PP 10 Assocation of Local
Authorities of Ida-Viru County

Project Synthesis Report

Smart Blue Regions project

WP3 "Incorporating new blue growth policy measures into RIS 3 implementation

GoA 3.3: Functional review of selection, adaptation and uptake of new policy measures supporting Blue Growth.

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Content

Introduction

Blue growth is a relatively new concept that supports sustainable economic growth in sectors, which make use of marine space and/or resources. The purpose of the blue growth initiative is to harness the untapped potential of Europe's oceans, seas and coasts for jobs and growth[1]. The potential of the blue growth grabbed the attention of European Commission after the previous economic crisis[2] in the course of finding novel and innovative approaches for the growth of marine-industry and harnessing new technologies for steering the EU out of the crisis. The individual sectors of the blue economy are independent, but rely on common skills and shared infrastructure – such as ports and electricity distribution networks. This means that it is relevant to treat these sectors together. Whereas European, national and regional policies has targeted traditional maritime activities such as shipping and fishery for decades, there is still only a limited base of experience of proven policy measures when it comes to blue biotechnology/blue life science, maritime surveillance/technology or new propulsion technologies based on marine energy resources. Even on the European level, there is no RIS3 specific guidance for blue topics.[3] Therefore, the challenge in the current project was to seek for good examples and initiate mutual learning.

One of the stages of the Smart Blue Region project is the selection, adaptation and uptake of new policy measures as well as implementing other activities supporting Blue Growth. A separate work package has been dedicated to tackle these tasks. The broad purpose of the GoA 3.3. is defined as the involvement of the blue growth potential in territorial development strategies and development of the best feasible policy mix for blue growth smart specialisation. As the participating regions differ significantly in terms of population, size, macroeconomic conditions, governance structure as well as the previous experience and capacity to implement RIS3, the specific outputs of the project are also defined as region-dependent. In Schleswig-Holstein, Pomorskie and Skåne, the focus is on improvement and optimizing their own set of implementation measures of existing RIS3 by integrating good practices from other regions and/or sectors. In Southwest Finland, the aim was to develop the internal plan for "Blue Growth" RIS3 implementation in the area. In participating regions from Latvia, and Estonia the blue growth development plans are also missing so far. In the course of the project, Riga Planning Region will elaborate its own Blue Growth thematic development plan with specific measures or activities to be implemented.

The process of GoA 3.3. involved several steps. The process is described and summarized in the current report and will hopefully serve as a learning material within and beyond the project.

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[1] http://eur-lex.europa.eu/legal-content/ET/TXT/HTML/?uri=CELEX:52012DC0494&from=EN

[2] Ibid.

[3] There is however a JRC Technical Report on Blue Growth and Smart Specialisation: How to catch maritime growth through 'Value Nets', S3 Policy Brief Series, No. 17/2016.

At first, participating regions delivered a qualitative analysis of the current RIS3 implementation setting with an aim to give a short description of the most important features of the regional situation – what is well at the moment, what is not and what are the most important barriers hindering strategy implementation. The results are summarized in the first chapter of the compendium. As a second stage, participating regions defined the target for the strategy change – what strategic change they are targeting in the following process and what strategic document(s) is/are needed to be changed for that. The next stage involved bilateral discussions between participating regions with an aim to better understand the details of the best practice measures. This was followed by specifying the measures to be incorporated for achieving the previously defined targets – based on the first selection of the best practice measures and input from the bilateral discussions, partner regions selected the measures to be adapted and implemented. Then, the process of implementing the proposed updates in the strategy was analysed for identifying the necessary endorsement procedures and considering what is the multilevel implementation scheme and engagement strategy. This was followed by the adaption of the identified measures, with special focus on legal perspectives and operational perspectives. The next task involved securing a common endorsement of the proposed measures/updates to the RIS3 strategy. This included close cooperation with the potential implementation bodies or "owners" of the measures. Participating regions have audited the process and a summary is presented in the second chapter of the current compendium. Since the activities finally implemented were rather diverse, the second chapter first provides a descriptive overview for each of the region and then describes main conclusions.

1. Review of Regional Strategy Analysis

The purpose of this exercise was to provide qualitative insights into the RIS3 strategy development and implementation process in participating regions. The mapping presented qualitative aspects of strategy leadership, stakeholder engagement as well as the weaknesses of the current strategy and main lessons learned.

1.1. The need for a strategy

RIS3 strategies are developed to support economic fields with specific regional strengths and a potential for future innovations. None of the regions has an explicitly "blue" RIS3, but a dedicated specialisation field for "blue" economy has been developed in some regions (e.g. "maritime industry" in Schleswig-Holstein and PSS1 in Pomorskie). However, it is more common that blue aspects are covered in the existing RIS3 under broad focus areas. Hence, Blue Growth is more seen as a cross-sectional domain. For example, **Schleswig-Holstein** reported that most Blue Growth fields relevant for the region are covered by the five specialisation fields (except port technologies as well as cruise and other coastal tourism, which are not covered).

Four regions out of six admitted that the main motivation in developing RIS3 was to be line with EU requirements to **receive and allocate financial support for innovation projects in the context of ERDF**. In two regions, **Skåne** and **Southwest Finland** ERDF funds are of little importance and the RIS3 serves other purposes (e.g. alignment of bodies working in R&D and including more people in innovation).

Next to that, **streamlining the support structure for innovation** (no wrong door in) was stressed by region **Skåne** as a key area and a vital part of the continuing work on an action plan. The innovation system needs to be more strategic and long term, with less focus on projects and temporary activities.

Developing international cooperation was also mentioned as a key factor in most of the regions in development of RIS3.

It has to be kept in mind that the participating regions differ in terms of governance structure. For instance, **Schleswig-Holstein** has stressed that in Germany it is not desirable and possible for administration/politics to interfere too much with the development of the regional economy. If blue growth actors decide not to use the given possibilities, the administration cannot interfere. Strategies and funding policies can open doors and push certain actors, but not force anyone.

