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# Partnerships for Regional Innovation

## 1. What are the Partnerships for Regional Innovation?

The JRC has developed the concept of Partnerships of Regional Innovation (PRI) together with the Committee of the Regions. The PRI Playbook and Pilot Action were launched on 17 May at a high-level event with Commissioners Gabriel and Ferreira. The PRI support the New European Innovation Agenda<sup>1</sup>, adopted by the Commission on 5 July, to strengthen innovation ecosystems across the EU, in particular by contributing to fostering connected regional deep-tech innovation valleys across the EU. The aim is to help integrate initiatives and investment at EU and national levels.

The PRI aspire to become a **strategic framework for innovation-driven territorial transformation**, linking EU priorities with national plans and place-based opportunities and challenges. The Partnerships are launched on a pilot basis, in a spirit of co-creation practitioners, stakeholders and experts.

The partnerships are designed from a multi-level perspective, paying attention to the needs of local, regional and national policy makers and opening pathways for their closer alignment and cooperation. In particular, they aim to address two types of fragmentation that affect the EU innovation ecosystem: the fragmentation of funding instruments and policies in territories, and misalignments between regional/national and EU initiatives.

The PRI are supported by a PRI Playbook<sup>2</sup> developed by the JRC (draft executive summary in annex I). This is an initial support document for a pilot phase engaging Member States, regions and groups of regions who have volunteered to co-develop and test the approach, centred on a selection of practical policy tools.

These tools aim primarily at enhancing the coordination and directionality of regional, national and EU innovation policies to implement Europe's green and digital transitions and to tackle the innovation divide in the EU.

## 2. PRI Pilot Action

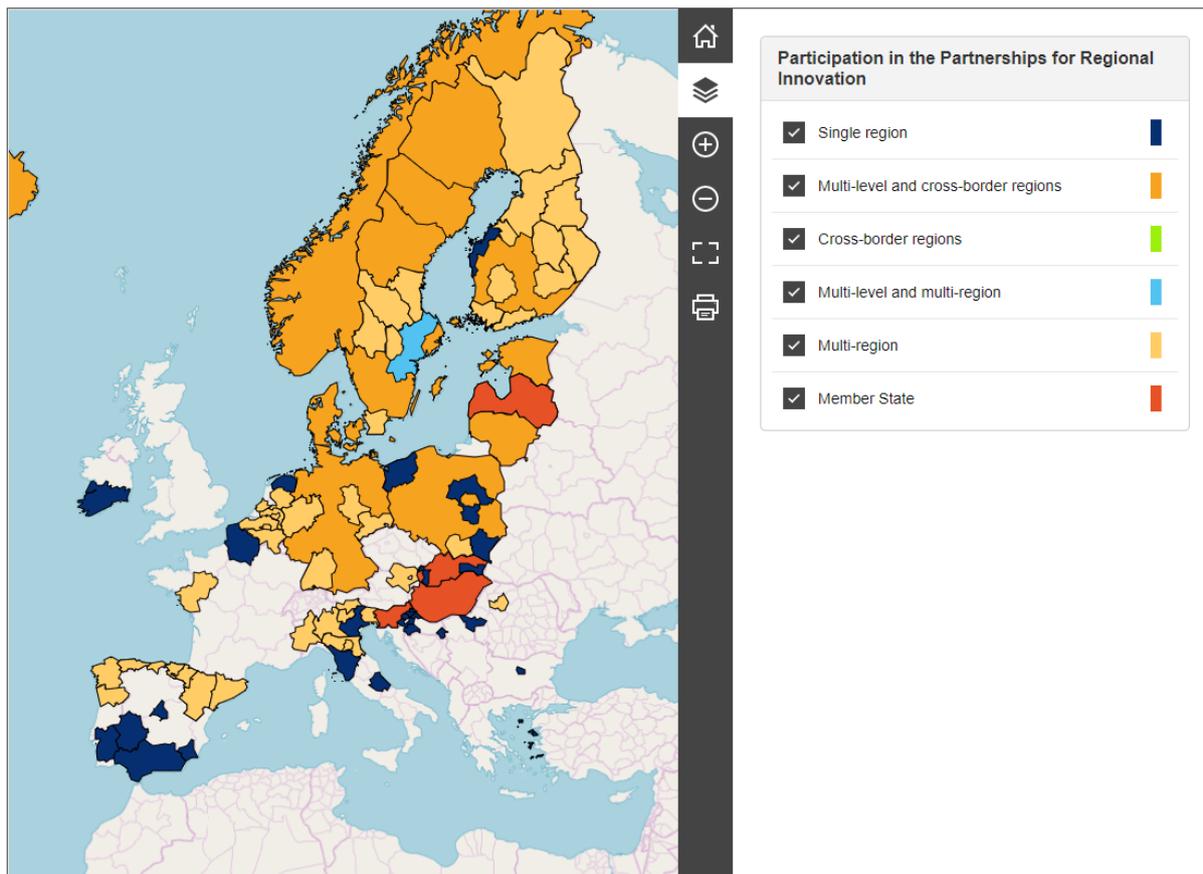
The Pilot Action was launched jointly with the Committee of the Regions through a call for expressions of interest which was open between 15 March and 25 April. The Commission and the Committee of the Regions accepted all expressions of interest received, which represent:

