In focus
SMART SPECIALISATION AT CITY LEVEL

Connecting RIS3 to the City
A Two-way Bridge

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Connecting RIS3 to the City, a Two-way Bridge

RIS3 and the city: filling the gap

Smart specialisation and its related methodology known as Research and Innovation Strategy for Smart Specialisation (RIS3)[1] have been assessed as "the most comprehensive industrial policy experience being implemented in contemporary Europe". Both the concept and the method add two key values to previous Regional Innovation Strategies (RIS) in the EU, namely: the value of prioritizing (of making smart choices) as a starting point, and how such prioritization should be done through a collaborative process that involves as many stakeholders from the triple/quadruple helix as possible, in particular research centres, leading firms and entrepreneurs. This process is now called "entrepreneurial discovery".

Since RIS3 was fixed as an ex-ante conditionality for EU regions and member states to get ERDF funding for their Operational Programmes on innovation in the programming period 2014-2020, smart specialization and some related concepts like the aforementioned entrepreneurial discovery process (EDP) have entered the mainstream vocabulary in innovation and industrial policies.

However, since the planning phase of those strategies, (which undoubtedly happened under a good deal of time pressure, mainly since 2011 to 2015), a gap has emerged. It relates to the articulation of smart specialisation strategies at regional level with the city level. In particular with those major cities with a significant background in business-led local economic development, or cities with remarkable transforming agendas underway.

The idea of smart specialisation is barely assimilated at local level so far. It is a gap that can be seen as part of the growth process of a new policy approach that is still in its infancy

Generally speaking, the participation of cities [2] in RIS3 designs has been mostly superficial, much closer to a logic of conventional public consultation rather than real co-production [3]. As a result,

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[1] In France, *Stratégies Régionales d'Innovation en vue d'une Spécialisation Intelligente* (SRI-SI).

[2] When we say cities in this paper we mean the local state as RIS3 actor (local/metropolitan authorities and their relevant subsidiaries working on economic development), since it is obvious that research & higher education, innovation, cluster dynamics... take cities and metropolitan areas as main playground.

[3] For instance, the Hessian Innovation Strategy 2020 was delivered in 2013 by the Hessian Ministry of Economy, Transport and Urban and Regional Development, following the principles of the RIS3 method. The City of Frankfurt am Main, as such, did not participate formally in the design of that RIS3 strategy. The consultation process was based mainly on an online query conducted by Hessen Agentur (the Hessian agency for economic development) that was accessible for about 8 weeks. A total of 90 persons participated in the survey, on an individual basis. Participation took place exclusively upon the initiative of the participants.

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But now, at the time of implementation a number of major cities feel they have much to contribute in moving RIS3 visions and roadmaps forward. So what are the pathways and frameworks to enhance a better alignment between regions and cities with regard to existing RIS3 strategies? **What is the urban dimension of smart specialisation?** A first assumption is that replicating more or less the RIS3 method down to the local level might not be the right way, as it would probably lead to more fragmentation, which is exactly what the new method try to overcome.

The issue of effective city-to-region articulation regarding RIS3 matters especially in specific regional contexts and territorial settings. For instance, the Basque Country hosts three meaningful urban economies (Bilbao, San Sebastian and Vitoria-Gasteiz), each with a very different profile and work agenda regarding economic development. Those urban economies would need for a sort of "customized bridge" to Basque Country RIS3, in order to properly embed that strategy into the territory. Regarding Rhóne-Alpes region in France (now Auvergne-Rhóne-Alpes), Grenoble´s impressive track record in innovation is somehow hidden behind the dominant role of Lyon.
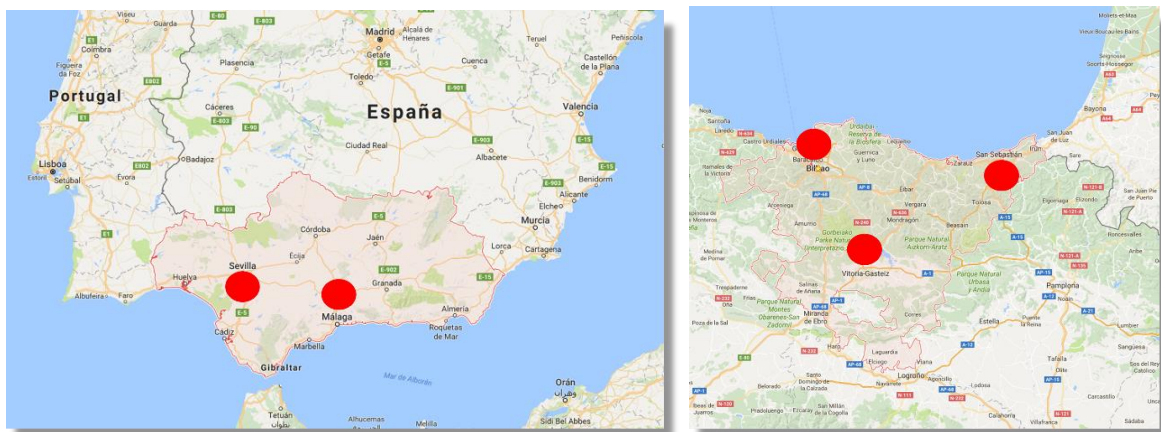
Left: Sevilla and Málaga, two major cities within a vast region, whose economic profiles and specific roadmaps are blurred under a single regional narrative on economy and innovation. A kind of "customized bridge" with RIS3-Andalusia would be needed for both. The same for the Basque Country (right).

Smart specialisation: why the city should be interested

Tackling the question of effective city-to-region alignment on smart specialisation will elevate the status of some innovative cities with respect to industrial and innovation policy-making. It makes total sense to give the main role major cities play in today´s global competition. Nevertheless, is the city ready to take full advantage of S3/RIS3? At this point, we see two issues we should take care of:

- **Motivation and (political) awareness**. For many cities RIS3 has nothing to do with them [4]. As mentioned above, this misunderstanding (or shortsighted view) comes from the time of RIS3 elaboration, when many (major) cities were mostly approached for consultation, instead of with a real co-production aim. So, there is much to do raising awareness on the meaning and potential impact of smart specialisation.

- **Adequate technical skills at city level**. According to Jan Vozab, principal at the Prague-based consultant team Berman Group, smart specialisation type of roadmaps are "more difficult, uncertain and risky" than previous models in industrial and innovation policy-making. To put it simply, it is about agreeing on a specific pattern of specialisation, a more relational or collaborative way of decision making and promoting cross-sector innovation. In particular the latter is needed for advanced methods and practices. Putting the idea of "related variety" into practice is not easy at all. Even for advanced practitioners involved in industrial and innovation policy, there is much to learn on this issue.

