Building Effective S3 Governance Structures

ACTION PLAN FOR THE STOCKHOLM REGION

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NORDREGIO AND REGION STOCKHOLM | STOCKHOLM. SWEDEN

Action Plan for the Stockholm Region:
Building Effective Smart Specialisation Governance Structures

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INTRODUCTION

This action plan provides details on how the lessons learnt from the cooperation and best practices identified from within the Interreg Europe Higher project will be developed and implemented to improve the policy instrument tackled within the Stockholm Region. The document outlines the nature of the actions to be implemented, their timeframe, and the players involved, the costs and funding sources and finally offers a specific guide on the main anticipated outcomes and implementation monitoring process. The plan has been prepared by Nordregio Research Institute based in central Stockholm in close collaboration with representatives from both the Stockholm County Board and Region Stockholm. Region Stockholm have recently taken over responsibility for regional growth and innovation and they will aid and assist Nordregio in the implementation of this action plan as outlined in the letter of support below.

LETTER OF SUPPORT

Region Stockholm

Regionledningskontoret
FoUUI

LETTER
2019-02-08

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Diarienummer
RS 2019-0256

Nordregio
John Moodie
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SE-111 86 Stockholm

Letter of support for the HIGHER project 2019-2020

Project: HIGHER
Project title: Better Policy Instrument for High Innovation Projects in the European Regions

Name of the supporting organization (original): Region Stockholm
Name of the supporting organization (English): Region Stockholm

Comments:
As responsible for regional growth in the Stockholm County, the County Administrative Board of Stockholm (Länsstyrelsen i Stockholm) participated as regional expert in the first phase of the project, involving Innovation summits, exchange of experience and benchmarking activities, and in the start-up of the second phase, involving initial implementation activities according to the Higher Action Plan

Since January 1st, Region Stockholm took over responsibility for regional growth in Stockholm County. Therefore, the role as regional expert in collaboration with the regional partner Nordregio is taken over by Region Stockholm. The Higher Action Plan for Stockholm will be revised and implemented in line with the new responsibilities.

Name of signatory: Jan Andersson
Position of the signatory: Director of Research and Development, Education and Innovation

Date: January 2019

Signature and institution stamp:

Region Stockholm
FoUUI
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GENERAL INFORMATION

Project: Interreg Europe HIGHER

Partner Organisation: Nordregio Research Institute Stockholm

Other partner organisations involved (if relevant): The Stockholm County Board and Region Stockholm have played a major role in helping develop and prepare this action plan. We would also like to thank our consortium partners for their close collaboration and support throughout the project; in particular, the Catalonia and Slovenia regions whose inspirational good practices relating to S3 governance structures have helped inform the advancements to the Stockholm policy instrument outlined in the action plan.

Country: SWEDEN

NUTS2 Region: STOCKHOLM

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Policy Context

This Action Plan aims to impact one horizontal Strategic Goal and one specific policy instrument:
The Higher Action plan intends to influence the Horizontal Strategic Goal of "Investment for Growth and Jobs program" and one specific policy instrument in the family of "Other regional development policy instrument", analyzed briefly in the following paragraphs.

Name of the Policy Instrument Addressed: *Programme for strategic innovation collaboration between public and private actors in Stockholm*

During the course of the Higher Project, significant research has been conducted in examining and assessing the positive and negative aspects of the existing governance structures for implementing the current ERDF-policy instrument for the Stockholm Region, officially titled 'Programme for strategic innovation collaboration between public and private actors in Stockholm', but more widely known as 'the Stockholm Model.'

The Stockholm Model was developed by the regional Structural Funds-Partnership (SFP) to address regional challenges for *sustainable urban development* and to increase learning and knowledge sharing by encouraging strategic cooperation between innovation stakeholders through joint collaborative project activities under the ERDF and ESF 2014-2020 programmes. The main aims of the Stockholm model were to:

- Help concentrate expenditure of EU funding resources to help meet regional challenges and strategic initiatives;
- Promote multi-disciplinary and cross-sectoral collaboration and synergies between stakeholders;
- Enhance the role of SMEs in the process so they take an active part in projects focusing regional challenges and innovation.

