



S3 CoP Working Group: Interregional Collaboration

Input Note 2: The challenge of capacity for interregional collaboration

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1. Introduction and status of WG's activities

Objectives

The Working Groups developed within the S3 Community of Practice (S3 CoP) aim to create a learning loop for S3 stakeholders on the fulfilment of the S3 enabling condition focusing on industrial transition, innovation diffusion and interregional collaboration. Interregional collaboration is one of the seven fulfilment criteria underlying the good governance of national or regional smart specialisation strategies (so called enabling condition). Interregional collaboration means that, building on the priorities set out in each S3, regions should seek opportunities for international collaboration between research actors, innovation actors, private companies and citizen/civil society, in similar areas based on the mapping of complementarities. Measures should be put in place and promoted to engage regional stakeholders (e.g universities and RTOs, companies, clusters and civil society) in participating in and developing international value chains, innovation-driven collaboration networks, etc. As a result, S3 in the period 2021-2027 should have a more explicit “outward-looking dimension” than was the case under the 2014-2020 period.

In this context, the main purpose of the S3 CoP Working Group on International Collaboration is:

- 1) to collect and document existing knowledge and good practices;
- 2) to identify common needs, problems and challenges;
- 3) to co-develop with the regions potential solutions (new approaches, policies, instruments, and coordination mechanisms); and
- 4) to support and monitor the deployment of solutions and adapt them to regional specificities.

The main target audience for the activities and output of all the WGs are regional (and where appropriate national) authorities. The WGs will operate over a period of three years, from 2023 to 2025. They are supported by a WG Leader, a Chair and a Rapporteur (who form a ‘coordinating team’).

The 13 members of the S3 CoP WG “Interregional Collaboration” have been selected based on their concrete experience with interregional collaboration, but also reflecting a diversity in their backgrounds and their regions' profiles. The activities of the WG are conducted according to a bottom-up, iterative and a challenge-focused peer learning approach to facilitate exchanges of experience, challenges and possible solutions among regional stakeholders. The outputs and proposed solutions will be examined and tested with a broader group of regional practitioners in dedicated webinars aimed at informing, discussing and refining the outputs of the WG towards a wider community of regions.

The S3 CoP WG “Interregional Collaboration” operates in close relationship with “Thematic S3 Platforms and Partnerships”. The WG designs its activities based on the analysis of

interregional partnerships, corresponding to different needs and challenges amongst them. This WG will function as ‘test-bed’ for Thematic Smart Specialisation Partnerships (and any other relevant form of interregional partnership) by exploring and co-developing new solutions or approaches to support the development of interregional collaboration. The WG liaises with activities, needs and challenges of ongoing interregional partnerships (e.g. links to WP7 for the management of TSSPs, links to WP6 for support to S3 in the regions etc.).