S3 in short

RIS3 and other policies inspired by the smart specialisation concept is a matter of combining three key elements:

Choice. The value of prioritizing a number of knowledge domains and lead markets (vertical priorities assembled as a pattern of specialisation) and the subsequent alignment of initiatives (horizontal policies) around them.

Collaborative leadership. As Bilbao Ekintza director Nora Sarasola said in Ostrava, leadership should be now understood as "the capacity of taking the initiative to manage, convene, promote, encourage and generate consensus". In other words, prioritizing according to an "entrepreneurial" and co-decision making model. [5]

Related variety. Priorities are just the backbone for the "specialized diversification", which is the real key concept. A guide for growth. In exploiting related diversity and relationships between the different priority domains, new opportunities and activities can emerge.

So, it is clear this new approach on industrial and innovation policy requires excellent technical skills, in particular from its leading teams at regional level, but also from other necessary contributors. Furthermore, other factors are called to play a key role, such as a solid accountability culture (i.e. non-rhetoric use of KPIs), capability for stakeholder alignment and strong political

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[4] We experienced that, at the time of enlarging the InFocus initial partnership of five cities to ten.

[5] In this context, entrepreneurial means getting focused on market opportunities and/or responding to major global challenges (ageing population, climate change, digital transformation…).

backing (which means budgets clearly focused on S3 priorities). As a matter of fact, this is not far of what is commonly accepted nowadays as a good governance pattern. Therefore, it is simpler than calling for experimentalism and a sort of *Schumpeterian* public administration with regard to S3 governance. [6]
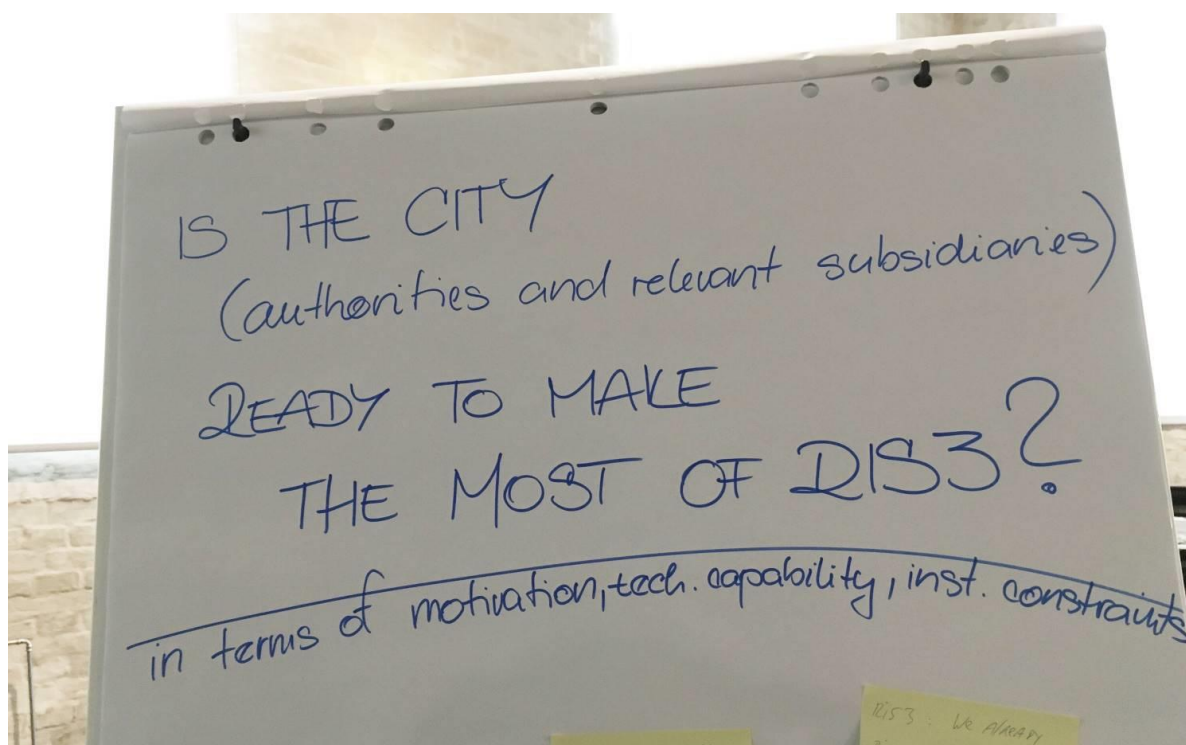
An example is the South Moravian region (CZ), which *de facto* works as **Brno city-region**, which is becoming an international benchmark in innovation policy. Their determination and brilliant results in climbing up the ranking of knowledge-based economies in Europe – e.g. regional GDP invested in R&D has moved from 1,4% in 2004 to 3,8% in 2014, 50% private R&D investment – is a combination of great motivation and professionalism of the management team involved.

They have neither explicit competences over research and innovation nor Operational Programmes at regional level funded by European Structural and Investment Funds. That is, producing a RIS3 type of strategy was not any ex-ante conditionality for them, since in the Czech Republic that

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[6] In some research papers commissioned and adopted by the S3 Platform on governance, the "smart state" used to be described, to some extent, as risk-taking and a hotbed for managerial experimentations. Sure that would be an ideal framework, but it is not very realistic. For a majority of cases, it would already be a big step just putting into real practice a few rules of good governance, in particular effective stakeholder involvement in policy decision-making.

conditionality only applied to the national level [7]. Even so, the current South Moravia Regional Innovation Strategy 2014-2020 (RIS-JMK) has been produced following the key principles of smart specialisation. A long-term strategy that is managed on the day-to-day by JIC, the South Moravian Innovation Centre, which is a highly professionalized agency founded in 2003 – significantly JIC is an alliance of South Moravia region, the Statutory City of Brno and four Universities.

According to JIC officer Petr Chládek, Brno´s great achievements regarding innovation and competitiveness in the last years can be explained by the following success:

- "Strong, stable political commitment;
- keeping strategic focus and result-orientation (know what we want first, money comes next);
- Best people on board, stability of intermediaries and their people;
- Being constantly in the field (openness to new ideas from new actors);
- Robust governance structures;
- Being close to policy research (S3 Platform [8], etc)".

Certainly, working as a public manager across this set of conditions and factors is a demanding task. It requires values such as ambition, discipline, leadership and openness. In Chládek´s words, rather than a document or a process, this type of policy-making should be addressed as a "state of mind".

City-to-region articulation: why RIS3 leading authorities should be interested

The first simple reason is that RIS3 implementation has just begun, and that is a significant challenge, bigger than RIS3 design. A challenge where all the efforts, at different scales, should be activated. To a large extent, effective implementation will be the litmus test for RIS3, since having followed the RIS3 template does not prevent the risk of rhetoric prioritization (clearly set down on paper but poorly delivered in practice), which in fact has been a weakness in not a few regions so far.

