TOWARDS A RIS3 FOR THE AZORES

The development of the Research and Innovation Strategy for Smart Specialisation of the Azores Region.
TOWARDS A RIS3 FOR THE AZORES

INDEX

I. INTRODUCTION
II. REGIONAL PROFILE
III. PROPOSED METHODOLOGY
IV. CALENDAR AND DEADLINES
V. CONCLUSIONS
I. INTRODUCTION
Expectations from the Peer-Review Workshop

The Azores Region is launching the process of developing its Research and Innovation Strategy for Smart Specialisation (RIS3).

The region’s main objectives and expectations for this Peer-Review Workshop are to present, discuss and validate the roadmap (or, in this case, the nautical chart) that will lead to the development of its RIS3.
Azores objectives in RIS3

Aligned with the S3 objectives, the development of a Research and Innovation Strategy for Smart Specialisation (RIS3) in the Azores has the following main objectives:

- To focus investments on a limited number of priorities on the basis its own strengths and international specialisation;
- To upgrade and improve policy instruments, creating synergies and improving effectiveness;
- To mobilize the stakeholders through an entrepreneurial process of discovery;
- To improve internal and external connections, positioning the Azores in European and global value chains.
II. REGIONAL PROFILE (summary)
Key data

**Population:** 246 746 (2011) - 56% located in S. Miguel, 23% in Terceira and 21% on the other 7 islands;

**Surface area:** 2 333 km²; **Exclusive Economic maritime Zone:** 953 633 km²;

**GDP per capita:** € 15.197 (2010);

**Registered companies:** 19.803 (2011);

**Business structure:** Agriculture and fisheries: 9%; Industry: 17%; Services: 74% (2011);

**Population with tertiary education:** 9,9% (2011);

**R&D expenditure as a % of GDP:** 0,70% (6% from private sector) (2009);

**Entrepreneurial activity (TEA):** 3,5% (2010);

**University size:** 4 547 students (3 991 in BSc, MSc and PhD); 303 faculty (2010/2011).
TOWARDS A RIS3 FOR THE AZORES

Strengths

- Young population
- Unique geographic characteristics
- Competences of the University in selected areas
- Historical relationship with the USA and Canada
- Ongoing support programmes
- Support infrastructures being implemented
Weaknesses

- Small dimension of local market and difficulties accessing other markets
- Low qualification levels
- Low entrepreneurial level
- Low R&D expenditure (particularly in the private sector)
- Low University – Company – Government – Civil Society interactions
Opportunities

- Unique geographic characteristics
- Growing interests in some areas of specialisation of the Azores (marine sciences, environment, geosciences, ...)
- Growing relevance of Azorean communities in the USA and Canada
- Accelerated growth and skills needs in Portuguese speaking countries
- International, national and regional programmes aimed at support research and development
Threats

- Macroeconomic difficulties
  (Regional / National / European)

- Competition from other regions
III. PROPOSED METHODOLOGY
Guidelines

Following the Guide to RIS3 developed by the S3 Platform, the Azores Region is intending to follow a methodology that considers 6 “practical steps”:

- The setting-up of a sound and inclusive governance structure;
- The analysis of the regional context and potential for innovation;
- The production of a shared vision about the future of the region;
- The selection of a limited number of priorities for national/regional development;
- The establishment of suitable policy mixes;
- The integration of monitoring and evaluation mechanisms.

Source: Guide to RIS3, March 2012
TOWARDS A RIS3 FOR THE AZORES

Key steps

1 – Definition of the governance structure

2 – Analysis of the regional context

2a – Looking beyond boundaries

3 – Mobilization and promotion of the entrepreneurial process of discovery

4 – Selection of a limited number of priorities

5 – Definition of the strategy: policy mix, roadmap and action plan

6 – Definition of monitoring and evaluation mechanisms.
Key steps

Step 1 – Definition of the Governance Structure

Governance is closely related with coordination and ownership of the strategy. The proposed governance structure intends to foster the involvement of different types and levels of stakeholders. In this way, the proposed governance structure will consist of the following main bodies:

Management team:
Responsible for developing the strategy.
Will be led by a government nominated champion, supported by a technical and administrative full-time team.

Steering group:
Mainly responsible for setting objectives, monitoring activities and supervising the work programme;
Will involve about 12 key stakeholders from the “quadruple helix”: Government, Society, Business Community and University.
Key steps

Step 1 – Definition of the Governance Structure

**Mirror group:**
With an advisory role mainly focused on the work developed and on the assurance of adequacy of the adopted methodologies;
Consists of a small advisory board with relevant Regional, National or International experts in the area of innovation and competitiveness strategies.

