

North-East Region of Romania



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Gabriela Macoveiu

Who we are?



- Juridical person of public utility
- Not for profit non-governmental organization
- Established in 1999 according to the Law for regional development
- Annual budget 3 mil. Euro, 140 employees
- Headquarter in Piatra Neamt,
- Owns a Regional Resource Centre (2010)
- 6 branches (2001), one Representation Office in Brussels (2010)

Questions to discuss



1. How to enforce the regional governance system of the Smart Specialization Strategy implementation?
2. How to do an efficient monitoring activity if there is no direct funding source allocated to S3 implementation?
3. How to stimulate private investments to support RIS3 implementation?

Main achievements of North-East Region S3

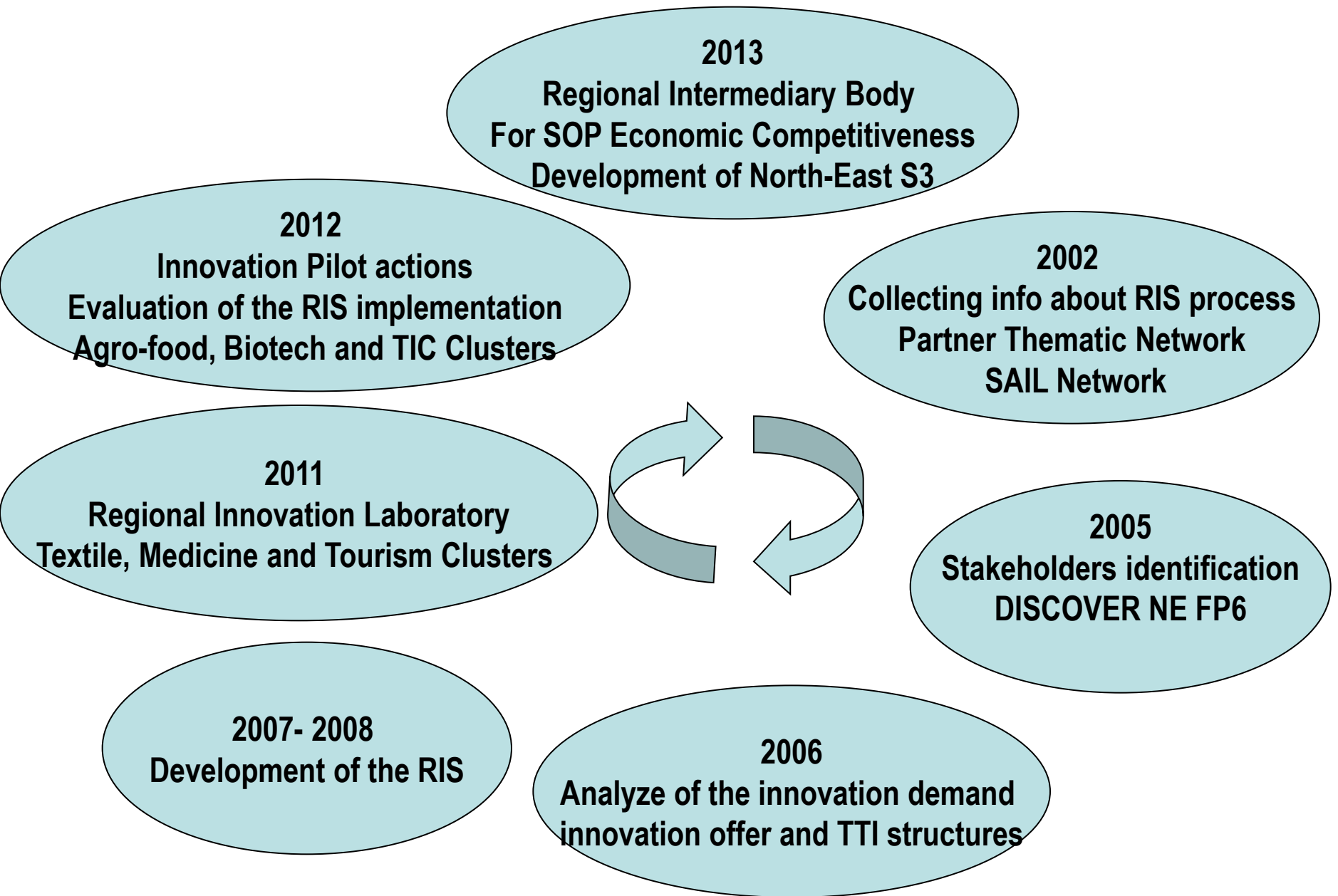


- **North-East Region S3** was elaborated during 2013 under North-East RDA coordination (project financed under Operational Program Technical Assistance 2007-2013)
- **Main activities:**
 - Analysis of the regional context
 - Analysis of the regional innovation potential
 - Identification of the potential smart specialization sectors
 - Identification of the main barriers and solutions for sector development
 - Definition of the vision on the region's economic specialised development
 - Establishment of the strategy priorities

Introduction to our region's work on research and innovation



- **Previous RDA North-East experience:**
 - Between 2005-2008, North-East RDA developed the **first Regional Innovation Strategy of North-East Region (FP6 SSA RIS Project)**