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[7] Czech RIS3 includes 14 regional annexes elaborated at the level of each NUTS3 region, as well as regional managers as part of the RIS3 governance framework.

[8] The S3 Platform assists EU countries and regions to develop, implement and review their Research and Innovation Strategies for Smart Specialisation (RIS3). Established in 2011, registration on the Smart Specialisation Platform is open to regional and national administrations of the EU, as well as candidate and neighbouring countries. The Platform is hosted by the Institute for Prospective Technological Studies (IPTS) in Sevilla, part of the European Commission's Joint Research Centre. It comprises a project management and research team at the IPTS; a Steering Team with representatives of several Commission Services; and a Mirror Group composed of academics and experts as well as representatives of networks such as EURADA, EBN and OECD.

The second powerful reason is that cities could be quite helpful for embedding RIS3 strategies locally – i.e. the urban scale might give more focus to priority domains that haven been shaped too broadly. In fact, as a territorial innovation policy, RIS3 should have a territorial strategy, which is now a significant gap in our view.

These points deserve a special attention. It is worth to underlining the key importance of policy implementation (making things happen), even more than policy design (what to do and how), and therefore the importance of organizing relevant delivery frameworks (see PwC, 2011). Today in Europe, what makes a difference is not strategy and policy design (a point where a significant level of convergence has been reached across the EU, in terms of approaches and methods, and RIS3 is the perfect example) but implementation and results.[9]

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To get successful implementation, long-term strategies should be properly embedded, and at this point cities (local/metropolitan authorities) can be very helpful. In this respect, there is much work to do. We mean that even principal actors related to innovation and business development still do not believe so much in the real value for them of "yet another strategy" like RIS3. For instance, that was the kind of perception we, the InFocus group of partners, took from our visit to the   Innovation Support Centre of the Ostrava Technical University.

Indeed, as Dominique Foray has reminded us, "smart specialisation is a new word to describe an old phenomenon: the capacity of an economic system (a region for example) to generate new specialities through the discovery of new domains of opportunity and the local concentration and agglomeration of resources and competences in these domains" (Foray, 2015). That is, the founding father of smart specialisation relates that concept to **agglomeration economies**, which is basically a concept that has been traditionally linked to cities rather than to regions. [10]

Moreover, in general terms and due to the proximity factor, (major) cities do better when organising cohesive ecosystems by bringing together business-related stakeholders. More specifically, major cities and metropolitan areas with enough critical mass are recognized as the ideal environment for innovation.

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[9] In the field of innovation and business-led economic development, it is worth noticing that a new type of policy analysis is emerging, with a focus on implementation and delivery rather than policy design, e.g. see Quesada-Vázquez, J. and Rodríguez-Cohard, J.C. (2015) Implementation challenges in cluster policy making: the case of the Andalusian Furniture Technology Centre, Prometheus.
http://dx.doi.org/10.1080/08109028.2015.1095976

[10] According to Karen Maguire, Head of the Regional Innovation Unit of the OECD, agglomeration economies matter more than ever. Frontier regions, by opposite to lagging regions, tend to be urban.

In any case, if RIS3 is really place-based, it is about spatial economic development and mobilizing actors, there is no reason why the city level has been, at its best, at the very periphery of this policy so far – we mean local authorities´ active involvement in RIS3 governance and delivery.

The same gap has been underlined from the rural context. Based on a number of pilots, the TAGUS LEADER Local Action Group (Extremadura, Spain) has drafted an exploratory proposal called "Smart LEADER" (Pertoldi, M. et al, 2016) aimed to boost the role of innovation in a rural environment by using the smart specialisation concept, while connecting better to RIS3 at regional level. In a way, it is the InFocus counterpart for rural and sparsely populated areas.

Thus, both initiatives targeting main cities and rural areas respectively are encouraging to fill a current RIS3 gap, which consists in the absence of a spatial strategy at regional level. If RIS3 is presented as a territorial or place-based innovation policy, within the Cohesion Policy framework, then it should include a territorial strategy too.

If RIS3 is a territorial or place-based innovation policy, within the cohesion policy framework, it should include a territorial strategy too

Fortunately, it seems that something is changing and the new RIS3 guide focused on implementation acknowledges the importance of a "territorial approach" for RIS3, in order to properly "understand and integrate sub-national or sub-regional differences and how they can contribute to the overall implementation of a region's strategy" (European Commission, 2016).

This is also coherent with the idea of expanding the influence of smart specialisation beyond research and innovation, towards the broader field of territorial development, and so fully exploiting its condition as a pillar of the new Cohesion Policy. According to Martina Pertoldi, from the S3 Platform, smart specialisation is developing now a "much more multi-dimensional approach addressing all the Europe2020 objectives (all the dimension of growth being smart)".

THE NEXT ECONOMY / THE NEXT CITY
18 MAY 2015 #UTC2015

Rotterdam´s Next Economy vision

Last but not least, some innovative cities and metropolitan areas in Europe are currently promoting ambitious transforming agendas, e.g. **Next Economy** roadmap in Rotterdam inspired by Jeremy Rifkin´s ideas (what in turn has led to the Urban Transformation Conference, a yearly event hosted by the Dutch port city), **Bilbao Next Lab**, which is presented as a "action-research approach for the economic transformation of Bilbao", including vertical and horizontal prioritization. Thus, RIS3 strategies (which are themselves presented as policy frameworks for economic transformation) and those visionary city roadmaps might mutually reinforce if both are duly connected and aligned.

However, are RIS3 authorities really aware of the role that cities are playing in the global arena, or as workable scale to create specific business climate and promote innovation ecosystems? How should RIS3 integrate the urban dimension? In any case, activating all the efforts at different scales to implement RIS3 leads to multi-level governance, and for many this means getting out of the comfort zone.

Activating all the efforts at different scales (to implement RIS3) leads to multi-level governance, and for many this means getting out of the comfort zone

As a matter of fact, the kind of public administration, the "smart state" that we need to properly manage and implement smart specialisation strategies is not so experimental or disruptive as some from the academia may claim. In principle, it would make a difference getting good skilled people (with a bit of visionary touch) working in innovation policies and business-led economic development, and with the ability to connect and work across the different administrative levels and efforts. That is the kind of policy intelligence that we would firstly need.

Governance is increasingly so crucial in the S3/RIS3 context because it is about why some policy delivery frameworks work and others don´t. Furthermore, governance is (or should be) about control (in the sense of avoiding fragmentation) and alignment, and **multi-level governance** is a main way to avoid fragmentation and dispersion. Persistent lack of effective multi-level governance has an impact in terms of transaction costs, and it therefore undermines the overall quality of governance. So, why, broadly speaking, the regional level is not so interested in pursuing proper alignment to the local level?

