



**European Committee  
of the Regions**

**SEDEC-VI-021**

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## **OPINION**

### **Smart Specialisation Strategies (RIS3): impact for regions and inter-regional cooperation**

#### **THE EUROPEAN COMMITTEE OF THE REGIONS**

- considers that RIS3 offer added value to regional and local governments, generating cross-sectoral and interregional joint projects and investments;
- indicates that the participation of all levels of governance that have competences and develop initiatives in the strategy's areas of work must be ensured, and must include the "quadruple helix", stressing the roles of industry, education and research institutions, as well as citizens, although the exact combination of organisations involved will depend on the regional context;
- considers that the regions' smart specialisation choices can also serve to foster certain EU policies. Many regions have chosen cross-cutting, inter-sectoral approaches where European policies are not yet sufficiently structured, restricting their support capacity and their effectiveness;
- calls for a gradual and cautious approach to evaluating S3s, which still represent a recent policy which is complex in design and implementation, and which can only deliver its full effects over a period of years. indicates that it is becoming essential to simplify the regulatory framework and to create functioning interfaces to facilitate interaction between different support schemes. These, in turn, should be accompanied by a clear and understandable explanation of how they intend to achieve and facilitate synergies;
- recommends making urgent provision for appropriate ad hoc financing instruments to foster interregional cooperation. These instruments may take the form of combinations of financing (including blends of grants and loans, and public and private funding at different levels) with the innovative use of funds to support pilot pilots for interregional cooperation networks forging direct contact with industry and having a market impact.

Rapporteur

Mikel Irujo Amezaga (ES/EA), Head of Navarra Delegation in Brussels

## **Opinion of the European Committee of the Regions – Smart Specialisation Strategies (RIS3): impact for regions and inter-regional cooperation**

### **I. POLICY RECOMMENDATIONS**

#### THE EUROPEAN COMMITTEE OF THE REGIONS

1. points out that both the Council and the European Parliament have recognised that the strategies for smart specialisation (RIS3) can serve as powerful instrument to help tackle social challenges and promote innovation, investment and competitiveness based on socio-economic and territorial specificities;
2. signals the importance of the fact that Regulation 1303/2013 has established RIS3 as an ex-ante conditionality and welcomes the fact that the framework for drawing up S3 leaves scope for a regional approach and so opens up the possibility of taking into account regional circumstances;
3. the regions joined S3 because it was a useful method for conducting regional development more effectively and productively. The regions intend to retain this method, based on subsidiarity and a bottom-up approach. Their aim is to safeguard the freedom to choose regional specialisations. The way the S3s are framed must continue to reflect primarily the determination to give impetus to regional development and create local jobs;
4. stresses that the specifications and guidelines for drawing up a strategy for smart specialisation must respect the subsidiarity principle and give the regions enough leeway to be able to respond to specific challenges;

#### **Implementing the Smart Specialisation Strategies (RIS3)**

5. indicates that the participation of all levels of governance - state, regional, subregional and/or local - that have competences and develop initiatives in the strategy's areas of work must be ensured, and must include the "quadruple helix"<sup>1</sup>, stressing the roles of industry, education and research institutions, as well as citizens, although the exact combination of organisations involved will depend on the regional context;
6. considers that RIS3 offer added value to regional and local governments, generating cross-sectoral and interregional joint projects and investments which are particularly beneficial in terms of industrial renewal;
7. points out that implementing the RIS3 must draw in all stakeholders, encouraging them to working together within a shared vision. The process must foster multi-level governance and help to generate creative and social capital within a given territory;

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<sup>1</sup>

This refers to national or regional management authorities and stakeholders, such as universities and other higher education institutions, industry and the social partners as well as citizens engaged in identifying business opportunities.

