Workshop Report

Cooperation for Smart Specialisation
– 1st Western Balkans workshop –

held on Tuesday 5th February 2019
at CentreVille Hotel, Podgorica, Montenegro

The Ministry of Science of Montenegro together with the European Commission's Joint Research Centre (JRC), hosted this workshop with the purpose to promote Smart Specialisation in the Western Balkans (WBs) as an important tool to promote transnational cooperation in the region. A wide range of stakeholders representing national and regional Smart Specialisation teams, businesses, science and civil society jointly discussed strategic innovation policies, the identification of priorities of common interest and their implementation across the WB and neighbouring EU Member States.

The final programme for the workshop is given in Annex. Full details, including all presentations given, photos, plus video recordings of welcoming remarks, may be found at: http://www.mna.gov.me/en/news/196072/Workshop-on-smart-specialisation-co-organized-by-the-Ministry-of-Science-and-European-Commission-s-Joint-Research-Centre.html and https://ec.europa.eu/jrc/en/event/workshop/smart-specialisation-western-balkans.

Main messages from the meeting are:

- Cooperation and outward-looking dimension of smart specialisation are crucial for effective implementation of Smart Specialisation strategies and they should be included in the debate already at the planning stage.
- The Western Balkans have many cooperation opportunities, not only within the region, but also with neighbouring (EU) states. JRC analyses show that so far the cooperation happens more intensively in research, while the connections with business would benefit from being strengthened. Common economic specialisations – an issue which requires dialogue and identification of value chains that join different economies – could also be developed. Common priorities and projects could be identified to address this challenge and help in the process of knowledge-based economic transformation.
- For the cooperation to be successful there is also a strong need for good strategic process and high quality smart specialisation strategies that will mobilise stakeholders and initiate active implementation processes. The Western Balkans could work to apply EU standards in innovation policymaking for the benefit of all.
- JRC supports the process of Smart Specialisation strategies in the Western Balkans. The recent analyses: *'Mapping of the economic potential in the Western Balkans*' and *'Science and Technology Panorama of the Western Balkans*' will be made available to National Smart Specialisation teams in 2019 to help the ongoing strategic processes.

Context

In order to support the development of Smart Specialisation in the Western Balkans and other regions in the EU's Neighbourhood, JRC developed a Smart Specialisation Framework for Enlargement and Neighbourhood Countries. The Framework has guided the support activities provided by JRC to the region's representatives – such as trainings, awareness events, guidance materials, expert missions and analytical support.

The specific objectives of the workshop were to (1) Facilitate peer discussions to improve the elaboration process and content of Smart Specialisation strategies across the Western Balkans, notably in this case for Montenegro; and (2) to discuss opportunities for collaboration and joint projects within the identified place-based innovation priorities for Smart Specialisation developed via an evidence-based and participatory process.

The workshop was very timely as it served to inform the finalisation of Montenegro's Smart Specialisation strategy before its formal adoption.

Main outcomes of workshop sessions

a) Opening of the Workshop

The Minister of Science of Montenegro, **Ms Sanja Damjanović** underlined that Montenegro has recognised the importance of the Smart Specialisation for its future development based on knowledge, technology and innovation. Montenegro entered this new and challenging process in early 2017 in cooperation with several ministries of the Government, but under continuous guidance and with the strong support of JRC. In her opening remarks, **Ms Charlina Vitcheva** highlighted that development of the Smart Specialisation Strategies is a part of the Multiannual Action Plan for the Western Balkans providing a credible enlargement perspective for and enhanced EU engagement with the Western Balkans. She emphasised that smart specialisation strategies should be outward-looking especially for small economies, notably all economies in the Western Balkans. The workshop was a learning exercise for both EU Member States represented at the event plus the Western Balkans representatives.

b) S3.me – Smart Specialisation Strategy for Montenegro

This presentation highlighted how the S3 process was organised in Montenegro. One aspect stressed was the intergovernmental cooperation from the beginning of the preparation process. The Smart Specialisation priority domains, the focal areas and technologies (existing and with potential), the vision for their development, as well as the flagship initiatives within the identified priority domains (namely Information and Communication Technologies (ICT); Renewable Sources of Energy and Energy Efficiency; Sustainable Agriculture and Food Value Chains; New Materials and Sustainable Technologies; and Sustainable and Health Tourism), were presented. The focus of the presentation was on all the aspects important for the Strategy: Governance, Policy mix, monitoring process. Procedurally it was explained that each Smart Specialisation strategy should be developed according to EU guidance and quality criteria. The final version of the strategy is assessed by the European Commission, as done for EU Member States.

c) Sharing experiences - feedback from JRC, Member States and experts on Montenegro Smart Specialisation priority domains

During this Panel discussion, the strengths and challenges of the completed stages of the Smart Specialisation process in Montenegro were addressed. The panellists, using their related experiences from the Smart Specialisation Strategy development in EU Member States, highlighted that cooperation is the basic concept for the Smart Specialisation process, within the quadruple helix model. It was noted that external cooperation is important, as in a global economy everything is

based on value chains and the WBs were advised to open up to become part of European value chains.

