

Research and Innovation Strategy for Smart Specialisation

RIS3 Ionian Islands

Assessment of RIS3 draft document submitted on 6 March 2015

**A report to the European Commission, Directorate General for Regional
Policy, Unit I3 - Greece & Cyprus**

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The assessment report focuses on the most important chapters of a Research and Innovation Strategy for Smart Specialisation (RIS3), namely (1) the selection of priority sectors and activities, (2) the entrepreneurial discovery process, (3) the setting of objectives / priorities and intervention logic, and (4) the action plan and implementation of the proposed actions.

For each chapter, the scope and the assessment criteria are noted, as defined in the RIS3 Guide (European Commission, March 2012). The comments that follow referring to the RIS3 documents submitted. At the end, a Table codifies the assessment per strategic planning stage and task, with indication of the areas that need further elaboration or revision.

1. Selection of sectors and / or activities for smart specialisation

The scope of the selection is to “identifying sectors that can achieve critical mass should take into account the principles of regional embeddedness and relatedness: existence of industries that are in tune with the relevant socio-economic conditions and the diversification of firms into related areas based on new innovative techniques or processes.” (RIS3 Guide, p. 15)

Four criteria that can justify the prioritisation are (1) the existence of critical mass in terms of GDP or employment; (2) trends showing the dynamism of the sector, (3) export activity, and (4) the existence of innovative companies in the sector.

Comments on the sectors / activities given priority in the RIS3:

The RIS3 of Ionian Islands defines 4 priority sectors

- Tourism, with features of standardized services, mass tourism, seasonality, and trends of saturation.
- Agrofood, which includes a traditional segment in decline (GVA and employment) characterized by structural problems, and Fisheries & Aquaculture, a dynamic and to some extent extrovert segment.
- Cultural and creative economy, an emerging sector with potential for growth, based on the demand for cultural goods, creative arts, and new forms of entertainment.
- Health Services through Bio-medicine

The analysis and quantitative data presented in the RIS3 documents shows that:

-Hotels and restaurants, which are main activities of tourism show a participation in GVA far greater than that of the country.

-The food sector, with 86% share, is the main export industry of Ionian Islands. Main export products are fish products (52% share), as well as fats and oils (33%). Exports of fish, from 2008 to 2012, have increased by 7 times, while the exports of fats & oils are moving upwards at an average rate of 12%.

-Creative industries represent a cluster of around 700 small companies, which work in parallel to tourism, the information technology labs of the university labs, and the cultural activities of the islands, which worth for experimentation as a rising sector.

-Health Services through Bio-medicine is a sector focused on research without critical mass, either in research (as documented by Google Scholar) or entrepreneurial or new business activities. The overall employment in research is limited, significantly below the country average, and concentrated mainly in Higher Education Institutions.

This data document that tourism, agrofood, fisheries, and aquaculture are well selected as mature, export oriented sectors with potential for diversification; creative industries is an emerging sector to test a smart growth policy; and health through bio-medicine is not justified as priority sector and should be excluded from the RIS3 strategy.

2. Entrepreneurial discovery

The scope of entrepreneurial discovery is the “deep involvement of entrepreneurial actors in the strategy design process. Entrepreneurial actors are not only firms, but also any individuals and organisations who have some entrepreneurial knowledge. This analysis aims to build a systematic understanding of the areas in the economy and society that have the greatest potential for future development, and that are ready to be tapped (or need to be encouraged and extracted).” (RIS3 Guide, p. 21)

Criteria for assessing the process of entrepreneurial discovery are (1) the various forms of open consultation with entrepreneurial actors, and (2) the identification of promising areas of innovation in terms of products, processes, technologies and niche markets.

Comments on the process of entrepreneurial discovery in the RIS3 documents:

This process evolves in parallel at the administrative level of prefectures and the region, and at three institutional layers involving the local academic and business community, authorities representing production and university organisations, and the Regional Council.

Desk research has shown that the competitiveness of the regional productive system can be improved by the creation of new value added; the creation of strong inter-sectoral links; the introduction of ICTs in production activities; the upskilling of the economically active population; by limiting the pressures on the environment; and energy and resources saving. However, these are rather horizontal orientations and need further specification at the level of the priority sectors.

It is expected that the process of entrepreneurial discovery will be concluded within the next six months with an in depth analysis of value chains of specific products and identification of business and innovation opportunities.

