

RIS3 BEYOND COVID-19: Reflections from the Basque Country

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**Smart Specialisation for Recovery at
the Local and Regional Level**

*Joint ERRIN, Committee of Regions &
Friends of Smart Specialisation Webinar*

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- The boom in 'territorial strategy' incorporates various elements:
 - Importance of **place-based**, context-specific innovation policies (Barca *et al.*, 2012; Gertler, 2018)
 - Desire to support the **structural transformation** of regional economies (Boschma and Frenken, 2011, Frenken *et al.*, 2007; Foray, 2018)
 - Emergence of '**new industrial policy**' (or industrial strategy) (Rodrik, 2004; Bailey *et al.*, 2015, 2018)
 - Need for innovation to be driven by **societal challenges** (Breznitz *et al.*, 2018; Kuhlman and Rip, 2018)

In this context RIS3 has been described as:

“the most ambitious regional innovation programme ever to be launched in the European Union” (Morgan, 2017)



But where does the COVID-19 pandemic leave RIS3?

BASQUE COUNTRY RIS3

- Basque S3 formally set out in the ***Science, Technology and Innovation Plan 2020***, published at the end of 2014
- ***Not a radical change***: built on stable & consistent approach to industrial development policy over 30 years (*continuity-in-change*)

1980s

- Industrial restructuring
- STI Investments

1990s

- Efficiency-driven competitiveness
- Cluster policy

2000s

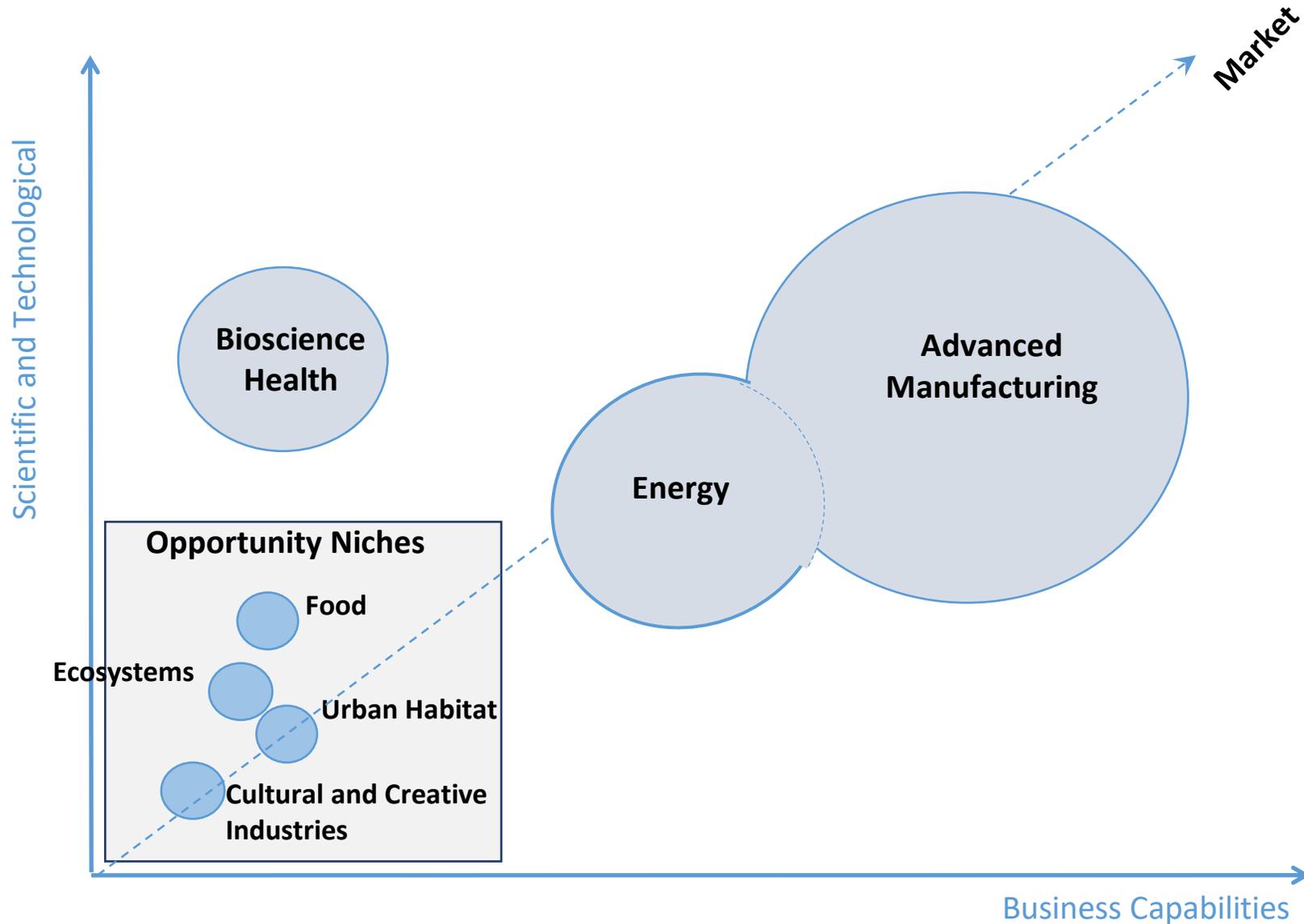
- Focus on innovation
- Diversification based on R&D