- 4 Member States
- 63 regions (NUTS2 and NUTS3), including 28 single regions and 35 additional regions as part of the networks
- 7 Cities
- 6 networks

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<sup>1</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_4273](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_4273)

<sup>2</sup> <https://s3platform.jrc.ec.europa.eu/pri-playbook>



The PRI Pilot action will end in Q3 2023 and its expected outcomes are of a double nature:

- Firstly, the Pilot Action will deliver a **revised Playbook**, by working with the representatives of 74 regions, cities and MS. Through co-creation processes the PRI pilot will improve the current Playbook and a toolbox focusing on the operationalisation of the approach that PRI proposes to better strategies for the twin transition based on innovation at different levels of governance. It will also enrich the Playbook by drawing on case studies and good practices that can exemplify what are the implications of that PRI approach.
- Secondly, the Pilot Action will provide opportunities for pilot territories to connect and initiate discussions on **inter-regional cooperation** on topic such as climate adaptation and/or deep tech valleys. By bringing territories together and focusing on the areas that matter to them the most, the PRI Pilot action de facto provide a space for territories to seed emerging inter-connected valleys that may apply to calls launched within HE or through the I3 instrument of ERDF.

### **3. PRI in the context of Presidencies events**

#### **3.1 Czech Presidency**

On 07 December 2022, JRC will present the Partnerships for Regional Innovation and its Pilot Action at a two day event organised by ESPON under the Czech Presidency.

This event will be attended by high level political participants, including but not limited to: Commissioner Gabriel (video message) and a senior expert from her Cabinet to talk about the New European Innovation Agenda; the Deputy Minister of Regional Development and Deputy Prime Minister for Digitalization of the Czech Republic; the ESPON Director, the Chair of the COTER Commission; Mikel Landabaso, Director at the Joint Research Centre; renown professors such as Prof. Hausmann and Prof. Soete.

Other JRC invited speakers will also participate to the seminar “Entrepreneurial regional governance: territorial cohesion through open innovation” in the context of this Presidency event..

#### **3.2 Swedish Presidency**

The PRI pilot could be part of a Swedish presidency event for spring 2023 focusing on multi-level policy learning of transformative innovation. The event would collect policy learning from the PRI pilot and its enabling power delivering the European Green Deal on the ground. It could focus on discussing how EU priorities can be connected with national plans, regional strategies and place-based opportunities, which stakeholders can drive partnerships for change, where see policy experimentation can already be seen and how the relevant implementation tools could designed?

## Annex I – PRI Playbook Executive Summary

The European Green Deal and the unprecedented European effort to foster socio-economic transformation and build a resilient and long-term sustainable EU bring to the fore the need for an **upgraded role for innovation**. The deep transformations of production and consumption systems are a momentous occasion to innovate to build stronger as well as cleaner and fairer economies and societies.

However, **the necessary transformations do not seem likely with innovation policy as usual**. To stand a fair chance of having the required impact, new innovation policies must address two important prerequisites: First, the **local and regional stakeholders including citizens, enterprises, knowledge institutions, local authorities must be meaningfully involved**. Second, policy must strive for **transformative innovation** in enabling and accelerating the necessary transformations.