8. considers that the on-going process of shaping and revising the RIS3 must remain an interactive governance process underpinning the "*entrepreneurial discovery process*", backed by a combination of top-down and bottom-up approaches, in which citizenship, represented via those channels that are deemed appropriate, should also be properly involved;
9. indicates that the requirement to engage in a participatory process stems from point 4.3 of Annex I of Regulation 1303/2013. In spite of this, the participatory process often remains inadequate. Calls therefore on the Commission to encourage relevant stakeholders at national, regional and local level to ensure effective compliance with this legal provision;
10. recalls that in order to implement RIS3 it is also advisable to have political leadership and consensus, and for this reason the active participation of all or most representative political forces, and of social actors or civil society, is recommended;
11. considers that RIS3 should not be restricted to matters of research, innovation and business development. In keeping with the New Skills Agenda for Europe, it must also address the development of new skills, education and training for all citizens, especially young people, workers and the unemployed. Likewise, considers it important to promote training and development programmes, especially in regions with a lack of experience in this area, highlighting success stories in different sectors which could be used as points of reference for other regions, and calling for the adoption of measures to facilitate cooperation between innovative regions and those that are less developed;
12. considers that the regions' smart specialisation choices can also serve to foster certain EU policies. Many regions, for example, have chosen to build smart specialisations around maritime aspects, using cross-cutting, inter-sectoral approaches where European policies are not yet sufficiently structured, restricting their support capacity and their effectiveness;
13. underlines that the prioritisation of sectors where regions have comparative advantages should be aligned with the objectives inherent to the Lisbon strategy (training for young people and access to employment, equality between women and men, investment in higher education and research, support for SME innovation in all sectors of the regional economy, support for social and ecological innovation, etc.) being dropped. It is crucial that European policies be able to continue supporting these objectives underpinning the Lisbon strategy, while strengthening the position of S3s. Although significant advances have been achieved in this area, progress still needs to be made in order to achieve these objectives across all regions of Europe;
14. highlights the role of specialisation and innovation strategies in the sustainable development of rural areas, and stresses the importance of training to allow the potential or capacity of local communities and values to be identified and harnessed;
15. indicates that, according to the above-mentioned regulations, RIS3 must contain a "monitoring mechanism" which should be capable of identifying and monitoring planned changes in each RIS3 priority by means of proper selection of result indicators and should encourage the exchange of best practices; emphasises the importance of focusing on monitoring and evaluation. An indicative, flexible common framework should therefore be put in place that is

capable of identifying and monitoring planned changes in each RIS3 priority, and which helps regions to develop their own monitoring mechanisms and customised indicators, taking into account their situation and needs. The monitoring mechanism will enable the regions to continuously develop their strategy based on evidence. It will depend essentially on the nature of the particular RIS3, so it should be defined as part of the process of framing the strategy. Bearing this last point in mind, suggests, in this regard, that a specific multi-fund financial allocation could be envisaged to support a flexible, integrated implementation process that would apply to all players and would also cover the analysis, monitoring, assessment and follow-up phases;

16. also believes that RIS3 should not be limited to innovation and research, but rather that its scope should be widened so that in the future it can be converted into a more integrated regional development strategy, which includes other aspects such as education and training;
17. notes the current situation and proposes the creation of a common indicative monitoring framework that will act as a reference for each of the regions so they can develop their own monitoring frameworks, taking account of regions' characteristics, as well as enabling regions to use their own evaluation and monitoring arrangements;
18. acknowledges the efforts made by the S3 Platform in terms of technical assistance and provision of instruments, although a common indicative framework would encourage greater coherence in the implementation and monitoring of RIS3;
19. calls for a gradual and cautious approach to evaluating S3s, which still represent a recent policy which is complex in design and implementation, and which can only deliver its full effects over a period of years. The first indicator of success must remain effective prioritisation and local mobilisation, and the regions must be closely involved in defining and steering evaluation mechanisms;
20. calls on the Commission to publish the conditions for drawing up the strategies in good time before the next programming period. Presenting "guidance" after the beginning of the programming period, as in the case of the current ex-ante conditionalities, is unworkable for implementing bodies;
21. recommends close coordination with the monitoring of regional ERDF OPs, wherever such OPs play a significant part in implementing the R&I strategy, and with the use of harmonised regional criteria developed in this regard– while taking full account of specific regional features – which according to the European Commission<sup>2</sup> can be divided into "resource indicators", "output indicators" and "result indicators" (qualitative and quantitative);
22. places particular emphasis on the potential of higher education institutions (HEI), other educational institutions, Research and Technology Organisations (RTOs) and Industries, in particular small start-ups and SMEs, in framing and implementing RIS3. HEIs link up the parts

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<sup>2</sup>

For example, *Guidance document on monitoring and evaluation - European Regional Development Fund and Cohesion Fund*, European Commission, 2014.