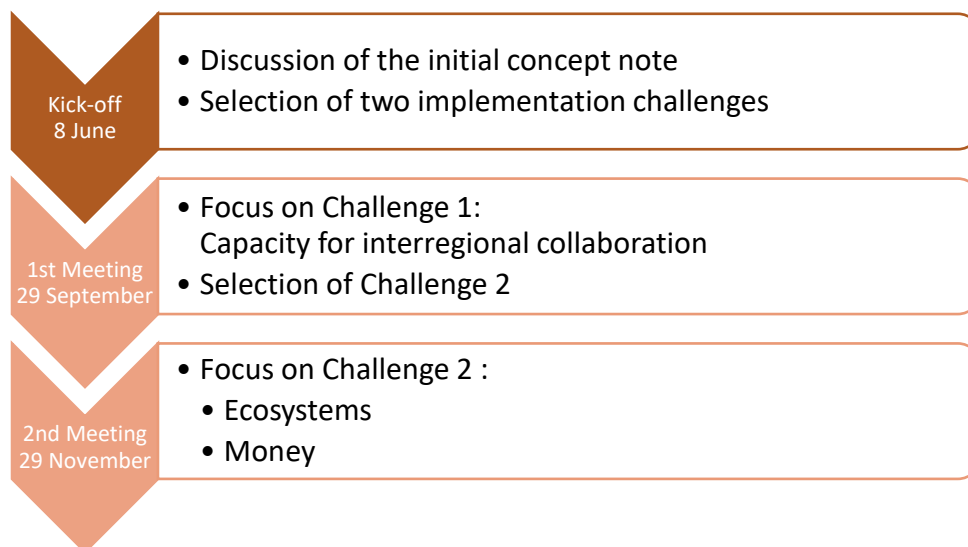
Status end of 2023

An extensive concept note has been distributed to the members of the WG as a basis for the initial discussion at its **(virtual) kick-off meeting on 8th June 2023**, as well as a first questionnaire to members. The aim of the kick-off meeting was to agree on the general directions of activities and to identify the main challenges with which WG members are confronted when engaging and implementing interregional collaboration around their S3s.

Based on responses to this first questionnaire, the **first (virtual) WG meeting on September 29th 2023** focused on capacity for interregional collaboration. A questionnaire on how to address this challenge was circulated in advance of the meeting. The results of the two first meetings are briefly summarised in Section 2 of this input note. More details are provided in Input Note N°1, circulated in advance of the first meeting, which also included the two questionnaires.

Following the kick-off meeting in June, the first meeting in September examined the issue of ‘capacity’ as a key challenges for interregional collaboration. During the this meeting it was decided to refine the subject for the **second WG meeting to take place (live) on November 29th 2023**, based on the second-ranked topics of ‘Ecosystems’ and ‘Money’ as the next most popular priorities.

Figure 1 Summary of activities of WG “Interregional Collaboration” in 2023

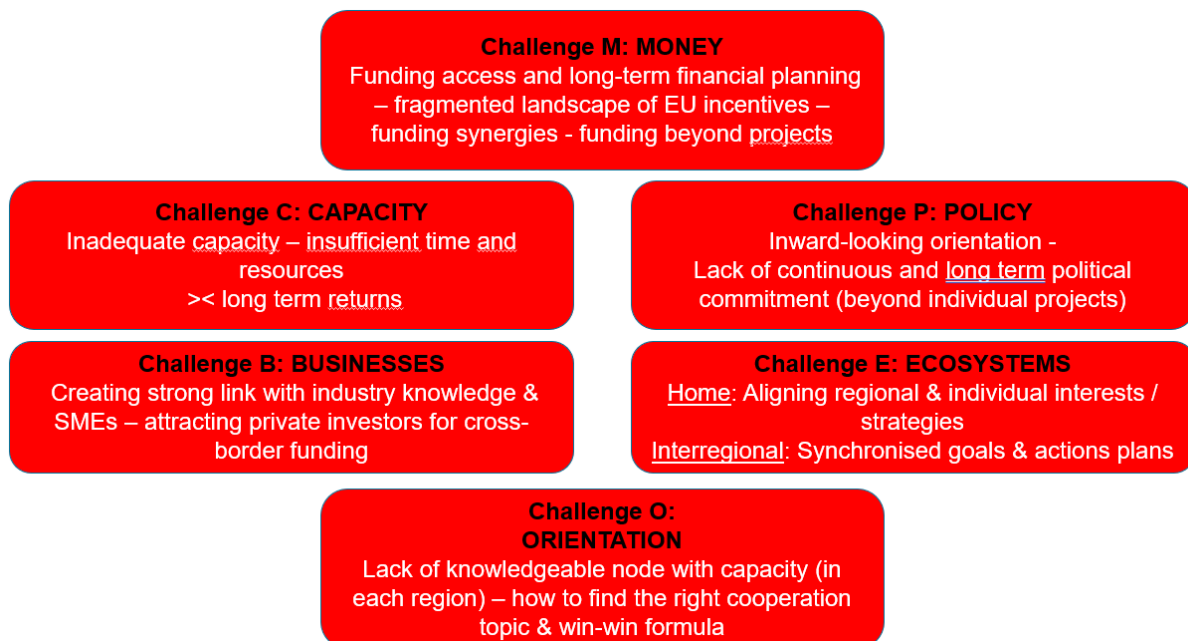


2. Identified Challenges for Interregional Collaboration

Prioritisation of implementation challenges

All WG participants had provided responses to the questionnaire circulated prior to the kick-off meeting. The challenges identified by participants were analysed, clustered and summarised as follows by the coordinating team. The process highlighted the six most popular broad challenges (Figure 2). These six broad challenges were presented and discussed in view of selecting the two most pressing challenges as priority themes for the WG.

