

Presentation at JRC-Peer Review Workshop

RIS3 strategies in Germany 2014-2020 – Managing the strategy journey.

Dr. Jan-Philipp Kramer, Head of Brussels Office
Magdeburg, 08.03.2018



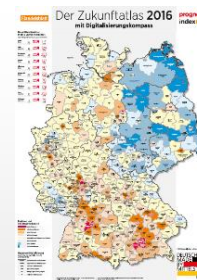
About us

Prognos analyses long term developments ...



- Prognos Economic Outlook®
- German Economy Report 2040
- World Transport Report 2040

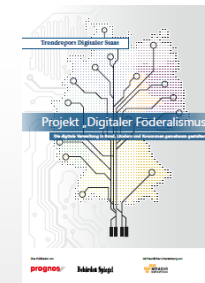
... and current trends,



Prognos Future Atlas & Digitalisation Compass



Trendletter Future of EU



Trend Report „Digital State“

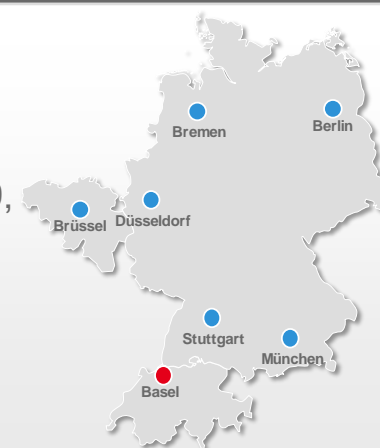
develops and evaluates strategies...

- Future policy frameworks
- S3-strategies
- Sector strategies (green economy, chemicals...)
- Programming and evaluation of ESIF



... for clients across Europe.

- approximately 150 experts at 8 locations
- ...founded in Basel in 1959,
- ..with Berlin being our centre at Federal level,
- ...and Brussels being our “gateway” to Europe



Analysis of all RIS3 strategies in Germany on behalf of the BMBF

1. THEMATIC RIS3-FOCI
2. STRATEGIC DESIGN, INSTRUMENTS & GOVERNANCE
3. FINANCING AND MONITORING & EVALUATION
4. RECOMMENDATIONS FOR FEDERAL LEVEL ON FUTURE REGIONAL R&I POLICY

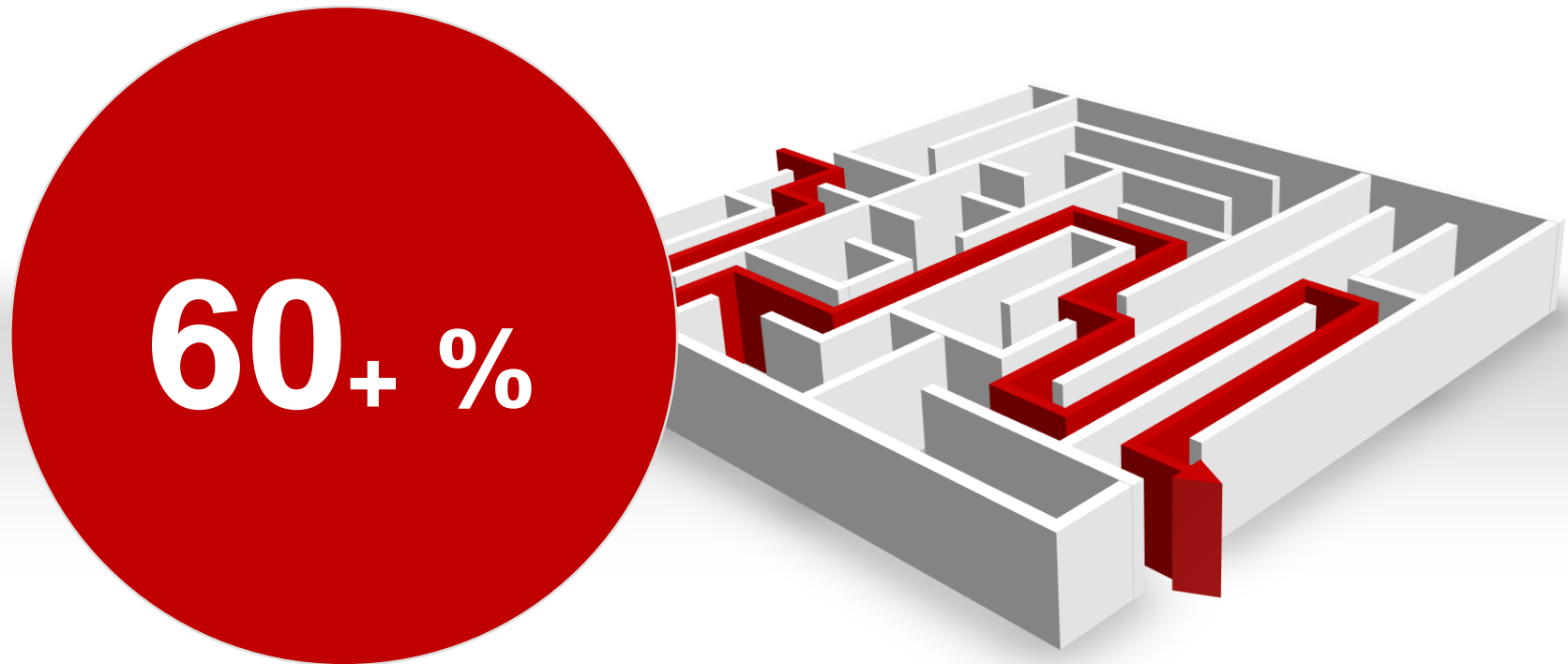
Studie

Status-quo der Regionalen Innovationsstrategien zur „intelligenten Spezialisierung“ (RIS3) der Bundesländer

mit besonderer Betrachtung der Zusammenhänge zur Förderung über den EFRE 2014-2020.



Success rate of corporate strategies

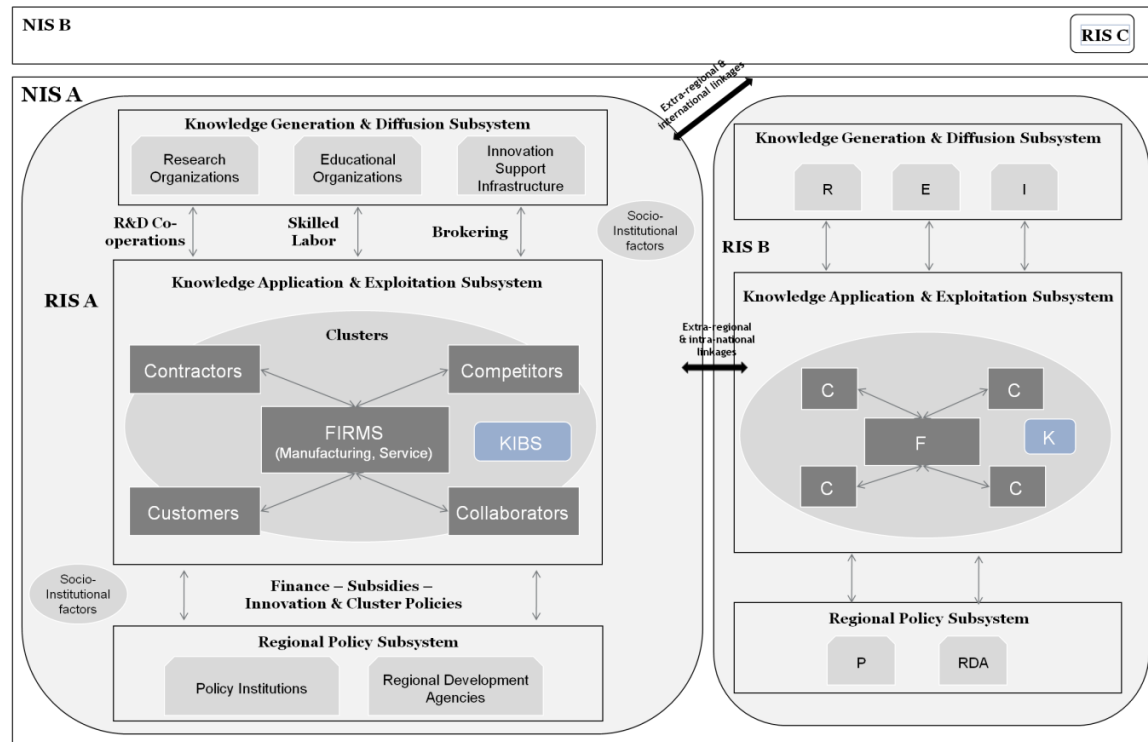
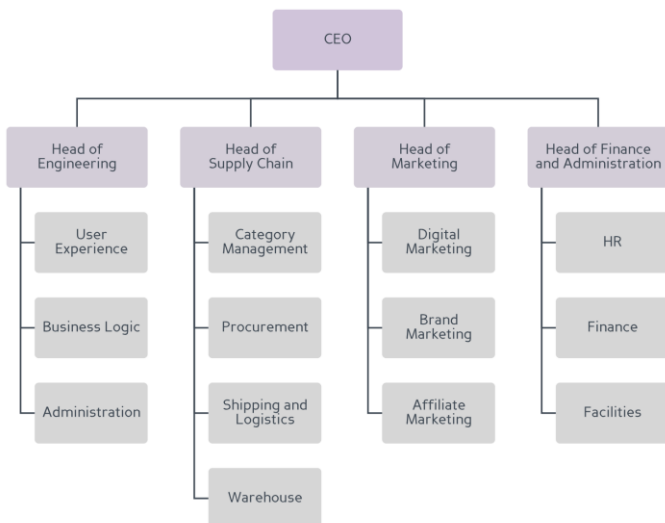


