

Governance of Smart Specialisation Strategies

North Karelia, Finland

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Which issues would you like to discuss and why?

- Main successes and bottlenecks in the design and implementation of the governance for RIS3
 - + **Long tradition in facilitating the work of quadruple helix based RIS3 cluster groups** which consist stakeholders on various levels of actions: Inclusion in preparation & governance
 - + **Re-organized RIS3 cluster development groups with renewed rules of actions for groups + own action plans per group -> New action model for governance of RIS3 implementation**
 - + **The importance of S3 has been pointed out in funding:** Development projects must have a focus also on implementation of RIS3
 - **SMEs do not see the value of all RIS3 choices. Businesses are often indirectly involved in preparation and implementation of RIS3 strategy:** Most micro and small businesses, lack of resources to participate
 - **Financing on value chains and innovation ecosystems:** How to finance multi-level and multi-actor innovation work?
 - All cluster groups (and some individuals) are not able to adapt/utilize the new governance action model to its full extent
- *Questions you would like peers to discuss after your presentation:*
 1. *Which kind of governance tools are needed to maintain RIS 3 development motivation among actors at the time of governance structural change (regional reform) that brings uncertainties both to RIS3 owner and its implementer (tasks, resources)?*
 2. *How to engage new actors from specific target groups?*
 3. *Multilevel governance of RIS3 – How to improve the relationship between the levels of government in RIS3?*

Regional Councils in Finland

- 18 NUTS 3 regions (regional councils, RC) on mainland Finland
- RC's are statutory joint municipal authority; every local authority must be a member of a regional council
- Two main functions laid down by law:
 - 1) regional development (Strategy work including S3, international activities, Structural Funds)
 - 2) regional land use planning.
 - 3) in addition, regional councils have a broad scope of other functions that are determined by the region's special characteristics.
- RC's have a key role in overseeing the region's interests and networking with the regional stakeholders for promotion of well-being and the economy
- Challenge: Uncertain situation of the regional government, health and social services reform in Finland

