

**ClusterPoliSEE Project**  
**Smarter Cluster Policies for South East Europe**  
**Cod. SEE/C/0008/1.3/X**

**WP 1 – Transnational project and financial management**  
**act. 1.1 - SC, STC and WGs setting up and project management**

**CALL FOR EXPRESSION OF INTEREST**  
**FOR THE SETTING UP OF**  
**CLUSTERPOLISEE WORKING GROUPS**  
**CONCEPT PAPER**

**WORKING GROUP N. 5**  
**PRIORITY AREA - “CLUSTERS AND REGIONAL SPECIALIZATION”**

## **1. BACKGROUND**

### **1.1 Aim of ClusterPoliSEE WGs**

Working Groups (WGs) main objective is to contribute to a broader understanding of the ClusterPoliSEE thematic priority areas, to anticipate future needs, and to foster greater cooperation among policy researchers and decision-makers from both government and business sectors. The employment of WGs is considered as the preferred way of **engaging stakeholders in the co-design of new policy mechanisms**.

Each WG focuses on a thematic priority area as defined in WP1, facilitating the breakdown of cluster development policies in specific discussion topics of interest to SEE countries and beyond. All WGs touch upon the horizontal issue of multiple-level and cross-department cluster policies.

Each WG, coordinated by a WGs Leader, will bring together representatives of the partnership (max. n. 3) and experts (max. n. 2) to share their insights and experiences and to debate on issues of interest and concern. Ad hoc participants among relevant stakeholders are eligible to participate on a case-by-case basis in specific meetings and activities.

### **1.2 WGs Leaders**

The leadership of WGs was agreed and defined in the approved project application form:

<b>WG</b>	<b>LEADER</b>
1 - Innovation, R&D driven Cluster Development	Emilia Romagna Regione, Directorate for Industry, Trade and Tourism (IT)
2 - Sustainability through Cluster Development	Istrian Development Agency - HR
3 - International Cluster Cooperation and networking	Bulgarian Small and Medium Enterprises Promotion Agency (BG)
4 - Financial Framework Improvement (Cluster Financing)	MAG, Hungarian Economic Development Centre (HU)
5 - Clusters and Regional Specialization	Corallia Clusters Initiative Unit (GR)
6 - New skills and Jobs creation	North East Regional Development Agency (RO)

WGs Leaders are assigned to lead and coordinate the thematic priority areas and are responsible for:

1. Setting up the WG
  - Elaboration of WGs Concept Paper and Expression of Interest;

- Collection and evaluation of Partnership Eols (also providing partnership with necessary additional information and/or explanations);
  - Short-listing of experts to be involved in WGs.
2. Coordination of WGs activities through all project phases;
  3. Structuring and documenting WGs' outputs and deliverables.

### 1.3 WGs task

The tasks of WGs in relation to the project activities are as follow:

- Act.3.1 Provide feedback and share “ClusterPoliSEE Platform concept” including specific recommendations on concerned topics;
- Act.3.2 Support the definition of “ClusterPoliSEE Platform operative plan and functional architecture”;
- Act.3.3 Constant feeding and coordination of the ClustePoliSEE on-line repository on the respective WG thematic priority area and support the stakeholders’ consultation in the Platform on 6 central topics, as follows: development of the questionnaire for public consultation, coordination of public consultation, collection of questionnaires and elaboration of data;
- Act.5.1 Organization and participation in WGs meetings (one physical and the others conducted through the policy learning platform);
- Act.5.1 Provide a final report on the new policy learning mechanisms in n. 6 specific thematic priority areas, generation of six new policy learning mechanisms in support of Cluster development and definition of reflective mutual policy approach on cross-department multiple policy level understanding and coordination;
- Act.5.2 Support the definition of the Guideline for Pilot Actions implementation (scheme), that will be based on the set of policy measures defined in WP5.1 and the Pilot Action implementation monitoring, through the close cooperation (also by platform) with the PPs that are assigned to lead and coordinate the Pilot Actions implementation,
- Act.5.3 Support the evaluation activity of the pilot actions;
- Act.5.3 Organization and participation in WGs final transnational Workshop in Brussels.

