

Cluster-based local economic development in the context of RIS3

THEMATIC WORKSHOP

FRANKFURT, 24-25 NOVEMBER 2016



Smart specialisation as a booster for cluster-based local economic development

Last year the Basque Country celebrated the 25th anniversary of the Basque cluster policy. According to Michael Porter, it was the first region in the world in applying massively the cluster concept as a policy concept. Today, the cluster approach is acknowledged as the most fluent one in modern industrial policy worldwide, and the arrival of smart specialisation has even emphasized this influence.

Thus, since RIS3 (Research and Innovation Strategies for Smart Specialisation) is largely about prioritizing productive domains, cluster policies are at the very heart of the smart specialisation paradigm. Consequently, both the smart specialisation concept and the RIS3 method have worked as a booster for cluster-based industrial policies, notably in those contexts where the cluster approach was still barely assumed.

Hence, cities should also take advantage of this to enhance their role in cluster development. At this point, it is worth noticing RIS3 is here to provide new horizons and single alignment within regions and member states with regard to sector development. Therefore, getting relevant city-to-region articulation is a must-do, especially in those cities and metropolitan areas with a significant background in cluster development. That is the case of Frankfurt, where the cluster approach is so dominant that the own organizational chart of Frankfurt Economic Development GmbH, the local development agency, mirrors the city's cluster segmentation.

In fact, vertical multi-level governance is absolutely a key issue to all implementation frameworks concerning modern industrial policy and business-led economic development. That is why matching between RIS3 priorities at regional level (often mega-clusters and broad knowledge domains) and the cluster dynamics that are running at city/metropolitan level is an exercise that should be done sooner or later. The question is, How to do it? What method to address such a matchmaking exercise?

Nonetheless, due to the fact that agglomeration economies (which are at the basis of clustering, at least at early stages) work particularly at local and metropolitan levels, cluster-based local economic development is mainstream. Today, most of the main innovative cities have adopted a more or less accurate cluster-based segmentation of themselves as urban economies.

For instance, in Bordeaux, like in all France, business-led economic development is largely influenced by the cluster approach. Bordeaux is currently working with a range of clusters that are categorized into three groups: world-class clusters or *pôles de compétitivité* (aerospace and laser & photonics), clusters of national scale (health and financial & advanced services) and other sectors of excellence like wine, chemistry, boating-sailing and tourism.

Cluster-based readings of the urban/metropolitan economy often have a revitalizing effect by themselves. They are a precious opportunity to unveil new emerging activities or simply highlight those activities with a special link to the city. We mean, for instance, activities with a special impact on central urban spaces, from the creative economy to advanced tertiary.

Regarding the latter, according to a European Cluster Observatory's report, regions and cities with a strong KIBS sector (Knowledge Intensive Business Services) exhibit higher prosperity and it affects positively innovation performance. It is a cluster with a strong "urban character" and some cities perform better than others. The emerging FinTech scene (which in Frankfurt is very active and fuelled by several cluster-type networks) is part of it. KIBS is one of the six priority clusters in Bilbao, and Bordeaux is making a big bet for its advanced tertiary sector (70,000 jobs, 200 head offices and the 4th services and financial marketplace in France with a specialisation in trading and risk) that includes a new central business district as part of Bordeaux Euratlantique, which is the largest urban regeneration project now in France.

We also mean activities connected to future's urban management. Thus, the progressive digitalization of both urban management and the urban experience is creating continuous business opportunities. New clusters around the smart city concept are emerging now in many cities, from Turin (Torino Wireless, which is also coordinating a country-wide agenda on smart cities) to Bucharest (Different Angle cluster). Those clusters are closely linked to their corresponding smart city projects. Another good example is Bilbao Urban Solutions, which is a cross-sector business network aims to capitalize the brand Bilbao as a world-class reference in urban transformation and renovation.

All in all, as said above, smart specialisation opens a window of opportunity for cluster policies to be revised and improved. So, while the cluster approach is pretty well assumed as segmentation driver of regional and urban economies, smart specialisation puts now the spotlight on the connections among those priority clusters, resulting in wide-scope technology and knowledge domains. This may give some keys about how to adjust the course of cluster policies today.