This gap should be more openly considered as a symptom of political decay in the EU - in Fukuyama´ sense, that is, not as an overall decline of the whole system but political decay in terms of "institutional rigidity" and persistent misperformance (Fukuyama, 2014).

Well, as expected, multi-level governance has been highlighted as one of the main principles in RIS3 governance by the new RIS3 Guide on implementation, which was presented in Ostrava by Martina Pertoldi, one of its authors. The guide even includes an explicit reference to the city level – "Interaction and coordination between regions, territories and cities with regard to regional/national Smart Specialisation Strategies are required to avoid fragmentation and increase the impact of investments across Europe" (European Commission, 2016).

Building the bridge: facilitating frameworks

Integrated and sustainable urban development initiatives (art. 7 ERDF).

In the context of the current EU Cohesion Policy, by means of the Article 7 of the regulation 1301/2013 on ERDF, cities are being empowered to design and develop integrated urban development strategies [11]. In this framework, the Directorate-General for Regional and Urban Policy of the European Commission is encouraging all the cities carrying out "integrated and sustainable urban development" schemes to bridge with their existing RIS3 at regional/national level.

That is the case of the Czech Republic, where around 1 billion Euros will be allocated to Article 7 of ERDF until 2020, mainly through the new financial instrument Integrated Territorial Investment (ITI) in each of the 7 largest urban functional areas of the Country. It has been a concrete public choice that has resulted into a first indirect effect, which is boosting the question of metropolitan governance in the country and the benefits associated to it - i.e. while the Statutory City of Ostrava comprises 13 municipalities and 300,000 inhabitants approximately, the ITI-Ostrava covers an urban agglomeration of 1 million [12]. ITI-Ostrava is organized in three Strategic Goals (the "3E" Employment, Entrepreneurship and Environment) and eleven specific objectives. One these objectives, as part of the strategic goal on Entrepreneurship is specifically dedicated to "Implement activities to support smart specialization strategies for Moravian-Silesian Region".

At the InFocus thematic workshop in Ostrava, David Pawera, representative of the RIS3-Moravian Silesian management team, described his vision on how to bridge between the regional RIS3 and the metropolitan ITI, in terms of management and projects (see figure below).

Significantly, RIS3 development is under the DG Regio´s competence, not under DG Growth or DG Research & Innovation´s. So, this is something to take full advantage of it. Under this perspective, one could expect a broader encouragement on the necessary involvement of the urban level in RIS3. For instance, the so-called "Pact of Amsterdam: Urban Agenda for the EU" could have been a

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[11] By means of article 7, each EU Member State should invest at least 5% of its ERDF budget for the period 2014-2020 in Integrated and Sustainable Urban Development, with deployment decided and directed by urban authorities. Three different arrangements for Article 7 can be used within the Operational Programmes: i) a specific priority axis of an operational programme dedicated to Sustainable Urban Development; ii) a specific operational programme devoted to Sustainable Urban Development; iii) Integrated Territorial Investments (ITI): a certain part of the financial allocation of one or more priority axes of one or more operational programme can be implemented through ITIs.

[12] The Integrated Territorial Investment of Ostrava agglomeration 2014-2020 is covered by the six main Operational Programs in Czech Republic: OP Environment, OP Enterprise and Innovation for Competitiveness, OP Research, Development and Education, OP Transport, Integrated Regional Operational Programme and OP Employment.

precious opportunity to explicitly include smart specialisation as one of the selected priority themes. [13]
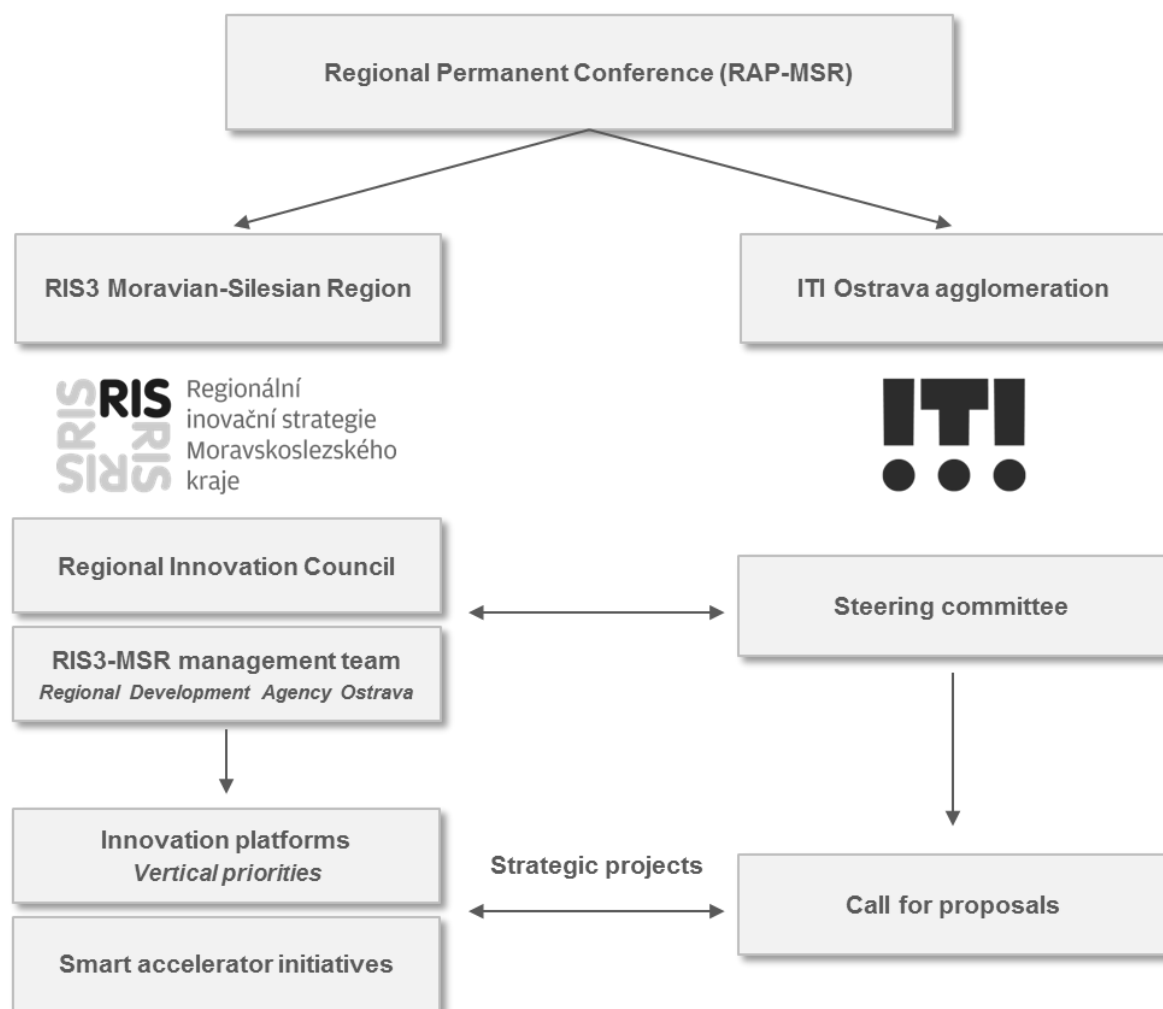
Bridging between Integrated Territorial Investment (ITI) and RIS3 in Ostrava, Czech Republic.
Source: David Pawera, adapted by M.Rivas.

