RIS3 GOVERNANCE

New policymaking in a context of smart specialisation:

The Spanish Case

JONATAN PATON
jonatanpaton@infyde.eu

JAIME DEL CASTILLO
jaimedelcastillo@infyde.eu

BELEN BARROETA
belenbarroeta@infyde.eu

GROWING FAST,
GROWING SMART

30th September 2016
IASI (Rumania)

RIS3 Governance

New policymaking in a context of Smart Specialisation

RIS3 process: a general framework of analysis…

ELEMENTS	KEY ASPECTS
REFLECTION AND DEFINITION (2011-2014)*	➢ Priority setting ➢ SWOT definition ➢ Participatory governance ➢ Entrepreneurial discovery ➢ Measures and policies
IMPLEMENTATION (2015-2020)*	➢ Participatory governance ➢ Entrepreneurial discovery ➢ Action Plan implementation ➢ Strategy improvement
MONITORING AND EVALUATION (2015-2022)*	➢ Intervention logic ➢ Indicators (output & result) ➢ Monitoring system

*Indicative periods

Source: Del Castillo et al. (2013a) «Territorial Governance in a smart specialisation context In Territorial Cohesion in Europe Transdanubian Research Institute 70th Aniversary

Reflection and definition: The priority setting…

- **GREY SQUARES** represent the **critical mass** identified by the application of specialisation coefficients (SC) in each region
- **RED MARKED VALUES** represent sectors considered priorities in **RIS3 but with no critical mass** according to SC
- **BLUE MARKED VALUES** represent sectors not considered priorities in **RIS3 but with critical mass** according to SC

SECTORS \ REGIONS	Andalucía	Aragón	Asturias	Baleares	Canarias	Cantabria	Castilla-La Mancha	Castilla y León	Cataluña	C. Valenciana	Extremadura	Galicia	La Rioja	Madrid	Murcia	Navarra	País Vasco
Agroindustry	124,4	122,8	107,7	62,9	68,3	88,4	204,5	201,0	68,1	65,0	231,3	118,3	337,4	32,6	130,7	185,8	99,3
Sea activities	78,6	57,0	127,3	0,0	35,8	931,6	40,9	42,3	48,9	94,2	36,4	392,3	98,5	37,3	95,4	84,1	218,7
Textile and fashion industry	68,0	94,3	38,8	61,1	18,5	30,3	150,0	54,5	134,5	253,5	29,5	87,6	288,2	58,9	87,5	54,7	47,9
Chemical industry	83,8	115,5	57,6	32,8	38,1	66,0	119,8	53,3	155,5	143,8	77,7	60,4	152,8	72,7	156,7	97,8	98,5
Metal manufacturing	82,2	133,2	94,7	60,1	49,1	104,3	152,0	105,5	114,5	87,5	107,5	89,3	130,4	65,3	91,0	166,3	218,7
Machinery and equipment	49,9	195,8	58,2	17,5	9,5	74,8	90,4	88,0	159,7	112,2	34,8	66,5	160,5	59,2	133,7	206,3	251,0
ICT and electronic devices	58,2	81,5	62,2	75,1	56,7	58,4	40,3	49,9	131,8	83,0	41,5	58,0	57,3	218,2	58,0	74,3	117,9
Automotive industry	65,3	273,2	92,3	9,8	32,4	69,7	148,2	143,1	119,1	70,8	79,2	88,9	205,2	61,6	124,5	441,9	147,1
Aerospace industry	137,3	224,6	0,0	0,0	31,7	0,0	257,7	100,0	0,0	0,0	64,6	61,4	174,6	146,1	0,0	0,0	525,5
Naval industry	107,2	0,0	141,0	212,1	49,5	81,9	16,8	6,5	80,6	91,7	0,0	447,2	0,0	21,4	129,2	0,0	201,9
Energy generation and distribution	62,5	186,0	84,3	25,9	34,3	92,3	123,1	157,6	108,9	117,9	95,6	65,9	118,8	87,2	110,2	222,7	161,2
Habitat	101,8	112,0	87,9	95,5	50,8	95,5	169,7	117,6	85,6	128,5	128,1	124,1	165,4	50,5	147,8	136,1	108,3
Construction	92,9	109,2	92,2	119,7	74,2	109,0	137,5	124,5	93,7	94,5	131,9	116,6	98,7	87,4	107,6	104,6	104,0
Water management	124,1	265,0	23,5	93,4	225,0	26,3	84,3	55,0	54,2	238,0	84,5	13,1	150,6	24,1	257,4	193,6	26,5
Recycling activities	94,7	113,3	74,2	88,7	88,0	170,5	124,6	123,3	96,1	83,4	106,8	96,9	102,8	82,4	98,6	172,7	155,7
Transport and logistic activities	111,7	97,2	114,6	87,0	153,3	107,4	124,6	102,7	88,1	83,0	96,9	103,6	66,4	98,1	107,0	99,1	80,4
Tourism activities	110,4	99,8	133,6	138,1	137,9	125,6	88,7	114,0	90,8	100,7	95,9	109,9	104,9	74,1	93,1	84,3	91,8
Experience activities	99,4	98,0	119,5	114,2	115,0	94,8	81,2	94,7	93,5	96,9	108,0	96,8	101,4	117,5	85,1	94,5	87,0
Health industry	34,7	128,7	71,0	48,5	21,4	17,7	65,2	84,2	232,4	36,8	0,0	41,4	29,4	164,6	68,4	134,0	75,9
Wellness activities	101,6	97,3	108,0	80,5	94,6	102,8	74,2	96,4	99,7	94,4	92,3	95,9	84,4	116,2	92,3	90,6	116,6

