

Renewed challenges for public policies in post-2020 Cohesion Policy: From RIS3 to RIS4 and a new social dimension for smart specialisation¹

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ABSTRACT

In this set of new public policy instruments of the European Union (EU) Cohesion Policy 2014-2020, regional smart specialisation strategies (RIS3) were one of its most important 'flagships'. Given the broad consensus that seems to exist in European institutions as regards the need to continue developing this approach in the EU in the post-2020 period, the main aims of this article are: (i) to analyze the new possible evolutions for strengthening RIS3's strategic rationale of implementation; (ii) to debate the new challenges for public policy resulting from the new orientations and strategic priorities of the EU Cohesion Policy 2021-2027; (iii) to present a proposal for the evolution of RIS3 to another stage of evolution in the post-2020 period through incorporation of a new social dimension which we call RIS4 - Research, Innovation and Social Strategies for Smart Specialisation.

In order to achieve this objective, in addition to the Introduction and Final remarks, the article contains the following main sections: (i) Background theory, where we analyse how the transition from the place-based approach to the smart specialisation rationale allows effective conditions for better operationalization of the first type of approach; (ii) Post-2020 Cohesion Policy and the new challenges for public policy, where we present and discuss a number of key challenges which we believe should be at the centre of the debate on the future of Cohesion Policy. The choices the EU will make on each of these key challenges will determine very different solutions for the future Cohesion Policy. In this section we also debate in detail aspects such as the post-2020 cohesion policy in the framework of the EU's economic governance, the review of place-based approaches, reformulation of the mechanisms for territorialisation of public policy and the strategic priorities of the post-2020 Cohesion Policy; (iii) Smart specialisation and territorial approach post-2020, where we analyse policy implications, new requirements for governance and the increasing policy dimension of smart specialisation, and finally (iv) The European future of 'smart'. From RIS3 to RIS4, we propose the development of a new stage for smart specialization in post-2020 cohesion policy, based on the increased social dimension of the RIS3.

¹ The present article follows on from the Conference entitled *Post-2020 Cohesion Policy and the New Challenges for Public Policy*, given by Paulo Neto as the keynote speaker at the Official Dinner of the International Seminar on Social Services of General Interest and Territorial Cohesion: Experiences and Challenges, organized by the Portuguese Agency for Development and Cohesion (AD&C) I.P., Évora Hotel, November 13, 2017 in Évora, Portugal.

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1. INTRODUCTION

Smart specialisation strategies (S3) are one of the public policy instruments created under Cohesion Policy 2014-2020 which are particularly successful in several Member States and their expansion and greater profitability is relevant in the post-2020 period.

"Smart specialization is opening up new opportunities for interregional cooperation around shared priorities, thereby complementing the strengths of all parties and redefining the European model of growth and integration" (Crețu², 2017: 26), and S3 as public policy instruments have the potential to support coordination (horizontal and vertical) between levels of public administration and between public policies.

The European Commission's Report *Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth*³; the conclusions of the European Council on *Results and new Elements of Cohesion Policy and the European Structural and Investment Funds*⁴; the European Parliament *Resolution on Cohesion Policy and Research and Innovation Strategies for Smart Specialization (RIS3)*⁵ and the *Opinion of the European Committee of the Regions – Smart Specialisation Strategies (RIS3): impact for regions and inter-regional cooperation*⁶, are examples of documents which demonstrate the alignment between European institutions concerning the need to continue developing this approach.

Bachtler, Mendez and Wishlade (2018) in *Reshaping the EU budget and Cohesion Policy: carrying on, doing less or radical redesign?* advocate a Cohesion Policy based on a stronger commitment to the RIS3, associating them with new aspects related to the adequacy of infrastructure, the qualification of human resources or the quality of institutions and their decision-making process.

But it is necessary to go even further. The new generation of RIS3 should incorporate a genuine social dimension in order to add an agenda of this nature to the existing economic, territorial and innovation agendas.

The way in which some citizens appear to be disassociating themselves with, or calling into question, the European project clearly demonstrates both the need to strengthen the social dimension of the EU and the need to strengthen the ability to make its relevance in the daily lives of Europeans more perceptible.

Given the broad consensus that seems to exist in European institutions as regards the need to continue developing this approach in the EU in the post-2020 period, the main aims of this article are: (i) to analyze possible new developments to strengthen RIS3's strategic rationale of implementation; (ii) to debate the new challenges for public policy resulting from the new orientations and strategic priorities of the EU Cohesion Policy 2021-2027; (iii) to present a proposal for the evolution of RIS3 to another stage of development in the post-2020 period through the incorporation of a new social dimension which we call RIS4 - Research, Innovation and Social Strategies for Smart Specialisation.

In order to achieve this objective, in addition to the Introduction and the Final remarks, the article contains the following main sections: (i) Background theory, where we analyse how the transition from the place-based approach to the smart specialisation rationale allows effective conditions for better operationalization of the first type of approach; (ii) Post-2020 Cohesion Policy and the new challenges for public policy, where we present and discuss a number of key challenges which we believe should be at the centre of the debate on the future of the Cohesion Policy. The choices the EU will make on each of these key challenges will determine very different solutions for the future Cohesion Policy. In this section we also debate in detail aspects such as the post-2020 cohesion policy in the framework of the EU's economic governance, the review of place-based approaches,

² European Commissioner for Regional Policy.

³ COM (2017) 376 final.

⁴ Council of the European Union.

⁵ European Parliament, Resolution 2015/2278(INI).

⁶ Official Journal of the European Union, C272, volume 60, 17.08.2017.

reformulation of the mechanisms for territorialisation of public policy and the strategic priorities of the post-2020 Cohesion Policy; (iii) Smart specialisation and territorial approach post-2020, where we analyse policy implications, new requirements for governance and the increasing policy dimension of smart specialization, and finally (iv) The European future of 'smart'. From RIS3 to RIS4, we propose the development of a new stage for smart specialisation in the post-2020 cohesion policy, based on the increase in the social dimension of the RIS3.

2. BACKGROUND THEORY

2.1 The place-based approach

In 2009, the Barca Report defined the rationale for action for the EU's Cohesion Policy 2014-2020 and the place-based approach, which is one of its key foundations. In *An Agenda for a Reformed Cohesion Policy. A place-based approach to meeting European Union challenges and expectations*, Barca argues that "A place-based policy is a long-term strategy aimed at tackling persistent underutilisation of potential and reducing persistent social exclusion in specific places through external interventions and multilevel governance. It promotes the supply of integrated goods and services tailored to contexts, and it triggers institutional changes. In a place-based policy, public interventions rely on local knowledge and are verifiable and submitted to scrutiny, while linkages among places are taken into account" (Barca, 2009: vii).

Moreover Barca argues that "this strategy is superior to alternative strategies that do not make explicit and accountable their territorial focus, or even hide it behind a screen of self-proclaimed space-blindness, fail to integrate services, and either assume that the State knows best or rely on the choices and guidance of a few private actors" (Barca, 2009: vii).

