Learning
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Learning among Regions on Smart Specialisation– LARS Policy Advice

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The [LARS-project](#) is composed by five regional public authorities, one national public authority, four research institution involved in research on smart specialisation and one NGO, all working in the Baltic Sea Region[1]. The LARS-discovery process is based on regional co-creation founded on a quadruple helix network analysis. Transnational learning and a multilevel dialogue also form a central part in concluding on the findings.

1. Background and justification

The LARS-project builds on the Ostrobothnian Model of Smart Specialisation essentially a methodology for measuring quadruple-helix connectivity. The essence in the model is a gap-analysis. The model discovers gaps in cooperation between different actors in the innovation ecosystem and thereby analyses bottlenecks for innovation diffusion. These factors are assumed to foster growth through innovation. The model was constructed in 2014 as a response to the challenge confronted by the public sector of coordinating the policy towards smart specialisation in the region of Ostrobothnia. In the LARS-project the connectivity model has been used by the partners to 1) conduct up-to-date analysis of cooperation in the regional innovation ecosystems and 2) compare the innovation systems between the partner regions with the purpose to identify good practices that may be piloted in other regions.

1.1 Development and structure of the report

The policy advice in this paper builds on results and experiences gained within the LARS project through for example five learning seminars jointly held by the project consortium and the partners' own dialogues and focus groups discussions with quadruple-helix stakeholders. The policy advice also extends to the partners' previous experiences as research institutions involved in research on smart specialisation as well as the partners' experience as Managing authorities/Implementing bodies in the European cohesion policy. In compiling this report, partners' inputs have been gathered. A template was e-mailed to the partners (see annex 1) and the report draws on the answers sent in. In addition, the partners have read and commented on draft-versions of the report, and in that way verified the analysis and the content.

Annex 2 summarized the policy messages of the report in five distinct policy "pitches". At the end, the report lists the academic communication that draws on and expands the findings of the project. These publications are also referred to in the text.

The report follows the recommended structure for the preparation of smart specialisation strategies: 1) Analysis; 2) Governance; 3) Vision, 4) Priorities; 5) Policy Mix and 6) Evaluation. The report presents the key messages regarding policy advice alongside a short text explaining the rationale and results behind the message. The insights and results have provided inputs on both strategic considerations and implementing issues. Therefore, the key messages presented in this report include both all-over considerations and more specific advice when implementing policies.

2. Analysis

Key messages regarding analysis of regional context and potential for innovation:

- Build the ERDF-programs based on challenges that needs to be solved. It is highly important that these challenges are specific and constructed with high granularity, i.e. concluding on regional cases or issues. In this way, it is possible to achieve a significant influence on the regional innovation system.

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[1] . The project partners in the LARS Interreg Baltic Sea Programme project are from Finland, Poland, Latvia, Lithuania, Germany, Norway and Sweden

- The regional innovation and growth strategies need to be based on actual needs identified in the regional innovation system i.e. the strategies need to be place-based.

- A key enabling criteria for fulfilling a good governance of the national or regional smart specialisation strategy is an effective functioning of the entrepreneurial discovery process. This continuous process ought to be interactive and inclusive. The results of the LARS project further shows that it is favourable that the strategies build on a development model in order to enable a triple (and/or quadruple)-helix coordination. It is highly favourable that the strategies build upon a methodology/development model measuring the development of triple-helix cooperation and the bridging of gaps in cooperation between these actors. In the LARS-case a connectivity model has been applied. The results confirm that the methodology is a valuable tool to discover the strength of the cooperation in the innovation ecosystem. Moreover, by using the methodology over time it enables to measure the development of the cooperation as well as to analyse the impact of policy changes on the innovation ecosystem.

- The analysis is also influenced by the tools used. For instance, using the DPSIR[2] framework focus is set on outside pressures and changes in the external environment requiring changes in policies and ways of acting. In contrast, a SWOT-framework departs to a much higher degree from an empty state. The LARS results imply that the DPSIR framework may be more favourable to apply given that most regions today are confronted with a situation where they need to respond to a global challenge e.g. environmental challenges or industry 4.0, including digitalisation. This means that public sector is more and more facing the challenging of enhancing the renewal of existing business in traditional industries that are falling behind in the challenges of digitalization and global competition (see also Johnson, Dahl, Mariussen 2019).

