

# From S3 to S4+

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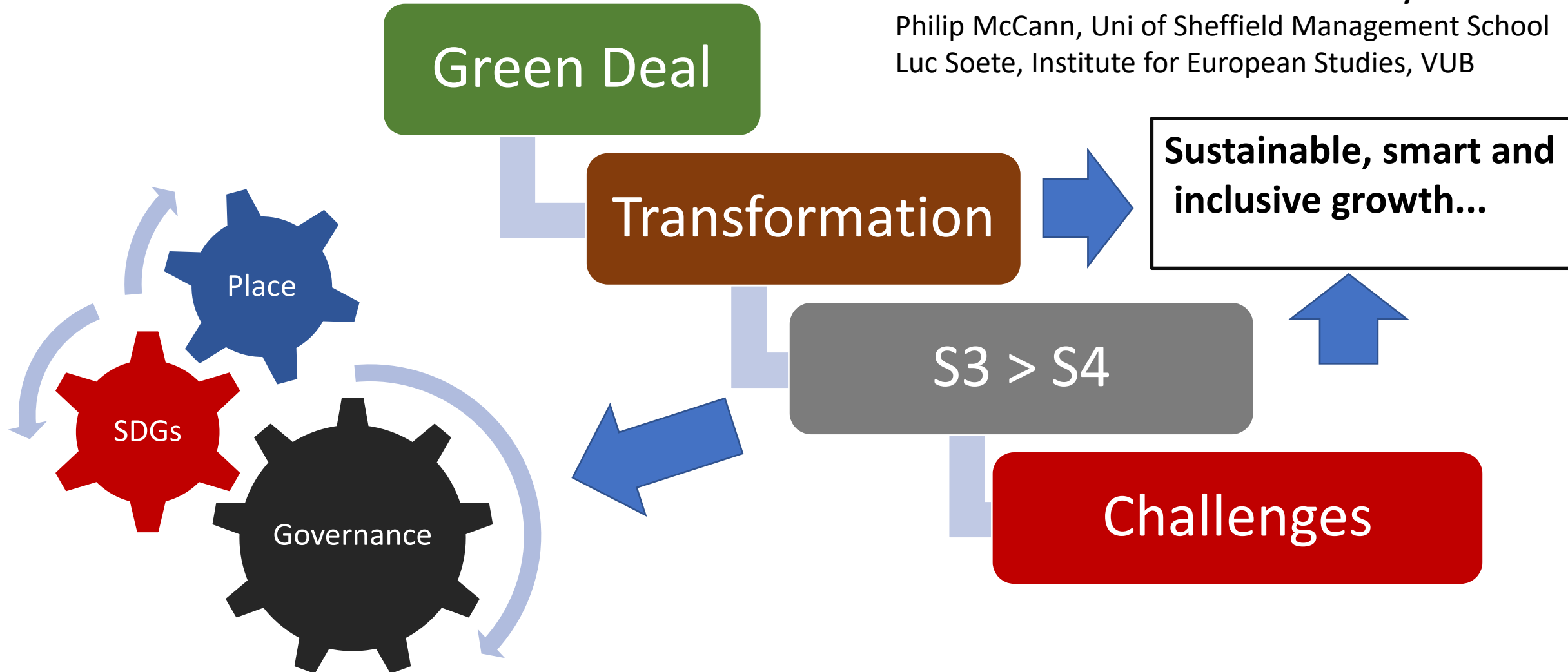
*Friends of Smart Specialisation (FoSS)*