The main guiding document in **Southwest Finland** is the "Partnership Strategy" (*Kumppanuusstrategia*), highlighting the aim to bring actors together to develop the region in joint collaboration. The Regional Development Strategy for Southwest Finland sets the direction for the region towards the year 2035 +, and the Regional Programme 2018-2021 indicates the measures to be taken to reach these goals. The content and the aims of the smart specialisation are directly led from the Regional Strategy, but there is no separate RIS3 action/implementation plan.

Pomorskie Region does not have a separate RIS3 document, the RIS3 policy is anchored in Pomorskie Regional Development Strategy (PRDS) with accompanying regional strategic programme on economic development "Pomorskie Creativity Port" (one of six strategic programmes).

Regional RIS3 exists in neither **Ida-Viru** nor **Riga Planning Region** – national level RIS3 have been initiated. However, For Ida-Viru making use of the RIS3 concept is a way forward to find alternatives and new ways to an economy that today depends too much on oil shale mining, oil extracting, energy production and other heavy industries. For **Riga Planning Region** the Thematic Development Plan on Blue Growth was developed from January-October 2018 within the framework of the current Smart Blue Regions project. It is envisaged that it will select

priority blue growth development areas of the region, map the stakeholders, funding sources, cooperation platforms, etc.

Many of the regions are currently **in the course of updating the existing RIS3** (Schleswig-Holstein, Pomorskie, Skåne, Latvia, Estonia) that can be seen as a good opportunity for inserting measure supporting blue growth sectors' development to the existing strategies or at least draw some attention to this concept in the strategy document. In Southwest Finland the update was already implemented in December 2017. **Some regions are already planning to introduce focus areas dedicated explicitly to Blue Growth**, indicating the importance of the blue economy in the region.

1.2. Stakeholder engagement and governance.

The common challenge for the participating regions has been to get the industry partners involved and engaged in the RIS3 development processes and achieve better coordination between the actors of the RIS3 system. There still seems to be a considerable gap in the legitimacy of RIS3. Stakeholder engagement and the governance of the strategy have been among the major issues for RIS3.

Designing the implementation scheme

Typically, the RIS3 process is embedded in the work with the regional development strategies and regional policymaking in the partner regions. Therefore, there is **no separate governance structure dedicated to RIS3 in any of the partner regions**.

In the typical structure for the RIS3 governance, the regional government is the RIS3 process leader that provides political direction and ensures the management of RIS3. This is however not the case for Ida-Viru and Riga PR where the national level is in charge of the RIS3 as a whole, i.e. there are no regional RIS3. In the other regions, the regional administration provides political direction and ensures the management of RIS3 by running a steering team as well as a more technical secretariat. The connection with the key stakeholder is managed by a forum and/or a council, or by partnership agreements, allowing the stakeholders to give input on a regular and structured basis and find ways to collaboration.

Different approaches to steering and developing the RIS3 have been applied in participating regions. For instance, in the case of **Schleswig-Holstein** the responsible Ministry engaged a German consulting company Prognos who elaborated the strategy in cooperation with the Centre for Regional and Innovation Economics at the University of Bremen. The RIS3 in Schleswig-Holstein does not have its own implementation scheme or financial framework. The RIS3, like all other strategies, is implemented through the general funding policy (OP ERDF and other national or regional funding programmes). The OP ERDF Schleswig-Holstein consists of

several measures to support e.g. clusters, competence centres, seed and start-up funds, environmental innovations or company's innovation. A three levels governance structure was realised:

1. The Innovation and Technology Forum Schleswig-Holstein takes place once or twice a year and is open for all stakeholders of the innovation process in Schleswig-Holstein.
2. The steering group of the Innovation and Technology Forum is a small board consisting of one representative of each group of stakeholders (universities, research institutes, chambers, unions, environmental agencies and involved ministries).
3. Additionally, the involved ministries are part of the interministerial working group to exchange and match their positions.

In **Estonia**, the Ministry of Economic Affairs and Communications (MEAC) and the Ministry of Education and Research (MEAR) are responsible for the RIS3 design and implementation process. The government established a separate foundation – Estonian Development Fund – for designing and managing the national smart specialisation strategy. However, this governing structure has not been seen as an effective one and after the closure of the Development Fund in 2016, the responsibility for steering the RIS3 process is lying again at the Ministry of Economic Affairs and Communications.

Although as the RIS3 is defined on the national level in Latvia, for **Riga Planning Region** the RIS3 is incorporated in the management, implementation and monitoring system of Riga PRs development strategy/programme. For Riga PR, the economically predominant region in Latvia, the national RIS3 matches quite well the regional conditions.

In **Region Skåne**, the regional authority is in charge of steering and developing the RIS3. A multi-level approach has been designed for the governance of the Skåne Innovation Strategy:

- The Research and Innovation Council in Skåne (FIRS) includes top leaders of the universities, regional political actors, municipalities, regional authorities, as well as businesses and industry
- Soundingboard 2.0 has a similar role, forum for discussing and coordinating innovation support players; composed of people at a more operational level; representation of enterprises is larger. Prior to initiating implementation, all relevant players in the Skåne's innovation and entrepreneurship system are invited to discuss how an increased participation and a more visible cooperation could lead to creation of more growth and more jobs in the region.

The regional actors jointly prepared the implementation scheme of the Regional Strategy in **Southwest Finland.** The regional council acts as a coordinator for this process and is working in close cooperation with central government authorities, central cities, other municipalities and universities, associations and other parties involved in regional development. The Regional Programme (regional implementation plan) defines also the smart specialisation priorities. It means that the RIS3 is included as a part of the Regional Programme.

