

Foreword

OF THE STEERING GROUP

THE STRENGTHS AND CHALLENGES OF *SMART SPECIALISATION* IN AUSTRIA

With the STRAT.AT 2020 Partnership on *Smart Specialisation*, the Austrian Conference on Spatial Planning (ÖROK) created a framework for the relevant stakeholders of the *Länder* and federal government to share their views. The STRAT.AT 2020 Partnership supported an engaged discussion that ultimately resulted in the document “Policy Framework for *Smart Specialisation* in Austria”, which was accorded with all stakeholders and published. Within this discourse, we positioned Austria’s approach to *Smart Specialisation* within the European frame of reference and developed it further.

The timing was right for the discussion within the STRAT.AT 2020 Partnership: meanwhile, all *Länder* have RTI strategies. The experience gained from the strategy development process, from dealing with the content and the themes of the strategies encouraged joint reflection and helped us to learn from each other for implementation and monitoring. A common understanding of *Smart Specialisation* was developed within the scope of an open and constructive process, and both the strengths and the progressive development of the Austrian RTI system were openly discussed.

We would like to point out that Austria started on the path to *Smart Specialisation* very early and that all of the core elements of *Smart Specialisation* are well-anchored within the Austrian policy framework in one form or another. This is attributable not least to the tradition of endogenous, participative development with a focus on regional strengths as well as to the successful practice of balancing divergent interests within planning processes.

In summary, the discussion revealed the following *strengths* for Austria:

- Austria has **strategies for all levels** (EU, national, including a growing number of sectoral strategies, *Länder*). The strategies all reference each other. The time delay in the drafting process makes it possible to learn from each other.
- Austria has a long tradition and experience in **participative development processes**, in balancing interests and in involving stakeholders in planning processes. The comprehensive inclusion of stakeholders helps broaden effectiveness and achieve a wide **acceptance of the strategies**. The creation process encouraged new developments and inspired new cooperative ventures.
- The **strategies** are usually interpreted as **dynamic**. Usually, there are monitoring and implementation processes in place that operationalise and define strategies in more specific terms (e.g. in the form of working programmes).
- **Themes** are defined for all strategies, with a regional differentiation between predominantly industrialised regions and those with a concentration in the service sectors being observed.

Therefore, Austria is on a good path. Yet, the open discussions also revealed significant challenges at various levels that need to be taken into account in the future:

- Is a further opening and closer **cooperation across administrative boundaries** possible? The **inclusion** of the relevant **partners** in the **strategy creation process** was viewed as especially important. Incentives for cross-border cooperation, for example, at the national level or as part of a regional identity can have a positive influence on the success of cooperative ventures. When defining a **frame of reference for regional strategies**, one should take into account the functional spaces and the surrounding areas. Regions may moreover be defined by common challenges and dynamics that flow into the definitions of the themes (e.g. Alpine region). Synergies with neighbouring regions and surrounding areas as well as with regions with similar challenges can be taken into consideration better by being more open to outside ideas and bringing in **external perspectives**.
- To what extent does a strategy consider the regional, national, European and international **environment** and reference these? Do we plan along international value chains, European challenges and are our “neighbours” part of our positioning? Which structures are absolutely necessary at a location? Where does strategic access to external expertise count; where are infrastructure and implementation partners important? RTI strategies should not shy away from the international and inter-regional frame of reference; they should support access, but also enable interconnected growth and smart niches.
- Is it possible to attain a new quality in **cooperation between the federal government and the *Länder***, especially when overhauling RTI strategies? There is broad consensus that in the light of the changed framework conditions, the *bottom-up* elements and regional challenges should be considered more strongly when updating Austria’s RTI strategy.
- **How smart is the specialisation?** Although many themes are part of the RTI strategies, what degree of granularity is the right one for the themes and where is the critical mass needed to develop those themes that hold a promise for the future? Rather, shouldn’t social challenges and topical issues serve as guidance for action? In this context, the competence of businesses and knowledge institutions should be tapped, but also of relevant new partners – for example, civil society actors.
- How clear is the **overall system**? The interaction of the federal government and *Länder* is characterized by mutual learning. The regional strategies are developed divergently across different timelines and processes in accordance with the autonomy of the federal states. The asynchronous process creates the advantage of being able to exchange views and learn from each other. At the same time, there is no uniform standard for recording and reporting, and this makes it hard to maintain a **systematic** and continuous **overview** of the status and implementation of the strategies. Wouldn’t a stronger focus on clear, **measurable goals** with the corresponding **set of indicators** better serve a future generation of *Smart Specialisation* as a foundation for a maintaining a systematic overview and for overarching monitoring?
- Do we need more **unconventional approaches**? Currently, there is hardly any room for unconventional measures in the strategies. More progressive and unconventional measures should be included in the processes and in stakeholder involvement. This also means being open to social innovation.
- The issue for the coming years will be how to deal with the growing challenges in times of scarce **resources**. This calls for a different and new culture of concentration and selectivity when defining themes and measures as well as a greater focus on initiating change processes, on coordination and cooperation.