of the "knowledge triangle" (research, education and innovation), and are particularly suited to supporting the build-up of regional innovation capacity. Regional governments should therefore encourage higher education institutions to actively take up their role in the RIS3 process. A balance must be sought here between, on the one hand, opening up higher education institutions to market requirements and, on the other, education in its own right and (basic) research for the innovations of tomorrow. We consider that to this end, it is essential for HEIs to be accessible to all, help to raise the level of education and training which are crucial to a knowledge society geared towards creativity, and meet the needs of the labour market, as regards both business and other employers;

23. recommends that, whenever possible, RIS3 strategies should provide for setting up flexible, external organisations or structures to support governments, especially those with limited resources, in building the capacities of local and regional authorities. Views the support and external evaluations (in support of peer reviews and visits by experts) carried out by the S3 Platform to be extremely useful, but insufficient, believing that each local and regional authority must be enabled to build its internal regional capacities, including RIS3 implementation, monitoring and follow-up mechanisms;
24. stresses that in the development and implementation of the RIS3, as elsewhere, there must be a proper balance between the effort invested and the benefits reaped. On the whole, all options must be used to avoid RIS3 giving rise to new administrative burdens;
25. points out that RIS3 must be designed to be sufficiently flexible throughout the relevant Structural Fund period. They must not prejudice any new developments, smart diversification or disruptive innovations in the regions. In particular, RIS3 must not restrict private-sector economic activities – of start-ups, for example – in the regions concerned;

### **Synergies between the European Structural and Investment Funds and other programmes**

26. points out that the foundation on which the RIS3 are based goes further than efficient use of the Structural Funds, the aim being to generate synergies between regional innovation and development policies and financial instruments, in order to prevent duplication;
27. points out that promoting synergies between the European Structural and Investment Funds (ESIFs) and Horizon 2020 is of the priorities for the 2014-2020 period. This process is however being hampered by its regulatory complexity. The search for synergies must also extend to other EU policies and the relevant intervention mechanisms;
28. draws attention to the value of such an approach, which should also seek to step up support for SMEs, their individual projects and collective initiatives, as well as for start-ups;
29. indicates that it is becoming essential to simplify the regulatory framework and to create functioning interfaces to facilitate interaction between different support schemes. These, in turn, should be accompanied by a clear and understandable explanation of how they intend to achieve and facilitate synergies;

30. considers it important to encourage training programmes, especially in regions with limited experience in this area, highlighting sectoral success stories that can be used as benchmarks for other regions;
31. points out that an important factor in ensuring the successful creation of synergies is promoting communication and cooperation between stakeholders who are familiar with the different funding instruments (Structural Funds and Horizon 2020) but still have little knowledge of each other's respective sectors; this applies to both regional and European level; calls on the Commission and regions to support and promote an exchange among these groups;
32. recalls that much of any success will depend on smooth links between the different levels of governance - EU, state, regional and, where appropriate, local - and on coordination between the management authorities and the national contact points, amongst others;
33. regrets that incomplete harmonisation between the regulatory framework of aid that is directly managed by the Commission (Horizon 2020) and indirectly managed aid (ESIFs), which is subject to constraints on state aid, remains a significant obstacle when it comes to exploiting the synergies between them. Calls for the recommendations of the recent study commissioned by the European Parliament in this respect<sup>3</sup> to be applied;

#### **Rationalising European Commission initiatives**

34. again recognises the major task performed by the S3 Platform, while detecting a multiplicity of initiatives from the European Commission that gives rise to confusion, unawareness and lack of coordination between regions;
35. considers it necessary to analyse the synergies between the various instruments, initiatives, tools and support bodies, such as the Smart Specialisation Platform, the European Cluster Observatory, European innovation associations, the European strategy forum, key enabling technologies (KET) initiatives, research infrastructures and many others;
36. urges the Commission to guarantee greater consistency in how initiatives are understood and implemented, especially with regard to smaller regions or those with less administrative capacity;
37. calls for clarification in order to clearly identify the thematic areas where the Commission might intend to adopt significant measures aimed at developing a comprehensive approach to the value chain in a given sector at European level, drawing inspiration from successful examples, in key areas relevant to the maximum possible number of Member States/regions, where it should focus on a networking, support and management approach that builds on the S3s;
38. recommends that the EU clarify the impact of smart specialisation strategies on other EU guidance mechanisms and on the parties involved, that its communication be improved, and that

