

# **Green Deal,** **Industrial Policy and Recovery Plan** **through the lens of Smart Specialisation**

Seminar on alternative sustainable mobility opportunities organised by  
the eMOPOLI project

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on behalf of the  
Friends of Smart Specialisation

e-MOPOLI  
Interreg Europe

 European Union  
European Regional  
Development Fund

  
**KAINUUN LIITTO**

SOKOS Valjius and  
Online, 16/11/20

# My talk

1. Setting the scene
2. Friends of Smart Specialisation  
*Mainstreaming smart specialisation at all policy levels!*
3. New EU policies and S3: what just happened
4. Discussion



# Take aways !



- **The Green Deal is a turning point for the future of Europe.** But the present proposals on the Green Deal, the new industrial policy and recovery largely ignore the role of multi-level governance on (place-based) innovation and transformation.
- If the Green Deal is not to suffer the same fate as the Lisbon Strategy, it needs to incorporate both the policy and governance learning available from smart specialisation and combine smart specialisation with the Green Deal as an ambitious but achievable new European growth strategy.

**S3 2.0 or 'S4' is one way of strengthening the regional dimension in the present European transformation strategies**

# About us

- **Friends of Smart Specialisation**

- An initiative from an independent group of experts and practitioners concerned for the future directions of S3
- Started in 2018 by Dimitri Corpakis, Jan Larosse, Richard Tuffs (supported by EFIS, the European Future Innovation System Centre)
- Mailing list of +160 policy experts
- Key activities: policy labs, policy papers, presentations...
- Find more on: <http://www.efiscentre.eu/portfolio-item/friends-of-smart-specialisation>

# FoSS purpose

- The group's goal is to support the **mainstreaming of Smart Specialisation** as an instrument for strengthening the **multi-level European innovation system**.
- Smart Specialisation can play a leading role in European policy development and offers an opportunity to **align innovation policies** at different levels (regional, national, European) to **support systemic transformation** by co-investment.
- Smart Specialisation can therefore support the development of a **common reference framework** for aligning forces to tackle common challenges and create place-based opportunities underpinning EU innovation policy with **targeted investments**.
- See our Mission Statement <http://www.efiscentre.eu/portfolio-item/friends-of-smart-specialisation/>



## *Friends of Smart Specialisation*

### Mission Statement

(July 2019)

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The *Friends of Smart Specialisation* is an informal group of independent innovation policy experts, set up in Brussels in 2018. ¶

The group's goal is to enhance the smart specialisation approach as an instrument for strengthening the multi-level European innovation system. The group therefore aspires to be a resource for policy makers and shapers at all levels. ¶

The following 10 principles are proposed to guide the further work of the group towards mainstreaming smart specialisation in a coherent way. ¶

In the group's view, Smart Specialisation: ¶

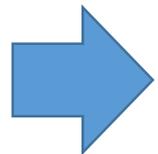
• is a key feature of multi-level governance of innovation and

# The present context is a big political challenge for European regions:

- **Fact 1: Regions are not involved in the governance of the new growth strategy (Green Deal), the New Industrial Policy and the Recovery Plan**
  - *But multi-level governance is a success pre-condition to mobilise all policy levels for the huge investment efforts needed*
- **Fact 2: Smart specialisation is not considered as a core component of the new investment strategy**
  - *But targeting investment and aligning priorities is a success condition for the efficient and effective deployment of these co-investments in new value chains*