In **Pomorskie** the regional authority initiated the process of identification of priority areas in 2011 with including the smart specialisation principles in the regional strategy. The department of Economic Development of the Marshal Office of the Pomorskie Voivodeship developed the implementation scheme. A detailed description of the engagement procedure is described in the next section of this report.

Among the partner regions, **we do not have an example where the main initiative in the strategy development process has come from the private sector or PPP.**

Tools and methods for engagement and raising awareness among stakeholders

The theoretical approach requests entrepreneurial discovery with wide stakeholder involvement. However, this is often a big challenge in practice. Questions as "What is in it for us?" and fears like "They may steal our ideas" are common among company players. In participating regions, engagement is mostly secured by combining meetings with the most active stakeholders and surveys among the wider audience. However, some regional differences emerged.

Southwest Finland has a long history of co-evolution between universities and maritime industry, both sides relying on one another's successes and achievements. Industry and academia are connected through regional labour markets and institutional agreements and supported through increasing mobility of experts. The joint preparation process achieves key actors' awareness throughout the strategy work and preparation. Among other channels, the regional council is carrying out an annual survey to collect feedback on the success factors from the key actors. Besides this, websites and other formal channels (like events, workshops and social media channels) are used.

Similarly, Sweden and the region **Skåne** has traditionally experienced close cooperation between certain parts of industry and the academic world, especially in the pharmaceutical and automotive industries as well as in the ICT sector. However, the engagement of SMEs into public sector networks is still lacking and innovative tools and methods for fostering cooperation between the public sector and medium and small companies are needed.

A well-elaborated approach was used in **Schleswig-Holstein** for stakeholder engagement. As requested by the EU, the involved consultancy-company Prognos used several forms of

stakeholder integration to develop the strategy: internal consultations in the regional administration, expert interviews, workshops, online consultation and interministerial coordination before finally the cabinet of ministers decided to accept the strategy. Involved stakeholders included representatives from different ministries, enterprises, clusters, chambers of commerce, universities, start-up centres and non-university research centres. Prognos and the ministry decided who should be interviewed and who should be invited for participating in the workshops. All participants of the several workshops were later asked to participate in the online consultation. However, despite this significant effort, the RIS3 is still not very well known among enterprises and actors in Schleswig-Holstein.

Pomorskie adopted a unique bottom-up (partnership) process of defining smart specializations. The process started with inviting partners (via official media outlets, social media and mailing procedure) that identify themselves within the focus areas to present initial proposals of smart specializations and actions aimed at strengthening their R&D potential and improving the region's competitive position in the call for proposals. The competition-based mode launched a very active, entrepreneurial discovery process engaging the cooperation of various partners from the region, representing business, science, business support institutions and non-governmental organizations. Afterwards, the concepts were reviewed and analysed by the experts. The process involved more than 400 entities, the most numerous group of which comprised enterprises (around 300 companies), schools and higher education institutions, business support institutions, municipalities and associations of municipalities, and numerous non-governmental institutions. The four agreements on Pomorskie Smart Specializations (PSS) (one agreement per each PSS) between the partnerships of PSS and the Marshal were signed in January 2016 for a period no longer than three years, with an option to further extend their period of validity. Each PSS is represented by a Board consisting of 10 representatives of the partnership (6 from business, four from R&D and intermediary bodies). The power of the Board includes, among others, requesting a revision of the agreement upon the initiative of the partnership, including the submission of the application for inclusion horizontal initiatives that have to be agreed with the Marshal. However, the commentators from Pomorskie admit that academia and industry are distinctly different worlds with different rules, linked into widely different knowledge networks and the governance system is still suffering from weak coordination between players as industrial actors, cluster organisations and academia, as well by weak links between regional and national policy makers which means that regional interests in terms of regional development priorities are not always acknowledged by the national government.

In **Riga Planning Region,** awareness and involvement schemes of the target group will be yet defined during the process of developing the Thematic Plan on Blue Growth. The main approach will be ensuring involvement of stakeholders at various stages of the development of the Thematic Plan – workshops, discussions, and exchanges.

Similar tools were used for stakeholder engagement in **Estonia** where the smart specialisation strategy is implemented on the national level. The process involved a survey-based feedback collection from the industry partners, followed by thematic focus group discussions. However, on the latter stages, industry partners were not very much involved in the selection of the focus areas and developing support measures, which had an impact on their commitment to the strategy.

Despite different approaches and communication tools, the collaboration between industry players and public sector in the partner regions is relatively modest. Better connections exist between bigger companies and academia, but there is much less interaction between SMEs and the public sector. Personal networking has been seen as the best tool for firm engagement, but strong reputation and trust is required. Recommendation from the fellow entrepreneur is seen as another effective tool for engagement. Hence, the role of clusters has been strongly emphasized as they can provide information sharing and empowerment of certain target groups. The challenge seems to keep the stakeholders engaged – without offering new activities the interest might cool down. Eastern-European countries generally have fewer traditions of networking between different sectors.

1.3. Key issues in developing the budget

The RIS3 **Schleswig-Holstein** does not have its own implementation scheme or financial framework as it is implemented through the general funding policy (OP ERDF and other national or regional funding programmes). Separate source of funding for an operational management of the PSS is neither dedicated in **Pomorskie** as by mid-2018 there were no specific funds available. The main financial mechanism enabling implementation of actions falling under the PSSs is the regional operational program of Pomorskie, and – to some extent the National Operational Programme 'Smart Grow'. For academia and universities there is also National Operational Programme 'Knowledge, Education, Development' that has importance. In each of them, smart specializations are prioritized however in none of them specific funding for 'blue sectors initiatives' has been allocated. However, some funding is targeted in the near future.

