

6° CLAC

Sexto Congreso Latinoamericano de Clusters





French Cluster Policy

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1. French cluster policy: roots and goals

- In a globalised economy, innovation and technological progress are increasingly necessary to face up to the competition
- R&D intensity (% of GDP):
 - French public research is intense (0.8% of GDP)
 - but private research effort could be stronger (1.3% of GDP)
- Need to take advantage of the very strong position of public research to leverage private sector
- There are many examples of the effectiveness of an integrated innovation ecosystem



1. French cluster policy: roots and goals

- **What is a cluster?**

An initiative that brings together, in a specific region, **large and small firms, research centres and higher education institutions**, in order to develop synergies and collaborative efforts, and to foster innovative R&D projects

- **Goals**

- Strengthen the links between research & industry
- Develop "triple-helix relationships" between businesses, laboratories and higher education centres
- Identify high-potential clusters and focus public subsidies on them
- Set up a complete ecosystem for innovation
- Boost the competitiveness of the French economy and help develop growth and jobs in key markets



1. French cluster policy: roots and goals

- **2004:** Together with other measures (R&D tax credit reform, reorganising the R&D and innovation support agencies, etc.), the French Government decided **to introduce a cluster policy** and a cluster labelling system (*Label Pôles de Compétitivité*):
 - Three years of financial support (2006-2008)
 - An assessment of the initial results at the end
- **2005: The real start of cluster policy**
 - Authorisation by the European Commission (19/01/05)
 - Call for proposals with 105 candidates
 - 67 clusters selected + 7 more in 2006 and 2007
- **Recent events (May 2010)**
 - 6 new green technology clusters
 - 6 cluster labels have been withdrawn