In this new framework, where cluster policies and S3 live together, the main purpose of cluster-based segmentations is basically providing a backbone for urban economies. A roadmap to the “specialized diversification”, in RIS3 jargon. That is the real meaning of prioritizing a specific short range of clusters and production-oriented knowledge domains (the smart choices). They should work, along with the beneficial influence of a number of “key enabling technologies” (KETs), as levers to a more solid economic growth.

Because of this, relevant clusters are increasingly defined by a key industrial or technological competence, instead of a simple sum of sectors and industrial branches. The trend is going from clusters of activities to clusters of competences, when that is possible. Actually, the concept of competence-cluster is already mainstream in Germany for years. Envisioning clusters based on a key and distinctive competence enables linking to other different value chains and product markets more easily. That is, those key competences may work as spillovers, as crosscutting connectors.

The Bordeaux-based cluster on photonics is a paradigmatic case of a business system organized around a specific technological competence. Branded as “Route des Lasers”, the cluster (1,400 direct jobs) offers advanced solutions to a variety of industrial sectors, such as aeronautics, health, chemistry, electronics and even food industry. In a way, the same as ProduTech, the Porto-based Production Technologies Cluster, which brings together manufacturing technology providers in fields ranging from mechanical engineering to embedded software. In Grenoble, Minalogic is a French competitive pole gathering around 300 firms and entities. With a focus on digital technologies, cluster members offer solutions to a wide range of sectors, from healthcare to construction and transportation.

The digital revolution and related concepts like industry 4.0, advanced manufacturing and industrial internet are broaden more and more the industry-services continuum, as a fertile ground for new emerging activities. In this context, cluster identification is not enough. It is the age of hybridization, and S3/RIS3 should be seen as a pathway to fully activate the potential of a short range of core competences and sectoral specialisations, expanding them to other value chains and existing sectors. This will arise new business opportunities.

Certainly, concepts like cross-innovation and intercluster (cluster-cluster cooperation) were already being used before smart specialisation came up. Nevertheless, what smart specialisation brings for the first time is a single structuring guidance to envision as a whole all the key productive components of a spatial economy (call them clusters, technology domains...). Existing components and those still to shape.

Last but not least, cluster-based segmentation is commonly accepted as the most effective way to organize the work of promoting the city as business location. In turn, the communication dimension of cluster initiatives has always been underlined as fundamental, and having excellent communication skills is therefore key for cluster organizations and their managers. Hence, innovative placebranding can be very helpful supporting the internationalization of local clusters. And vice-versa, city branding & marketing strategies can find in the international activity of business clusters a great supporting channel. It is about joining both cluster branding and city branding efforts, which mutually reinforce.

Within the ten cities and metropolitan areas joining the InFocus partnership, there are a good number of practices in line to some of the issues and trends aforementioned. So, the aim of the thematic workshop in Frankfurt is to properly assemble those practices into a single storyline, and promote relevant discussion engaging all the participants in it. Getting other outstanding experiences outside InFocus will certainly be an extra added value. The result may give a good picture on how to best adjust cluster-based local economic development to the new S3/RIS3 context.

This is therefore a call for participation to cluster managers, practitioners at city level working on cluster development and teams leading RIS3 strategies at regional level. Experts and academics interested in the linkages between business clusters, cities and smart specialisation are welcome likewise.

Miguel Rivas, lead expert for InFocus

November 23

VENUE: FRANKFURT ECONOMIC DEVELOPMENT GmbH. Hanauer Landstraße 126-128.

Buffet: sandwiches, coffee & cake.

- 14:30 - 16:00 **INFOCUS STEERING COMMITTEE MEETING - part I**
Only for InFocus partners. Check side agenda for this meeting.
- 16:00 - 16:30 Coffee break
- 16:30 - 17.30 INFOCUS STEERING COMMITTEE MEETING - part II
- 17:30 Departure to Dom/Römer.
- 18:00 City tour & Christmas Market.
- 20:00 Welcome by Deputy Mayor Markus Frank, Head of the Department of Economy, Public Safety, Sports and Fire Prevention.
Dinner at Metropol Café am Dom, Weckmarkt 13-15, 60311 Frankfurt.