The panellists also shared their experience on design and implementation of S3, what are the key success factors to implement the S3 and emphasised that for Montenegro S3 is very important to develop a policy system (mix of instruments). Policies for S3 need to address seven key challenges: Prioritisation; Stakeholders engagement; Policy mix definition; Multi-level governance; International synergies; Smart policymaking (using better evidence, using knowledge of the stakeholders, using foreign knowledge…) and Policy capacity.

The panel also highlighted that the main points for smart implementation of S3 should include an explicit intervention logic of priorities and policies (i.e. the intervention logic should be aligned with the objectives of the S3). In addition, key success factors are appropriate project selection procedure in line with S3 goals and priorities; monitoring and evaluation; confirming that means correspond to the goals; and that communities of key innovation actors and "project champions" with large private sector involvement which are outward oriented, are driving the S3 forward. Success factors also include substantive partnerships within the Government; continuous Entrepreneurial Discovery Process (EDP); involvement of all; combining top-down and bottom-up and taking into account strategic documents; building adequate inclusive governance system; and going beyond Research and Development and Innovation (RDI) only – such as inclusion of human resources, internationalisation, non-tech, social innovation, creative industries.

d) Cooperation potential for Smart Specialisation in the Western Balkans

This session started with an outline of the initial findings and recommendations of an upcoming study on "*Science and technology panorama of the Western Balkans*" which aims to have a common ground to analyse the whole WBs and connect the analysis with EU-28 in terms of scientific output, technological output and in connection with current and future European policies, including Horizon Europe. The analysis is based on international data, namely scientific publications in internationally indexed journals, EC funded research and innovation projects, international patents, industrial R&D projects financed by EUREKA network, as well as EC funded cultural and creative projects. According to this analysis, the dominant scientific specialisations in the Western Balkans are: Health and wellbeing; ICT; Process industries and materials; Better societies; Food; Environmental sciences and industries; Heavy machinery; Energy; Electric and Electronic Technologies; and Transport.

In Montenegro, ICT is the top domain in terms of science and technology outputs. Environmental sciences and industries, and health and wellbeing follows, consistent with other WB economies. Montenegro sees a growth in publications but a steady decline in patenting (heavy machinery, process industries, chemistry, waste, energy are patenting less), which indicates challenges for the commercialisation of knowledge. There is a massive role of the universities (especially University of Montenegro – UCG), since the transformation of Montenegro's economy goes hand in hand with the transformation of the higher education sector. Leadership/contribution of the public sector in several priorities is also necessary. The latter refers to the general trend to connect societal challenges to S3 (challenge/mission oriented); necessity to define domain-specific objectives and indicators; and the key role of the line ministries, as well as S3 governance policy design, implementation, monitoring.

Data for scientific collaborations, which are crucial for Montenegro, were presented. In terms of publications, compared to the rest of the world, Croatia is ranked at first and Slovenia in fourth place. Regarding EU Eureka and R&I projects, Montenegro has most collaborations with Romania and Greece. Co-publications within WB region were presented as well. It was concluded that the instruments to promote interregional collaboration in the entire area, not only within the 6 WB

economies, but also with Croatia, Slovenia, Greece, Hungary, Romania, would be pertinent. Such collaborations are a huge opportunity to use the knowledge produced in the region using resources effectively.

Areas of economic specialisation were also considered, to define what is the cooperation potential (not only economic potential, nor scientific potential, but as a crossroads of all the potentials that are analysed) and to bring knowledge into economic transformation process. From the analyses, it seems that there is a huge gap between the scientific development and economic potential of the economy and the region is weakly industrialised, with partly incompatible value chains. This requires effort in bridging the gap and strong focus on business needs in smart specialisation strategies. Some of the main problems stressed were that most of the products, for which WB economies have an international competitive advantage, are at the beginning of the value chain (e.g. raw materials, unprocessed materials). Identification of value-chains, how to use scientific potential that exist to go higher up in the value chain is thus one of the challenges the region faces. For example, if we have identified some common economic specialisations, how do they match with those specialisations in science and technology potential and how via cooperation can this create higher added value?