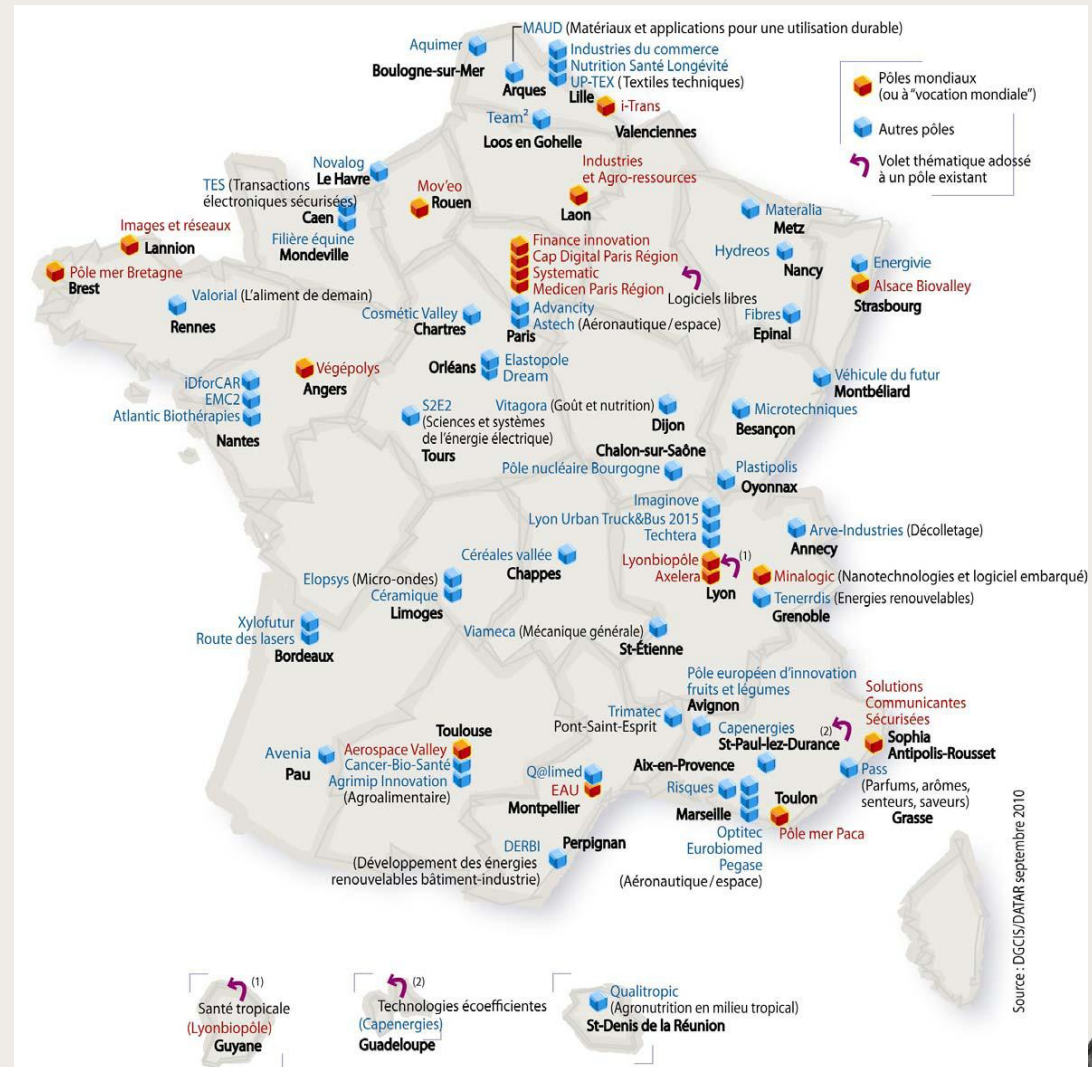


Map of clusters in France

71 clusters

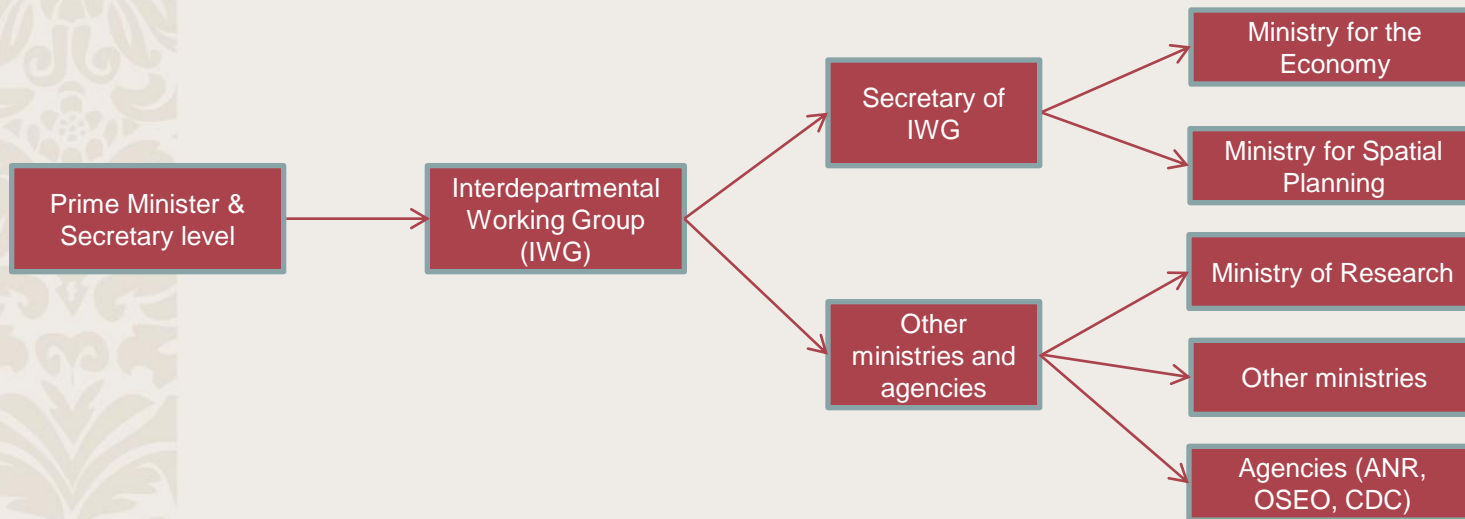
⇒ 18 world-class clusters, defined according to their critical mass (in red)

⇒ 53 other clusters with national goals and visibility (in blue)



2. Cluster policy governance: an interdepartmental policy

- Policy managed by two ministries: the Ministry for the Economy and the Ministry for Spatial Planning



- Creation of the Single Interministerial Fund (2006)
 - Identical state funding for R&D projects
 - A single procedure for candidates
 - Shared communication: press releases, information for applicants, etc.



2. Cluster policy governance: concentration of financial support

- **2006–2008: €1.5bn over 3 years**
 - €33 million for governance and indirect expenditures (strategic roadmap, exhibitions, etc.)
 - €720 million from ministries for R&D support (Specific Funding “Single Interministerial Fund”)
 - €587 million from agencies for R&D support (ANR, OSEO, CDC)
 - €160 million in tax advantages
- **2009–2011: €1.5bn over 3 years**
 - €50 million for governance and indirect expenditures
 - €600 million from ministries for R&D support
 - €850 million from agencies for R&D support

Average level of support: €2 million per R&D project



2. Cluster policy governance: a robust assessment

- **Selecting the most competitive clusters:**
 - 4 main criteria for assessing a cluster's potential
 - Size of targeted markets and market shares
 - Research and technology potential
 - Skills and level of excellence
 - Common strategy
- **Three-year review:**
 - Every three years, each cluster is audited by independent consultants (Boston consulting group (BCG) and CM International in 2008). What is audited: quality of the cluster's strategy and its implementation, leadership and governance
 - Every three years, the entire clusters policy is reviewed (2005-2008 / 2009-2011)