With the STRAT.AT 2020 Partnership for *Smart Specialisation*, the core aspects of the features of Austria's RTI policy have shifted to the centre of attention of all stakeholders. In the future it will be important to strategically exploit the strengths and build on these, to tackle the open challenges and continue the constructive collaboration started.



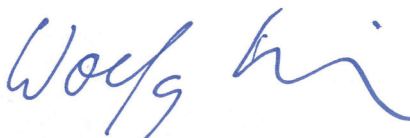
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SUMMARY OVERVIEW – POLICY FRAMEWORK

Austria's innovation system and innovation policy have undergone a clear transformation. Today, Austria is a business location with a **mature RTI system** with globally networked institutions and a good system of cooperation between science and business, and a high degree of internationalisation and competitiveness on international markets (niche awareness).

Austria is characterized by a highly developed culture of always working to balance conflicting interests and of **involving stakeholders in planning processes**; by many years of broad consensus between politics, the business sector and society as well as between national and regional actors regarding investments in science, research, technology and innovation. Business enterprises and their interest group representatives are traditionally strongly involved in RTI policies in the spirit of “entrepreneurial discovery”.

Austria has a **balanced mix of instruments** for funding RTI projects which are used in the attempt to identify the fundamental moments of market and system failure. Generally in Austria, financial assistance schemes are strongly oriented on generic, technologically-open funding instruments. This also takes into account the diversified industrial and economic structure with companies focused on market niches. And finally, these investments in research/education, sustainability, social inclusion and in diversified economic and location structures enable a high resilience to crises.

With respect to policy definition, **Austria** has now shifted towards “**smart specialisation mode**”.

In 2011, the RTI strategy “Becoming an Innovation Leader” was adopted. The strategy created the consensus for a new vision of development (from “catching-up” to “frontrunning”). Although the concept of Smart Specialisation was not yet public at the time, the federal government produced the RTI strategy which already anticipated key elements of the Smart Specialisation strategy such as the broadly-based creation and implementation process and the monitoring of implementation.

Austria ...

→ follows a **systemic approach** in the RTI strategy for the measures and the attainment of objectives;

- operationalises the fundamental RTI policy priorities defined and addresses the grand challenges. The concrete **design** of the instruments and programmes is done by the competent ministries and agencies; in this context, the **thematic priorities** are addressed;
- focuses strongly on strengthening **private RTI investment activity** (frontrunner companies, broadening the innovation base, knowledge-intensive start-ups);
- defines a **management process** by setting up a task force at the highest level of public officials including theme-specific working groups as well as by assigning the task of monitoring to the Council for Research and Technology Development;
- has a highly developed **monitoring and evaluation culture** of public financial assistance schemes and investments.