There was no earmarked funding to implement the strategy neither in **Southwest Finland** at the beginning of the SBR project. However, smart specialisation priorities that are included in the regional programme are taken into account by the authorities granting the regional ERDF and ESF funding. There is an ERDF funding call open right now that is specifically targeted to our RIS3 priorities. It should be noted however, that the regional funding from these sources is relatively minor – some 1.8 million euros of ERDF and 2.3 million of ESF funding per year. In **Riga Planning** region the financial framework of the Thematic Plan on Blue Growth will be EU funding, predominantly. It is expected that Blue Growth as a cross-cutting theme could be

included in the mainstream EU funding programmes in the next EU funding programming period beyond 2020 – in funding programmes specifically designed for development of coastal municipalities.

1.4. Assessment of the results

Impact assessment of the existing measures and strategies is a challenge for all the partner regions. Robust evidence on the results of the RIS3 is often lacking. This is mostly because of the very complex structure of the national innovation systems, which often makes causation analysis almost impossible. However, evaluations are still implemented. In this regard, **Pomorskie** region serves as a good practice case as just recently a comprehensive, albeit qualitative, performance analysis has been implemented. This positively highlights the selection process of focus areas. The external evaluation confirmed that research directions adopted in the Agreements remain consistent with current market trends and continue to be reflected in horizontal projects agreed in the Agreement. In addition, the PSS1 has amassed great scientific potential – a strong foundation to implement R&D projects. As for the negative side, low interest from investors to invest in the highly complex projects of the sector has been noticed as well as a low self-organization capacity of councils and partnerships [4].

In **Schleswig-Holstein** the official mid-term evaluation of the RIS3 is under preparation, but has not yet started. Hence, there are no robust results concerning effects on regional investment and jobs so far. However, during 2018, a comprehensive evaluation of the RIS3 in terms of blue growth has been carried out in the framework of the Smart Blue Regions project (published as a separate report "Monitoring and Review System for Evaluating, Monitoring and Benchmarking Blue Growth"). A comprehensive evaluation is so far missing in **Ida-Viru** and **Riga Planning region**.

It was highlighted by the commentators from **Southwest Finland** that the measures of the regional program vary with their impact and effectiveness. Sometimes the measures can be even dependent on individual active persons or organisations. Based on the survey results among stakeholders the partnership method and the benefits of working together have been acknowledged and understood. The lack of proper project funding makes it sometimes difficult to initiate new experiments or innovations. However, most of the measures listed in the programme have progressed well. Today, the employment situation in the region is improving and the investments have increased significantly. However, it is not possible to distinguish if this is due to the regional strategy or other economic drivers.

In **Skåne** the RIS3 innovation strategy and cluster policy are evaluated on a regular basis. These evaluations are initiated by Region Skåne and executed by external consultants. Evaluations

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[4] Deloitte report on Pomorskie Smart Specialisation (2017)

are mainly qualitative with a functional analysis of the innovation system. The latest evaluation from 2016 found that Region Skåne´s systemic leadership has increased and broadened to other organisations, as well as new views and methods of innovation. However, the focus areas of the RIS3 are not clear when it comes to implementation and concrete actions.

1.5. Weaknesses and lessons learned

Some common challenges and lessons learned emerged from partner region reviews. **Lack of focus in priority area selection could lead to** too excessive spreading of resources with reduced support for the activities with the greatest socioeconomic return. The selection of focus areas should be strongly **based on regional strengths and capabilities**, not on whether the economic area is novel and has a fancy name. Significant **changes in the administration of the strategy** could hinder the effectiveness of RIS3 measures. The effectiveness of measures is dependent on individual active persons or organisations and are not always systematically governed.

Partner regions noted that similar measures are implemented elsewhere and a relatively small number of completely new measures were identified that were different from what they have already set in place. The entire setting mostly determines whether the measure is effective or not.

Schleswig-Holstein

- No significant problems in general, portfolio of measures is comprehensive, no major changes seem necessary.
- Only after selecting priority areas it was realised that those fields not covered by the RIS3 are now excluded from ERDF innovation funding. These strict consequences were not anticipated/not foreseen.
- From today's point of view, it seems necessary to think about changing or adding some areas (like creative industry or tourism). In addition, the description of the specialisation fields could be updated (e.g. digitalisation has a wider scope meanwhile)
- Funds are left over in some priorities, while in other priorities interesting projects had to be rejected due to the lack of finance. More finances are directed into innovation funding in the future.
- A need for a measure to build-up structures to support start-ups (like accelerators) is planned within the priority "innovation".
- The region learnt from other Smart Blue Regions partners, that a more strategical, visionary part concerning specialisation fields is missing.

Region Skåne

- Despite being one of the most innovative regions in Europe, it has been a challenge to create value from its substantial innovation assets. The strong performance is not in par with employment generation and growth. There is also limited inflow of ex-pats and foreign researchers, weak entrepreneurship and a low number of R&D intensive firms.
- The innovation system also needs to be more strategic and long term, with less focus on projects and temporary activities.
- There are now more arenas for cooperation, but models for cooperation are still lacking (in and outside the region). Weak collaboration between SME and academy. Still need of better coordination between the actors in the supporting system.
- One of the big challenges is monitoring and data for evaluation.
- Cluster/intermediaries should converge to create internationally competitive (open) innovation arenas; they should thus be more linked to the global markets.
- Need for new financing model for cluster/intermediaries providing more long-term perspective and planning horizon, as well putting pressure towards collaboration between intermediaries.

Pomorskie

- Some important companies do not make use of the RIS3 measures including involvement in the partnership or applying for funding.
- The Council, which operates on a strategic level, is lacking a dedicated support to operational management. It is basically working on voluntary basis.
- The absence of brilliant ideas and an effective mechanisms to transfer technology from universities to business.
- When it comes to the 'blue' PSS1, one observes the shortage of its implementation/performance. This could be explained with the highest complexity of projects implemented for the maritime industry, their high cost and involvement of innovative technologies, as well as the absence of strong technical and organizational infrastructure to stimulate PSS activity.
- Regarding the performance evaluation – it is beneficial to start the evaluation process quite early (for instance: 2 years after selection of focus areas) to see the positive and negative results immediately and be able to interfere adequately and steer the process accordingly.

