

Towards a RIS 3 Strategy for Wallonia
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Background document

Mathieu Quintyn (Mathieu.quintyn@spw.wallonie.be)

Florence Hennart (Florence.hennart@spw.wallonie.be)

<http://Economie.wallonie.be>

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I. Regional Profile

I.a) Historical background

Wallonia was one of the most prosperous regions in Europe during the first industrial revolution. Coal mining, steelmaking and their linked spin-off activities in the transport and mechanical industry were the main industrial activities until the mid of the 20th century. Natural resources, a highly skilled workforce and the dynamism of our engineers were the basis of this prosperity.

After the decline of the mining industry in the 60s, the crisis in the steel-making sector affected all the branches of the metal industry. Consequently, Wallonia has to face with high unemployment in the region.

The process of regenerating the business activity towards more leading sectors is still ongoing but, since a decade, moved by **dynamic economic policies (Marshall Plan, Marshall Plan 2. Green¹, Creative Wallonia²)**, Wallonia is recording better relative growth performances.

I.b) Institutional context

Wallonia is the predominantly french-speaking southern region of Belgium.

Belgium is a federal State (3 regions, 3 communities) since 1994. **The regions are autonomous and have exclusive competencies: economy**, territorial development, **research and innovation, learning**, employment, agriculture, public works and transport, environment, external relations, energy and water,...:

- Legislative power (decrees);
- No subordination links between levels of power;
- Own institutions (Parliament, Government) and own administrations.

I.c) Socio economic context – basis diagnosis

Wallonia has a relatively low level of GDP per capita (2009 - 86% of the EU average/Belgium 118%). The unemployment rate (11.2%) is higher than the Euro zone (9.9%) but is decreasing since a decade.

The Walloon economy base is largely composed of SMEs. Despite a relatively **low level of entrepreneurship**, the Walloon entrepreneurial dynamism has been **in progress since 2004**, with a positive net rate of business creation. Furthermore, we have recorded 150 spin-offs set up in the French-speaking Community (among which 120 are still in operation), that makes 50 % of the Belgian total number. The main fields of activity of these enterprises are biotechnologies, ICT and business advisory services. The yearly rate of spin-offs creation is growing.

Moreover, Wallonia is a **small open economy** with rather good export dynamism and high level of attractiveness for foreign investors (average growth of 7.7% for the 1996-2009 period compared to 4.9 at the level of the EU-15). The main areas of export of Wallonia are fabricated metal products, chemicals and mineral products.

This relative good performance can be explained by some of **the assets** the Region benefits from :

- **The central position of Wallonia** in northern Europe is one of the most important asset of the Region. Companies located in Wallonia are in the immediate vicinity of the Capital of

¹ http://planmarshall2vert.wallonie.be/sites/default/files/synthese_en+plan+marshall+vert.pdf

² <http://www.creative-wallonia.be/> , <http://www.investinwallonia.be/wp-content/uploads/PUBLICATIONS/EXTERNES/creative-wallonia-en.pdf>

Europe and can reach the majority of the European markets directly accessible in a few hours.

- This geographical advantage is reinforced by **the good quality of infrastructures** (130 fully equipped Business Parks and more than 4,000 acres of land, fully equipped, are available) and the cheap price of land in our Region (the lowest property prices on the market).
- Another important asset of the region is its **human resources**. **The Walloon workforce** presents a **high level of labour productivity** (the highest in Europe). This can be explained by **the higher education system** composed of 9 schools of university level making the level of education in Wallonia higher than the European average (almost 30% of the Walloon people have a higher education diploma).
- Finally, it also has to be noticed that we have a **higher level of R&D expenditures** than the European average (2,22% as, especially regarding R&D expenditure incurred by the enterprises. These expenses are concentrated in the chemical sector (mainly in **the pharmaceutical sector**) which is a speciality of the Region. With some 11,000 researchers, Wallonia is positioned above the European average as regards the proportion of the total staff assigned to R&D in enterprises. Indeed, expenditures on research and development in Wallonia have registered a significant growth in recent years, driven by the effort made by the public authorities to achieve the objective of Barcelona.
- Since 2004 (Marshall Plan), Wallonia has been experiencing a significant positive development of the number of enterprises. Through **the 6 Walloon Competitiveness Poles**, Wallonia has relevant results in global **high technologies niches markets** (mainly in the pharmaceutical and the aeronautic sectors) while **the share of business services has also significantly increased (75.8% of the regional GDP (2009))**.

Despite these assets, Wallonia is still facing **challenges** in some areas:

- **Stimulating growth rate and job creation, process of industrial reconversion to complete.**
- **Reinforcement of the innovation valorisation capacity:** Walloon innovation rate slightly superior of the EU-27 average but
 - Decrease of the technological innovation rate, namely in the manufacturing industry.
 - Marketing innovation rate lower than EU 27 average.
 - Risk that Walloon R&D performances are dependent on decisions of a limited number of multinational companies (large innovative companies). The number of successful high-growth SMEs in Wallonia is too low.
- **Deepening the Human Resources capacity:**
 - Difficulties to improve further the research environment to attract more high quality researchers.
 - Underutilized “training” aspects.
- **Mobilisation of private expenditure in commercialisation of R&DI.** The landscape of research is fragmented, and the transposition of research results is weak (research paradox).

