



# Innovation and Regional Specialisation in Latin America

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## Scope and Methodology

The analysis focuses on six Latin American countries: Chile, Brazil, Colombia, Mexico, Peru and Argentina

The methodology applied to this analysis integrates:

- Desk Research
- An Online Survey
- Semi-structured Interviews

These steps were designed in order to obtain a proper assesment aimed at identifying the weight of core Smart Specialisation areas in Latin America

## **OBJECTIVE**



**Analyse how policy makers and other territorial actors in Latin America are adapting and implementing the Smart Specialisation concept.**

# Taking Stock of Cooperation on Regional Innovation Systems

Date	Country	Description
2007	Brazil	<p>Focus is on:</p> <ul style="list-style-type: none"><li>- Policies for territorial cohesion. Reduction of social and regional inequalities.</li><li>- Policies contributing to economic growth, competitiveness and employment.</li><li>- Establishing and applying regional policies and organizing territorial development strategies.</li></ul> <p>Concerns: Governance, Association, Planning and Assessment procedures and methods.</p>
2010	Chile	<p>Focus is on:</p> <ul style="list-style-type: none"><li>- Multi-level governance/decentralisation strategies</li><li>- Cross-border cooperation (taking into account the European experience).</li><li>- Regional Innovation strategies (mainly in the framework of Project RED).</li></ul>
2013	Peru	<p>Focus is on:</p> <ul style="list-style-type: none"><li>- Policies promoting economic, social and territorial cohesion, innovation and technological development.</li><li>- Cross-border, transnational and inter-regional cooperation</li><li>- Establishing and applying regional policies, including capacity-building efforts.</li></ul> <p>Concerns: Governance, Decentralisation, Sustainable Economic Development and Corporate Social Responsibility at a national and sub-national level.</p>

# Taking Stock of Cooperation on Regional Innovation Systems



Date	Country	Description
2014	Mexico	<p>Focus is on:</p> <ul style="list-style-type: none"><li>- Cooperation and information exchange contributing to growth, competitiveness, employment and a territorial balance</li><li>- Information Exchange regarding shared experiences in regional and urban policies. Emphasis on disadvantaged zones.</li></ul>
2015	Colombia	<p>Focus is on:</p> <ul style="list-style-type: none"><li>- Promoting economic, social and territorial cohesion. <b>Of significant importance keeping in mind the recent conflicts in Colombia.</b></li><li>- Post-conflicto development policies.</li><li>- Innovation and Technological development policies.</li><li>- Cross-border and Inter-regional cooperation. Strengthening of administrative capacity, at a regional and local level.</li></ul> <p>Concerns: Decentralisation, Multilevel Governance, Sustainable Economic Development and Social Corporate Responsibility.</p>
2016	Argentina	<p>Focus is on:</p> <ul style="list-style-type: none"><li>- Promotion of economic growth born from regional innovation and cross-border cooperation</li><li>- Regional policies such as the multiannual planning methodologies and the organisation of territorial development strategies.</li></ul> <p>Concerns: Multilevel Governance and Association, Planning and Assesment procedures and methods.</p>



# **Institutional Framework for innovation and Regional Specialisation in Latin America**

# Chile: Strategic Decentralisation of Innovation



Good progress in the decentralisation process related to regional innovation strategies.

## Lessons:

- The process must receive public and private endorsements at a regional level.
- When drafting a roadmap, expectations and reality has to be realistic.
- Proper management process is need. Otherwise expected outcomes and commitments may be frustrated.

## Difficulties:

- Domains of specialisation are selected at a national level. Homogenisation is a threat.
- Financing is not always guaranteed at a regional level.



# Brazil: Industrial Clusters



Is the country that invests the most in R+D (more than 1% of its GDP).

Enjoys an extensive network of bodies and institutions dedicated to the design, promotion and execution of scientific and technological policy.

Lessons:

- Definition of strategic priorities is essential.
- Regional contributions are essential in order to ensure national success.

Difficulties:

- Highly centralized system. Most decisions taken at a federal level.
- Need for strengthening the capacity of regional stakeholders.
- Need to analyze the availability of infrastructure and human resources.





# Colombia: Local Innovation Poles



Science and Technology policies defined at national level, with certain coordination at a regional level.

Because of scarce public financing for innovation, private initiatives are of significant importance.