The policy towards smart specialisation represents a novel approach to regional development in comparison with previous policies. The policy has introduced a broadening of the innovation concept to include experience-based innovation (DUI), thus complementing science and technology innovations (STI). This extension is a precondition for extending the policy towards all regions as not every region has high-class research institutions conducting science and technology innovations (STI). Still, most regions have companies acting on a competitive market. Closely linked to this extension, is the EDP concept i.e. concluding on discoveries and acting on these conclusions. The policy correctly notes that the base for regional development are innovations and policies should be developed to foster this.

In this way, smart specialisation represents a change in the perspective of the policy thinking. The regions are not justified receivers of European funding because of an economic disadvantage. Instead, the regions are contributors and partners in a Europe wide productivity growth. Moreover, it is possible that the most low-hanging fruits in productivity growth lies in the weaker regions.

Accommodating this change in perspective is the base for an ownership of the development and for formulating an authentically place-based approach. A place-based approach implies a wide triple-helix coordination. It is not unusual that regional innovation strategies, are based on a strategy of a dominant company. While this will serve to rally funding, it does not create an ownership among the other actors and stakeholders in the region.

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[2] DPSIR (Drivers, Pressures, State, Impact and Response) is a is a causal framework for describing the interactions between society and the environment. It is an extension of the pressure-state-response developed by the OECD. In the LARS-project the framework has been used to describe in the context of the innovation ecosystem and it will be used in the extension stage GRETA-project when analyzing innovations from an environmental perspective, see https://en.wikipedia.org/wiki/DPSIR

The triple- (and quadruple) helix stakeholders have a different reference and in order to engage stakeholders to contribute to the strategy, the methodology/development model used for the EDP needs to form the base of any co-creation.

This mindset change may be supported by formulating the national ERDF-programs from a bottom-up perspective. This implies that the process starts by identifying the challenges with a high-degree of granularity instead of typically starting from top-down perspective i.e. starting with budget distribution and organisational structure and last attending the problem that needs to be solved.

3. Governance

Key messages regarding ensuring participation and ownership:

- The strategies should be executed with a principle-agent model thinking, rewarding success. The structural funds investments under ERDF are linked to smart specialisation and represents a novel approach. It is likely to face resistance by conservative views on administrative roles, also by a desire to finance currents acute needs above future investments in the innovation eco-system.

- Innovation diffusion and transnational learning should be part of the governance

- The governance should include acting on the EDP-process

- Stakeholder inclusion and avoiding dominant actors should form part of the governance.

- Multi-level communication and dialogue on the changing environment: for example, by leading and coordinating the EDP, the public sector has a key role in proactively communicating changes in the external environment and what requirements and expectations these changes have on the cooperation.

- Prepare "tactics" instead of strategies. The complexity of the innovation environment implies that regional governments needs to adopt their ambitions. The outset in this adoption would be to proactively prioritize the most current needs and provide them with a strong economic rational.

Regarding the message above that the governance should include acting on the EDP-process; the LARS project delivers further insight to this process and shows that co-creation can contribute to a change in mindset. In acting on the EDP-process an important task for the public sector is to enhance the renewal of existing business in traditional industries that are falling behind in the challenges of digitalization and global competition. Interview results show that individual level sensemaking influences how company managers perceive and interpret drivers of change in the external environment (see Penttilä, Ravald, Dahl & Björk 2020). In particular, the results show that cooperation with a broad network of actors (triple helix) and the company's identity-embeddedness in the local business ecosystem influence how managers experience global competition and market trends as well as, the need to find new strategic directions and changes in their business model. Hence, in targeting current initiatives such as European Green Deal and EU's industrial policy a key task at a regional level is to create policies putting triple-helix cooperation at the very centre. Also, given findings on the idiosyncratic nature of sensemaking, it is of outmost importance that policymakers set up inclusive and interactive processes (for example focus group discussions) where managers share their mental models about conditioning forces and outcomes at a firm- and ecosystem level. In this way, there may be a gradual learning and potential for strategic among the actors in the ecosystem.

