



POLICY BRIEF

Executive summary

The working groups (WGs) developed within the Smart Specialisation Strategies (S3) Community of Practice (S3CoP) aim to foster a learning process for relevant policy stakeholders on the fulfilment of the S3 enabling condition “*Good governance of national or regional smart specialisation strategies*” during the 2021-2027 programming period, focusing on **innovation diffusion, industrial transition, and inter-regional cooperation**.

This policy brief explores two **implementation challenges** selected in each WG by the participating regions and networks and summarises a series of key learnings and recommendations with the aim of upgrading the role and status of the three topics in the S3 policy mix, and optimising and tailoring the efforts according to regional needs.



Working Groups

Innovation diffusion

The WG on **innovation diffusion** focuses on the analysis of how European regions address the challenges for innovation diffusion and digitalisation. The analysis of innovation diffusion includes the process through which different organisations gather ideas from outside and use them to introduce an innovation (e.g. a new process of production, a new product itself or a new way of providing a service) and the process of adoption of existing technologies (e.g. purchasing machinery developed elsewhere or signing a license agreement for an existing patent). This WG analyses how new ideas, practices and innovation spread through a society. The two main challenges addressed were: a weak or absent systemic approach to innovation diffusion and a weak articulation of demand for innovation and innovation support services from business, notably SMEs.

Industrial transition

The WG on **industrial transition** analysed how to make Europe more competitive by promoting innovative economic transformation. Innovative economic transformation implies the development and uptake of innovation capacities, digitalisation,

greener investments, and skills for industrial transition. This WG discussed the following two key challenges: understanding and managing systemic change and achieving an inclusive industrial transition: leave no region behind.

Interregional collaboration

Finally, the WG on **interregional collaboration** focuses on ways to foster interregional collaboration by building on the priorities set out in each S3, and seeking opportunities for international collaboration between research actors, innovation actors, private companies, territorial authorities, and citizens/civil society, in similar areas based on the mapping of complementarities. This WG focused on: how to build adequate capacity to engage in, sustain efforts and benefit from opportunities brought by interregional collaboration: access to adequate funding and long-term financial planning; and how to align individual and collective goals around priorities to foster outward-looking mindsets and to synchronise goals and actions across borders.

Recommendations by Working Group

The core messages and key recommendations are summarised below:

Innovation diffusion

- Need for sustained commitment from local and national authorities, as well as tailored approaches to designing and delivering innovation diffusion policies and practices.
- To generate transformational innovation responses, regional innovation systems need to consider the optimal agreement of their innovation communities.
- Embedding innovation diffusion as a central component of regional innovation ecosystems can be supported by actions such as the ‘mutualisation’ of innovation diffusion intermediaries and the systematic capture of innovation demand.
- Innovation diffusion can strengthen collaboration across innovation actors where a strategic approach is adopted, such as: designing innovation support services according to prioritised sectors/niches and regional value chains; adopting an ‘innovation pipeline’ approach that coordinates the needs of innovation actors and support services according to technology readiness levels.

- It is crucial to also strengthen the business-specific support elements. Tailoring business-specific support demands a more customised approach considering factors such as sector, maturity, size, technological capacity, and collaboration potential within the business community.

Industrial transition

- Need for robust evidence-based policy making for diagnosis, monitoring, and evaluation of outputs/impacts.
- Need to align industrial transition with the SDGs.
- Need for comprehensive stakeholder mapping and engagement for effective multi-level governance and systemic change.
- Need of industries committed to experimentation and peer learning.
- Repurpose industrial settings of local economies.
- Stimulate retention and attraction of higher skilled labour in areas with low population density, and where new industries may be attracted, including through improving the related infrastructure (schools, hospitals, etc.).

- Support to the local development of higher value adding industrial activities such as: e-government services, new energy management systems, new water management systems, new business models for bio-based economies, new inter-mobility systems, cultural management, and more.
- Reduce economic disparities with new regional value chain programmes targeting regions that could risk being left behind.
- Make the most of cluster organisations, innovation valleys, and industry networks to get a better understanding of the industrial needs, capabilities, and access to stakeholder with the potential to find innovative solutions to the local challenges.

Interregional collaboration

- The value-added of interregional collaboration needs to be better understood and demonstrated to unlock support for interregional collaboration.
- Articulate and communicate the case of the added value of interregional collaboration beyond short-term acquisition of funds.
- Regions with lacking capacity and sub-critical size should be encouraged to make more use of relevant networks (e.g. ERRIN, Vanguard, existing ESSPs or any other existing interregional initiative) to gain expertise on interregional collaboration (e.g. reference networks, governance models, funding streams etc.).
- To align the search for interregional collaboration funding to a sound territorial strategy, it would be necessary to avoid relying exclusively on EU funding sources and mobilise domestic funding too.
- Strengthening the domestic innovation ecosystem around key priorities is a key 'entry condition' into international collaboration networks and projects, as it provides strong local nodes for interregional collaboration.



Cross-cutting recommendations

The 2021-27 S3 enabling condition has established a strong baseline for making innovation diffusions, industrial transition, and interregional collaboration key elements of the S3 policy mix. Based on the discussions and the analytical work developed during the first year of activity of the S3CoP WGs, a number of common elements need to be addressed:

- ◉ Regions should be encouraged to adopt a more strategic approach to connecting these elements with both the S3 EDP and monitoring and evaluation processes.
- ◉ Having a strong regional EDP, where the dominant actors in the regional ecosystems are identified as well as the connections among innovation actors, is crucial for deploying effective policies that support innovation diffusion, industrial transition and interregional collaboration. A more inclusive quadruple helix orientation to the EDP can facilitate how the community acts as a driving force for transformative innovation policies, guiding and steering transitions more effectively.
- ◉ Strengthening the domestic innovation ecosystem around key priorities and establishing S3 'strategic communities' act as a key 'entry condition' into international collaboration networks and projects, ensuring more impacts from these efforts.
- ◉ Monitoring and mapping progress towards objectives at regional level has also been identified as a key element by the three WGs.
- ◉ Innovation diffusion plays a key role in responding to innovation 'demand' and should be an integral element of innovation collaboration.
- ◉ It is necessary to improve the exchange of data and information on collaborative innovation programmes. For less developed regions, external expert assistance and capacity building through intermediaries can help to diffuse and embed learning and action within regional innovation ecosystems.
- ◉ Results and value articulation of the benefits and results of innovation diffusion, industrial transition and interregional collaboration is crucial.
- ◉ Regions should be encouraged to allocate time and funding for strengthening capacity building for interregional collaboration.
- ◉ Improving transparency and quality of information on funding opportunities, simplifying access to funding, and facilitating synergies with regional funding would incentivise stakeholders further to collaborate across regions, invest time and resources, and innovate.

- Addressing the challenges associated with long-term transformations requires active transition management by policymakers and key stakeholders in regions in industrial transition. The future S3 agenda should focus on the development of effective approaches to interregional innovation diffusion, to support EU territories in their capacity for the uptake of green technologies.
- The benefits of interregional collaboration around regional S3 priorities should be widely communicated to promote a more outward-looking S3 seeking collaborative opportunities.
- All the above recommendations require enhanced capacity, funding, time, skills, and a long-term vision and political support at the regional level.