 - Promotion and participation in international projects dedicated to regional innovation system support
- At regional level, there is only one **other region (2 out of 8)** with regional smart specialization strategy under preparation (Region West);
- Initiating the National Innovation Platform and participating in the national consultation process for the elaboration of the «**National Strategy on Research, Technological Development and Innovation 2014-2020**»;
- **Weak coordination between national and regional level.**



Introduction to our region's work on research and innovation



Strategic vision of our North-East Region S3:

The North-East Region creates, transfers and implements innovation in a systemic manner, mainly in 4 key sectors – agro food, textiles and clothes, IT&C and biotechnologies.

These fields of smart specialization transform local resources in products with high added value, have catalyst and multiplication effects towards other branches of the regional economy, are highly competitive at global level, ensure regional economy' sustainable effect.

Governance (I)



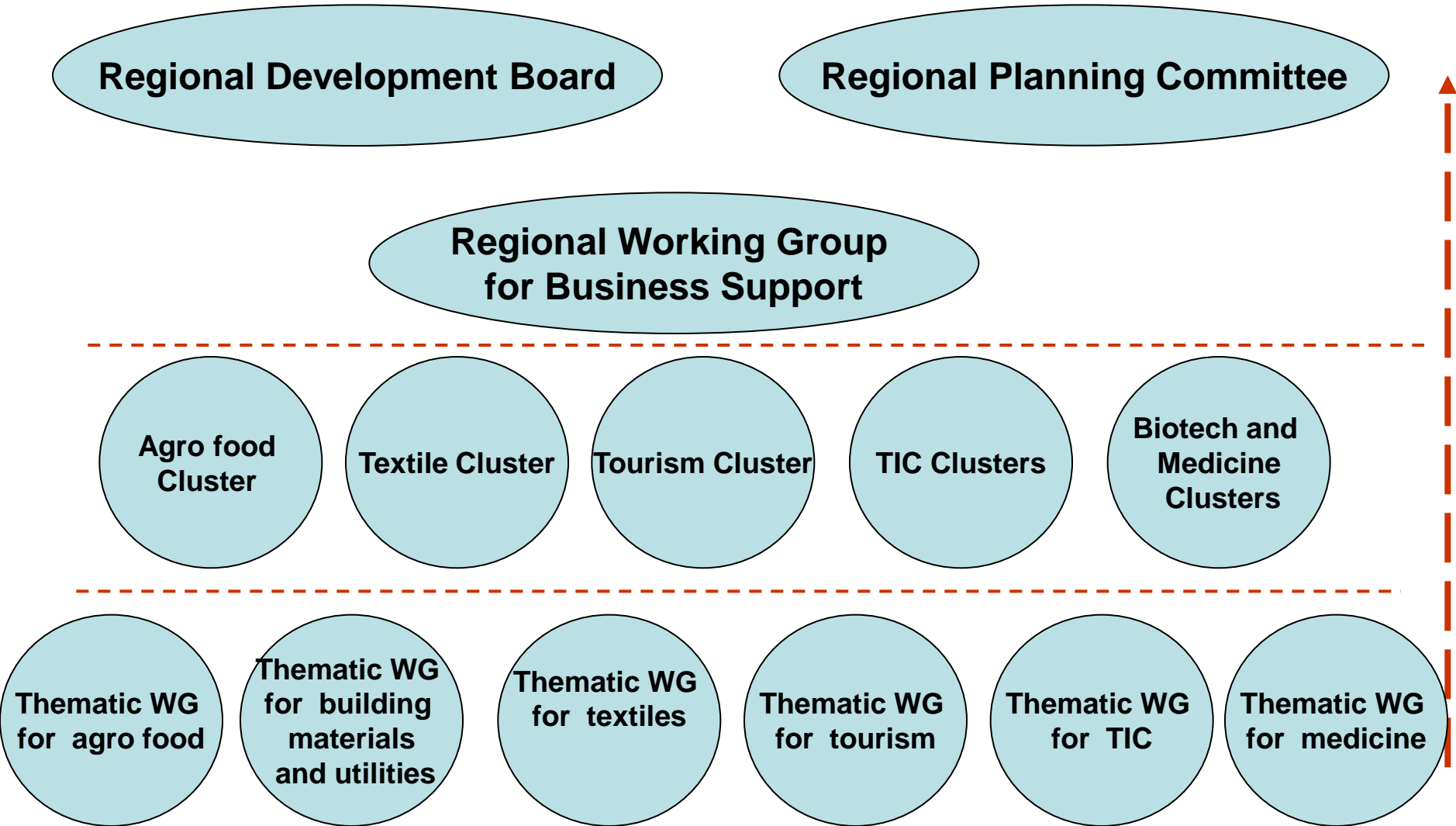
- There are regional partnership structures activated which support regional innovation, in a “**quadruple helix**” **collaboration**.
- For ensuring the implementation of the RIS3, the partnership structure proposed a ***Smart Specialization Regional Consortium*** which will include all the organizations that hold the capacity to animate, facilitate, provide technical assistance, coordinate and monitor the projects within the Regional Portfolio.

