

Pilot action: regions in industrial transition

STRENGTHENING INNOVATION IN EUROPE'S REGIONS

Europe needs to become more competitive and resilient in the context of major changes brought by globalisation, decarbonisation, emerging and digital technologies.

In this context, the EU has played a key role by supporting all regions and Member States to **activate their potential** for innovation, competitiveness and sustainable jobs and growth through smart specialisation strategies (RIS3). To date over 120 strategies have been adopted to allocate around EUR 40 billion of EU funds for regional innovation.

Regions in industrial transition face specific challenges, notably where this is associated with a lack of an appropriate skills-base, high unit labour costs and deindustrialisation. These regions may be unable to attract sufficient extra-regional investment to encourage broad industrial modernisation or make full use of the opportunities offered by European programmes.

BOOSTING INNOVATION CAPACITY IN INDUSTRIAL TRANSITION REGIONS

Targeted policy measures can help to address the specific needs of these regions and to successfully implement their smart specialisation strategies in order to promote broad-based innovation to address the challenges of the industrial transition, with a particular focus on mutual learning and sharing of good practices in innovation policy implementation, governance and monitoring.

The Commission launched a first call for expression of interest on 29th September. As a result of the assessment of the applications received, five test regions were shortlisted in December 2017. The Commission has launched now **a second call for expression of interest in order to shortlist five additional test regions on industrial transition** in early 2018. The aim is to:

- define a set of actions in the form of a comprehensive strategy building on their smart specialisation strategy, clusters and digitisation of industry plans to foster comprehensive regional economic transformation
- identify where possible collaboration and funding opportunities at European, national and regional level
- link with other regions in regional and cluster partnerships.

This pilot will help to test new approaches to industrial transition and provide the European Commission with evidence to underpin post-2020 policies and programmes.

Timeline

- **December 2017:** selection of the 5 test regions of the 1st call on industrial transition¹
- **December 2017:** announcement of the 2nd call for expression of interest of regions in industrial transition

¹ http://europa.eu/rapid/press-release_IP-17-5108_en.htm

- **January 2018:** kick-off meeting with regional authorities for the 5 test regions of the 1st call on industrial transition
- **19th January 2018:** deadline for submitting applications for the regional authorities for the 2nd call for additional 5 test regions
- **February 2018:** announcement of the selection of additional 5 test regions on industrial transition after the second call
- **By end of 2018:** each of the 10 test regions has defined a strategy to foster economic transformation
- **Early 2019:** capitalisation and lessons learned from this pilot action for comprehensive economic transformation strategy

Budget

Each partnership will receive hands on support from the European Commission, advisory services up to a value of €200.000, including peer learning and foresight activities organised in partnership with the OECD. An additional grant of up to €300.000 will be made to regions to deliver the strategy, subject to sufficient progress.

Support mechanisms from the Commission

The support mechanisms offered by the European Commission will include:

- I. Regional support by teams of Commission services throughout the implementation of the action focusing on skills development, building capacity for investment, use of appropriate EU instruments, research participation and taking advantage of reforms. In addition, regions will be supported by external consultants in the development of a comprehensive strategy for their economic transformation based on their smart specialisation strategy.
- II. Peer-learning seminars by experts of the OECD on specific obstacles to growth in middle-income regions in industrial transition (lack of appropriate skill-base, de-industrialisation, weakness in the capacity of attracting extra-regional investment and exploiting funding opportunities, etc.). The OECD will organise five seminars focusing on:
 - Building on existing industrial specialisations and workforce skills to ensure a process of adaptation to new business opportunities through new technologies.
 - Exploring new ways to support education and capital investment to better match the need of local industries while increasing their innovative capability.
 - Ensuring the transition of regions to a low-carbon economy while defining new regional business models for local growth.
 - Promoting entrepreneurship and lifelong learning in order to ensure the recruitment of workers with the right skills as well as ensuring the existence of an adequate institutional ecosystem to facilitate successful and dynamic enterprises to scale up quickly.
 - Encouraging inclusive growth addressing socio-economic inequalities (e.g. access to high-quality education, access to investment opportunities and adequate infrastructures).