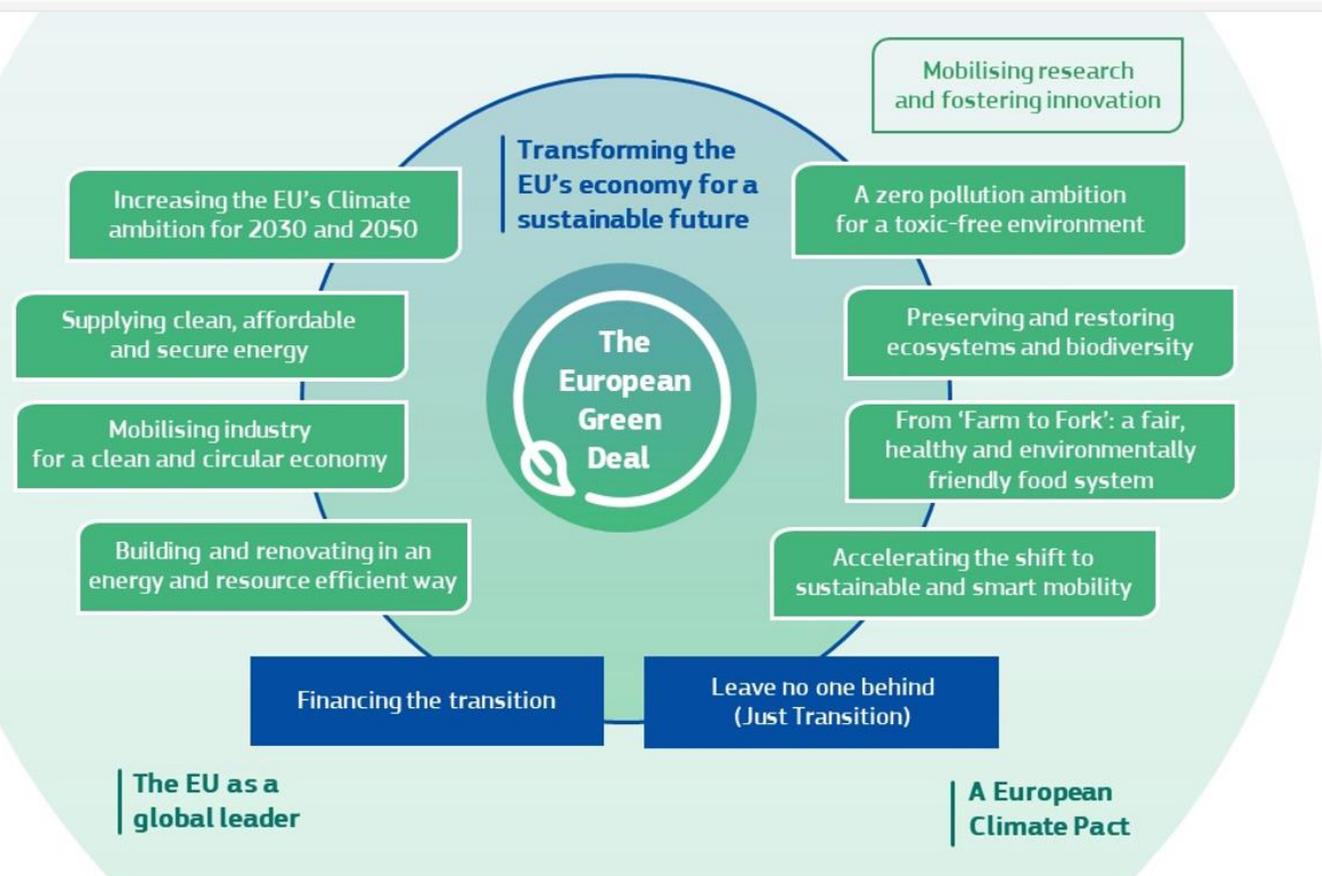
# “Europe’s defining moment”

- **The Green Deal**: a new growth strategy
- **The New Industrial Strategy**: how to implement the twin transition
- **The Recovery and Resilience Facility** (Next Generation EU): the financial mechanism for EU support



*How to connect local investment decisions for innovation and transformation with top-down Europe wide priorities?*

# The European Green Deal - overview



‘...a new growth strategy that aims to **transform** the EU into a fair and prosperous society, with a **modern, resource-efficient and competitive economy** where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use.’

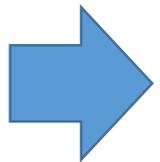
(source: European Commission, COM(2019) 640 final, 11.12.2019)

# The European Green Deal

- **Transforming the EU's economy for a sustainable future**  
New growth with: focus on renewable energy; green and digital transition of industry / circular action plan; renovation wave; sustainable and smart mobility; from farm to fork; reserving bio-diversity; toxic-free environment...
- **Mainstreaming sustainability in all EU policies:**  
Sustainable Europe Investment Plan & Just Transition Fund; greening of national budgets; Horizon Europe with missions and systemic approach; ...
- **The EU as a global leader**  
'green deal diplomacy' (global response; geo-political and strategic autonomy)
- **Time to act-together: a European Climate Pact**  
"It will continue to empower regional and local communities and link to the EU Urban Agenda and the EU Covenant of Mayors."