Ida-Viru region

- RIS3 not very well operationalised, lack of knowledge in the public sector.
- Selection of focus areas does not take into account labour requirements and regional disparities.

- Focus areas should not be too specific, otherwise support will be received by a small number of companies (that is a threat in smaller regions).
- Commitment of industry partners was not ensured.

Southwest Finland

- The effectiveness of the measures depends on the individual active persons or organisations.
- Despite that, visible results even without external funding by focusing on joint actions and stakeholder engagement

Riga Planning region

- Measures should be designed considering the available resources, size of the region and its strengths within the broader international context.
- Successful implementation of Blue Growth measures and smart specialization in coastal territories requires external funding for joint actions, for example, cluster initiatives and stakeholder engagement.
- Innovation process and Blue Growth and smart specialization needs intensive involvement of wide range of stakeholders, therefore awareness of Blue Growth should be raised amongst policy makers at all levels – local, regional and national.
- Dialogue among businesses and environmental policy makers is important for taking into the account environmental policies and restrictions.

2. The process of advancing blue growth

2.1. Target for adaptation of existing strategies and uptake of new policy measures supporting Blue Growth

The initial objective for this group of activities of the SBR project was twofold. In three participating regions (Schleswig-Holstein, Southwest Finland, Pomorskie and Skåne), the focus was on the improvement and optimization of their set of implementation measures by integrating good practices from other regions and/or sectors. In the second group of regions – Latvia and Estonia – the blue growth development plans were missing at the beginning of the project and hence the purpose was identifying the possibilities to implement new blue growth policy measures with updating and supporting ongoing strategies, based on the transnational exchange of experience and good practice. However, due to the distinct administrative and regional policy setting, the possibilities of steering the implementation of the individual measures and activities will also vary and region-specific properties should be considered.

After timely considerations, the participating regions defined the target as follows:

- In **Schleswig-Holstein** the aim was to collect several ideas acquired during SBR and hand them over to the organisation which will be in charge of evaluating and updating the RIS3. Hence, instead of adding new general measures to the OP ERDF, the aim was to improve the existing RIS3 in blue growth perspective.
- **Southwest Finland** aimed to analyse the measures of the Regional Development Plan and identify a clear set of measures specifically for Blue Growth implementation. Subsequently, develop them further and detail some activities to create an internal plan for Blue Growth RIS3 implementation in the area.
- In **Skåne**, the aim was to collect practical lessons learned from SBR project and link these lessons to the RIS3 of Skåne (which is not blue, but there is a separate action plan for the maritime sector since 2015) as well as provide regional input to improve the implementation of the Skåne RIS3 in general. Special focus was set on improving the competence of the blue sector and making the sector more visible for attracting the youth.
- In **Pomorskie**, the aim was to assist Pomorskie region authority in the evaluation of 'blue' PSS by providing ideas/inspirations collected in the SBR project.
- For **Riga Planning Region**, the aim was to define the strategy for blue growth smart specialization – the Maritime and Coastal Smart Specialization Strategy for Riga Planning Region. This involved discussions and agreements with the key stakeholders on 3-5 key specialization areas, activating business and research community, as well as identifying possible funding sources for funding blue growth smart specialization measures. In a longer perspective, advocating on the national level for allocating funding for smart specialization in blue growth in Riga Planning Region was also aimed.
- In **Ida-Viru region**, the aim was to share the ideas of potential measures to be applied with the key regional stakeholders (regional enterprises, Ida-Viru Enterprise Centre, Tourism Cluster and others) and incorporate the knowledge acquired in the SBR project into the "Regional Development Strategy 2019-2030" of Ida-Viru. The general target is to diversify the economic structure of the region and increase the share of high value-added sectors. However, the substantial administrative reform in the course of the project had an impact on the initial aim.

2.2. Selection of measures and activities advancing blue growth

The process for selection of policy measures and activities to be incorporated in the regional strategies involved several steps such as partner meetings and bilateral discussions between partners. Based on the previously defined aim of the work package, the selection of the measures or activities to be adapted or taken over was rather diverse.

The focus in **Pomorskie** was set to implementation of dedicated strategic project to support PSS boards – animated activities. This project can be regarded as adaptation of the Schleswig-Holstein type cluster management – considering the PSS partnerships and the boards as cluster around given PSS. The main branches of activities involved:

- promoting entrepreneurial discovery process (stimulating and animating cooperation between partners and regional stakeholders, better accordance with market needs etc.);
- internationalisation of Pomorskie Smart Specialisations.

Since there are no blue measures *per se* and those are not foreseen to be introduced in **Schleswig-Holstein**, the focus of activities was set on monitoring the existing RIS3 in terms of blue growth and proposing more general recommendations on how to better support blue growth and improve the RIS3 process in Schleswig-Holstein, which would indirectly affect all specialisation fields including the blue economy. It was found that the best practice measures presented by the Smart Blue Regions partners are mostly already there in the existing operational programme and completely new measures were not detected. The proposed recommendations are related to four central issues:

1. Adopting the obligatory part of the RIS3.

    - It is of utmost importance to carefully choose the specialisation fields and smart specialisation topics. Tourism was suggested to be included as a new specialisation field, considering the regional economic structure and the potential.
    - Similar to Pomorskie, it was found that internationalisation has to be more pronounced in the existing RIS3. The term "internationalisation" does not appear in the RIS3 SH so far. The use of comparative advantages in cross-border value chains and international cooperation in research and development are important requisites for blue growth and future economic prosperity in general. The term "internationalisation" should be used and filled with content.