More information:

- <http://Economie.wallonie.be>, <http://economie.wallonie.be/competitiveness/>
- <http://indicators.plan.be/>
- <http://www.iweps.be/>
- <http://www.awex.be>
- <http://www.investinwallonia.be/>

II. Wallonia : innovation and competitiveness policies

Strategic Orientations

First steps of the reflections about a Walloon regional innovation strategy are to find in **structural funds programming** (1994-1999 and 2000-2006) which put basis for a more programmatic approach, linking R&D policies with regional development and putting emphasis on clustering policies.

Since 1999, the Government of Wallonia has decided to boost the Walloon re-development in a more integrated way and to develop this strategy in coherence with the European strategic orientations. So, it developed a global development strategy, called the **Contract for the Future of Wallonia**. This strategic document has some important features : it is based on a long-term perspective, and aims at involving all the Walloon citizens in the development of their Region. It is also linked with the Lisbon Agenda, and in particular the main objectives related to it:

- Create more enterprises, more competitiveness and more attractiveness, strengthen the economic base;
- Move up in the added value chain by developing innovation and competencies;
- Networking of actors and development of synergies : Stimulation of relations inter-enterprises, between enterprises and Universities or research centres and learning centres, stimulation of knowledge and resources sharing;
- Enhance the attractiveness for foreign investors;
- Targeting of actions and resources on priority sectors, holders of innovation and added value;
- Activation of regional growth factors and development of synergies between policies.

In August 2005, the Government of Wallonia decided to dedicate important budgets (1,6 billion €) to a Priority Action Plan, also called the **“Marshall Plan”** (2005-2009), aiming at giving a qualitative jump to the economy of the Region. This Plan developed structural reforms under 5 priorities :

1. Competitiveness poles policy : development of some key growth sectors on the basis of strong partnership projects between enterprises, research centres and training centres.
2. Stimulation of the creation of activities : creation of an Economic Stimulation Agency, increase of the means devoted to financial support to export and international development, specific employment support measures for SME's.
3. Reduction of taxes on companies : fiscal reduction measures at the local, provincial and regional levels.
4. Promotion of research and innovation: development of R&D support measures at different stages, from fundamental research to applied research, and spin-off creation support, with a special attention to priority sectors.
5. Improvement of the skills of the workforce : meeting skills shortages in certain sectors, developing the language skills of our workers and unemployed people...

The final evaluation³ of this Plan put light on some key elements:

- Objectives reached at end 2009 : 11.000 enterprises beneficiaries, 27.000 direct jobs created, 115.000 people trained, 1.250 new researchers;
- Mobilising public and private actors around an integrated development strategy, networking of players, partnership;
- Development of synergies between economic policy tools, on the ground of shared objectives;
- Better consideration of the needs of enterprises and enhancing the efficiency of public tools;

³ <http://planmarshall2vert.wallonie.be/sites/default/files/rapport-final-plan-marshall-2006-2009.pdf>

- Better understanding and visibility of the Walloon development strategy;
- Development of monitoring and evaluation tools (on the basis of the structural funds experience on this topics);
- Positive trends in the socio-economic context : entrepreneurial spirit, exports, spin-off creation, investment dynamism, innovation, job creation,...
- But slow-down following the crisis;
- Conclusion of the evaluation : regional development approach to pursue and to consolidate.

On this basis, in 2009, the orientations of the Marshall Plan were confirmed by the new Walloon Government in a "**2.green**" version of the Marshall Plan⁴ placing greater emphasis on eco-efficiency and green technologies.

This **Marshall Plan 2.Green** (2009-2014) aims at pursuing and reinforcing the first Plan, with up-to-date priorities, taking into account evolutions in the context :

- New challenges and opportunities: climate change and greening of the economy, globalisation;
- Europe 2020 Strategy;
- Stronger synergies between regional and community (education and learning) priorities;

Its budget for the 2009-2014 period is amounting to 2,75 billion € (additional to regional « recurring » budget), devoted to 6 priority axis:

1. *Human capital, an asset to develop (337 million €):*

- Synergies between education, training, employment and economic policies.
- Better involvement of sectors.
- Focus on life-long-learning : competencies validation, professional learning centres.
- Enhance qualifying education and learning : equipment, alternate learning, work experience, valorisation of technic and scientific carriers,...
- Offering tailor-made training to respond to market needs : skills shortages, green jobs, competitiveness poles.
- Multilingualism.
- Active insertion on the labour markets, notably for young people.