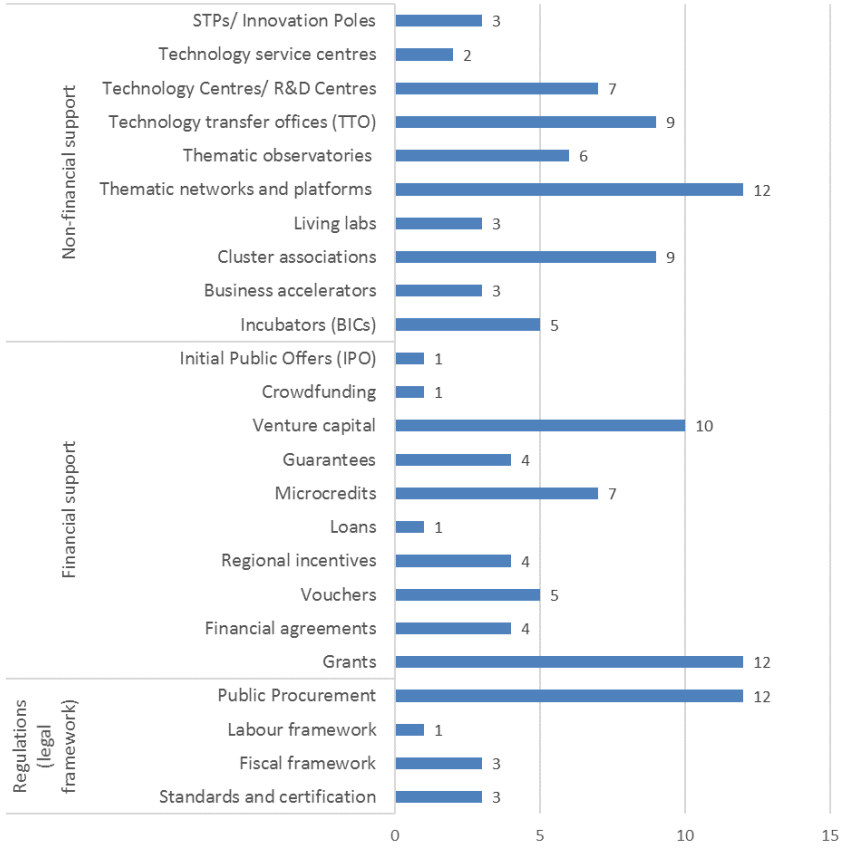
Source: INFYDE 2015. Smart Specialisation for economic change: The case of Spain
Data from INE and application of Paton (2014). Sectors with values above 110% are considered as specialised

