

Institution: Cardiff University		
Unit of Assessment: Geography and Environmental Studies (14)		
Title of case study: Reframing approaches to the implementation of regional development programmes by the European Union		
Period when the underpinning research was undertaken: 2000-2018		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Kevin Morgan Philip Cooke	Professor Professor	01/10/1989 – present 20/05/2011-31/07/2014
Period when the claimed impact occurred: 01/08/2013-28/02/2019		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact (indicative maximum 100 words)		
<p>Cardiff University research into regional innovation policy supported the implementation of a new approach to regional development in the European Union (EU). It helped to operationalise and provide guidance on implementing the EU Smart Specialisation programme via the programme's handbook. With €40B allocated between 2014-2020, this is the largest regional innovation programme in the world, adopted by more than 170 European regions. The research also influenced a new strategic approach to regional development in two specific regions: the Basque Country, through PCTI Euskadi 2020, and Wales, through the Welsh Government's Foundational Economy (2019) strategy.</p>		
2. Underpinning research (indicative maximum 500 words)		
<p>Conventional regional policy has been chiefly concerned with distributing economic activity <i>between</i> regions. Cooke and Morgan's work on regional innovation policy, however, helped to shift the policy focus to innovation <i>within</i> each region, a new approach aiming to promote indigenous development from within weak regions rather than simply attracting firms from stronger regions. Their research stressed in particular the role of inter-organisational networks in knowledge exchange and the developmental value of intangible assets like trust, voice, social capital and governance [3.1]. The research also highlighted the need for regions to build innovation capacity by calibrating demand-side regional policy measures with supply-side regional policy measures [3.2].</p> <p>Building on this, and the Cardiff research team's longstanding collaboration with the European Commission since the 1990s, Morgan led a research consortium funded by the European Commission [G3.1, 2013-2016] to operationalise and support the Smart Specialisation Strategy (S3). Smart Specialisation was a scheme to support growth, especially in less developed regions, as part of the EU's European Regional Development Fund 2014-2020. Its aim was to enable each region to identify and develop its own competitive advantages.</p> <p>The research compiled case studies from over a dozen regions (including Basilicata in Italy, Bremen in Germany, Lodzkie in Poland, Murcia in Spain, Slovenia and Northern Ireland) to identify common issues for regional innovation across all regions. Morgan's distinct contribution focused on the governance of Smart Specialisation projects, with key findings including [3.3, 3.4, 3.5, 3.6]:</p> <ul style="list-style-type: none"> • the significance of governance in the development and implementation of S3, noting the roles taken by different organisations and their interaction, both in the design and implementation of strategies and in the development of entrepreneurial discovery processes; • the particular challenges faced by Member States and regions with less-developed research and innovation systems to design and maximise the impact of their S3 plans; • the weak link between S3 and social innovation; 		

Impact case study (REF3)

- the need for improved metrics, evaluation and monitoring of S3 plans, including the potential offered by well-developed peer review assessment procedures;
- the identification of institutional and systemic bottlenecks for S3 at national and regional levels;
- the need to strike a balance between continuity and novelty and between intra-regional and extra-regional learning.

Two other distinctive features of this research are its commitment to comparative empirical analysis of regional innovation systems in Europe, embracing both advanced technology regions and old industrial regions, and its contribution to a radically new field of innovation studies through the concept of *social* innovation [3.4, 3.6]. The Smart Specialisation project provided the first empirical findings in Europe on the practical experience of the S3 programme and the challenges that less developed regions face in terms of [3.5, 3.6]:

- forging innovation networks between academia and industry;
- developing inclusive governance arrangements;
- embracing the concept of social innovation.

These findings, especially concerning the significance of innovation networks and inclusive and iterative governance arrangements, were used by the European Commission and regional European governments to inform regional policy thinking and guidance.

3. References to the research (indicative maximum of six references)

[3.1] **Cooke, P. and Morgan, K.** (2000) *The Associational Economy: Firms, Regions and Innovation*, Oxford, Oxford University Press. Available from HEI on request.

[3.2] Oughton, C., Landabaso, M. and **Morgan, K.** (2002) The Regional Innovation Paradox, *The Journal of Technology Transfer*, Volume 27(1), pp.97-110
DOI:10.1023/A:1013104805703

[3.3] **Morgan, K.** (2016) Collective Entrepreneurship: The Basque Model of Innovation, *European Planning Studies*, Volume 24(8), pp.1544-1560
DOI:10.1080/09654313.2016.1151483

[3.4] **Morgan, K.** (2017) Nurturing Novelty: Regional Innovation Policy in the Age of Smart Specialisation, *Environment and Planning C: Politics and Space*, Volume 35(4), pp.569-583
DOI:10.1177/0263774X16645106

[3.5] Marques, P. and **Morgan, K.** (2018) The Heroic Assumptions of Smart Specialisation: A Sympathetic Critique of Regional Innovation Policy', A. Isaksen et al (eds) *New Avenues for Regional Innovation Systems*, Springer, pp. 275-294 DOI:10.1007/978-3-319-71661-9_14

[3.6] Marques, P., **Morgan, K.** and Richardson, R. (2018) Social Innovation In Question: The Theoretical and Practical Implications of a Contested Concept, *Environment and Planning C: Politics and Space*, Volume 36(3), pp.496-512 DOI:10.1177/2399654417717986

Selected grant:

[G3.1] **Morgan, K.**, European Commission (FP7), 'Smart Specialisation for Regional Development', (01/01/2013-30/06/2016), Award: £557,387 (Grant Agreement 320131)

The research was also funded by commissioned work from the Basque Government.