November 24

VENUE: INDUSTRIEPARK HÖCHST - Tor Ost, Bistro-Casino, Sammet Lounge.

Industriepark Höchst is a unique chemical and pharmaceutical site. It hosts more than 90 companies, from multinational corporations to innovative service providers, employing 22,000 persons <http://www.industriepark-hoechst.com>

- 08:15 Meeting point at Frankfurt Economic Development GmbH, Hanauer Landstraße 126-128.
Transfer by bus to the meeting venue. Registration.
- 09:15 – 09:45 **OPENING SESSION**
- Welcome speech** by Oliver Schwebel, Managing Director at Frankfurt Economic Development GmbH.
- Introduction to Urbact-Infocus** by Eva Salcedo, InFocus project co-ordinator, Bilbao Ekintza, City of Bilbao.
- Smart specialisation as a booster for cluster-based economic development.**
Introduction to the workshop theme by Miguel Rivas, partner at TASO and lead expert for InFocus.

09:45 – 10:15 **SESSION 01. CLUSTER-BASED SEGMENTATIONS OF URBAN ECONOMIES**

A cluster-based view of Frankfurt Rhine-Main metropolitan region.

Alexander Ebner, Schumpeter Center for Innovation and Public Policy at Goethe University Frankfurt. 15-minute presentation

Q&A.

10:15 – 11:30 **SESSION 02. POLICY MAKER DIALOGUE**

Grenoble-Porto dialogue on the role of cities in today's cluster policy.

Ana Teresa Lehmann, Head of Invest Porto, City of Porto.

Gabriel Voisin-Fradin, International Economic Cooperation Officer, Grenoble-Alpes Métropole.

Moderator: Willem van Winden, Amsterdam University of Applied Sciences.

30-minute dialogue approximately followed by **discussion and work in small groups**.

11:30 – 12:00 Coffee break

12:00 – 13:00 **SESSION 03. MAKING CONNECTIONS IN PRACTICE: FROM SECTOR PRIORITIZATION TO SPECIALIZED DIVERSIFICATION**

Short introduction by James Wilson, Senior Researcher at Orkestra - Basque Institute of Competitiveness.

Bordeaux laser & photonics: how a key enabling technology is widespread throughout different sectors and value chains.

Olivier Girel, Director for Innovation, Pôle Alpha Route des Lasers. 10-minute presentation.

Making the most of IT clusters to boost the digital transformation.

Cristina Murillo, Director for Services, GAIA Basque Country IT cluster. 10-minute presentation.

Q&A and **discussion time** facilitated by James Wilson.

13:00 – 14:15 Lunch break

14:15 – 15:30 **SESSION 04. PANEL DISCUSSION WITH CLUSTER MANAGERS**

What do business clusters need from local/metropolitan governments?

Joaquim Cunha, Executive Director at Health Cluster Portugal.

Sebastian Schäfer, FinTech Community Frankfurt GmbH and Director of Tech Quartier.

Marius Hanganu, President of Different Angle (Bucharest).

Ladislav Glogar, Director at Moravian-Silesian Automotive Cluster.

Moderator: Miguel Rivas, lead expert for InFocus.

45 minutes for the panel as such, followed by Q&A and discussion in small groups.

15:30 – 15:50 Coffee break

15:50 – 16:50 **DEBRIEFING SESSION**

Closing statement: connecting clusters to smart specialisation.

Juan D. Olabarri, Head of Cluster Development Unit at SPRI, Basque Country Development Agency and lead partner of the Interreg Europe project Clusters3- Leveraging Cluster Policies for Successful Implementation of RIS3.
15-minute presentation.

Co-producing takeaways.

Work in small groups to agree on key messages that can be drawn as lessons of the day.

17:00 – 18:30 Site Visit Industriepark Höchst.

18:30 Transfer to city center by bus.

20:00 Dinner at “Gemaltes Haus”, Schweizer Straße 67, 60594 Frankfurt am Main.