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<sup>3</sup> *Maximisation of synergies between European Structural and Investment Funds and other EU instruments to attain Europe 2020 Goals*, European Parliament, Directorate General for Internal Policies, June 2016, IP/B/REG/IC/2015-131.

an "atlas of EU initiatives, tools and projects" on RIS3-related questions be drawn up, modelled on the European Commission's e-justice portal, which aims to "make your life easier" by providing multilingual information;

39. also recommends building up a knowledge community also taking into account the work of the OECD, the S3 Platform and a wide range of academics to provide professional training for RIS3 experts;

### **Facilitating interregional cooperation and creation of value chains**

40. emphasises that creating critical mass at territorial level is essential if the EU and its industries are to be competitive on a global scale. Considers that the local and regional authorities are the appropriate location for addressing innovative ecosystems, forging the necessary links between EU policies, industry, research centres, higher education institutions and citizens;
41. points out that, based on the priorities identified in the RIS3, interregional cooperation should be developed as this will enable value chains to be created throughout the EU;
42. is convinced that interregional cooperation will generate synergies between economic activities and resources that have already been defined in the regions in such a way as to better harness potential and prevent duplication in investment, by using structural funds;
43. considers that it is crucial to have sufficient information and coordination capacity, the ideal outcome of which would be a fully-fledged, coherent system of complementarities, removing inefficiencies arising from duplication and simple imitation;
44. welcomes the various initiatives by the European Commission in this regard, such as the thematic platforms, although it believes that these initiatives should be accompanied from the outset by well-defined financial instruments and objectives, eliminating the risk of uncertainty among participants and preventing duplication with other initiatives or programmes such as KIC, ERA-NET, COSME cluster programmes, Interreg Europe projects, etc.;
45. is critical of the fact that the major financial instruments leave aside smaller-scale projects and remain – despite the significant amounts made available particularly under the EFSIs – insufficient to enable SMEs to overcome market failures and to facilitate access to credit and risk financing; Very often it is the degree of complexity, time-consuming procedures in preparing, executing and closing a mega project and the low technology readiness levels (far from any visible return on investment) that inhibit smaller actors from being engaged;



46. stresses the importance of developing the European Commission's thematic platforms and especially the opportunity they provide to foster collaboration between regional stakeholders. Likewise notes that the above interregional cooperation platforms have proved crucial for implementation, maximising economic growth and market potential especially in terms of industry led innovation. Therefore, considers that it should be possible for those regions that so wish to plan how certain specialisations are to be organised at interregional level:
- within single countries
  - within cross-border groupings
  - in the outermost regions
  - along a coastline or mountain range
  - within a European network of which are not geographically contiguous (e.g. the cultural and creative industries, services linked to demographic challenges, or the Vanguard initiative);
47. considers that RIS3 should encourage the regions to work together to develop international cooperation between clusters at sector level or in shared market segments that would help strengthen the international value chains mentioned above. The role that clusters can play as bridges between actors both within and outside the regions and as channels for business support to SMEs must be reflected in EU policies;
48. regrets that the current regulatory framework for the interregional and transnational deployment of EU Structural and Investment Funds is not used in satisfactory measure by national and regional authorities. This also applies to the implementation of operations outside the zone covered by the programme, which are hardly ever put into practice;
49. points out that according to numerous studies, there are substantial barriers that hinder the use of EU Structural and Investment Funds for interregional and transnational cooperation, such as lack of resources or administrative capacity, absence of examples of best practice, uncertainty about how to carry it out, lack of a reference and methodological framework, vagueness about objectives, asymmetric levels of political competence, regulatory barriers and the absence of a financial framework to facilitate such work;
50. considers therefore that the current regulatory framework constrains interregional cooperation rather than fostering it. Calls to this effect on the European Commission to support the work of the networks of ERDF and ESF managing authorities with tangible assistance, for example in the exchange of information and removing uncertainties about the admissibility of planned measures in specific individual cases, and to refrain from any restrictive interpretation of the existing regulatory framework. Recognises, however, that some substantial barriers are not due to the insufficiency of current regulation but to a lack of administrative capacity and asymmetric levels of political/administrative/scientific competences;

### **New regulatory and financial framework**

51. believes that regional S3s should be taken into account effectively in all European policies, including when implementing cohesion policy and not only when implementing the ERDF;