While the Stockholm Model has been successful in helping build regional partnerships around specific and targeted ERDF-funded projects in key thematic areas, stakeholder surveys and interviews conducted as part of the Higher Project have revealed some key challenges and weaknesses with the model as an effective S3 governance structure. Firstly, there is a need to develop collaborative ERDF-project groups into strategic, long term collaborative platforms. Secondly, the Stockholm Model has not addressed stakeholder collaboration outside of the regional ERDF-project setting. Finally, there is still limited involvement of large businesses in collaborative initiatives and cluster building. These challenges, along with a lack of political leadership in promoting smart specialization in the region, have contributed to the slow adoption of S3 governance structures and an inability to conduct an entrepreneurial discovery process that can meet the ex-ante conditionality needs of the European Commission.

Despite the strong position of Stockholm in many international innovation rankings, the participation of small and medium-sized companies in collaborative initiatives is relatively low; in addition, Stockholm has a weak history of building cluster organisations. This points to the need for increasing knowledge about the incentives for cooperating amongst innovation actors and activities to stimulate the development of S3 governance structures in the region. The central challenge for Stockholm, as identified through Higher Project research, is building the necessary long-lasting strategic collaborations (i.e. platforms, partnerships or cluster organisations built around thematic areas of regional specialization) capable of supporting the development and implementation of a coherent smart specialization strategy in the region. Consequently, it has been important to examine good practices from within the Higher project partnership, and around Europe, that can contribute towards the learning and knowledge building for the Stockholm region; particularly good practices that focus on developing S3 governance structures and encouraging collaboration between innovation stakeholders through an entrepreneurial discovery process.

Higher Project Best Practices on S3 Governance Processes

From within the project partnership, the Catalonia RIS3CAT Communities (RIS3CATs) and the Slovenian Strategic Research Partnerships (SRIPs) have been identified as good best practices from which the Stockholm region can learn from in relation to developing and implementing effective S3 governance structures. Both these models are based on building cluster organizations and partnerships made up of key stakeholders around important thematic areas of regional innovation specialization.

The **RIS3CAT communities** are voluntary associations of companies and stakeholders in the Catalan R&I system that work in coincident sectors that cooperate to incorporate R&I into production activities. Their multidisciplinary profile and bottom-up focus make them core players in entrepreneurial discovery processes that lead to increasing specialisation, as they identify and generate projects related to specific topics in the leading sectors. As active stakeholders in the Catalan innovation ecosystem, these communities ensure the participation of companies and stakeholders in defining, monitoring, and evaluating the priorities for R&I programmes. RIS3CAT communities have at least eight members including stakeholders from the private sector and R&I system, such as companies, business associations, cluster organisations, universities, research centres, technology centres, foundations and institutions linked to R&I, associations and other organisations that are users of technology. The RIS3CATs have played a central role in the entrepreneurial discovery process of the Catalonia region and have been integral in the implementation of the regions smart specialization strategy.

The **Slovenia Research and Innovation Partnership (SRIP)** has successfully built partnerships of key innovation stakeholders around prioritized areas of strength in research and innovation based on an assessment of the regions (nations) relative competitive advantage. These partnerships have played a key role in the Slovenian *Entrepreneurial Discovery Process* (EDP) that has identified priority areas figuring in the SRIP (S4). In turn, the EDP has allowed for the elimination of other areas of knowledge and interest, where the critical mass was insufficient to create momentum of an international or national scale.

Both the Catalonia RIS3CAT and Slovenian SRIP best practices present potential models for Stockholm-based innovation stakeholders to learn from, particularly with regards to helping overcome the challenges that the region faces in relation to smart specialization governance and cluster formation. The following action outlines how key governance aspects of these two best practices can be integrated into the existing Stockholm model during the reminder of the programme period to help strengthen collaboration and coordination between stakeholders in the region.

Action Plan Objective

The central objective of this action plan is to develop stronger strategic S3 governance structures in the Stockholm Region during the current programme period. The existing policy instrument (the Stockholm Model) will be adapted by integrating some of the key governance features of the Catalonian RIS3CATs and Slovenian SRIP models, which were identified as best practices of effective S3 governance structures during the Higher Project learning process; including, (1) the formulation of an S3 policy platform (steering committee) to facilitate stakeholder collaboration and cluster/network creation; (2) the establishment of several strategic clusters and networks built around key thematic areas of regional innovation specialization, and 3) conducting an entrepreneurial discovery process that will form the basis for developing the Stockholm regions first smart specialization strategy. These ideas will be integrated into the existing policy instrument to help strengthen stakeholder collaboration during the remainder of the current programme period and contribute to the development of a smart specialization strategy for the region.

