

PART I: THE POLICY CONTEXT OF SMART SPECIALISATION

Europe is facing major economic challenges that require an ambitious economic policy for the 21st century. The EU has set out its vision for Europe's social market economy in the *Europe 2020 strategy*,² which aims at confronting our structural weaknesses through progress in three mutually reinforcing priorities:

- smart growth, based on knowledge and innovation;
- sustainable growth, promoting a more resource efficient, greener and competitive economy;
- inclusive growth, fostering a high employment economy delivering economic, social and territorial cohesion.

Investing more in research, innovation and entrepreneurship is at the heart of Europe 2020 and a crucial part of Europe's response to the economic crisis. So is having a strategic and integrated approach to innovation that maximises European, national and regional research and innovation potential.

As José Manuel Barroso highlighted in his preface to the Europe 2020 strategy, '*Europe needs to get back on track. Then it must stay on track. That is the purpose of Europe 2020. It's about more jobs and better lives. It shows how Europe has the capability to deliver smart, sustainable and inclusive growth, to find the path to create new jobs and to offer a sense of direction to our societies*'³.

That is why as part of the Europe 2020 strategy, the Commission adopted the 'Innovation Union'⁴ flagship initiative. It sets out a comprehensive innovation strategy to enhance Europe's capacity to deliver smart, sustainable and inclusive growth and highlights the concept of smart specialisation as a way to achieve these goals. The 'Digital Agenda for Europe'⁵ flagship initiative is also part of Europe 2020 and aims to deliver sustainable economic growth and social benefits from Information and Communication Technologies (ICT). The Digital Agenda for Europe initiative is therefore relevant to all regions and cities, as it focuses on a key element for the design of smart specialisation strategies.

The concept of smart specialisation has also been promoted by the Communication 'Regional Policy contributing to smart growth in Europe 2020'.⁶ In this document the Commission encourages the design of national/regional research and innovation strategies for smart specialisation as a means to deliver a more targeted Structural Fund support and a strategic and integrated approach to harness the potential for smart growth and the knowledge economy in all regions.

² http://ec.europa.eu/europe2020/index_en.htm

³ See previous footnote.

⁴ http://ec.europa.eu/research/innovation-union/index_en.cfm

⁵ http://ec.europa.eu/information_society/digital-agenda/

⁶ http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/comm_en.htm

Smart specialisation has also been strongly advocated by the Synergies Expert Group established by the Commission's Directorate-General for Research and Innovation. It argues that the concept is an important instrument for ensuring synergies between Horizon 2020⁷ and the Structural Funds in the interest of capacity building and providing a stairway to excellence.

In the context of Europe 2020, smart specialisation emerges therefore as a key element for place-based innovation policies, and can be defined as presented in *Box 1* below. This definition will be further developed in the rest of this guide.

Box 1 – Definition of RIS3

National/regional research and innovation strategies for smart specialisation (RIS3) are integrated, place-based economic transformation agendas that do five important things

- They focus policy support and investments on key national/regional priorities, challenges and needs for knowledge-based development, including ICT-related measures;
- They build on each country's/region's strengths, competitive advantages and potential for excellence;
- They support technological as well as practice-based innovation and aim to stimulate private sector investment;
- They get stakeholders fully involved and encourage innovation and experimentation;
- They are evidence-based and include sound monitoring and evaluation systems.

The RIS3 approach is relevant to all three priorities of Europe 2020 i.e. smart, sustainable and inclusive growth. First of all, smart specialisation matters for the future of Europe because the development of an economy based on knowledge and innovation remains a fundamental challenge for the EU as a whole. Secondly, smart specialisation is relevant to achieve sustainable growth, as an important innovation effort and considerable investment is required to shift towards a resource-efficient and low carbon economy, offering opportunities in domestic and global markets. Finally, smart specialisation contributes to inclusive growth between and within regions by strengthening territorial cohesion and by managing structural change, creating economic opportunity and investing in skills development, better jobs and social innovation.

This embedded role of smart specialisation in the Europe 2020 policy framework has been highlighted by the Council of the EU in its conclusions on the Innovation Union. The Council underlined *'the concept of 'smart specialisation', with each region building on its own strengths, to guide priority-setting in national and regional innovation strategies, as well as cross-border cooperation where appropriate'* and invited the Commission *'to advise Member States on*

⁷ http://ec.europa.eu/research/horizon2020/index_en.cfm?pg=h2020-documents