Regions work in a multi-level framework. Apart from considering the local level, coordination with the national and EU-level are of pivotal importance when formulating and executing policies. In addition to a

multi-level working region work in a multi-nodal framework. This means that, companies, particularly larger ones, maintain independent contacts with both national and EU-level authorities in their fields of business. This also applies to universities and maybe more even so to NGOs.

The high degree of complexity in the environment requires a novel thinking. The situation confronted has sometimes been described as a "wicked game". A wicked game is characterised by constantly changing objectives, hence, there are no right or wrong solutions. For instance, the 4ᵗʰ LARS-Newsletter considers the question of waste incineration (see Karita Luokkanen-Rabetino). It is not possible to say if that is a correct measure or not from an environmental perspective, as waste treating technologies is under-going constant change and the usefulness of a single measure depends on how the other actors in the waste-to-energy matrix act. This complexity also affects the governance as it is not possible to formulate and agree on a strategy as the environment is constantly changing. It does, however, underline the importance of having an on-going discovery process (EDP) in place and swiftly acting on the discoveries. The LARS-discovery process is based on regional co-creation founded on a quadruple helix network analysis. Transnational learning and a multi-level dialogue also form a central part in concluding on the findings.

A hardly surprising finding of the project is that the governance process is not free of special interests that attempts to derail the process. The derailing is in the most cases likely to be unintentional and due to several factors. Companies work in a "coopetitive" environment where they simultaneously cooperate and compete with the same actors. They may engage with the purpose of receiving an edge or financing, or a development project that is of a very narrow self-interest. SMEs on the other hand, do not tend to have the financial or human resources for long-term engagement and are thus not motivated to participate in the process.

For the public sector the "wicked game" model breaks the present planning paradigm as it implies breaking the planning hierarchy. The knowledge generating process is driven by knowledge networks rather than by the traditional planning hierarchy aiming at mitigating between different political interests. This may cause a backward-looking perspective and an unwillingness to change. However, unless accepting changes in the working context, present ways of working also risks becoming increasingly obsolete.

In ensuring participation and ownership in the EDP it is important to analyse the stakeholders and their motivation. This is necessary to avoid dominant actors to derail the process, for their own gain. This analysis is also important to identify the barriers to change. One important result of the LARS project is the development and testing of a stakeholder analysis that provides a format for proceeding with this work. This implies analysing stakeholder participation in terms of urgency, legitimacy and power.

Innovation policies are conducted in a multi-level framework, where the policies are centrally formulated but regionally executed. Tapping into the historical experiences, the problem has not been the articulation of the policies but rather the implementation in practice. The challenge in implementing policies may be due to lack of capacities and/or that special interests have been playing into the process. Funds may have been diverted into current needs instead of being used for the purpose of reinforcing innovation structures. The funds may also have been used for projects with a too low ambition in relation to the objective formulated. In dealing with the complex issues above, working in a multi-level framework may serve as development inspiration and as capacity development.

4. Vision

Key messages regarding the development of a shared vision of the region's direction:

- Separate between the policy outcome and the result (vision)

- Formulate explicitly the assumption by which the outcome will generate the result, as this will be the base for policy learning and stakeholder inclusion

- The vision needs to be built on evidence and linked to a credible roadmap

- Avoid "politically" formulated visions

Smart specialisation assumes that all regions have a potential for innovation driven growth through better exploitation of existing place-based resources and better access to missing knowledge resources and tools of governance through exploiting the diversities of macro-regional networks.

The vision for the LARS-project raises the importance of having a connected region. The project application outlines:

> "A connected region is a norm or vision where the three helices work in harmony, thereby mutually reinforcing each other. They coevolve and interact through an overlay of recursive networks and organisations which be a precondition for innovation. Triple helix actors should be connected in the search for new growth potential since better cooperation creates more opportunities for innovative interaction. Low levels of regional connectivity may also hinder the entrepreneurial discovery process. Peripheral areas might also need more connectivity, both inside and outside the region. Improvement of connectivity between regional stakeholders can contribute to the renewal of the regional economy. Connectivity between stakeholders should be measured within, as well as beyond, the regions for strategy preparation"

The project has introduced a methodology for measuring connectivity based on the difference between partner expectation and experience. When innovation partners have high expectations on each other, and the experience is that this expectation is also met, the regional innovation system is assumed to be connected.

