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# POLICY MIX FOR SMART SPECIALISATION

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# WHAT ARE WE GOING TO DISCUSS?

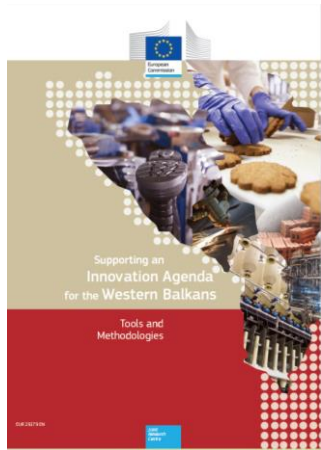
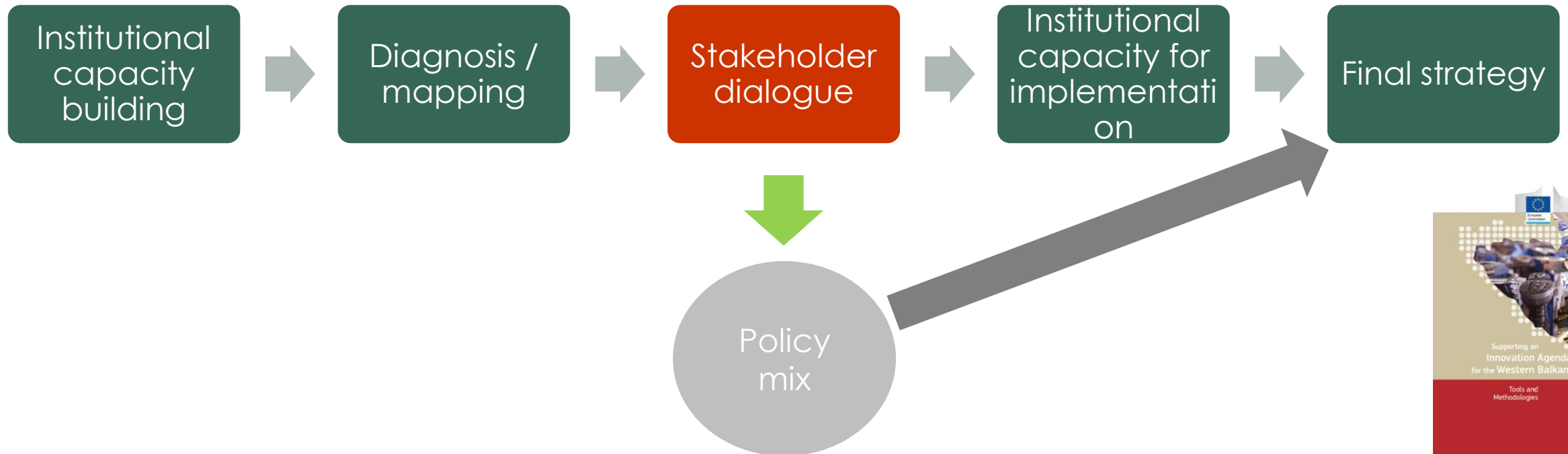