Empowerment of the metropolitan governance with regard to economic development.

Territorial reform in some member states, like France and Italy, has led to urban policies in major cities to be re-scaled up to the metropolitan level. That is a big challenge. Thus, in urban agglomerations like Bordeaux, Grenoble and Torino, a new policy-mix for new ambitions are in progress, and the smart specialisation approach might certainly play a significant role as key driver.

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[13] The European Capital of Innovation Award should also introduce as criterion the connection to regional/national RIS3.

Since January 2016, Bordeaux Métropole as metropolitan authority has been empowered to carry out most of the activities related to economic development in an urban agglomeration that now, after the last French territorial reorganisation, is the capital of the new Aquitaine region (formerly the three regions of Aquitaine, Limousin and Poitou-Charentes) which is as big as Austria [14]. In short, there is a great awareness this is the right time for Bordeaux to test a "new (policy) order" on business-led economic development, best suited to Bordeaux´s new status and ambition in terms of performance and influence.

In Torino, the new metropolitan authority (Cittá Metropolitana di Torino/Torino Metropoli, which includes 315 municipalities and a population of 2.3 million - 890,000 in the Municipality of Torino) is facing now the challenge of both horizontal and vertical multi-level governance. In this juncture, the smart specialization concept has a great potential that might be unlocked in order to work as a driver to promote more articulation and cohesion. That is, smart specialization as a crossover to create more alignment and focus among the all the initiatives within the big urban agglomeration carried out on cluster development, entrepreneurship, attraction of investment, etc. This reflection can be made in the context of two ongoing processes, the strategic plan "Torino Metropoli 2025" and the challenge of implementing RIS3-Piemonte.

Further to art.7 ERDF: RIS3 authorities should also engage with funding.

That is the case for Catalonia, which is open to sub-regional initiatives called Territorial Specialisation and Competitiveness Projects (PECTs) wanting to articulate themselves to the regional RIS3 (RIS3CAT). PECTs are innovation-oriented integrated initiatives that are developed by a partnership of four entities minimum led by a public administration at local, county or province levels [15]. The regional government organizes competitive calls for funding PECTs, which are actually addressed as RIS3 delivery tools. The budget of the 2016 call was 50 million Euros to cover 50% of the approved projects, of which 20M for the metropolitan area of Barcelona and 30M for the rest. In this context, Barcelona has drafted the strategy RIS3BCN Growth, which is explicitly presented as an alignment attempt to RIS3CAT.

In any case, RIS3 leading teams should be more pro-active introducing RIS3 roadmaps to local authorities (and other territorial actors) and, why not, promoting specific working groups bringing together RIS3 management teams and city officers.

RIS3 leading teams should be more pro-active introducing RIS3 roadmaps to local authorities and other territorial actors

In a densely urbanized region like Silesia (Poland), its RIS3 leading team (the Regional Innovation Strategy Unit at the Marshal's Office of the Silesian Voivodeship) is approaching local authorities as a sort of living labs. Ambits to experiment and showcase ideas, processes, technologies and work

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[14] Law of August 7th of 2015 on "la Nouvelle Organisation Territoriale de la République (NOTRe).

[15] Interestingly, as a very positive side effect, this initiative is promoting inter-municipal cooperation in order to gain critical mass regarding assets and challenges.

methods aligned to their regional pattern of specialisation. In relation to this, the Marshal's Office published a guide in 2015 and started an auditing plan to analyse local authorities´ capacity to absorb and produce innovations.

Taking advantage of cities as main playground for innovation makes full sense. That is what is happening with many smart city projects, which are being capitalized by RIS3 steering authorities as accelerators for their agendas on digital transformation. [16]

RIS3-Silesia is approaching local authorities as living labs. Ambits to experiment and showcase ideas, technologies and work methods aligned to the regional pattern of specialisation

RIS3 governing frameworks at the implementation phase. Any role for the city?

Current RIS3 governance frameworks were mostly shaped for RIS3 design. That is, to serve priority selection in an entrepreneurial way. Thus, the standard framework is a steering group or management team, a knowledge leadership group or mirror group (normally comprised of key stakeholders and experts) and a number of thematic working groups (mirroring the main priority domains).

Now, at the implementation phase, there should be room to adapt such a governance framework to the challenge of embedding a long-term strategy into the territorial policy in a broad sense. This could be an opportunity to engage some local authorities that are working actively in innovation issues, or perhaps introduce some kind of territorial council.

In Denmark, 6 Regional Growth fora have been working on innovation-led economic development since 2006, which are duly connected at national level to the Danish Growth Council (based at the Ministry for Business and Growth). The regional growth fora meet four times a year and consist of regional political leaders, mayors, trade unions and employer associations. The other Council members include representatives of firms, knowledge institutions and local authorities.

RIS3-Extremadura management team is now calling local authorities and other place-based economic development structures, like LEADER action local groups, to have a more in-depth involvement in the regional innovation system. As a matter of fact, RI3-Extremadura is a wide-scope strategy, with a comprehensive approach beyond research and innovation. It is aptly named "One: Organising a New Extremadura".

Turning the city into a S3 actor

Inside or outside those facilitating frameworks, what concrete steps can be taken to start building the bridge? The main assumption is that S3 is about an economic development policy-mix with a

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[16] Even the European Parliament report on Cohesion Policy and Research and Innovation Strategies for Smart Specialisation, of April 2016, stressed this role of the smart city projects as catalysts for RIS3.

focus on a short range of priority domains, which is governed and fedback in a collaborative and entrepreneurial way. So, 3 key ideas to work on: **policy-mix**, **priority domains** and **collaborative governance**.

To operationalise the involvement of cities as S3 developers, let´s see how the city/metro scale or local/metro authorities could contribute to those three key aspects, in the current context of implementing RIS3 roadmaps at regional and/or national levels.

Priority domains: matching vertical priorities from regional and local levels.

