

RELOS3

Thematic Event 1

Malta, 16th to 17th May 2017

THEMATIC EVENT REPORT

The first Thematic Event of the RELOS3 project took place in Malta during 16th and 17th of May. This event is the first of the 4 thematic events that the project has foreseen to promote the exchange of transnational experiences in the project thematic areas.

The RELOS3 project aims to foster the implementation of regional smart specialization strategies at local level, developing new conceptual and policy tools that will facilitate the participation at local level in smart specialization processes within the partner's regions. The partnership consists of regional and municipal authorities, a mix that is particularly relevant to generate new ideas and contrast experiences in this relevant issue.

The overall objective is to improve the delivery of regional smart specialisation strategies by 15% by 2021, by actively involving local authorities and subregional actors. This will be done by improving the partner's policy instruments on the basis of good practices transferred.

Specifically, the project focuses on 4 thematic areas:

- ✓ Alignment of local (supra local) economic development strategies to RIS3 strategies
- ✓ The participation of private sector in territorial innovation operations to pave the way of RIS3 deployment
- ✓ Promotion of cooperation between EU regions with similar or complementary smart specializations
- ✓ Sustainability of Quadruple Helix Collaboration (Industry, R+D and Academy, public administration and citizens) beyond RIS3 strategy

The Malta Thematic Event (TE) evolved around the first of these topics, discussing issues like the impact of the RIS3 at local level, how local authorities can make the most out of alignment between RIS3 and local economic development strategies, and the interplay between regional and local governance in specific RIS3 cases.

The Malta TE gathered 20 core participants, hailing from the project partners' teams and their stakeholders, as well as the invited key speakers. A number of key Maltese stakeholders were also present, participating actively throughout the event. Furthermore, two experts delivered a master class, followed by a roundtable. The complete list of participants is provided at the end of this report.

DAY 1 -16th May, 2017

The TE was opened by Karl Herrera, Chief Officer Incentives Management and Development from Malta Enterprise, the Maltese economic development agency. He welcomed the participants and highlighted the relevance of the topic for all the partners involved. This was followed by a presentation of the lead partner, the Sabadell City Council, highlighting the aims of the project and the specific goals of the Malta TE. Besides covering the first thematic area of the project, the lead partner explained that this event was also intended to ensure a common knowledge among all partners about the RIS3, as well as create awareness of each other's cases.

The first day included a presentation about the Maltese RIS3 strategy, a presentation on the conceptual and theoretical issues that guide the elaboration of the project's baseline study, a visit to a successful innovative Maltese business in the packaging sector and a group activity during which partners presented their cases.

Each section of the report refers to a part of the agenda which is signaled on it with a number (N) (*Annex 1. Final Agenda "RELOS3 Thematic Event Malta"*).

Focus in Malta (N.3): 'Presentation about RIS3 strategy deployment in Malta

Nadine Castillo, Executive Director for Strategy, Policy and Projects at the Malta Council for Science and Technology (MCST), presented the Maltese RIS3 strategy. She remarked that RIS3 in Malta is still in its infancy, existing are some limiting factors which make RIS3 deployment in Malta not easy, for example, a very fragmented R&I landscape as well as limited research and educational focus. However, the country already shows good performance in innovation indicators, being classified as a growing moderate innovator by the European Innovation Scoreboard, experiencing an annual growth rate of 3.6% which is the second best among this group.

Ms Castillo explained that the process which led to the design of Malta's RIS3 strategy was initially a top-down approach, which - after suggestions from the European Commission - was opened up to other stakeholders, creating a more balanced top-down and bottom-up approach.. She explained that Malta's RIS3 strategy is very much focussed on business, and that Malta adopted a flexible smart specialization approach due to the realities of the country's smallness, which creates a need for such flexible approach allowing for quick and nimble policy making, rather than a very rigid RIS3 framework.

