

REGIONAL INNOVATION GOVERNANCE

A Policy Learning Platform peer review

17. – 18. October, 2023

Lahti, Finland

Final Report

1. Brief presentation of the beneficiary and its motivation to host a peer review

Päijät-Häme is a region of 205 000 inhabitants, located about 100km north of the Finnish Capital City Helsinki. The region is characterised by traditional industry as well as modern environmentally-friendly approach. The Capital City of the region, Lahti, was the European Green Capital of 2021. The host organisation, Regional Council of Päijät-Häme, is a regional authority responsible for regional development and regional strategy, regional spatial planning, and managing regional ERDF funds.

As of the beginning of 2023, the Regional Council started a two-year in-house project on Regional Smart Specialisation Innovation Ecosystem. The acute need for the project arose from the new Regional Strategy and an S3/S4 Strategy accompanying it. Our three S3 priorities are:

- Sport
- Food & Beverage
- Manufacturing

Complemented by Sustainability as a cross-cutting theme.

The regional innovation ecosystem is relatively fragmented with many actors and operational activities. Our main policy challenge is that we lack optimal governance arrangements and a coherent structure, that is, a functional ecosystem to sustain, coordinate, communicate, and “nudge” development efforts to a common direction. We would need a helicopter perspective to embrace all the S3 spearheads as well as the horizontal priorities, but most of all, the wisdom to build the mechanisms that would optimise the efforts for the best possible results. Also, we would need to build a permanent base structure, in comparison to a model that is project-driven and characterised by (ir)regularly restarting efforts with a new name.

2. Specification of the policy challenge encountered

Our main policy challenge is to design a governance arrangement based on an ecosystem approach that is long-term, inclusive, and self-sustainable. We are particularly eager to find solutions related to roles and responsibilities, communication and interaction processes, cooperation networks and methods, balancing agility

vs. stability, 360-degree RDI integration, knowledge management, governance and decision-making, and internationalisation.

To sum up, we basically know WHAT ought to be done, but we would need detailed views and recommendations as to HOW to do it. We would need to proceed, so to speak, from strategies to tactics, and we are very open for recommendations.

The specific guiding questions presented to the peers:

- How to keep things in check? Or is there even a need to do that?
- How to coordinate actions to optimise resources and outcomes:
- Role play: who does what, responsibilities
- Value chains and money flows
- Levels: organisation, city, local, region, national, EU, global
- Direction: vertical, horizontal, 3D
- Communication tools, platforms, practices
- Balance between governance structure (rigidity) and open innovation (agility): how to manage / govern processes and avoid “waste” - and still maintain bottom-up agility?
- Project-driven innovation development vs. “normal” RDI activities – is there difference or is there even an issue?
- Definition and meaning of RDI to different actors?
- Community engagement: at what level? Citizens, companies, authorities, 3rd sector... engagement takes resources, which are away from something else – what’s a good balance?
- How to engage smaller companies – “The man with the van” to bottom-up grassroots innovation processes? Or is this even needed?

3. Participants

Members of the beneficiary organisation and local stakeholders involved:

Mr. Harri Kuusela	Regional Council of Päijät-Häme	Project Manager
Mr. Pekka Komu	Lahti Region Development / City of Lahti	Business Developer / Chairman of Regional Board
Mr. Kimmo Seppänen	Lahti Region Development	Business Developer
Ms. Kaisa Vuorivirta	Lahti University Campus	Senior Adviser
Ms. Satu Rinkinen	LUT University	Researcher
Ms. Susanna Vanhamäki	LAB University of Applied Sciences	Chief Specialist, PhD
Mr. Juha Hertsi	Regional Council of Päijät-Häme	Development Director
Mr. Antti Kalliomaa	Regional Council of Päijät-Häme	Director for Public Relations and International Affairs
Ms. Riika Kivelä	Regional Council of Päijät-Häme	Development Manager
Ms. Johanna Snell	Regional Council of Päijät-Häme	Project Manager
Mr. Markku Lehikoinen	Regional Council of Päijät-Häme	Project Manager
Mr. Tarja Parviainen	Regional Council of Päijät-Häme	Municipality Coordination Manager
Ms. Maarit Virtanen	Regional Council of Päijät-Häme	Climate Specialist

Peers:

Ainhoa Arrona	Orkestra, Basque Institute of Competitiveness, Spain	Researcher
Artur Bobovnický	Slovak Innovation and Energy Agency, Slovakia	Director of Innovations
Esa Kokkonen	The Baltic Institute of Finland	Director
Juan Carlos Martínez Barrio	CEEI-Burgos, Spain	Director of Projects Development Department/Project Manager
Luc Hulsman	Northern Netherlands Alliance, The Netherlands	Program manager
Marta Martorell	i2cat Foundation, Catalonia, Spain	Director of DST Research Area - Digital Society Technologies

Interreg Europe team:

Kristaps Ročāns	Interreg Europe	Policy Officer
Thorsten Kohlisch	Policy Learning Platform	Project Manager
Arnault Morisson	Policy Learning Platform	Thematic Expert Smarter Europe
Laura Varisco	Policy Learning Platform	Thematic Expert Smarter Europe

4. Policy Recommendations

In general, the region was seen as having very good preconditions for future S3 and ecosystem development because of several characteristics:

- The region is geographically rather small allowing for low hierarchy communication and information flow
- Key players know each other and have a picture of the ecosystem
- There is an open and candid ambience for discussions
- The region has recognizable new spearhead actors that can lead the way, e.g. Kempower and LUT University

Of the good practices, especially municipal cooperation was seen as creating a good horizontal communication and thus providing ground for open discussions and trust, which are the key elements in successful ecosystem building.

However, there are also challenges, as hinted in the guiding questions by the host region. Therefore, the peers ended up with three key recommendations:

- A need to **institutionalise** innovation governance and **structure** the implementation mechanism in the region
- A need to define clearer visions and roadmaps (measurable outcomes) for the regional clusters
- The visions must be aligned with the overarching green agenda defined by the region

A short discussion on the feasibility of the recommendations follows in the Conclusions section.

5. Possible calendar of implementation

Based on the peer review recommendation, the regional project for S3 innovation ecosystem development gained very valuable insight, based on which the targeted schedule of the project went through a minor fine-tuning. In the coming months, we continue the work on defining clearer our S3 spearheads, especially the third priority

encompassing the manufacturing sector. For each spearhead, a road map for future steps is created in spring 2024. Based on the workshops and stakeholder engagement in this process, the innovation ecosystem is conceptualised and launched later in 2024, after which the level of permanent structure and facilitation mechanisms are implemented.

Alongside the ecosystem re-definition, the Regional Council has and will continue to connect the region to international networks and platforms, as planned in the S3 project plan. The peer review was one of these activities. The Regional Council has also applied for targeted support from the S3 Community of Practice, and the 6-month support period is planned to begin in March 2024.

In the coming months and next year, the Regional Council will initiate a process for updating both the regional strategy and S3 strategy. The peer review process will give a notable input to this endeavour.

6. Conclusions

In general, the peer review was extremely fruitful in many aspects. It “smuggled” together regional actors, brought fresh approach and widened the perspective of our local discussions, and provided practical and implementable recommendations. Furthermore, the regional S3 actors networked with the peers and PLP experts and are very open to continue collaboration in the future in a wide array of themes and practices.

Lahti, 13 Feb 2024