Figure 2 Implementation challenges identified by the WG members prior to the Kick-off meeting



Source: Coordinating team based on WG members' input through questionnaire A1

During the meeting, participants were invited to vote on challenges they believed were most relevant. The results of the voting indicated that building capacity for interregional collaboration was seen as the most important challenge. Consequently, the group selected **the 'Capacity' challenge as a priority challenge for the first meeting of the WG**, held on 29th September 2023. This issue is seen as a precondition both to engage in interregional collaboration, and to sustain it.

Unpacking the ‘capacity’ challenge

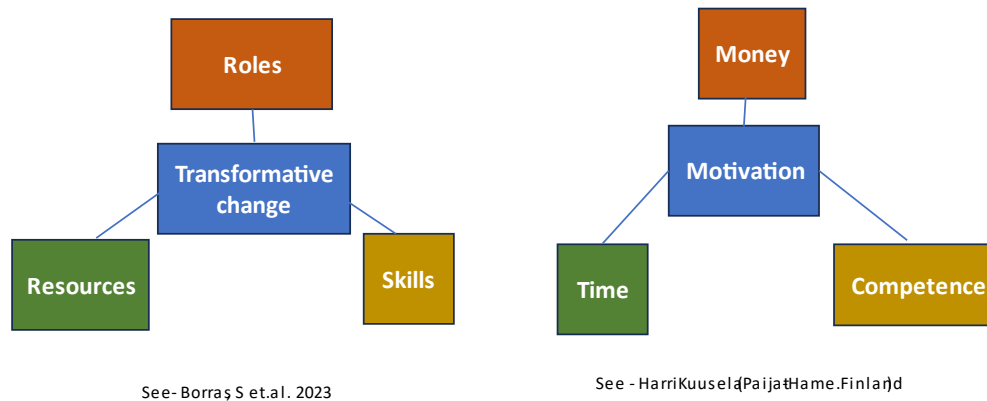
‘Capacity’ is a broad term and has different meaning for different WG members so to ensure concrete outcomes from the first meeting of the WG, it was decided to ‘unpack’ the challenge of ‘capacity’ into more concrete sub-dimensions. The coordinating team prepared a second questionnaire for WG members (sent on 19th June 2023) which included proposals to clarify the sub-dimensions of the broad ‘capacity’ issue.

Two sub-challenges were identified by the WG members’ as priority topics: “engaging stakeholders” and “institutional engagement”.

Figure 3 proposes two conceptualisations of the capacity issue, each around a triangle: the first one (left graphic) comes from a growing academic interest in transformative capacity and a second one (right graphic) from a member of the WG, the latter suggesting that *“with three factors you will surely succeed, with two factors you can somewhat accomplish your goal, but with one factor only you are doomed”*.

Figure 3 Two triangle concepts for Capacity

Capacity: key aspects



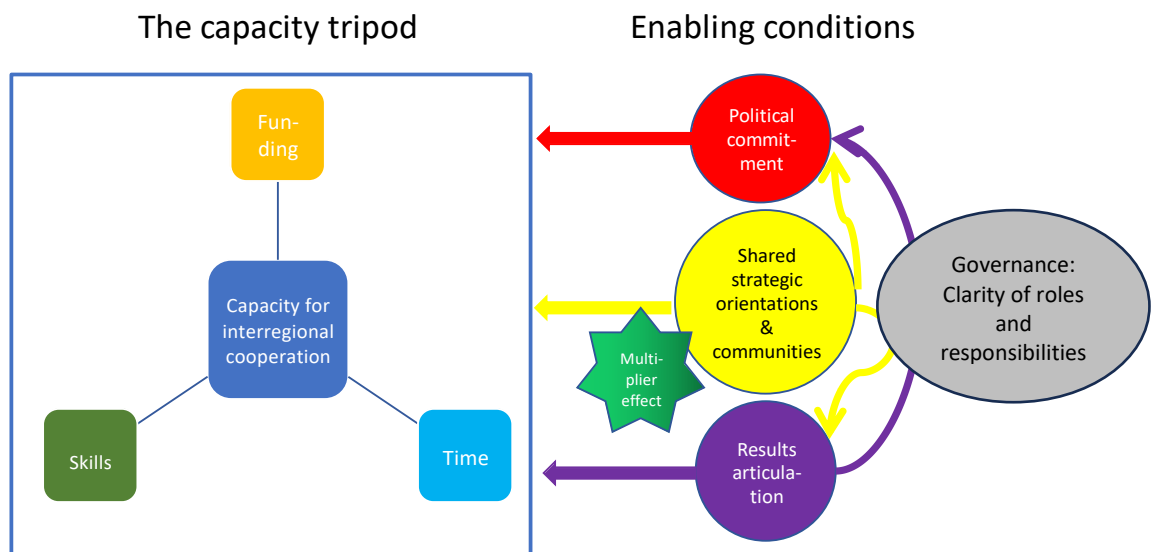
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The ‘capacity’ challenge was broken down into two dimensions, which provided the structure for the September meeting: 1. How to strengthen the engagement of regional stakeholders (3 presentations by regional practitioners) and 2. Moving from a ‘one-person game’ to a more structured institutional framework (2 presentations). Progress in each of these domains should increase capacity.