2. *Competitiveness poles and business networks : a success to amplify (388 million €):*

- Development of the regional industrial policy, based on networking policies : clustering policy and competitiveness poles policy.
- Focus on sustainable development opportunities : dedicated calls for projects and launch of a new pole on green technologies.
- Greater involvement of SMEs.
- Synergies between poles and clusters, with other regions, internationalisation.

3. *Strengthening scientific research as an engine for future development (142 millions €)*

- Pursue efforts to raise R&D budgets : co-operative applied R&D, excellence programmes in Universities, Public-Private Partnerships, support to SMEs.
- Definition of a common research strategy for Wallonia and Brussels with a focus on five themes : sustainable development, quality and length of life, health, renewable energies, key technology domains).
- Excellence in scientific research and support to human capital in R&D.
- Researchers carriers and support to insertion in international networks.

⁴ http://planmarshall2vert.wallonie.be/sites/default/files/synthese_en+plan+marshall+vert.pdf

- Review of regional innovation system, support to networking, and support to innovation and creativity of enterprises, spin-offs support.
4. *A favourable framework for creating businesses and quality jobs (592 million €) :*
 - SMEs support Plan⁵ (cf. Small Business Act) : Support to entrepreneurship and business creation, transmission, second chance,...Support to growth, Financial instruments and access to finance, Cutting red tape and better regulation.
 - Export policy and attraction of foreign direct investors.
 - Brownfield redevelopment.
 - Equipment of economic activity parks (eco-parks) and multimodal zones.
 5. *Employment-Environment Alliances : a new strategy for the future (879,6 million €):*
 - First theme: energy- and environment-performance of buildings.
 - Multi-sectorial contract to stimulate demand and supply of good and services, in concertation with sectors.
 - Measures involved: support to R&D, training and education, employment, regulation, public-private partnerships, support to investment,...
 6. *Mixing-up employment and social welfare (422 million €).*
 - Reinforcement of personal services : childcare, elderly people, disabled people, ...

+ 2 transversal dynamics: public governance efficiency and sustainable development in public action.

With a total budget of **1,6 billion € for the 2005-2009 period and 2,7 billion € for the 2010-2014 period**, the 2 Marshall Plans represent a substantial effort of the Region to foster its economic development.

It has also to be noticed that projects supported by **the European funds⁶ (European Social Fund and the European Regional Development Fund) are following the strategic orientations of the Marshall Plan.**

Consistent with those strategic orientations, **the new industrial policy** developed in Wallonia mainly focused on the development of industrial networking through two complementary and linked policies: **Competitiveness Poles and clustering.**

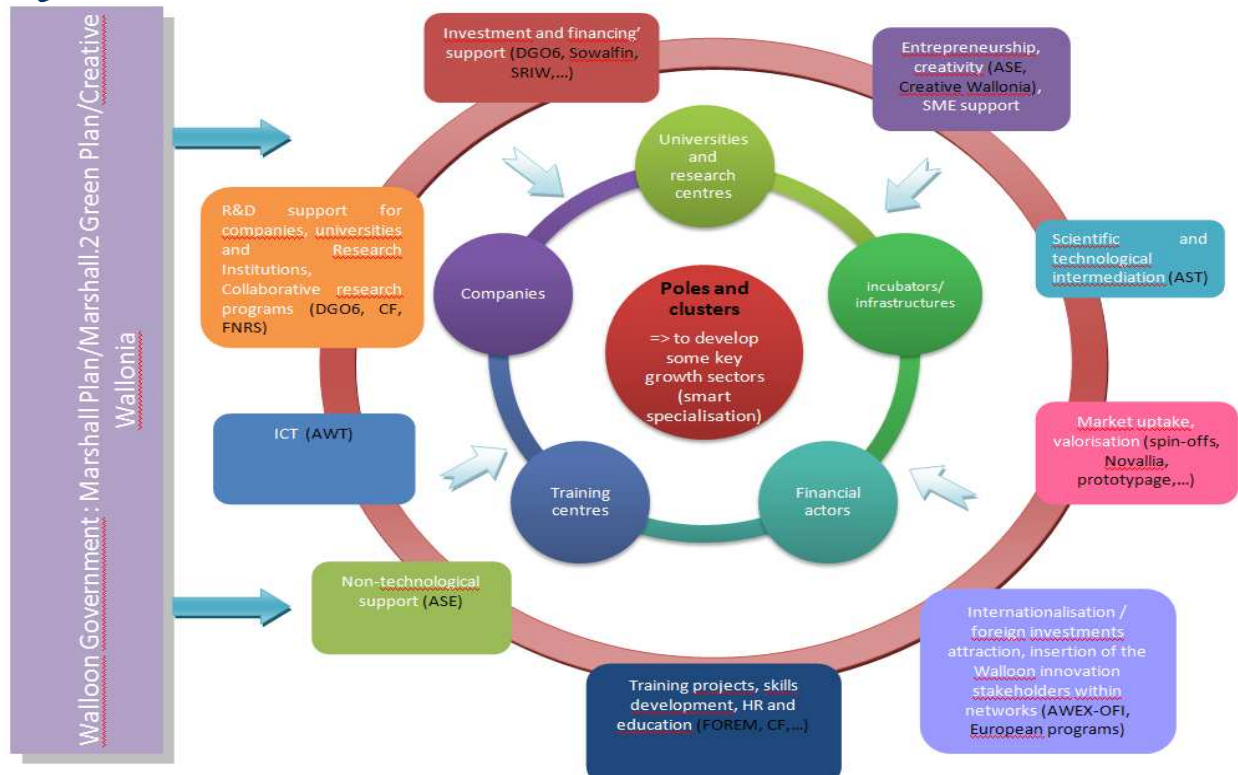
Within this context, the Walloon Government⁷ is the relevant regional authority responsible for regional economic development and RD&I policies.