This might be a first step when a city takes the initiative of aligning itself to RIS3 at region/Country level, like Bilbao or Sevilla have done. In Sevilla, the bridging process commenced with a comparative analysis between the RIS3 priorities set at the regional level and the city´s own industrial specialisations, dynamics and assets. This analysis led then to a strategic vision, the identification of sectoral priorities and a number of policy recommendations in order to give more focus to a number of existing working areas at city level, such as entrepreneurship, workspace provision and city branding. Interestingly, the initiative has boosted inter-municipal cooperation at metropolitan level and the need to progress on more collaborative ways of governance.[17]

Actually, the idea is not so much to confront vertical priorities set at both regional and local levels, but to align the existing cluster dynamics (many of them with a strong local base) and cluster initiatives at city level, if any, to the priority domains already agreed at regional/national RIS3 level.
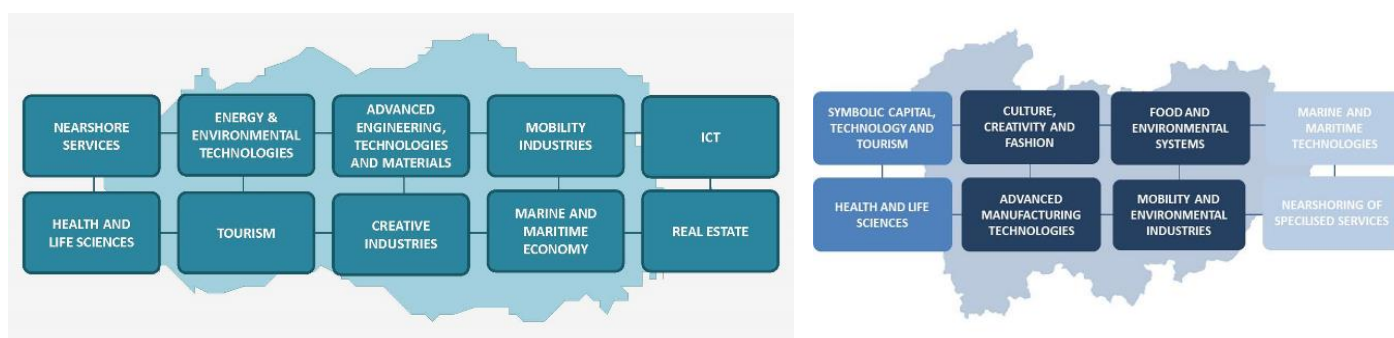
Confronting vertical priorities from Porto metropolitan area (left) and Portugal Norte Region (right)

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[17] Ayuntamiento de Sevilla (2016) Análisis de la situación de Sevilla en relación a la estrategia de investigación e innovación para la especialización inteligente de Andalucía. Only in Spanish.

Policy-mix: refining the policy mix at city/metro level in a way that it may contribute actively to RIS3 roadmaps

Any specialisation pattern, as a main output from S3/RIS3, aims to influence not only research and innovation policies but also other policies connected to economic development, from entrepreneurship to cluster development and business internationalisation. Indeed, as the president of The Competitiveness Institute Christian Ketel says, smart specialisation is "a new policy concept to organize many existing (and a few new) policy tools" [18]. Actually, we see smart specialisation as an **organisational driver** aimed to promote growth. A place-based, comprehensive long-term strategy to sustain competitive advantages and help to build new ones as well as to accelerate the necessary structural changes.

Therefore, changing or just influencing the "strategic agenda from existing operators" is one of the main paths to move RIS3 from strategy into action (European Commission, 2016). When that existing operator is a local agency of a major city with an extensive background in business-led economic development, such a delivery channel may work as a strategic lever for success. Furthermore, in some cases, that kind of public or private-public body in charge of business-led local economic development is already working actively in areas such as workspace provision or inward investment and talent attraction. That is, work areas that cannot easily be found in most of RIS3 designs at national/regional level, which may result in a refinement of the own RIS3 conventional policy-mix[19]. That is why, the challenge of connecting RIS3 to the city should be addressed as a two-way bridge.

> **Changing or just influencing the "strategic agenda from existing operators" is one of the main paths to move RIS3 from strategy into action**

Interestingly, Image (place attractiveness) is one out of the mix of 5 key horizontal policies of South Moravia Regional Innovation Strategy 2014-2020 (alongside innovative governance, science, innovative companies and education). It certainly makes sense, but is quite unusual compared to other regional/national strategies following the RIS3 template. South Moravia region actually works as Brno city-region and perhaps this fact (the dominance of an urban scale/logic) may explain this central role given to place branding and attractiveness.

In fact, the smart specialisation concept as well as the RIS3 method are envisaged by their "founding fathers" as evolving tools that can be shaped according to the praxis. Even more simply, the RIS3 method is addressed as a sort of "backbone" to which a number of side policies and branches can be connected (Foray, D. et al 2012).

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[18] C. Ketel, Harvard Business School, presentation at WIRE Conference, Cork, 6 June 2013.

[19] As listed at the RIS3 guide (Foray, D. et al, 2012) those horizontal supporting approaches that might be initially considered are: Innovation friendly business environments for SMEs; Research infrastructures, centres of competence and science parks; Universities-enterprise cooperation; Digital agenda, Key enabling technologies, Cultural and creative industries, Internationalisation, Financial engineering instruments, Innovative public procurement, Green growth and Social innovation.

In our view, this is likely the most promising and fertile ground when addressing smart specialisation from a city perspective, which is shaping city-based horizontal approaches (delivered by local authorities) able to strengthen the initial RIS3 policy mix.

According to Jan Vozab, a direct way to embed the ongoing RIS3 visions and roadmaps into their regional/national economies is linking the higher educational systems to S3 needs, and in this respect some city/metro authorities can be helpful. Thus, Rotterdam is now working on the educational/training aspects of Western Netherland-RIS3, and (what is most challenging) is doing that in a context of urban regeneration and inclusive policies. [20]
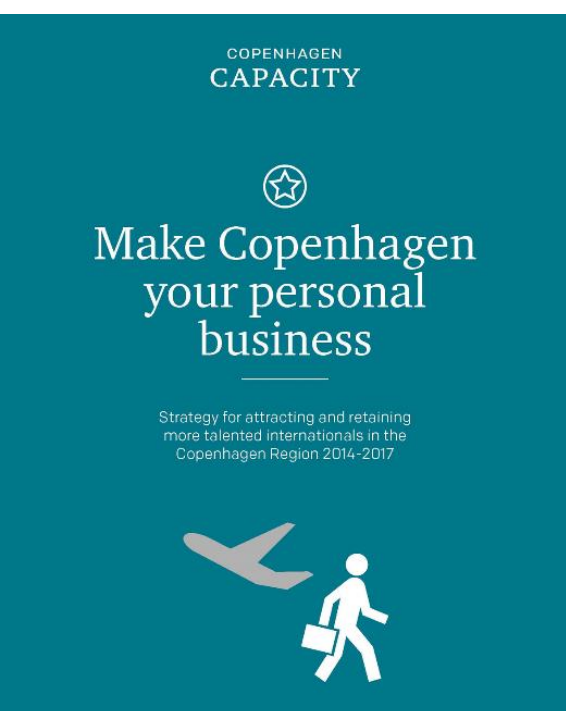
Two typically urban policies that might be more closely connected to RIS3 type of roadmaps. Left, Copenhagen robust strategy on talent management; right, Bordeaux Metropole, which is very active providing cluster-focused advanced business facilities.