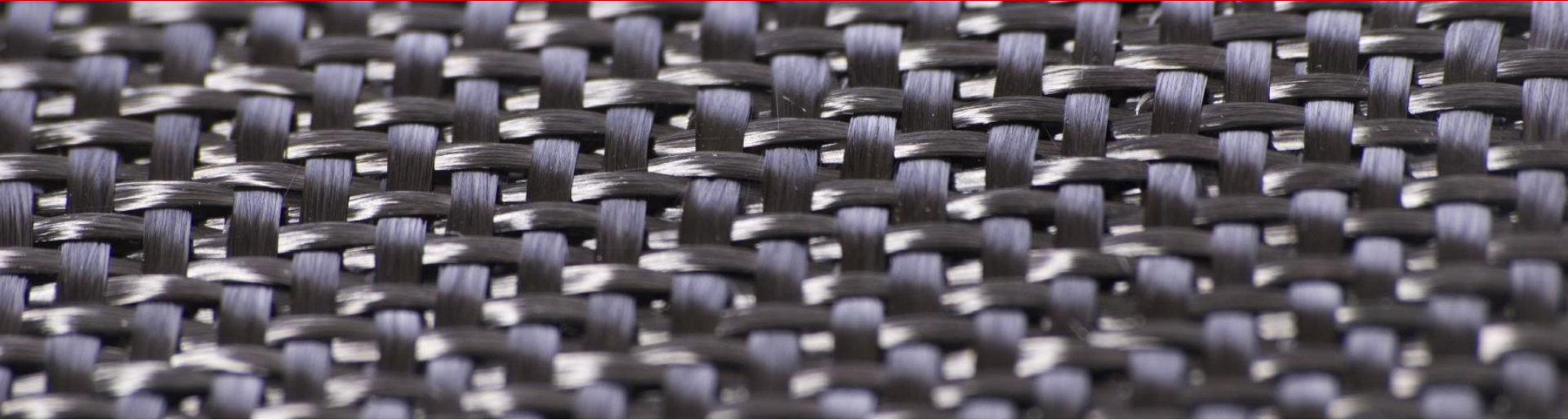
**...of corporate strategies
fail to achieve their goals!**

Complexities of governance compared

Regional Innovation System Governance

Corporate Governance



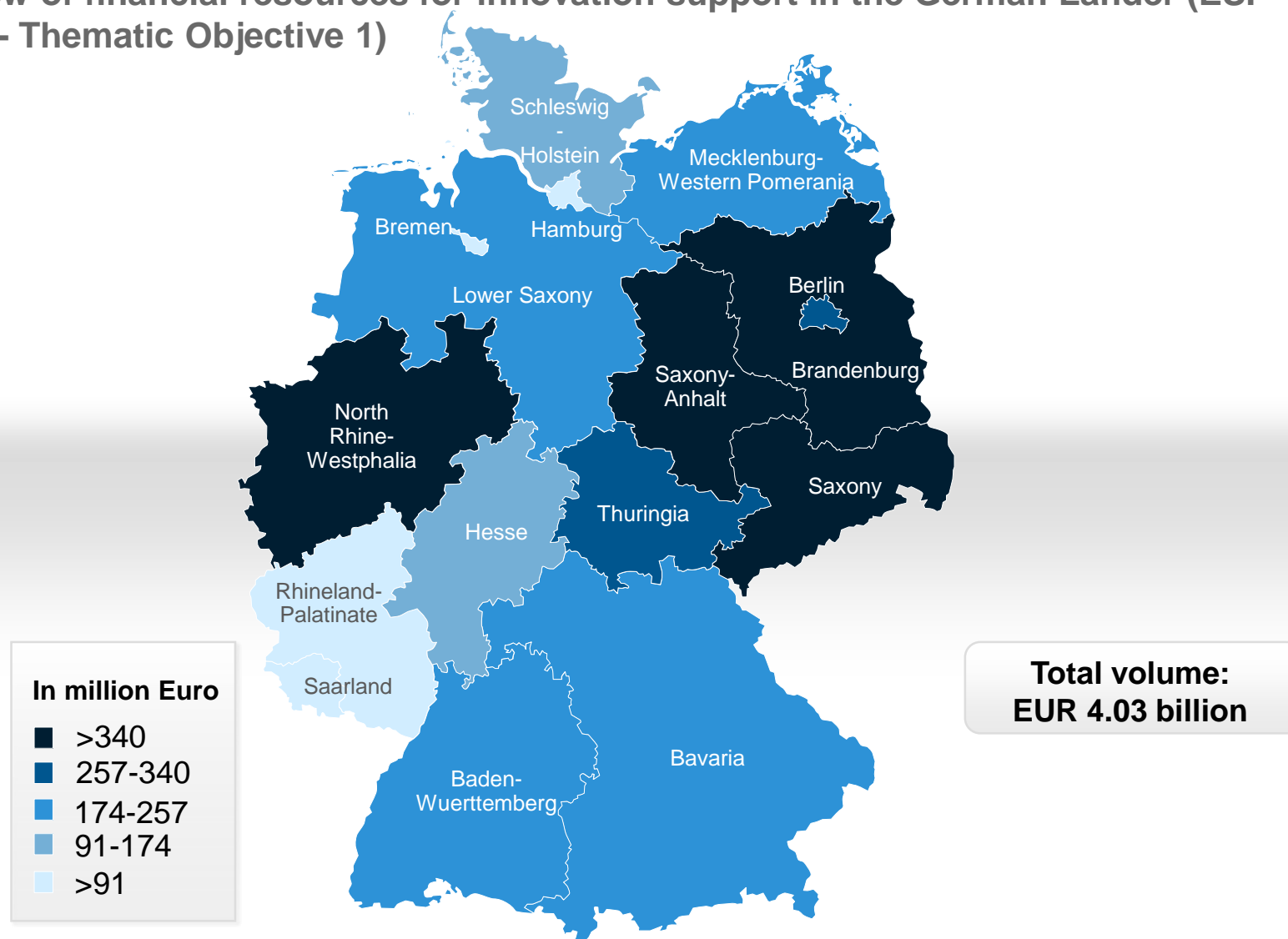


Thematic priorities of RIS3 strategies in the German Länder

A short overview

ESI Funds provide significant budget for R&I support in the German Länder

Overview of financial resources for innovation support in the German Länder (ESI-Funds – Thematic Objective 1)



Move from a broad range of topics towards a more limited number of priority fields

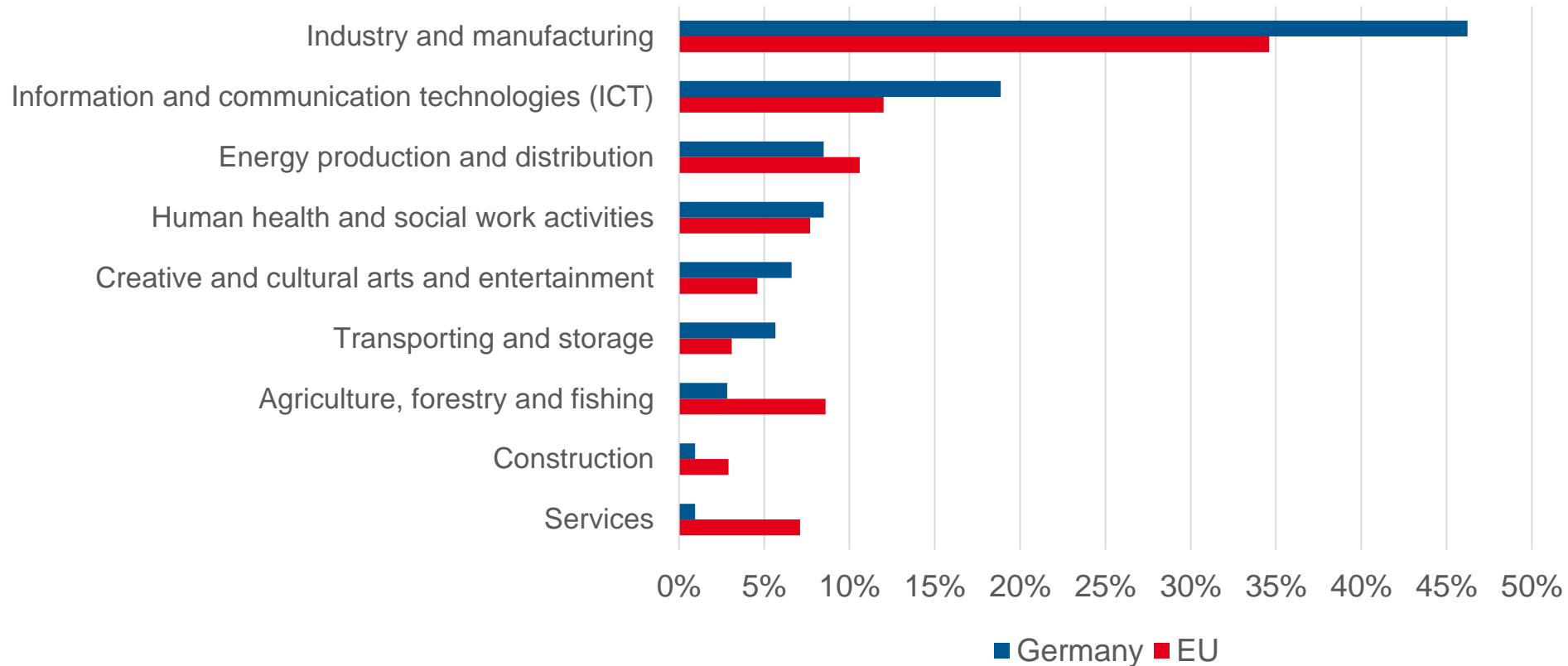
	R&I specialisation fields of the German Länder															
	BW	BY	BER/ BB	HB	HH	HE	MV	NI	NRW	RP	SL	SN	SA	SH	TH	Total
Construction															1	1
Digital Economy	1	2	1	1	1	3	1	1	2	1	1	2	1	1	1	20
Energy industry			2	1	1	1		1	1	1				1		9
Agri-food industry							1						1			2
Health	1		1	1	1		1	1	1	1			1		1	10
Creative industries	1		1	1	1	1		1	1				1			8
Logistics				1	1		1	1	1							5
Production & materials	6	3	4	6	3	3	2	2	2	3	2	5	3	3	2	49
Green industries		1														1
Other services						1										1
Total no. of spec. fields	9	6	9	11	8	9	6	7	8	6	3	7	7	5	5	106

Source: Prognos AG 2016, based on RIS3 strategies of the German Länder.