4. Details of the impact (indicative maximum 750 words)

Cardiff research influenced the implementation of the EU's Smart Specialisation (S3) programme by framing its governance principles. The programme provided over 170 European regions with a framework for regional innovation that boosts growth and prosperity. The research also directly helped regions to integrate the S3 approach to regional innovation into their economic strategies, particularly in the Basque Country and Wales.

4.1 Shaping European Commission guidance to implement Smart Specialisation

S3 (also referred to as RIS3) was adopted by the EU's European Regional Development Fund (ERDF) for the 2014-20 period to promote the S3 concept as a new scheme for regional

growth, especially in less developed regions. The research influenced the approach of the European Commission's DG Regional and Urban Policy (DG-RUP) directorate in implementing the programme, as confirmed by the Director-General for DG-RUP who noted that *"Professor Kevin Morgan has made a major contribution to the design and development of Regional Innovation Policy in the European Union"* [5.1].

In 2013 Morgan was invited to join the European Commission's Expert Panel charged with translating the S3 concept into an operational programme. In this capacity, he collaborated on the design and delivery of the programme for the 2014-20 period (€40 billion allocation). His research was used to frame the governance principles for the implementation of the S3 programme, and these recommendations were published in 'Implementing Smart Specialisation Strategies: A Handbook' (2016) [5.2].

In this way, Morgan's *"work was instrumental in the design and implementation of the RIS3 Program, which today concerns every single region in the EU and channels approximately 40 billion euros in European Cohesion policy aid"* [5.3 - Mikel Landabaso Alvarez, Director of the EC Joint Research Centre for Growth and Innovation who led on designing the S3 strategy].

The handbook provides regional governments with practical tools for the design and good practice of Smart Specialisation Strategies to enable the funds to support sustainable regional innovation. Morgan was commissioned by the DG Regional and Urban Policy to prepare Chapter 2 of this handbook, 'Good governance: principles and challenges'. This chapter includes his research findings on the significance of inclusive, iterative and transparent governance systems; for example, on page 44 he highlights the importance of inclusive and transparent governance in prioritising regional applications to S3 funding as *"one of the most pressing in the implementation of S3, requiring transparency and clear guidelines for the process of decision-making to be seen as fair, inclusive and robust"* [5.2, p.44].

The handbook was taken up and utilised by over 170 regions and countries from the EU and beyond [5.3]. Director Mikel Landabaso Alvarez confirmed Morgan's *"key role"* in drafting the governance chapter and noted that RIS [S3] *"is already showing promising results in a number of advanced and, most importantly, less developed countries and regions"* [5.3].

The research, and the RIS3 Guide, is also being used internationally beyond Europe and outside of the ERDF programme. Director Mikel Landabaso Alvarez confirmed that RIS3 [S3] is being implemented and discussed by national and regional governments in a wide range of countries, including Serbia, Montenegro, Peru, Chile, Australia, South Korea and Rwanda, and is also *"being explored by the United Nations as a territorial policy tool for the achievement of Sustainable Development Goals at local level"* [5.3]. He highlighted that the EU's achievements have made it the global reference point for regional innovation, noting: *"without Professor Morgan's contribution to the inception, refinement and support in the diffusion of the RIS3 [S3] concept, the EU would not be in its current position as a global reference in territorial public policy support for the promotion of innovation"* [5.3].

Morgan's research continues to be used by the DG Regional and Urban Policy. Because of his involvement with the handbook, his research has been used to develop the future of Research and Innovation policy for the next Framework period, 2021-2027. The European Commission commissioned a series of policy papers and Morgan was asked to produce one of the very first papers on the scope for/barriers to policy synergies between research and innovation policy on the one hand and cohesion policy on the other [5.4].

4.2 Reforming and developing a new regional innovation policy in the Basque Country

Morgan was appointed by the European Commission in 2013 to undertake an expert assessment of regional innovation policy in the Basque Country, to contribute towards the Basque science and technology strategy, PCTI Euskadi 2020 (2014) [5.6]. Building on the S3 research [3.3, 3.5, 3.6], the assessment found that to be more effective the Basque regional innovation policy system needed to be rationalised, as they had too many technology centres all competing for a shrinking budget.

The Commissioner for Science, Technology and Innovation of the Basque Government stated that *"the 2013 expert assessment report...informed the way we reformed our regional*

innovation system” and “had a major impact on the way we designed our Smart Specialisation Strategy in the following two years” [5.6]. The report generated new ways of thinking: the Basque Government Commissioner highlighted that it convinced them to simplify their regional innovation policy system and that they needed a stronger monitoring and evaluation system [5.6].

