



Regions as well as small countries need a smart specialisation strategy

By Dominique Foray

Smart specialisation is a policy concept that has enjoyed a short but very exciting life! Elaborated by a group of innovation scholars in 2009¹, it very quickly made a significant impact on the policy audience, particularly in Europe.

Smart specialisation helps regions as well as small states to revisit the policy problem of resource allocation in a time of crisis and budget prioritisation.

The idea is that beyond the needed programs addressing ‘framework conditions’, the policy process has also a responsibility to prioritize and concentrate resources in some domains to get the positive size effects and critical mass that too dispersed activities and too little resources will fail to realize. However the novelty of this policy approach is about the answer to the question : “*what are my priorities*”? **Priorities will be neither sector as a whole nor individual firms**; priorities will be new activities, that are emerging and show promises and potentials. **And priorities will emerge where and when opportunities are discovered by firms and entrepreneurs.** The entrepreneurial discovery process is a critical element of this policy approach to avoid any top down logic of priority setting by the omniscient planner and to create an interactive process involving the private sector as discovering and producing information about new activities and the government that will assess potentials and empower those actors most capable of realizing the potentials.

In 2008 (Finland), some pulp & paper companies were exploring the potential of nanotech to improve efficiency of the industry. This is an entrepreneurial discovery (not one simple innovation) which is about the complementarity between a Key Enabling Technology and a traditional sector and which generates information on the value of using nano to increase the operational efficiency of this industry. The government should support it to help the activity to grow. What the government will support is neither the whole sector nor one single firm but the growth of this new activity. By doing so, he is achieving two things: improving the overall performance of the pulp & paper industry and building capabilities in a certain domain of nanotech. This is smart specialisation and it is expected that two or three years after other discoveries will be made in other sectors and the subsequent activities will be supported as well. **Smart specialisation entails strategic and specialised diversification.**

¹ See D.Foray, P.A.David and B.Hall, Smart specialisation: the concept, Policy Brief n°9, Knowledge for Growth, EC, 2009, http://ec.europa.eu/invest-in-research/monitoring/knowledge_en.htm