2. Using RIS3 as a strategic tool for innovation policy.

    - It was found that the current version of the RIS3 is rather descriptive than strategic, consisting of long lists of specialisation fields, technologies and important players. The current approach provides a good picture of the situation, but does not contribute to a strategic orientation. Hence, it was recommended elaborating the strategic aims and visions for each specialisation field as well as cross-cutting theme. In this process, it seems to be smart to make use of the six existing cluster managements, which are well known and

respected by the community. In other words, to make the RIS3 shaped by the actors themselves.

- It was also concluded that the terms "blue economy" and/or "blue growth" should be added to the updated RIS3, but rather in a broader meaning that includes also more traditional blue sectors, not only those five defined by the European Commission[5].

3. Strengthening the acceptance of the RIS3 SH

- For increasing the general acceptance and awareness of the RIS3, the aspect of reader-friendliness should also be taken into account – complex language should be avoided.

4. Harmonizing RIS3 and OP ERDF

- The analysis of the measures with regard to blue growth has revealed that clusters and competence centres are well suited to foster blue growth. However, as in most of the regions, the long-term financial support for these elements of ERDF funded measures is not secured. Although, being beyond the RIS3 document, finding a long-term solution to keep those institutions alive was one of the messages delivered.

After examining the measures of partner regions and considering the existing RIS3 setting, no additional measures were aimed to implement in **Skåne**, but rather some activities to enhance – stronger link to innovation priority fields, stronger focus on interregional collaboration and cross-sectional interaction, longer financial horizon and stronger focus on the collaboration between cluster initiatives. Incidentally, the process of updating the International innovation strategy along with the areas for smart specialization was ongoing in 2018 and the knowledge derived from the SBR project provided significant input for the strategy.

The SBR project team from **Southwest Finland** used the knowledge and best practices obtained from the project partners to create an internal plan for "Blue Growth" RIS3 implementation in the area. The measures listed in this internal plan are implementation measures included in the official Regional Plan of Southwest Finland, accepted in December 2017, but the SBR project team has selected the measures linked with blue growth and developed them further and detailed some activities. The measures were split in four themes:

- Responsibility
  - Making Southwest Finland a pilot area for positive structural change

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[5] European Commission (2012): Blue Growth opportunities for marine and maritime sustainable growth (COM(2012) 494 final).

- o Developing the working life, entrepreneurial and innovation skills of students by taking into account the requirements of industrial renewal, strengthening and deepening education choices in technology and supporting employment or further education of students who are about to graduate.
- o Continuing to develop strong food production and food industry in Southwest Finland
- Collaborative skills
  - o Promoting partnership and bold experimentation for the purpose of encouraging a dynamic cooperation culture in the region
  - o Ensuring the availability of competent workforce and the prerequisites for lifelong learning in different fields in order to secure regional competitiveness
  - o Supporting start-ups, changes of ownership, innovation skills and entrepreneurial education
  - o Developing cooperation between actors in applying for funding outside of the region
  - o Ensuring effective communication in planning development cooperation for a sustainable regional and urban structure and increasing innovation and joint responsibility for land use planning and interaction in order to build an attractive environment
  - o Creating a strong cooperation platform for maritime spatial planning
- Accessibility
  - o Promoting the creation of digital and physical meeting places that are accessible in different languages and support networks between actors
  - o Developing Southwest Finland into a centre for international connections and operations in the Baltic Sea Region by using the potential of northern growth area
  - o Building a sustainable and visible leisure concept in which the vital archipelago, attractive national parks and the rich regional cultural environment both on the shore and inland offer year-round experiences
- Resource wisdom
  - o Supporting material, energy, nutrient and resource efficient and carbon neutral choices, following the regional circular economy roadmap
  - o Promoting extensive cooperation between higher education institutions in order to make the area and its business life more competitive
  - o Ensuring the start of a master of science in engineering programme in regional university.

The **Riga Planning region** had an ambitious aim of developing a strategy for blue growth smart specialization – the Maritime and Coastal Smart Specialization Strategy (MCSSS) for Riga

Planning Region. Utilizing the knowledge shared in the SBR project, 25 measures were developed in total, which were split into five domains:

- marine transport and shipbuilding;
- fishing and mariculture;
- multifunctional and smart use of coastal areas;
- use of RES in the coast;
- resort and health tourism.

In case of **Ida-Viru region**, the SBR project has been extremely valuable for collecting the ideas and elements for the concerned parties of the regional innovation system and pushing forward the concept of smart blue growth. Since the RIS is managed at the national level in Estonia, the ideas collected in the course of the project have been adjusted for the local level partners. The focus on activities selected was mostly about progressing tourism and diversifying the economic structure of the region. More specifically the Competence Academy Tourism (CAT) that is applied in Skåne has been seen as a promising measure in Ida-Viru, also the Smart Specialisation's Boards (PSS Boards) similar to Pomorskie have been discussed.

2.3. Implementation of the measures and activities

After selecting the measures and activities, the partner regions worked individually for identifying the necessary endorsement procedure, adapting the measures and implementing in the revised development plans.