The concept of a connected region as vision involves two considerations. First, it will never be met as the innovation environment is constantly changing, affecting the requirements on the innovation partner. Second, the concept of a "connected region" is assumed to foster regional innovation-based growth. That is, a close quality cooperation between the innovation system stakeholders will foment innovations.

The standard policy advice contains the idea that regions should have a "shared vision" but this vision is usually achieved only at such a general level that it provides no guidance on the path to the vision. Nor does it provide a statement on when the vision has been obtained. The work on a vision is rather a way to adopt a pair on "common spectacles" on a desired future, but without a credible path towards the vision it will not motivate stakeholders. A "common vision" is not something approved by a political body but rather a logic that is gradually accepted by the stakeholders. This logic serves to motivate the stakeholders as they can conclude on their own role and actions needed in obtaining a common goal.

The public sector also has a key role in creating a common view among actors on important development measures to take. In creating such a vision, it is important to have continuity in the EDP process, for example, by regularly following up actors' expectations on cooperation in the innovation ecosystem. Here three important issues arise: 1) the formulation of the strategy and development measures needs to build on a recurring methodology showing results achieved and new things to consider 2) the vision should build on a well-founded analysis of changes in the external environment, impacts of these changes on cooperation in the ecosystem and policy implications 3) there should be an active involvement of actors in this analysis.

The work on formulating a vision may be "politically derailed". A vision without underlying evidence may be justified by that it aims to inspire stakeholders to higher ambitions. We argue that it will have the opposite effect. It may also be formulated with a perspective to revitalize or support currently dominant sectors in transformation process due to that these sectors enjoy a political support. However, if this formulation lacks a credible analysis to support it, the vision becomes a form of rent-seeking.

5. Priorities

Key messages regarding identification of priorities:

- Separate the processes of determining the priorities from the financing. These processes are of course interlinked, but the currently available funds should not direct the regional choices but *vice versa*.

- Determine the priorities in a quadruple helix-dialogue with regional stakeholders. This provides the partners in a multi-level framework granularity, which is also required by the EDP-process.

- Setting the priorities should be part of multi-level dialogue where the regions "own the challenge" but do not possess the instruments to address them.

The outset for creating the Ostrobothnia model of smart specialisation was that the regional context was different compared to many large European regions. The outcome of this context analysis was a connectivity model measuring innovation gaps and, in this way, determines the priorities: the largest gaps should be addressed first. The gaps are based on a quadruple-helix dialogue and, in this way, it has been possible to single out very concrete individual measures to be undertaken. This is also the experience of the LARS-project. Partner regions have been possible to single out individual good practices for transferring between the regions. These results imply that the Ostrobothnian Model of Smart Specialization works in an international context to measure the connectivity of the innovation system. Also, the model can be a valuable approach for transnational learning which can be spread far beyond this project.

When setting priorities, it should be noted that process of triple-helix coordination generates different results in comparison with national processes. Taking the perspectives of the companies, they are usually rather good at formulating concrete projects that needs to be undertaken. Companies are even better on identifying dysfunctional legal procedures but less good on identifying research needs or cultural policies required to promote an environment for innovative development.

These findings may be brought forward in a national, multi-level innovation dialogue, with an understanding that the national and regional level forms two sides of the same coin. Without the regional involvement it is not possible to obtain a granularity of the challenge neither a feed-back on the dysfunctionality, both vital for the EDP. On the other hand, the process does not directly generate results on research needs or educational policies required for the long-term innovation development.

6. Policy mix

Key messages regarding definition of a coherent policy mix

- Complement policies on smart specialisation with transnational learning activities

- Foster flexibility in funding and smart governance

- Link H20 funding with funding for territorial cooperation

- Create dialogue platforms with the national policy making.

The question of policy mix is closely related to the setting of the priorities. The policy-mix should provide a coherent support for the priorities ensuring that there is not a fragmentation in the efforts. On the other hand,

the policy-mix should also bear in mind the challenge of the wicked-game and recognising that we most likely are in a policy junction due to the industry 4.0 development reinforced by the Covid-19 crisis.