⇒ **Progressive building of an integrated and shared strategy, based on synergies and networking between actors and policies : industrial and RDI policies, training and education, employment, infrastructures + integration of the 'green' dimension.**

⁵ <http://economie.wallonie.be/new/spip.php?article132>

⁶ <http://europe.wallonie.be/>,

⁷ <http://gouvernement.wallonie.be/>



III. Specialisation : critical mass and priorities

III.a) Industrial policy : clusters and competitiveness poles⁸

The Walloon industrial policy is mainly developed through clusters and Competitiveness poles policies, but embedded in a comprehensive strategic framework addressing main competitiveness challenges : The Marshall Plan.

1) A top-down/bottom-up approach

Competitiveness Poles and clusters must create a **strong research and innovation environment** in Wallonia. Cluster/poles initiatives are seen as political tools for implementing **well-developed eco-systems** (with a focus on **SMEs** strategic change and business environment improvement), for **detecting innovative projects** and **new innovation methods** and for fostering **cross-fertilisation** among **different industries**.

Clusters policy

- Launched in 2001
- 10 clusters / large sectoral scope
- SME's oriented
- +/- 1,000 members
- Objective: networking, cooperation and innovation throughout the whole economy in Wallonia

Poles policy (Marshall Plan)

- Launched in 2005
- 6 poles / 6 identified priority sectors
- Large companies, technological SME's, research units and training centers
- +/- 650 members
- Objective: turning into European leaders in these 6 sectors

⁸ <http://clusters.wallonie.be/federateur/en/index.html>

Within this framework, Key Enabling Technologies (KET) and ICT can help Walloon Competitiveness and Clusters to develop an industrial cross-sectoral approach and promote interclustering linkages both at local and international level.

The Competitiveness poles and clusters policies are complementary and facilitate cross-fertilisation among industrial fields:

Fields	9 business clusters				6 competitiveness clusters	
Mobility & Transport	Logistics in Wallonia				Logistics in Wallonia	SkyWin
Environment & Sustainable Development	VAL+ (= solid waste)	Eco-building	TWEED (= sustainable energy)	CAP 2020 (= building energy efficiency)	GreenWin	
Food Health					WagrALIM	BioWin
Transversal technologies	ICT	PlastiWin	Photonics	TWIST (= image, sound & text)	MecaTech	

2) The clustering policy

Launched in 2001, the objective of this policy is **to develop business networks in specific domains**, eventually with research operators, and, doing so, to develop a cooperation framework and a stronger economic development within the sector.

This policy is developed using a **bottom-up approach**, on the basis of the following definition: "The cluster is an organisational approach of the production system set on the initiative of the companies (with, if need be, the participation of research centres) and characterised by...

- a co-operation framework encompassing related activities,
- the voluntary development between the companies of a complementarity relationship, vertical or horizontal, profit or non-profit, the promotion of a common vision of development."

Demands coming from existing Enterprises networks are spontaneous. They are the initiators and the drivers of their own development (strategy, actions, ...). Region is acting as a catalyst.

This policy was developed in 2001 on the basis of a study aiming at developing a Walloon concept of clustering. The first stage (2001-2006) was experimental, on the basis of pilot projects. In 2007, on the basis on the evaluation of the pilot phase, a cluster Decree was adopted setting the concrete modalities of implementing this policy on a long term perspective:

- Selection procedures
- Financing modalities (degressive)
- Triennial assessments of each cluster and the policy itself
- Specific support to international and inter-clusters co-operation.

The financing of the animation structure amounts to a **yearly € 160 000** but on a degressive financial support. A specific support may also be available for **international and inter-cluster cooperation**.