*Online Discussion*

*25<sup>th</sup> May 2021*

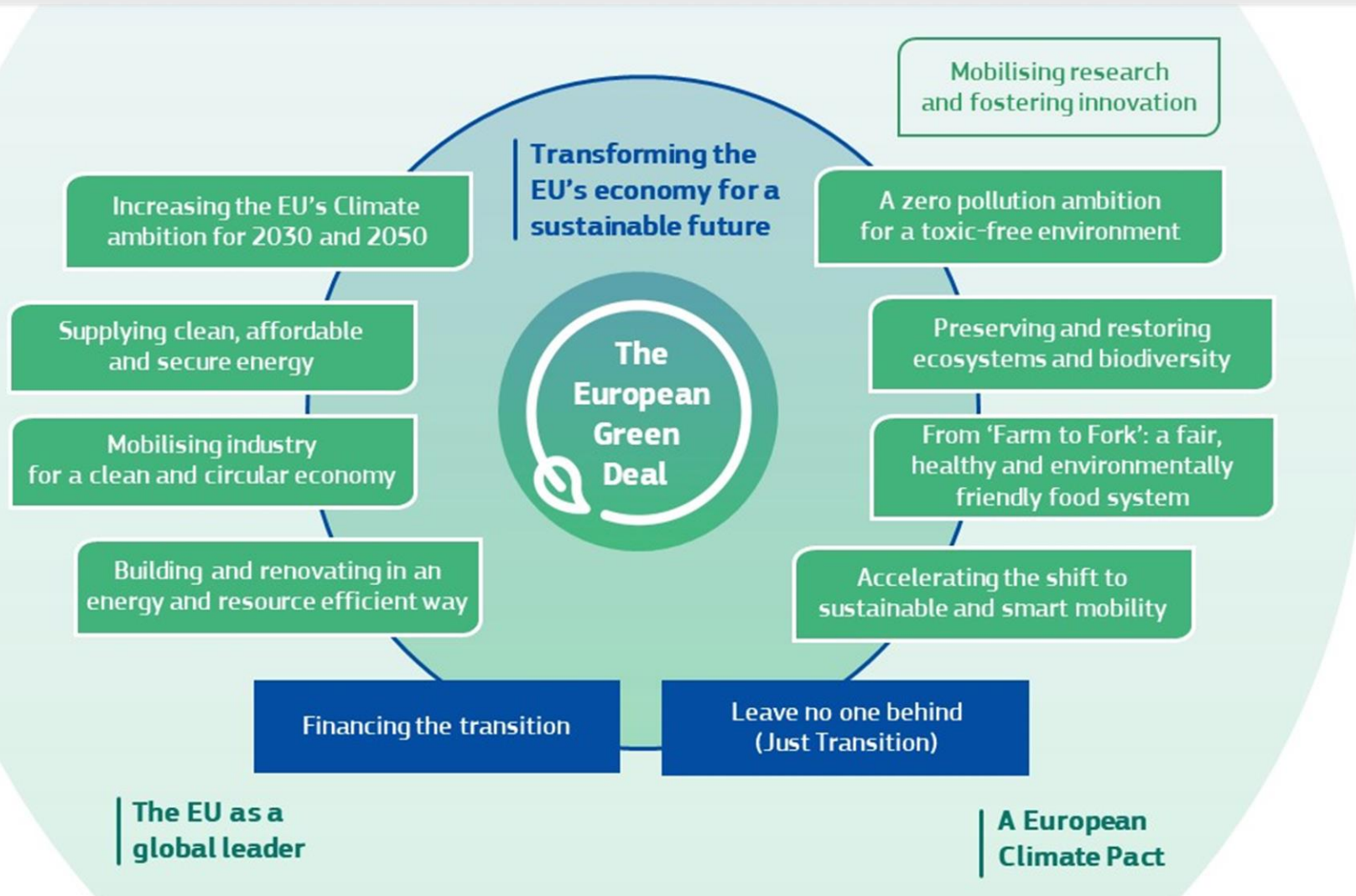


# Overview



For the Green Deal to be embraced locally throughout Europe it will be essential to engage all cities and regions across the EU.  
**Place-based innovation for sustainability**  
Philip McCann, Uni of Sheffield Management School  
Luc Soete, Institute for European Studies, VUB

# EU 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.’

**‘The EU Green Deal is the S3 for the EU today’**

Mikel Landabaso,  
JRC Seville, 22<sup>nd</sup> June 2020

# Green Deal – implications (McCann and Soete)

- First: re-arranging of priorities, **making sustainable development as the overriding strategic priority**: the opportunity for Europe to position itself globally and locally as green specialisation area through innovation.
- Second and more specifically at the governance level, the new EGD strategy raises several crucial **multi-level governance challenges**. Players who were not really at the centre of the European integration process such as regions; or totally absent, such as cities and communities *are now likely to play a crucial role*.
- Third, how to detect and **overcome possible trade-offs** involved in prioritizing such a green development strategy compared to the more traditional objective of smart growth as put forward in the previous EU strategies.

# R&I towards sustainability

- The new European Green Deal narrative represents in many ways the final recognition that the focus in research and innovation policy should no longer be on the research and innovation process as such but on the achievement of the required transformative change, where innovative solutions can accelerate the shift towards sustainability.