**Thematic groups / Project specific groups:**
With particular responsibilities in developing regional consensus and engaging the main stakeholders.
These groups are supposed to emerge from the entrepreneurial process of discovery launched by RIS3. They will be particularly active in the processes of defining a vision and selecting the priorities.
Key steps

Step 2 – Analysis of the regional context

RIS3 process needs to be based on a sound analysis of the regional economy, society, and innovation structure, aiming at assessing both existing assets and prospects for future development.

The analysis should cover three main dimensions:

- **regional assets**, such as technological infrastructures,
- **linkages with the rest of the world** and the position of the region within the European and global economy, and
- **dynamics of the entrepreneurial environment**.

The analysis will build upon previous work and will be mainly based on secondary data available.
Key steps

Step 2a – Analysis of the regional context: Looking beyond boundaries

In the S3 process, it will not be enough to focus on a specific area or sector. It will be necessary to focus and specialise in areas where the region can make a difference.

The “bottom up” approach and the “entrepreneurial process of discovery” that will be followed for the selection of the priorities for development will have to be fed with benchmarking exercises and international case study analysis that will support decision making.

These exercises will lead to the establishment of linkages and relations amongst decision makers and stakeholders of other region innovation systems, relevant for the development of the Azores RIS3.
Key steps

Step 2a – Analysis of the regional context: Looking beyond boundaries

In the case of the Azores, there is a set of regions and countries with which linkages should be fostered. For each of them, a particular positioning must be identified.

The key challenge will be to identify how external knowledge can be harnessed for innovation within Azores and, on the other hand, how knowledge from the Azores can be of use for other regions.
Key steps

Step 2a – Analysis of the regional context: Looking beyond boundaries

For each of the priorities selected during the process, an international benchmarking report will be developed. This report will focus on different strategies adopted and identify lessons related with the Azorean reality that will facilitate the development of the Azorean RIS3.

These exercises will lead to the identification of key regions and individuals that can be involved in the development of the Azorean RIS3, participating in the Mirror Group and/or in the workshops or video conferences* to be developed, related with their areas of expertise.

* Videoconferences with international experts were widely used by Tekes for the development of different regional strategies in Finland.
TOWARDS A RIS3 FOR THE AZORES

Key steps

Step 3 – Mobilization and promotion of the entrepreneurial process of discovery

The development of a shared vision about the future of the region and the selection of a limited number of priorities for regional development will have to be based on a “bottom up” approach that fosters an “entrepreneurial process of discovery”.

Based on a quadruple helix model, in addition to the Regional Government, it will be required to approach and engage in the development of the strategy:

- The University;
- The Business Community;
- Society.
TOWARDS A RIS3 FOR THE AZORES

Key steps

Step 3 – Mobilization and promotion of the entrepreneurial process of discovery

Both during the RIS3 design process and all along the process of implementation of the strategy, it is crucial to have good communication. According to the RIS3 Guide:

“This is a way of spreading the vision, ultimately generating a positive tension in the regional society towards strategic goals, thus allowing to embark new stakeholders and keep the current ones engaged.”

Considering that different target groups have different needs, the communication of the RIS3 of the Azores will consider the following tools:

- Website;
- Social networking profile;
- Newsletter (every 2 months);
- Initial brochure (paper and digital format);
- Press releases (mainly event-specific);
- Executive summary (for dissemination).
TOWARDS A RIS3 FOR THE AZORES

Key steps

Step 3 – Mobilization and promotion of the entrepreneurial process of discovery

For the promotion of the bottom-up approach and of the entrepreneurial process of discovery, the development of the RIS3 in the Azores will consider pro-active activities such as targeted visits to stakeholders or concerted workshops and seminars.

Considering the fragmented Azorean reality, 3 launch conferences will be held, in different islands, to explain the objectives, raise awareness and stimulate the participation of the actors in the exercise.

In order to foster a participated entrepreneurial process of discovery, 3-5 thematic workshops will be organized.

At the end of the process the organization of an international conference is foreseen in order to present, discuss and validate the strategy developed.
Key steps

Step 3 – Mobilization and promotion of the entrepreneurial process of discovery

The exact number of thematic workshops and its thematic focus will be decided by the Governance Structure, based on a selection of “broad areas”, built on the results of the previous steps.

The workshops will be key to stimulate the participation of regional actors in the construction of the strategy and the validation of the analyses.

The workshops will be fed by information gathered in previous Steps. They will also require specific activities to animate discussions and develop conclusions.

These events will be run on different islands and may include the participation of external experts that can contribute to the discussions.

They will also lead to the definition of the Thematic groups, part of the governance structure of the S3, that will be key in the process of developing the strategy and action plan.
Key steps

Step 4 – Selection of a limited number of priorities

The process of choosing the priorities of the strategy is the most relevant step in the definition of a RIS3. In this way the resources will be more efficiently channelled towards investments that have the highest potential impact on regional economy.