The coherence between the Sustainable Development Goals (SDGs) and S3 methodology is substantial. One of the common topics that was aggregated from all scientific outputs in the WBs is Better Societies (social and economic transformation, cultural heritage, protection and security, disaster resilient societies). Relevant dimensions to consider were: How Western Balkans put SDGs in the S3? Soft topics are crucial for real innovation to happen – where is the social acceptance of change, of transformation?

It was also noted that whilst the whole WBs publish to a significant extent, nevertheless projects and patents are hardly visible. Having a bridge between economic development and scientific output is currently missing, but is crucial. Could S3 show where to find the projects, as well as show areas for public intervention and possibly high impact priority domains worth investing?

The study shows as well that in science and technology some of the priority domains are much more science oriented, some priority domains are technology oriented and some are balanced. The balanced ones are: ICT, Environmental sciences and industries, Transport and Energy. The science oriented are Health and wellbeing, Governance, culture, education and the economy and Electric and Electronic technologies. Priority domains with potential for a high level of collaboration are Health and wellbeing, Environmental sciences and industries, Energy.

Finally it was emphasised that for the process to be successful, it is important to have in mind that priority domains should be based on real economic potential; they should demonstrate innovation potential; and understand the priority specific research and development innovation ecosystems, as well as the business needs and societal challenges and knowledge and innovation gaps to address them. One of the biggest challenges in Smart Specialisation processes is the identification of innovation cooperation opportunities at an early stage, as well as looking deeper into Balkan, European plus Global value chains and knowledge networks, as well as empowering business and other stakeholders of increasing capacity to take part in the S3 projects. The challenge is to build capacity of business stakeholders to use the policy measures, developing policy measures to strengthen networks and value chains and at the end to have outward-looking S3.

e) How to initiate and nurture transnational cooperation for Smart Specialisation

During this roundtable discussion, panellists presented the main points from the Smart Specialisation process in their own region or country and discussed the potential for collaboration

with respect to Montenegro's Smart Specialisation priorities, i.e. matching possibilities and complementarities with their own Smart Specialisation process.

Serbia is at the advanced stage in the process of S3 preparation. Preliminary priority areas on national level, based on analyses, interviews and expert's discussion, were identified. The S3 design process requires numerous stakeholders to be actively involved in the process and general consensus is required. Serbia has proposed areas for its Entrepreneurial Discovery Process, which started in March 2019. Bosnia and Herzegovina is in the initial phase of establishing the S3 and the mapping phase is ongoing. North Macedonia is in the process of mapping the strategic documents, as well as the economic, scientific and innovation potential. The Puglia region of Italy is in charge of implementing the IPA Interreg program Italy-Albania-Montenegro. Mainly through Interreg IPA, several projects in Montenegro are implemented, such as the competitiveness of SMEs, smart management of the natural heritage, environmental protection, risk management, low carbon strategy, sustainable transport and connectivity. The interest is to find the possible connections with strategic initiatives in Montenegro to implement through the Interreg program or other instruments. Kosovo[1] has established its National Team for the S3 preparation. Romania promoted its two platforms for cooperation: BrainMap (the online community of researchers, innovators, technicians and entrepreneurs) and ERRIS (Registry of Romanian Research Infrastructures, the booking gate for research infrastructures, research & technological services). All saw the possibilities to enhance regional cooperation with regard to the identified preliminary Smart Specialisation priority domains for Montenegro.

For transnational cooperation, the Macro-regional strategy of the Adriatic-Ionian Area provides the cooperation potential framework. JRC Thematic platforms and Eye@RIS3, are also useful sources to know all the priorities of European countries/regions. A JRC-financed project, *Science and Technology Panorama of the Western Balkans*, will develop an online tool. This would be especially useful for the WBs, bearing in mind that a huge number of institutions in the WBs were mapped and actors recognised at international level.

f) South East European International Institute for Sustainable Technologies (SEEIIST)

The mission of the SEEIIST project is to create a Regional Centre of Scientific and Medical Excellence with first-class research (based on the latest technologies). Successful realisation of the SEEIIST Project could greatly benefit from cooperation with Smart Specialisation priorities. This large – scale project is also connected to the large investments (Member States investments, Structural and cohesion funds, IPA funds). Its goals are to promote collaboration between science, technology and industry (technology transfer); to provide a platform for improved education of young scientists and engineers (knowledge transfer); to slow down brain drain or even to revert it; to recover the great tradition in technology which SEE had in the past; and to foster cooperation between countries in the region.