3) The Competitiveness Poles policy

Building on the clustering policy experience and EU good practices, this policy was launched in 2005, in the context of the Marshall Plan. The main objective of this policy is **to develop some key growth sectors** on the basis of strong partnerships projects between **enterprises, research centres and training centres (triple helix approach)**. It aims at implementing

leading industrial and technological projects within the leading and growth sectors **considered essential for the regional economy.**

This policy was in a first step developed using a **top-down approach**, priority sectors being identified on a scientific basis through an analysis of regional potentials and development perspectives. This study used different criteria : economic basis, technologic and scientific basis, status of re-development process, perspectives (see infra). 5 sectors were identified in 2005 : **life sciences, agro-industry, mechanical engineering, transport & logistic, aeronautics & space.** A second study was completed in 2009 to identify potentials in the green area (Environmental technologies)

The creation of the Competitiveness poles in the identified sectors is based on a more **bottom-up approach** : a call for interest is launched by the Government, jointly with a first call of concrete projects (R&D, investment, training,...). The industrial and scientific stakeholders are in charge of defining the strategy of Competitiveness Poles (niches markets and technology fields), development of concrete projects and management of Poles (**private leadership**). To be selected, Competitiveness poles were required to be composed of a mix of different categories of operators (enterprises, training centres and research centres) and to develop a common and innovative project for their sector with a view to reaching a high level of competitiveness and international visibility. Only one Pole could be financed in each of the priority domain. The proposals to constitute a pole and projects submitted are analysed by an independent jury.

6 Competitiveness Poles were created on this basis:



In the implementing phase of the Competitiveness poles policy, **the Government** is launching, on a regular basis, calls for projects on their behalf. **The quality assessment of projects** is entrusted **to the international jury**. On the basis of the opinion of the jury, **the Government labels the relevant projects and allocates the financial means.** The areas of government support are : investment, training, R&D, export and foreign investors attraction, animation and networking.

<u>3 OPERATORS CATEGORIES</u>	<u>3 CENTRAL FACTORS</u>
Enterprises	Partnerships
Research units	Setting up of joint innovative projects
Training centers	International visibility

Up to now, 7 calls for projects have been launched by the Government. The 8th call is open and will be closed for June 30th, 2012.

As regards the Walloon funding support, the Competitiveness Poles are essentially supported for the achievement of projects of investment, R &D and training in the wake of the competitive positioning strategy they have themselves defined. The animation structure of the Competitiveness Poles are cofinanced **on a public-private, 50-50%, partnership basis**. Twice a year, the support and monitoring Committee meets to assess the leverage effect of Public Cluster Funding.

Marshall 1.0 (2006-2009): budget « pole » of 280 million €		Marshall 2.Green 2009-2014 Budget « pole »	
Identify sectors in which Wallonia has a leading edge on an European basis (or even global) and focus significant resources on those sectors	➤Public investments in common assets: structures, equipment,...	50	<ul style="list-style-type: none"> ■ Budget of 388 million € <ul style="list-style-type: none"> ■ R&D, training and investment projects: 280 million € ■ Public investments in common assets: 65 million € ■ Support to export: 20 million € ■ Foreign investments attraction: 15 million € ■ Animation structure: 8 million € ■ Creation of a sixth Pole in February 2011: new environmental technologies ■ Seventh call for projects launched in January 2011 ■ Adoption of a new clustering decree
	➤Support to export	4.5	
	➤Investment projects	45	
	➤Training projects	55	
	➤Foreign investments attraction	5.5	
	➤Research projects	120	
+ financing of the animation structure of the Poles			

For more coherence with the European strategic orientation (Internationalisation / Excellence of clusters), each pole recruited a **sectoral expert** with a view **to developing an international promotion strategy for the Competitiveness Pole**. This person must improve the Pole' strategy.

Monitoring of the policy:

- Development of a set of monitoring indicators;
- Setting up of an administrative cell for the co-ordination of the policy : database for the monitoring of the policy, monitoring committees, reporting;
- Recommendations and follow-up of the implementation of the Poles by the Government and by the independent jury;
- Independent evaluation in 2009;
- Each Pole has its own governing structures (private).

III.b) The Walloon research strategy (2011-2015)⁹

The aim of the **Walloon research Strategy “Integrated research policy”** is to guarantee an interactive continuum based on a complementary relationship and consistency between the various research activities – independent research, strategic research and applied research – **in line with the market and societal requirements**. This is based on analyses of the strengths and weakness of the Walloon and French-speaking Community research and innovation system, and the requirements in terms of resources, instruments, governance and assessment. The outcome of these endeavours is supposed to be the development of an integrated approach and the roll-out of specific projects. The strategy seeks to achieve the following eight strategic objectives:

- Complimentarity of the tools;
- **Pursue efforts to raise R&D budgets** with an **ambitious objective**: moving closer to R&D spending equal to 3% of GDP;
- **Partnership** approaches and capitalising on research;
- **Excellence** in scientific research and support to human capital in R&D
- **Researchers carriers** and support to insertion in **international networks**
- Definition of a common research strategy for Wallonia and Brussels, with **five key themes to address the societal challenges, and markets for the future**, in linkage with Competitiveness Poles strategies:
 - sustainable development,
 - renewable energies,
 - quality and length of life,
 - health,
 - key technology domains.
- **Evaluation** of the research undertaken and an anticipatory approach;
- Better relationship between the **sciences and society**.