Given the ongoing entrepreneurial discovery process, the next stages of the smart specialisation strategy (intervention logic and action plan) should be kept open to modification and addition of actions, and pilot interventions.

3. Setting of objectives – intervention logic

According to the RIS3 Guide “It is of crucial importance that RIS3 governance bodies focus on a limited number of innovation and research priorities in line with the potential for smart specialisation detected in the analysis phase that is anchored in entrepreneurial discoveries. These priorities will be the areas where a region can realistically hope to excel.” (RIS3 Guide, p. 23)

Criteria for effective setting of RIS3 objectives are (1) the productive diversification scenario proposed, (2) the use of result indicators for defining quantitatively the objectives, and (3) the definition of the governance structure for the approval and revision of objectives and intervention logic.

Comments on the objective and intervention logic described in the RIS3 documents:

The chapter D.4.” Vision and objectives of the new strategy” needs further clarification. The fact that objectives are defined at parallel and crossing dimensions of

- priority sectors
- areas of intervention

- specific objectives (restructuring of the production model, activation of human resources, creation of thematic specialization poles, and support of the production model), and
- systemic approach of strategic planning, somehow obscures the clarity of objectives.

Objectives should become more specific and clearly inform about the targets in each area of intervention:

- Diversification and innovation in food and agriculture: towards which products?
- Promoting the Ionian gastronomy: which are the promoting activities?
- New species in aquaculture: which species?
- Sea tourism: what kind of change (infrastructure, activities, business models)?
- Diversification of the tourism product and thematic tourism: towards which directions?

The definition of quantitative objectives / targets per priority sector and areas of intervention would greatly increase the clarity of the approach and make easier the assessment of success.

Together with a more specific and detailed approach, this chapter should describe the intervention logic to achieve the objectives set.

The RIS3 document should define the overall strategy per sector of priority / area of intervention. For instance, is this strategy about the creation of new business infrastructure? Clustering? New business creation? Individual support existing to companies? Infusion of technology through open platforms? Opening of new niche markets?

An important aspect of the intervention logic that needs to be crystal clear concerns the measures for the involvement of the private sector; how to achieve a high leverage of private investments energized by the public intervention?

4. Action plan and implementation of actions

“An action plan is a way of detailing and organising all the rules and tools a region needs in order to reach the prioritised goals, and it should provide for comprehensive and consistent information about strategic objectives, timeframes for implementation, identification of funding sources, tentative budget allocation.” (RIS3 Guide, p. 24)

Criteria for the assessment of the action plan refer to actions included in the plan. Each action should be assessed with respect to (1) alignment to priority sectors selected, (2) alignment to entrepreneurial discovery findings, (3) the leverage potential of private investment, (4) the scale of intervention and expected impact, and (5) budget and funding.

Comments on the proposed action plan

The action plan shows an intense effort to bring together many different dimensions of the policy mix. However, description of actions, beneficiaries, and final recipients appear together with priority sectors, RIS3 objectives, RIS3 areas of intervention, thematic objectives of OPs, and specific objectives of OPs, on one table that extends over 30 pages (46-78). This form of presentation makes it difficult to understand the logic that characterizes the action plan.

I would suggest a simpler presentation of the action plan in three components:

1. Define the actions per priority sector and area of intervention (i.e. agrofood / gastronomy), explaining how these actions are expected to contribute to the specific objectives/ targets of the area of reference (gastronomy).

2. Provide additional information per action: short description, beneficiaries, outcomes, indicators, budget, funding source, etc.
3. Regroup the actions per Investment Priority of the OP that would provide the necessary funding for implementation. This would facilitate the national RIS3 and the regionalization of the national OPs (EPANEK and AGRO).

Concerning the actions included in the action plan the following suggestions should be taken into account.

Actions in the agro-food, gastronomy, and tourism should document (1) alignment to entrepreneurial discovery findings, (2) sufficient interest by the private sector, (3) and impact in terms of innovation and exports.

This documentation should be made action-by action. Actually, such information is missing. For instance, a series of actions proposed in the agrofood sector (1.2.1.b, 1.2.1.c, 1.2.1.d, 1.2.1.e) need to define the innovation they would support.