The European Commission and the European Committee of the Regions launch the **Partnerships for Regional Innovation** fully recognising the role of all levels of government in realising the European Green Deal. These are **renewed partnerships across all implicated stakeholders to align efforts and co-create transformation pathways**, as a means to amplify impact by working across silos.

**The Partnerships for Regional Innovation aspire to become a strategic framework for innovation-driven territorial transformation, linking EU priorities with national plans and place-based opportunities and challenges**. This framework considers societal wellbeing and environmental gains as essential purposes for innovation. This means going beyond, but not excluding, innovating for economic prosperity and calls for considering societal and environmental impacts of transformation throughout the whole policy intervention: from its conceptualisation to the action on the ground. The aim is to extend and amplify the strategic potential of innovation to inspire, influence and cross-fertilise other sectoral policies, such as industrial, employment, education, environmental and social policies, which have so far largely operated in silos.

**The Partnerships are launched as a pilot project, in a spirit of co-creation practitioners, stakeholders and experts**. This Playbook is the initial support document for a pilot phase engaging Member States, regions and groups of regions who have volunteered to co-develop and test the approach, centred on a selection of practical policy tools. These tools aim primarily at **enhancing the coordination and directionality of regional, national and EU innovation policies** to implement Europe's **green and digital transitions** and to **tackle the innovation divide in the EU**.

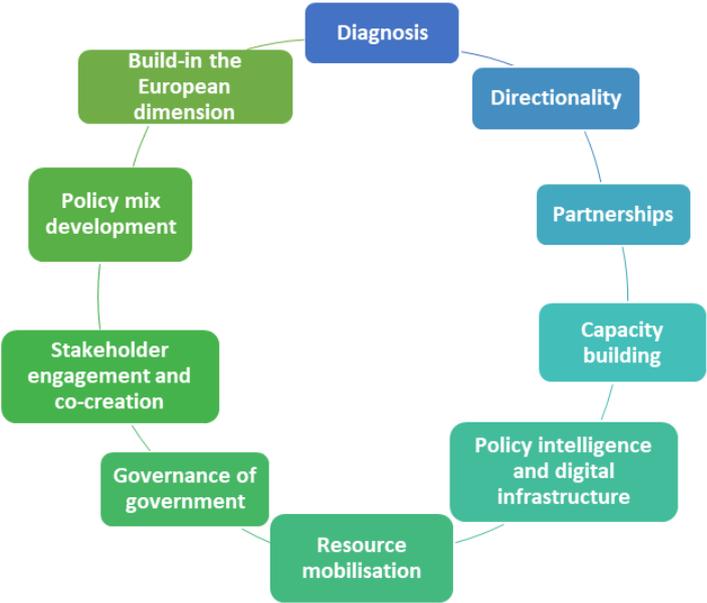
The partnerships will be designed from **a multi-level perspective**, paying attention to the needs of local, regional and national policy makers and **opening pathways for their closer alignment and cooperation**. In particular, they aim to address two types of fragmentation that affect the EU innovation ecosystem: the fragmentation of funding instruments and policies in territories, and misalignments between regional/national and EU initiatives.

To this end, **this Playbook proposes an approach to draw linkages across multiple policy domains and funding instruments, exploit synergies and address possible tensions to generate co-benefits for the economy, society and environment**.

**The initial approach is structured around three operational and interrelated building blocks**: a Strategic Policy Framework, an Open Discovery Process, and a Policies and Actions mix. These are based on the JRC's experience with smart specialisation strategies over the past decade,

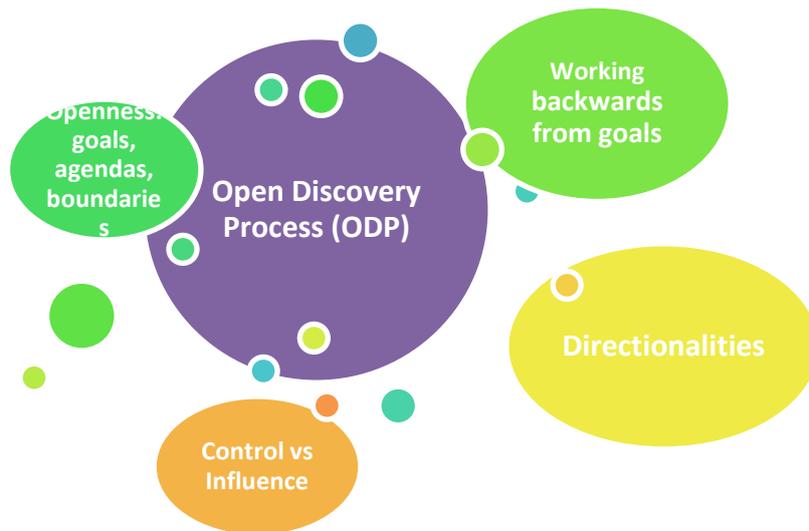
state-of-the-art literature on innovation, including transformative innovation and sustainability transitions and the pioneering experiences of growing numbers of practitioners who are introducing more complete and transformative approaches as part of their innovation policies.