The Government rubber-stamped the strategy in late March 2011 to be applied over a five-period, from 2011 to 2015. The strategic objectives are pursued through concrete action plans, building on R&D policy tools, and notably the Research Decree of 2008¹⁰.

Monitoring and evaluation of the policy:

- The Walloon Scientific Policy Council evaluate every 2 years the Walloon scientific policy¹¹;
- Accompanying committee of the 2008 Decree;
- Bisannual report on regional innovation system by the federal planning Bureau, on the basis of a scoreboard¹²;
- Development of ex post evaluation of R&D projects.

III.c) Creative Wallonia¹³

The **Creative Wallonia Plan** is designed to foster the emergence in Wallonia of a wide-spread innovation culture applicable at several levels: education, companies and SMEs in particular,

⁹ <http://nollet.wallonie.be/sites/default/files/nodes/story/3676-3416-recherchebdweb.pdf>

¹⁰ <http://recherche-technologie.wallonie.be/fr/menu/ressources/dispositions-legislatives/index.html>

¹¹ <http://www.cesw.be/index.php?page=publications-du-conseil-2&id=1>

¹² <http://indicators.plan.be/index.php>

¹³ <http://www.creative-wallonia.be/>, <http://www.investinwallonia.be/wp-content/uploads/PUBLICATIONS/EXTERNES/creative-wallonia-en.pdf>

networking and opening up to others, ICT. The plan takes an open approach to innovation, but also targets particular groups, including students, jobseekers, civil servants, businesses and designers. The aim is to develop new ways of raising awareness, promoting the spread of technology, creating innovation ecosystems and stimulating the launch of new products and services. It was adopted in October 2010, while the concrete measures are progressively set in motion by the Walloon Government. Those measure **covers 3 main axis** :

1. *The promotion of the society of creativity*
2. *Developing innovative practices*
3. *Support for innovative production*

The main **measures** developed so far are :

- Organisation of a Creativity Week ;
- Involvement of university departments in multidisciplinary research and training projects in the fields of creativity and innovation;
- Creative training for future managers and economic players (ID Campus);
- Adoption of an ICT Master Plan¹⁴ (to be implemented in 2012);
- Creation of a trend analysis centre to support Walloon employers;
- Call for coworking projects :shared workspaces offering different services and promoting knowledge growth);
- Development of “smart work centres”;
- Introduction of a specialised consultancy scheme aimed at supporting an innovation audit of SMEs, which will be up and running in 2012;
- The “Boost-Up” scheme¹⁵, aimed at self-employed people and SMEs in the creative industries sector looking to launch innovative prototypes;
- “Wallimage Crossmedia”: this scheme is designed to support innovative digital marketing campaigns for film productions aimed at attracting audiences through alternative forms of media;
- Introduction of a scheme designed to support the development of innovative technological products, from prototype to production to launch.

The Plan is monitored by a monitoring committee and via a scoreboard.

IV. Entrepreneurial process of discovery : the case of the Competitiveness poles

IV.a) Definition of the concept

Walloon Competitiveness Poles and clusters programmes must address a number of challenges : developing an effective and ambitious industrial strategy (through smart specialisation strategies) which takes into account grand societal challenges, better leveraging of complementary research and innovation assets (through creative linkages, cross-fertilisation, KET) and finally moving from collaborative research projects to a real commercial exploitation of the research results.

Within this context, the Walloon definition for the “entrepreneurial process of discovery” means **creating spaces for connection and exchange of knowledge for developing niche markets.**

¹⁴ <http://www.creative-wallonia.be/projets/plan-tic.htm?lng=fr>

¹⁵ <http://www.creativewallonia.be/boost-up/>

IV.b) Developing a Walloon industrial Smart Specialisation Strategy: the university study of Henri Capron

Wallonia is completely convinced that Competitiveness Poles and Clusters provide fertile environments for companies (**in particular SMEs**) to thrive. They play an important role within the regional smart specialisation strategy. They have to contribute to **innovation and industrial growth of Wallonia**.

As described before, Walloon Competitiveness poles were selected:

- On the basis of **the study of Professor HENRI CAPRON** (2005 - Free University of Brussels), sectors in which the Region has a high economic innovative potential were identified. **36 indicators were gathered in 8 main categories**: Economic basis **(1)** and its evolution **(2)**, Technological base **(3)** and its evolution **(4)**, Scientific base **(5)** and its evolution **(6)**, the state of the redeployment process **(7)** and the prospects for the development of the strategic assets **(8)**. **Scientific basis**: analysis of regional potentials and development perspectives.
- Moreover, potential projects are analysed by an independent and international Jury of experts. By this way, the strategy of the poles is continuously evaluated and **involves a specialisation of certain themes of the key sector (niche markets)**.

From the policy makers' perspectives, it means that Cluster/Pole initiatives have to be used **as a market intelligence tool to detect trends in business models** and to reinforce the regional competitiveness in front of globalization.