3. Drivers and obstacles of capacity-building for interregional collaboration

“Capacity” (to initiate and develop successful interregional collaboration) can be approached and analysed through 2 dimensions: components and enabling conditions (A and B below), as summarised in Figure 4.

Figure 4. The Capacity Tripod and Enabling Conditions for Interregional Collaboration



Source: Coordinating team based on WG members’ input during the first meeting on 29th September and subsequent interviews.

A. What are the key ingredients of an adequate capacity for interregional collaboration?

The summarised answer consists in the revised ‘Capacity tripod’. Interregional collaboration cannot flourish if one or more feet of the tripod are missing or too weak.

1. **Funding:** too little or no funding for fostering and implementing interregional collaboration is a key barrier to effective interregional collaboration. Funding is necessary for, on the one hand, for networks and partnerships coordination (cf. counter-example of EU Hydrogen Partnership facing disruption in coordination capacity after the end of Reconfirm funding; example of funding an ‘EU referent’ for Wallonia’s Strategic Innovation Initiatives; problem of non-eligibility of network nodes such as ECRN in projects) and, on the other hand, for concrete projects. For the latter, domestic funding is necessary since relying only on EU sources is risky and not necessarily sustainable, and creates problems when co-funding is unavailable domestically (cf. example of Wallonia establishing co-funding lines for EU/international projects; cf. uncertainty of WG

participants regarding the use of ERDF funding for co-funding Regional Innovation Valleys¹).

2. **Time:** there is a problem of the 'one-person' situation and of 'voluntary after-hours' work on interregional collaboration. Smaller regions and Brussels' regional offices often lack both time and relevant skill-sets (see below) so officers are often forced to wear several hats – many at the same time. Many regional offices spend more time on coordination activities both within Brussels and with their respective regions which is not a sustainable situation. Leadership is key: there needs to be a strong process ownership to properly manage interregional collaboration, which is highly time-consuming.
3. **Skills:** a 'one-person game' does not enable to gather the variety of skills necessary for interregional collaboration. One important skill is *leadership*, a subtle combination of top-down steering and encouragement of bottom-up participation. Other skills are management and communication skills (cf. examples of work of Brussels offices acting as intermediaries between regional actors and EU bubble); knowledge of the ecosystems, capacity to influence decision (cf. experience of ECRN). One type of expertise that is particularly valuable is that of mapping (value chains, actor constellations, complementary networks, etc.). Furthermore, besides the types of profiles/skills, it is also paramount to define when and which types of skills should be involved (e.g. policy knowledge, ecosystems' knowledge, technology knowledge, project or network management capabilities etc. – which unfortunately are seldom embodied in a single person). Finally, even if some expertise is subcontracted or funded by some actions (e.g. the example of Aragon) there is a need to capitalise on it after the end of that action, placing limits to externalisation strategies.

B. What are the key enablers for this adequate capacity for interregional collaboration?

Three success factors were identified to kick off the tripod and ensure its longevity.