From the various RIS3 sectors chosen and put forward in Malta's RIS3 policy, MCST will enhance its focus on those sectors which evolve better. It was put forward that increased involvement at local level in Malta could be achieved, however the smallness of the country and the fact that local administrations have limited competencies makes this challenging. Possible ways of increased participation of civic society

which were put forward included encouraging Maltese Local Councils to propose and participate in projects as well as involve various local NGOs in order to reach civic society better and achieve a quadruple helix approach to the innovation process.

(Annex 2_NC_S3Malta_TE1.pdf)

Studies and monitoring

(N.4): ‘Territorial economy and S3: attempt to combine economic instruments and European policies. First outcomes from the desk research’

(N.5) ‘Research methodologies: discussing what methodologies and how to apply them’ ‘The ratio between the regional S3 and the local level: which indicators’

Valeria Stacchini, the representative of the Bologna partner, introduced Giulia Lazzeri, researcher at *Scuola Superior Sant’Anna of Pisa*. This university will be responsible for the baseline and final study reports that will elaborate on the project findings. Mrs. Lazzeri presented to the partners the outline of these reports and the deployment of the desk research. This will involve the implementation of surveys to stakeholders of the different partners and the identification of several good practices in the project’s topics, as well as the elaboration of indicators for the follow-up of the project. These good practices should be related to the different dimensions of the RELOS3 project: local municipal strategy; the process of cluster development at local level, projects of quadruple helix and soft policies measures. According to the speaker there are three dimensions of the policy learning process that can be applied to the RELOS3 project, in order to identify possible methodologies for the involvement of the local context in the RIS3, namely: the intra-organization learning (administrative capacity and structures); the intra-system learning (networking quadruple helix) and the inter-system learning (f.e. at European level, among regions...).

On the other hand, when considering the implementation process of the RIS3, she highlighted several important challenges:

- 1) Smart specialization is a new concept, of an ambiguous nature, that might hinder its bringing it to practice;
- 2) There are difficulties when making strategic choices between traditional industries and more innovative proposals or how to combine the attention to both;
- 3) How to “internationalize” the strategy, something that appeared later in other presentations; and
- 4) The question of scale management: RIS3 is a multiscalar challenge where local level can capture better local needs and align the urban investments in the wanted direction, but needs to be inscribed in the wider regional and national strategy.

Her presentation provoked an interesting debate among participants regarding the optimal territorial level for innovation policy, stating that an important factor is how close the

administration responsible for implementation is from the business and other agents. It was agreed that the local context should be involved no matter what competencies they have; the issue is how to do it. In this respect, the RIS3 strategy is seen as an opportunity to open networks and to push forward the role of the local level in a political sense, even though some political issues might arise. It was noted that the implementation or participation of the local administration in the strategy is easier when the local level is close already to business, however, the impact of the RIS3 might be bigger in places where there was no tradition of cooperation before (moving from zero to one might be more powerful transformation than moving from 8 to 9).

The Sabadell partner posed the issue of the inter-government coordination in the RIS3 deployment, and how the lack of it at regional level can affect negatively the participation of the local level (municipalities or counties), especially if this affects how the funds for the local level is allocated. In the case of Catalonia the department of the regional government responsible for the funds allocation to the local level was not the same as the one working in innovation and economic promotion, which might distort the resolution of the funds allocation. In the case of the Dutch partner (the Emmen municipality), the contact with local innovators is good, but in order to scout where new potential lies a key aspect is the coordination between departments and among scales.

Another issue that aroused during the discussion was how to involve those left outside the specialization choices and the need to avoid the discussion about new and old economic activities. The representative of the Tartu Science Park, (invited stakeholder of the Tartu partner) adverted that in the business sector the differentiation between old and new can be slippery and escapes any “four year” political process. He insisted, from a business perspective, on the need that administrations sticks for some sectors for a long term, and not to change the rules to measure the program’s success. This made the Dutch partner to point out how in their case the specialization choices were made thinking on the sectors that would create more jobs, which might be the traditional and not particularly innovative under the RIS3 indicators. This led the S3 Platform

The S3 Platform expert reminded that the “jobs argument” should not be used when choosing a specialization, because it is necessary to think on the long term and maybe the sectors that are big now are not the ones that will grow in the future. Of course, it is difficult to specialize because it might mean to say no to some sectors in the territory, which might create political conflict. It’s not about scattering money in all sectors, but to focus. It might happen that smart specialization areas are going to lose jobs...you have to assume that innovation is failure and uncertainty. In the selection, it’s about activities that are innovative and that solve challenges, finding intersections among sectors. This is relevant for the local level if it has to develop specific projects in the general regional specialization framework, and might be easier at this level as the public administration can facilitate the meeting of agents, but it can also go beyond and put directionality to the projects.