In addition to the place-based approach, the Barca Report proposed a set of ten pillars on which the Cohesion Policy 2014-2020 should be based, namely: (i) An innovative concentration on core priorities and a conservative territorial allocation; (ii) A new strategic framework for cohesion policy; (iii) A new contractual relationship, implementation and reporting aimed at results; (iv) A strengthened governance for the core priorities; (v) Promoting additional, innovative and flexible spending; (vi) Promoting experimentalism and mobilising local actors; (vii) Promoting the learning process: a move towards prospective impact evaluation; (viii) Refocusing and strengthening the role of the Commission as a centre of competence; (ix) Addressing financial management and control, and (x) Reinforcing the high-level political system of checks and balances.

Besides the Barca Report, other core documents for the preparation of the EU funding and programming period 2014-2020 were decisive. Among these, the following stand out: (i) *Green Paper on Territorial Cohesion. Turning territorial diversity into strength* (2008)⁷; (ii) *Regions 2020. An Assessment of Future Challenges for EU Regions* (2008)⁸; (iii) *A Digital Agenda for Europe* (2010)⁹; (iv) *Territorial Agenda of the European Union 2020. Towards an Inclusive, Smart and Sustainable Europe of Diverse Regions* (2011)¹⁰; (v) *Horizon 2020 - The Framework Programme for Research and Innovation* (2011)¹¹, and of course (vi) *Europe 2020. A strategy for smart, sustainable and inclusive growth* (2010)¹².

The Europe 2020 Strategy proposed "three mutually reinforcing priorities: (i) Smart growth: developing an economy based on knowledge and innovation. (ii) Sustainable growth: promoting a more resource efficient, greener and more competitive economy. (iii) Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion" (European Commission, 2010: 3).

⁷ COM(2008) 616 final.

⁸ SEC(2008), 10.2008.

⁹ COM(2010) 245 final/2.

¹⁰ Agreed at the Informal Ministerial Meeting of Ministers responsible for Spatial Planning and Territorial Development on 19th May 2011 Gödöllő, Hungary.

¹¹ COM(2011) 808 final. Adoption by the European Council (November/December 2013).

¹² COM (2010) 2020.

2.2. Smart specialisation

In order to ensure the effective conditions of operation for the place-based approach, the new programming period concentrated on a significant set of instruments aimed at ensuring results in terms of the territorialisation of public policies, namely: (i) Community-led local development (CLLD)¹³ and (ii) Integrated territorial investment (ITI)¹⁴. In this set of new instruments, national and the regional smart specialisation strategies (RIS3) formed the 'flagship' public policy instrument for Cohesion Policy 2014-2020.

The smart specialisation strategy (S3) concept was developed by the EU's high-level expert group *Knowledge for Growth*, in 2005-2009, "closely related to the concept of clusters [and] during the reform of cohesion policy for the period 2014-2020, the concept was extended in order to encourage regional economic transformation. It was also incorporated into EU regional policy as a key principle of investment in R&I" (European Commission, 2017: 11-12).

Precisely in this sense, Foray et al (2012: 7) defend that "investing more in research, innovation and entrepreneurship is at the heart of Europe 2020 and a crucial part of Europe's response to the economic crisis. So is having a strategic and integrated approach to innovation that maximises European, national and regional research and innovation potential". Thus, "smart specialisation has a strategic and central function within the new Cohesion Policy being a key vehicle for ensuring Cohesion Policy's contribution to the Europe 2020 jobs and growth agenda." (Foray et al, 2012: 9).

According to the same authors "(...) RIS3 approach is relevant to all three priorities of Europe 2020 i.e. smart, sustainable and inclusive growth". The relevance of RIS3 is justified by Foray et al, 2012 in this way: it is smart because "smart specialisation matters for the future of Europe because the development of an economy based on knowledge and innovation remains a fundamental challenge for the EU as a whole"; (...) it is sustainable because "smart specialisation is relevant to achieve sustainable growth, as an important innovation effort and considerable investment is required to shift towards a resource-efficient and low carbon economy, offering opportunities in domestic and global markets" (...) and finally it contemplates inclusive growth, because "smart specialisation contributes to inclusive growth between and within regions by strengthening territorial cohesion and by managing structural change, creating economic opportunity and investing in skills development, better jobs and social innovation." (Foray et al, 2012: 8).

Crescenzi and Iammarino (2017: 98) verify that "the recent literature on regional economic development has reached a consensus on the idea that spatial proximity, density and localized processes should be placed in the wider context of economic globalization by accounting for other forms of proximity between local and non-local agents".

In fact, the smart specialisation strategy "has been proposed as a possible approach to tackling these challenges and although the original ideas underpinning smart specialisation initially emerged from non-spatial ways of thinking it became increasingly apparent that they dovetailed neatly with various ideas emerging from other fields including economic geography, science policy, and development studies" (McCann and Ortega-Argilés, 2016: 280). In the opinion of Boschma (2017), smart specialisation is a pivotal concept for accelerated economic growth. This concept has both an economic and spatial meaning and this condition leads us to the question: *what* is the economic focus of growth initiatives and *where* should this growth take place?

According to Nijkamp (2016: 194), "regional development is an integrated initiative to exploit the benefits of a smart spatial-economic specialization. Smart regional specialization seeks to combine the economic benefits of comparative advantages with the place-specific benefits of agglomeration advantages".

¹³ Regulation (EU) no. 1303/2013 of The European Parliament and of The Council (17.12. 2013), Chapter II – Community-led local development, Articles 32 to 35, "...Community-led local development shall be supported by the EAFRD, which shall be designated as LEADER local development and may be supported by the ERDF, ESF or EMFF."

¹⁴ Regulation (EU) no. 1303/2013 of The European Parliament and of The Council (17.12. 2013), Chapter III – Territorial Development, Articles 36, "...Where an urban development strategy or other territorial strategy, or a territorial pact referred to in Article 12(1) of the ESF Regulation, requires an integrated approach involving investments from the ESF, ERDF or Cohesion Fund under more than one priority axis of one or more operational programmes, actions may be carried out as an integrated territorial investment (an 'ITI')."

2.3. The territorialisation of public policies

McCann and Ortega-Argilés think that “the question of how to best design and implement development policies which are most appropriate for fostering good growth in the local setting” is “the central issue which is always present in every local, regional or national context”. Even in a “heterogeneous context as the EU regional system there is unlikely to be any particular «one-size-fits-all» approach which is ideally suited to every regional context” (McCann and Ortega-Argilés, 2016: 281).

In the same line of thought, Rodrik (2007) argues that finding ways to best tailor policy actions and interventions to the heterogeneous local contexts is generally regarded as being the most important issue for policy design and delivery.

The potential conflict, given the heterogeneous nature of the contexts and their priorities, is not forgotten. So, “in order to reconcile the potentially conflicting pressures between local tailoring and consistency with the overall policy logic and architecture the EU has adopted the smart specialization approach to policy prioritisation as one of its key conditionalities or non-negotiable elements in the policy agenda” (McCann and Ortega-Argilés, 2016: 281). In short, “the smart specialisation approach offers a policy-prioritisation framework for thinking about resource allocation issues logic and a way forward for regions making policy choices in difficult and challenging budgetary environments” (McCann and Ortega-Argilés, 2016: 281-282).