RIS3 Governance

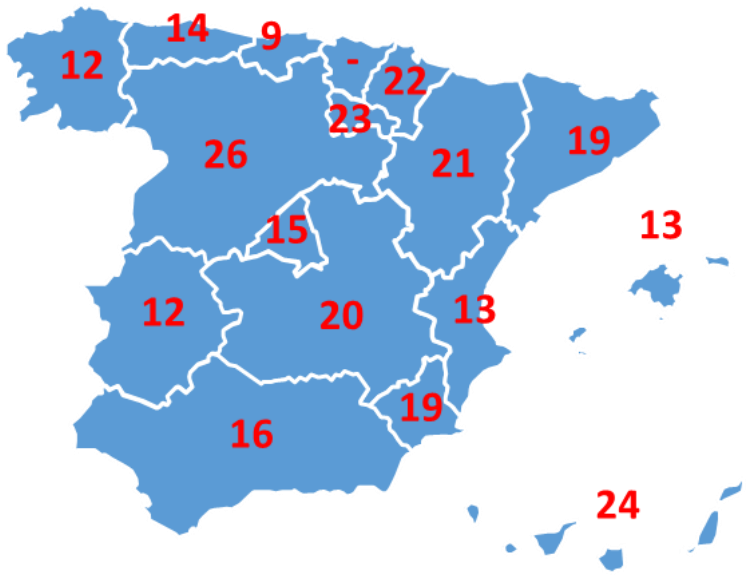
New policymaking in a context of Smart Specialisation

Implementation process: the instrumental design and implementation…

Number of regions by policy instrument



Number of policy instruments by region



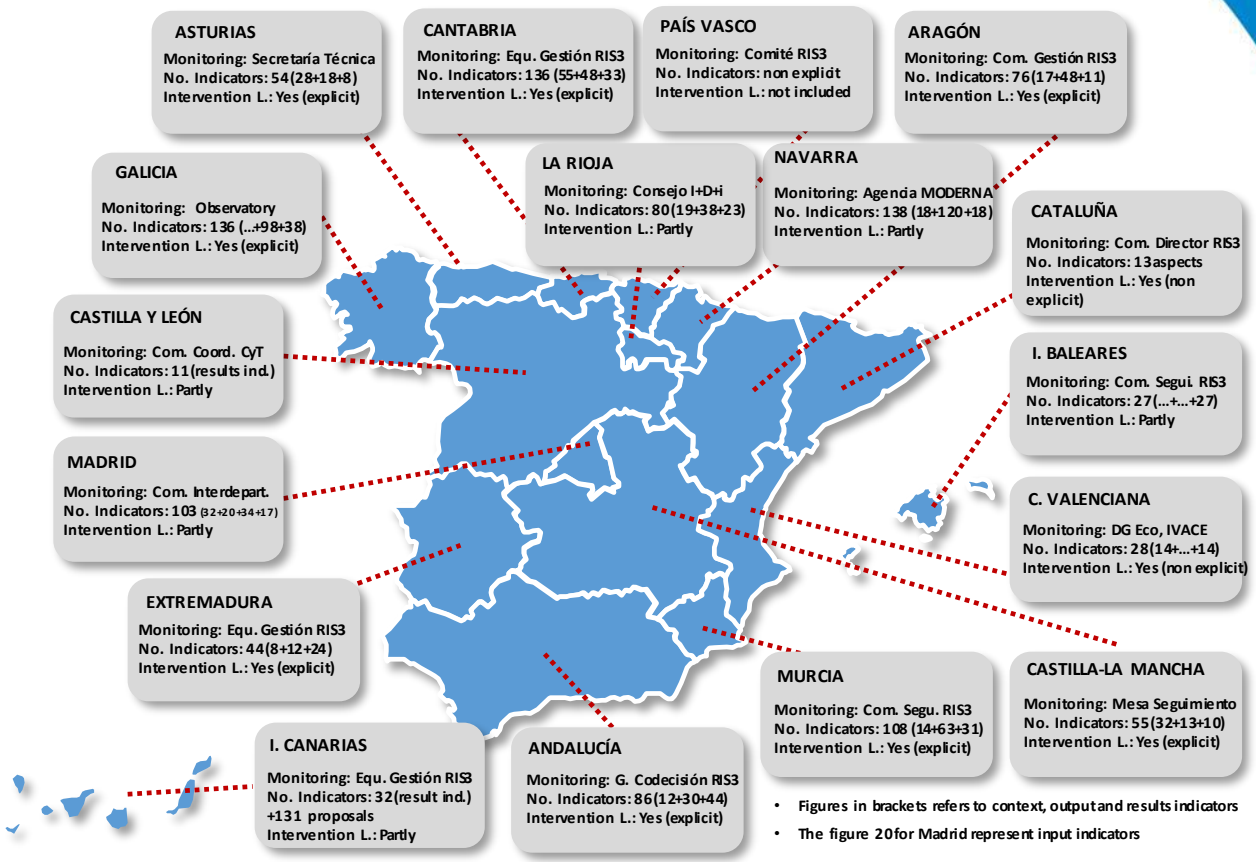
Source: INFYDE 2015. Smart Specialisation for economic change: The case of Spain