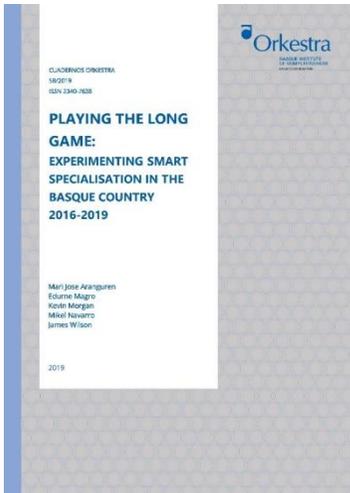
2010s

- Explicit RIS3
- New governance
- 'entrepreneurial discovery'

A key novelty has been the explicit introduction of ***entrepreneurial discovery dynamics*** to a mature innovation system with well-embedded institutions

RIS3 PRIORITIES





- Linear plans giving way to **living strategies**: flexibility + experimentation
- Tendency towards addressing **transversal issues**
- Need for better integration of **SMEs & social challenges**
- Difficulties in **scaling-up at EU level**: voice of regions + policy instruments

New **PCTI Euskadi 2030** under development ...

- Evolution of priorities: personalised health, clean energy, smart industry
- Link to 3 transitions: technological-digital, energy-environment, demographic-social
- Transversal initiatives: healthy aging, electric mobility, circular economy
- Explicit link to SDGs

S3 POST-COVID?

Crisis scenario raises new challenges in terms of positioning regional strategies

- Resilience (e.g. value chains) difficult to work at only locally
- Large 'missions' require certain scale, but also bottom-up implementation
- Delicate balance: act locally while engaging in national & EU strategic initiatives



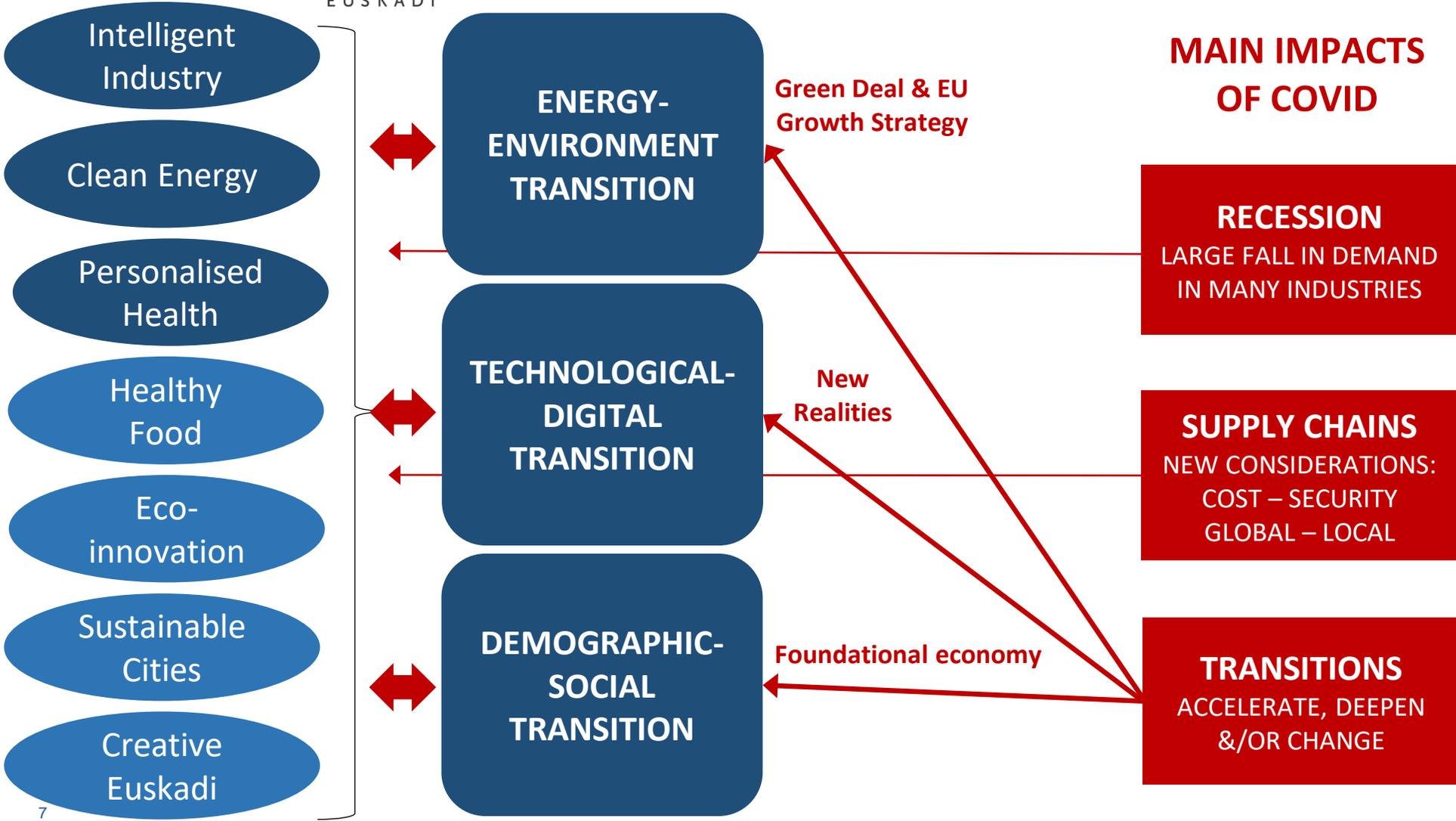
Subnational actors are critical
for **policy delivery**
(and therefore also **design!**)