Still according to McCann and Ortega-Argilés, the economic advantages of the smart specialisation approach are evident because “smart specialisation puts an economic discipline on the policy prioritisation process, the intention of which is to help countries and regions make the most realistic choices regarding policy interventions and actions which are amenable and appropriate for the local context (...). The smart specialisation approach to economic development also emphasised that any successful entrepreneurial activities will need to develop and build on scale in order to generate sufficiently large impacts that help to transform the system” (McCann and Ortega-Argilés, 2016: 282-283).

The role of the smart specialisation concept in driving the innovation process is recognized by Gianelle et al (2016). These authors say that “through its adoption and adaptation towards regional development, the smart specialisation concept has become a powerful instrument for place-based innovation-driven growth. Furthermore, evidence arising from regions and ongoing informal policy discussions signals that the smart specialisation approach may be evolving towards a methodology that goes beyond its application to the EU regional policy. In fact, smart specialisation is gaining interest in both scientific and policy-making communities linked for instance to urban and local development, and is also bridging the gap towards more thematic policy approaches such as industrial and energy policies” (Gianelle et al, 2016: 10).

The evidence that smart specialisation is attracting the attention of several areas of interest was recently confirmed by the European Commissioner for Regional Policy. She said that smart specialisation “has become a key instrument for place-based development. It now represents the most comprehensive policy experience on implementing innovation-driven progress in Europe. It is a cornerstone in the European Union’s endeavour to continue driving countries and regions from recent setbacks onwards to success, and to guarantee opportunities for each and all of its territories” (Crețu in Gianelle et al, 2016: 9).

3. POST-2020 COHESION POLICY AND THE NEW CHALLENGES FOR PUBLIC POLICY

For the next long-term EU budget 2021-2027, the European Commission proposes to “modernise Cohesion Policy, the EU's main investment policy and one of its most concrete expressions of solidarity.”¹⁵ For this period, European Commission proposes indeed “a more tailored¹⁶ approach to

¹⁵ European Commission - Press release, Strasbourg, 29 May 2018.

¹⁶ The European Commission proposal for post-2020 Cohesion Policy keeps 3 categories of regions: less-developed, transition and more developed regions. To reduce disparities and help low-income and low-growth regions catch up, GDP per capita remains the predominant criterion for allocating funds. In addition, new criteria aim at better reflecting the reality on the ground – youth unemployment, low education level, climate change and the reception and integration of migrants.

regional development” focused on investing in all regions, locally-led¹⁷ and with fewer, clearer, shorter rules and a more flexible framework¹⁸.

Even so, as the EU is starting to debate the post-2020 Cohesion Policy, there are still many uncertainties, and among them we can highlight the following: (i) The future model for financing the European Union's budget, and the Structural and Investment Funds, in support of the definition and implementation of the Cohesion Policy¹⁹; (ii) The future implications of application of the European added value concept in defining the new generation of EU Cohesion Policy, as well as the objective of achieving a gradual shift from local to EU objectives²⁰; (iii) The role and future relevance of the post-2020 Cohesion Policy to Mega-Regions and to cross-border and transnational territorial cooperation²¹; (iv) Brexit's impact on future budgetary availability for Structural and Investment Funds; (v) The impact of Brexit on the average value of GDP per capita in European regions and on the re-definition of the limits of the types of regions within the Cohesion Policy; (vi) The impact of Brexit on changing the relative position, and the conditions of eligibility of European regions; (vii) Post-2020 Cohesion Policy and the future choices of the EU on the territorialisation of public policies; (viii) The debate on whether post-2020 Cohesion Policy will maintain, or deepen, the current place-based orientation; (ix) The possibility of realizing and being able to take advantage, in the post-2020 period, of other territorial, sectoral and thematic configurations for the design and implementation of territorial instruments such as Integrated Territorial Investments (ITI); (x) The debate on how each Member State could increase the conditions for the projects supported there to generate higher levels in terms of European added value²², or national added value or regional added value, and (xi) Improving ways of measuring and accounting for the impact of EU expenditure and financing on the level of economic growth in the Member States²³.

¹⁷ The European Commission proposal goes in the sense that the 2021-2027 Cohesion Policy stands for a Europe that empowers, by supporting locally-led development strategies. Local, urban and territorial authorities will be more involved in the management of EU funds, while increased co-financing rates will improve ownership of EU-funded projects in regions and cities.

¹⁸ Concerning a more flexible framework, the European Commission proposes: (i) Simplifying access to funds – The Commission proposes to make the rules less complex in the next long-term EU budget, with less red tape and lighter control procedures for businesses and entrepreneurs benefiting from EU support; (ii) A single rulebook – One set of rules now cover seven EU funds implemented in partnership with Member States ('shared management'), which will make life easier for EU funds programme managers. It will also facilitate synergies, for example between Cohesion Policy funds and the Asylum and Migration Fund when it comes to the development of local integration strategies for migrants. The framework also allows for more efficient links with other funds from the EU budget toolbox; for example Member States can choose to transfer some of their Cohesion Policy resources to the InvestEU programme; (iii) Adapting to needs – The new framework also combines the stability necessary for long-term investment planning with the right level of flexibility in order to cope with unforeseen events. A mid-term review will determine if changes in the programmes are needed for the last 2 years of the funding period, and limited transfers of resources within EU funds programmes will be possible.

¹⁹ See: (i) the Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027, COM(2018) 321 final; (ii) the Proposal for a Regulation of The European Parliament and of The Council on the establishment of the Reform Support Programme, COM(2018) 391 final; (iii) the Proposal for a Regulation of The European Parliament and of The Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument, COM(2018) 375 final; (iv) the Proposal for a Regulation of The European Parliament and of The Council on the European Regional Development Fund and on the Cohesion Fund, COM(2018) 372 final.

²⁰ As advocated by the European Union High Level Group on Own Resources (2016).

²¹ See: (i) Executive Summary of the Impact Assessment Accompanying the document Proposals for a Regulation of The European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund on a mechanism to resolve legal and administrative obstacles in a cross-border context on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments, SWD(2018) 283 final; and (ii) Proposal for a Regulation of The European Parliament and of The Council on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments, COM(2018) 374 final.

²² The added value also depends on Member States' decisions to actually make use of potential cost savings (EU High Level Group on Own Resources, 2016).

²³ According to the European Union High Level Group on Own Resources (2016) European Union expenditure provides additional growth in all Member States, while this effect is not visible in the accounting calculation of net balances.

However, among the set of uncertainties and challenges currently facing public policies, depending on what will become the final model of the post-2020 Cohesion Policy, the following should be highlighted: (i) The post-2020 Cohesion Policy in the framework of the EU's economic governance; (ii) The review of the place-based approaches and the reformulation of mechanisms for the territorialisation of public policies; (iii) Multi-governance in the post-2020 period and its reconciliation with the objectives of flexibility and simplified procedures and administration; (iv) The strategic priorities of the post-2020 Cohesion Policy and the exercise of consensus on the European added value objective; and of course (v) The future of the RIS3 approach. These major challenges will be discussed in more detail below.