RIS3 Governance

New policymaking in a context of Smart Specialisation

Monitoring and evaluation: follow-up and scoreboards…

- **PARTICIPATORY MONITORING SYSTEM:** *stakeholders responsible of gathering, follow-up and improving policies*
- **RIS3 SCOREBOARD:** *indicators structured into input, output and results measures linked to targets and objectives.*
- **INTERVENTION LOGIC:** *policy impacts sequence in order to ensure traceability between measures, their performance and targets achievement.*



Source: INFYDE 2015. Smart Specialisation for economic change: The case of Spain

RIS3 Governance

New policymaking in a context of Smart Specialisation

Some indicative reflections about the Spanish case…

- Spanish RIS3 exercises shown **A LAX PRIORITY SETTING**, that is, a higher number of specialised areas than what each regional economic structure may justify.
- It seems that potential ***lobbies or groups of interest***, as well as the ***risk aversive preferences*** of regional authorities, guides a wider selection of specialisation choices.
- On the contrary, current RIS3 processes included **BETTER METHODOLOGIES** for both identifying and gathering consensus about a limits set of areas of support.
- Even though **ENTREPRENEURIAL DISCOVERIES** are in the core of the strategies (they are the way to achieve the mentioned specialised diversification) there was **NO REAL INTEGRATION** (or at least an operative one) of them.
- **POLICY INSTRUMENTS** ***And measures still*** **LACK ON SPECIFIC** ***(and adapted) approaches*** to cover the specific need of sectors and innovation: they are not only rather horizontal but also quite traditional regarding past periods.
- Although **EVALUATION AND MONITORING** designing efforts have increased considerably, it still ***lacks on a coherent definition*** of indicators as well as a feasible ongoing improvement system.

GOVERNANCE FRAMEWORK: a double approach

"the various ways in which individuals and institutions interact in a process through which interests accommodate and different formal and informal actions of collaboration take place"

Commission on Global Governance (1995)

Two perspectives…

1 SYSTEM PERSPECTIVE

the group of agents and institutions that form the innovation system, as well as its relations

2 PROCESS PERSPECTIVE

the strategy (its definition, implementation and evaluation) that represents the system