Governance (II)



- There are **no formal (top-down) governance mechanisms** to support the involvement of partnership members to the elaboration and implementation of RIS3.
- The RIS3 was elaborated after consultations organized during **13 workshops** (6 sectoral workshops, 5 clusters workshops, 2 workshops with business support representatives), **involving local and county authorities, academics representatives, regional R&D and technological transfer representatives, major companies, chambers of commerce, other business support associations;**

RIS3 development framework



SWOT Analysis (I)



Strong points:

- Identification of industrial agglomerations which could be clusterised – wood and furniture, machinery and equipments, rubber products
- Existence of seven clusters – medical imaging, textiles, tourism, New media, TIC, food industry
- Strong link between PIB/capita and expenses on research-development
- High share of SMEs in total firms (99.7%), similar with the national and European levels situation
- Existence of a regional dedicated innovation network
- Second place in the national ranking in terms of the number of innovative enterprises, most of them making both product and process innovation
- Existence of 12 recognized Centers of Excellence in higher education institutions
- Existence of 79 research centers
- Well represented business infrastructure at regional level
- High number of PhD's and doctoral schools in the region, most of them choosing technical profiles
- Skilled labor force in RDI

SWOT Analysis (II)



Weak points

- Low value of regional GDP and low value of GDP/capita
- Structure of gross value added at the county level is heterogeneous
- Employment rate in the region much lower than the national average
- Uneven distribution of active local units in the regions' counties (highly concentrated in Iasi and highly dispersed in Botosani and Vaslui)
- Density of SMEs very low, placing the region in last place nationally
- Reduced spirit of initiative of the population (number of new enterprises)
- Low levels of foreign direct investments (7th place nationally in 2011), most investments are in areas with low added value
- Low competitive potential for Suceava, Neamt, Bacau, Vaslui and Botosani
- Labor productivity below the national average
- Low share of expenditures on research and development in the region's GDP
- Results of the RD enterprises below national average (turnover, number of employees)
- Low number of employees in research and development in the region
- Reduced collaboration between business environment and universities/research institutes - low technological transfer