3.1. The post-2020 Cohesion Policy in the framework of the European Union's economic governance

One of the key challenges for the Cohesion Policy after 2020 is the debate about what this policy should be in the future. On the one hand, there are those who argue that the Cohesion Policy should refocus on its initial objective of combating regional disparities and therefore advocate that it should be applied again not in all European regions but only in the most disadvantaged ones. On the other hand, others argue that the Cohesion Policy should continue on its way to broaden its intervention framework, the scope of its objectives and the intensification of its activity in order to assume more and more the role of the main economic policy of the Union.

Concerning the Cohesion Policy's future and according to Zypries, "the most important objective is to reduce the backwardness of seriously disadvantaged regions" (Zypries, 2017: 8). But there is no consensus on what the Cohesion Policy should be in the near future. Some voices consider it would also be important to make the Cohesion Policy more profitable as one of the Union's main policies, with the aim of ensuring greater economic and societal dimension and relevance. For example, Marcegaglia asks "should Cohesion Policy be an integral part of a European research strategy with a strong territorial approach" or should it be more than that? (Marcegaglia, 2017: 29).

For Huguenot-Noël and Hunter, a first key challenge for "the post-2020 Cohesion Policy [is the need of] a growing focus on cross-sectoral and trans-policy approaches to the definition and design of public policies and strategies to support localized development processes. In order to increase its credibility and purpose, the economic, social and territorial objectives of the policy must be repositioned at the heart of the EU project" (Huguenot-Noël and Hunter, 2017: 37).

A second key challenge is related with the future framework of the EU's economic governance. In particular, the relation of the post-2020 Cohesion Policy with the Union's new strategic priorities, in the fields of globalization, demography, migration, environment, climate change, security and defense, employment and digitalization of the economy and society. First of all, many of these new Cohesion Policy priorities will introduce new uncertainties and will generate new budgetary needs for the implementation of this policy, but also because those priorities will compete, in budgetary terms, with the priorities of a more 'regional' nature.

For Bachtler and Begg, "notwithstanding the importance of the (...) regional development challenges, resources may be switched to increase funding for other internal EU policies (such as research, SME development, environment, transport, border security) as well as more support for 'external actions', including financing development aid to reduce the flow of migrants from outside the EU" (Bachtler and Begg, 2018: 152).

A third key challenge results from the growing concern of a strengthened link between the Cohesion Policy and the European Semester. The European Commission proposes to strengthen the link between the Cohesion Policy and the European Semester, in order to create a growth and business-friendly environment in Europe, so that both EU and national investments can deliver their full potential and a stronger complementarity and coordination. As advised by Oettinger, "the link between the Cohesion Policy and the general economic governance agenda should be strengthened in the next financial framework" (Oettinger, 2017: 10). One of the main arguments put forward in this regard is that "some EU policies with the highest added value coincide with the areas at the core of Member-states' sovereignty" (EU High Level Group on Own Resources, 2016: 28).

A fourth key challenge for the future of the EU Cohesion Policy is about the objective of "simplifying access to funds". According to Barca, "when discussing the future of cohesion policy, we must thus resist the temptation to jump ahead to the ever-alive issues of 'simplification', 'proportionality', 'flexibility'. Of course, they matter. But they can be addressed only by asking us more basic

questions: Is cohesion policy suitable for the challenges facing the Union now and in the next decade" Barca (2017: 2). The author also argues that "the five Funds through which cohesion policy is run should become part of a single Cohesion Policy Fund, entrusted, within the Commission, to a unified Directorate" (Barca, 2017: 8).

A fifth key challenge is related with the relevance and role of conditionalities in the functioning and operationalization of the post-2020 Cohesion Policy. For the period after 2020, one of the issues under discussion in this aspect is whether the public policy instrument ex-ante conditionalities should be used as a mechanism to densify the Cohesion Policy, or should it also be used in the sense of broadening the economic and societal extent of this policy's performance?

3.2. Review of place-based approaches and reformulation of the mechanisms for the territorialisation of public policies

The fact that regional economic divergence is now viewed as threatening economic progress, social cohesion and political stability in Europe (Iammarino, Rodriguez Pose and Storper, 2017) leads to considering a sixth key challenge. Recognizing this fact is causing the Union to seek to reinforce the impacts and results of its policies at the local and regional level. The Union will seek to strengthen the territorialisation of its policies and effects, and social issues will foreseeably gain new relevance in the post-2020 period.

A seventh key challenge depends on the future options on the rationalization and revision of geographical and thematic objectives (EoRPA, 2017), and geographic scales and models of action, for the Cohesion Policy post-2020. In particular, concerning the future of the current instruments (ITI, RIS3 and CLLD) and how they will support the territorialisation of public policies and the implementation of integrated territorial approaches. Could the RIS3 be understood, in the post-2020 period, as instruments for rationalizing and aggregating other spatially more circumscribed integrated territorial approaches, such as ITI and CLLD?

An eighth key challenge relates to what the desired evolution will be and the nature of the process of territorialisation of public policies. "Place-based strategies and policies should aim to promote diversification of economic activities. Considering that territories with geographical specificities are usually characterised by a low level of economic diversification, strategies and policies should promote multi-activity through smart solutions and preservation of small-scale activities. Challenges linked to specific types of territories have, in some cases, been successfully overcome through smart specialisation strategies capitalising on their unique resources, developing and branding high-added-value niche-products (e.g. aquaculture specialised in seed mussels)" (ESPON, 2018: 9).

Reinforcing this conclusion, Bachtler and Begg defend that "the territorial dimension is increasingly moving centre-stage in debates about the future of economic development in the EU (...). The enduring debates on "efficiency versus equity," often translated into people-based versus place-based (Barca, 2009; World Bank, 2009), can be regarded as a false dichotomy" (Bachtler and Begg, 2018: 157).

But taking into account the new strategic priorities for the Cohesion Policy 2021-2027 that are under discussion - globalization, demography, migration, environment, climate change, security and defence, employment and digitalization of the economy and society - some of these strategic priorities raise important new challenges as regards the feasibility of their territorialisation conditions. Also in this respect, the RIS3 approach has a great potential to operationalize, in regional and urban terms, these new, relatively less 'territorial' priorities.

Mihaylova (2017) has introduced another issue that could constitute a ninth challenge. A challenge associated with the Cohesion Policy's future approach to territorial cooperation. "European territorial cooperation(...)has proved its effectiveness and added value for EU objectives, contributing to the strengthening of territorial cohesion and should therefore be an important post-2020 instrument" (Mihaylova, 2017: 21). And in turn, the European Commissioner Corina Crețu acknowledges that "smart specialisation is opening up new opportunities for interregional cooperation around shared priorities, thereby complementing the strengths of all parties and redefining the European model of growth and integration" (Crețu, 2017: 26).

The future role of Mega-Regions in the context of the post-2020 Cohesion Policy and the understanding of their potential contribution, including as a tool for public policy for the realization

of the European added value objective, is also a very important key issue and sets the tenth key challenge.