The main challenge at this step will be to identify the balance between the “bottom-up” and “top-down” processes.

Based on the “broad areas” defined for the workshops and thematic groups, the different information gathered in previous steps will be analyzed in order to narrow down the scope of the priorities, making them less general and more precise.
TOWARDS A RIS3 FOR THE AZORES

Key steps

Step 4 – Selection of a limited number of priorities

- Blue biotech
- Renewable energy
- Marine Ecology and Biodiversity
- Fisheries and aquaculture
- Geosciences
- Tourism
- Milk and dairy products
Key steps

Step 4 – Selection of a limited number of priorities

According to the RIS3 Guide, the key criteria for filtering the range of possible priority areas down to only a few priorities are:

- **the existence of key assets and capabilities** (incl. specialized skills and pool of labour) for each of the areas proposed and, if possible, an original **combination of these** (cross-sector; cross-cluster),
- **the diversification potential of these sectors, cross-sectors or domains**,  
- **critical mass and/or critical potential within each sector**,  
- **the international position of the region as a local node in global value chains**.

Priorities chosen will catalyze structural change and the emergence of critical clusters so that agglomeration externalities, economies of scale, economies of scope and local spillovers can be fully realized.
Key steps

Step 5 – Definition of the strategy: policy mix, roadmap and action plan

Based on the priority setting process, a specific and place-based vision and a set of strategic objectives will be defined.

These elements shall be the inspiration and the framework for the RIS3 action plan.

This strategy definition will require a close commitment of all bodies of the governance structure and, again, require a balance between the “top down” and “bottom up” approaches.
Key steps

Step 5 – Definition of the strategy: policy mix, roadmap and action plan

This strategic definition will lead to the definition of an Action Plan and to the conceptualization of Pilot Projects.

The idea is that these Pilot Projects can be used as flagships of the RIS3 to demonstrate that it goes beyond rhetoric and involves concrete action.

In this way, the Action Plan must include project sheets that cover areas such as: project objectives, estimated budget and funding sources, actors involved, timeframe, steps to be taken, etc.

As the RIS3 involves risk-taking, the RIS3 Guide suggests that, in defining the pilot projects, some experimentation is recommended in order to test new approaches relevant for the region.
Key steps

Step 6 – Definition of monitoring and evaluation mechanisms

The monitoring and evaluation mechanisms will be based on the regular follow-up of a set of quantitative and qualitative indicators. According to the RIS Guide:

- **Monitoring indicators** aim to verify that the activities are planned, funds are correctly used and spent on delivering planned outputs and that result indicators evolve in the desired direction.

- **Evaluation indicators** aim to assess effects (i.e., the contribution of the interventions to changes in the result indicator) and to understand why and how the effects are being achieved.

During the process of developing the RIS3, the Management Team will define the structure in charge of measuring the indicators and developing the reports.
Key steps

Step 6 – Definition of monitoring and evaluation mechanisms

Another important source of information considered in the RIS3 of the Azores is Peer Review.

Following the current exercise, the Azores Region intends to have further RIS3 discussions and examinations, carried out by peer regions. According to the RIS3 guide:

“Engaging in this sort of exercises allows learning lessons from regions that might have already experienced some of the problems the d region is facing and/or establishing direct contact with potential partners for cooperation.”

In this way, a period for a new peer-review that may focus on the RIS3 developed should be included in the final conference of the RIS3 development process.
IV. CALENDAR AND DEADLINES
## Calendar

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Key deadlines

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<td>Sep 2012</td>
<td>Governance structure defined (Management Team, Steering Group, Mirror Group, Initial thematic Groups)</td>
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<td>3 launching conferences accomplished</td>
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<td>Communication materials developed</td>
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<td>Analysis of regional context completed</td>
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<td>Jan 2013</td>
<td>3-5 Thematic workshops accomplished</td>
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<td>Related international benchmark completed</td>
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<td>Shared vision defined</td>
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<td>Priority areas selected</td>
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<td>Mar 2013</td>
<td>Strategic document developed</td>
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<td>Action Plan (including Pilot Projects) developed</td>
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<td>Monitoring and evaluation mechanisms assembled</td>
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<td>International conference accomplished</td>
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<td>Peer review developed</td>
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V. CONCLUSIONS
The outcomes

With the development process of the RIS3, by the end of the 1st semestre of 2013 the Azores Region aims to have prepared:

- A strategic document, setting the vision, priorities and action plan;
- An ongoing system that allows a permanent identification of opportunities and upgrades on the adopted strategy.

With these instruments, the Azores believes that the Region will have a basis for the application of Structural Fund investments and will enhance the Region’s contribution to the Europe 2020 jobs and growth agenda.
TOWARDS A RIS3 FOR THE AZORES

The development of the Research and Innovation Strategy for Smart Specialisation of the Azores Region.

THANK YOU!