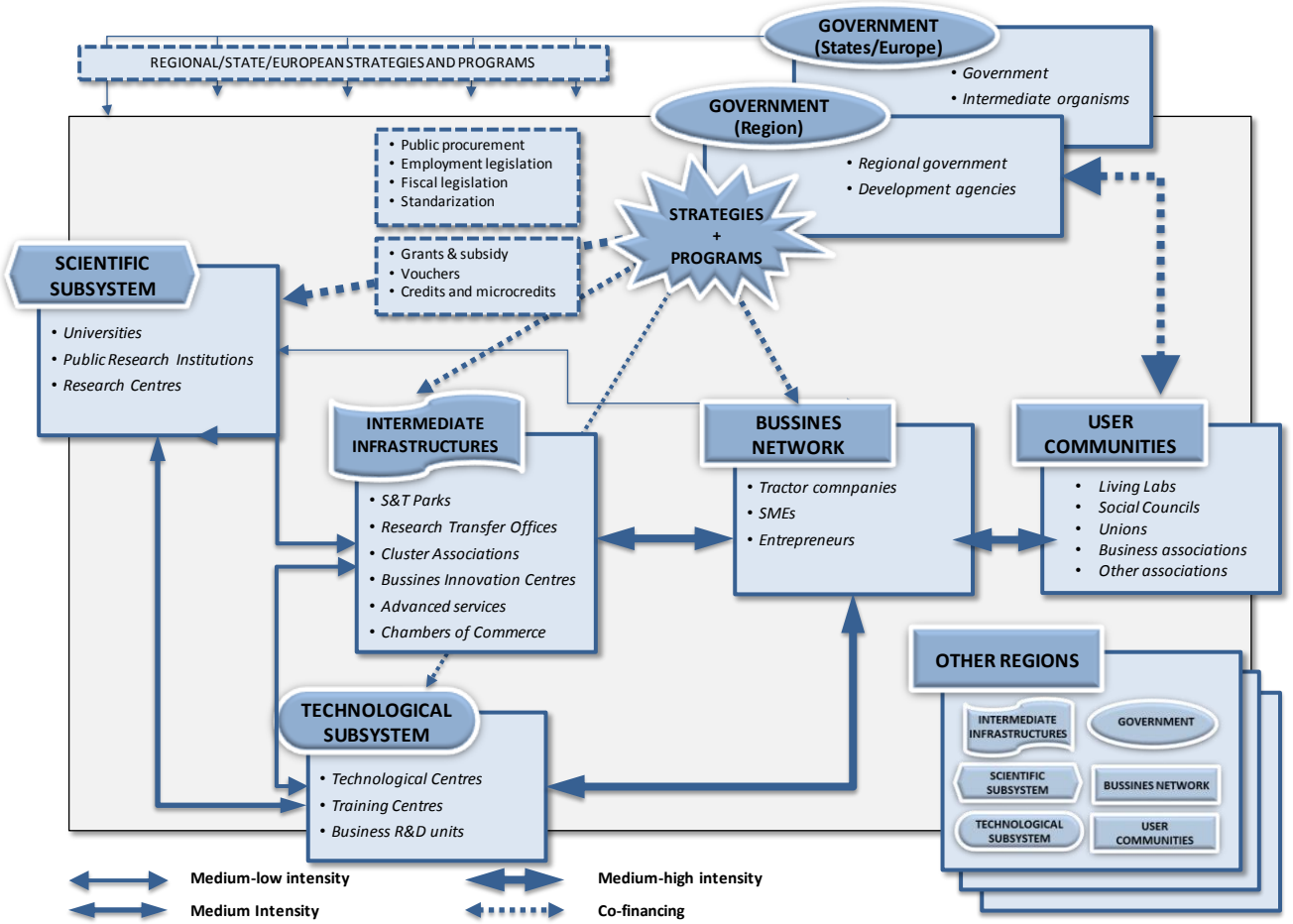
RIS3 Governance

New policymaking in a context of Smart Specialisation

GOVERNANCE FRAMEWORK: A traditional approach (I)

SYSTEM PERSPECTIVE

1



GOVERNANCE FRAMEWORK: A traditional approach (II)

SYSTEM PERSPECTIVE

1

ELEMENTS	IMPLICATIONS FOR THE GOVERNANCE
SUBSYSTEM RESEARCH • *Universities, research Centres, and Public R&D Agents*	➢ *Developers of the basic knowledge that results in key enabling technologies* ➢ *They can be a source of entrepreneurial discoveries.*
TECHNOLOGICAL SUBSYSTEM • *Technology Centres, Training Centres, R&D private units*	➢ *They develop the solutions that respond to the needs of the businesses.* ➢ *Important role as facilitators between the science subsystem and businesses.*
BUSSINES NETWORK • *Tractor companies, SMEs / microSMEs and Entrepreneurs*	➢ *It is the main character in the competitive process, the generator of wealth and employment and the key to link both to the territory in the medium and long term.* ➢ *The key lays in incorporating a greater number of businesses ("hidden innovators") to continuous processes of innovation.*
SUPPORT/INTERFACE STRUCTURES • *S&T parks, Clusters Associations, Advanced Services*	➢ *They are facilitator tools of the relations between subsystems (science-business-administration-users).* ➢ *Their role will depend on the strategic approach of each territory.*
REGIONAL ADMINISTRATION • *Government, Development Agencies*	➢ *It plays an important role in the initial stages of the process helping to overcome the barriers and the fails of the system linked to R&D and innovation*
USER COMMUNITIES AND SOCIETY	➢ *A bigger involvement of the users and society is pursued, with the aim of reducing the time since the generation of knowledge until its commercialisation*