The Walloon industrial strategy also must take into account grand societal challenges. In 2009, the orientations of the Marshall Plan were confirmed by the new Government of Wallonia in a "**2.green**" version placing greater emphasis **on eco-efficiency and green technologies**. The Sixth Pole in environmental technologies was created in 2011. It's an answer to the societal challenges and new opportunities outlined by the Europe 2020 strategy¹⁶.

IV.c) Call of proposals: a public-private partnerships

The various steps of the selection of the project highlight **the Public/Private Partnership**:

- The strategy of Competitiveness Poles¹⁷ (niches markets and technology fields) is defined by industrials and scientists which are also responsible of the management of Poles (**private leadership**). The government is present in the clusters only through the intermediary of observers in charge of verifying that the philosophy of the clusters as defined by the government is implemented.
- Internal calls for projects are launched and selected by an internal jury and the Governance Council of the Competitiveness Pole.
- checking of the eligibility of the projects by the relevant administrations.
- The quality assessment of projects is entrusted to the international jury.
- On the basis of the opinion of the jury, the government labels the relevant projects and allocates the financial means.

¹⁶ The next call for project launched by the Walloon government will be dedicated to „green” technologies. It's open to clusters and poles.

¹⁷ **Triple helix approach** (Business – knowledge – training centres) + Government. All these parties cooperate and establish links to increase overall regional competitiveness. Focusing on **the competitive strategic challenges**.

V. The external context : national/international

The different plans foresee important supports to open up the economy and the RDI System:

- The priority of “open economy” within the **Marshall Plan 2.Green**
- International initiatives within the **Walloon research strategy 2011-2015**

V.a) International dimension through Walloon competitiveness poles

The main objective of this policy is **to develop some key growth sectors** on the basis of strong partnerships projects between enterprises, research centres and training centres.

For developing international linkages, each pole recruited a sectoral expert (AWEX – Walloon Export and Foreign Investment Agency) with a view **to developing an international promotion strategy for the Competitiveness Pole.**

Moreover, potential projects are analysed by an **independent and international Jury of experts.**

Regional Agency for exportation and foreign investment (AWEX)¹⁸ provides funding support for internationalization activities of poles and clusters. Competitiveness poles and clusters participate to **RDI European programmes:** FP7 (RoK), CIP (Europe INNOVA/Innovation Express) and Interreg projects.

Wallonia is also member of the European Clusters Alliance (ECA).

V.b) Walloon research strategy (2011-2015)

Specific initiatives are dedicated to international activities (**External Knowledge**):

- **Circulation of Ideas:** 5 millions €/yearly are dedicated to support high-level research infrastructures. It allows research teams to involve in the strategic plan of ESFRI.
- **Mobility of researchers:** launching “First international” tool (2011).
 - Funding of 10 assignments for Walloon researchers.
 - Providing them with training in emerging technologies
 - Gaining an international partnership experience through a minimum 6 months training period abroad.

V.c) International benchmarking and comparison of key indicators.

The international Walloon strategy aims participating in global value chain through value added and knowledge intensive differentiation strategy.

The analysis of the competitive position of the Walloon RIS are based on **several international studies:**

- The international indicators of the “Federal Planning Bureau”;
- Study of Henri Capron (Competitiveness Poles);
- European good practices;
- An OECD peer review study of the regional innovation system (in progress);
- A prospective study on industrial policy in Wallonia, with a value chain orientation, managed by IDEA Consult.Ltd (in progress).