Manufacturing industry dominates German specialisation domains compared to EU average

Fields of smart specialisation: Germany and the EU compared

R&I capability (main category)

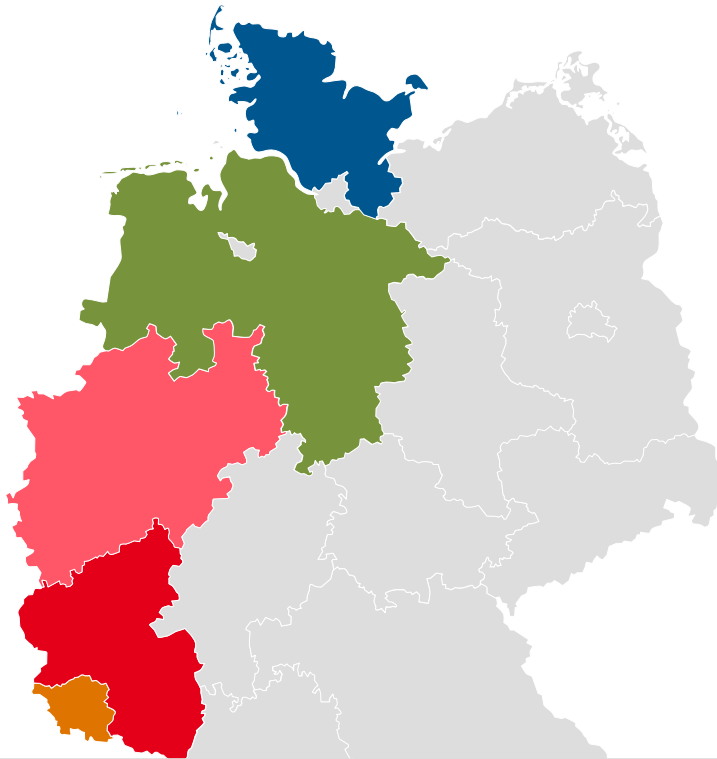


n= 106 (D) / 1299 (EU)

Source: Prognos AG 2016, based on JRC Eye@RIS3 / Sörvik, Kleibrink (2015).



Strategic design, governance and instruments of the RIS3 strategies in Germany



Strategy for Technology & Innovation Saarland

- Workshops on knowledge transfer & potential specialization domains (4)
- Innovation policy roundtable with association of reg. economic development agencies
- Joint adoption of strategy with MP
- Strategy retreat "Knowledge transfer"

RIS Schleswig-Holstein

- 5 Roundtables & 50 expert interviews
- 3 Interministerial consultation rounds
- Technology Conference (150 participants)

RIS3-Strategy Lower Saxony

- Web survey among economic development agencies
- Opening conference with COM
- Thematic (4) & regional (5) workshops

Innovation Strategy Rheinland-Pfalz

- Topic & instrument specific workshops (5)
- 2 consultations with expert commission (RfT)

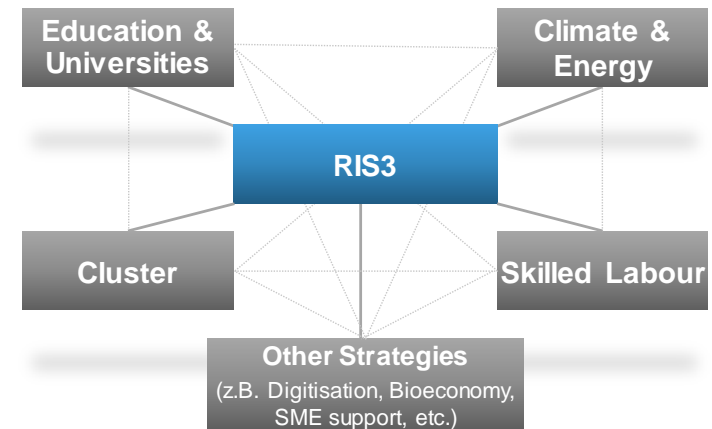
Regional Innovation Strategy NRW

- Kick-off congress "Fortschritt gestalten NRW".
- Three expert workshops & online survey
- Three progress congresses (2015, 2x 2016)
- Conclusion & final conference in 2017

Role of RIS3 in the innovation policy context of the German Länder

RIS3 as the central operational framework for innovation policy

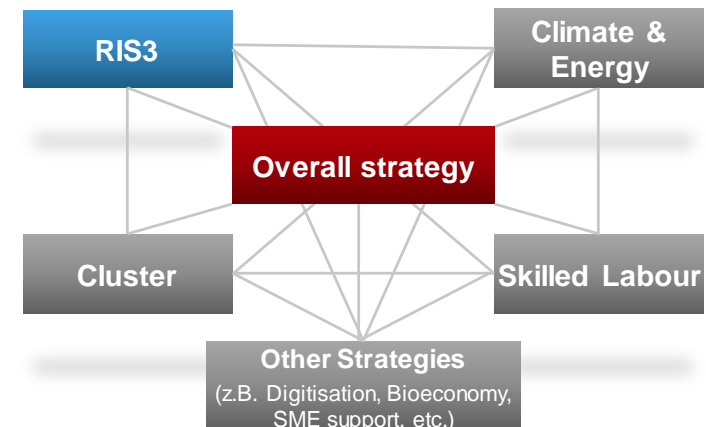
- ...with all major specialised programmes and strategies being explicitly linked to the RIS3
- Examples: **Berlin-Brandenburg**, **Rhineland-Palatinate** or **Saxony**



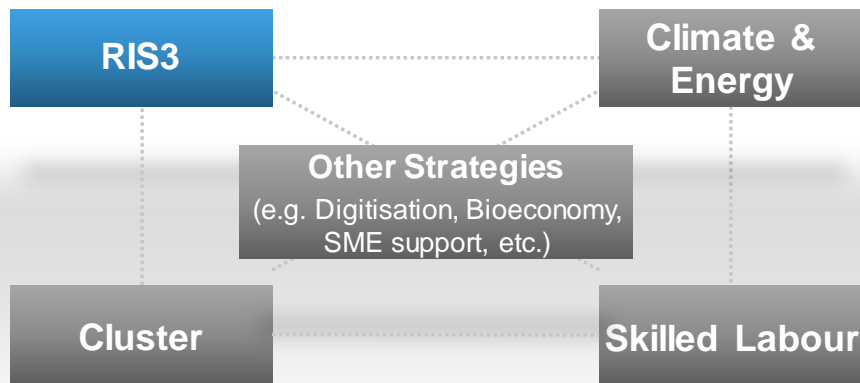
RIS3 as part of an overall statewide strategy

- ...interlinked as well with other specialised strategies and programmes of the federal state
- Examples: **Bremen** or **Schleswig-Holstein**:

“Landesentwicklungsstrategie Schleswig-Holstein 2030“,
„Strukturkonzept Land Bremen“



Role of RIS3 in the innovation policy context of the German Länder



Explicit linkage with some complementary strategies

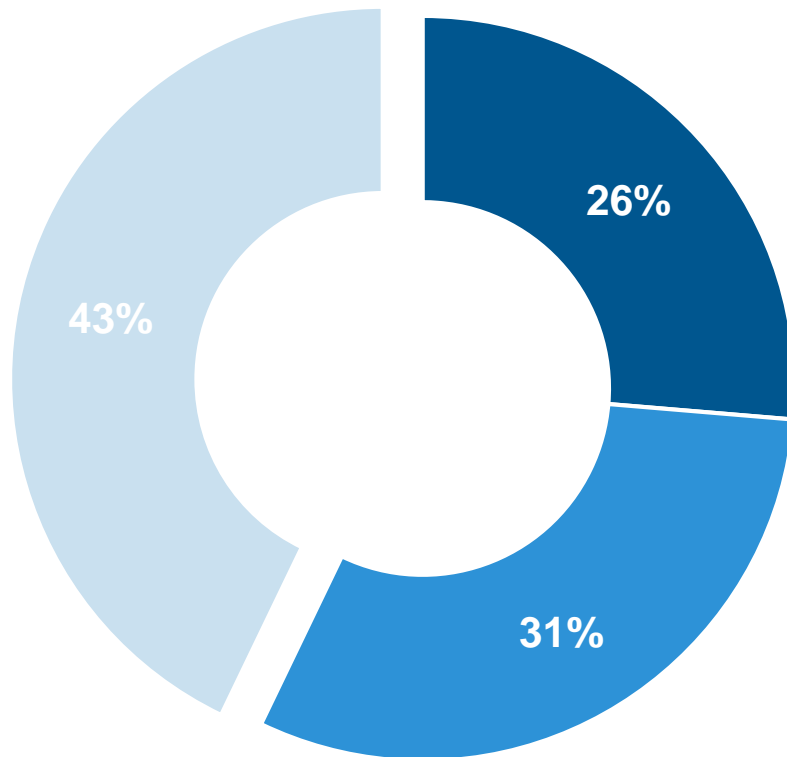
- ...addressing subject areas like digitalisation, education or universities
- Examples: **Bavaria** or **Mecklenburg-Western Pomerania**