A eleventh key challenge for the Cohesion Policy post-2020 is connected with the role of EU Macro-Regional Strategies in the future implementation of S3 and RIS3²⁴. In the current programming period, many operational programmes in the field of cross-border cooperation and interregional cooperation have already adopted an S3 rationale with regard to their strategic orientations and assessment of the projects submitted. This is another area of RIS3 application with an important potential in the future.

3.3. Multi-level governance in the post-2020 period and its reconciliation with the objectives of flexibility and procedural and administrative simplification

A twelfth key challenge appears in the Special Report no. 02/2017 entitled *Negotiations by the Commission of the European Court of Auditors' Cohesion Policy and Partnership Agreements for 2014-2020*. In this document it is argued that "an unnecessarily high and performance measurement is not harmonized between the funds. The Court makes a number of recommendations to the Commission and the Member States to improve the functioning of the [Partnership] Agreements" (European Court of Auditors, 2017: 10). The implications of the simplification and flexibilization objectives for the scope of territorially-based public policy instruments, multilevel governance solutions, the territorialisation of public policies and for strategic priorities, is a twelfth key challenge.

According to Morgan "the public sector nowadays receives contradictory signals: cohesion policy rhetoric invites it to be more agile, creative and experimental, while the audit culture does not tolerate flaws and enters creation into the name of conformity" (Morgan, 2017: 30). And for this very reason, "simplification of the regulatory framework and harmonization of rules across the ESI Funds and potentially other instruments have been extensively discussed, but the challenge will be simplified and perhaps differentiate while ensuring that the (painfully won) progress with reducing the error rate is not reversed" (EoRPA, 2017: 1).

The European Court of Auditors (2018) in the Report *Simplification in post-2020 delivery of Cohesion Policy* identified five key areas to simplify the Cohesion Policy, namely: (i) EU legislation and guidance; (ii) Operational Programmes' (OPs) management structure; (iii) Administrative inefficiencies in the selection and implementation of projects in Cohesion (including gold-plating); (iv) Use of Simplified Cost Options (SCOs) and other types of measures based on conditions and (v) More efficient and effective controls.

The debate about the need for greater simplification in programming and simplification of the policy itself is a thirteenth key challenge. "For post-2020, we need a radical reduction in cohesion legislation and guidance. We need to keep elements that make this policy unique, like ex-ante conditionalities, but without falling into micromanagement" (Crețu, 2017: 27).

A fourteenth key challenge is related with the future of the multilevel governance approach. "Cohesion Policy has developed its own, unique system of multilevel governance, which has become a tangible and acknowledged landmark for the whole policy (Bachtler, Oliveira Martins, Wostner and Zuber, 2017: 45), but "the results of Cohesion Policy depend on factors that can only be partially tackled inside Cohesion Policy (European Commission, 2017) and "the current system of EU economic governance is only partially able to assist in creating the proper conditions for effective Cohesion Policy delivery" (Bachtler et al, 2017: 47).

A crucial aspect of the European Union's future options for multilevel governance is the way the EU should seek to rationalize and simplify the instruments and approaches for territorialisation of Cohesion in the period 2021-2027, as well as to increase their articulation and systemic performance.

²⁴ See *S3 cooperation in the frame of the EU Macro-Regional Strategies*, <http://s3platform.jrc.ec.europa.eu/eu-macro-regional-strategies>

3.4. The strategic priorities of the post-2020 Cohesion Policy and consensus on the objective of European added value

According to the EU High Level Group on Own Resources (2016), the EU policies with the highest European added value are currently the most modest in budgetary terms. In this sense, the future implications of applying the concept and the European added value objective in defining the new generation of the European Union's Cohesion Policy, as well as the objective of achieving a 'gradual shift from local to European Union objectives' is the fifteenth key challenge for future Cohesion Policy.

For Monti "cross-border benefits, side effects or leverage effects are currently ignored or hidden in budget negotiations but provide a measure of European added value. This has to change to make the budget more transparent, accountable and equitable" (Monti, 2017: 33). That is why the debate on how each Member State could increase the necessary conditions so that the projects supported therein can generate higher levels in terms of European added value, national added value and regional added value, is very important with major implications.

The option of prioritizing achievement of the European added value objective by defining new ex ante constraints, including, e.g. a structural reform conditionality (Bachtler and Begg, 2018) and by defining and implementing specific strategic objectives are some of the aspects currently under discussion, and may constitute a sixteenth key challenge.

4. SMART SPECIALISATION AND TERRITORIAL APPROACH IN POST-2020

The European Parliament Report - *Building Blocks for a Post-2020 EU Cohesion Policy* - defends that "the smart specialisation model should become one of the leading approaches of post-2020 cohesion policy by encouraging cooperation between different regions, urban and rural areas and bolstering the economic development of the EU, creating synergies between transnational RIS3 and world-class clusters; recalls the existing Stairway to Excellence (S2E) pilot project, which continues to support regions in the development and exploitation of synergies between the ESIF, Horizon 2020 and other EU funding programmes; consequently takes the view that further efforts must be made to maximise synergies in order to further strengthen smart specialisation and innovation post-2020" (European Parliament, 2017: 12)²⁵. For this reason, the future of smart specialisation in the Cohesion Policy 2021-2027 is another major key challenge for public policy. In particular, as we have already said, regarding how this policy instrument will be understood in the new programming and funding period.

4.1. Policy implications

According to ESPON "territorial thinking should become an integral part of pan-European and national policy orientations and guide the design and implementation of regional, urban and local development strategies" (ESPON, 2018: 3). The Cohesion Policy has already the institutional mechanisms to facilitate and support coordinated or even integrated place-based responses to EU policy objectives, most prominently through smart specialisation strategies but also the emerging integrated territorial initiatives, and other initiatives to promote synergies across EU policy boundaries (European Commission, 2017b). Institutional mechanisms in the period 2021-2027 could, if Member States so wish, gain greater sophistication and another operational capability.

For the future Cohesion Policy "policy recommendations include the need for a stronger commitment to smart specialisation strategies, addressing gaps in infrastructure and the quality of human resources, supporting linkages between cities and surrounding areas, investing in the quality of institutions and regional administrative capacity, and improving the macroeconomic and structural conditions for investment" (EoRPA, 2017: 14).

According to the European Commission, "developing and implementing successful R&I policies in today's highly competitive global environment is a demanding task even for the experienced and long established R&I policymaking authorities and their advisory bodies. However, despite the great potential of RIS3 and the results already achieved in many European regions by this public policy

²⁵ European Parliament, Report on building blocks for a post-2020 EU Cohesion Policy (2016/2326(INI)).

instrument, the European Commission Report²⁶ has identified “numerous deficiencies in the analysed processes, where a multitude of actors not specialised in this field – at regional, national and EU level – were faced with the challenge to design and decide on the massive R&I investments required by the ESIF regulations” (European Commission, 2015: 9).