# EGD / FoSS position - overview

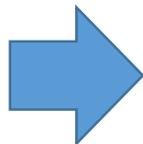
- The matching of Green Deal and smart specialisation strategies can be a winner. A systemic challenge such as the Green Deal needs the mobilisation of all resources, all actors all over Europe.
- Smart specialisation can be the key delivery mechanism for the new growth strategy by combining the directionality of the European Green Deal roadmap and from a bottom up perspective identify new future activities based on the unique characteristics of all places.
- Interregional partnerships will also play a key role in leveraging the alignment of place-based strengths.



*At the moment, the Green Deal has no reference to smart specialisation, But S3 can enhance its implementation.*

# Smart Specialisation has advantages

- S3 is not looking at the comparative advantages of the past but at **competitive positioning in the economy of the future**.
- **S3 can therefore be restyled as smart complementarity** to highlight this interdependency between regions seeking the co-creation of new longer-term 'co-opetition' conditions in the European internal market.
- Smart specialisation **can help to align resources** as effectively as possible based on place-based entrepreneurial opportunities triggered by a shared European vision.
- Smart specialisation **requires tailored policy mixes and policy integration**. It stimulates integration of innovation policy in the broader set of education, training, regulation and infrastructure policies to make it work.



**Smart specialisation can and must engage civic society and build trust in the future**

# A New Industrial Strategy for Europe

## Europe's new industrial strategy

- **“New focus on industrial eco-systems”** ... “new approach for new ways of thinking and working to lead the twin transitions”.
- **“Only a shared commitment from the EU, its Member States and regions, industry, SMEs and all other relevant stakeholders in a renewed partnership will allow Europe to make the most of the industrial transformation.” ... but regions are hardly mentioned**
- *“Europe’s industry must play to its unique features and strengths: its integration across value chains and borders, its diversity, traditions and people.”* ... but no mention of **S3 and Strategic value chains**

## Europe's industry: today and tomorrow

- **A globally competitive and world-leading industry** (“EU must leverage the impact, the size and the integration of its single market to set global standards”; also “localisation as an opportunity to bring more manufacturing back”)
- **An industry that paves the way to climate-neutrality** (“create lead markets in clean technologies”)
- **An industry shaping Europe’s digital future** (“Europe must pool its strengths to do collectively what no one can do alone”)

# A New Industrial Strategy for Europe (2)

## The fundamentals of Europe's industrial transformation

- "SME Strategy for a sustainable and digital Europe", "Launch the Just Transition Platform to offer technical and advisory support for carbon-intensive regions and industries" "Skills Agenda for Europe in 2030", "Digital Innovation Hubs", .....
- "Launch Public Private Partnerships in the Horizon Europe programme"; "Future of the European Research Area"; "Consider scope for coordinated investment by Member States and industry in the form of new IPCEIs and on the possible follow-up to the first IPCEIs on batteries and microelectronics"

## Reinforcing Europe's industrial and strategic autonomy

## Connecting the dots: A partnership approach to governance

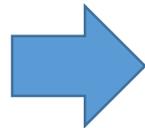
- "The Commission will undertake a thorough screening and analysis of industrial needs and identify ecosystems needing a tailor-made approach."
- "... the Commission will work closely with an inclusive and open Industrial Forum consisting of representatives from industry, including SMEs, big companies, social partners, researchers, as well as Member States and EU institutions" "industrial alliances could be the appropriate tool" **Where are the regions?**

# Unmet potential of S3

- Although regional innovation ecosystems are increasingly seen as a key element in a more place-based industrial policy the full potential of smart specialisation has not been used.
- This is due to:
  - The continuous fragmentation of innovation and transformation policies in the EU between the different policy domains at the regional, national and European level.
  - RIS3 – linked to cohesion and not a wider bandwidth in the Commission
  - Inward-looking S3 strategies at the regional level
  - A lack of regional capacity to develop, implement and monitor S3 strategies as full part of their economic development policies
  - A lack of co-investment – the responsibility of regional policy makers is to make co-investment happen, by committing own resources!

