Summary

Current cluster policy in European countries and regions

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The Flemish government is working hard on developing a new economic cluster policy. Thus it is a good time to examine the experience of other European countries and regions. This report gives an overview of current insights and trends on the topic. Attention is also given to the choices made in neighbouring countries and regions, especially Wallonia, the Netherlands and Germany. Cluster policy of course must always be **tailored** to the region's profile. There is no 'one size fits all' recipe for success.

When we look at the specific **objectives within the cluster programmes** in Europe, we note that cluster policies always find their place in the realisation of a broad vision of the economy and society, such as stimulating innovation and economic transformation, responding to global societal challenges and shaping a Smart Specialisation Strategy. The aim is to realise these effects by focusing on promoting cooperation between enterprises and research institutions in the region or country. At the level of the specific or operational key objectives, we find considerable variation between the countries and regions in Europe.

When **defining the strategic clusters,** governments primarily opt for domains that are cross-sector relative to the existing sectors in a region or country. They usually choose related sectors that have many professions and competencies in common or whose knowledge domains and value chains overlap or are related. We note that there are three main methods used by governments to identify the strategic clusters. The first method is cluster mapping. Here the starting point is a statistical analysis of the regional economy and benchmark regions. The second method uses cluster surveys: a qualitative survey is conducted among a number of relevant actors. Finally, some countries and regions use an open call for proposals in which the government does not fix in advance what the outcome is with respect to cluster domains.

Clusters can be arrived at from the top-down as well as from the bottom-up. Especially in the case of new clusters with insufficient critical mass, a top-down approach is preferred. This entails risks of lobbying and inflexibility of the economic landscape. A bottom-up approach is taken when the aim is to place the initiative with actors in the field (the business community or other actors). A bottom-up approach offers advantages when it is not clear in advance what the best or even the possible candidates are.

The **selection mechanisms and selection criteria** that are used to recognise a cluster are increasingly shifting from mere compliance with accreditation requirements to a system of

competition in which the best projects are selected by an external jury. When the cluster policy primarily focuses on leading clusters, the most commonly used criteria are based on the current strength of a cluster. When the cluster policy aims to support new emerging clusters, the criteria are based on an assessment of the cluster's potential.

The relationship among the relevant **cluster partners** and stakeholders is that of a triple helix of companies, knowledge centres and government. In this triangular relationship, business usually occupies the strongest position, often causing the cluster agendas to be more industry driven than research driven. There is a new trend in which the classic triple helix is expanded to include a quadruple helix, with civil society as the fourth strand. It involves other potential stakeholders such as consumers and users, employees, training and educational organisations, financial institutions, services, associations, media and other local and regional actors.

The preponderance of the business community is reflected in the **organisational structure and governance** of the clusters. The governance is usually handled by a triple helix body, with business at the wheel. Management is the responsibility of a cluster organisation and is free to develop a wide range of support activities and services. The success of a cluster is very much determined by the quality of this cluster organisation's service portfolio. It also works as a stimulus to ensure adequate participation on the part of SMEs. The European Cluster Excellence Initiative therefore encourages registered cluster organisations via the presentation of bronze, silver and gold labels for the pursuit of excellence in their operations and service portfolio.

The **role government plays** within the cluster policy can vary greatly. This involvement may include managerial, administrative or subsidising components. A central task assigned to government is providing for an integrated cluster policy. The **instruments** deployed in cluster policy are generally not new, but are based on the effective use of existing instruments. The focus is on supporting the cluster platform, the collaborative actions, and/or the conditions of the socio-economic framework. Project funding is usually accomplished using mixed public-private financing. The share of public funding in Europe varies from 43% to 100%. The private share can come from the companies or from member contributions, sponsoring, or other European, national or regional resources. If this involves the financing of cluster organisations, this usually consists of sliding-scale government support.

The participation of SMEs in the cluster programmes is not self-evident. However, there is increased **participation by SMEs** (companies <250 employees) visible in the various European cluster programmes. This coincides with the aims of attracting a critical mass of SMEs to the clusters and guaranteed SME participation in the governance of clusters, as well as the more specific focus on the development of SMEs in the service portfolio of cluster organisations. Cluster policy is seen as an efficient tool to increase the competitiveness and innovation capacity of SMEs. SMEs directly benefit from the cooperation with and knowledge of the other cluster partners.

An increased focus on benchmarking, **monitoring and evaluation** can be seen in the diverse cluster programmes. There is no standard set of conclusive indicators available for this. These, after all, primarily depend on the chosen policy objectives. It is recommended that follow-up be organised at three levels: at the level of inputs and outputs in a benchmarking of cluster organisations, at the level of the outcome through the measurement of the effect of a cluster on a cluster actor, and at the general level through the implementation of a policy impact analysis.

When we look at the **success factors and pitfalls for a successful cluster policy,** we can say that the crucial elements are the presence of strong partners, use of a combination of R&D and innovation marketing, and sufficient opportunities for businesses in the clusters to find suitable personnel. Good *cluster policy making* must have a good management structure that all relevant private and public players can agree to, and it must be able to count on good financial and technical support. Pitfalls in the development of cluster policies include clusters whose demarcation is too broad or too narrow, cluster structure designs that are too burdensome and unable to respond adequately to new developments and challenges, and insufficient framing of the path being followed by the clusters in the ultimate goal that the government wishes to reach with the clusters.

The report includes a summary table with the Walloon, Dutch and German choices for each of the above items.

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