



# Smart specialisation in peripheral and border regions in Latin America – challenges and lessons

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## Welcome to the INNOVACT platform!

The platform is the key source of knowledge on cross-border innovation support, developed in the framework of the INNOVACT project.



### NEWS



#### Delegations from Chile and Peru meet in Arica to strengthen cross-border cooperation

The VII Border Integration and Development Committee, a bilateral meeting between the cities of Arica and Tacna, was held on 2 August, addressing various issues of development...

news, 08.08.2018

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news, 09.07.2018

#### Impressions of the EU study visit from the participants

The INNOVACT EU study visit has received overwhelmingly positive responses from all participants. The...

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news, 28.06.2018

#### The activities of the INNOVACT Platform gain increasing visibility through the promotion of EU-CELAC stakeholders

In the 6th EU-LAC Foundation Newsletter 2018 an article on the EU-CELAC platform...

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#### Tweets by @innovact\_eu

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TECNALIA en Ecuador @tecnaliaecuador  
Compartiendo lecciones aprendidas proyecto europeo @innovact\_eu en taller encadenamientos productivos transfronterizos #Iquitos @ComunidadAndina @CancilleriaEc @CancilleriaPeru @CancilleriaBolivia



**INNOVACT** is a project supported by the European Union to facilitate inter-continental learning and territorial cohesion.

- to diffuse the EU regional policy experience and good practices in Latin America
- to prepare and develop further cooperation between regional authorities and specialised agencies on innovation policy decision making and governance from EU and Latin American border regions.
- [www.innovactplatform.eu](http://www.innovactplatform.eu)

# INNOVACT Activities



## Geographical Focus



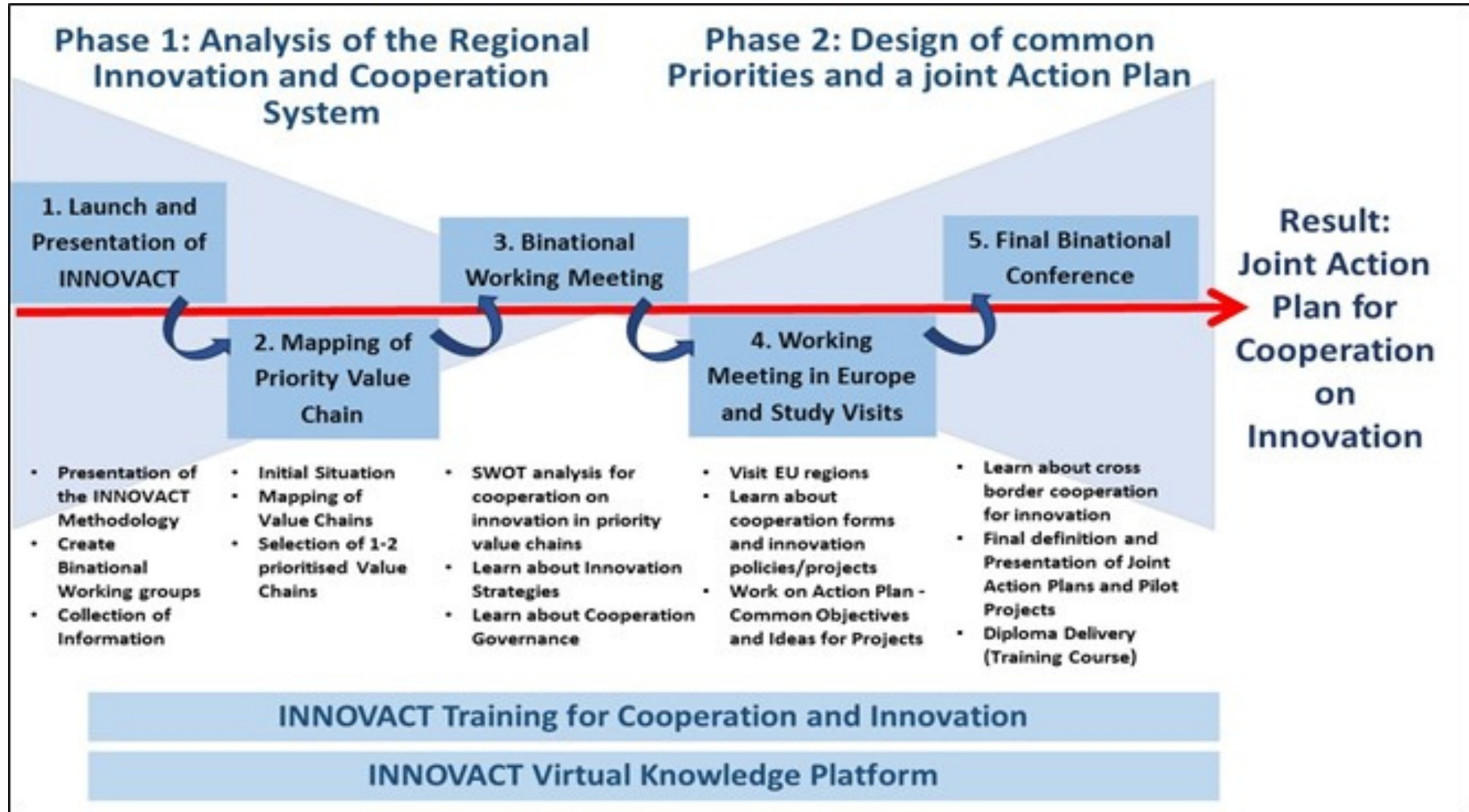
INNOVACT supports cross-border cooperation and innovation along selected value chains in **four CELAC border regions covering six Latin-American countries:**