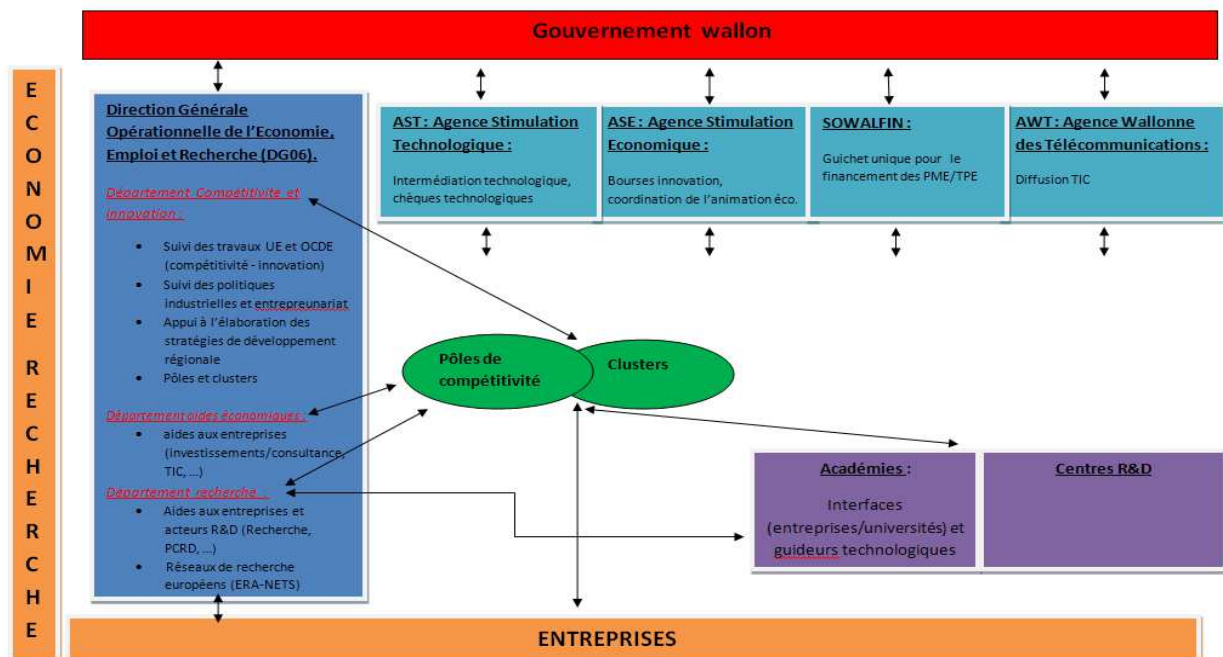
¹⁸ www.awex.be

VI. Governance

Walloon government is the relevant regional authority responsible for regional economic development and RD&I policies (<http://gouvernement.wallonie.be/>).

Walloon Competitiveness Poles and Clusters play an important (central) role within the regional smart specialisation strategy (<http://clusters.wallonie.be/federateur/en/index.html>).

This chart/diagram illustrates the bodies and responsibilities regarding the implementation of Walloon innovation policies.



- **Walloon Public Service of Wallonia, General Directorate for Research, Economy and Employment** is the main administration in charge of developing and implementing innovation policies and support tools (<http://economie.wallonie.be/new/> , <http://recherche-technologie.wallonie.be/?LANG=en>)
- **The Sowalfin** is the one-stop-shop of Wallonia for financing SMEs (<http://www.sowalfin.be/>)
- **The Technological Stimulation Agency (AST)** is coordinating the walloon network for scientific and technological animation Stimulation Technologique (<http://ast.wallonie.be/>)
- **The Economic Stimulation Agency (ASE)** is coordinating the walloon network for economic animation and the regional policy for entrepreneurship (<http://ase.wallonie.be/>)
- **The Walloon Agency for Telecommunications (AWT)** is in charge of the ICT policy of Wallonia (<http://www.awt.be/>)
- **Universities and research centres** are the main actors of R&D.

VII. Measuring the progress

Under the impulse of structural funds, a strong evaluation culture has been developed in Wallonia. Regional development strategies are monitored and evaluated, as well as specific policies.

a) Monitoring and evaluation of Marshall Plan

The Walloon Government has put in place systems for the on-going monitoring and assessment of the Marshall 2 Green Plan:

- A “special representative” is tasked with following up the plan and produces a scoreboard and monitors the measures at regular intervals. An annual implementation report published;
- Regular monitoring by the Government;
- Independent evaluation by Evaluation institution (IWEPS);
- Evaluation of specific policies (ex post evaluation of R&D projects, clustering policies,...).

b) Competitiveness Poles calls for proposals: results (2006-2011)

- 7 calls for projects, 225 projects selected;
- Public budget of 432 million €;
- Expected creation of more than 10,600 jobs;
- Mostly R&D projects (144 out of 225 for an amount of 375 million €);
- Mobilisation of a large number of operators;
- Growing involvement of SME's as calls for projects;
- 8th call for proposals is currently launched.

c) Several international peer-reviews studies (cfr the external context)

VIII. Summary and next steps

Since early 2000's, Wallonia have been building an integrated innovation strategy closely linked to its industrial policy and including basic principles of S3. Walloon Competitiveness Poles and clusters play an important role in that context.

The policy framework is consistently adapted to the new challenges that the Region and its stakeholders are faced with. The next objective of the Walloon strategy is to move from collaborative research projects to a real commercial exploitation of the research results.

Within this context, Wallonia detected (on-going process) important (new) challenges to face and improvements to bring (on basis of evaluation):

- Better leveraging of complementary research and innovation assets (through cross-fertilisation, KET, internationalisation).
- Moving from collaborative research projects to a real commercial exploitation of the research results
- To strengthen the international business activities and the international capability of SMEs: Global Value Chains.
- To reach smaller and rather non-innovative companies and include them into strategic action.



- More young, innovative companies are needed to transform to support the transformation to a greener, sustainable economy.

This Walloon reflection is constantly developed and build on recent EU orientations (Industrial and Innovation flagship initiatives):

- OECD peer review.
- Prospective study on industrial policy and value chains.
- *(Coming) : strategy for structural funds programming 2014-2020.*

Wallonia highlights the importance of EU support programmes to complete and consolidate regional tools and strategies and foster integration of regional actors in EU and global networks:

- Industrial and innovation policy tools
- Financial instruments
- Horizon 2020
- Structural Funds
- Regions of Knowledge
- Clustering policy
- ...