The **first** building block is a **Strategic Policy Framework**, adopting a so-called whole-of-government approach that allows broader and dynamic planning. The framework is presented from a broad perspective as a set of multiple policy domains and levels of governance, strategies and funding sources, structured around the following elements:



**These elements, already present in EU policy-making before, are now reconsidered through the lens of sustainability.** This allows to translate the common EU and global challenges into local contexts, bring communities on board and adjust the scope of action so no place is left behind.

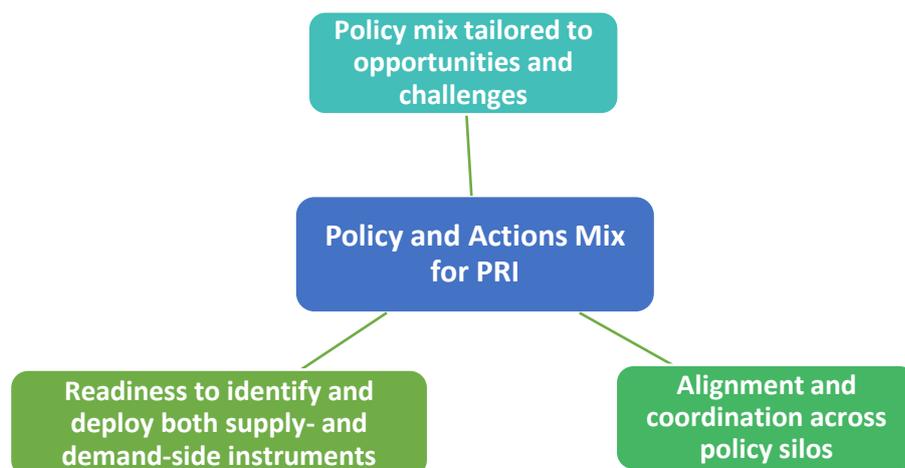
The **second** building block, an **Open Discovery Process**, enables engagement, deliberation and path co-creation with variable sets of stakeholders, repurposing the established participatory governance approach of smart specialisation towards sustainability, and also introducing new ways of working across silos, working backwards from desired economic, societal and environmental goals. Compared to the Entrepreneurial Discovery Process in smart specialisation, it is open to engagement with stakeholders, such as vulnerable groups affected by the transformation, users, grassroots and civic society organisations, among others. The specific composition of actors depends on the specific sustainability challenge.



This second block embeds a core element of the new PRI approach, namely the introduction of **local missions to coordinate actions under a coherent directional logic, enabling the exploration of broad-ranging policy mixes for system-level innovation**. These local missions could take the form of a proposed configuration outlined in this report: **CHallenge-Oriented Innovation paRtnerships (CHOIRs)**. **CHOIRs** are multi-stakeholder and, as far as the government is concerned, multi-department partnerships linked to specific territorial challenges with the aim of achieving impacts within established time frames.

The **third** building block, a **Policies and Action Mix**, mobilises additional instruments to publicly-funded projects, sequences interventions against other actions so that they result in synergies by design and importantly, and co-opts additional actions by stakeholders.

In the context of PRI, this last building block has three key features: (i) policy mix development as a response to opportunities and challenges identified during the Open Discovery Process (ii) readiness to identify and deploy the right tool for the job, considering where possible both supply- and demand-side instruments (iii) the alignment and coordination of policy packages striving to also influence policies across policy silos and levels of governance.



In the Playbook each building block is linked to a wide range of tools for conceptualising, diagnosing, designing and initiating PRI as part of a long-term process of exploration, experimentation and competence development.