RIS3 as a solitary strategy

- In **some German Länder**, RIS3 can be seen as a solitary strategy
- Existence of thematic links with other specialised strategies or programmes, but no explicit approach to foster co-ordination through RIS3
- Examples: **Hamburg** or **Baden-Wuerttemberg**

Linkage of all innovation funding measures of the German Länder to their RIS3

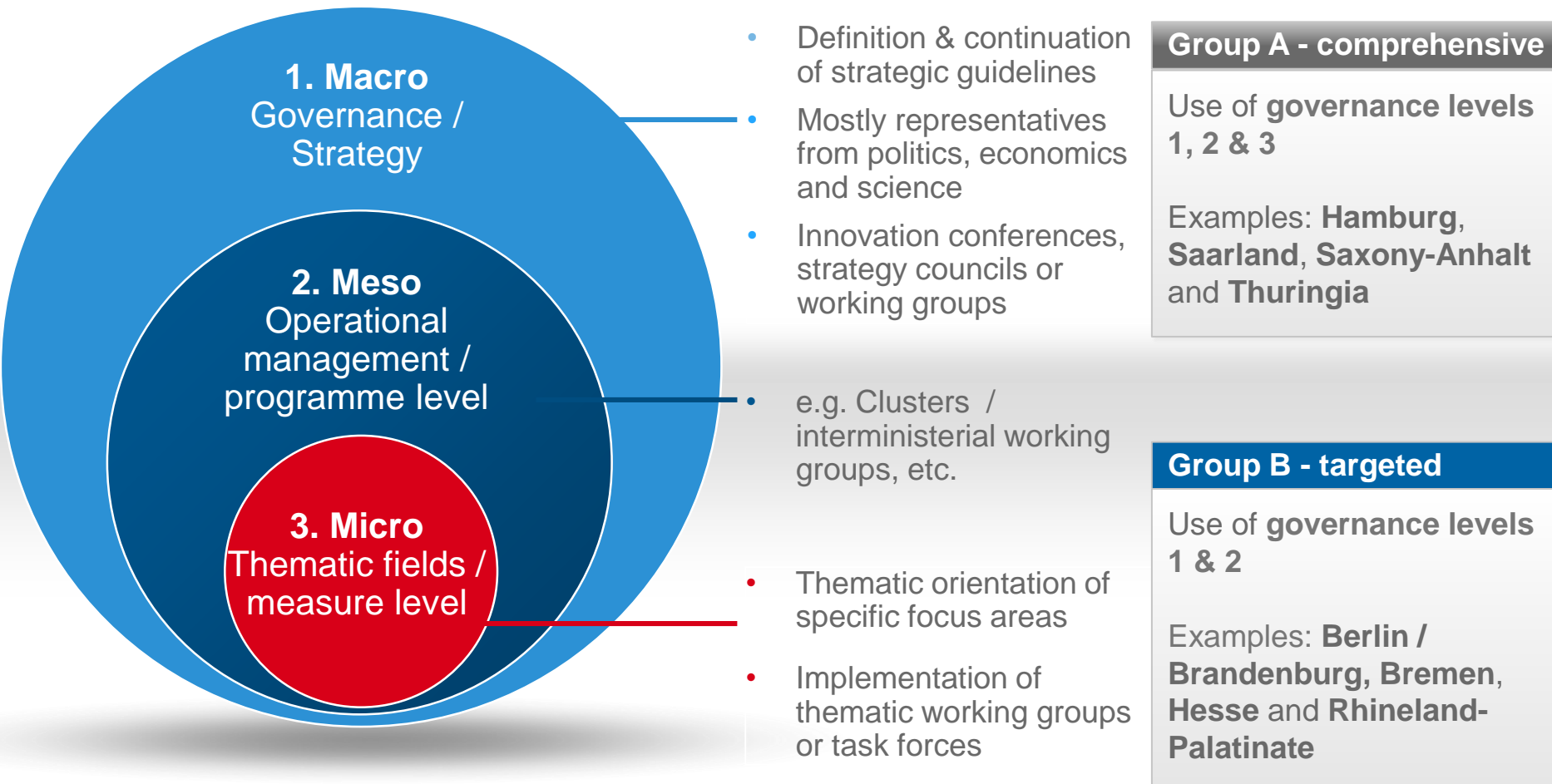
Categorisation of innovation funding measures



n=358

- Funding measure either explicitly related to a RIS3 by the assignment to ERDF-PA1 or RIS3 is explicitly mentioned in the respective funding regulation.
- Funding measure either explicitly mentioned in a RIS3 or can be explicitly assigned to field for smart specialisation selected in a strategy.
- Funding measure generally relevant for innovation funding, yet not explicitly mentioned in or related to a RIS3, ERDF-PA1 or a field for smart specialisation

Three central governance levels of RIS3 strategies in the German Länder



Several Länder planned to utilise institutionalised structures for updating their RIS3 strategy

Examples of planned and institutionalised structures defined in RIS3 strategies

Berlin/Brandenburg <ul style="list-style-type: none">Innovation Summit<ul style="list-style-type: none">Type: ConferenceFrequency: 1x per yearCluster dialogues<ul style="list-style-type: none">Type: Conference & WorkshopsFrequency: continuously	Baden-Wuerttemberg <ul style="list-style-type: none">Innovation Council<ul style="list-style-type: none">Type: Strategic councilFrequency: upon request	Hamburg <ul style="list-style-type: none">Innovation Council<ul style="list-style-type: none">Type: Strategic councilFrequency: 1x per yearSteering group: InnovationsAllianz<ul style="list-style-type: none">Type: Strategic councilFrequency: 1-2x per year	Hesse <ul style="list-style-type: none">“Industry & Future Council”<ul style="list-style-type: none">Type: Strategic councilFrequency: ‘continuously’
Mecklenburg-Western Pomerania <ul style="list-style-type: none">Strategic Council Industry – Science<ul style="list-style-type: none">Type: Strategic councilFrequency: 1-2x per year	Rhineland-Palatinate <ul style="list-style-type: none">Innovation Conference<ul style="list-style-type: none">Type: ConferenceFrequency: every 2-3 years“Technology Council”<ul style="list-style-type: none">Type: Strategic councilFrequency: 1x per year	Saxony-Anhalt <ul style="list-style-type: none">Innovation and cluster advisory board<ul style="list-style-type: none">Type: Strategic councilFrequency: n.a.	Thuringia <ul style="list-style-type: none">Cluster advisory board/ steering group<ul style="list-style-type: none">Type: Strategic councilFrequency: n.a.

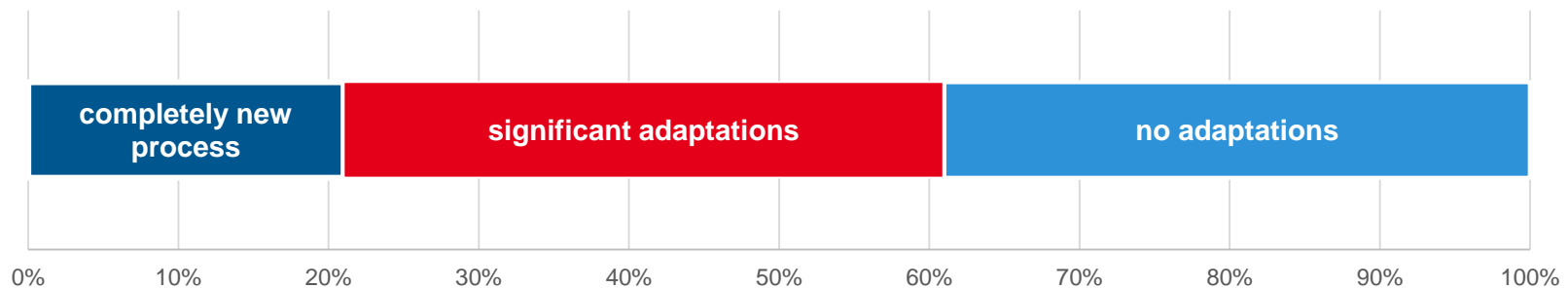
Source: Prognos AG 2016, based on RIS3 of German Länder.



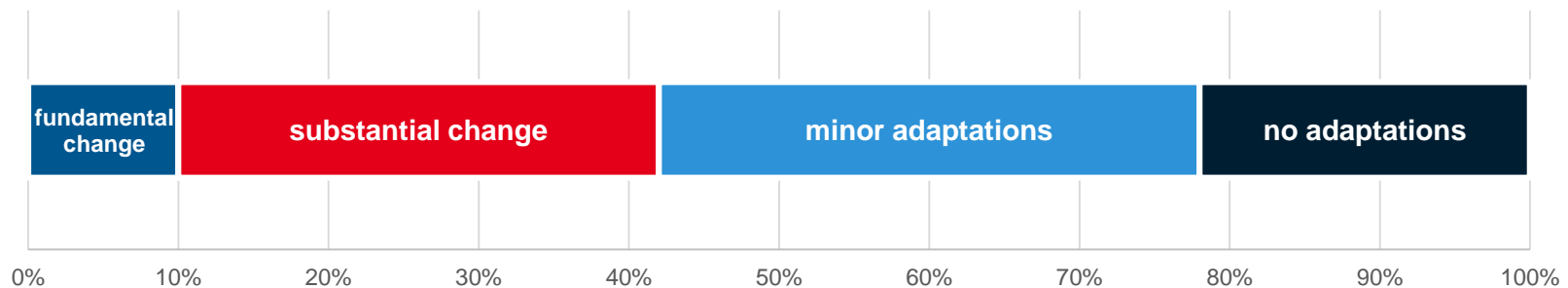
Observations on the implementation of RIS3 strategies & the EDP in the German Länder

Assessment of the influence of RIS3 strategies from the point of view of the MA

Change in stakeholder involvement in the strategy process



Influence of S3 on the existing policy mix



Source: Survey by Fraunhofer ISI across ESIF managing authorities, relevant regional innovation policy makers and selected consultants across the EU (2013 Q3).