1. **Political commitment:** this is a key enabler to ensure structuration, continuity and availability of funding for inter-regional cooperation: committed decision-makers will incorporate funding for interregional collaboration in funding instruments. They will also not only recognise, but also encourage mainstreaming of interregional collaboration in the mandate of key regional actors.
2. **Shared strategic orientations and communities:** interregional projects by individual actors are good, shared projects by an ecosystem of regional actors are better because they open way to synergies and multiplier effects. When regional strategic orientations are clearly stated (cf. experience from Tuscany) and also co-developed with inputs of the regional actors themselves (cf. the revamped approach in Wallonia for the new S3) this facilitates a broader and joint engagement in interregional collaboration. When 'projects follow strategy', such synergies are easier to reach. A **multiplier effect** can be achieved

¹ [Call for expression of interest for Regional Innovation Valleys is now open \(europa.eu\)](https://europa.eu)

by relying on intermediary organisations such as clusters (cf. the role of AFIL in Lombardy that provides a link between the region and the Vanguard Initiative², clusters in Emilia-Romagna...), which are mandated to pursue the regional goals or ‘strategic communities’ created around well-identified challenges (cf. examples in Lombardia and Wallonia). Challenge-driven strategic orientations translated into strategic communities are conducive to more cohesive regional ecosystems (cf. counter examples in Aragon and Päijät-Häme, where activities, responsibilities and decision centres are often unclear and fragmented. This is not to say that incremental improvement is possible as in the case of Aragon thanks to a new S3 with clearer governance structures); they also open way to more diversified profiles of stakeholders, who are part of these focused communities, where they can more easily understand “what is there for them”.

3. **Articulation of results:** clear and convincing description of *results* (beyond merely *outputs* such as size of activities and membership) to be expected and/or already achieved from IC are necessary to maintain high-level political commitment, as well as the credibility of coordinators of IC initiatives (cf. experience of ECRN, AFIL). Business impacts reached through complementarity in value chains are prime results to be expected from IC (cf. examples of work of AFIL and the Vanguard Initiative, and the EU Hydrogen partnership).

² [Home | Vanguard Initiative \(s3vanguardinitiative.eu\)](https://www.s3vanguardinitiative.eu)

4. Conclusions & Next Steps

The **concept of capacity** is fundamental but obviously difficult to pin down so the merits of the meeting were to look at two of the many angles needed to provide adequate reflection. Some of the key thinking can be summarised below:

- There is a clear shift in S3 thinking towards a stronger top down directionality linked to EU strategies such as the Green Deal, Digital Agenda and the more recent Industry 5.0 initiative. So a more strategic approach providing directionality by **focusing on both top down priorities and regional challenges** can help to engage stakeholders.
- In the introduction to the session, there was discussion on the need to reflect on what is **achievable** in a certain timeframe (a possible mission approach) compared to an **ambition** that while providing a future goal may not be backed up by relevant capacity. Therefore, expected outputs and outcomes should go hand in hand with access to resources (funding) and relevant skills and political support. New networks such as the Hydrogen partnership have to start from scratch building collaboration in a complex technology and sector. This often means that engaging stakeholders requires ‘selling’ a **return on investment both of time and possibly funding** (e.g. network membership fees – ECRN, AFIL etc.). The question here is how to go from ‘me’ – individual stakeholders seeking a return on investment to a ‘we’ which enables a more collective approach and scaling up and retain commitment over the long-term.
- **Going from ‘me to we’ is a task for networks** and their role in interregional collaboration is very important especially in sectors where they can be backed by relevant clusters. However, networks also require funding to survive so they are often pushed to support members to apply for projects to obtain rapid returns on investment. This means that a network needs to create project opportunities for stakeholders and needs stakeholders to obtain projects. Thus, the network is not just supporting interregional collaboration but is also lobbying for future project opportunities and increased funding in their specific sector. When networks develop or obtain a strong funding resource of their own, they can facilitate access to interregional collaboration both through support to stakeholders or engaging in other networks such as AFIL and the Vanguard Initiative.
- The song ‘time is on my side’ may not be so relevant for interregional collaboration. Time is most often not on the side of interregional collaboration and this creates issues regarding obtaining and controlling resources and commitment. This is where interregional collaboration is **strengthened by both political leadership and strong governance**. This long-term perspective also brings with it the need to measure success based on the identification of clear outcomes (e.g. what would success look like?).
- All regions are different and have their own territorial context in terms of geography, economy and culture. So it is difficult to develop a one-size-fits-all approach especially as resources for smaller regions are obviously less than those in bigger regions that