Substantial progress has been made in **Pomorskie** in implementation of the dedicated strategic project to support blue specialization (PSS1, the first Pomorskie Smart Specialisations board) – 'Offshore, Port and Logistics Technologies' dedicated to Blue Growth. External evaluation of the existing RIS3 was carried out over the last year. The results of the evaluation raised the problem that there is a lack of ability to conduct current and regular animation activities in PSS1. Based on the findings of the evaluation, Pomorskie Voivodeship adopted the updated Regional Strategic Programme in May 2018, including the "Pomorskie Creativity Port". The major update concerning blue growth was the introduction of the strategic project "Animation of the development of areas of Pomorskie Smart Specialisations as an element of the Entrepreneurial Discovery Process". Implementation procedures of the project have been developed. It is expected that the project will be announced at the beginning of 2019. In brief, this project will release funding for animation of Pomorskie Smart Specialisations boards. The funds will be 'operated' by the Departement of Regional Programmes. This project can be regarded as an adaptation of the Schleswig Holstein type cluster management – considering the PSS partnerships and the boards as a cluster around given PSS. In terms of resources, it is foreseen that the PSS1 will receive a 600 000 EUR for animation of its development (one fourth

of funds allocated for all PSS). Among many activities defined in this strategic project following are proposed: supporting entrepreneurial discovery process (discovering new, innovative areas/industries with high development potential, identifying ventures and research and development (R&D) projects in response to market needs, stimulating and animating cooperation between partners and regional stakeholders) and internationalisation of Pomorskie Smart Specialisations (implementation of support tools for PSS companies aiming at internationalization, animation ventures and R&D projects of transregional and supranational scope such as Horizon 2020, Interreg, Cosme, Life).

The evaluation of the RIS3 in **Schleswig-Holstein** and a subsequent updating was slightly delayed due to the staff shortage and restructuring. Nevertheless, a comprehensive assessment of the current RIS3 as well as its update is ongoing and will be finalized in early 2019. As the process is ongoing, it is not possible to report the outcome, but rather describe which steps are needed and will very probably be taken in the next months.

The recommendations for updating the strategy collected during the Smart Blue Regions project have been translated and handed over to the responsible RIS3 representative in the ministry – the Ministry of Economic Affairs, Transport, Employment, Technology and Tourism Schleswig-Holstein. The project team of Schleswig-Holstein has requested mentioning the INTERREG project Smart Blue Regions and its contribution to the update of the RIS3 SH in the new version of RIS. However, the analysis was done with a blue growth perspective, which is only a fraction of the RIS3. The evaluation and update of the RIS3 will be outsourced to an external service provider to secure a smooth and independent perspective. The evaluation will consist of several steps. The first steps include the analysis of the regional ERDF funding database to review the structure of the projects funded and identify if some measures are more attractive for specific specialisation fields than for others. The next step involves the engagement of the Cabinet in Schleswig-Holstein, which hopefully results in cabinet's decision. The last step in the endorsement process will be the communication with the European Commission in Brussels about the updated version of the RIS3 SH. When developing the first version of the RIS3 SH, the Commission expressed some concerns and recommendations of rectification. In the worst case, the updated version has to be revised; in the best case the Commission accepts all changes.

Activities for advancing the blue growth in **Skåne** region have been mostly focused around the evaluation of the action plan for the maritime sector. The project team from Skåne region has aimed to integrate the knowledge generated in the smart blue regions project to increase blue innovative activities in the action plan and to increase competence and education within this field. During the process of evaluation, the project team from Skåne has written a short paper on the main findings of the SBR project and how they are relevant for the RIS3 and proposed a list of recommendations that is relevant to the strategy with a focus on blue growth. Another

contribution to the update of the strategy was arranging a meeting in December 2018 for the relevant people in Region Skåne connected to the RIS3 work, the innovation support system and the cluster organisations. The purpose was spreading the lessons learned from smart blue regions to guarantee that the blue growth perspective is considered in the RIS3 process and to involve a broader competence base.

Important work has been done in **Southwest Finland** with creating the internal Plan for "Blue Growth" RIS3 implementation and communicating this with regional stakeholders. Since the shipbuilding is among the most important economic sectors of the region, this has also been the most relevant sector for communicating the results of the project. For spreading the word of blue growth, a dedicated webpage has been launched (http://www.sininenkasvu.fi) that aims to provide information on the blue growth concept, major stakeholders as well as financing and cooperation possibilities. There have also been several informative events. For instance, Blue Growth themed final event of the Smart Blue Regions project in Southwest Finland was organized in cooperation with the Turku - Southwest Finland EU-Office and the City of Turku in December 2018.

Since there is a serious lack of workforce in the region, there is a lot of interest in measures that are targeting this issue. The Smart Blue Regions project team in Southwest Finland has been actively circulating the idea papers drafted after the workshop in Malmö, where needs of future working life were discussed. Related to that, the regional council of Southwest Finland has been lobbying for the start of a master of science in engineering programme in regional university to relieve the pressure of lacking qualified labour. Another stream of work together with the Blue Industry Park is enhancing B2B cooperation by creating synergies between companies and providing excellent facilities and operating conditions in which to work. This could be considered as one of the top infrastructural projects in this regard.

Riga planning region has developed "Maritime and Coastal Smart Specialization Strategy for Riga Planning Region" (MCSS) in a collaborative manner involving a wide range of stakeholders. The strategy has been developed jointly with external experts and has been launched in early 2018. The process was designed in a way to ensure strong stakeholder engagement, which could secure their commitment to this initiative. The plan has been created in a number of collaborative discussion meetings involving main target groups of the plan: entrepreneurs, municipalities, ministry representatives, business support organizations. As a first step, the existing blue resources and opportunities were discussed, then the strategic directions and measures were defined which was followed by an online survey amongst entrepreneurs and municipalities about future projects. As a next step, public discussions about blue growth opportunities and perspectives were organised. After a peer-review among the SBR partners during the project meeting in Kiel, the draft plan has been distributed to coastal municipality development planning specialists, the Ministry of Economy, the Ministry of

Environmental Protection and Regional Development to review and provide feedback on it. Thereafter, the plan was presented during the Annual Meeting of Coastal Municipalities on 7.12.2018 and was disseminated to coastal municipalities, ministries, coastal action groups, clusters and other stakeholders. The strategy is finalized and the dissemination plan is currently prepared. The MCSS Strategy will be implemented by the Riga Planning Region in cooperation with local municipalities, research institutions and private and non-governmental sector in the form of projects. Hence, the next step in the course of implementation is development of specific priority projects – justification, identification of cooperation partners and planning of activities.