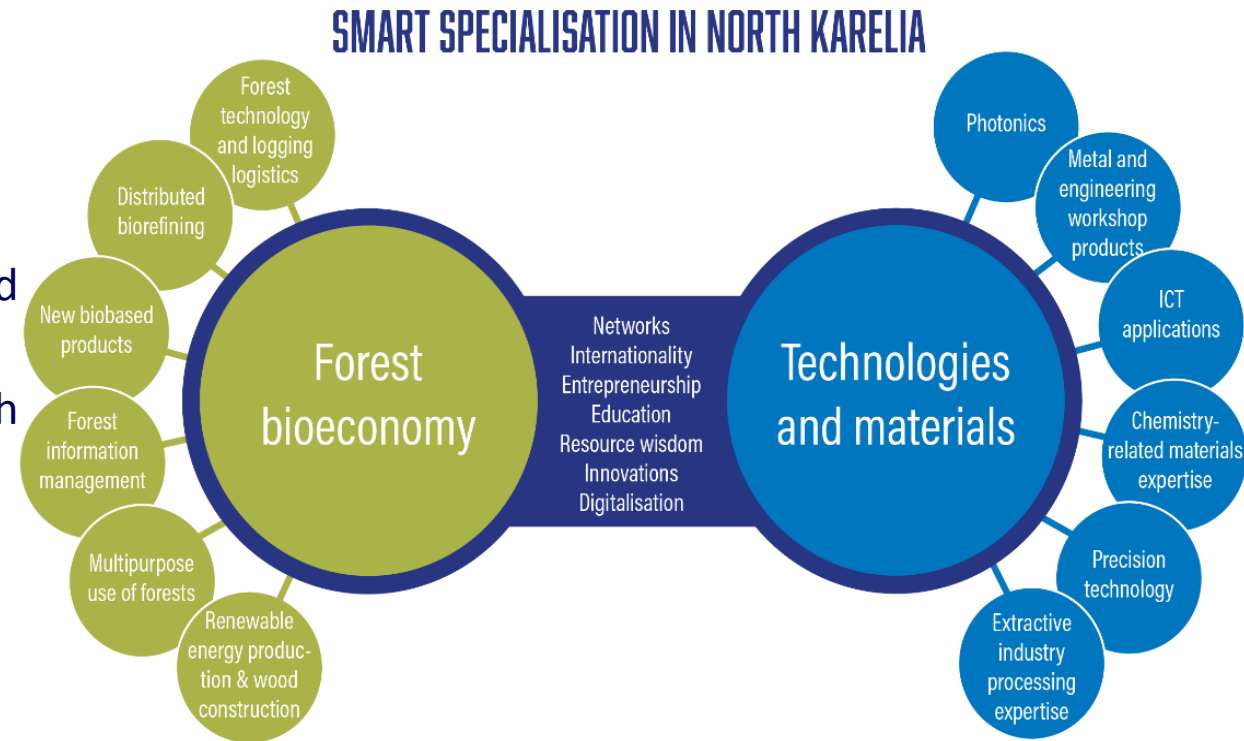
Overview of RIS3 in North Karelia

• Main regional characteristics

- Forest Bioeconomy capital of Europe
- Main export sector is Technology Industry (metal and machinery)
- 89 % of the land area of the region is covered with forests
- Sparsely populated region with long distances

• Governance

- Responsible for the RIS3: Regional Council
- How is the governance set-up of RIS3:
 - Political level: Assembly of the Regional Council, Board of the Regional Council
 - Coordination level: Regional Council
 - Operational level: Strategic working groups of S3
- Resources for implementation: Funding (mainly EU), other initiatives



• RIS 3 Priorities

- New solutions for the **forest bioeconomy** and
- **Technologies and materials** as enablers of growth

RIS3 Governance (1)

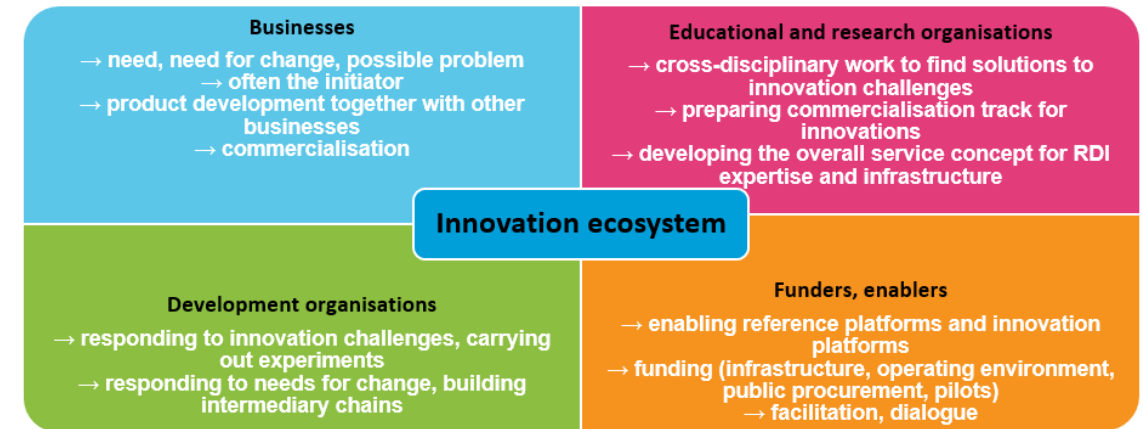
The different actors involved, explaining their role in designing and implementing the RIS3;