4.2. New requirements for governance

Concerning the RIS3 governance model, the same document reports the following: “we also saw signs of a still unstable RIS3 governance: the long and complex RIS3 development process (without even talking about its implementation) is often not yet coherently structured, prone to all kinds of breakdowns, and can still be discontinued at key junctions” (European Commission, 2015: 9). Still on this subject, Kroll (2015) argues that institutional arrangements and deficits in administrative capacity are also at the origin of the limited scope of sophistication of some S3 strategies. In fact, “the quality of institutions at the local level is particularly important for place-based cohesion policy to be effective. In this case, the introduction in the current programming period of ex ante conditions, requiring the presence of appropriate regulatory and policy frameworks, and sufficient administrative/institutional capacity, has acted as an important incentive for the development of comprehensive and targeted strategies and action plans at the regional and local levels” (ESPON, 2018: 14).

For Glückler and Lenz (2016: 255) “the persistence of regional disparities in the structure and dynamics of economic development, as well as the limited transferability of allegedly successful growth models have been central challenges for theories of regional economic development. One major finding has been the realization that regional disparities in growth can neither be fully explained by external incentives nor by endogenous, knowledge-based approaches, exclusively [...] Instead, more and more significance is being attributed to the impact of social institutions on economic development”.

Table 1 outlines the European Commission (2015) recommendations so that in the future the fragilities now identified in the implementation of RIS3 can be overcome.

TABLE 1: RECOMMENDATIONS FOR THE FUTURE DEVELOPMENT OF REGIONAL SMART SPECIALISATION STRATEGIES (RIS3)

Recommendations to all involved in the different phases of the Cohesion Policy cycles
<ul style="list-style-type: none"> • Improve process design, increase stability and reliability; • Identify all actors involved as well as their specific needs for developing strategic and methodological competences, and for understanding the specifics of R&I policy design and implementation; • Develop targeted competency building measures – for the broad spectrum of actors in the regions, Member States, and EU organisations.
Recommendations to public authorities involved in RIS3 implementation
<ul style="list-style-type: none"> • Take appropriate advantage of the broad spectrum of support offered, as well as of experiences where RIS3 – and other EU-related strategy processes – have been completed successfully; • Ensure that the “Entrepreneurial Discovery Process” (EDP) does not become either a tick-the-box or a myopic exercise. Successful regional development in a globalized economy requires serious and competent forward-looking and (cross-) impact assessment activities, and therefore continuous methodological guidance or advanced methodological competences going beyond the “SW” in a SWOT; • Benefit from initiatives that take their finalised RIS3 as a base for follow-up activities or for ‘institutionalising’ an ongoing process; • Relate to the results of other EU-supported strategy processes, e.g. Strategic Research Agendas (SRAs) or Strategic Innovation Plans (SIPs), as support and input for their RIS3 implementation; • Establish/strengthen cooperation with communities of other policy fields, EU2020 related programmes, governance levels, etc; • Develop a full understanding of, and a positive approach to “Openness”, invest strongly in the inter-regional/international dimension, and the opportunities from scaling-up local innovations;

²⁶ Perspectives for Research and Innovation Strategies for Smart Specialisation (RIS3) in the wider context of the Europe 2020 Growth Strategy. DG Research.

- Exploit key opportunities for developing synergies between ESIF, Horizon 2020 and other EU, national and regional programmes for the purpose of increasing the impacts of RIS3;
- Using technical assistance and other ESIF support mechanisms strategically: improving governance structures and administrative/management capacities (human resources, instruments), and strategic capability building throughout the system;
- Incentivising and facilitating, where appropriate, the participation of all types of regional actors in Horizon 2020 also beyond the traditional R&I and SME focused projects, e.g. in Coordinating Actions, or in the large EU P2P and P2B networks;
- Developing more integrated policy approaches to key policy objectives (e.g. raising the level of R&I) in social, health or transport policies, and economic policies in general;
- Broad mobilisation for participation in focused initiatives such as the "Regional Knowledge Platform" recently agreed by DG Research and Innovation and the Committee of the Regions;
- Adapting R&I-proven practice and project formats from Horizon2020 in OPs (e.g. competitive calls with international peers as evaluators, 2-stage selection procedures, stage-gating of projects for SME instrument projects);
- Integrate education, research and innovation, and broad human capital agendas more strongly in RIS3. An obvious approach is learning from successfully established Knowledge-Triangle (KT) networks, such as the Knowledge and Innovation Communities (KICs) of the EIT;
- Participating in (parts of) the activities of their co-location centres could be a next step. In addition, explore the potential of new institutional developments bridging policy fields, e.g. the Committee of the Regions' SEDEC (Commission for Social Policy, Education, Employment, Research and Culture) and its envisaged cooperation with the Commission.
- Develop advanced strategic processes for smart specialisation;
- Adapting strategy development approaches from successful RIS3 (not only those developed in the ESIF) and/or private sector management;
- Disseminating and supporting the application of proven strategic policy and business intelligence tools.

Recommendations to the European Commission

- Maintain support for learning and adapting by RIS3 actors, e.g. peer-reviews at regional level, the dissemination of experience of RIS3-based development between regions, including the (enlarged?) activities of the S3 Platform;
- Step-up the support for capability building (strategic, methodological & management), and for the participative decision approach underlying RIS3;
- Analyse how far the RIS3 process has influenced the actions, programmes and projects supported with ESI funds in terms of their objectives and intended target groups, and to what degree "Openness" has developed in its various dimensions;
- Beyond this, incentivise or support structured mutual learning between different EU bodies and the Managing Authorities, and between the Cohesion-, the rural development-, and the R&I-Policy communities. Knowledge exchange platforms could explore the rich expertise across policy domains and between regions;
- Monitor the implementation of the OPs and the policy mixes not only with respect to the agreed RIS3 priorities, but also from a strategic Europe 2020 point of view;
- Integrate smart specialization as a cross-cutting paradigm of EU innovation- related policies, in particular the forthcoming revision of the Innovation Union flagship;
- Work with the Council, European Parliament, Committee of the Regions and others involved for longer-term structural changes aiming to better harmonise ESIF monitoring and the Semester processes.

Source: Authors' own elaboration based on European Commission (2015: 11-14).

According to Bachtler and Begg (2018) "a crucial part of the strategic focus of EU expenditure has been the obligatory development of smart specialization strategies (S3) to support regional innovation in the 2014–2020 period. Building on previous generations of regional innovation support, the S3 approach is intended to promote a more differentiated strategic approach with regional or national priorities identified through an inclusive entrepreneurial discovery process, drawing on evidence of the development challenges and competitive potential, but also taking account of institutional settings and the regional resources available" (Bachtler and Begg, 2018: 159).

4.3. Increasing the policy dimension of smart specialisation

To increase the policy dimension of smart specialisation in the future, a "clearer focus on smart specialization in the next programming period would lead to a more strategic link between projects, better synergies with other EU programs, and better complementarity and cooperation across

Europe's regions" (Micko, 2017: 14). In turn, Crețu (2017) defends that "smart specialisation in outward-looking innovation strategies that seek differentiation and alignment with other regions can also be a powerful mechanism for improving the quality of innovation investments" (Crețu, 2017: 26).

On the same subject it is argued that "smart specialisation strategies (S3) are also an effective tool to engage the potentials of localities by means of interaction among public, private, academic and non-governmental actors. They build on research and innovation strengths in a territory to address emerging opportunities and market developments in a coherent manner. The S3 networking and cooperation approach should cover each step in the value chain from research to commercialisation, and all relevant actors of different sizes and across sectors" (ESPON, 2018: 8).