Two measures are currently being implemented (to be completed by 28.02.2018.) as external expertise to increase knowledge on smart activities on the coast;

- "Analysis of exploitation possibilities of algae biomass at the coast of Riga planning region" to provide recommendations on the maintenance and application of biomass for municipalities and businesses;
- "Development of the smartphone and other portable device charging point prototype" a design object that will be elaborated and established on the coast of one of the municipalities using renewable energy systems (solar batteries).

The process of advancing blue growth in **Ida-Viru region** was mostly focused on adjusting the "Regional Development Strategy 2019-2030". The prospects of blue growth were actively discussed and the knowledge accumulated in the course of the SBR project was harnessed in defining the objectives and development goals of the strategy. The ideas of blue growth are incorporated in the development goals such as "Diversification of the economic structure", "Expanding the Tourism Cluster" and "Ensuring fast and comfortable movement of goods and people." Four activities can be highlighted within these development goals – 1) establishment of 2.5 km^2 agropark suitable for aquaculture production[6], 2) development of a small harbour network, 3) preparatory activities for providing access to the Narva Reservoir and the excavated sites from the lake Peipus, 4) opening of passenger traffic through the port of Sillamäe. In addition, the knowledge and ideas collected from the SBR project were spread in the form of discussions with the local stakeholders and partners of RIS. For instance, the Ida-Viru Tourism Cluster, which contributes in the growth of the tourism sector, has received valuable information for improving their services and potentially developing a more long-term cooperation with their colleagues from Riga planning region. Also, based on the knowledge acquired from the project, an Interreg application has been submitted aiming to search for possibilities for restoring the ferry connection between Ida-Viru region and Finland. However, the idea of Smart Specialisation's Boards (PSS Boards) similar to Pomorskie, initially selected as

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[6] THe agropark is planned to be established in an abandoned mining area close to the Auvere powerplant.

a best practice measure to put in practice, was not implemented – mostly due to the lack of regional funding. In addition to the regional development strategy, "Ida-Viru programme" was developed by the national government in 2018. This includes several measures for improving the socio-economic situation in the region. However, blue growth was not included in this document.

2.4. Conclusions and lessons learned

The key issues in ensuring successful implementation of the selected measures and activities are not new. The main challenged are still related to getting the **industry partners involved and engaged in designing and implementing changes in regional strategies.** Connected to that, the RIS3 strategy is often considered too formal and not applied in practice. This raises the question of achieving **better coordination** between the actors of the RIS3 system (thoroughly discussed in the summary report of WP 2.1.). In addition, **evaluation and impact assessment of the results remains a big challenge**. Qualitative evaluations, are often unable to assess the overall impact of the strategy. On the other hand, applying complex quantitative evaluation methods such as *difference-in-differences* or propensity score matching for capturing the true impact is problematic due to the lack of data.

Figure 1 Topical issues highlighted by project partners

There are no universal solutions for these challenges in terms of implementation, but it was concluded that successful implementation requires close and reliable relationships with local stakeholders. Therefore, **communication** has been mostly put into the spotlight by the partners of the SBR project. Different communication tools for securing the commitment to the

strategy have been encouraged. Communication should involve a combination of tools – personal networking, workshops and seminars, tailored brochures, webpage etc. Since strong reputation and trust is required, recommendation from the fellow entrepreneurs are effective. In this regard, the role of **clusters** has been strongly emphasized and cluster-type initiatives have been one of the most relevant measures applied and adapted in the course of the project. For ensuring the effectiveness of clusters, measures incentivising clusters to collaborate with each other should be there – many opportunities are arising from the links between different specialisation fields. Combining the idea of specialisation fields and cross-innovations is however rather puzzling for the industry partners. Cross-innovation topics need to be presented in a very simple way and illustrated with real-life examples. The same refers to presenting key technologies – industry 4.0, Internet of Things, Artificial Intelligence and other fancy concepts cannot be just buzzwords but have to be presented with structured content.

The effectiveness of cluster measures does seem to depend on the business culture – corporate oriented business environments (Germany, Sweden) seem to be in favour compared to more competition-oriented environments (Estonia, Latvia). As stable financing is a crucial factor for securing the effectiveness of the clusters (stable jobs, continuity in activities), adequate **state funding** (at least for five years as in Skåne) has been seen as the likely solution here to keep those institutions alive. This would also reduce the rivalry between the clusters and support cooperation.

Several good **platforms for connecting business and technology** and bringing private and public actors together have been identified – New European Forum, SHIFT business festival, Baltic Sea Forum, Innovation and Technology Forum Schleswig-Holstein, Bastu business accelerator in University of Turku etc.

The other stream of activities that stood out from the inputs of SBR project partners is related to **internationalisation** – it has to be more pronounced at strategy level (RIS3), but also for clusters etc. Internationalisation is especially important for complex projects where strong technical and organizational infrastructure is needed. In fact, this affects the majority of innovative initiatives.

Regarding **monitoring and evaluation** of activities, a comprehensive monitoring was implemented by the project team of Schleswig-Holstein – this work could be highlighted as a good example (see the report of GoA 2.3). An interesting initiative was also uncovered by Southwest Finland – the annually conducted "Partnership Barometer" is used to continuously monitor the implementation of the measures listed in the regional strategy. Here, the evaluation is not a separate action, but rather integrated into the management process of the strategy. Besides the barometer, there is also an open access web platform in which the actors can see which measures are implemented and what their statuses are. This makes the

stakeholders see the big picture, realize their importance and make them commit. To generalise – continuous or even real-life monitoring seems to be another success factor for agile implementation of a measure or an activity. Novel approaches will emerge in the area of monitoring and evaluation thanks to big data based solutions.