## Lessons:

- Relevance given to national clusters, but regional strengths are taken into consideration.
- One of the few Latin American countries which count on regional Science and Technology observatories established to help identify new opportunities.
- Opportunity exists in order to establish alliances and corporate networks with European regions thanks to the country's regional specialisation approach (e.g. the departments of Bolivar and Cauca and the promotion of clustering projects in the region).

## Difficulties:

- Public financial capacity is reduced.
- Most programmes and activities are targeted at a national level.



# Mexico: Regional Dynamism, a source of Smart Specialisation



In Mexico, initiatives supporting science and technology are determined at a central (federal) and regional (state) level.

Policies are highly focused on activities supporting research and innovation development from the higher education sector.

## Lessons:

- Higher education, Territorial development plans and state innovation committees help to insert “local visions” in national strategies.
- Decentralisation efforts are underway thanks to funding allocations through instruments like FOMIX and FORDECYT.
- Coordination between national and regional bodies serve to further strategic projects at both state and federal levels.

## Difficulties:

- Central government Budget allocation to subnational levels is not sufficient.
- Many projects are still “on the shelf” because of a lack of funding.



# Peru: Towards the Implementation of RIS3

Peru's actions in terms of science and technology are aimed at a national level. The public sector serves as the principal implementer of R+D activities; mostly conducted by universities and/or (to a lesser extent) technological/scientific centres (e.g. CONIDA, IGP, IIAP, IPEN, IMARPE, INS, INIA).

## Lessons:

- Definition of strategic priorities is essential.
- Regional contributions are essential in order to ensure national success.

## Difficulties:

- Weak interaction between principal agents of the knowledge generation process and transfer.
- Weak interaction between innovation actors and financial backing.
- Highly centralized system.
- The role of regions are scarcely considered



# Argentina: National Strategy and Spatial Concentration



The main bodies in charge of design, management and coordination of science, research and innovation are centrally managed policies.

## Lessons:

- Targeted institutional reforms can help create new knowledge and capacity.
- Regional development is, and must be, a priority.
- Interest in establish sectorial technology centers at a regional level could help promote better innovation strategies.

## Difficulties:

- Highly centralized structure. Priorities established in national systems.
- Not enough activity fomented outside the metrópolis area.



The background features a faded image of a person's hands holding a smartphone and a document. The person is wearing a white lab coat. The background is overlaid with large, diagonal geometric shapes in shades of blue and grey. The text 'SWOT Analysis' is centered in a bold, blue, serif font, with a thin black horizontal line underneath it.

# SWOT Analysis

## STRENGTH

- Increasing number of national policies focused on innovation.
- Several countries are facilitating regional specialisation.
- Extensive knowledge of the European RIS3 strategies among the persons responsible for innovation policy.
- Significant number of companies and capacities in sectors related to creative industries and the ICTs.
- Extensive democratic and participatory cultures.

## WEAKNESSES

- Highly centralised systems
- Limited financial resources.
- Little interaction between universities, research centres and companies.
- Limited evaluation systems and indicators applied on a regional scale.
- Persistent technology gaps and limited business innovation.
- Little inter-regional cooperation in technology.
- Lack of technological centres operating at a Latin American scale.
- Difficulty to insert policies the need of the traditional sectors (agroindustry) in the R&D+I .

## OPPORTUNITIES

- Existence of National research systems
- Specialisation sectors have been identified at a national or regional level
- Traditional industries with reconversion potential.
- New policies for the decentralisation of resources and their applicability to define RIS.
- Existence of large companies as a tractor effect of global value chains with potential local impact



## THREATS

- Existence of National research systems
- Specialisation sectors have been identified at a national or regional level
- Traditional industries with reconversion potential.
- New policies for the decentralisation of resources and their applicability to define RIS.
- Existence of large companies as a tractor effect of global value chains with potential local impact

# CONCLUSION



In order **to incentivize the strengthening of innovation processes**, policies that differentiate between national and regional (even local) levels must be designed

There is an **urgent need** of supporting the coordination and synergies between and within national research and innovation partners in Latin American countries.

While **national structures tend to determine** research and innovation policies, regional networks must not be left out of the conversation.



# CONCLUSION



Collaboration frameworks between the European Union and Latin America help greatly in **promoting regional specialisation**.

**Participation of companies** in the private sector, and their openness towards innovation, is fundamental.

Communication mechanisms of European agents promoting **Smart specialisation strategies** (e.g. DG REGIO, JRC, etc.) must be established between them and with European companies operating in Latin America.

## Components



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