2. Cluster policy governance: a robust assessment

- Initial results of first three-year review:
 - 39 clusters had met their objectives (group 1)
 - 19 clusters had met nearly all their objectives (group 2)
 - 13 clusters needed in-depth restructuring (group 3)
 - **In 2008, the Prime Minister decided to grant an additional year to the 13 clusters → new assessment at the end of 2009**
 - Radical changes were made in the governance of most of them
 - Mobilization and momentum are much higher
 - Several, however, were lacking in potential
- 6 cluster labels were withdrawn in May 2010



3. Structuring cluster policy

- First stage (2005–2008)
 - ⇒ The "**project factory**" stage
- Second stage (2009–2011)
 - Additional emphasis on project factory
 - Enhanced cluster strategy (strategic roadmap, new generation of performance contracts)
 - Financing for innovation platforms
 - Creating an environment to nurture cluster growth : **Innovation ecosystem**
 - Stage prolonged through December 2012 (one additional year)



3. Structuring cluster policy : the "Project Factory"

- **Two calls for R&D projects each year** (in March and September) ⇒ **12 calls launched since 2005**
- Projects carried out by at least 2 companies + 1 lab or 1 educational institution (university, institute of higher education, *Grande Ecole*): **collaborative research** (consortium agreement).
- Subsidies = 45% of eligible costs for SMEs, 25% for large companies, 40% for RTOs
- Support focused on just a few sectors: ITC (39%), Aeronautics/Aerospace (13.7%), Transport (9.8%), Biopharmaceuticals (9.6%)
- Since 2005:
 - ⇒ More than 4,600 collaborative projects received more than €3.6bn in public financing for leverage (ministries + National Research Agency + OSEO + local authorities)
 - ⇒ 2,137 R&D projects submitted and 972 projects supported by the Single Interministerial Fund (SIF) for a total of €1.2bn
 - ⇒ Strong commitment by local authorities: €685 million provided by the regions (leverage: €2 SIF → €1 regional support)



3. Structuring cluster policy : Building the ecosystem

- **Creating an environment to nurture cluster growth**
 - Improving synergies between clusters and the stakeholders on their territory: creation of infrastructures (innovation platforms), business incubators, etc.
 - Integrating more SMEs
 - Increasing private financing
 - Developing human resources
 - Reaffirming IPR framework
 - Improving the Cluster International visibility
 - Developing durable cluster cooperation
- **Boosting private-sector financing: a new label for innovative SMEs**
 - A concept created by France's world class clusters with Ministry support
 - Creation of selection committees to find SMEs with high growth and innovation potential
 - Specialized training
 - Possibility to obtain individual appointments with business angels or investors



4. Initial results

- **Difficulty of assessing results in the short term**
 - Time to market for R&D projects → at least 2–3 years
 - Cluster policy needs 5 to 10 years to achieve impact (cluster policy must be defended over the long term)
- **Strong SME involvement:**
 - 7,200 firms in all, 73% of which are SMEs (15% mid-sized firms and 12% major firms)
 - SMEs have benefited from 64% of subsidies to businesses allocated by the Single Interministerial Fund and OSEO
 - SMEs lead 30% of projects
- **Entrepreneurial spirit:** 17% of firms are less than five years old



4. Initial results

- **Increased cluster cooperation**
More and more projects co-labellized by two or more clusters: at least 40% of projects in the last 5 calls (48% in the 11th call):
 - Greater cooperation between thematically similar clusters
 - Intersection of different types of clusters: market-targeted clusters (health, transports, etc.) and technologies-targeted clusters (ICT, materials, etc.)
- At the end of 2009, more than 700 successful projects:
 - **Half of them brought new products to the market or perfected new manufacturing processes**
 - 30% produced knowledge with potential commercial or process application
 - 20% produced knowledge without any application



Conclusion - Next steps

- In France's Future-oriented Investments programme, clusters are one of the top priorities
 - €2bn dedicated to the creation of 4-6 “**Technological Research Institutes**” (TRI), “technological heart” of the best (world-class) clusters, to facilitate productive use of research
 - €1bn earmarked for the creation of 5-10 smaller TRIs specialising in new technologies for energy production / management
 - €0.5bn dedicated to **large-scale projects supported by clusters**: R&D and innovation platforms
 - Generally, clusters will be part of / associated with:
 - Investments devoted to developing (academic) research and university ecosystems: more than €10bn
 - Calls for projects focused on future-oriented sectors (the digital economy, health, biotechnologies, vehicle of the future, low-carbon energy, etc.): more than €12bn
- **Next assessment (2012)**



For more information

<http://www.competitivite.gouv.fr>

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