Policy mix



Intervention logic

# WHERE ARE WE ON THE WAY TO S3?



# WHAT ARE WE GOING TO DISCUSS?



Policy mix



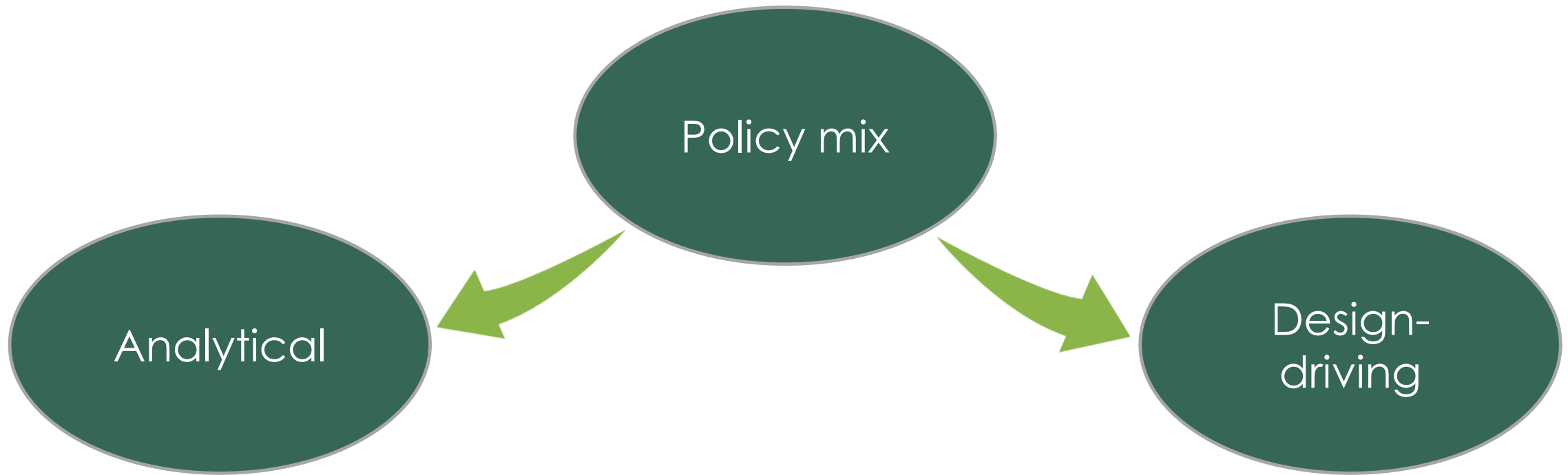
Intervention logic

# POLICY MIX FOR SMART SPECIALIZATION – WHAT IS IT?

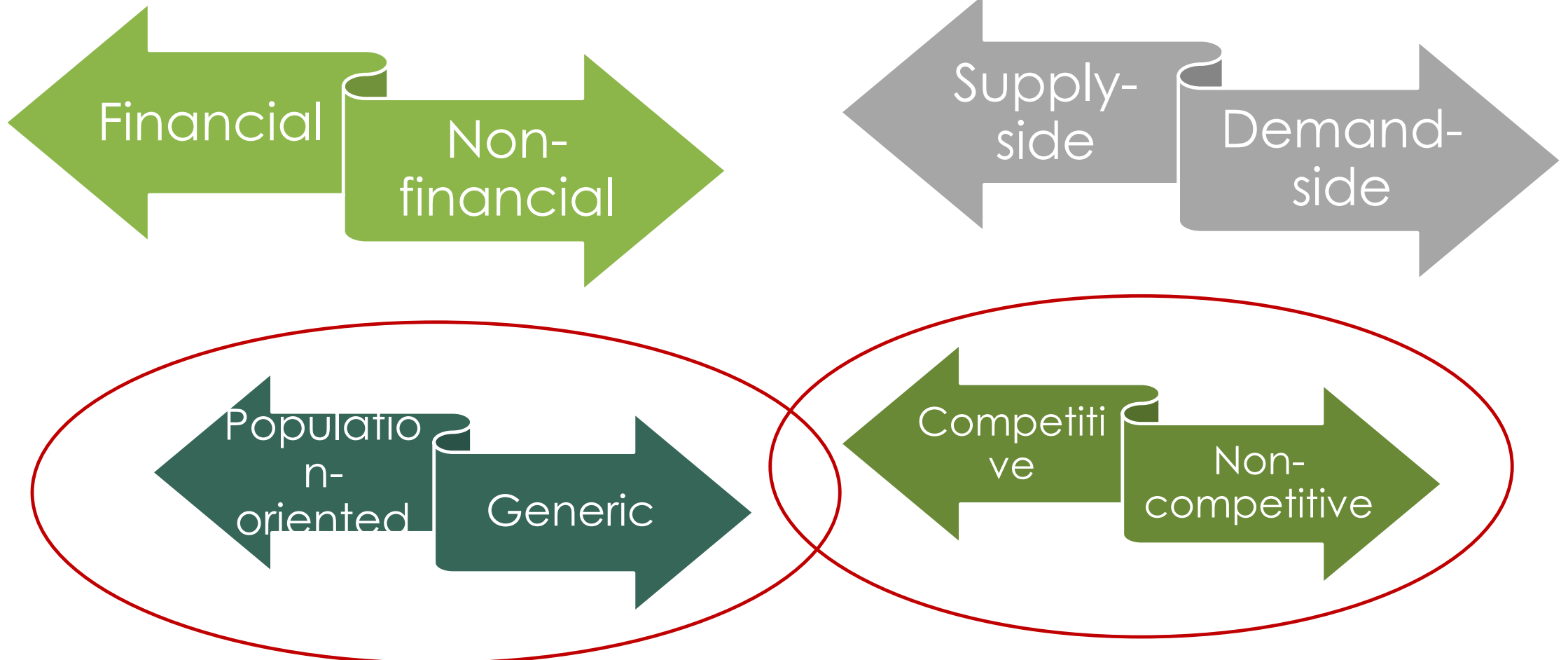
Set of **instruments** from various policies and areas, implemented / owned by various actors, that **contribute to the objectives of smart specialization strategy**.