The process on LARS has clearly revealed that learning among regions is an integral part in formulating an innovation strategy in a region. Innovation dissemination is probably among the most low-hanging fruits when developing structures. Receiving an outside perspective is useful when contemplating on how present practices may be improved. Even the shared presentation of current practices, works as a reflective process when presented to a person coming from an outside context.

The horizontal triple-helix coordination of vertically integrated companies has made it clear for the partners that the regional economies are affected by decision and changes in supply and demand conditions far away from the region. Far too often a recession leads to rivalry with neighbouring regions that have no role in the slump. This diverts the focus in the development work, when designing policies. In a global production system, the funding should be provided with a flexibility to act with regional but also international stakeholders according to needs.

The LARS-project has generated follow-up research including several articles (see Gedminaitė-Raudonė, Vilkė, Virkkala, Mariussen, Mäenpää, 2020; Gedminaitė-Raudonė & Vilkė, 2020), a master thesis (see Saarinen 2020) as well as a doctoral dissertation (see Mäenpää 2020). When it comes to interregional projects, we need to learn more on how the learning occurs from an individual cognitive process to an organisational learning and moreover to policy action. For this reason, the LARS-project will in the extension stage GRETA project, work closely together with the H20 SeeRRI project with the purpose to capitalise on outside research in the field.

It is also of central importance to coordinate the EU-policies with national efforts. The smart specialisation has broadened the innovation concept and extended the policies towards all regions. Introducing interaction and related variety as an innovation concept complements and enriches pure scientific research.

7. Evaluation

Key messages regarding policy evaluation:

- Gap-analysis forms a way of policy measure evaluation, which can be repeated

- Learning and action in information may not be evaluated quantitatively as the results may only occur in the future

- The working logic could form the base for policy evaluation

Managing authorities need to report to the Commission on the use of the funds and policies have gone through a great effort in trying to measure the work through output indicators. It is however not possible to quantify the result of a learning process of a project or a set of projects. There will always be serious concerns on primarily the validity but also the reliability of any indicator chosen. While the indicator may serve as an indication of the expected result of the project and have a signalling effect it is not a serious way of monitoring the work. Work on innovation cannot be managed by a Fordist managerial approach, learning and acting on information cannot be quantified, and the outcome may be a matter of coincidence.

The LARS-project introduces a gap-analysis measuring a perceived satisfaction regarding the cooperation in the innovation network. The analysis is quantifying an assessment of cooperation at an ordinal data scale. This implies that the data may be analysed by non-parametric statistical methods. In the simplest form of analysis,

it is possible to repeat the analysis intermittently and study if the gaps have diminished. This may be due to actions undertaken but also due to partners learning more on already existing capacities in the quadruple-helix innovation network. In the both cases it would be due to policy measures undertaken.

We noted above that it is not possible to attribute a project result to an output indicator. The nature of project works in created conditions and increases capacities which are inputs to growth. It is perfectly possible to measure how many persons have been receiving training or say the number of feasibility studies made. Hence the evaluation should be made analysing the assumption by which leads to a desired result.

This implies that the focus of the evaluation should be the logic by which the work is performed. Theories of economic growth increasingly points to endogenous growth or to an increased productivity. But which undertaken measuring logic leads to a desired result? How strong is this logic in comparison to an alternative use of the funds? Does this way of working enjoy a theoretical support in the economic discussion? The justification for this is that success in development efforts or an intervention comes with a time-lag and may be a matter of coincidence when it happens but working with the correct logic means that it will happen

8. Summary

The policy advice outlined in this report has been summarized following the recommended structure for preparing strategies for smart specialisation. The purpose of using this structure is to facilitate the benchmarking of project partner experiences with the European debate on smart specialization. This report draws on the project experience on how to methodologically link transnational learning with smart specialisation. Innovation is fostered by having different perspectives and the regions in the Baltic Sea Region area are different. The purpose of the project has been to tap into this heterogeneity by looking for good practices in one region that could enrich the policies in another region and *vice versa*. In this way, transnational learning may both exploit the different perspectives among the regions and provide a "critical mass" at the same time when regions can benefit from outside experience.