Collaborative governance: city´s potential contribution to fuel the entrepreneurial discovery process

RIS3 governance is basically a matter of stakeholder involvement (in particular from the private sector) and multi-level governance (notably vertical multi-level articulation). Concerning the former

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[20] Thanks to integrated and sustainable urban development strategies now underway, many cities are trying to connect RIS3 priority domains to specific urban regeneration projects, e.g. Rotterdam ITI that is entirely focused on the South bank area regeneration.

there is still much to do. Research conducted by ORKESTRA over eight European regions (Aranguren et al, 2016) concluded that the EDP in place are government biased, with "little involvement of business and even less civil society". This lack of civil society involvement was also specially emphasized by the aforementioned European Parliament report of 2016 on Cohesion Policy and RIS3.

Now at the implementation stage, a major challenge for S3 type of strategies is to re-invigorate the EDP and keep it fresh and current on a permanent basis. Concerning this, cities have much to contribute. Since proximity is a significant facilitating factor for stakeholder involvement and co-decision making, cities and local authorities could be of great help, in particular when engaging end-users and civil society [21]. As ORKESTRA researcher Edurne Magro stated at the Ostrava meeting, as much as the role of civil society is emphasized the role of local authorities should be raised.

Indeed, many local authorities in Europe, also throughout their subsidiary agencies, have done a great job promoting vibrant start-up ecosystems by bringing together different business-related stakeholders from the quadruple helix. That is a reason why those local authorities are legitimated to be untrusted as EDP facilitators – even there is a tradition in some innovative major cities in organizing their own business intelligence units.

As much as the role of civil society is emphasized (in RIS3 development) the role of local authorities should be raised

So, why not capitalize such a city´s know-how to keep the "entrepreneurial discovery" alive and current, as well as organize and facilitate further processes of this kind in the future? Bergman Group principal Jan Vozab sees much more advantages than risks in such an attempt.

For instance, the City of Barcelona has established the so-called *Taula Barcelona Creixement* (Barcelona Growth Panel) as a collaborative platform, which is operationally organized in different cluster-focused working groups and two cross-sector groups on technology and innovation ecosystem respectively.

Moreover, to a large extent, the EDP is fairly similar to living labs, which are an open innovation format with a significant track record of applications in the urban environment. According to ENoLL, the European Network of Living Labs, "a Living Lab is about experimentation and co-creation with real users in real life environments, where users together with researchers, firms and public institutions look together for new solutions, new products, new services or new business models". [22]

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[21] As much the concept of innovation is getting broader -i.e. from just technological to practice-based innovation and social innovation too (European Commission, 2012)- the role of civil society will also gain importance, and consequently the EDP formats should evolve from triple to quadruple helix.

[22] http://openlivinglabs.eu

Final remarks

This paper is an attempt to provide a path in order to make cities (in particular major cities) work as RIS3 actors[23]. According to the S3 Platform, "S3 actors play a crucial role in regional and national smart specialisation strategies. They specifically: participate in entrepreneurial discovery process, contribute to the development of S3 strategies and their implementation, provide advice on how to match regional development needs with R&I and vice versa, support particular technologies, industries or clusters, provide an adequate innovation ecosystem, form the quadruple helix of innovation actors, are involved in international networks and thus they add the needed external and outward-looking dimension to smart specialisation strategies". There are many cities and metropolitan areas rolling out work agendas that meet those S3 related initiatives.

The 2016 RIS3 Guide identifies five different ways to move S3 from strategic paper into action: launching strategic initiatives, re-orienting existing programmes, changing strategic agendas from existing operators; aligning infrastructure; and setting up S3 fora. Certainly, some of the ideas introduced here may also be inscribed in some of those five generic ways to operationalise the smart specialisation strategies.

In any case this paper is a first output from InFocus, as a pioneering transnational network aiming to boost the urban/metropolitan agenda on economic development by means of smart specialisation, while articulating to RIS3 at regional level. Both aims are mutually reinforcing.
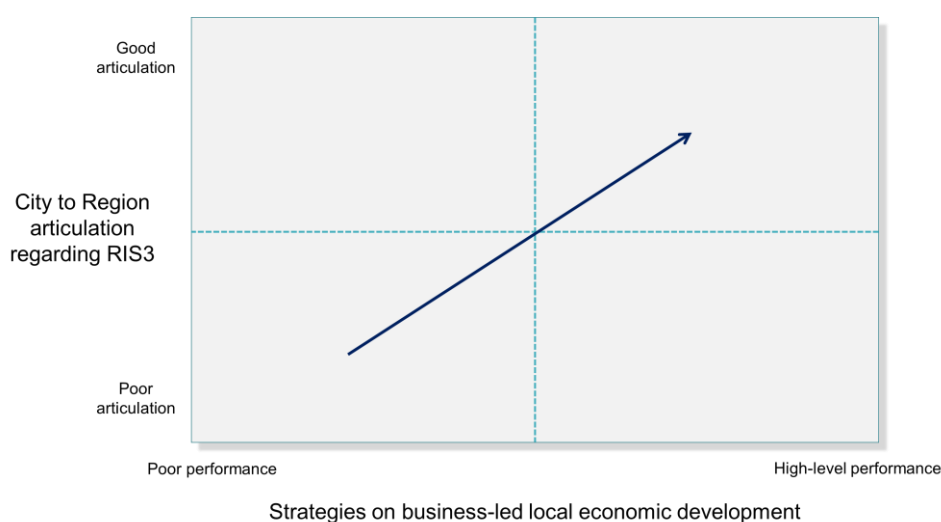
Boosting the urban agenda on economic development through smart specialisation while articulating better with RIS3 at regional level

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[23] Besides the three "lanes" or ambits hereby sketched for city-to-region articulation on S3 (regarding priority domains, policy-mix and collaborative government), other opportunities for alignment could be identified at a more tactical level, i.e. innovative public procurement.

In practical terms, this poses two questions to practitioners and policy makers at local level:

- What to do to properly align your work agenda as a city to your regional S3?