Selected quotes from the German Länder

Political leadership is essential for the entrepreneurial discovery process. In contrast, political uncertainty undermines this process.

In order to perpetuate the process, we have **institutionalised** the stakeholder dialogue at a **high inter-ministerial level**. The process is run by the state chancellery and we have stakeholder events on innovation and technology twice per year.

Stakeholders' interest to **work at a strategic level was rather limited**, however it was greater when it came to **concrete topics**.

A perfect example was life science cluster, a field, where we have a lots of different actors and regulation plays an important role.

It was difficult to **maintain the commitment** of the stakeholders' in the **long run**, particularly those from business.

Source: Prognos AG 2016, based on interviews with representatives of the German Länder.

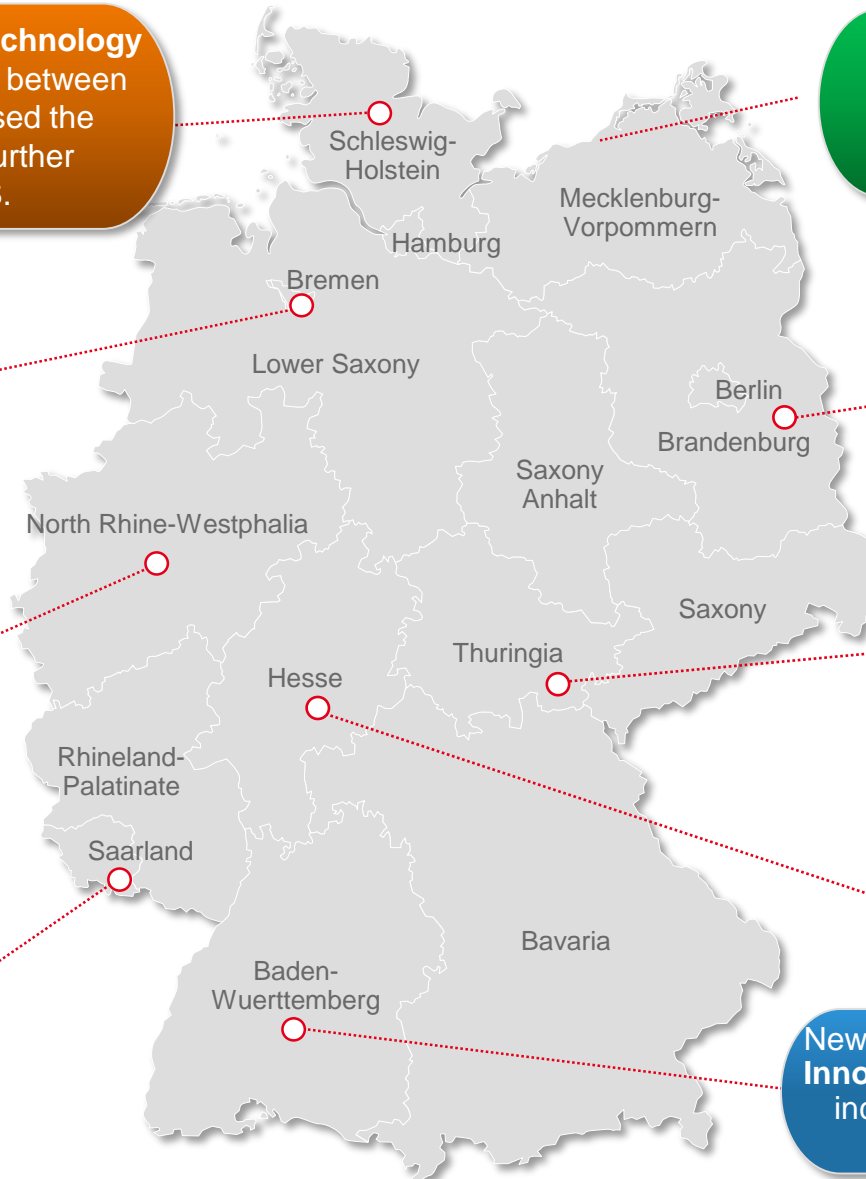
Recently activities concerning the EDP & updating of RIS3 strategies in the German Länder gained new dynamic

Feb 2017: 2nd Innovation & Technology Forum promoted the exchange between innovation actors and discussed the implementation as well as further development of the RIS.

Development of a new structural and development strategy ("**Zukunft.Bremen 2035**") with the RIS3 being an integral part.

Comprehensive **evaluation of innovation support** in the context of the ERDF evaluation.
Replacement of "**Fortschritt.NRW**", integral part of NRW's RIS3

New government plans to develop a **new location strategy** in close coordination with the RIS3.



Call for tender for the **review and further development** of the joint RIS3 innoBB.

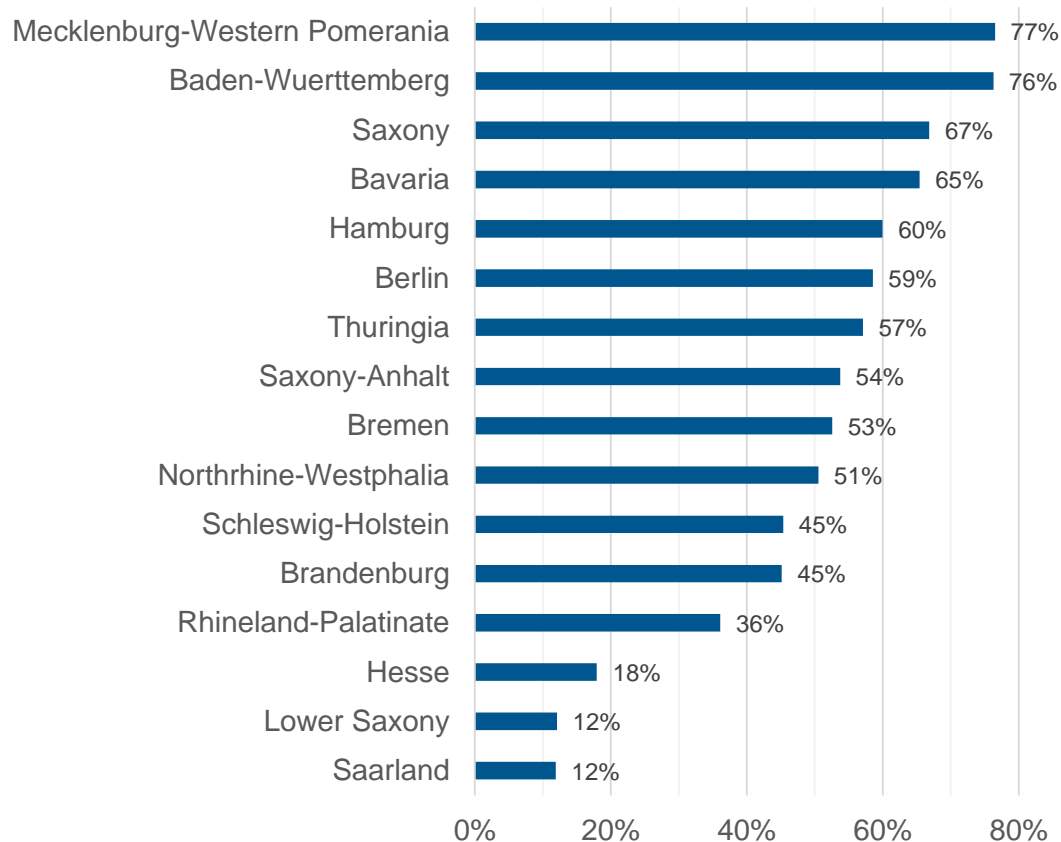
Nov 2017: 1st Annual RIS3 event promoted the exchange between innovation actors and reviewed the implementation of the RIS so far.

Call for tender for a **review and further development** of the RIS3.

New study with regard to **Regional Innovation Systems** in the region, including recommendations for improvement

Differences in the progress of ERDF-PA1 across the German Länder indicate RIS3 implementation challenges

Rate of project selection for the ERDF-PA1* as of 31.01.2018



Differences in the rate of project selection induced by...**

- Timing of the RIS3 preparation (mostly in parallel with programming of OP ERDF)
- Delayed start regarding OP 14-20 implementation (using up resources from 07-13; n+2).
- In some cases, re-organisation of existing governance structures (e.g. Cluster Managements) necessary.
- Adapting funding regulations to RIS3 strategies frequently took longer than expected.

Sources: Prognos AG 2018, based on the ERDF financial data submitted to the EU COM and interviews with representatives of the managing authorities; . * Ratio of total eligible cost of selected projects / total planned investment.