- Border area between Mexico - Guatemala
- Border regions between Ecuador and Colombia
- Border along the Putumayo and Amazon River between Peru and Colombia
- Border between Tacna and Arica (Peru-Chile)





# INNOVACT Process



# INNOVACT Work in LATAM Border Regions

- Expert support in the process of developing a cross-border innovation and/or productive development strategy
- Two regional/national conferences with workshops to bring stakeholders together and facilitate learning processes
- One study visit to Europe for 8 participants per border area
- Capacity building measures
  - *Training by experts in specific cross-border cooperation and innovation topics*
  - *Advice during specific phases of strategy development*
  - *On-line platform and repository with relevant knowledge*
  - *Ad-hoc training*
  - *Best practice examples*
- Definition of a prospectus for high-potential cross-border projects that would facilitate the acquisition of funds for subsequent investments

## INNOVACT – Focus on Value Chains

- Concentration on specific sectoral value chains prioritised in collaboration with stakeholders in the Latin-American border areas.
- The final goal is to identify and develop strategies, action plans and concrete projects or programmes for the development of cross-border value chains in the short and medium term.
- After intensive fieldwork and in-depth desk research in the four Latin-American border areas, cross-border value chains were selected:
  - **Smart Agriculture/related IT services** (in Chile-Peru and in Mexico – Guatemala)
  - **Tourism** (in Chile-Peru and in Ecuador-Colombia)
  - **Fine flavour cocoa** (in Peru-Colombia and in Ecuador-Colombia)
  - **Fish farming** (in Peru-Colombia)
  - **Energy** (in Mexico – Guatemala)



# INNOVACT First Results

## Peru - Chile

- The **action plan for Smart Agriculture** foresees a binational R & D Center for Smart and Sustainable Agriculture, as well as a binational market platform to stimulate local and national demand on quality products from the region.
- The **cross-border action plan for the tourism value chain** will propose to agree on the design of a binational adventure tourism product, and position this product in specific markets, as well as to strengthen specific capacities in all actors along the value chain.
- During the VII Peru-Chile Border Integration and Development Committee, a bilateral meeting between the cities of Arica and Tacna, **agreed to support the INNOVACT action plan** and proposed pilot projects.