A central institution in the Slovenian SRIP governance model is the Slovenian Innovation Hub which acts as an overarching steering committee for Slovenian smart specialization activities, which coordinates network development and stakeholder collaboration. Inspired by Slovenian approach, the first stage in the implementation of this action plan is the development of a similar S3 governing body in the Stockholm region, whose central role will be to facilitate the process of building S3 governance networks around areas of regional specialization. The platform will be developed out of the existing Stockholm governance structures, the Innovation Stockholm (*Innovationskraft Sthlm*) Steering Group, which coordinates existing regional research and innovations activities. Like the Slovenian Innovation Hub, however, the Stockholm S3 platform's role will be expanded beyond ERDF activities to prepare and guide an entrepreneurial discovery process in the development of Stockholm's first smart specialization strategy. It will also focus on identifying potential clusters and strengthening existing networks and synergies already established during the current programming period.

The RIS3CATs and SRIP models are built around the development of clusters and partnerships of important innovation stakeholders in key thematic areas of regional smart specialization. In the second stage of implementing this action, the Stockholm region will adopt the RIS3CAT and SRIP logic by developing stakeholder collaborations (cluster organizations, platforms, or partnerships) around thematic areas of regional innovation strength. Research already conducted by the County Administrative Board of Stockholm (CAB) as part of the current policy instrument institution, Innovation Stockholm, has identified several priority research and innovation areas in the Stockholm region, including health/care, advanced manufacturing, and smart city development, building on regional strengths in sectors such as ICT, life science, cleantech, automotive, and photonics. New clusters and networks will be developed out of existing regional collaboration platforms already established around ERDF projects in key areas (e.g. ERDF-projects such as *Frontrunners*, *Matlust*, *Swelife Sthlm, Grön Bostad*). Like the SRIPs and RIS3CATs, these thematic groups will be the focal point of regional S3 entrepreneurial discovery activities,
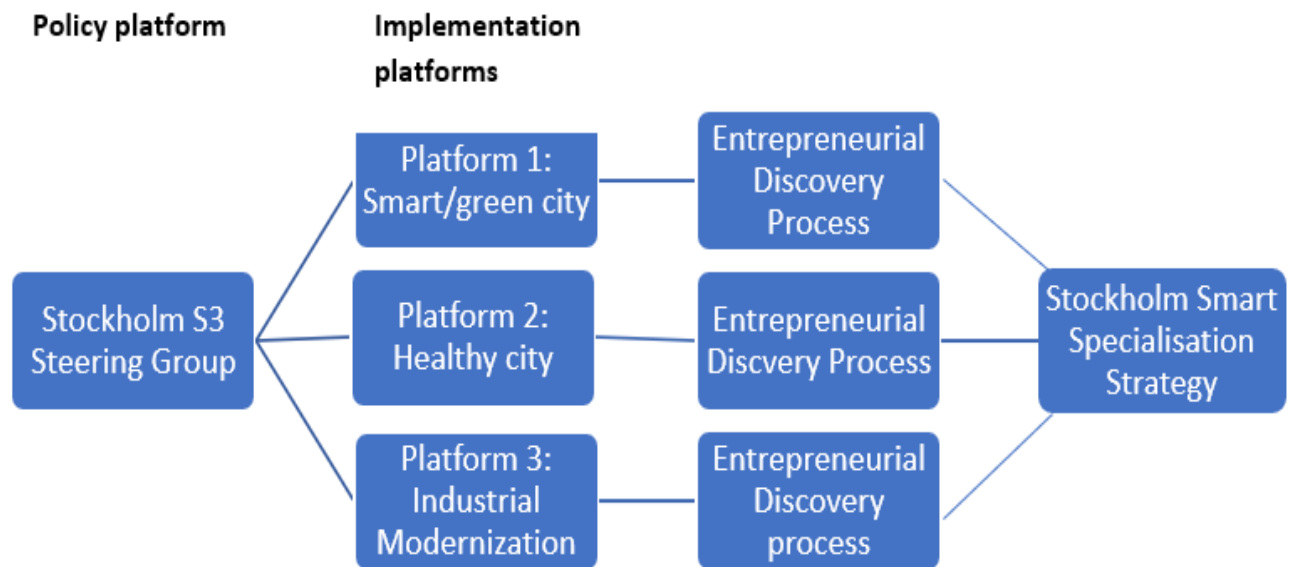
helping public authorities to identify new areas of regional innovation strength and providing a platform for stakeholders to share knowledge and establish joint collaborative projects around EU and national funding opportunities.