Each of the building blocks will have to be adjusted considerably to the realities of each territory and its goals. This Playbook therefore is not a process guide: it rather provides practitioners with a conceptual frame and pathways for them to experiment and create their own PRI.

The Playbook also contains a toolbox and includes a guide on how it can be used. This toolbox aims to demonstrate, drawing from inspiring policy experiences across Europe and the world, that the policy directions and tools for the green and digital transition are worth developing and that there are possibilities to introduce PRI that are open to all levels of government in the EU.

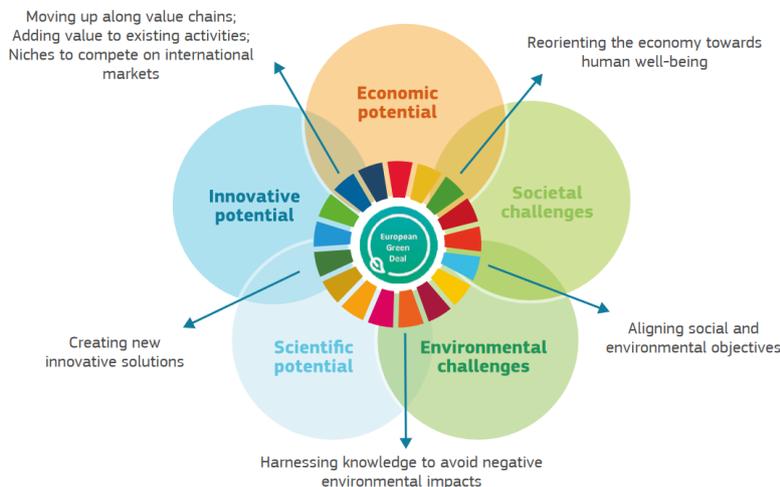
By providing an accessible point of entry to a broad range of approaches and tools, **the Playbook aims to promote knowledge of good practices, facilitate learning through experimentation and support the long-term development of the right capacities both within public administrations and in the broader ecosystem.**

Particular attention is placed on **tools and governance mechanisms that mobilise multiple sources of funding and policies, and that can help connect regional and national initiatives to EU initiatives for the twin green and digital transition.** Over the course of the Pilot, the tools will be further improved, adapted and tested against the realities of European regions and Member States, turning the Playbook into a mature operational guidance document.

# Smart Specialisation for the Sustainable Development Goals

## What is S3 for the SDGs?

Smart Specialisation strategies (S3) have an overarching objective to support place-based innovation to foster structural economic transformation of the European regions. The concept of Smart Specialisation for Sustainable Development Goals (S3 for SDGs) builds on the Smart Specialisation as a place-based approach to research and innovation agenda for regional economic transformation but it extends it to explicitly address sustainability challenges.



Source: Nakicenovic et al. 2021

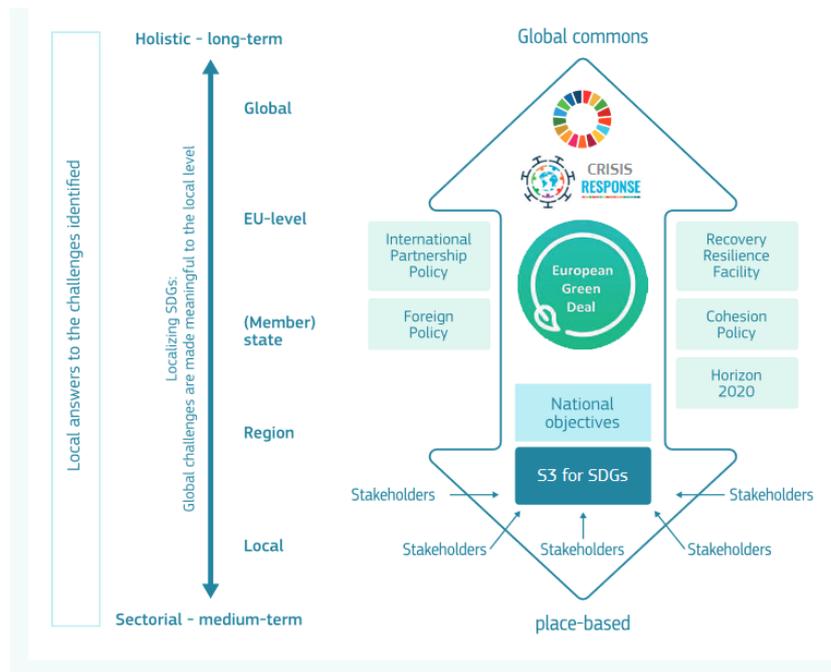
Many countries and regions in Europe have already chosen to focus their areas of specialisation on sustainability challenges and highlighted the contribution S3 can make to the Sustainable Development Goals (SDGs) in Europe and beyond.