52. considers that seeking to launch new policies, using the same regulatory and financial framework, may prove problematic, and therefore considers that programmes should be allowed some flexibility so that they are able to launch new policies with greater versatility;
53. is of the view that in order to build up cooperation focusing on RIS3, the regions need a simple tool enabling them to take real account of the costs of networking and not only of jointly-financed operational projects;
54. rejects any attempts to re-nationalise cohesion policy beyond 2020 since it remains a cornerstone for promoting smart specialisation strategies in all regions in the EU and it would endanger the positive developments already set in place in many at local and regional level in the current funding period;
55. consequently recommends:
  - reform of the current regulatory framework, before the end of the 2014-2020 period, giving new impetus both to synergies between the European Structural and Investment Funds and programmes and to interregional cooperation. This reform must require simplification and greater flexibility in the management of the European Structural and Investment Funds, by applying simplified justification methods based for example on achievement of objectives, use of unit costs and other measures better suited to the efficient application of funds to smart specialisation;
  - strengthening the S3 objectives on inclusive and sustainable growth and job creation;
  - an indicative, flexible common framework in the form of a recommendation, on the RIS3, filling the current gap and the lack of coordination in the design, drafting, implementation, monitoring and follow-up of RIS3. Based on the principle of subsidiarity, the document must be flexible, living and open-ended, leaving room for the arrival of new specialisation niches that did not previously exist;
  - making urgent provision for appropriate ad hoc financing instruments to foster interregional cooperation. These instruments may take the form of combinations of financing (including blends of grants and loans, and public and private funding at different levels) with the innovative use of funds to support pilot pilots for interregional cooperation networks forging direct contact with industry and having a market impact;
  - in the future, Horizon 2020 should propose a territorial approach linking European research and innovation policy to RIS3, although it is also worth noting that Horizon 2020 should continue to be guided by the principle of excellence;
  - this territorial approach must take account of the difficulties facing some regions, such as the outermost regions, in acting as project partners due to their distance from economic and technological centres;
  - learning lessons from the pilot projects carried out by DG Regio with lagging regions, in order to effectively support these regions in reducing the innovation gap in the EU;
  - carrying out a thorough ex-ante territorial impact assessment on the integration of the smart specialisation strategy into a range of EU policies, such as research (FP9), industrial policy and future cohesion policy;

- urgent allocation of resources to Interreg Europe, with which the regions are already familiar, will for the coming years be the best-suited tool for supporting RIS3-related networking;
- implementation of the Juncker plan should facilitate the introduction of regional platforms to support project design and financing so that the EFSIs can provide practical assistance to the RIS3. In order to ensure responsible project selection, the stakeholders involved in project assessment must receive comprehensive information about the necessary support for, and the concerns of, local and regional authorities. Stepping up regional-level technical assistance under EFSI is an absolute priority;
- the participation of the European Committee of the Regions in the work of the high level group on maximizing the impact of EU research and innovation programmes;

56. recommends that the European Commission set up a working group with the active involvement of the European Committee of the Regions, addressing all aspects that can provide the above-mentioned RIS3 ex-ante conditionality with greater precision and with objectives and instruments.

Brussels, 22 March 2017

The President  
of the European Committee of the Regions

Markku Markkula

The Secretary-General  
of the European Committee of the Regions

Jiří Buriánek

## II. PROCEDURE

<b>Title</b>	Smart Specialisation Strategies (RIS3): impact for regions and inter-regional cooperation
<b>Reference(s)</b>	
<b>Legal basis</b>	
<b>Procedural basis</b>	Consultation Rule 41(b)(ii) of RoP
<b>Date of Council/EP referral/Date of Commission letter</b>	
<b>Date of Bureau/President's decision</b>	10 October 2016 - Bureau decision
<b>Commission responsible</b>	Commission for Social Policy, Education, Employment, Research and Culture (SEDEC)
<b>Rapporteur</b>	Mikel Irujo Amezaga
<b>Analysis</b>	
<b>Discussed in commission</b>	31 January 2017
<b>Date adopted by commission</b>	31 January 2017
<b>Result of the vote in commission (majority, unanimity)</b>	majority
<b>Date adopted in plenary</b>	22 March 2017
<b>Previous Committee opinions</b>	
<b>Date of subsidiarity monitoring consultation</b>	N/A