SWOT Analysis (III)



Opportunities

- The share of European Funds allocated at national level for RDI and SMEs sectors for the period 2014-2020
- Development of the National Strategy for RDI 2014-2020
- Funding opportunities for research and development projects from national and structural funds
- Development of the business environment as a result of establishment of new business support infrastructures

Threats

- Legislative, political, economic and institutional instability
- Reduced ability for co-financing
- Emigration of qualified personnel, particularly in the knowledge-intensive areas
- The reluctance of enterprises to invest in research and development activities
- Lack of coordination among different sectoral policies

Building the evidence base for RIS3 (I)

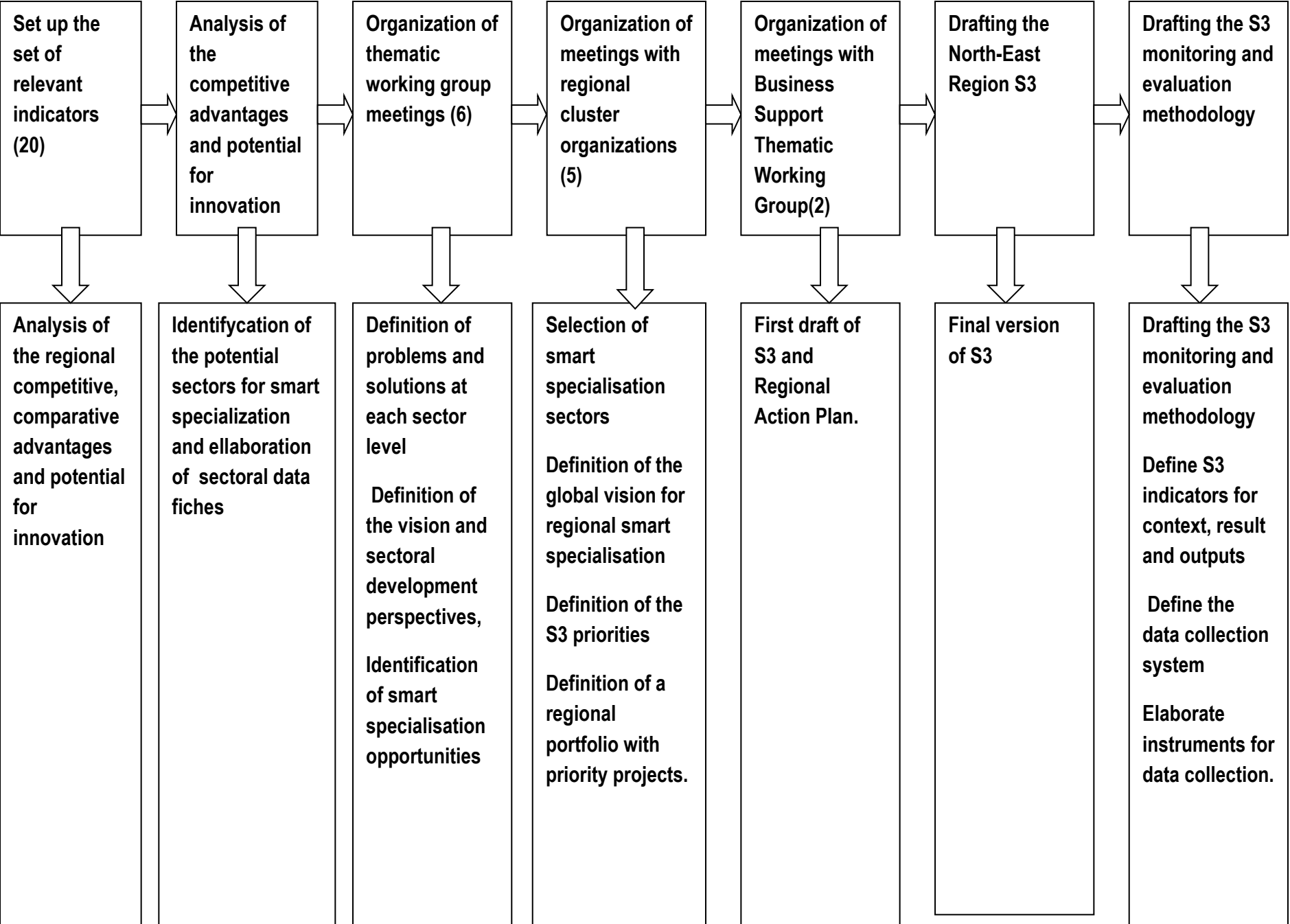


- **Establishment of the set of indicators** (based on the official data published by EUROSTAT and the National Statistics Institute, as well as on the studies elaborated by private companies);
- **Analysis of the macroeconomic indicators**, to rank the North-East Region among the other regions, like the GDP, GDP/capita, weight of RD expenditure within the GDP, economic efficiency indicators have been considered for gross added value, labor productivity;
- **Analysis of business environment indicators** such as: the number of active local units, staff information, turnover and net investments for sector.
- **Analysis of comparative advantages** at county and regional level – it was analyzed the RCA indicator (revealed comparative advantage);
- **Analysis of innovative potential** of the North-East Region = analysis of all actors involved in innovation and technological transfer, of the innovative enterprises and of the innovation types and expenditures performed, including 3 sectoral case studies.

Building the evidence base for RIS3 (II)



- Organization of **6 meetings with thematic working groups** to define and select the strategic development directions and design the global vision for a specialised economic development of NE Region during 2014-2020;
- Organization of **5 meetings with clusters which are acting** in the priority development sectors of the region (agro food, textile, tourism, ICT, biotechnologies);
- Organization of **2 regional meetings for consultation with relevant stakeholders (including members of the Regional Working Group “Business Environment”)** to define the **Regional Action Plan** and the **final version of RIS3.**



Looking beyond our region's boundaries