The Sant’Anna researcher presents some best practices to inspire the partners in the selection of their own cases that will be analyzed as a part of the baseline study. These best practices included the case of Bilbao, Extremadura, Baden Württemberg, England and Sardegna:

- In the case of Bilbao, the practice presented was the AS-Fabrik: Alliances for S3 to support the digital transformation of the industry
- Extremadura was highlighted as an example of RIS3 deployment in small rural areas, with the role of the Local Action Groups as catalysts of innovation aligned with the specialization based on competitive advantage and territory identity around “Torta del Casar”
- The case of Baden Württemberg was an example on how to involve local context in the definition of their specialization through a competition process to develop concrete projects.
- In England a “Smart Specialisation Hub” was created through the Local Enterprise Partnership for S3 delivery that coordinates and facilitates interaction among agents.
- Sardegna, with its Metropolitan Digital Fabric, offered concrete and innovative solutions to specific local problems as city flood prevention or 3d construction. In this case, the local level is involved in delivering the strategy but was not involved in designing the strategy.

Mrs Lazzeri also presented the living labs as a method to stimulate the spatial dimension of S3 as they are locally embedded and allow the participation in the innovation process of different agents of the quadruple helix, and more specifically the civil society.

(Annex 3. 4_VS_STUDIES_CMBO_rev_TE1.pdf) (Annex 4.4_GL_studies_monitoring_TE1.pdf)

Open discussion

After this, the participants engaged in a group activity where they had to discuss in small groups about several aspects regarding the involvement of the local level in the deployment of RIS3. The topics discussed were related to:

- Knowledge sharing and common dialogue in the local-regional interplay
- Local actors role in contributing to the identification and selection of priorities and tools
- Strong presence of local innovation users
- Matching between regional and local priorities
- Joint development of new strategic projects in innovative domain areas

Several topics were raised up during from the discussion, based on each partners’experience:

- Let the local stakeholders do their own discussion without intervention of the regional level and then collect and realign

- Those responsible of implementing the funds are not familiar with innovation topics, which might affect the fund allocation to the right projects.
- The danger that local players look to their own particular scale and forget the larger regional issues or challenges
- The barriers to involve the local level: networking perceived as not useful by some agents.

On-site Visit : TOLY Group International (N.6)

The group visited TOLY GROUP, a company specialized in the production of high-quality packaging solutions for the make-up, skincare and fragrance sectors. Mr. Olaf Zahra, Chief Operations Officer of Toly Group presented the company’s evolution from a small packaging manufacturer to a worldwide supplier of packaging solutions, with a holistic vision including packaging design and prototyping. Mr Zahra highlighted the importance of innovation for their company and how the company decided to build and consolidate its innovation and creativity unit there. The lessons learned from the visit were:

- The company values the role of the public sector as providing the framework to innovation, focusing on how to promote innovation through education and training,
- It was highlighted by the participating Tartu stakeholder that public policy about innovation should learn from the private sector that one needs to fail in innovation before one can succeed.

RELOS3 Corner (N.7): Work group activity “Sharing of experience among partners on S3 strategies in their region/local area (good practices and examples)



The goal of this activity was to get to know in detail the other partners’ RIS3 strategies, reflecting on the most innovative aspects of each case regarding the involvement of the local context. Each partner was matched with another partner, and, after time for discussion, each partner recorded a short video explaining the other partner’s experience. This activity was very well valued by the

participants, as it was an opportunity to have an in-depth discussion about each experience. The videos will be presented during the next TE in Bologna, and will be part of the project’s outputs.

