and/or the take up of innovation;

- less than 20% will provide more funding to private research organisations than to public ones;

- less than 15 OPs have indicated that the ERDF investments will generate in their area jobs, start-ups and innovation into markets and in firms (4 results)

# Initial assessment of ERDF OPs

It also appears that for some Managing authorities:

- the creation of hundreds of start-ups will not generate a job in their area (not even for their founder!)

- clusters will not enhance relations between enterprises and research organisations or universities!

- their is no clear correlation between the earmarked budget for TTOs activities, for the support to R&D activities and the number of innovations enterprises will developed!

3.- Best practices of the new role of ARITT Centre in the development and implementation of RIS3 in region Centre-Val de Loire

# THE CASE OF ARITT CENTRE

# ARITT Model
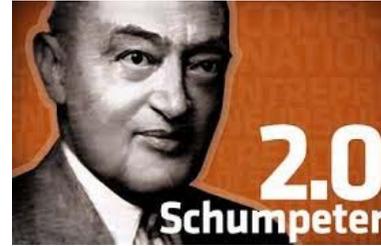
ARITT is based on a Schumperian model highlighted by Aghion P, Howitt P. Endogenous Growth Theory. Cambridge, MA: MIT Press; 1998  who stated :

1. Long term growth is based on innovation (R.Solow, 1956)
2. Innovation is the result of investments lead by economic purpose
3. Creative destruction is positive

- + Competition is positive for « frontier firms » (R. Blundell)

- So, Smart specialisation was an evidence for us.
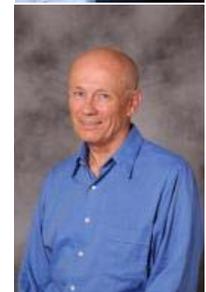
**But we had a central question : how to get a clear regional stakeholder acceptance and could a RDA be a relevant answer to do the job ?**

# Designing the RIS3 in Centre Val-de Loire

- The relevancy and legitimacy of the selected RIS3 priorities were provided by 5 factors:
  - The highest political authorities were involved from the beginning
  - The choice of the priorities was based on very clear and agreed criteria
  - The Entrepreneurial Discovery Process (EDP) only involved entrepreneurs who had a vision for the future of their company and, more largely, of the emerging value chains.
  - A genuine dialogue was established with stakeholders and not just a formal consultation

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# Piloting the RIS3 in French Centre region

- RDA ARITT Centre leads leading RIS3 region using the legitimacy provided by it strong linkages with private industries (over 1500 companies served per year).

- Particularly it enable to manage the EDP by involving entrepreneurs in the design, in the implementation and monitoring of the RIS3.

- So, each priority from the S3 of Centre-Val de Loire is managed by a so-called "pilot" coming from the private industry and a "co-pilot" from the academy. It makes possible with this new governance structure a more accurate analysis of the monitoring and a clear identification of the responsibilities to provide impact.

# Continuous cooperation with other regions, experts and stakeholers

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**Interreg Europe**

- ▪ ARITT Centre is leading the Interreg Europe project "Beyond EDP" to establish an operational implementation of the entrepreneurial discovery process. This project aims at professionalising EDP management.

- ▪ It will improve RIS3 processes with a detailed enhancement of :
  - EDP management during the implementation phase of RIS3
  - EDP as a mean to get the right policy mix to improve RIS3
  - EDP as a way to boost key stakeholders involvement in the RIS3

*3 taskforces dedicated*

# Use of EDP for other applications

- Entrepreneurial discovery process (Foray, 2009) is able to be applied to other aspects of regional development policies.

- Established entrepreneurial discover process structures are an important asset that would help to shape any kind of policy in a Region

- ARITT Centre used of EDP techniques in the rural development programmes (EAFRD) to prioritize the topics of the European innovation partnership (EIP) agricultural productivity and sustainability. The concertation were held in 2016 resulting the design of 5 priorities fully accepted by the agricultural and institutional world.

# What did we learn in Centre Val de Loire

- RDA are a relevant tool to avoid lobbying
- RDA are close enough from the MA's but they are not only focused on administrative purpose
- RDA are now both on innovation and economic developpement
- RDA take into account on the place base dimension
- RDA are an interesting tool, not only for innovation leader regions
- RDA know how to explain statistics
- RDA are flexible tool
- RDA can have the appropriate level of legitimacy to explain the changes issued from spart specialisation
- RDA can have a key role to keep RIS3 alive
- ⇨ **RDA is either a top-down tool (public policy implementation) as a bottom-up tool (on-the-ground contacts that generates input for the public policy)**

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Thank you!