may have stronger economies. But interregional collaboration does happen and this can be increased by identifying both regional priorities and opportunities for scaling up, knowledge exchange, learning, etc. between regions. Hence the importance of smart specialisation that provides a methodological framework shared between regions with a common vocabulary (e.g. EDP) and the **opportunity of regions to work together in shared sectors or technologies**. So **S3 is a key component** supporting interregional collaboration which might provide a tool for creating more focused interregional collaboration in the future.

- Finally, don't write off the 'small guy': there was some discussion on the fact that the more independent one-person band can be more agile, possess a range of skills and contacts, especially within a Brussels setting, where the 'Brussels board game' provides opportunities for information sharing, lobbying and promotional events, networking opportunities with a wide range of organisations in a small area of Brussels. A perfect petri dish for interregional collaboration.

Money was identified after capacity as one of the main challenges to IC. One of the clear and continual points regarding capacity made in the meeting was ... **funding**. Funding was needed for a range of issues – providing carrots for regional stakeholder engagement, coordination activities often underrated in their time consumption, funding for supporting networks, etc.

Funding can come from a range of sources such as EU, national and regional funding streams and private sources from companies or other public institutions such as universities and innovation centres.

The second WG meeting on 29th November in Barcelona will be focused on wrapping up the key challenge of 'capacity' and **examine issues around ecosystems and funding**.

In a first two sessions, regions who have not yet presented in the WG have been given the opportunity to share information to the WG by briefly outlining governance and funding structures relevant to international collaboration – basically funding from what, where to and by whom? This will be followed a discussion by the group on similarities or differences between regional models, in view of building up a typology of challenges and possible solutions. Each region will discuss:

1. Key characteristics of the region: size, GDP, degree of urbanisation, industrial structure, R&D intensity / innovation level ('moderate' etc.), S3 priorities, perceived strength of triple helix , etc;
2. Recent experience with interregional collaboration (with the understanding that even no experience is ... 'experience' !). This could list some projects (Interreg, Horizon, other funding programmes etc.), potentially also discussing projects submitted to the Regional Innovation Valleys call;
3. Adequacy of funding to enable (or not) interregional collaboration: what are the obstacles ? What are the solutions / good practices?

Then four experts will examine potential European funding sources such as the I3 instrument³, Regional Innovation Valleys⁴ and Interreg Europe⁵ to illustrate how these instruments are most relevant to certain regional conditions. The example of an ‘interregional funding mechanism’ in wording, regardless of EU funding (the Vanguard Initiative’s new interregional co-funding mechanism – Vinnovate – to be launched in early 2024) will also be examined.

The WG can then make a SWOT analysis of these opportunities based on the previously identified challenges. The SWOT will identify the strengths and weaknesses of each funding mechanism encouraging interregional collaboration. The opportunities and potential threats can also be identified. Opportunities may be in the future and link in with a region gaining experience of interregional collaboration through a range of activities and building an effective capacity triangle. Opportunities may also appear through stronger collaboration in networks. Threats might be qualified as entering into interregional collaborations without sufficient resources, skills, or political support hence a delicate balance between risk and reward. Questions to be discussed can be as follows:

- Strengths - why is this funding stream/programme a good idea?
- Weaknesses - does it suit all regions? Match funding needs? What skills are required to find partners? Project writing demands, etc.?
- Opportunities - possible future opportunities - such as being on the map, profile, future partners etc.?
- Threats - what could go wrong - ambition (too much?) vs achievement (too little?) / risk vs reward, long time frames needed to measure ROI? Fragile political support? No link to S3?

This analysis will be useful for the WG members and those involved in interregional collaboration and can act as a guide for future European interregional collaboration funding calls.

³ [Interregional Innovation Investments \(I3\) Instrument \(europa.eu\)](https://europa.eu)

⁴ [Call for expression of interest for Regional Innovation Valleys is now open \(europa.eu\)](https://europa.eu)

⁵ [Interreg Europe | Interreg Europe - Sharing solutions for better policy](https://europa.eu)