# INNOVACT First Results

## Colombia - Peru

- The Action Plan will be based on the **existing Development Plan** for the Border Integration Zone. It will define new strategic pilot projects.
- The objective is to **strengthen bi-national cooperation** to create cross-border economic areas.
- Among the key actions to be proposed are:
  - *Promoting a **binational governance scheme** for the trade and promotion of cacao.*
  - *More throughout the Border Integration Zone to promote innovation and use of technology for increased added value. Boost the existing storage and processing infrastructure the collection of different qualities of cocoa and add value to the most appreciated fine aroma varieties.*
  - *Better commercialization processes.*

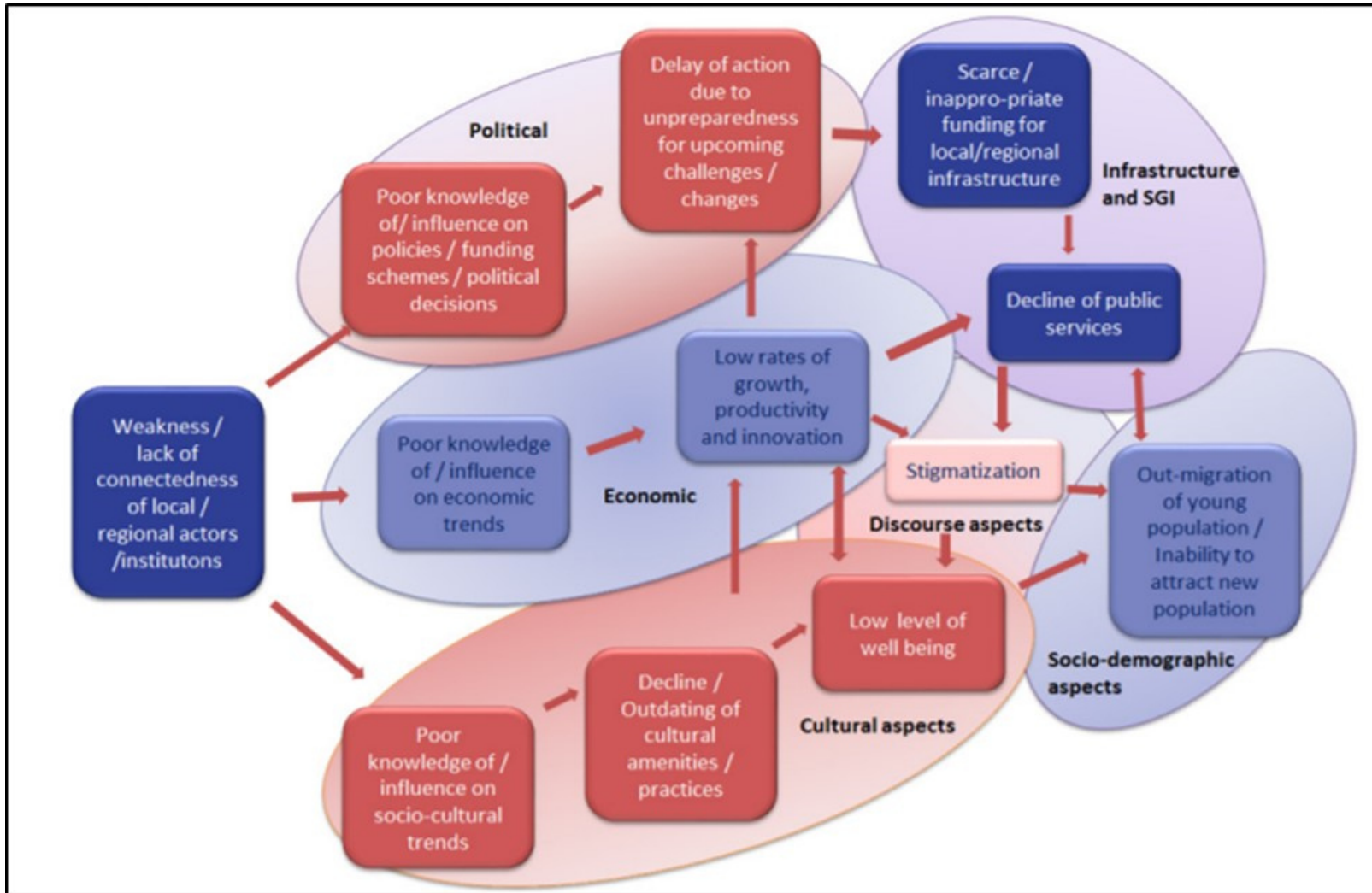
# Challenges to apply the S3 approach in peripheral regions