- Often (but not always and not necessarily!) adjusted to specific needs of particular priority domains
- Flexible - changing in time to account for various challenges and circumstances

# POLICY MIX – ROLES



# POLICY MIX FOR INNOVATION – TYPES OF INSTRUMENTS



# POLICY MIX FOR INNOVATION

## EXAMPLES OF FINANCIAL INSTRUMENTS

### NON-REIMBURSABLE

- Grants
- Subsidies
- Tax reliefs
- Innovation vouchers

example: **INNOVATION VOUCHER**

#### Features:

- ✓ Small amounts
- ✓ Appropriate for smaller projects, usually beginning of innovative activity
- ✓ Relatively simple (flat rate, simple criteria)



- Quick and easy to distribute;
- Based on results;
- Easy to use even for unexperienced



- Cannot be adjusted to more ambitious projects;
- No results => no money



# POLICY MIX FOR INNOVATION

## EXAMPLES OF FINANCIAL INSTRUMENTS

### REIMBURSABLE

- Loans
- Guarantees
- Equity (venture capital)

example: **GUARANTEE**

#### Features:

- ✓ Provides collateral for a bank loan
- ✓ Usually <100% of the loan amount
- ✓ Relatively simple (criteria possible to assess by a bank analyst)



- Leverage on public money
- Encourages banks to finance innovation



- Appropriate for investment (not really R&D)
- Recipient needs to prove credit worthiness

# POLICY MIX FOR INNOVATION

## EXAMPLES OF NON-FINANCIAL INSTRUMENTS

### INFRASTRUCTURE PROVISION

- Research infrastructures
- Science & technology parks
- Incubators, accelerators
- Broadband, 5G

example: **RESEARCH INFRASTRUCTURE**

#### Features:

- ✓ Re-directing research activities towards needs of enterprises
- ✓ Research agendas towards the needs of smart specialisation



- Incentive for business-science co-operation
- High probability of commercialisation



- Require trust & good co-operation
- Require financing for R&D

# POLICY MIX FOR INNOVATION

## EXAMPLES OF NON-FINANCIAL INSTRUMENTS

### SERVICES

- Advisory
- Public databases
- Incubation programmes
- Networking support (e.g. clusters, matchmaking events)

example: **CLUSTERING**

#### Features:

- ✓ Support to exchange of information, experiences, to developing common activities
- ✓ Based on joint activities and financing from members (companies, universities, BSOs)



- Relatively low public cost (private financing)
- Other companies – trustworthy example to follow



- Building sufficient trust may be a challenge
- Highly dependent on cluster leader