Notwithstanding "the resurgence of interest in the territorial dimension of economic development policy, its translation into new approaches to the role, remit and instruments of regional policy is still emerging. In part, this reticence is attributable to crisis-induced constraints, such as slow growth, the weak and unbalanced trajectory of economic growth in some countries, and the pressures to contain public expenditure. Place-based policies are also demanding in their institutional requirements, particularly the integration of different policy interventions and delivery systems, their administrative coordination both vertically and horizontally, and their adaptation to regional and local development needs and priorities. With the departure of the UK, advocates of market-orientated measures will lose a prominent supporter, and also one favouring a more spatially concentrated regional policy" (Bachtler and Begg, 2018: 165).

Additionally, "future European policies should support a more decentralised place-based approach to addressing the challenges of inner peripherality by sub-national actors in the context of a more simplified and coordinated set of EU programmes" (ESPON, 2018: 6).

In the future, the territorial dimension of policies should be strengthened by the following actions: "(i) designing policy frameworks that incentivise cooperation; (ii) tailoring public policies and interventions to functional areas, e.g. functional urban areas, cross-border areas, transnational areas, etc.; (iii) developing new governance solutions that engage public authorities and private stakeholders in joint efforts to address shared development challenges; (iv) expanding cooperation practices in planning and making investments, by offering tools that support joint investment initiatives and allow the combining of resources from different funding streams; (v) strengthening the capacities of national, local and regional actors to engage in cooperative activities" (ESPON, 2018: 3).

These measures do not "necessarily mean new policy tools, but it implies strengthening the role of those that already exist, in particular, integrated territorial investment (ITI) and community-led local development (CLLD) and simplifying the working rules of European Structural and Investment (ESI) Funds. [It is expected that] this would ensure more coherent investment and simplify the life of beneficiaries, as well as strengthen complementarity. A lack of coordination between different programmes and policies hampers the design and implementation of comprehensive territorial development. In this context, greater territorialisation of both cohesion and rural development policies would strengthen interventions around the specific challenges of inner peripheral areas rather than following presupposed topics and sectoral intervention logic" (ESPON, 2018:7).

Table 2 summarizes the main recommendations of the ESPON Report on promoting the development of places requiring an integrated place-based approach.

**TABLE 2: PROMOTING THE DEVELOPMENT OF PLACES REQUIRES AN INTEGRATED PLACE-BASED APPROACH
BASED ON FOUR KEY PRINCIPLES**

<ul style="list-style-type: none"> • Territorial integration requires adopting a view on territorial development perspectives of places beyond their administrative borders – understanding connections and interdependencies with other places, comparative advantages, and opportunities to maximise their development potential and achieve critical mass through joint initiatives. At the same time, vertical coordination of development strategies and priorities across levels of government is important to ensure their mutual complementarity and reinforcement of each other's development potentials. • Thematic integration (horizontal coordination) calls for a holistic cross-sectoral view on the development of places. All the different fields of policy intervention should be considered in close relation with each other to make sure they become mutually reinforcing rather than mutually disruptive. Investments in human capital, infrastructure, business development, innovation, services, etc. should all be aligned to achieve common development objectives
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and promote the well-being of populations.

- Public-private partnerships and wide stakeholder engagement are crucial to achieve the ownership and practical implementation of the agreed development objectives. Moreover, collaborative initiatives promote social capital as a crucial precondition for innovation.
- Financial integration requires pooling resources from different funding streams and ensuring their coordinated use for achieving locally and regionally defined objectives. At the same time, the definition of policy interventions should not be driven by the availability of funds because, in that case, they risk becoming weakly related to the assets and real needs of places and therefore will not contribute to the achievement of agreed goals and, in the worst case, will become a wasteful investment with no real results and impact.

Source: Authors' own elaboration based on ESPON (2018: 28).

As Bachtler and Begg pointed out, "a challenge for regional policy-makers has been to move beyond multi-level governance mechanisms for improved policy coordination (between different tiers of public authority and horizontal coordination of different actors and sectors) to policy integration involving the adoption of common objectives across different policy domains with a view to achieving synergies" (Bachtler and Begg, 2018: 161).

In this sense, the relevance of smart specialisation strategies is also very strong as a public policy tool to support horizontal and vertical coordination between levels of administration and between policies. As well as for the strategic and functional articulation within the regional framework of ITI, CLLD and other territorial development approaches that may be defined for the new Cohesion Policy programming period, and to implement other territorial development strategies based on multi-policy approaches.

In the period 2021-2017, it would also be important to extend the conditions of RIS3 implementation to other territorial configurations that do not entirely coincide with the political and administrative delimitations of the regions and municipalities forming them. It is thus possible to stimulate the development of functional RIS3 and not 'just' territorial ones. It also makes better use of the possibility of operationalizing RIS3 thematic and sectoral RIS3 with a marked territorial nature.

5. THE EUROPEAN FUTURE OF 'SMART'. FROM RIS3 TO RIS4

One of the main challenges for the post-2020 Cohesion Policy is consolidation of the economic, technological and innovation dimensions of RIS3 with the introduction of a new social and societal dimension.

We propose "the development of a new stage for smart specialisation in the post-2020 Cohesion Policy. Based on the increased social dimension and relevance of the RIS3, we also propose that this new generation of RIS3 should be designated as RIS4 - Research, Innovation and Social Strategies for Smart Specialisation" (Neto, 2017: 22).

First of all, because the "techno-productive choices that will be assumed for future RIS3 will naturally have a direct impact on employment and the qualification and training needs of human resources in different territorial contexts" (Neto, 2017: 21). But also because "its feasibility will depend even on its ability to trigger social dynamics of citizenship, creativity and initiative, and also of a techno-professional nature, which guarantee the conditions for achieving the economic, technological, production and dissemination objectives of knowledge inherent to it" (Neto, 2017: 22).

For some authors, "the innovation performance of a country and how this translates into concrete economic outputs cannot be limited to the sole innovation policy mix. Technology accumulation and innovation are strongly shaped by favourable or less favourable framework conditions and by the broader institutional environment. Workable innovation policy mixes cannot compensate for weaknesses in the framework conditions" (Izsák, Markianidou and Radošević, 2013: 8). The qualification of human resources, and their involvement and participation in the definition of strategies and development processes, are one of the clearly inseparable aspects of innovation policies. Similarly, "the effectiveness of policies aiming to boost collaboration with public research and/or to directly support business RDI activities requires specific assessments of the innovation capacity of businesses in the country concerned" (Izsák, Markianidou and Radošević, 2013: 8).

The inclusion of a strong social dimension in regional smart specialisation strategies is also justified

by the recent adoption by the European Council of the European Pillar of Social Rights²⁷ and the corresponding objective of strengthening the Social Agenda of the European Union. The European Pillar of Social Rights aims to be a key policy response to this concern. “The Pillar strives to reaffirm and further strengthen relevant rights and principles in support of equal opportunities and access to the labour market, fair working conditions, social protection and greater social inclusion. It underlines people’s right to quality and inclusive education, training and life-long learning so they can maintain and acquire skills that enable them to participate fully in society and to successfully manage transitions in the labour market, also in line with the United Nations sustainable development goals.”²⁸

Already in 2009 the Barca Report defended that “there is in particular a strong case for building a territorialised social agenda as part of cohesion policy, aimed at guaranteeing socially agreed standards for particular aspects of their well-being to which people attach a high priority. This would represent a kind of social contract between the EU and its citizens and a means, in the longer-term, of encouraging mobility by reducing fears about it” (Barca, 2009: viii).