Building on the experience from the RIS3CAT and SRIP approach, these collaborations will be open and inclusive to a range of stakeholders and will, as far as possible, adopt a quadruple helix approach to participation, including relevant stakeholders, such as: industries/companies, business associations, universities, research centres, technology centres, foundations and institutions linked to R&I, associations and other organisations that are users of technology. These thematic collaborations are expected to take a long-term perspective and serve similar functions as the RIS3CAT and SRIP models, including:

- Facilitate learning and knowledge sharing between stakeholders;

- Promote collaboration through development of collaborative joint research projects;

- Help identify areas of regional competitive advantages;

- Develop new diverse products and services;

- Concentrate research and funding capacities;

- Promote economic growth and new job opportunities;

- Conduct an S_3 entrepreneurial discovery process for regional smart specialization strategy;

- Identify research areas for collaboration through EDP processes with key regional stakeholders.

The actions presented in this action plan aim at enhancing collaborative efforts between key stakeholders within the existing structures for S_3 development in the Stockholm. The action builds on existing policy instrument by establishing stronger and more effective S_3 governance structures in the region. This initiative is methodologically inspired by RIS3CAT and SRIPs, placing emphasis on the S_3 key component of EDP, building clusters around key thematic areas and the development of a steering committee that facilitates the network and cluster building process. The new S_3 governance structures will establish links between stakeholders that will help facilitate further research and innovation collaborations during the final year of the current programme period. Figure 1 below highlights the new S_3 governance structure for Stockholm proposed within the action plan, outlining the key institutional bodies to be established and their role and function in relation to entrepreneurial discovery process and developing a smart specialization strategy for the region. In line with the RIS3CAT and SRIP models, we hope this approach will be effective for facilitating long-term cooperation and knowledge sharing among regional stakeholders.

Figure 1: Idea for new S3 governance structure in Stockholm

Action Plan Implementation Process

The implementation of the proposed action will follow 4 key stages:

- **Stockholm S3 Platform Development Stage:** A meeting will be organised with the steering committee of the Innovation Stockholm platform to present the need for expanding its role to act as facilitator for Stockholm's S3 activities. Following the example of the Slovenian Innovation Hub, the focus of this meeting will be twofold; first, to establish which thematic areas to build new networks and clusters around and to identify stakeholders to invite into the new thematic platforms (e.g. business representatives, municipalities, universities etc..), and second, to discuss how best to conduct an entrepreneurial discovery process for the development of a regional smart specialization strategy.

- **Stakeholder Engagement Stage:** Inspired by the thematic approach to S3 cluster development outlined in the RIS3CATs and SRIPs model, a national pilot action will be launched supporting the implementation of this action that will bring together stakeholders in key thematic areas with a view to strengthen cluster organisations. This stage is expected to involve informal meeting where regional innovation stakeholders will be presented the idea to develop S3 innovation partnerships around key thematic areas of regional innovation strength. As the experience of the RIS3CATs and SRIPs show, in this early stage in the process it will be important to provide a clear vision and role for each collaborative initiative to help incentivise the participation of stakeholders, including the important contribution they can make in the development of a regional smart specialization strategy and identifying areas for potential collaboration until the end of the 2014-2020 programme period. Active participation of stakeholders is paramount and larger companies and universities should be encouraged to take a leading role from the outset.

- **Entrepreneurial Discovery Stage:** A central element of the RIS3CAT and SRIP models is conducting an entrepreneurial discovery process with key regional stakeholders. Following this logic, one workshop will be organised for each key thematic cluster (e.g. green city, smart city, industrial modernization, and the healthy city) to initiate their own entrepreneurial discovery process. Within each workshop, group members will be asked to 1) mapping areas of expertise and relative competitive advantages within their respective fields; 2) identifying new potential areas for developing innovative products and services. The main outcome of this meeting will the production of a draft strategic research identifying areas of potential collaboration for the remainder of the current programme period. This document will also form the basis the development of a first draft of the Stockholm smart specialization strategy.