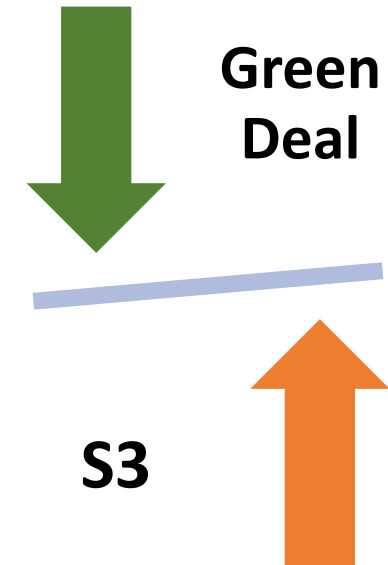


# Place-based approach

- In a place-based approach, innovation policy should combine the diversity of smart specialisation strategies with the transformative potential of local mission-oriented innovation policy. It fits within the broader need for a new approach to European innovation policy: one based on an internally driven “green deal” process based on place-based innovation.

# Multi-level governance

- The new Green Deal will have to involve a multi-level governance framework with clear responsibilities for different governance layers between European, national and regional/local policy making.
- Subsidiarity:
  - **Top down directionality:** EC should take more direct responsibility in designing and implementing policies raising the level-playing field;
  - **Bottom up implementation:** Local authorities confronted with different regional environmental challenges have learned from their own smart specialisation strategies how to motivate, induce and coordinate entrepreneurship (EDP) and learn from other regions confronted with similar challenges.



# From S3 to S4

- **Implementation:** the regional and local level (regions, cities, communities) play a significant role for an effective implementation of the European Green Deal based on what could be called regional **“smart specialisation strategies for sustainability”**.
- **Based on learning:** strategies based on local policy initiatives confronted with different regional environmental challenges which have **learned from their own smart specialisation strategies how to motivate, induce and coordinate entrepreneurship** and learn from other regions confronted with similar challenges.



# Trade-offs and challenges



- **Lisbon Strategy (2000)**
  - Job creation and skill adjustment characteristics linked to the diffusion and use of new digital technologies (the so-called “new economy”) to reduce productivity gap with the US...
- **Green Deal (2020)**
  - Sustainable, smart and inclusive growth...

# Smart and inclusive

## Smart

### Europe's new industrial strategy

- New focus on **14 industrial eco-systems...**
- Globally competitive and paving way to **climate neutrality...**
- SME Strategy, Just Transition Platform, Skills Agenda for Europe in 2030, Digital Innovation Hubs, PPPs, IPCEIs (batteries, microelectronics)
- **Reinforcing Europe's industrial and strategic autonomy**
- **Joining the dots: a partnership approach to governance**
- **Industrial Forums, Industrial Alliances (batteries, hydrogen, raw materials)**

## Inclusive

- **European Pillar of Social Rights Action Plan**
- the target for 2030 of an **employment rate of at least 78%**, which implies at least halving the gender employment gap;
- **investment in skills, lifelong learning and training** - at least 60% of Europeans participating annually in training and promoting access to basic digital skills for at least 80% of people aged 16-74...
- **adequate social inclusion and social protection policies** to, by 2030, reduce the number of people living in poverty or social exclusion by at least 15 million (compared to 2019 figures), including 5 million children...



# Cohesion Policy

## €377.8 billion

- For the Green Deal to be embraced locally throughout Europe it will be essential to engage all cities and regions across the EU.
- Cohesion Policy (CP) is key:
  1. the S3 Smart Specialisation agenda of Cohesion Policy has already led to the building of innovation-led and entrepreneurial-led capabilities at local, city and regional scales which can serve as a **platform** on which movements towards the Green Deal can be built.
  2. the financial means of CP means that incentives can be better structured to make this bottom-up driven process meaningful across local actors, stakeholders and places.
  3. Cohesion Policy has as a primary focus the goal of enhancing the prosperity and viability of economically weaker and less resilient regions...



*“The Just Transition Fund will actively support the changes leading to a thriving and socially fair climate-neutral economy. The JTF is a crucial instrument for the delivery of the European Green Deal. It is also at the heart of cohesion policy's mission to make sure that no one is left behind, while we progress towards a greener and more competitive Europe.”*

*Commissioner Ferreira*

# Recovery and Resilience Facility

- The EC has proposed the **‘Recovery and Resilience’ Facility** (proposed €672.5 billion) within the proposed European Recovery Instrument ‘Next Generation EU’, proposed budget €750 billion. The RRF will be €312.5 billion in grants and up to €360 billion in loans.
- **This Facility is ‘voluntary’ but it puts national reform plans centre stage.**
- The grant support is **linked to the successful implementation of policies.**
- The Member States will formulate their priorities in a draft Recovery and Resilience Plan taking into account the findings of the European Semester, as well as **national energy and climate plans** and **Just Transition** plans. The support is disbursed on completion of milestones.