- How to make the most of the powerful concept of smart specialization to refine your own urban agenda in economic development?

Regarding the first question, the need for cities to articulate themselves with the regional level is, for an obvious reason, a matter of good territorial governance, but also to gain critical mass in order to work with relevant knowledge domains, yet some major cities and metropolitan areas may host enough critical masses by themselves. In doing that, cities should take the first step and not expect any encouragement from RIS3 leading authorities in the short term. That´s the lesson from a few cities, like Bilbao or Sevilla in Spain, which are taking seriously building a bridge with RIS3 at regional/national level.

On the second question, it may happen that some motivated cities might eventually find no relevant counterpart "at the other side of the bridge" to articulate with, whatever the reason. In that case, those cities might take advantage of the smart specialisation concept to strengthen their own policy-mix on business-led local economic development. In particular, to give more focus to the work local/metropolitan authorities and their stakeholders are doing (or can do) in four key areas, namely: cluster development, entrepreneurship, workspace provision and investment/talent attraction.
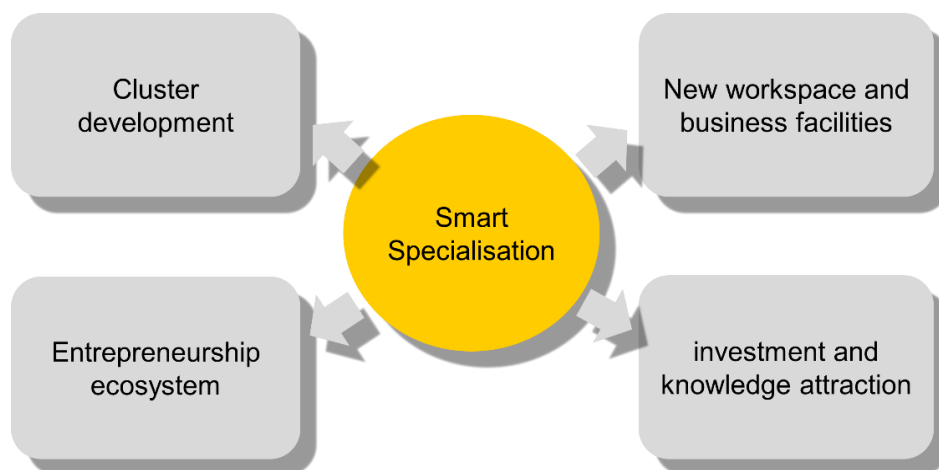
Smart specialisation as a driver to refine the urban agenda on business-led economic development

It is not a coincidence that several of the InFocus partners are renowned, advanced practitioners in local economic development. For instance, that´s the case for Bilbao, Bordeaux, Porto, Grenoble or Frankfurt. They all suspect the smart specialisation concept can be a driver for their path towards excellence. A new cohesive force, an accelerator to gain more efficiency as economic development practitioners in a new and changing economic landscape.

Summarizing, there is a potential still to exploit regarding the contribution of (major) cities (local authorities and their relevant subsidiaries) to RIS3 implementation. In fact, generally speaking, the concept of smart specialisation is poorly assumed at city level so far, and much communication effort should be done by RIS3 leading teams (most of them at regional level) targeting the city level. So, the purpose is not to replicate RIS3 type of planning down to the local level, but to bridge with the existing RIS3 strategies, which have already been validated by the European Commission. A kind of two-way bridge, where some innovative cities can also enrich the strategy, for instance by means of some horizontal policies such as inward investment and talent attraction and workspace provision. Anyhow, besides bridging with RIS3 at regional level, which is a matter of vertical multi-governance basically, smart specialisation as a concept is so powerful that it might be used by some innovative cities as a crosscutting approach to boost their own work agendas on economic development.

In this framework, partner cities can make the most of their InFocus initiatives at local level (production of an Integrated Action Plan in collaboration with a group of relevant stakeholders) as an opportunity:

- To raise awareness of the importance of S3/RIS3 to elevate the status of local authorities in modern industrial and innovation policies

- To engage RIS3 regional authorities in a fruitful dialogue with the city by means of the URBACT Local Group as a suitable platform for it.

- To convey a concrete set of city initiatives to connect with the existing RIS3 strategies

- To refine their current policy-mix on economic development (or just one out of that mix) at the light of the smart specialisation approach.

Bilbao strategy for innovation and intelligent specialisation

In 2014, Bilbao Ekintza, the local development agency, gave a step forward and organized a cluster prioritization exercise at city level, with an eye on the Basque Country RIS3. It was named "Innovation and intelligent specialisation strategy for Bilbao". As main result 6 domains were identified at the time and prioritized in a dynamic way according to their level of consolidation as business frameworks: Knowledge Intensive Business Services (KIBS), Tourism, Urban Solutions, Arts & Culture, Ecotechnology and Technologies applied to Health. In parallel, the city´s economic development policy-mix was revised, emphasizing a number of working areas such as business cooperation and clustering, entrepreneurship and attraction of investment and knowledge.

At present and within the URBACT-InFocus framework, Bilbao will go further in two mutually reinforcing directions: i) promoting more fluid and in-depth interaction with Basque RIS3; ii) and focusing on three domains out of the six above mentioned: advanced tertiary (KIBS), creative economy and digital economy, also exploring the connections among them, i.e. turning Bilbao-based KIBS sector into an engine force for the digital transformation, in particular regarding advanced manufacturing (industry 4.0 paradigm) which is the most significant priority of the Basque RIS3. In practical terms, the aim is to promote and facilitate a pipeline of projects in those domains and in close alignment with the RIS3 at Country level.

To achieve this objective, Bilbao Ekintza has set up a new collaborative platform by bringing together the following necessary contributors: multi-level governance (Basque Country RIS3 management team and *Diputación Foral de Bizkaia* as a body with a great funding capacity), Research centres and think tanks (Tecnalia-Technology Corporation and Orkestra-Basque Institute of Competitiveness), private sector and cluster organisations (Chamber of Commerce, GAIA ICT, EIKEN audiovisual and AVIC engineering and consultancy) and public and private Universities (UPV/EHU, University of Deusto and Mondragón University).

Image courtesy of Bilbao Ekintza

InFocus thematic workshop "Connecting RIS3 to the City, a Two-way Bridge", Ostrava, September 2016

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InFocus

InFocus is a pioneering transnational network aimed at boosting the urban/metropolitan agenda on economic development by means of smart specialisation as overarching approach, while articulating better with RIS3 at regional level.

Funded by the URBACT programme and led by the city of Bilbao, InFocus is also joined by Bielsko-Biala, Bordeaux, Bucharest, Frankfurt, Grenoble, Ostrava, Plasencia, Porto and Torino.

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