- The positioning of our economic and innovation system was analysed taking into account **the regional/national/European context.**
- Most of the regional indicators were compared versus others regions/national/EU indicators (e.g. GDP of NE Region was compared to GDP from regions of Poland and Slovakia(Central Slovakia Region) and PIB/capita with same indicator from the regions Northern Hungary and Severozapaden / Bulgaria), using Eurostat database).
- The region's work on research and innovation was also analysed versus regional/national/European context (examples of indicators = number of innovative enterprises, number of patents, etc).

Entrepreneurial dynamics



Within our region, there are **48,591 active companies** (rank 6 among the 8 regions of Romania). **But:**

- The majority of all active units (85.96%) are **microenterprises**. They are operating mainly in services sector;
- **Small and medium enterprises** hold high shares in the distribution of water, sanitation, waste (34.6%), mining and quarrying (30.65%), manufacturing (29.35%) and electricity and heat (26.36%);
- **Large companies** are operating mostly in the electricity and heat fields representing 7.27% of all active units;
- There are **counties with less entrepreneurial spirit** (Botosani and Vaslui);

When designing the RIS3, **the main representative companies and business support structures** were invited and participated to the organised meetings.

Research and academic structures are well represented on regional level. **But:**

- The collaboration between R&DI structures/Academia institutions and companies is not intensive
- **NE RDA plays an intermediary role.**

Main objectives of RIS3



The strategy aims to:

- **foster region's economic competitiveness** by creating and developing innovative companies, introducing modern technologies in RDI units, valorizing these infrastructures and stimulating partnerships cross sectoral cooperation in areas with competitive advantages;
- **move from resource-based competitiveness to the innovation-based competitiveness** within a process that implies development of the research capacities in high-tech areas which generate added value, with a potential for export and engagement of other productive sectors.
- **Promote economic and innovation system** from a trans-regional and international perspective
- **Identify regional strategic projects** which can integrate and exploit the competitive resources of the region (human capital, creativity, clusters, technologic transfer)

The transnational cooperation will be valorised by common projects, best practice examples, partnerships, etc.