Conclusions & Recommendations

RIS3 approach triggered an upgrade of regional innovation policy in Germany on a strategic level

STRATEGIC LEVEL



PROGRAMMING LEVEL



THEMATIC LEVEL

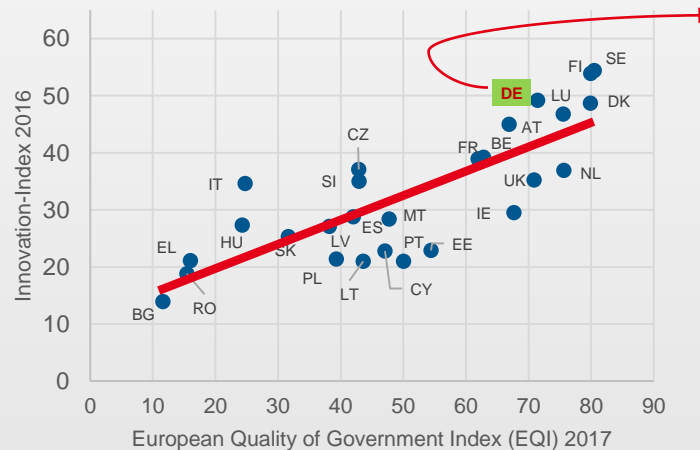


POLICY LEVEL

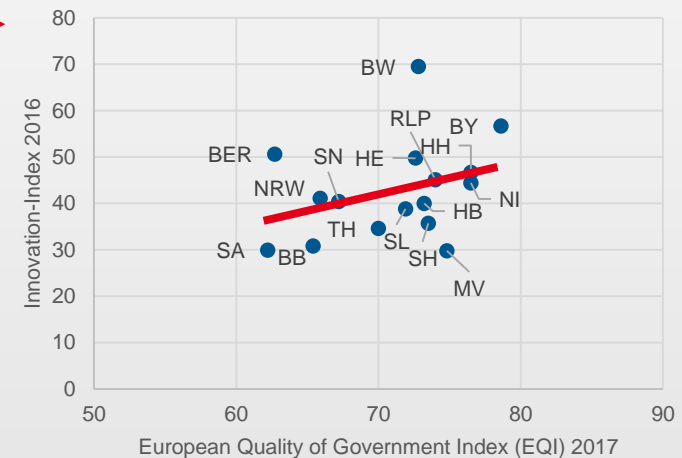


- Ex-ante conditionality has re-emphasized the **importance of cross-sectional and strategic** regional innovation policy
 - More **legitimacy** and **independency** from political cycles
 - Stronger **institutional embedding** (e.g. by stronger inter-ministerial coordination)
- Quality of **regional governance** remains a decisive and differentiating factor regarding regional innovation performance – also in Germany!

Correlation between government quality and innovation performance within EU27*



Correlation between government quality and innovation performance within DE



Sources: Prognos AG 2017, based on Statistik-BW & The Quality of Government Institute. NB:*Because of data limitations, Croatia cannot be displayed.

STRATEGIC LEVEL



- Ex-ante conditionality has re-emphasized the importance of cross-sectional and strategic regional innovation policy
- More legitimacy and independency from political cycles
- Stronger institutional embedding (e.g. by stronger inter-ministerial coordination)

PROGRAMMING LEVEL



- Improved **coherence** due to closer and more direct relationships between innovation strategies and funding guidelines
- Most connections have only been to the **ERDF OP**, limited links to other programmes

THEMATIC LEVEL



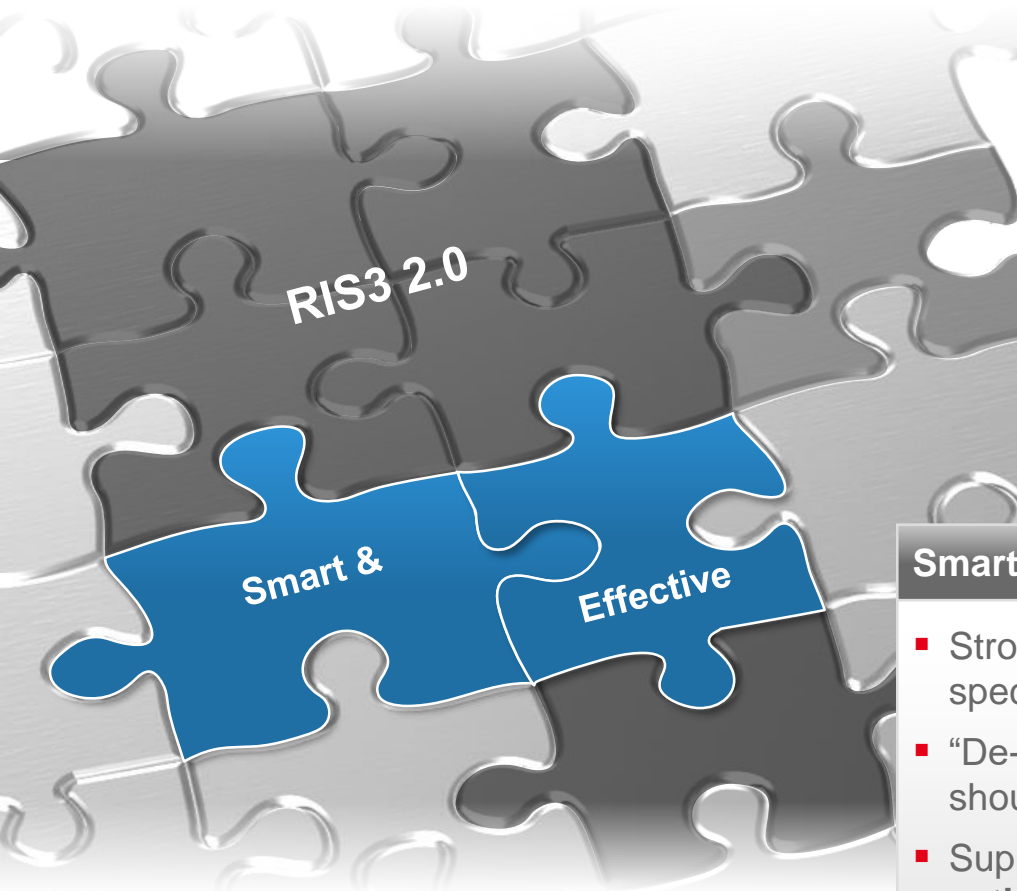
- Move from a broad range of topics towards a more **limited number of priority fields** (4-5 general fields; production industry incl. mobility, digital economy, health, energy)
- **Key challenge**: development of **specific areas of smart specialisation** on the sub-regional and/or "cross-innovation" level

POLICY LEVEL



- In general: **RIS3-approach with potential** of further advancing place-based innovation policies in Germany, based on an already profound R&I policy capacity
- But: **move from strategy to action & operationalisation** of RIS3 plus co-ordination of various support schemes frequently **challenging**

Outlook – RIS3 2.0



Improve RIS3 operationalisation

- Strengthen process from RIS3 to ESIF OP to **innovation masterplans**
- Increase focus on **strategy co-ordination** (reduce complexity)
- Support of regional innovation **governance** systems (*innovative institution solutions*)

Smart tools for smart strategies

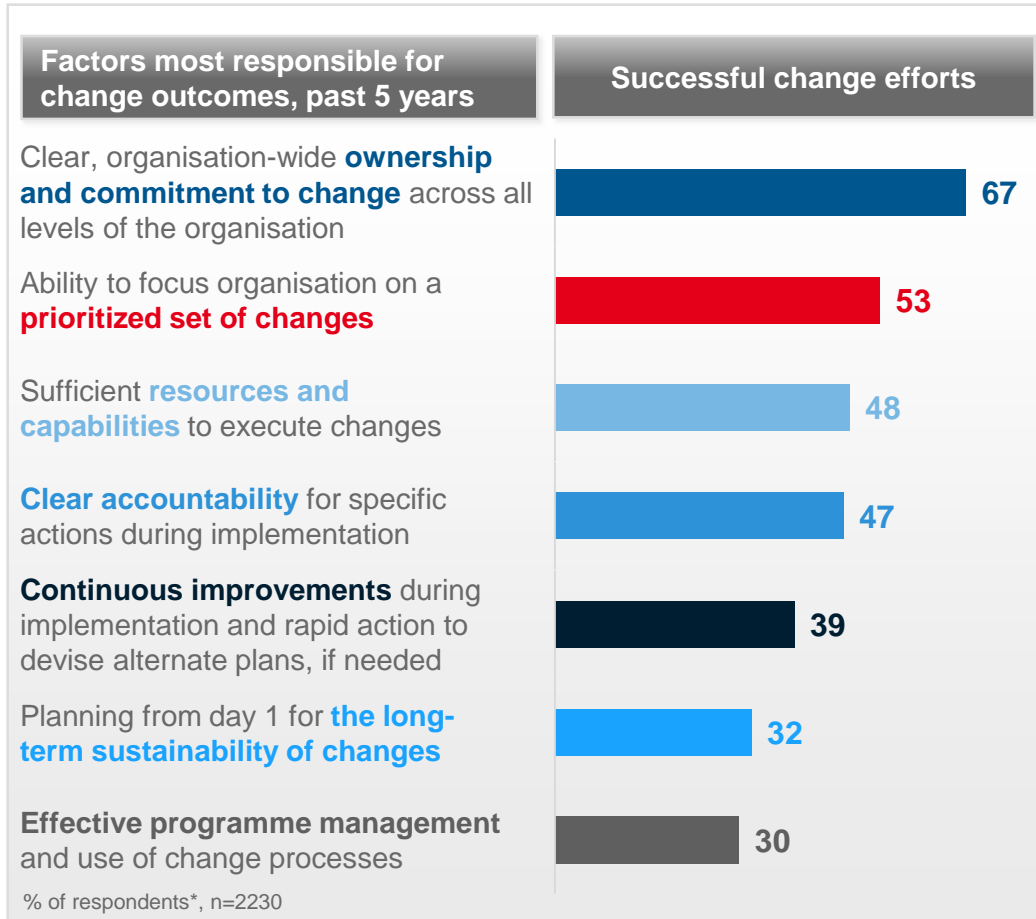
- Stronger emphasis on **effective measures** instead specialisation domains
- “De-lock-in” measures & networking **effectiveness** should play central role
- Support roll-out & scale up of **cross-innovation actions** (cross-industry alliances)

“Without *strategy*, *execution* is aimless. Without *execution*, *strategy* is useless.”