- Action 1.1.1.a: Research activity in the field of agro-foods
- Action 1.1.1.b: Knowledge transfer through demonstration in the field of agro-foods
- Action 1.1.1.c: Clusters in the food industry (food)
- Action 1.1.1.d: Partnerships in the agro-food sector (crops)
- Action 1.2.1.a: Integrated management systems & organic standards
- Action 1.2.1.b: Processing of agro-food products (food)
- Action 1.2.1.c: Primary processing of agro-food products
- Action 1.2.1.d: Production of typical products by young farmers
- Action 1.2.1.e: Production of typical food processing products
- Action 1.2.1.st: Small scale infrastructure for livestock
- Action 1.3.1.a: Packaging and standardization of food processing
- Action 1.3.1.b: Certification of food processing industry
- Action 1.3.1.c: Networking and cooperation in food industry (food)
- Action 1.3.1.d: Networking and cooperation in food industry (cultivation / farming and primary processing)

The actions proposed in the priority sector of creative industries should be implemented at pilot level, and if successful then scale-up. These actions are

- 3.3.1a, creation of incubator for cultural and creative companies
- 3.3.1b, support of entrepreneurship in the cultural and creative economy
- 3.3.1c, creation of cultural and creative potential through research
- 3.3.1d, support the productive valorisation of cultural heritage

The actions of bio-medicine (4.1.1a and 4.1.1b) should not figure in the action plan since the sector cannot be justified as a priority sector.

The actions presented under additional priority sectors (human capital, information and communication technologies, green technologies, support structures) should be reconsidered and transferred under the appropriate priority sectors (agrofood, tourism, creative industries).

Actions related to training and employment creation should become more specific in regards to innovation and technology upskilling. These actions are:

- The actions 5.1.1a and 5.1.1.b, development of skills of unemployed and employed in the sectors of priority through consulting and training.
- The actions 5.1.1c and 5.1.1d, creation of employment for unemployed and new scientists (Thematic objective 8 of the OP)
- The actions 5.1.1e, employment in the social economy and 5.1.1st, creation of incubator for social entrepreneurship (Thematic objective 9 of the OP).

OVERALL ASSESSMENT: RIS3 OF IONIAN ISLANDS
Areas that need further attention (in red)

STRATEGIC PLANNING STAGE	TASKS	NEED OF REVISION (Yes-No)	Quick revision for the GSRT	REMARKS
1. ANALYSIS	1. THE PRODUCTIVE AND INNOVATION SYSTEMS	OK		
	2. SWOT ANALYSIS	OK		
	3. TRENDS, FORESIGHT OR OTHER FUTURE ANALYSIS	OK		
	4. RIS3 GOVERNANCE AND DECISION MAKING STRUCTURE	OK		
2. OBJECTIVE SETTING	1. PRIORITISATION OF SECTORS	YES	YES	The fourth sector (health) is not justified by data
	2. OPEN CONSULTATION ABOUT PRIORITY SECTORS	?		It is not clear whether the consultation concerned the selection of priority sectors
	3. ENTREPRENEURIAL DISCOVERY PER PRIORITY SECTOR	YES		The outcomes of ED are not described
	4. SETTING OF RIS3 OBJECTIVES	YES	YES	More precise objectives with some kind of quantitative targets
	5. IMPACT INDICATORS PER RIS3 OBJECTIVE	OK		At a later stage, following the contribution of the GSRT
3. ACTION PLAN	1. OVERALL BUDGET ESTIMATION OF THE RIS3 ACTION PLAN	OK		
	2. INTERVENTION LOGIC / SELECTION OF POLICY MIX	YES		Connect the intervention logic to priority sectors and objectives and private investment expected
	3. ACTION PLAN STRUCTURE AND LIST OF ACTIONS	YES	YES	Additional priority sectors are added (human capital, ICT, green technologies)
	4. SUMMARY PROFILE PER ACTION	YES		Each action should be justified with respect to Entr. Disc, private sector interest, innovation and export impact
	5. BUDGET ESTIMATION PER ACTION	OK		
	6. OUTPUT INDICATORS PER ACTION	OK		Are used those of the OPs
4. MONITORING & MEASUREMENT	1. GOVERNANCE OF MEASUREMENT / MONITORING	OK		
	2. MONITORING SYSTEM / FOLLOW –UP OF INDICATORS CHANGE	OK		
	3. PROGRESS REPORTS	OK		
5. RIS3 ENDORSEMENT	1. INITIAL DECISION APPROVAL OF RIS3	OK		At the stage of the final document
	2. RECOMMENDATION FROM THE INNOVATION COUNCIL	OK		
	3. GOVERNANCE AND UPDATE OF RIS3 AND ACTION PLAN	OK		