## S3 and industrial strategy: potential win - win

- COVID19 can act as a **transition accelerator** – towards EU strategic autonomy in restructuring global value chains.
- New focus on European **industrial ecosystems** (although reduced to Alliances, formed on the initiative of the EC). **Hence the importance of proximity and the exploitation of place-based advantages and the regional dimension through clusters.**
- Industrial eco-systems must build on **multi-level governance of industrial policy**, given that competences are distributed and that innovation strategies are fragmented. **Smart specialisation enables a decentralised coordination.**



**Need to build on and not ignore 10 years of experience on S3 at the regional level as a governance mechanism to connect European level directionality in objectives with place-based discovery of opportunities.**

# Recovery and Resilience Facility

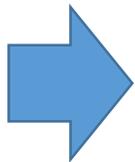
- On Sep. 17, 2020, the European Commission has set out strategic guidance for the implementation of the Recovery and Resilience Facility in its 2021 Annual Sustainable Growth Strategy (ASGS). The Facility is the key recovery instrument at the heart of **NextGenerationEU** which will help the EU emerge stronger and more resilient from the current crisis. The Facility will provide an unprecedented €672.5 billion of loans and grants in frontloaded financial support for the crucial first years of the recovery.
- The publication of the ASGS launched this year's European Semester cycle. In last year's ASGS the Commission launched a new growth strategy based on the European Green Deal and the concept of **competitive sustainability**. This year's ASGS is in full continuity with the previous one.
- **In order to benefit from the Recovery and Resilience Facility, Member States should submit their draft recovery and resilience plans outlining national investment and reform agendas in line with the aforementioned EU policy criteria.** Member States' recovery and resilience plans should address the economic policy challenges set out in the country-specific recommendations of recent years and in particular in the 2019 and 2020 cycles. The plans should also enable Member States to enhance their economic growth potential, job creation and economic and social resilience, and to meet the green and digital transitions.

# Recovery and Resilience Facility (2)

- The Commission presented also the same day **additional guidance** to Member States on **how best to present their recovery and resilience plans**. It introduced the concept of **Flagship Projects**.
- Based on their relevance across Member States, the very large investments required, and their potential to create jobs and growth and reap the benefits from the green and digital transitions, the Commission strongly encourages Member States to include in their plans investment and reforms the following flagship areas:
  - **Power up** – The frontloading of future-proof clean technologies and acceleration of the development and use of renewables.
  - **Renovate** – The improvement of energy efficiency of public and private buildings.
  - **Recharge and Refuel** – The promotion of future-proof clean technologies to accelerate the use of sustainable, accessible and smart transport, charging and refuelling stations and extension of public transport.
  - **Connect** – The fast rollout of rapid broadband services to all regions and households, including fiber and 5G networks.
  - **Modernise** – The digitalisation of public administration and services, including judicial and healthcare systems.
  - **Scale-up** – The increase in European industrial data cloud capacities and the development of the most powerful, cutting edge, and sustainable processors..
  - **Reskill and upskill** – The adaptation of education systems to support digital skills and educational and vocational training for all ages.

# Conclusion: S3 is supporting the Green Deal and the Recovery and Resilience Plan

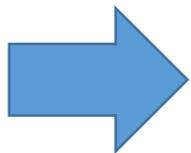
- Smart specialisation is a distinctly **European collaborative approach** because it capitalises on Europe's diversity with 'smart complementarities' (pointing to complementary strengths of dynamic comparative advantage).
- Smart specialisation finds its legitimacy in a **bottom-up** governance process in places. The use of the Entrepreneurial Discovery Process enables a range of regional stakeholders to contribute to priority setting.
- An ambitious new recovery and growth strategy needs an ambitious policy and governance framework that involves regions. This requires administrative and institutional **capacity** at the local and regional level and the **political commitment** of regional leaders that understand the European opportunities.



*What is needed now is a **strategic policy discussion** on the evolving role of smart specialisation, from a cohesion policy instrument to a political component of a multi-level governance process for European transformation (part of the EU Semester).*

# Recommendations for European regions

- **Update S3** with an **outward** looking approach and mission orientation in line with the new European growth strategy.
- Enrich the **methodology** for interregional partnering through the co-developing of joint strategies between leading cluster organisations
- Ensure **political mandate and commitment**, to engage in European partnerships for the Green Deal and industrial transformation.
- ‘Put your money where your mouth is’.



**Towards a leadership approach with a new narrative on the role of multi-level governance in European green and digital transformation through reinvigorated (resilience proofed) S3.**

**This presentation was brought to you**  
**by the Friends of Smart Specialisation**  
*an independent Brussels expert group*

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