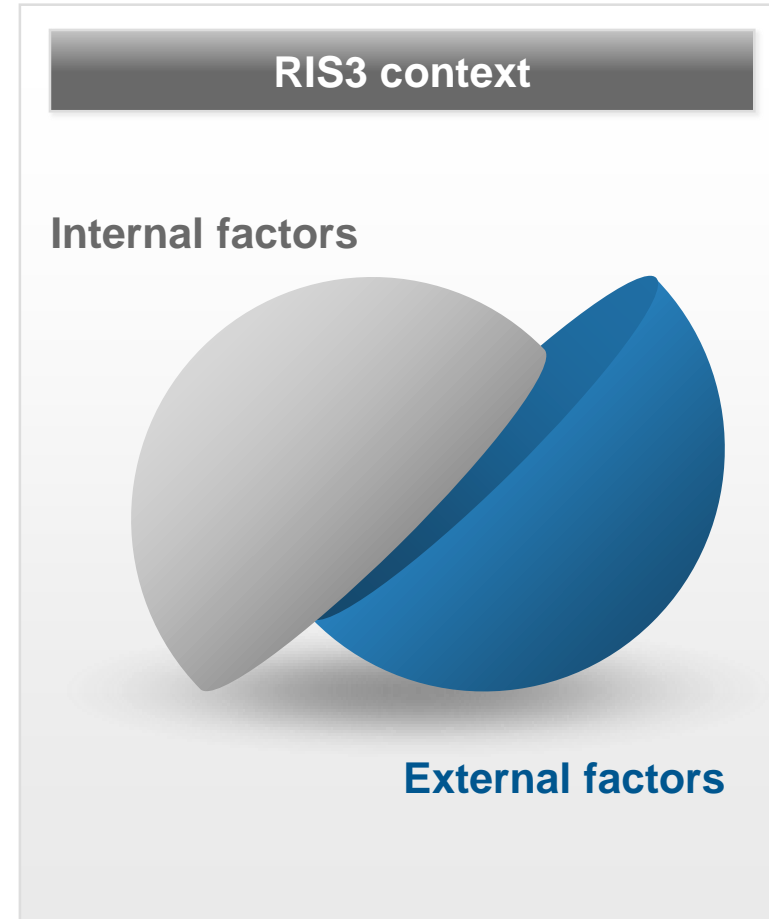
(Morris Chang, Chairman Taiwan Semiconductor Manufacturing Company)



Success factors in corporations

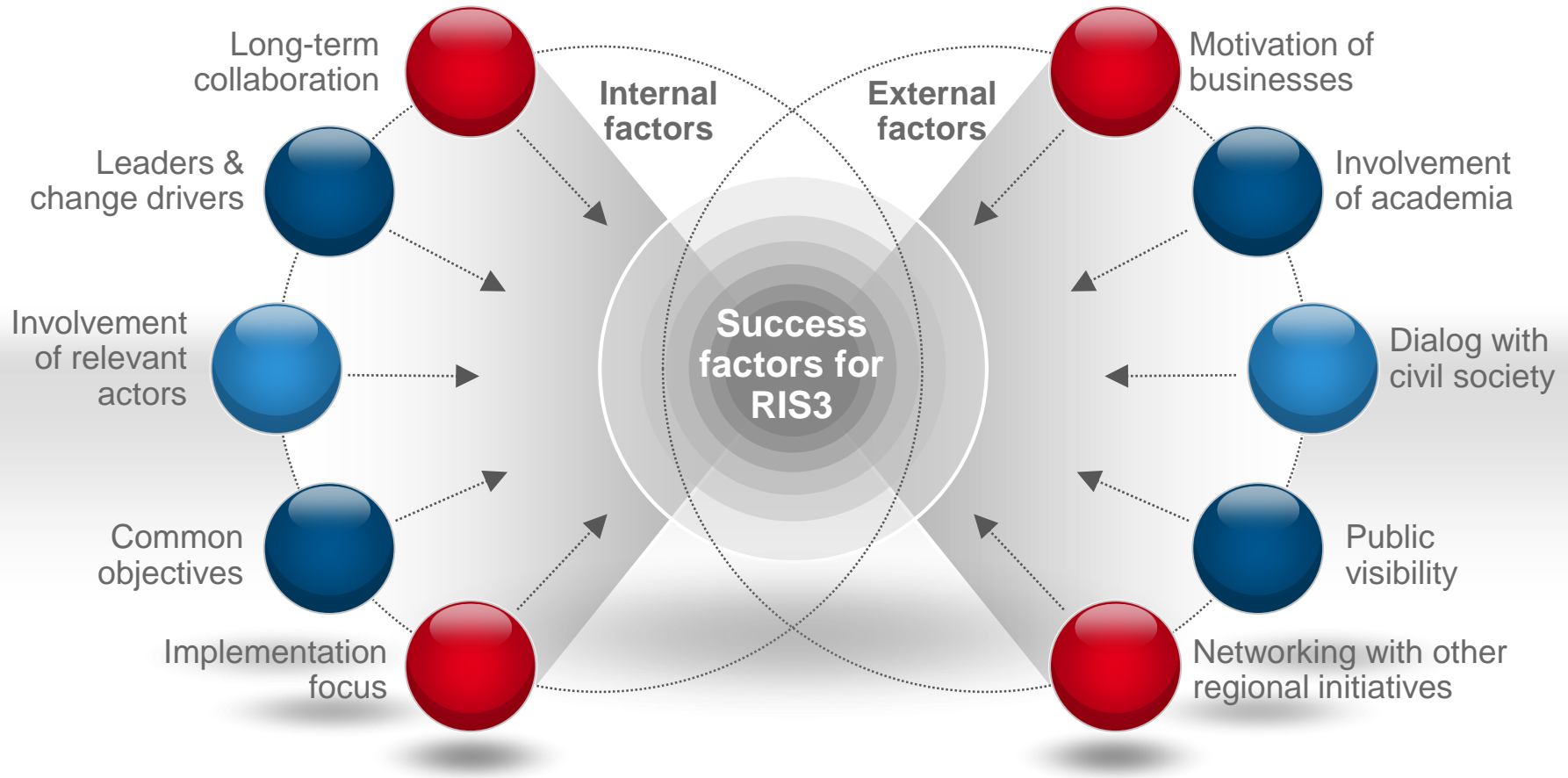


Sources: Prognos AG 2018, based on McKinsey & Company (2014), *Implementing change with impact*. McKinsey Global Survey results.



Bundle of factors determines EDP and implementation success of RIS3 strategies

Success factors for RIS3



Thank you very much for your interest!

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Develop more specific support structures that are adapted to the specific regional needs

- Regions will continue to differ in terms of growth and competitive capacity
- "One size fits all" approaches or simply copying "best practices" will not work, especially for structurally weak(er) regions



Think in functional-regional innovation systems and strengthen the coherence of innovation support

- Stronger role for inter-regional and transnational economic development and innovation support
- Possibilities within ESI funds for inter-regional and transnational funding approaches exist (e.g. Integrated Territorial investments) but are rarely used
- Options: Target federal support schemes (e.g. Innovation Fora) more explicitly on functional regions beyond Länder borders (interfaces!)



Strengthen the focus on cross-innovation potentials, including non-technical innovations and new innovation models

- Cross innovations = strategic imperative for future innovation performance
- Cross-Innovation Alliances on Länder level (e.g. Saarland, Rhineland-Palatinate), need up-scaling to reach international excellence (e.g. scale-up support by Federal level or EU)



Increase risk-taking willingness in policy implementation to foster innovations

- Challenges to result oriented M&E approach which looks at outputs and result indicators
- Some room for experimental approaches useful (corridors instead of fixed targets?)



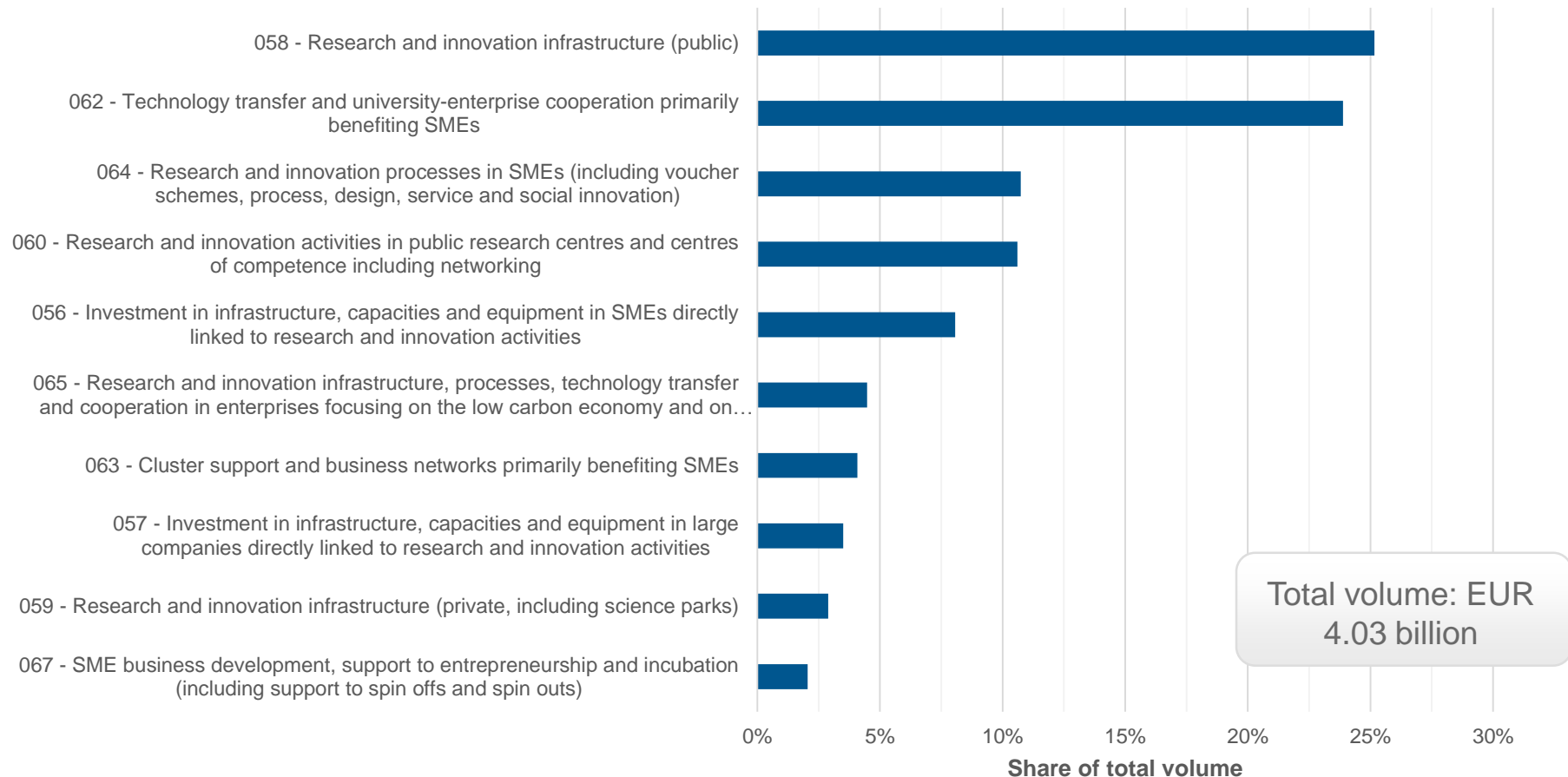
Bund-Länder: Continue the support for more regionalised innovation policies with a stronger emphasis on co-ordination