Among others, Zeitlin (2007) also made an important contribution to strengthening the social dimension of the Lisbon Strategy. And even at the European level some important steps have been taken, such as the case of the European Communities proposals: *A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion* (2008)²⁹ and *Member States and Regions delivering the Lisbon strategy for growth and jobs through EU cohesion policy, 2007-2013* (2008)³⁰. But until now, in the 2014-2020 programming period this objective is still far from being achieved.

Capello and Kroll (2016) have even questioned the narrow focus of S3 on ‘industrial renewal’ rather than a broader conceptualization of regional development that also includes intangible assets (such as natural and cultural capital) and social innovation. They propose precisely the reinforcement of the social innovation component in RIS3.

The ESPON Report goes even further and advocates that “specialisation strategies should not necessarily follow classic industrial taxonomies, but rather focus on technology and competence fields which can be flexibly applied in different industries” (ESPON, 2018: 18-19).

The European Commission itself acknowledges “the implementation of priorities identified in smart specialisation strategies by increasing the quality and openness of research and the higher education system, ensuring competitive funding of research, strengthening knowledge transfer, linking vocational education and training to innovation systems and contributing to skills intelligence and skills matching in line with the New Skills Agenda” (European Commission, 2017b: 5-6)³¹.

Some important steps are already being taken and the social dimension is becoming more prominent in some regional policies and development strategies³². In March 2017, leaders from 27 EU Member States and EU institutions signed up to the Rome Agenda pledging to work towards a social Europe: “a Union which, based on sustainable growth, promotes economic and social progress as well as cohesion and convergence (...) a Union which fights unemployment, discrimination, social exclusion and poverty; a Union where young people receive the best education and training and can study and find jobs across the continent.”³³

In fact, the Social Agenda is taking on a new dimension in the process of European integration. Fundamental objectives such as solidarity and intergenerational justice, inclusive growth, justice and social protection seem to be gaining new relevance. The proposal to create a European Employment Authority, the deepening of the European Social Scoreboard, or the fact that the Annual Growth Survey now includes an assessment of Member States’ performance in the light of the objectives of the European Pillar of Social Rights, are good examples. Additionally, in 2018, in the “European Semester” social issues will be associated with the objective of economic and budgetary

²⁷ COM(2017) 250 final. EU leaders proclaimed the Pillar at the Social Summit in Gothenburg, Sweden, on 17 November 2017.

²⁸ The European Pillar of Social Rights at https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights_en

²⁹ COM(2008) 418 final.

³⁰ COM(2007) 798.

³¹ COM(2017) 376 final.

³² SWD(2018) 289 final.

³³ SWD(2018) 289 final.

coordination.

Another important contribution to affirming the European Pillar of Social Rights is the creation, in 2018, of the toolkit *Resources for guidance. Developing Information Technologies and Labour Market Information in Lifelong Guidance* of CEDEFOP - European Center for the Development for Vocational Training³⁴.

The New Skills Agenda for Europe³⁵ also highlights “the importance of investing in upskilling and re-skilling as, in a fast-changing global economy, skills are a key driver for competitiveness and innovation”.

In December 2017, the European Council’s conclusions further highlighted the importance of the social and educational dimension of EU policies ‘in bringing Europeans together and building a common future’³⁶ and in May 2017 the European Commission proposed a renewed EU agenda for higher education.³⁷

Spiesberger, Prieto and Seigneur (2018) in the Report *Smart specialisation and social innovation: from policy relations to opportunities and challenges*, also analysed some ongoing tendencies of Social Innovation (SI) in the EU and its relation to smart specialisation (S3), and Edwards, Marinelli, Arregui and Kempton (2017), in the Report *Higher Education for Smart Specialisation Towards Strategic Partnerships for Innovation*, analysed the European policy and funding landscape to establish how Higher Education Institutions can be supported in a broad sense to implement Smart Specialisation Strategies (S3) by undertaking ‘action research’ in partnership with regional authorities, local Higher Education Institutions and other stakeholders.

Increasing the social dimension of RIS3 will therefore be a relevant contribution to the creation of conditions for the operationalization of this new Pillar, as well as the New Skills Agenda for Europe, converting them into public policy instruments associated with the Cohesion Policy.

Just as in 2014-2020 we saw the European Union’s Science Policy being linked to the Cohesion Policy, it is important, in the post-2020 period, to articulate the Union’s main policies with this new, emerging European social agenda. “The post-2020 Cohesion Policy should therefore focus on making the RIS3 potential more profitable, so as to make it evolve from the current RIS3 - Research and Innovation Strategies for Smart Specialisation, to RIS4 - Research, Innovation and Social Strategies for Smart Specialisation”(Neto, 2017: 22). Concentrating on the creation of RIS4 - Research, Innovation and Social Strategies for Smart Specialisation should even be one of the main aims of the Cohesion Policy 2021-2027.

6. FINAL REMARKS

The ‘smart’ European future is being decided now. And it is widely recognized by the institutions and other bodies of the European Union, the institutions of each Member State, and also by universities and other international organizations that “regional and local authorities and stakeholders should develop tailor-made specialisation strategies, adapted to their territorial specificities, promoting favourable economic environments, engaging in interregional coordination, developing regional/local brands and promoting connectivity (both physical and digital)” (ESPON, 2018:18).

But for this to be possible and for RIS3 it is essential that in the future they can include a true social dimension, associated with the economic and innovation dimensions that already characterize them.

The RIS3 as an instrument of public policy with an important potential for rationalizing and

³⁴ A European toolkit on labour market information meant for all career practitioners active in or interested in lifelong guidance and career development. See <http://www.cedefop.europa.eu/en/toolkits/resources-guidance/toolkit/what-is-this-toolkit-about>.

³⁵ The agenda for new skills in Europe and its fields of activity are as follows: (i) Skills improvement pathways: new opportunities for adults; (ii) European Qualifications Framework for lifelong learning; (iii) Action plan for sectoral cooperation on skills; (iv) Vocational education and training; (iv) Tool for defining EU skills profiles for third country nationals; (v) Recommendations on core competencies. Fundamental principles of the European Pillar Social Rights: Equal opportunities and access to the labour market; fair working conditions, and social protection and inclusion.

³⁶ COM(2017) 376 final.

³⁷ COM(2017) 247 final.

aggregating other spatially more circumscribed integrated territorial approaches. Also to support horizontal and vertical coordination between levels of administration and between policies, it will be a relevant tool contributing to a more efficient Cohesion Policy. In the same way that evolution from this RIS3 to an RIS4 instrument would substantially increase its capacity to promote regional development and the role of the new European Union social agenda in the future of the Cohesion Policy.

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