## What has JRC developed so far?

The Joint Research Centre of the European Commission (JRC EC) has actively followed the trend to use S3 to address sustainability challenges since 2018. Over the last years, JRC has conducted studies and developed policy tools helping policy makers to align S3 with ambitions of the political agendas of the European Green Deal (EGD) and the SDGs. S3 for the SDGs has recently become one of the approaches included in the Partnerships for Regional Innovation (PRI).

The first JRC studies and policy consultations found the S3 framework and methodology has always had a potential to support sustainable innovation. To support sustainability transitions and the European Green Deal, however, S3 needs to be revisited to embrace sustainability goals in its conceptual and methodological framework. S3 for the SDGs calls for a greater variety of innovations and partnerships that foster place-based pathways towards sustainability. The emphasis on variety of innovation and bottom-up experimentation needs to go hand in hand with

a strong directionality towards sustainability guiding S3 across different territories and governance levels.



Source: Nakicenovic et al, 2021

## More information and key publications:

Visit JRC website for more information on S3 for SDGs:

<https://s3platform.jrc.ec.europa.eu/sustainable-development-goals>

## Selected publications:

Smart Specialisation, Sustainable Development Goals and Environmental Commons -

<https://s3platform.jrc.ec.europa.eu/w/smart-specialisation-sustainable-development-goals-and-environmental-commons>

Addressing sustainability challenges and Sustainable Development Goals via Smart Specialisation. Towards a theoretical and conceptual framework -

<https://s3platform.jrc.ec.europa.eu/w/addressing-sustainability-challenges-and-sustainable-development-goals-via-smart-specialisation.-towards-a-theoretical-and-conceptual-framework>

Pilot methodology for mapping Sustainable Development Goals in the context of Smart Specialisation Strategies - <https://s3platform.jrc.ec.europa.eu/w/pilot-methodology-for-mapping-sustainable-development-goals-in-the-context-of-smart-specialisation-strategies>

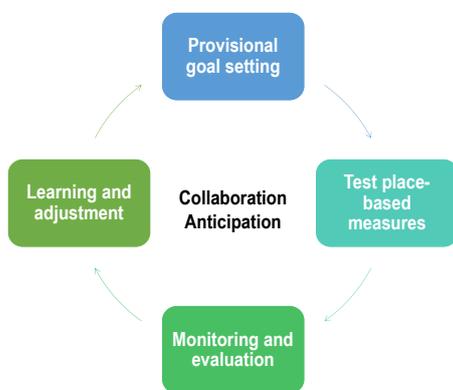
Enhancing the sustainability dimension in Smart Specialisation strategies: a framework for reflection. Step-by-step reflection framework and lessons from policy practice to align Smart Specialisation with Sustainable Development Goals - *forthcoming*

# An OECD Perspective on Experimental Governance for Innovation-driven Regional Development

## Concept Note

Regions around the world face large, multi-faceted societal challenges, such as demographic change, climate change, digitalisation, automation, and, increasingly, value chain shifts. A place-based approach to regional development that incorporates innovation and smart specialisation can support regions in meeting these challenges. Yet, given their magnitude, complexity and differentiated effects on regions, policy makers may need to consider new approaches to governance and policy-making. Experimental governance, for example, can help regional development and innovation actors, including regional and local governments, businesses and entrepreneurs, civil society, and citizens to jointly identify territorially-relevant needs and solutions through learning, exchange, and piloting (OECD, 2020<sup>[1]</sup>).