# POLICY MIX FOR INNOVATION

## EXAMPLES OF NON-FINANCIAL INSTRUMENTS

### REGULATORY

- Amendment of legal regulations
- Introduction of new regulations
- Deregulation

example: **NEW LAW – INCENTIVE FOR RECYCLING**

#### Features:

- ✓ New legal regulation regarding increased taxation for not separating recyclable waste
- ✓ Specific boost for priority domain entailing recycling technologies



- Relatively low public cost
- Non-selective effect on the priority domain
- Valuable externalities (green



- Wrong regulation may cause market distortion
- Vulnerable to lobbying

# POLICY MIX FOR INNOVATION

## EXAMPLES OF NON-FINANCIAL INSTRUMENTS

### INCREASING VISIBILITY

- Awards
- Events
- Certificates, diplommas
- Labelling

example: **AWARDS**

#### Features:

- ✓ Award: acknowledgement + prestige!  
(optional: small financing + promotion services)
- ✓ Decision taken by recognized jury / public vote

✓  Only selective

- Increases awareness of innovation among general public
- Relatively low public cost



- Relatively easy to lose prestige
- Narrow group of award-winners

# POLICY MIX FOR INNOVATION

## EXAMPLES OF NON-FINANCIAL INSTRUMENTS

### STAFF SUPPORT

- Mentoring / coaching
- Trainings
- Test facilities, learning factories
- Knowledge hubs
- Exchange programmes
- Secondments
- Traineeships
- Curricula

example: **SECONDMENTS BETWEEN RESEARCH & BUSINESS**

#### Features:

- ✓ Short periods of working in a different organization (researchers – in business, company employees – in research organizations)
- ✓ Requires preparation both from delegating and hosting organization



- Increase of professional experience + networking
- Enhanced commercialisation



- Perceived waste of time (for the seconded employee / organization)
- Requires good prep

# POLICY MIX FOR INNOVATION

## EXAMPLES OF SUPPLY AND DEMAND-SIDE INSTRUMENTS

### SUPPLY-SIDE

- Grants for R&D
- Financing research labs
- Support for R&D consortia

### DEMAND-SIDE

- Grants/vouchers for purchase of technology
- Open innovation schemes
- Public procurement
- Investment support

### INTERMEDIARY



- Technology transfer centres, technology brokers
- IP protection (e.g. IP vouchers, advisory)
- Databases of research results / IP

# POLICY MIX - EXAMPLE




Policy objective	Policy instrument	S3 domain	Owner	Target group
PO1	Instrument A	X, Y	Ministry...	SMEs
	Instrument B	X, Y, Z, Q	Agency...	Enterprises, consortia
	Instrument C	X, Q	Innovation fund...	Start-ups
PO2	Instrument D	X, Y, Z, Q	Ministry...	Technology transfer offices
	Instrument B	X, Y, Z, Q	Agency...	Enterprises, consortia
	Instrument E	Q	Agency...	Members of clusters
PO3	Instrument F	X, Y	Ministry...	Research organizations
	Instrument G	Y, Q	Ministry...	Public research organizations
	Instrument H	Z	University...	Post-doc researchers



# INNOVATION POLICY MIX – PRACTICAL EXAMPLE

## Fragment of policy mix from Montenegrin Smart Specialization Strategy

<https://www.gov.me/en/documents/ea1d661e-922a-4d42-af8d-ae55bc53988e>

Policy Objective	Policy Instrument	Description	S3.me Priority Domain	Responsible entity (and partners)	Target groups (and other beneficiaries)
Improve excellence and relevance in scientific research activities	Competitive funding of research	Competitive grants provided to academic research institutions, universities, and public and private research institutions. The focus is on conducting basic research projects or research projects addressing a societal challenge, as well as, to a smaller extent, on involving companies or industry. This is a grant scheme.		MoS	Consortia of research organisations; Research organisations
	Competitive funding for applied research in S3.me priority domains	Competitive grants provided for applied research in S3.me priority domains, to academic research institutions, universities, and public and private research institutions. This is a grant scheme.		MoS (MoE, MoARD, MoSDT, MoPA, MoH)	Consortia of research organisations; Research organisations
	R&D infrastructure	Support to the development of national research infrastructures (both general and tied to a specific programme) and to ESFRI – European Strategy Forum on Research Infrastructures. This is a grant scheme.		MoS	Consortia of research organisations; Consortia of companies and research organisations; Research organisations