MAY 2 – 17th MAY 2017

The second day included a roundtable of experts, followed by an open discussion with the participants. In this first session the group was joined by several Maltese stakeholders. After the roundtable the partners discussed in small groups the lessons learned from the experts' presentations, and how these apply to the particular case of each participant. Each group selected two or three issues which were later discussed in a plenary session. The event was concluded with a session during which the participants discussed their level of satisfaction with the TE organization, and identified DOs and DON'T's. These findings will be used to improve the next thematic Event. The event ended with a project management and communication session for the partners.

Masterclass (N.8): Roundtable of experts and Workgroup activity

The first to present was *Manuel Palazuelos, Project leader of the S3 Platform, from the DG Joint Research Center of the European Commission*. He spoke about the process of smart specialization from design to implementation. In the first place, he highlighted how, since its first design, RIS3 has proven an effective instrument to generate positive changes in the innovation promotion in regions. According to a survey on the topic developed by the Fraunhofer Institute for Systems and Innovation Research, 60% of regional policy makers declared that Smart Specialisation introduced significant adaptations in the stakeholder involvement process.

However, Mr. Palazuelos highlighted several issues that seem to have worked less well in the process, as stated thanks to a survey done by the S3 Platform. Specifically, some the identified negative points are:

- Inefficient policy coordination
- Lack of coordination of existing resources
- Weak internationalization of the strategy (flows of knowledge outside the case)
- No proper monitoring system
- More prioritization needed

Mr. Palazuelos presented also some best practices (or learning examples) regarding the RIS3 implementation in different areas:

- Involvement of stakeholders: The Flanders region is a good example on how to involve stakeholders in the EDP through the topic of green chemistry, engaging civil society, private sector and other agents.
- Internationalization: He mentioned the Vanguard initiative, the Interreg-Know hub on Smart specialization or the joint Smart Specialisation strategies in Berlin/Brandenburg.

He then posed the accent on what does RIS3 says about the local level, recognizing first that is not specifically taken into account. However, he pointed out that several studies (McCann 2015) show that when appropriately translated to an explicitly spatial regional context, the RIS3 can give guidance to design and articulate local development policies, for which an appropriate learning process is needed.

He also presented the seven principles of good governance regarding the RIS3 Implementation that are developed at the S3 Implementation Handbook. According to this document, good governance is the key asset for a successful implementation, which is based on leadership, developing a collective vision, transparency, integration in the policy delivery or learning. The handbook discusses, for each of these aspects, specific examples based on real cases.

He finished his intervention by explaining how the S3 Platform supports regions in their RIS3 process, namely through offering regional data on R+D and investing priorities; identification of regional competitors or regional benchmarking, among others. Finally, he presented a new initiative, the Thematic Platforms that can be of interest to the RELOS3 partners as they focus in industrial modernization, along with energy and agro-food.



During the S3 Platform presentation

(Annex 5. 8_MP_S3Platform_TE1.pdf)

The second intervention was from *Jordi Garcia-Brustenga, expert in RIS3 by the European Commission and consultant in territorial innovation*. He has advised several local governments in Catalonia in the preparation of the PECT (Projects of Specialization and Territorial Competitiveness) a tool to allocate funding in a competitive process from the regional Catalan RIS3 strategy to the local contexts. He explained briefly the functioning of this particular tool that the Catalan government has created to allocate RIS3 funding to the local level, focusing in three cases that presented a project to this call: the case of the Tarragona Province, that has presented a project based on ICT applied to family tourism; the case of the Lleida municipality that has focused on innovation in the agro-food sector, and the case of Baix Llobregat county, based on three specializations: automotive, mental health and agro-environment. Based on these three cases, he highlighted that when developing a RIS3 model for the local governments there are four key messages:

- The local context can be a good innovation funnel, a place that can facilitate and be a key agent in the observation, the experimenting and the application of innovations.
- Territories need to be aware of those sectors that can be attracted to their specific environment (a right nest for the right eggs).
- Take into account how to enhance collaboration, knowing more about its own ecosystem of innovation, its components and relations.
- Undertake a right “entrepreneurial discovery process”, and saying no to those not fitting.