November 25

VENUE: HOUSE OF LOGISTICS AND MOBILITY (HOLM), Bessie-Coleman-Straße 7, Gateway Gardens, 60549 Frankfurt am Main.

09:00 Meeting point at Frankfurt Economic Development GmbH, Hanauer Landstraße 126-128 and bus transfer.

10:00 – 11:15 **Site visit to HOLM.**

11:15 – 13:00 Final work session “**Getting back home: how to apply what has been learnt**”.
Moderator: Willem van Winden, Amsterdam University of Applied Sciences.

13:00 Farewell Lunch.

14:00 Bus-transfer to Frankfurt airport.

Further info: InFocus initial state of play report on Frankfurt available at this [link](#).

Workshop format

Thematic and open event. As part of the InFocus transnational work plan, this is the second of a series of five Thematic Workshops aimed to an in-depth exploration on how cities can make the most of the smart specialisation approach. InFocus thematic workshops are open to any local/regional authority and third parties interested in this topic, yet registration is mandatory.

Intensive agenda. The principal day (November 24) will be fully dedicated to the workshop theme, throughout a diversity of sessions. The day after in the morning will be devoted to learn on site about what's going on in the host city and discuss on how to best apply locally what has been learnt.

Interaction prior to the workshop date. In order to fine tune contributions with both the workshop main theme and the different session formats, interaction with speakers and contributors will be needed prior to the workshop days.

Discussion time at the core. Case study presentations, pitches and all the workshop sessions will be basically aimed to promote relevant discussion. Contributors will be encouraged to tell not just about lights and achievements but also on shades and gaps. To facilitate the debates, the workshop will be seized to a maximum of 50 participants approximately.

Horizontal event. InFocus thematic workshops should be clearly perceived as an events organized by practitioners for practitioners. No keynote speakers and no boundaries between speakers and the rest of participants. Contributors that make a presentation and then leave are not welcome. No passive attendance.

Co-producing takeaways. Ideally, nobody should leave the meeting without getting clear messages and conclusions. Relevant techniques will be used to engage all the participants in extracting key findings and insights from the workshop.

Further information

Participation in the Thematic Workshop is open to any cluster manager, practitioners at city level working on cluster development and teams leading RIS3 strategies at regional level. Experts and academics interested in the field where business clusters, cities and smart specialisation meet together are welcome likewise. It is free of charge, although registration is mandatory through this [online registration form](#).

Registration includes participation in all the workshop sessions, site visits, coffee breaks, lunches and group dinners scheduled in the final programme. Accommodation in Frankfurt is not included. Registration may be subject to admission by the organization team, since the workshop is seized to ease in-depth discussion and capacity is therefore limited.

For any further consultation on the registration procedure, please contact the local organization team:

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Accommodation in Frankfurt

The local organization team has arranged a contingent of about 40 rooms in three different hotels with different price categories. This contingent is available until 03.11.2016 via this link <http://www.frankfurt-tourismus.de/en/Sonderkontingente/IN-FOCUS>

The rooms and prices that have been negotiated for the Thematic Workshop are available only from 23-25.11. In case you would like to spend the weekend in Frankfurt and want to stay in the same hotel, please contact Mrs Nadine Hähnlein, from Frankfurt Tourism+Congress GmbH, who kindly arranged the hotel room contingent, n.haehnlein@infofrankfurt.de Tel +49 69 - 21 23 08 08.

Mrs Hähnlein will be pleased to help with any problem or question regarding your booking.

InFocus

Within the framework of the URBACT programme, InFocus is a pioneering transnational network aimed at boosting the urban/metropolitan agenda on economic development by means of smart specialisation as overarching approach, while at the same time articulating better with RIS3 at regional level. Led by the city of Bilbao, InFocus is also joined by Bielsko-Biala, Bordeaux, Bucharest, Frankfurt, Grenoble, Ostrava, Plasencia, Porto and Torino.

The InFocus agenda is also supported by the Smart Specialisation Platform created by the European Commission and placed at the Joint Research Centre.

Key contacts

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In focus

SMART SPECIALISATION AT CITY LEVEL



 **URBACT**


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