



Strengthening Innovation in Europe's Regions

Strategies for resilient, inclusive
and sustainable growth

A modern economy and fair transition for EU regions

*Europe is experiencing a period of profound changes brought by **globalisation**, new emerging and digital **technologies**, **automation** and **decarbonisation**.*

*The benefits of globalisation are unequally spread. It is indispensable to help Europeans **adapt** to these profound changes and to help the EU economy to **become more resilient**.*

Reflection Paper on Harnessing Globalisation

Therefore the EU will need to:

- **activate** the **innovation potential** of MS and regions
- **adapt** its industry to new models
- boost **competitiveness** and access to **new markets**
- **reduce the gap** among regions
- create new **jobs**





Smart specialisation in reformed cohesion policy

The **smart specialisation** approach was integrated into the reformed cohesion policy (2014-2020) to maximise the positive impact on growth and jobs.

It also helped regions and MS in:

- developing a **strategic approach** to innovation (*ex-ante Conditionality*)
- **prioritising** public R&I **investments**
- building on **competitive advantages**
- facilitating new **market opportunities** and the access to **new value chains**

KEY FIGURE over the period 2014-2020:

- **EUR 40 billion from ERDF** to finance R&I projects (EUR 65 billion including co-financing)
+ **EUR 1.8 billion from ESF**
- over **120 smart specialisation strategies** whose implementation is supported by the **S3-Platform**
- more than **15 000 enterprises** will be able to introduce new products into the market
- **140 000 start-ups** will be offered financial support
- **350 000 new jobs** will be created

Examples of S3

- ✓ **Emilia-Romagna (Italy):** the regional partnership has identified health and well-being as a priority and is bringing different key enabling technologies together with biomedicine to develop customised precision grafting and implants.
- ✓ **Extremadura (Spain):** farmers and researchers are addressing the lack of capacity to meet market demand during peak season by participating together in a European network which develops high tech farming.
- ✓ **Lapland (Finland):** smart specialisation contributed to develop the region's leading position in exploiting and commercialising Arctic natural resources while delivering sustainable development and job creation.

More examples:

- Implementing Smart Specialisation Strategies – A Handbook. Europäische Kommission, <http://s3platform.jrc.ec.europa.eu/s3-implementation-handbook>
- Smart Regions' Stories [video](#)

Lessons from smart specialisation for regional policy

Weaknesses in Regional Innovation Policy	Smart Specialisation Mechanism	Principles
Lack of strategy	Ex-ante conditionality	Incentives
Lack of prioritisation/poor resource allocation	Entrepreneurial Discovery Process	The learning region
Weak micro-economic governance	Triple/Quadruple Helix	Broad based partnership of all relevant actors
Mismatch of EU research and regional business needs	Strengthening of national and regional research systems	Building regional capacity
Barriers to the uptake of new ideas	Inclusive governance structures with fluid sub-regional boundaries	Regional eco-systems
Lack of transnational complementarities	Outward looking prospection for project partners	Embeddedness in national and European networks
Low leverage effect of public funding	Demand led initiatives	User led prioritisation
Lack of information flows	Transparent interaction between relevant innovation actors	Breaking down of public sector silos
Disconnect with EU level policies	Smart specialisation platform, Policy Support Facility, Observatories	EU Partnership with empowered regions

Moving beyond regional smart specialisation in innovation

Broad innovation and structural reforms

- Smart specialisation in less developed regions
- Stairway to excellence
- increased focus on broad-based innovation

Cross-border

- Policy area innovation in Baltic Sea (Innovation Express, Clean Growth)
- Interreg Central Europe – cooperation between regions working on thematic areas

Industrial Policy

- Thematic Smart Specialisation Platforms
- Pilot on interregional investment
- Strengthening EU Value Chains

Economic and social transformation

- Industrial transition regions pilot project

Energy policy

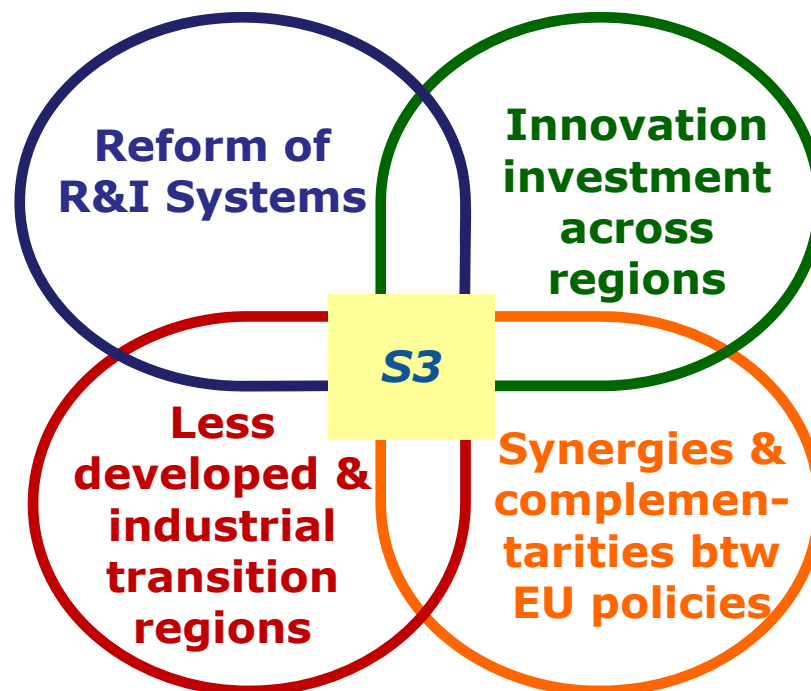
- Dedicated initiative to support transition in coal and carbon-intensive industrial regions
- Build on smart specialisation to promote energy transition and promote innovation

Smart Specialisation: Next Steps

► Step up available policy support:

- Smart Specialisation Platform
- H2020 Policy Support Facility
- SRSS
- European Semester: Dialogue with regions and local authorities.

- ## ► Pilot actions for accelerating innovation uptake, removing investment barriers:
- Lagging regions
 - Regions in industrial transition



► Pilot actions:

- Thematic partnerships to commercialise & scale-up inter-regional projects in value chains; developing bankable projects

► Maximise the impact of different EU funds:

- Facilitate combination of funding instruments, harmonise rules, inter-regional investments
- Mapping of R&I facilities
- Investment envoys

See: [COM\(2017\)376](#) and [SWD\(2017\)264](#)



Conclusions

Smart specialisation represents a new way of working together, which ensures stronger local and regional participation in decision-making, and whose potential can be scaled-up for the **benefit of the EU as a whole**.

This approach may be replicated and used in a broader context as a useful tool to **implement the future EU budget**.



Reflection Paper on the Future of EU Finances