After this, he presented some innovative concepts that from the evolutionary and innovation economic theory can be applied in the process of involving the local level in the deployment of RIS3.

- On one hand, the holistic innovation policy framework, developed by economists Charles **Edquist**, based in 10 key activities, that states that governments should also develop, apart from 1) support services for innovating firms, strategies and actions in 2) provision of knowledge inputs, 3) demand-side activities and 4) provision of constituents for the system of innovation
- Second, the entrepreneurship ecosystems, by **Daniel Isenberg**, according to which this needs to satisfy 6 principal domains to survive and grow: policy, finance, culture, supports, human capital and markets.
- Last, the mission-oriented policies concept by **Mariana Mazzucato**, and how it can be a good framework to apply to the deployment of RIS3 at local level.

Mr. Garcia-Brustenga presented a model that integrates these different concepts in a single one, to inspire this deployment, where governments and policies of innovation are oriented to missions shared by all society.

Example of mission - oriented innovation policy

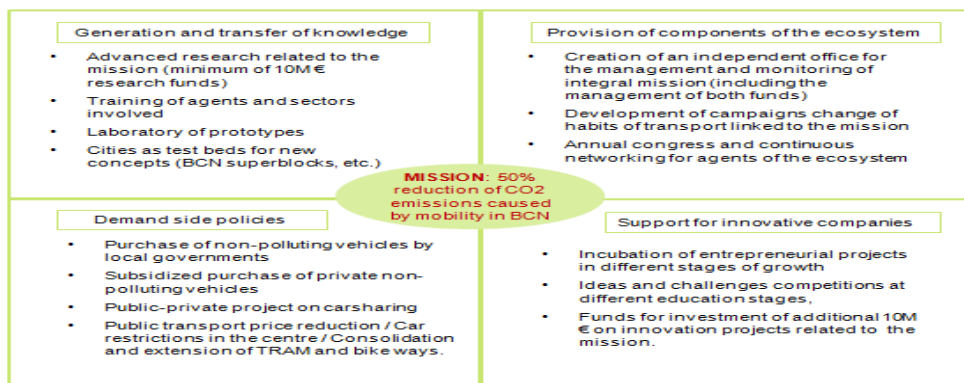


Figure shown during Mr. García-Brustenga presentation
(Annex 6. 8_JGB_RELOS_2017.pdf)

Group work activity. Discussion on the lessons learned from the masterclass

After the two presentations, participants were distributed in several small groups and they were asked to select two issues from the presentations that they considered particularly relevant for the thematic area under discussion, and for their particular case. These ideas were put in common and served as a conclusion to this TE.

One of the points that raised consensus was the need to involve local stakeholders in the process of the RIS3 at different stages (design of programs, implementation, and coordination). The case of Catalonia, with its PECTS, was deemed a good example on how to allow the local level participate in the RIS3, as it provides them with specific funding and a specific tool (the PECT) for them to elaborate based on their own choices (in the framework of the regional RIS3 domains). This particular case raised interest among participants, especially for the Wielkopolska Region that is now considering how they can precisely involve their local councils in the RI3 strategy.



Some of the participants during the group work activity on the masterclass

The idea of a RIS3 with a mission, presented during the masterclass, was highly valued. It was considered necessary to include as much stakeholders as possible in the definition of this mission. The mission idea was put in practice, choosing two challenges as examples: energy reduction and traffic congestion reduction. The challenge has to be specific and measurable (f.i. reduce energy consumption by 30%) and be agreed by the society as a whole.

In this sense, it was noted that the process of defining a mission should be based on contrasting the social agenda of that place with the RIS3 domains, and find, in an "entrepreneurial discovery"-type process, the areas that could be combined, in order to orient specialization towards the solving of these societal challenges.