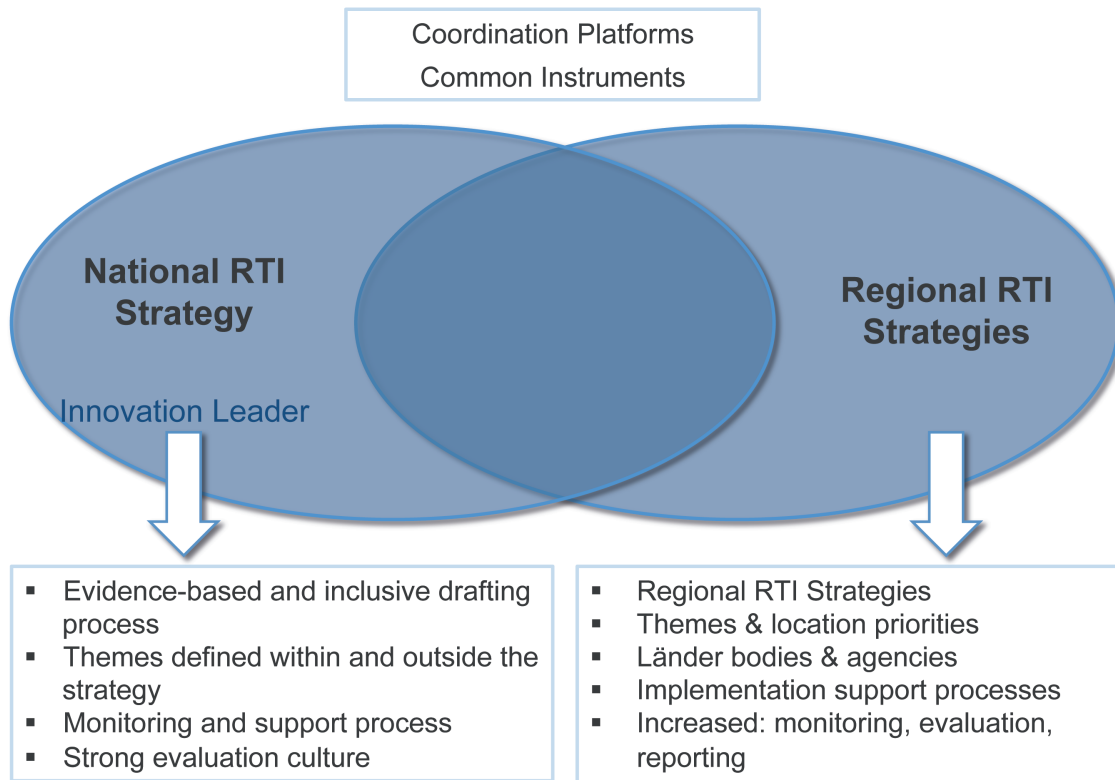
In the spirit of the **policy framework**, Austria relies on the principle of **multi-level governance** and has long-years of experience with a closely-knit system of autonomous but nonetheless coordinated multi-year strategic planning at all levels (national/regional/institutional).

The concrete development of the **location profile** for Austria is done at *Länder* level where the strengths and promising areas for a knowledge-based economy and its integration into the international value chain based on endogenous location factors are defined. This means that the diversified economic and location structure and the strong orientation of companies on niches are taken into account.

Today, all *Länder* have the relevant RTI strategies, budgets for financial assistance schemes and agencies that support the implementation of the strategies. Regular monitoring and reporting mechanisms are in place. Moreover, the federal government and *Länder* meet regularly to engage in dialogue.

The strategy and the **interaction** of the **federal government** and *Länder* do not follow a major master plan. Master plans tend to be of importance during “catching-up phases” and less in mature and institutionally-differentiated RTI systems. As regards the interaction of the federal government and *Länder*, this is a complementary system characterized by mutual learning. The

Figure 3: RTI policy framework Austria



Source: own research

design of regional strategies varies as regards time and processes in accordance with the autonomous status of the *Länder*. Asynchronous processing creates the advantage of enabling exchange and mutual learning. However, this also makes a systematic and regular overview of the status and implementation of the schemes and the development of common investigation and reporting standards difficult. A stronger focus on clearly measurable objectives with the corresponding indicators could serve as a foundation for a future generation of Smart Specialisation to achieve a structured overview and systematic monitoring.

Within the scope of the STRAT.AT 2020 Partnership “Smart Specialisation”, it became clear that Austria has accepted the Smart Specialisation concept, but that the exploitation of its potentials requires further and deeper coordination processes between the federal government and the *Länder*. This should also be viewed before the backdrop that knowledge-based location policy is being given more attention throughout Europe and that the search for new growth areas and paths out of the crisis requires closer strategic coordination between policy fields and governance levels.⁵⁰

50 See also Austrian Report on Research and Technology (Österreichischer Forschungs- und Technologiebericht) page 81.