g) Governance of Smart Specialisation Strategy and key success factors

This final session focused on examples of good practice in Bulgaria, Crete and North Macedonia. Bulgaria discussed the key ingredients for establishing and maintaining a culture of good governance. These are stakeholders balance, continuous dialogue between stakeholders, creation of competent S3 team at the central and local level, visibility of RIS3 results and achievements of set goal, long-term orientation of RIS3 results. The biggest challenges in implementing, monitoring and evaluation are the complexity and the fact that it depends on many factors and actors plus the links between them, communication between business institutions-local authorities, coordination

[1] This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

between leading institutions, good functioning monitoring mechanism and objective assessment. Crete is at the intermediate level of development in the EU. It has a dynamic regional economy undergoing transformation, with great potential for innovation. Crete was the first Greek Region to adopt a concrete Governance Structure for Smart Specialisation implementation and monitoring. Its Regional Council of Research & Innovation is the new institution for this and all stakeholders are represented in the Council. North Macedonia expressed the commitment for S3 preparation, emphasising that it is important to have higher education involved, as well as the role of the fund for technology and innovation.

Closing Remarks

The timeliness of the workshop was welcomed. Highlights coming from the various sessions were considered to be the great potential for cooperation, as there are matching areas where the region can show complementarity and synergies; and the exemplary (high-level) commitment of Montenegro, also in its aspirations to join the EU. Montenegro was advised to integrate in its final Smart Specialisation strategy everything the panellists and speakers mentioned during the workshop and to consider linking its preliminary priorities into JRC's Thematic Platforms for Smart Specialisation. Finally, the availability of the support of JRC, with its expertise and knowledge to support the WB initiatives, was re-affirmed and very much appreciated.

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ANNEX: FINAL WORKSHOP PROGRAMME

Cooperation for Smart Specialisation

– 1st Western Balkans workshop –

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[Version: 1st February 2019]

General information

There are 120 Smart Specialisation Strategies at regional and national level in the European Union. They constitute a new, place-based innovation policy concept that focuses on knowledge-based economic transformation. Its successful application requires institutional capacity and commitment on the public administration side; good evidence base showing economic, innovative and scientific potential at regional level; open dialogue with a wide range of stakeholders representing businesses, academia and civil society and viable monitoring, financing and implementation systems.

Smart Specialisation has been met with a lot of interest also beyond the EU. The Joint Research Centre of the European Commission, as part of its Enlargement and Integration Action, has been working since 2016 to help the Enlargement and Neighbourhood countries develop their Smart Specialisation Strategies. At the moment, 12 countries have initiated or are already advanced in this process. Also other countries, like Australia or Latin American countries have started working on this topic. Montenegro, together with Serbia, Ukraine and Moldova, is one of the target countries of JRC Enlargement and Integration Action, and is thus receiving support and methodological guidance on the design, implementation and monitoring of Smart Specialisation Strategies.

Outward-looking Smart Specialisation Strategies and transnational cooperation

The present event is to be the first of a series of locally organised events in the Western Balkans and neighbouring EU Member States. Its mission is to make Smart Specialisation in the Western Balkans an important tool to promote transnational cooperation in the region. It should provide a dialogue forum to jointly discuss strategic innovation policies, the identification of priorities of common interest and their implementation across the WB. The specific objectives of the event are to:

1) Facilitate peer discussions to improve the elaboration process and content of Smart Specialisation strategies across the Western Balkans;
2) Start discussing opportunities for collaboration and joint projects within those domains, once the first Western Balkans economies have defined their place-based innovation priorities for Smart Specialisation through an evidence-based and participatory process.

Profile of participants

The event is directed towards a wide range of stakeholders representing national and regional Smart Specialisation teams, businesses, science and civil society. Special invitation is extended to those who wish to be involved and have expertise in thematic areas of Montenegro preliminary Smart Specialisation domains: *Information and Communication Technologies (ICT); Renewable Sources of Energy and Energy Efficiency; Sustainable Agriculture and Food Value Chains; New Materials and Sustainable Technologies; and Sustainable and Health Tourism*.