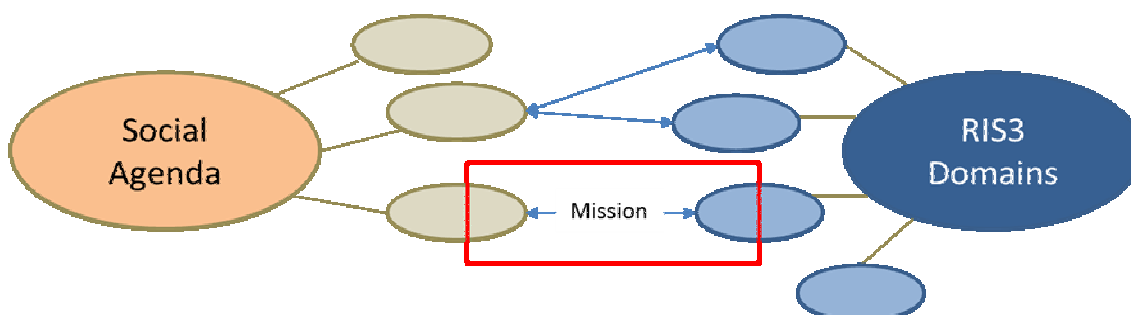


Figure drawn during the discussion about “mission oriented” innovation

The idea raised consensus among the participants, even if it was noted that there might be some barriers in the process, linked for instance to the need to choose, that implies saying no to some activities. In this respect, it was deemed essential to raise awareness and involve stakeholders in the local context on how to match their needs with the RIS3 requirements. In this respect, an efficient option when choosing specific projects in the specialization domains is to be able to say no but be flexible enough to leave the door open to "out of the box" ideas and initiatives.

A related issue, but in more general terms, regarded how to control the quality of the proposals that stakeholders participating in the RIS3 (through projects to obtain funding of some type) present to the pertinent authority. In this sense, it was agreed that more diffusion of the requirements for the RIS3 projects and more follow-up from the responsible authority regarding the projects feed-back should be a way to improve them, together with a better involvement since the beginning of the specialization process (design, delivery, implementation, etc).

Finally, it was agreed that political and social consensus is a key element when involving the local level in the RIS3 implementation, and that it should be arisen as soon as possible. This is connected to the need of having a proper participation methodology to involve local communities (from civic society), as they are a key actor to match social agendas with specialization domains.

Conclusions from the Malta TE

- ✓ Involvement of the local level is a priority to all partners;
- ✓ There are different approaches to this involvement, based on the competencies that local governments have in each country, but involvement should happen in any case;
- ✓ Local governments can be good partners for the specialization strategy of their region as they might be closer to business and civil society;
- ✓ To achieve better involvement at local level, a good RIS3 communication and diffusion plan should be in place, involving stakeholders participants in the decision making process (to develop programs, tools, follow-up indicators);
- ✓ When choosing among projects emanating from the RIS3 strategy, governments should be able to "say no" to those projects which do not match the respective RIS3 key areas. However, flexibility should be allowed to include "out of the box" initiatives;
- ✓ Inter-departmental coordination is key in the process of RIS3 implementation;
- ✓ "Mission-oriented" RIS3 is an idea that should be developed more, as it presents a way to connect social challenges, in which local stakeholders might be involved, with the RIS3 domains, in order to find innovative solutions for these challenges;
- ✓ Involving the local level does not always mean involving the local government. We should consider a broader meaning, and refer to local communities instead.



List of participants

Partners			
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Siim Espenberg	Project manager	Tartu City Government	Tartu
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Delegates			
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Martijn Prent	Liaison Officer SNN (MA)	Emmen	The Netherlands
Vaido Mikheim	Stakeholder	Tartu Science Park	Tartu
Anna Łohunko -	Specialist for Promotion and Cooperation with Local Governments. Investor Assistance Center	The Association of Wielkopolska Municipalities	Poznań/Poland

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Manuel Palazuelos	S3 platform	European Commission	

Malta stakeholders

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Oxana Mercieca	SME Support & Development	Malta Enterprise	Malta

Link to the presentations:

<https://drive.google.com/drive/folders/0B3bEJQIHhpyGZ1pBUWhwZ2NacHc?usp=sharing>