In this way the research led the Basque Country to reform its regional innovation system, in particular through rationalising the regional innovation policy system. The Basque Government Commissioner stated that *“Professor Morgan’s research and policy advice have had significant impact in the Basque Country”* and that this will help the Basques to *“maintain our position as a leading exponent of regional innovation policy in Europe” [5.6].*

Morgan also continued to contribute to the implementation of PCTI Euskadi 2020. The Basque Government Commissioner stated that *“his work...is continuing to shape our current regional innovation policy because we are now in the implementation stage of the policy” [5.6].* At the request of the Basque President, Morgan was invited to be part of a monitoring group to advise on the ongoing implementation of the Basque S3 plan. In conjunction with local researchers from Deusto University’s applied research centre (Orkestra), Morgan was co-author of the 2016 report on S3 implementation, writing Chapter 2 (on designing the Basque S3) and Chapter 5 (achievements and challenges). His research is referenced throughout for future recommendations for implementing S3; for example, on page 32 an inclusive and iterative future model is recommended through *“relegating the linear model of innovation policy (based on the silo worlds of design-delivery-evaluation) to the sidelines where it belongs (Morgan, 2016a)” [5.7, p.32].*

4.3 Changing the approach to regional innovation policy in Wales

Morgan’s research findings influenced the design of the Welsh Government’s 2019 Foundational Economy Strategy. The foundational economy consists of everyday basic services and products such as care and health services, food and retail, housing, energy, construction and tourism. Estimates suggest that in Wales these economies form four in ten jobs and £1 in every three that is spent [5.8].

The Minister responsible for the development of the Foundational Economy, Lee Waters MS (Deputy Minister for Economy and Transport) stated: *“His [Morgan’s] work on the foundational economy...has been invaluable in helping to shape the Welsh Government’s approach in this area. The expertise he has developed through his work (on social innovation, the food system and procurement especially) has been critical in influencing my own thinking over a number of years” [5.9].*

The foundational economy, which directly addresses everyday needs, is an important expression of social innovation. Morgan’s ESRC-funded project ‘Social Innovation in the Foundational Economy: Promoting inclusive growth in the Cardiff capital region’ (2018, £23,250 from ESRC Impact Acceleration Account) built on his research finding regarding the weak link between S3 and social innovation [3.6]. A colloquium organised by this project brought together evidence from experiments on social care, as well as international policy experience from areas that Morgan had already worked with including the Basque region, to develop strategies to build stronger links between S3 and social innovation in Wales. As Waters said, Morgan’s event, attended by Welsh Government ministers, Welsh businesses and representatives from social care and civil society organisations, *“played an important role in policy development by bringing together evidence...on the breadth of functions considered part of the foundational economy approach” [5.9].*

Waters confirmed that *“this learning was instrumental in subsequently changing the Welsh Government’s Economic Action Plan away from pursuing an approach focussed on...sectors to a sector neutral approach based on trials and experiments”* and that *“the dual work of research and influencing led by Kevin was critical in winning support for the new agenda from the Welsh First Minister, Mark Drakeford” [5.9].* The new Strategy aims to support the growth of foundational sectors of the economy, as one of the key ways to promote regional economic development in Wales. For example, the Foundational Economy Strategy includes a £4M fund

to test innovative ways of supporting and growing the foundational economy and to spread good practice across Wales [5.8].

The Strategy will also be an important source of funding in Wales post-Brexit, as a way to support regional development without S3 and other EU funds that Wales had, until Brexit, been eligible to receive. Baudewijn Morgan, Welsh Government's Wales European Funding Office, stated that: *"your [Morgan's] expert analysis has influenced thinking on the post-2020 Welsh regional funding consultation proposals, including, but not limited to, the horizontal and vertical nature of the international theme in the programme, the need for a long term approach, and the integration of multi-level actors"* [5.10].

5. Sources to corroborate the impact (indicative maximum of 10 references)

[5.1] Testimonial from Marc Lemaître (European Commission's Director-General of Regional and Urban Policy)

[5.2] 'Implementing Smart Specialisation Strategies: A Handbook' (European Commission, 2016)

[5.3] Testimonial from Mikel Landabaso Álvarez (European Commission's Director, Joint Research Centre, Directorate B, Growth and Innovation)

[5.4] *From Rivalry to Synergy: R&I Policy and Cohesion Policy* (European Commission, 2018)

[5.5] PCTI Euskadi 2020 (The Basque Science & Technology Strategy, 2014) [Cited twice p.9]

[5.6] Testimonial from the Basque Government Commissioner for Science, Technology and Innovation (2016)

[5.7] *Implementing Smart Specialisation Strategies: A Report for the Presidency Department of the Basque Government* (2016)

[5.8] Welsh Government Foundational Economy webpage

[5.9] Testimonial from Lee Waters MS, Deputy Minister for Economy and Transport, Welsh Government

[5.10] Testimonial from Baudewijn Morgan, Head of H2020 Unit, Wales European Funding Office, Welsh Government