Latin American peripheral and border regions suffer widely from:

- remoteness;
- lack of infrastructure for transport, energy supply, education and telecommunication;
- difficult topography;
- challenging climatic conditions and high exposure to natural hazards such as earthquakes, floods, volcanic eruptions;
- low population density and small size that generates limited economies of scale and agglomeration; reduced numbers of private companies and investors;
- economic dependence on a few products (mostly commodities) that enhances vulnerability to fluctuations on world markets;

Some regions can be considered as highly isolated (e.g. in Amazon regions that can only be reached by air transport).

## S3 meets territorial fragmentation



## Different framework conditions of LATAM peripheral and border regions

Work with the regions has shown that there is...

- **Wide experience in cross-border strategies and plans**, yet low level of implementation, because of legal constraints.
- Latin American border regions face **problems like migration, violent displacements, illicit crop production**, and natural disasters.
- **Relevance of national level actors for decisions in border regions** (Ministry of Foreign Affairs) → new players in the multi-level governance.

# Different framework conditions of LATAM peripheral and border regions

Work with the regions has shown that there is...

- **Impact of distance** to research and technology-based infrastructure and services, and to decision-makers in regional and national authorities.
- **Limited critical mass** of people and institutions for real specialisation. More likely to develop integrated value nets instead of sectors or domains.
- **Relevance of Global strategic frameworks**, i.e. the Sustainable Development Goals (SDG).



## Lessons for S3 territorial-sensitive approaches -1-

- **Higher complexity in identifying and articulating players** in the regional innovation ecosystem.
  - *Complexity increases as not only different layers of administrative levels are more relevant, but also **other sectoral policy fields** (e.g. transport, migration /customs /disease control) are important for further development of specific domains and value chains. In addition, the **binational feature** adds another level of governance and a whole new set of players on the other side of the border.*
- The notion of domain cannot be related only to **academic, scientific or technological domain**, but needs to be examined also from the perspective of **climate conditions, natural wealth, traditions and history, different modes of production and organisation.**

## Lessons for S3 territorial-sensitive approaches -2-

- The size of the sector and domains cannot be the only/most important aspect, because of the limitations in size and critical mass of peripheral regions. Instead, **quality, distinctiveness and origin become important as aspects to determine the potential of sectors and domains.** The links to global value chains need to be exploited in multiple and different ways.
- The aspect of **connectedness** needs to take into account possible connections to **other regions and countries on the other side of the border.** The analysis has to be aware on the complexities of living, working and making business just next to a border. This presents a lot of **limitations**, but also offers new **potentials**, for example regarding the access of new markets or joint entrepreneurial discovery.

## Lessons for S3 territorial-sensitive approaches -3-

- For the border context, the S3 approach has to take into account the **long-standing experience in cross-border cooperation and governance** that exists in Europe. S3 and cross-border and interregional cooperation on innovation need to build a natural partnership.
- S3 strategies in Latin American regions cannot be guided through European Strategies, such as EU2020, as they follow other general objectives for development, such as the **Sustainable Development Goals**. Therefore it is important, to keep in mind the more complex multi-level governance for innovation that guides strategic action in regions outside Europe. To find monitoring and evaluation techniques to follow up on the SDGs is a new challenge.

## Lessons for S3 territorial-sensitive approaches -4-

- New lines of innovation have to become much more inclusive (e.g. addressing also producers of natural and food products, consumers, producers of waste, new social initiatives promoting sustainability).
  - *In particular, in Latin-American peripheral and border regions, innovation cannot be centred on industrial modernization.*
  - *They should focus on **organisational and marketing-related innovation** as well as on the development and production of **niche and quality products**, the **valorisation of the natural environment**, new forms of **sustainable energies**, and highly **innovative and unique services**.*
  - *In these areas, also European regions still have to learn and develop , facilitating that learning between Europe and Latin America will be mutual.*

To learn more.....

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