Output	Target value	Period of deliver
Concept papers for WGs setting up (including Eol format)	n.6	period 01
Expression of Interests for WGs setting up	n. 23	period 01
WGs setting up documents	n. 6	period 01
Platform concept - recommendations on specific topics	n. 1	period 01
Platform operative plan and functional architecture	n. 1	period 01
On line repository/database on the 6 central topics results and best practices	n. 1	period 06
Questionnaire for Stakeholder public consultation on 6 cluster central topics	n. 6	
Result of public consultation report and statistical data	n. 6	period 06
New policy learning mechanisms developed	n. 7	period 04
Reflective policy making mechanism pattern	n. 1	period 04
WGs meetings – reports	n. 5	period 05
Guideline for pilot actions implementation (scheme)	n. 1	period 04
Evaluation Report of Pilot action	n. 1	period 05
WGs Final Transnational Workshop	n. 1	period 05
Results	Target value	Period of deliver
Staff members with increased capacity on Learning mechanisms though platform management (knowledge/skills)	n. 78	period 02
policy makers with increate awareness through platform	n. 52	period 06

public consultation (knowledge/skills)		
stakeholders with increased awareness involved in platform public consultation (rate 1 to 20 for each PPs involved in mutual learning activities)	n. 260	period 06
Policy makers with enhanced capacities to identify and evaluate factors of competitiveness (critical mass) and concentrate resources on key priorities	n. 50	period 04
Established cooperation network, by platform, in support of cluster development	n. 6	period 05
Policy makers with enhanced ability and capacity due to a reflective policy making	n. 50	period 05
Regional based Cluster Policies improved by mutual learning	n. 13	period 05

## 2. STRATEGY OF WORKING GROUP n. 5

### 2.1 Description of the WG5 topic

In the current momentum to underpin further innovation and competitiveness, regions have increasingly become relevant actors. Growth is related to the capacity of regional economies to change and innovate. Regions have become the primary spatial units where knowledge is transferred, innovation systems are built, and competition to attract investments and talents takes place. Regions' performance highly depends not only on that of enterprises and research institutes but also on interactions between different stakeholders.

Within this framework and due to their inherent capability to support cooperation between different innovation actors in a region, clusters are one of the instruments used to foster regional growth, industrial competitiveness and innovation. Globalisation strengthened their role and furthered their development. The more markets globalise, the more likely it is that resources will flow to more attractive regions, reinforcing the role of clusters and driving regional specialisation.

Clusters can be used at both the design and implementation phase of smart specialisation strategies. In the design phase, they can be used to identify the industrial strengths and assets in a region, contribute to set strategic priorities and make the right political decisions, while in the implementation phase, clusters can be used as efficient platforms that can focus on and quickly contribute to smart specialisation's objectives. In particular, by fostering cross-sectoral cooperation, clusters can contribute to implementing thematic-based strategies addressing new society challenges, and creating new competitive advantages in a region.

In recent years, a large number of policy initiatives were launched and implemented in Europe aiming at fostering existing clusters or creating favourable conditions for the formation of new ones. However, while there are examples of good practice in cluster policy, there cannot be a blue print for successful cluster policies or a one-size-fits-all model as the specific industrial and systemic economic strengths and weaknesses in a region need to be taken into account.

Knowing and understanding clusters are of value to regions only if that knowledge leads to actions that grow economies and raise standards of living. There is no single recipe for regions to follow but there is a menu of actions from which to choose that depend on factors, including geography, stage of development, resource constraints, special societal needs, cluster priorities, market imperfections, and local preferences. Smart Specialization is about generating unique assets and capabilities based on the region's distinctive industry structures and knowledge bases.

The objective of WG5 is to analyse, develop and propose new cluster policy actions and methods of implementation in the subject of "Clusters and Regional Specialization" in order to find the specialization that will provide to South East Europe a competitive advantage, as well as a comparative one over other regions, enabling SEE to develop new activities in the future.

Efforts to identify and map clusters, coupled with analyses of regional strengths and weaknesses, will be the first step. What is meant by concepts like clusters and regional innovation systems? What are the mechanisms underpinning dynamism and competitiveness in a clusters? What characterises

(regional) clusters in Europe and what are the main tendencies? What are the lessons learnt from previous regional innovation strategies? Which elements define regional smart specialization?

