

Smart Specialisation and Place Based Policy

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Smart Specialisation and Place Based Policy

- Place based approach is about extracting, and building on local knowledge and mobilising it in the wider national and international context
- Multi-level governance for multi-level systems of knowledge
- Not about localism – but about fostering bottom up development and local capabilities in the wider context
- Policy makers must decide the priority on the basis of the best public information (Stiglitz-Sen-Fitoussi 2009) → *smart specialisation*

Smart Specialisation and Place Based Policy

- *Smart specialisation* – ‘Knowledge for Growth Expert Group’ DG Research – Dominique Foray, Bart van Ark, Paul David, Bronwyn Hall, Jacques Mairesse etc
- Smart Specialisation elements: Entrepreneurial search processes; Relevant domains; Connectedness
- A systems approach to innovation – ‘knowledge ecology’
- Dominique Foray’s key insights in the EU and OECD cases

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- Existing assets, institutions, frameworks are all relevant to technological evolution
- *Entrepreneurial search processes* → to identify the distribution of likely opportunities
- *Relevant domains* → to enhance the likely magnitude of opportunities
- *Connectedness* → to maximise the potential for learning about these opportunities

Smart Specialisation and Place Based Policy

- Smart specialisation principles provide a quite different logic to much existing thinking
- Technological upgrading of a region's existing and traditional sectors
- Focus on coordination between skills-training and emerging technologies
- *Measuring Smart Specialisation: The Concept and the Need for Indicators*, David, P., Foray, D., and Hall, B., 2009

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- In a *regional* context this translates to:
 - Embeddedness
 - Related variety
 - Connectivity
- Philip McCann and Raquel Ortega-Argilés: *Smart Specialisation, Regional Growth and Applications to EU Cohesion Policy* – forthcoming in *Regional Studies*

http://ec.europa.eu/regional_policy/cooperate/regions_for_economic_change/index_en.cfm#4

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- *Embeddedness*: can be captured by regional CGE models, regional Input-Output models, location quotients, case studies, longevity, social capital etc.
- *Relatedness*: It is not about sectoral specialisation but *diversification* → *specialised technological diversification*
- Embeddedness + Relatedness =
Relevant Size Domain

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- The sectoral approach interprets connectedness in terms of networking and access to learning
- Regional approach and economic geography - sees connectivity in terms of access to knowledge, markets and suppliers
- Danger of the *Krugman shadow effect* on non-core regions
- Critical development of local linkages → place based

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- A smart specialisation approach to regional policy should be about promoting the *generation, exploitation, and dissemination of local ideas* and knowledge
- Maximising both *intra- and inter-regional knowledge spillovers* in the relevant scale domains (embeddedness + relatedness)

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- Newness, renewal, transformation, novelty and niches
- All actors involved – competences and capabilities – building new linkages, exchanges, participation, cooperation and spillovers
- Develop a local vision on the basis of what works locally
- Governance experimentalism + innovation
- Iterative approach – feedback, monitoring, evaluation and learning
- ‘Self discovery’ (Hausman and Rodrik 2004)

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- Dominique Foray's metaphor – 'excited goblins', 'sleeping giant' and 'hungry dwarfs'
- Examples of high-tech firms, traditional agriculture, engineering or tourism, long tail of small firms
- Different types of interventions, different intended results/outcomes from the interventions, and different pace and tempo
- Need to decide the level/degree of policy prioritisation based on structure, potential, bottlenecks and missing links

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- Prioritisation and concentration
- Good matching, good fit, and potential
- Analysis of missing links and bottlenecks
- Explicitly takes account of the region's strengths, history, skills profile
- Focuses on issues of coordination and governance → cross-border (administration/jurisdiction/
- Data baselines
- Risks and responsibilities

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- Results-Oriented policy-design logic
- Inputs → Outputs → Results/Outcomes
- The result/outcome can be a short- and/or a long-term one
- It is a question of intention – this drives the thematic and policy prioritisation and the specific policy design
- Impact refers to the contribution of policy actions to achieving the intended result/outcome

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- *Outputs* are measurable policy actions whose intended task is to produce results/outcomes
- *Results/outcomes* are the specific dimension of the wellbeing and progress of people (in their capacity of consumers, workers, entrepreneurs, savers, family or community members, etc.) that motivates policy action, - i.e. that is expected to be modified by the interventions designed and implemented by a policy
- *Results/outcomes* are NOT a change for the supported entities only: they are a change for a territory (region), a sector, a target group of people

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- Distinguish results/outcomes from outputs
- Measurement of progress towards results/outcome targets
- Identify how and when different data are to be collected, collated and reported
- Data can be at the project level and at the programme level – all projects should be able to generate results/outcome data
- Evaluation needed to assess contribution of project/programme results/outcomes to change at regional/sectoral level

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- Monitoring, feedback and evaluation are critical for learning
- Evaluation – with its range of quantitative and qualitative techniques – is what helps us to identify the impact of a policy – not the indicators
- Evaluation involves considering all of the available evidence regarding the policy process, systems and intended objectives – and also unintended implications See: *Panorama*, Spring 2012, “*Targeting Results: Fine Tuning Cohesion Policy*”

Smart Specialisation and Place Based Policy

- Smart specialisation emphasises strategic and specialised diversification based around core competences and capabilities
 - a excellent tool for place-based policy
 - promotes clear *self*-awareness of the key bottlenecks and missing links
 - powerful lens through which to ensure thematic prioritisation and concentration
 - monitoring, evaluating, steering
 - engagement and institutional learning

Smart Specialisation and Place Based Policy

- Original insights of Foray et al, are highly relevant to today's EU regional context
- Close alignment with the Barca (2009) report
- Very powerful to convergence and transition regions as well as advanced regions
- Smart Specialisation S³ Platform IPTS JRC-Seville – RIS3 Guide - and related documents on broadband, role of universities, SMEs
- OECD *Innovation-Driven Growth in Regions: The Role of Smart Specialisation* – report for EC