- **Smart Specialization Strategy Stage:** During 2018 and 2019, several meetings of the Stockholm S3 Platform and thematic groups are expected, where participants will discuss the key points that arise from the draft strategic research agendas/road maps produced by each thematic group. The aim of these meetings will be to establish which goals should form the focus of Stockholm's first smart specialization strategy. Based on these discussions, a first draft of the strategy will be prepared.

Overview of Implementation and Monitoring Process

Timeframe

This action plan will be implemented the final two years of the current programme period (2018-2020). The following provisional time frame is suggested:

September – October 2018: Initial stakeholder identification, engagement, and mobilization meetings

November 2018 – March 2019: Thematic workshops for the entrepreneurial discovery process

March – June 2019: Writing first draft of the Stockholm smart specialization strategy

June – August 2019: Smart Specialization Strategy workshop

August- October 2019: Write final smart specialization strategy

Stakeholders Involved

The implementation of this action plan will initially be led by Region Stockholm with the support and assistance of Nordregio Research Institute. Region Stockholm will be responsible for advertising, organizing, and hosting initial meetings and workshops with key stakeholders. This will involve facilitating discussions, taking minutes, and outlining key action points in meeting reports. The active participation of key innovation stakeholders is essential if these thematic collaborations are going to become well-established and make a long-term contribution to identifying areas of smart regional innovation strength. Important stakeholders in the Stockholm region include academia (e.g. KTH, Karolinska Institute, Stockholm University et al), business (e.g. individual firms and sector-organisations for life science, medtech, cleantech, ICT, etc), research institutes (RISE), science parks (e.g. Södertälje and Kista) and public actors (e.g. Region Stockholm and municipalities.)

Region Stockholm will play an important part in the initial engagement of stakeholders and facilitating the first thematic workshops, but stakeholders from industry and academia should be encouraged to take on a leadership role and facilitate future meetings and workshops. As the RIS3CAT and SRIP models show, the active participation of universities is essential for productive discussions and policy development. Encouragingly, there does now appear to be growing enthusiasm for greater collaboration from these higher education and research institutions in the Stockholm region, given the lack of funding available for innovation activities at both the national and European levels; this enthusiasm should be cultivated given their importance to the process. Ultimately, Region Stockholm will be responsible for writing the first draft of the Stockholm smart specialization strategy, based

on the inputs of the thematic areas. The draft will then be reviewed by relevant stakeholders as part of the Stockholm Model mobilisation process.

Meeting with the stakeholders in Region Stockholm (then: Stockholm County Administrative Board) helped identify the key themes and formats for workshops (Health, care and wellbeing; Smart industry and technology, and Smart sustainable city) held at the end of November 2018. Introducing the concept of smart specialisation and the potential it holds for key actors in Stockholm was a popular theme, and between 20-30 participants took part in the workshops, which took place over three days. Involving these key actors from the relevant industry and research institutions working with the thematic fields identified has created a good starting point for establishing a solid network on the ground for furthering the implementation process of smart specialisation in Stockholm.

Costs

The main costs of implementing this action are those associated with hosting the thematic workshops and steering group meetings, including moderators, expenditure on venue and refreshments. Initially, these costs will be covered by Region Stockholm. However, private stakeholders (e.g. industries and universities) will be encouraged to take responsibility to host and cover the costs of future meetings.

Funding Source

Over time the implementation of this action is expected to be financed using both public and private funding, provided by public authorities (Region Stockholm) and private stakeholders (industry and universities etc.).

Outputs and Indicators

The implementation process of the action plan will lead to the following anticipated outcomes.

1) Broad outputs:
   a. Throughout the process we expect to see the rise of S3 cluster formations as domains are identified. For this to happen, the prioritisation logic of S3 needs to be implemented in Stockholm, demonstrating that the entrepreneurial discovery processes through collaborative partnerships modelled on SRIP and RIS3CAT are informing the public authority's innovation policies by having identified areas of regional competitive advantage.
   b. Facilitate learning and knowledge sharing between stakeholders by establishing appropriate platforms and forums amounting to the development of collaborative joint research projects.
2) Targeted outputs:
   a. The development of Stockholm's first smart specialization strategy

The potential indicators for monitoring the implementation of this action include: an increase in the number of strategic collaborations (formalised cluster organisations, platforms or partnerships) in the Stockholm Region; an increase in the number of SMEs involved in regional collaborative initiatives; number of investments in new projects; and the continued

involvement of key stakeholders in mapping out and developing the Stockholm region's key innovation strengths.

Date:_____

Signature: _____