Our priorities



North-East Region S3 priorities are:

- HP 1: Developing innovation competences for future generations
 - HP 2: Supporting innovative enterprises within the region
 - HP 3: Supporting existing and emerging cluster initiatives, as support for the development of the regional innovation system
 - HP 4: Technical assistance
-
- The priorities are based on the **analysis of the region's strengths and weaknesses.**

Our sectorial fields of specialization



- **Agro food:** bio products, ingredients for bakery industry, agro mecatronics, biomass
- **Biotechnologies:** bio fertilizers, biodiesel, microfibers, medicines from bio synthesis, bionic hand, clinical studies
- **Clothing and textile:** fast-fashion, design and creativity, accessories
- **TIC:** niche specialization, creative industries, networks of the future, internet services, software, integrated systems design, personal and health systems, accessible TIC
- **Wood and furniture:** niche products, eco materials, eco technologies, accessories, paints
- **Tourism:** niche specialization, traditional art products valorization, energy efficiency

Why these priorities?



- The innovative potential of the North-East Region has been demonstrated through the analysis of **all actors involved**.
- The most important factors which can contribute to **foster the regional competitiveness** are:
 - **Human resources** (valorization of local intelligence-superior qualifications and longlife learning are essential for an economy based on knowledge)
 - **Business infrastructure** and exploitation of it with maximum efficiency and superior parameters (main condition for a sustainable development)
 - **Research&development, innovation, entrepreneurship, public-private partnership** (essential for applying the R&D results in practice)
 - **Specialised industrial clusters** (engines for development and valorization of high technologies)

Implementation and budget (I)



- The partnership structure proposed for ensuring the implementation of the strategy in 2014-2020 period is named **Smart Specialization Regional Consortium (SRC)**;
- **SRC** includes all the organizations that hold the capacity to animate, facilitate, provide TA, coordinate and monitor the projects within the Regional S3 Portfolio
- **North-East RDA – as proposed president of the Consortium**, clusters in smart specialization priority areas, employers’ associations, chambers of commerce, universities, research institutes, county boards of education, representatives of business support structures, county councils, urban poles for growth and development);
- The Consortium will have a **Consultative Commission** with the role to suggest possible funding opportunities for projects within the regional portfolio, composed of representatives of the regional IBs’, ministries that implement national funding programs, main banks and venture capital funds within the Region.
- There is **not a specific budget** allocated for the implementation of the RIS3 – the financing sources has to be identified.

Implementation and budget (II)



- All S3 measures can be implemented simultaneously;
- All measures are necessary for the strategy implementation (2014-2020)

| Type of intervention | Timeframe | Responsible | Observations |
|---|--------------------------------------|---|---|
| Pilot-projects, funded with the own budget of the involved organizations | Ongoing activity in 2014-2020 period | Organizations that can implement projects relevant for the measures of the strategy | e.g. Organization of a Knitting Club through the initiative of dedicated professors in partnership with a regional specialized company. |
| Generation of mature projects portfolio | Ongoing activity in 2014-2020 period | Smart Specialization Regional Consortium | Experience gained during the implementation of pilot-projects can substantiate large scale regional project ideas to transfer best practices within sectors |
| Promotion of the funding opportunities for the projects within the portfolio | Ongoing activity in 2014-2020 period | Smart Specialization Regional Consortium | Actions will start at the same time with the publication of the national and European funding schemes launching schedule |
| Assistance for writing, submitting and implementing the projects within the portfolio | Ongoing activity in 2014-2020 period | Smart Specialization Regional Consortium | To this end, existing expertise within the consortium member organizations will be exploited |

Regional Action Plan (extract)



| Priorities and measures | Target group | Eligible beneficiaries | Funding source |
|--|---|--|---|
| Measure 1.1. Synchronizing training supply of the regional education institutions with innovation's current level within the priority areas | Teachers within the regional education system | Schools, high-schools and universities in partnership with companies within the smart specialization areas | European funds National public funds Beneficiaries' own funds |
| Measure 2.1: Support services to transform innovative ideas into business ideas | Entrepreneurs, SMEs, Spin-offs and start-ups Pupils and students | SMEs Spin-offs and start-ups Schools, high-schools and universities | European funds National public funds Beneficiaries' own funds |
| Measure 3.2: Increase the integrated action capacity of business and existing clusters regional networks | Member organizations of business and clusters regional networks Persons (managers included) within the business and clusters regional networks | Member organizations of business and clusters regional networks Business and clusters regional networks | European funds National public funds Beneficiaries' own funds |
| Measure 4.1: Developing the implementation, monitoring and evaluation systems for the Smart Specialization Strategy | Smart Specialization Regional Consortium | Smart Specialization Regional Consortium member organizations | European funds National public funds Beneficiaries' own funds |