## Plan de relance : le Portugal, premier pays à soumettre sa copie à Bruxelles

Le Portugal, qui assure la présidence tournante du Conseil de l'Union européenne, est le premier Etat membre à avoir présenté son plan de relance à la Commission jeudi 22 avril...

## RECOVERY AND RESILIENCE FACILITY

### Financial support to public investments and reforms



## RECOVERY AND RESILIENCE FACILITY

### Twin Transitions: Green and Digital

Each recovery and resilience plan will have to include

a minimum of

**37 %**  
of expenditure  
for **CLIMATE**  
investments  
and reforms

a minimum of

**20 %**  
of expenditure  
to foster the **DIGITAL**  
transition

The Commission will assess national plans against these targets.



# Building on S3 (1)

- In the context of the European Green Deal, requiring systemic innovation, further **institutional capacity building** is crucial:
- increased team-working vs siloed policy-thinking;
- results-oriented policy-design – logical intervention (Doussineau and Saublens 2021);
- improved evidence-gathering;
- awareness of local strengths and weaknesses, opportunities and threats in times of global transitions;
- learning from the experiences of other localities across Europe.



## Building on S3 (2)

- The S3 programming elements which local stakeholders have become accustomed to working with – including the prioritising of local entrepreneurial search processes, stakeholder engagement and collaboration, and the fostering of related local diversification built on potential scale and embeddedness features - **would remain in place.**
- However, there would now be an explicit and unambiguous EU-wide focus on enhancing sustainability and inclusiveness via the European Green Deal objectives.
- The Green Deal agenda can therefore be spearheaded by building on and exploiting an already well-rehearsed and widely engaged programme.

# But...Green Deal – more regional inequality?

- Many economically weaker regions are relatively more vulnerable to climate change than more prosperous regions.
- Many carbon-intensive extraction and manufacturing industries activities often tend to be concentrated in economically weaker regions (OECD 2019a; NEF 2019). Therefore, movements away from carbon-intensive activities will especially affect these regions adversely during the transition period towards new forms of employment.
- Digital/AI is likely to increase income polarisation in advanced economies.
- Weaker regions also typically exhibit relatively greater outflows of younger and more highly educated workers, resulting in adverse demographic transitions.
- The combination of being relatively more carbon-intensive, more technology-vulnerable, more employment polarised and more rapidly ageing, suggests that many of these economically weaker regions face something of a **'perfect storm'** in having to address the twin ecological and digital transitions.



# Engaging weaker cities and regions...

- In order for the Green Deal agenda to be embraced locally throughout Europe it will be essential that the weaker cities and regions are also sufficiently incentivised and supported to engage in the development of innovations aimed at fostering sustainable growth and inclusive growth.
- Indeed, the urgency of engaging the economically weaker parts of Europe in the Green Deal has increased with the current coronavirus pandemic.
- COVID has increased societal awareness of the need for resilience and reduced vulnerability to shocks and the partial shutdowns of economies has temporarily reduced climate change processes.

# Still problems selling the place-based approach – Industrial policy... where are the regions?

- (the Industrial Strategy)...To be effective...must be supported by strong partnerships between the EU, Member States, social partners, **industrial and other relevant stakeholders, between and within industrial ecosystems**, building on the EU's *open and inclusive Industrial Forum (includes Vanguard Initiative and CoR)*
- For the most relevant ecosystems and together with other relevant stakeholders, the Forum will support the development of transition pathways and the analysis of strategic dependencies. It will promote best practices and solutions across ecosystems and identify cross-border and cross-ecosystem investment needs and cooperation opportunities.



**No reference to smart specialisation**

# References

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- [Friends of Smart Specialisation \(interregeurope.eu\)](https://www.interregeurope.eu/)
- The Green Deal and Smart Specialisation. Jan Larosse, Dimitri Corpakis and Richard Tuffs 2020
- [files \(friendsofsmartspecialisation.eu\)](https://friendsofsmartspecialisation.eu/)

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