We have in the policy advice listed both operational and strategic policy advice. These can be considered the two-sides of the coin. Any strategic approach becomes void unless it can be operationalized. Correspondingly, it is not possibly to conclude on operational issue if they cannot be linked to an all-over strategy. We would argue that too little attention has been devoted to operational issues. Clearly, problems encountered in realizing policies are usually part of the tacit knowledge among implementers. They should form part of the European debate, but the regions are also competitors when receiving European funding. In this competition the regional representatives are many times facing a prisoner's dilemma situation. For policy development it would be important to have an open feed-back on successes but also lessons learned on less successful projects. However, for this to occur regions must feel trust and that it will not influence future funding.

This report is of a rather "technical" nature assuming that the reader is familiar and working with smart specialisation. The report presents the "key message" alongside a short text explaining the rationale and results behind the message. There are different categories or target groups for the advice and therefore we have supplemented this report in annex 2 with pitches of the most important findings of the project. Moreover, in the references to this paper we have listed some recent academic communication, drawing on the results of the project elaborating on the points made in this report.

The policy jargon also by the Interreg Baltic Sea program speaks on finalised output and quality criteria on that output. This with a purpose of assessing a sustainability of the results provided. In the project partner debate on what comprise a good practise we concluded that it is context bound i.e. something that is useful for the receiver. This also applies to this project output it draws on our experience and represents how we believe that policies should be influenced at this point of time. We will, however, feel free to up-date this paper as the situation changes also as we gain new experiences. The partnership is currently and the final leg or the LARS-project and will at the start of 2021 engage in the extension stage GRETA-project (**Gre**en **T**ransformation! **A**

Policy tool for Regional Smart Specialisation in the Baltic Sea Area). In this project we will include the fifth helix or balance the innovation advice including also environmental concerns. We have in the table summarised the advice.

Policy Advice Summary		
Strategic field	**Strategic Issue**	**Operational Issue**
Analysis	Build place-based strategies responding to pressures brought by economic transformation. Formulate the explicit challenges that needs to be addressed with a high degree of granularity and interfere on this in the strategic analysis. The analysis should be referred to a development model for gaining ownership	Use the DPSIR framework when analysing challenges. Make the analysis both with respect to individual and more generic challenges
Governance	Build the governance from a principal-agent framework. Prepare "tactics" instead of strategies. Tactics would imply preparing development measures without securing funding that may be used when an opportunity occur, it would be a foresight in an unsure environment. Include a format for the EDP in the governance model and how it will enable intermittent conclusion on the work	Develop a self-assessment and evaluation tool, which could be used by regional policy makers to measure their region's progress. Use the tool to conclude on an organisational level and with stakeholders based on the assessment. Include a communication of the conclusion as a part of the governance
Vision	Avoid "politically" formulated visions. Complement the vision with a roadmap towards the vision and state explicitly the assumptions on how the vision will be achieved. State what needs to be accomplished when the vision has been reached.	Challenge the assumptions made intermittently as a part of the EDP-process in the region
Priorities	The regions should separate the priorities from the financing. The priorities are set in a multi-level setting, but the regions should "own the challenge". In smart specialisation the priorities should be set against the sectors with the greatest potential for innovation. That setting should be backed by evidence. The evidence backing should also determine the number of priorities	The LARS-project has been used the dialogue rounds in the Ostrobothnian Smart specialisation model to determine the priorities. This is based on the size of the connectivity gap. While the Ostrobothnian model are not apt to all circumstances a logic for determining the logic should be worked out.
Policy mix	Foster flexibility and smart governance. There may be reasons to combine H20 with territorial cooperation and/or cohesion funding.	Involve in an intermittent but continuous quadruple-helix dialogue for co-creation. Communicate the findings in a multi-level context with the purpose of informing on the potentials of the region and the work undertaken
Evaluation	The evaluation should form part of a learning format based on a self-assessment. It is of central importance that this procedure does not get derailed by a political desire. The repetition of the EDP process built on gap-analysis forms a base for the evaluation. This as it forms a logic base for the working and a path to economic growth.	Repeat and develop the gap-analysis by making intermittent dialogue rounds. Expand this dialogue rounds to take into concerns on the environment of innovation policies

It is believed that these advices would improve the polices towards smart specialisation and innovation. It has been estimated that 80% of the growth in GDP stems from innovations. Launching the policy towards Smart specialisation we aim for an innovation based regional growth. This may happen spontaneously but in most cases the policies have a central role to play, good policies and effectively working administration have a bearing on economic growth. From the table we see factors such as underlying evidence, good governance concluding on measures, ownership and a coherent implementation of the policies.