AGENDA	
10.00 – 10.30	**Registration of participants, welcome coffee**
10.30 - 11.00	**Opening and Welcome** Sanja Damjanović, Minister of Science of Montenegro Charlina Vitcheva, Deputy Director-General, Joint Research Centre, European Commission Aivo Orav, Head of Delegation of the European Union to Montenegro
11.00 - 11.30	**S3.me – Smart Specialisation Strategy for Montenegro** Introduction by Darko Petrusic, Montenegro Smart Specialisation Team, on process of preparation, followed by presentation of draft strategy by Nina Radulović, Montenegro Smart Specialisation Team *Montenegro is one of the first countries beyond EU to develop a Smart Specialisation strategy with JRC support. The presentation will outline how the process was organised and lessons learnt that can inspire also other countries and economies embarking on this road. A special focus will be put on the explanation of the Smart Specialisation priority domains and the vision for their development.*
11.30 - 12.30	**Panel discussion: Sharing experiences - feedback from JRC, Member States and experts on Montenegro Smart Specialisation priority domains** *Moderator*: Charlina Vitcheva, Deputy Director-General, Joint Research Centre, European Commission *Panellists*: Enric Fuster, SIRIS Academic, Spain Gorazd Jenko, Secretary, Smart Specialisation Coordination Unit, Government Office for Development and European Cohesion Policy, Slovenia Claire Nauwelaers, independent expert – Smart Specialisation Yannis Tolias, Innovatia Systems *The objective of this session is to address the strengths and challenges of the completed stages of the Smart Specialisation process in Montenegro. After commenting on Montenegro Smart Specialisation priority domains provided by the Montenegro Smart Specialisation Team, the panellists will focus on the EU experience and lessons learnt, thinking especially of the possible challenges concerning the implementation of the strategy and the opportunities resulting from international cooperation. The Joint Research Centre will also provide an assessment of the process and available results so far.*
12.30 – 13.00	**Cooperation potential for smart specialisation in the Western Balkans and beyond** Monika Matusiak, Territorial Development Unit, Joint Research Centre, European Commission *The presentation will focus on the opportunities for thematic international cooperation in the area of the preliminary smart specialisation priority domains of Montenegro. The identification of these opportunities will be based on the analysis of economic specialisations financed by JRC in May 2017 and the follow-up tool "Scientific and technological panorama of the Western Balkans" elaborated within JRC Enlargement and Integration Action. The resulting online tool and a draft report will be launched at the event.*
13.00 - 14.00	*Family photo then Lunch*

14.00 – 15.30	**Roundtable: How to initiate and nurture transnational cooperation for smart specialisation** *Moderator:* Manuel Palazuelos Martínez, Team Leader – Smart Specialisation Platform, Territorial Development Unit, Joint Research Centre, European Commission *Discussants:* Jelena Begovic, Member S3 working group, University of Belgrade, Serbia Dalibor Drljača, RTD Health Cluster, Bosnia and Herzegovina Jasmina Majstoroska, Head of the S3 working group, Advisor, Ministry of Economy, North Macedonia Claudio Polignano, representative of Region Apulia in Montenegro and Albania, Italy Vedat Sagonjeva, Office of the Prime Minister – Head of the S3 Team, Kosovo[2] *Rapporteurs*: Montenegro Smart Specialisation Team *The roundtable discussion will be focused around the identified preliminary smart specialisation priority domains for Montenegro:* • *Information and Communication Technologies (ICT);* • *Renewable Sources of Energy and Energy Efficiency;* • *Sustainable Agriculture and Food Value Chains;* • *New Materials and Sustainable Technologies;* • *Sustainable and Health Tourism* *with interventions from the floor inter alia by Biagio Di Terlizzi (CHIEAM, IT), Vasilisa Doljenkova (Min. Economy, BG) and Radu Georgiu (UEFISCDI, RO).*
15.30 – 16.00	*Coffee break*
16.00 – 16.15	**Presentation of the Regional project SEEIIST – New International Research Facility** by Sanja Damjanović, Minister of Science of Montenegro
16.15 – 17.15	**Governance of Smart Specialisation Strategy and key success factors** *Moderator*: Sanja Damjanović, Minister of Science of Montenegro *Contributors:* Maria Kassotaki, Head of the Managing Authority of Crete Region, Greece Atanas Kochov, Faculty for Mechanical Engineering, University St. Cyril and Methodius, North Macedonia Tihomira Palova , Ministry of Economy, Bulgaria
17.15 – 17:30	**Closing remarks** Sanja Damjanović, Minister of Science of Montenegro Charlina Vitcheva, Deputy Director-General, Joint Research Centre, European Commission

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