Multilevel Governance
becomes even more important

Regional S3 must adapt to the new scenario while engaging with
national and EU recovery strategies (and *vice versa*)

NEW RIS3 OPPORTUNITIES POST-COVID?

RIS3 Multi-scalar transitions
EUSKADI



MAIN IMPACTS OF COVID

RECESSION
LARGE FALL IN DEMAND
IN MANY INDUSTRIES

SUPPLY CHAINS
NEW CONSIDERATIONS:
COST – SECURITY
GLOBAL – LOCAL

TRANSITIONS
ACCELERATE, DEEPEN
&/OR CHANGE

Level 1: Overall governance architecture & 'rules of the game'

- Overarching framework for entrepreneurial discovery to take place
- Very broadly-identified strategic priorities
- Led and shaped by government (top-down)
- Establishment of coordination framework primarily within government
- Development of general evaluation framework
- Critical role in providing coherence at regional level

Level 2: Micro-processes of particularising and valorising priorities

- Emergent, heterogenous processes of entrepreneurial discovery
- Significant granularity in terms of strategic activities
- Involve more and different actors (bottom-up)
- Emergence of distributed leadership
- Supported by emerging activity-specific evaluation processes
- Critical role in fostering experimentation and keeping the strategy alive

- ***S3 is a long game***: important to think beyond 4-year cycles
- ***Institutional innovations*** are key to build-in experimentation and move from 'linear plans' to 'living strategies'
 - Overall governance architecture
 - Micro-processes for entrepreneurial discovery
- ***Key challenges*** for S3:
 - Further steps to more granular prioritisation
 - Integration of small firms into strategic processes
 - Integration of civil society actors and social challenges
 - Scaling up and out at EU level

- COVID is **disruptive to S3 processes** in some ways
 - Large and heterogeneous changes in demand across industries
 - Supply chain disruptions and reconfigurations
- But **essential structural challenges** pre-date COVID
 - Green, Digital and Social transitions
 - Opportunities for S3 as transitions accelerate & deepen
- Multi-scalar transitions require **strong multilevel governance**
 - Regional S3 key for implementation of national and EU strategies
 - Effective implementation requires voice in design
- Leveraging the **power of collaboration** is critical
 - Within regions and across regions
 - Clusters can play a key role as intermediaries
 - Interreg programmes, ESCPs for S3, ECCP ...



**PLAYING THE LONG
GAME:
EXPERIMENTING SMART
SPECIALISATION IN THE
BASQUE COUNTRY
2016-2019**

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2019

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**Thank you
Eskerrik asko**

Gracias