# PREPARING POLICY MIX FOR S3

## NEW INSTRUMENTS

- Analyse needs and challenges
- Look for benchmarks / best practice
- Test if possible

## EXISTING INSTRUMENTS

- Preferential criteria
- Increased financing
- Thematic calls

# EXTERNAL INSTRUMENTS – HOW TO USE THEM IN S3 POLICY MIX?

- Case 1: programmes managed jointly / by the recipient:
  - Streamline towards S3 priority domains
  - Fit into existing policy mix
- Case II: programmes managed by external institutions:
  - Provide information
  - Provide assistance to apply
  - Promote success



WORLD BANK

**eureka**  
innovation beyond borders



Funded by  
the European Union



**cost**  
EUROPEAN COOPERATION  
IN SCIENCE & TECHNOLOGY

# WHAT ARE WE GOING TO DISCUSS?



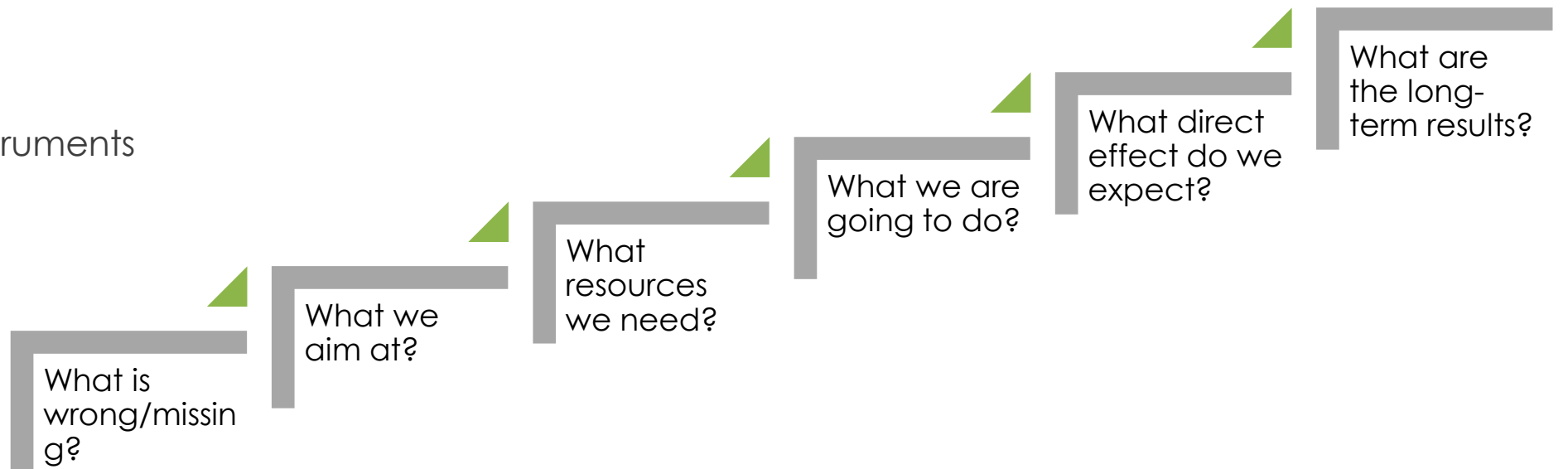
Policy mix



Intervention logic

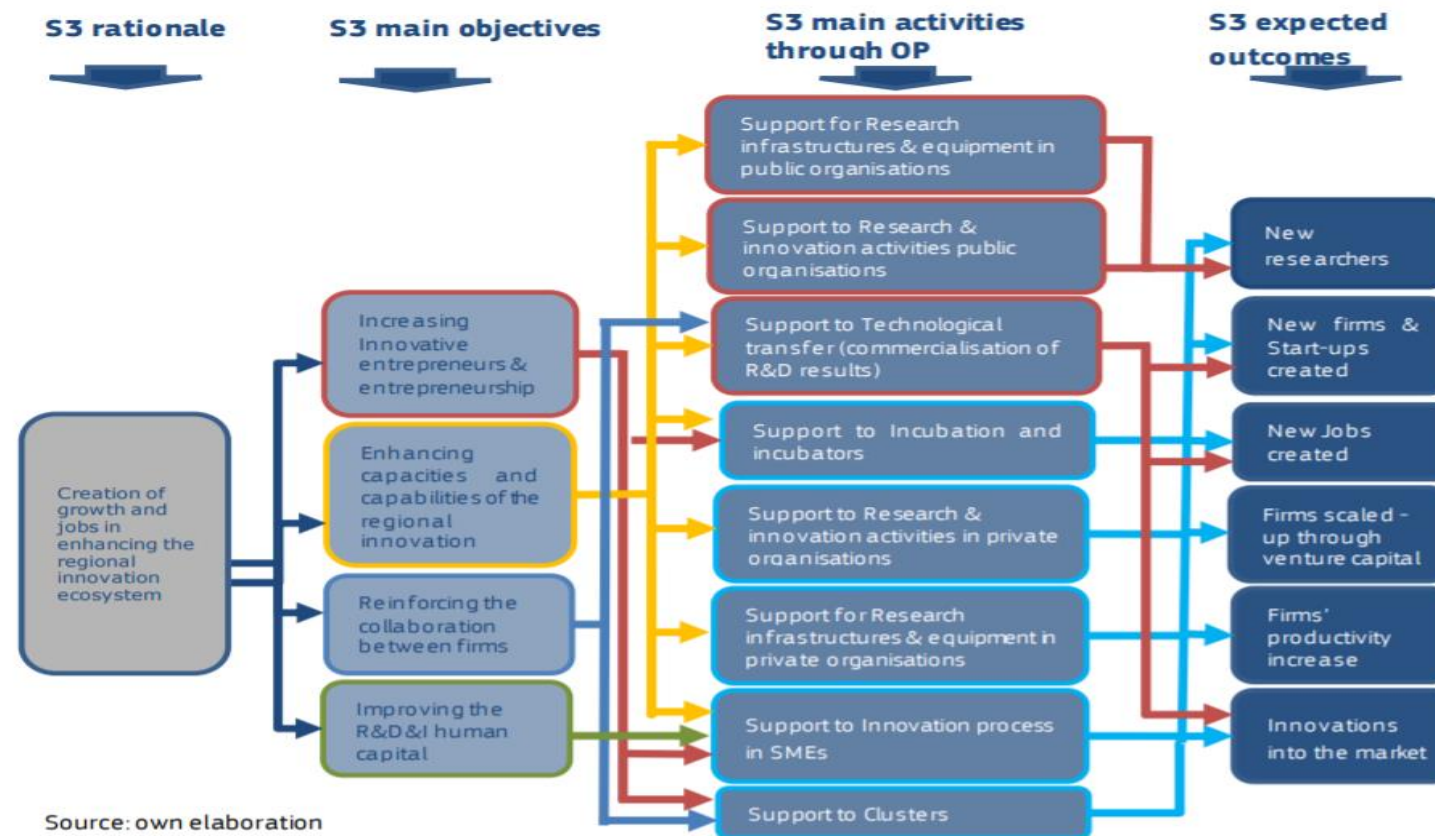
# INTERVENTION LOGIC

- Intervention logic presents a logical path through:
  - Challenges / problems / needs
  - Objectives
  - Inputs
  - Activities / instruments
  - Outputs
  - Results



# INTERVENTION LOGIC



Figure 2 From S3 rationale to expected outcomes



# SUMMARY

1. Policy mix:
  1. a choice from a wide variety of instruments, including external to S3 owner;
  2. you do not always need a big budget to support S3 domains!
2. Intervention logic – a tool to check whether policy elements are a sequence

THANK YOU

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