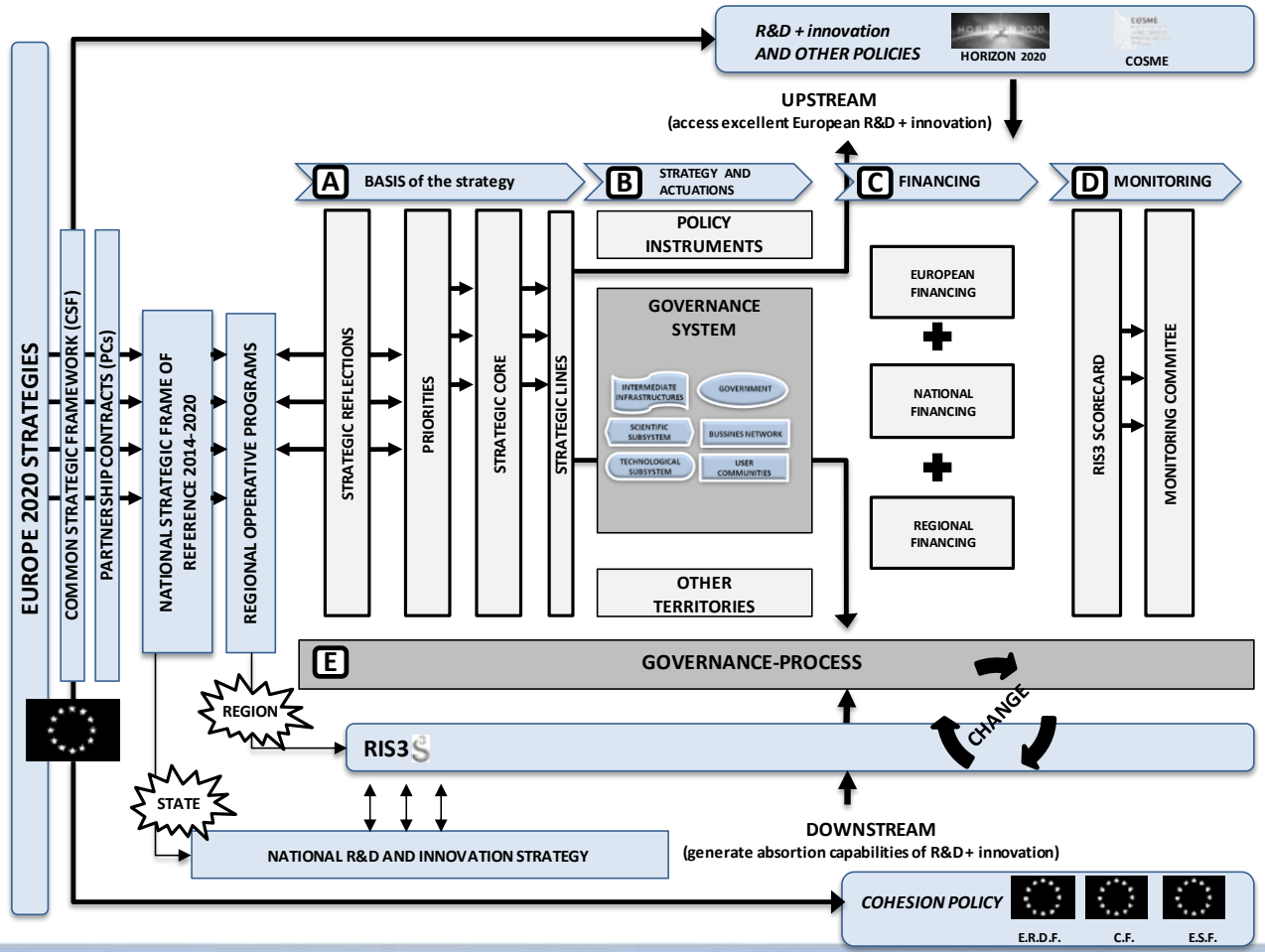
RIS3 Governance

New policymaking in a context of Smart Specialisation

GOVERNANCE FRAMEWORK: A smart specialisation approach (I)