### How does experimental governance support innovation-driven regional development?



Experimental governance is an iterative process of goal setting, exploring alternative approaches, and learning and monitoring. Innovation-driven regional development can benefit from an experimental governance model, especially one that incorporates a forward-looking perspective and a stronger emphasis on collaborative working (see Figure on the left) (Morgan, 2018<sup>[2]</sup>; Wolfe, 2018<sup>[3]</sup>). First, forward-looking data and information can be used to project regional development trends, which can support setting goals for regional

development. Second, regions – regional governments together with a wide range of innovation actors – can design and test place-based measures. This may also require that regions make more and better use of forecast techniques to understand future trends (e.g., projections on skills needs and mismatches). Such measures are not only place-based, but also flexible and adaptive to different future scenarios (i.e., incorporating potential adjustments or alternatives). Third, implementation is closely monitored and assessed, so regions can identify lessons-learned, which then provides insights to adjust goals and improve policy measures. Such a governance model strongly relies on collective intelligence and continuous feedback from all innovation actors and networks.

Adopting an experimental governance approach is not without preconditions and challenges. For example, it requires sufficient institutional capacity among regional public bodies to work with non-governmental actors through partnerships, and openly communicate with these actors, as well as

citizens, about the rationale and risks of experimentation. They also need to assess policy outcomes in a strategic fashion to identify and apply lessons learned from successes and from failures. Ultimately, experimental governance requires a shift in the public sector mind-set and culture towards embracing uncertainties (Morgan, 2018<sup>[2]</sup>; OECD, 2019<sup>[4]</sup>).

## **How can experimental governance support regions in industrial transition?**

Regions in industrial transition often have a strong legacy in manufacturing and sophisticated innovation activities in local core industries. A key risk of this legacy is lock-in, that is being potentially overspecialised in mature technologies and industries in decline. Regions in industrial transition typically face challenges in modernising their industrial base, upgrading the skills of their workforce, compensating for job losses in key sectors, and raising low productivity that limits income growth (OECD, 2019<sup>[4]</sup>).

Experimentation and learning can help promote development models for successful industrial transition. Regions use policy experimentation for several reasons. First, policy experimentation can be a useful instrument for starting small and scaling-up, with the intention of testing a new public policy, policy tool, stakeholder engagement model, etc., before rolling it out more widely. Second, policy experimentation is closely linked to the notion of accepting failure and adapting initiatives where needed. This requires governments to be flexible and open to scaling up the pilots and committing to broader changes, but also to accepting when something does not work and should be either adjusted or terminated. Third, experimentation may also help test an initiative in one sector or industry before transferring it to another one. This means regions need to pilot interventions or adapt them within a given initiative.

## **How to better use Responsible Research and Innovation– an experimental approach – to move from S3 to S4+?**

Responsible Research and Innovation (RRI) is a new way of understanding and practising innovation policy. It aims to mobilise innovation to address major societal and environmental development challenges, such as those identified by the Sustainable Development Goals (SDGs). An experimental governance approach supports the design and adoption of RRI, especially through a collective process relying on broad stakeholder engagement. Smart Specialisation Strategies (S3) are one channel for implementing RRI at the regional level. Traditionally, the S3 stakeholder consultation process is often conducted among experts, detached from the concerns of citizens and society. Integrating RRI as an experimental approach into S3 may help involve society in discussions and decision-making for science, research, and innovation. It means RRI can contribute to transforming S3 into S4+ (smart, sustainable, and inclusive smart specialisation strategies), i.e., shifting the focus of S3 from predominantly supporting technological innovation to supporting a range of innovations that drive broader economic, environmental, and social transitions.

The OECD has proposed a four-dimensional framework to measure whether existing S3s have successfully evolved towards S4+ (see Figure on the right) (OECD, 2022<sup>[5]</sup>). The monitoring and assessment framework takes into account the importance of learning-by-doing and dialogue to fully harness the benefits of RRI. For example, it emphasises experimenting with different forms of stakeholder engagement to incorporate and monitor the uptake of RRI in S3. It also proposes concrete tools to support mutual learning, including focus group meetings or workshops to discuss results and next steps. It is important to further understand how regional policy practitioners can effectively use these tools, including the resources they need and the potential challenges they face.



## Conclusion

Regional innovation policies today aim to address a complex mix of economic and societal challenges in regional development. Traditional approaches to governance and innovation policy may not be the most effective to support these policy aims. Experimental governance provides an alternative. It has significant potential to align regional innovation policies to the diverse territorial contexts and fast-changing realities. However, adopting experimental governance is not without challenges. Flexible rules and regulations, a culture open to risk-taking, a more dynamic monitoring system, as well as the capacity to engage a broad set of innovation stakeholders, are important factors for successful experimental governance.

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