Cluster mapping along with regional-based assessment reports, foresight exercises and regional SWOT analysis (WP4 outputs) will help to identify regional strengths reducing the risk of duplication of efforts, by encouraging the SEE region to invest in cluster sectors which are not already overcrowded and are of real opportunity within the regional economy.

The strategy will be tailored to the specific circumstances in SEE placing great awareness both at local and regional level in policy design and implementation. Recreating the conditions leading to success stories in other places has proved exceptionally difficult. "Smart" regional specialization is about placing greater emphasis on innovation and having an innovation-driven development strategy in place that focuses on each region's competitive advantage, identifying factors of competitiveness and bottlenecks and concentrating resources on key priorities.

Within this frame, WG5's activities will deal with the development of a smart specialisation strategy and will indicatively cover the following steps:

1. *Analysis of regional context and potential for innovation:*

- Assess existing regional assets
- Identify regional competitive advantage
- Assess region's position within the EU and global context and identify the differentiator elements that constitute a comparative advantage and its coherence as part of a global value chain. Which is the SEE regional typology regarding the global competitiveness context?
- Direct competitors / Potential Collaborators

2. *Governance*

- Ensure participation and ownership
  - Wide engagement of stakeholders
- Which stakeholders from both public and private sector must be involved in each one of the aspects of the strategy? Which must be their role?

3. *Vision for the future*

Formulate scenarios based on analyses and debate where SEE wants to go  
Guarantee long-term engagement of stakeholders

4. *Identification of priorities*

The priorities through realistic, measurable objectives, and specific initiatives connected to them involving all the economic and social agents will be defined, designed and implemented.

An initial participatory and consensus exercise that will identify and select the sectors where the region is going to prioritize its efforts and the available resources by taking into account the current strength of the sector(s) in the region, its potential of growth and the expected benefit of this growth for the socio-economic situation of the region.

In which sectors can the region reach a competitive advantage based on excellence? Which stakeholders can reach excellent levels in the sectors of our specialisation pattern? Shall new cluster initiatives be launched or strengthen existing ones?

5. *Policy mix*

Definition of a coherent policy mix, roadmap, action plan

Entrepreneurial actors will also be pro-actively involved in the strategy design offering more incentives for risk taking. An effective policy mix, i.e. the combination of policy instruments available in the regio – grants, loans and other support – will be ensured in reaching the overall policy goals.

6. *Monitoring and evaluation*

The strategy should have a monitoring and evaluation system and a high degree of transparency.

Who is responsible for the monitoring and evaluation of the strategy? What mechanisms must be defined to update the strategy regarding the changes in smart specialisation across time?

These six steps can be implemented in sequence, following the order in which they are presented above. However, it is important to point out that they are likely to overlap in time as new actors enter

the process, new analysis uncovers unrealised potential, or ongoing projects deliver results that can modify the fundamental context during the process. Therefore, they should not be thought of as separate and autonomous stages in the process, but as interacting components of a comprehensive design scheme whose implementation pattern depends on the specificity of the regional context.

## 2.2 Consistency of the topic with EU policies

Investing more into research, innovation and entrepreneurship is at the heart of Europe 2020 and a crucial part of Europe's response to the economic crisis. In the new push for innovation and competitiveness, regional policy has undergone a fundamental paradigm shift over the past few years. To stimulate regional innovation, the European Commission has published, jointly with the Communication on the 'Innovation Union' flagship initiative<sup>1</sup> in October 2010, a separate Communication on 'Regional Policy contributing to smart growth in Europe 2020'<sup>2</sup> highlighting the role for Regional Policy in contributing to the implementation of the Europe 2020 strategy, and in particular to the flagship initiative 'Resource Efficient Europe'.

The embedded role of smart specialization in the Europe 2020 policy framework has also been highlighted by the Council of the EU in its conclusions on the Innovation Union. The Council underlined “the concept of smart specialization, with each region building on its own strengths, to guide priority-setting in national and regional innovation strategies, as well as cross-border cooperation where appropriate”<sup>3</sup>.

The Commission in 2008 called for a comprehensive approach to fostering world-class clusters in the EU by promoting not only mutual policy learning and transnational cooperation but also professional cluster management and internationalisation of SMEs through clusters. Such support is provided by the “Regions for Economic Change”<sup>4</sup> initiative, “Regions of Knowledge”<sup>5</sup> action under FP7 as well as several CIP-funded cluster initiatives such as the European Cluster Observatory, the European Cluster Alliance and the European Cluster Excellence Initiative.