PROCESS PERSPECTIVE

2



GOVERNANCE FRAMEWORK: A smart specialisation approach (II)

PROCESS PERSPECTIVE

2

ELEMENTS	IMPLICATIONS FOR THE GOVERNANCE
REFLECTION AND DEFINITION	**TO DEFINE GOVERNANCE** *is to have an specific, clear and common frame that allows to direct a system through specific actuations towards the objective of maximizing the development of the territory.*
IMPLEMENTATION	**TO IMPLEMENT GOVERNANCE** *with a set of actions that start running the different agents through time to reach shared objectives in the strategy, in form of instruments or specific initiatives.*
MONITORING AND EVALUATION	**TO IMPROVE GOVERNANCE** *in time through a process of revision, critical analysis and actualization of objectives and actions taking into account the what was initially defined and the result after the implementation.*

RIS3 Governance

New policymaking in a context of Smart Specialisation

KEY ASPECTS: challengues and opportunities of a RIS3 governance (I)

RIS3 ELEMENTS	OPORTUNITIES	RISKS
PRIORITIZATION *Election of priorities from a pattern of specialisation*	• To ***prioritize the assignment of resources and efforts*** in limited areas to generate enough critical mass to reach excellence. • The process of priorization of demands in the bussines net facilitates ***the alignment of the regional capabilities of R&D with market opportunities***.	• ***Not all regions find themselves in the same starting point*** in terms of entrepreneur cability wich can result in bigger gaps between regions. • Reach the ***critical mass and enough excellence in R&D in many regions is complicated***. Besides, preferences of one and other environment are not always the same. • The ***intermediate structures*** must play a proactive and compromised role in the strategies.

RIS3 Governance

New policymaking in a context of Smart Specialisation

KEY ASPECTS: challengues and opportunities of a RIS3 governance (I)

RIS3 ELEMENTS	OPORTUNITIES	RISKS
SPECIALISED DIVERSIFICATION *Exploitation of the related variety in each territory*	• To take into consideration the ***horizontality of the specialisation areas*** can contribute to ***drag its benefits to the rest of the economy.*** • A specialisation departing from the possibilities of the ***regional related variety can give place to radical innovations*** and to the "reinvention" of economy.	• ***A high degree of specialisation also involves a bigger weakness*** when it comes to potential crisis, technical changes and product/technology cycles. • ***It is complicated to identify clearly which is the frontier of "related diversity"***. The novelty of this appoach does not offer clear methodologies for it. • Scarce critical entrepreneurial mass, scarce social capital, not much experience by the regional Administration, and ***a unfavorable regional context could make the governance not viable*** if correct measure are not taken.

RIS3 Governance

New policymaking in a context of Smart Specialisation

KEY ASPECTS: challengues and opportunities of a RIS3 governance (II)

RIS3 ELEMENTS	OPORTUNITIES	RISKS
GLOBAL CONTEXT *Consistency of the priorities and the process in the frame of an open economy*	• ***A "global" dimension of the governance*** allows to convert priorities in a consistent specialisation as part of the global context. • To define the specialisation if terms of ***global value chain multiplies the possibilities***.	• Such knowledge typology can only be developed currently by a series of advanced regions. This is why ***the co-inventor regions are going to suffer an unequal trade-off.*** • Smart Specialisation responds in last instance to a competitive reflection where a ***lot of other dimensions of the environment have influence.*** • ***The governance approach in an open economy is not very extended***. This is why they must learn to define the regional strategies in a region-country-European frame.

CONCLUSIONS: recommendations for the process

- The most **important question** might be **how to generate a governance** capable of getting the ***different components of the system involved***, orientating their relations towards ***differentiation***, and allowing ***reinvention through entrepreneurial discovery***.
- The ***different starting*** points between regions, that implies to consider ***different stages in smart specialisation***.
- The governance does not start only from the regional logic but is ***inserted in a global context***: micro-meso-macro and meta level counts

As history has proved, competitive leadership is not only a question of having resources and of exogenous capabilities, BUT MORE A PROCESS OF CONSTRUCTION of the advantage in time, including a system of governance that will allow it.

THANK YOU

FOR YOUR ATTENTION