- Better strategic integration of the federal states and other regional actors is needed to improve the coordination and complementarity of innovation related activities
- RIS3 strategies provided a good starting point, intensive follow-up needed (e.g. as part of the Synergy-Dialogue of the BMBF)

Additional data

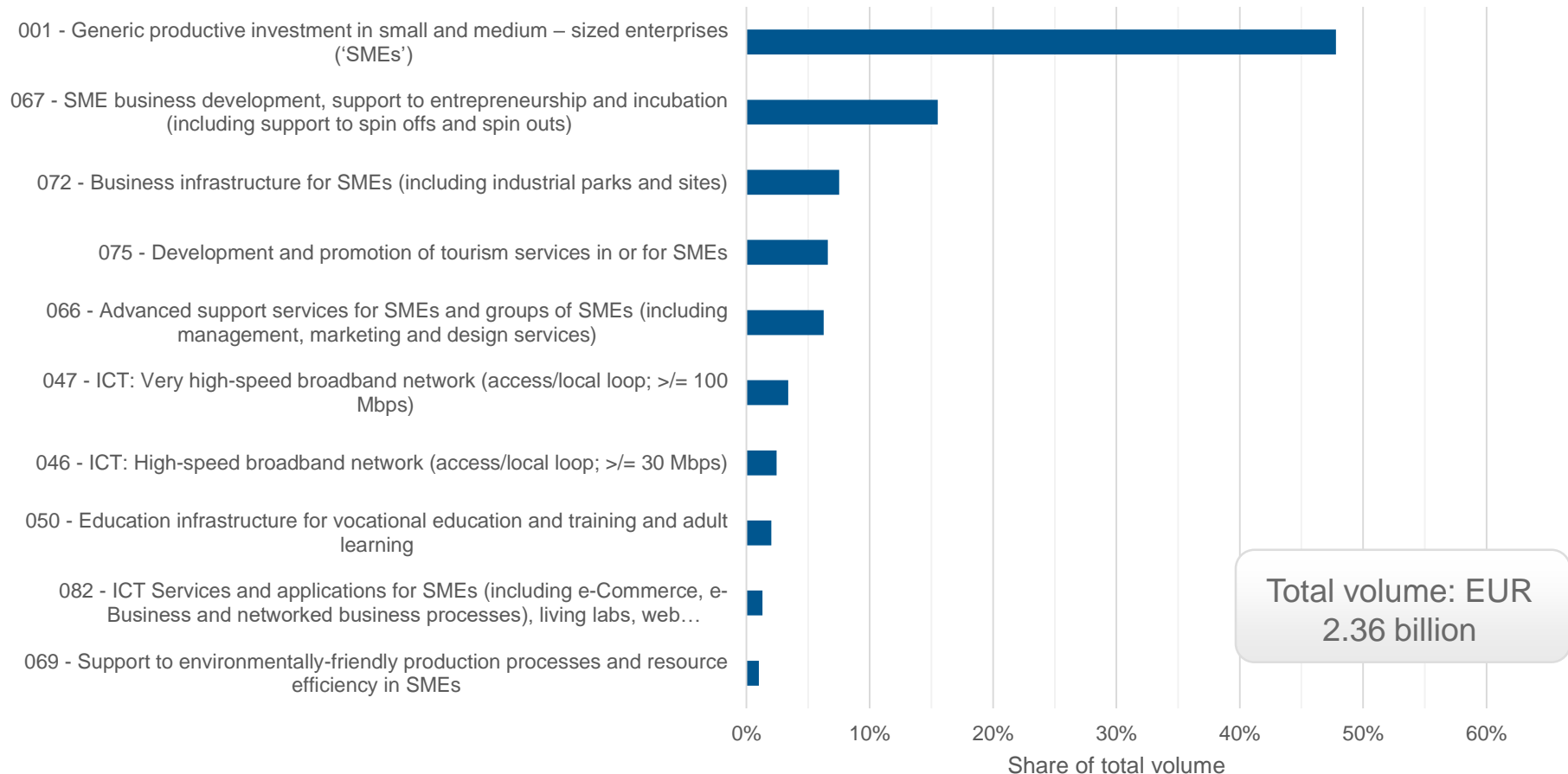
Intervention categories of the ESI-Funds for Thematic Objective 1

Categories of intervention TO 1 (Top 10)



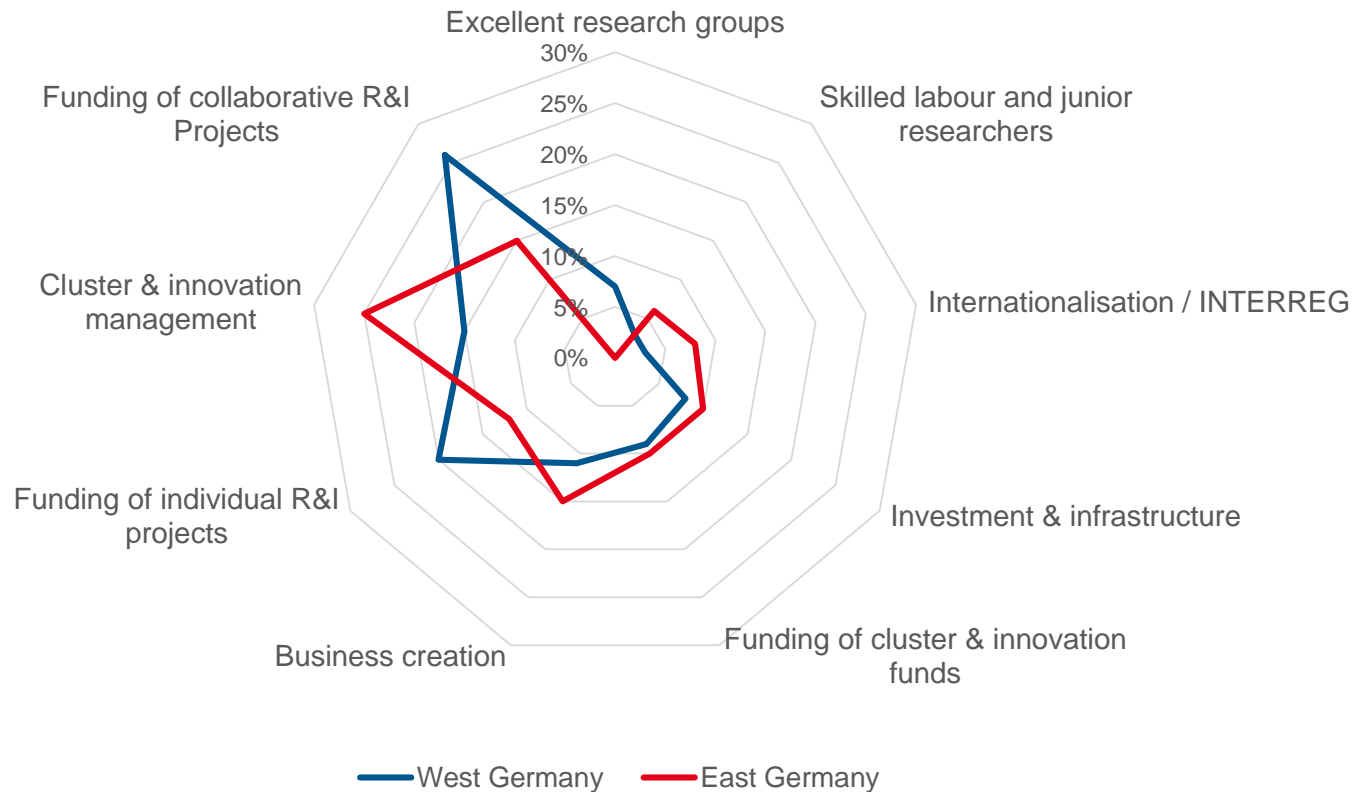
Categories of intervention of the ESI-Funds for Thematic Objective 3

Categories of intervention TO 3 (Top10)



Overview of the funding measures utilised by the West- and East German Länder

Share of funding categories in the respective Länder group



Overview of the underlying understanding of the innovation concept in the German federal states



The notion of innovation includes:

- Technological & product innovations, process innovations, organisational or service innovations, social innovations
- Technological & product innovations, process innovations, organisational or service innovations
- Technological & product innovations, social innovations
- Technological & product innovations, process innovations
- Technological & product innovations

Source: Prognos AG 2016, based on the RIS3 strategy documents of the German federal States