In support of mutual policy learning, a first generation of pilot projects and networking activities was launched under the PAXIS<sup>6</sup> initiative aiming at the identification of “good practice” examples and developing tool boxes for establishing cluster initiatives. As a result, a great number of successful practices have been identified and transferred to other regions in key areas, such as start-up development, innovation financing, technology transfer and entrepreneurship. However, most of these pilot projects are facilitating mainly networking among cluster initiatives and do not always reach the political level.

During the last decade, activities related to cluster development have also experienced a strong growth in Europe and many clusters have been nurtured in a multitude of sectors. International organisations like World Bank, OECD and the European Commission have adopted the notion and relevance of clusters for regional policy and have supported both policy studies and individual cluster promotion in all countries<sup>7</sup>.

Currently clusters are used by policy makers worldwide as building blocks for implementing different policies and smart specialization strategies to provide and mobilize the necessary resources for that purpose. Their knowledge, networks and dynamism are the right ingredients that are available at local level allowing regions to create more value, reach higher levels of excellence and thrive in the global economy.

Based on the above, WG5 aspires to achieve stronger cooperation among cluster policy makers in participating countries and –given their geographical distribution– strengthen the cluster policies in the SEE meta-region, in line also with the Danube region and Balkan EU strategy, in order to maximize

<sup>1</sup> [http://ec.europa.eu/research/innovation-union/pdf/innovation-union-communication\\_en.pdf](http://ec.europa.eu/research/innovation-union/pdf/innovation-union-communication_en.pdf)

<sup>2</sup> [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/communic/sustainable/comm2011\\_17\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/sustainable/comm2011_17_en.pdf)

<sup>3</sup> Council Conclusions on Innovation Union for Europe, 3049th Competitiveness Council meeting. Brussels, 26 Nov. 2010.

<sup>4</sup> [http://ec.europa.eu/regional\\_policy/conferences/regioneconomicchange/doc/comm\\_en\\_acte.pdf](http://ec.europa.eu/regional_policy/conferences/regioneconomicchange/doc/comm_en_acte.pdf)

<sup>5</sup> [http://cordis.europa.eu/fp7/capacities/regions-knowledge\\_en.html](http://cordis.europa.eu/fp7/capacities/regions-knowledge_en.html)

<sup>6</sup> <http://cordis.europa.eu/paxis/src/home.htm>

<sup>7</sup> The European Cluster Memorandum – Promoting European Innovation through Clusters, Prepared by the High Level Advisor Group on Clusters. Centre for Strategy and Competitiveness. Europe Innova.

regional innovation potential and to point the region towards more strategic cross-border and trans-regional cooperation to achieve more critical potential and related variety. It will contribute to a broader understanding of this thematic policy area, to anticipate future needs, and to foster greater cooperation among policy researchers and decision-makers from both government and business sectors. Their knowledge and commitment is key to identify the priority areas and knowledge-based investments that are most likely to deliver growth and jobs in the region.

In the context of the objectives set in the European Commission's Europe 2020 strategy and specifically the Innovation Union flagship initiative, WG5 will directly address the core objective for 'Regional Policy contributing to smart growth in Europe 2020', by building upon and further developing the efforts carried out by other initiatives (INNO Policy Trend chart for policy analysis, INNO Learning Platform, European Cluster Alliance, European Cluster Observatory etc.) on how to use clusters for designing and implementing regional specialization strategies.

It will aid the participating project partners and the SEE region overall to respond to the Commission Communication "Towards world-class clusters in the European Union: Implementing the broad-based innovation strategy" which called for "efforts to improve the framework conditions for innovation through [...] world-class innovation clusters and development of regional clusters and networks", as well as to the May 2010 Competitiveness Council Conclusions that stressed the need "to encourage the emergence and consolidation of world-class competitive clusters across Europe".

### **2.3 Working Methodology**

The WG will be engaged in policy and strategic level discussions for the successful implementation of all activities described in section 1.3 "Task of WGs". Though, its core activity will be to develop a policy learning mechanism in the priority area of "Clusters and Regional Specialization", a set of policy measures and a guideline for the pilot action implementation will follow.