Monitoring of RIS3



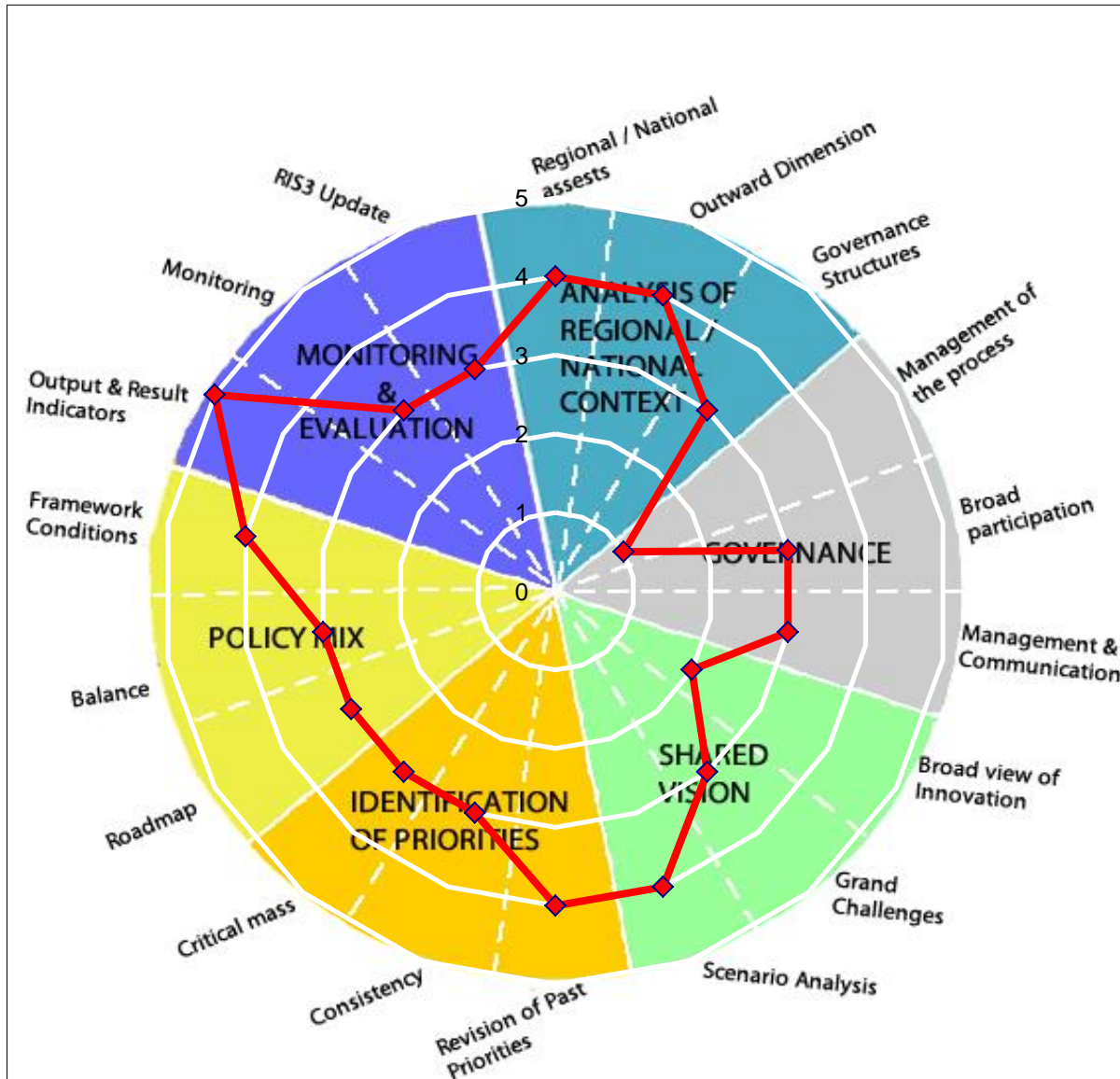
- Monitoring activities will be realised in **2017** and **2019**, in correlation with the process of S3 performances' reviewing at national level;
- North-East RDA will collect info for the following indicators:
 - **context indicators**: statistical data, from the National Institute for Statistics;
 - **output and result indicators**: 2014-2020 OPs Annual Implementation Reports elaborated by MAs'/ IBs';
- The monitoring activity **can be** subsumed to monitoring activity for the implementation of the Regional Development Plan 2014-2020;
- If the information will not be sufficient to reflect the progress in implementation of the strategy **monitoring questionnaires** will be applied to those organizations which implemented innovation projects;
- The results will be centralized in a **Monitoring Report** and discussed at the plenary Smart Specialization Regional Consortium.