If we state that good policies have a bearing on economic growth, the opposite is also true. If policies are not well thought the huge amounts that are currently being spent on stimulating are not necessary leading the great results, but they are leading to increased debts. To quote Keynes "In Economics you may do anything except avoiding the consequences".

Annex 1: Template used for gathering partner experiences

LARS-project conclusion of policy advice			
	What is the issue?	Why is it an issue?	How to overcome the issue?	What is gained if the issue is solved
Analysis	Place-based approach should imply granularity not copy-paste solutions.	Centralized innovation governance challenges remain vaguely formulated	The policy implanting bodies should "own" the the problem	Ownership of development
		Analysis is made in a *tabula raza* not considering the outside world problem of finding the level	Co-creation instruments should be adapted to needs (DPSIR vs SWOT)	Change in mindset towards understanding common contexts and challenges
Governance	There is no political leadership towards green transformation	It is needed for obvious environmental reasons but there is a "tragedy of the commons"	Build on a Principal-Agent framework in the governance of the SF	Disappearing or reducing in moral hazard
	Governance is confronted with "wicked-game" situation	Leads to low motivation and cynicism when new strategies always are made but newer implemented	Separating the decision-making and strategic processes. Stakeholder analysis in making strategies	Increased motivation stemming from an understanding of the context
Vision	Shared vision is obtained on a general level but not on how to obtain it	Formally a common vision in practice not	Replace "strategies" with "tactics" and learning on outcome. Guiding the tactics is "common spectacles" stemming from understanding of the common challenges	Less wasted efforts in regional development motivation trust
Priorities	Formulated priorities are too general, too many and follow established strong sectors Incentives	The understanding of the role of the policies becomes elusive. Not clear on how the implementation of the priorities work	Choosing of priorities should have more methodological requirements	Greater understanding on the role of the regions in the implementation of the policy
Policy Mix	There is fragmentation in the policy efforts	Available resources are not used in an optimal way	Smart governance, combing of funding towards solving identified issues	We will have a functional strategy, not only general goals
	Regions have different challenges and are more or less connected	The strategies presented tends to be very similar. In well-developed regions the challenges are larger Normally support of institution not knowledge networks	Recognizing the diversity in the regional challenges. Encourage search of true challenges Smart governance what is not smart specialization	Ownership and motivation when there is not a disparity between plans and actions
Evaluation	"Fordist" mentality in regional development. Strategies implies a logic frame explaining to the financer the logic by which the activities leads to desired results	If a clear model is not applied there are problems both in reliability and validity of any chosen indicator	Evaluation that implies a logic frame for explaining to the financer the logic by which the activities lead to desired results	Motivation due to understanding on the context in which we are working

Annex 2: Policy pitches drawing on the project experience

- The Entrepreneurial Discovery Process is the legitimacy of smart specialisation. We need to conclude on discoveries and furthermore turn these discoveries into actions.

- The most low-having fruits to policy development and economic growth lies probably in transnational learning and in innovation diffusion. Co-creation with quadruple helix stakeholders will contribute to a change in mindset and a new visibility.

- Stakeholder inclusion is pivotal but analyse the stakeholder motivation to avoid that dominant stakeholders will derail the learning process and the strategic actions.

- Prepare "tactics" instead of strategies. The innovation eco-systems are too complex to put the hands around. Region particularly small ones are faced with a "wicked game", the results of global competition are impossible to foresee. This requires proactivity in preparing rapid quality responses to changes in the environment.

- Policy outcome, at a certain time may be matter of co-incidence. However, work with a correct vision will produce results. Hence the evaluation will be a matter of the logics followed in the work.

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