- Responsible for the RIS3: Regional Council of North Karelia
 - Quadruple helix cluster groups: Participate in designing, implementing and monitoring
 - New governance action model introduced in 2018: renewed rules of actions for groups + own action plans per group -> New action model for governance of RIS3 implementation
 - Implementation also through development projects and ERDF funding (co-creation, open innovation platforms, innovation ecosystems etc.)
 - Business development and RDI -organizations: Strengthening competitiveness of enterprises (especially micro and SMEs)
- Regional Council works as a co-operation leader with development organizations (Chamber of Commerce, Regional Business Development Companies, RDI- and educational organizations)
- Receiving the information from business life and taking it into account in regional strategy work and in future priorities
- Political commitment to RIS3 implementation from the Board and Assembly of the Regional Council (consist of local, regional and national level politicians) – regular updates on progress

RIS3 Governance (2)

The methods and processes to promote stakeholder engagement (e.g. *structures and processes for the Entrepreneurial Discovery Process*)

- **Structures:** Cluster Groups (Forest Bioeconomy, Technology Industry, Mining Industry, Tourism etc.) and Smart Growth Forums
- **Processes:** 1) Thematic workshops (Industrial renewal, The public sector as a platform for experimentation and growth, Agile innovation activities, Networks and partnerships for top expertise), 2) Stakeholder forums on “How to activate RDI-work in the region” especially within SMEs
- Quadruple helix based cluster groups are at the heart of EDP process. EDP has been structured to ensure transparency, open access and wide participation in the process



Outline of the North Karelia innovation ecosystems

Intermediary bodies/facilitating bodies, if any, in charge of promoting/managing interactions among actors;

- Regional Council of North Karelia together with several stakeholder groups is mapping innovation platforms in the region: Roles for different actors will be determined. Innovation platforms together will create a wider innovation ecosystem which will have different roles for a) innovators and developers, b) customers, c) financiers, d) “owners” and e) facilitators and managers.

The multi-level regulatory processes (distribution of powers and functions across different levels of government in your country; RIS3 policy coordination: are there regional coordination or policy mechanisms and institutions in place to coordinate research & innovation activities?)

- Research and innovation activities can be coordinated through national and regional funding priorities **BUT** it should be remembered that innovation work should be business oriented

RIS3 Governance (3)

- **Changes/innovations** introduced in the governance structure at national, regional and/or local levels (e.g. new institutional actors, new spaces for dialogue and policy learning, new stakeholders involved in the policy process, etc.);
 - **New Regional Strategic Programme (incl. RIS3)**
 - **Redefined advisory groups for Strategy Implementation (incl. RIS3)**
 - **New rules for the advisory groups that include yearly action plans etc**
 - **Global challenge factors are part of the RIS3**
 - **Defining thematic development entities in RIS3 (industrial renewal, agile innovation activities etc), not just RIS3 foci**
- **Novel practices** that mark a clear new working method for the public administration (e.g. e-governance, open forum discussion and citizen dialogue, etc.).
 - **Support project for RIS3 implementation (Smart ecosystems of North Karelia)**
 - **Pilot action: Regions in Industrial Transition - Smart Specialisation Choices of East & North Finland as complementary → Strengthening cooperation between different regions and their stakeholders**
- **Success/failures:** what were the major elements for the success/failure of the RIS3 governance? what are the main bottlenecks/challenges that still need to be overcome?
 - **Involving all the relevant stakeholders into the policy work (preparation, implementation, monitoring)**

RIS3 revision

- **Institutional setting:** Are the current governance structures adequate?
 - Regional self-governance is one goal of the uncertain regional reform in Finland, if implemented could enhance RIS3 work and its role but might also challenge it
- **Institutional capabilities:** Are the existing institutional capabilities adequate to revise their RIS3?
 - If regional reform is implemented next challenge is its resources – is there enough funding for regional development and RDI-work -> largest funding provision is anyway social and health care services
 - Connections to national level should be enhanced along with intraregional, interregional and transnational connections
 - RIS3 implementation is heavily depended on EU-funding – what if there is a (long) pause before the calls of 2021-2027 start?
- **Strategic planning:** What elements/policies should be taken into account and how? (*e.g.* new enabling conditions, agenda 2030).
 - RIS3 choices should be strongly business oriented. Focus areas that are possible to capitalise and/or transfer to business ideas.
 - Sub-regional, regional, national and EU policies/programmes (specific or more general regional development programmes)
- **Synergies:** What synergies/coherence should be ensured with other EU programmes, if any, (not directly addressing R&I policy).
 - Europe2020 strategy that is the key in EU funding period 2014-2020
 - S3 platforms and thematic partnerships (photonics, bioenergy...)
 - EU-funding programmes