Evaluation of RIS3



- In the next Smart Specialization Strategy 2021-2027, North-East RDA will include a section dedicated to **assessing the regional impact** of the implementation of the actual RIS3.
- The **ex-post evaluation report** will include an analysis of the achievement of the indicators included in the strategy, effectiveness of its implementation, sustainability of results, unplanned side effects, lessons learned from the implementation.
- The assessment of the regional impact on implementation of the Strategy will be based on **10 context indicators**: GDP/capita (EUR PPS), expenditure on research and development in regional GDP (%), employment rate of the labour force (%), employment rate of population aged 15-64 (%), number of SMEs per 1,000 inhabitants, the value of FDI/capita (Euro), number of registered patents /100,000 inhabitants, number of employees working in research and development sector at 10,000 civil employed, average labour productivity in industry in the four sectors of smart specialization (Euro / person employed), coverage of imports (CIF) and Exports (FOB) (%).

Our self-assessment



Source: S3 Platform/EURADA

Next steps



- In order to develop and implement the RIS3 in our region, the following activities are envisaged:
 - **Achieve the official recognition of RIS3 from the members of North-East Regional Development Board** (24 members from the 6 county councils and major mayoralities of the region) and **their commitment for implementation;**
 - Formalize the structure of **Smart Specialization Regional Consortium;**
 - Initiate specific activities to animate partnerships, facilitate design and identify funding sources for the projects included in the S3 Portfolio;
 - RIS3 included in the **North-East Regional Development Plan 2014-2020;**
 - The regional administrations and business community are aware of S3

Qs for peers



Question 1: How to enforce the regional governance system of the Smart Specialization Strategy implementation?

- **What has been done:**
- Activation as a bottom-up approach of a regional partnership structure dedicated to innovation
- Efforts to formally include RDAs in the national innovation system

- **What worked:**
- There is ensured a wide participation of the regional stakeholders in the decisional process

- **What did not work:**
- The regional innovation activity still not connected with national (no formal appointments)

Qs for peers



Question 2: How to do an efficient monitoring activity if there is no direct funding source allocated to S3 implementation?

- **What has been done:**
- The RIS was monitored by RDA with its own resources

- **What worked:**
- There are established useful contacts in each OPs' Managing Authority but no formal responsibility assumed in relation to regional S3

- **What did not work:**
- At regional level it is difficult to create a single platform of info related to the strategy implementation,
- Difficulties in collecting info at project level

Qs for peers



Question 3: How to stimulate private investments to support RIS3 implementation?

- **What has been done:**
- RDA is elaborating periodical financing catalogues and delivers detailed info to potential stakeholders in order to access funding
- **What worked:**
- The RDA is recognized as reliable provider of help desk services and innovation support initiatives
- **What did not work:**
- The number of successful applications is not high (especially FP7 and COSME)
- The dimension of the projects is not high

Thank you for your attention!

Gabriela Macoveiu

Tel 004 0233 218071

Fax 004 0233 218072

E-mail: gmacoveiu@adrnordest.ro

www.adrnordest.ro