Each member will receive before their first physical meeting and as a starting point for their work all the WP4 outputs<sup>8</sup>. Based on this input and on their expertise and background on the field, each member will obtain an overall picture of the past and current regional related frameworks, will identify factors, tools, experiences, best practises related to the respective thematic priority area, and will systematically work on developing the new policy learning mechanism as well as on identifying the best ways for their practical implementation that will be tested through pilot initiatives within activity 5.2.

#### General WG5 members' responsibilities

Each WG5 member undertakes to take part in the efficient implementation of the ClusterPoliSEE activities and to cooperate, perform and fulfil, promptly and on time, all of its obligations. Each member undertakes to notify promptly, in accordance with the governance structure of the Project, any significant information, fact, problem or delay likely to affect the implementation of the WG5 activities. Each member shall promptly provide all information reasonably required by the Leader to carry out its tasks.

#### Meetings organisation procedure

Five (5) ordinary meetings will take place within the frame of the activities of WP5 in coordination with the WP5 leader. The first physical meeting will be held in Athens. The other (online) meetings will be conducted through the policy learning platform developed in WP3.

Other means (conferencing facilities, webinars, Skype calls etc.) will be employed whenever this is needed throughout the whole project lifecycle in order to successfully accomplish all activities referred in section 1.3. Other means of consultation (e.g. electronic surveys, etc) will be used too.

Extraordinary meetings will take place only upon an urgency for the successful implementation of the activities (either physical or online).

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<sup>8</sup> WP4 deals with desk work along with study visits and workshops to validate the desk findings, with main outputs: a report on regional-based policies assessment, a foresight exercise, a regional SWOT analysis, all contributing to a broader understanding of cluster policies in SEE.

A calendar with the dates for the WG meetings will be agreed upon its formation and in relation to the implementation of the project activities. The WG leader hosting the meeting will be responsible of all organisational items. Meetings shall be convened by the WG leader with at least fourteen (14) calendar days with an agenda. The agenda of meetings will always include the approval of the minutes of the last meetings held before it. Minutes of meetings shall be transmitted to the members and other possible beneficiaries in two weeks' time after each meeting is held. The minutes shall be considered as accepted by the beneficiaries if, within ten (10) calendar days from receipt, no beneficiary has objected in a traceable form to the WG leader.

#### Reports preparation procedure

The WG leader in collaboration with the WG members is responsible for preparing the followings:

1. Progress report that will serve as an input document for every meeting gathering the conclusions, points agreed from previous meeting, status on action points and points for discussion
2. One final report on the new policy learning mechanism (set of policy measures) in the respective thematic priority area

The editor is responsible to circulate the Table of Contents (ToC) and assign responsibilities in due time and to finally outline the final version of the report for approval at least 15 working days before the deadline. The first 5 days are for comments and the final version should be finished 5 working days before the report is to be submitted. Each member has the duty to review each report / deliverable.

#### Communication and collaboration procedure and means

- Electronic Mail: will be used for transmitting or announcing word-processor files, spreadsheet files, internal reports, meeting minutes, working papers, deliverables, reports, papers and informal communications.
- Files Repository: attaching large files to emails should be avoided. Instead files should be "drop-boxed" to the WGX drop-box repository and an email announcement sent to the WG members.
- Facsimile and/or Postal Services: will be used for formal interchange of documents if necessary.
- Deadlines: For time-critical messages a deadline and a confirmation of receipt should be requested.
- Confidential information should be marked and clearly mentioned.

## **2.4 WG5 composition**

The WG will bring together policy makers, experts and decision makers from national and/or regional public authorities, (e.g. ministries), innovation agencies, business sectors that are engaged in the design, development and/or implementation of cluster programmes and initiatives. All members will be invited on the basis of their neutrality, objectivity and high-level experience in policy making.

The members of the WG will consist of:

- Representatives from the partnership:
  1. max. 2 partners with expertise in the field of regional specialization, regional development policies, RIS3 strategy for regions, support initiatives for clusters
  2. 1 partner with less experience or in the phase to implement a pilot action
- Key experts (max. n.2) with expertise in the aforementioned fields
- Other stakeholders from the public and private sector might be invited as appropriate.