Summary & next steps

Conclusions

- What are the main difficulties in terms of governance that still need to be overcome to design and implement successfully a RIS3?
 - Lack of sufficient national innovation policy, instruments and tools
 - Uncertainty of Regional government, health and social services reform in Finland
 - Multiannual funding framework 2021-2027
 - Developing enabling environment for innovation ecosystems
- What are the main elements that you should take into account when revising the RIS3?
 - Low density and critical mass → density and critical mass create innovations. Better mobilise the region's assets to drive new businesses and jobs, find important strategic partnerships outside region
 - Promote innovative approaches to the delivery of public services and prioritise measures to address the skills needs of local businesses

Question 1: Which kind of governance tools are needed to maintain RIS 3 development motivation among actors at the time of governance structural change (regional reform) that brings uncertainties both to RIS3 owner and its implementer (tasks, resources)?



- **Why:** Uncertainty can bring stagnation and hinder development work as key actors consider their own role & future more than actively seek new development areas and partnerships
- **What has been done:** Constant communication with the message that RIS3 implementation will continue no matter how the regional reform progresses (or even if it does not actualize)
- **What worked:** Key actors believe in the future of the region despite the possible changes
- **What did not work:** Contradictive and confusing messages from media keep up the need to spend excess time in basic data delivery about the situation – time that could be better spent in actual development work

Question 2: How to engage new actors from specific target groups?

- **Why:** *To ensure the quality, sustainability and durability of the RIS 3 actions it is important to involve actors from different target groups. Empowering them in planning & decision making increases inclusion and enhances commitment to regions future.*
- **What has been done:** *One example – A Youth Council of North Karelia with 28 representatives from all over region has been founded.*
- **What worked:** *In this example: Youth have now a better and structured way on influencing on decision making.*
- **What did not work:** *In this example: Youth Council is eager to be more involved in strategy and other planning processes already from the beginning. Regional youth council is a new way of working and should be taken into account in future activities. Challenge/opportunity is that the member rotation in youth councils is quite fast. **Its members are between 13-18 years of age. Challenge is that young people often participate only 2 years in these actions and then leave the scene because of study/work opportunities outside the region.***

Question 3: Multilevel governance of RIS3 – How to improve the relationship between the levels of government in RIS3?



- **Why:** RIS3 is EU initiative dating back to Europe 2020 strategy. Most regions in Finland included RIS3 as part of the Regional Strategic Programme's of 2014-2017 and continued its implementation in Regional Strategic Programmes of 2018-2021. RIS3 also is also included in Structural Fund Programmes. RIS3 implementation governance therefore in EU, national and regional level. On national level Finland is lacking innovation policy that would have benefits also for regional RIS3 implementation.
- **What has been done:** Region of North Karelia has actively engaged itself in RIS3 platforms and European projects and has been active in promoting its ideas & interests. Active cooperation with the Ministry of Economic Affairs and Employment of Finland for example: development of innovation ecosystems in photonics
- **What worked:** Knowledge import and export, branding of the region in European level, national level interest on photonics innovation ecosystem
- **What did not work:** Getting funded at national level has proven to be much more challenging than in European level – national funding tends to go to major cities and other regions are supposed to implement the actions with Structural Funds money at their own region. This cuts out the connection to nation wide development community – extra efforts must be taken to get acknowledged as potential region at national level.