LARS

Learning Among Regions on Smart Specialisation

LARS helps the public sector lead Smart specialisation processes in their regions and connects innovation networks across regions

In this last Newsletter we report on piloting new practices in regions and on the project messages.

The project partners have been involved in academic communication writing articles on the findings and involved in the international dialogue on regional innovations.

The partners also report on project findings that have been playing into both policy formulation and implementation.

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Interreg Baltic Sea Region

EUROPEAN UNION

EUROPEAN REGIONAL DEVELOPMENT FUND

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The LARS partners

Regional Council of Ostrobothnia, Finland
University of Vaasa, Finland
Region Västerbotten, Sweden
Regional Council of Päijät-Häme, Finland
Hamburg University of Applied Sciences, Germany
Lithuanian Institute of Agrarian Economics, Lithuania
Ministry of Environmental Protection and Regional Development, Latvia
Lithuanian Innovation Centre, Lithuania
Innlandet County Authority, Norway

Associated partners

CPMR Conference of Peripheral Maritime Regions
Office of the Marshal of the Pomorskie Voivodship, Poland

The Green Recovery is up to the Regions

Jerker Johnson, Regional Council of Ostrobothnia

The Covid-19 has led to an EU-wide recession. Huge sums are currently being allocated to stimulate the economies and the key question is if the regions will be able to absorb these funds in future oriented investments or will they impede a regional transformation. There is likely no clear-cut answer to this question, but after some years we will have different stories to tell.

The introduction of smart specialisation as a base for the cohesion policy have tied regional development to innovations, building upon the assumption that innovations may be promoted by policies that enhance interaction, communication and discoveries. The LARS project has played its part in this policy and the Newsletter reports on the work done during the second part of 2020. In 2021, we will turn into the extension stage through the GRETA-project (Green Transformation in the Baltic Sea Region). In the extension stage, the aim is to analyze and consider our innovation model and results from an environmental perspective.

In this Newsletter we report on piloting new practices in regions as a part of a policy development process but also on the project messaging. The project partners have been involved in academic communication by writing articles on the findings on the project as well as in in international and national dialogues on regional innovations.

In addition to this the partners have, based on discoveries regarding innovation system improvements, played into both policy formulation and implementation. This process has generated both general concerns and hands-on advice on how to proceed in concrete situations.

Different tools for different needs

Regions are very different and exploiting the heterogeneity for inter-regional learning has been part of the approach underlying the LARS project. This also implies that that regions needs to apply different toolboxes, according to their needs. For this reason, we are also in this newsletter reporting on like-minded projects that we have been working with during the span of the project. The LARS project has moreover introduced a stakeholder analysis, complementing the value-chains analysis. It is well-known to economic science that market actors may have different incentives for their actions and that these may coincide with their absorptive capacity or interest to engage in new roles. We believe that this analysis will be relevant when preparing future regional development plans.

The European policy is implemented in a multi-level framework and the regions have a key role to play, the policy materializes in the regions. The green transition is an unprecedented change that will require network learning and the partners have different roles to play.

The regions need to communicate the allover objectives and engage the stakeholders in the policy but also to conclude on measures undertaken and communicate in the multi-level setting on any dysfunctional policy. This requires a solid analytical base and a development-minded approach, but the network will also provide the engaged regions with new capacities and a “critical mass”.

We are likely to see a difference among the regions both in capacities and willingness to engage “you can bring a horse to the water, but you can´t force him to drink”. The result of the policies will then be judged on whether the successes outnumbers the failures.

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Pilot implementation – a long and winding road (to success)

Marta Bahta, County Council of Västerbotten

In the previous stages of the LARS project partners have selected and "translated" a good practise from one region to another. In the following phase, work package 6 in the project, partners have defined and outlined a plan for implementation and taken the first steps to actually implement elements and parts of the selected practises in their own context.

The report from this process shows in the first chapter, WP 6.1, the plans, step-by step, for how to transfer the chosen good practice, while the next section - WP 2 - presents the results of the implementation process and the experiences and the lessons learnt in the process.

Despite the Corona situation, partners have been able to carry out focus group meetings and other co-creative sessions, and link the experiences and lessons learnt in the LARS project to the ongoing smart specialisation strategy development processes in the regions. The work has been made possible through a combination of on-line and physical meetings.

Applying pilots to new contexts

One general conclusion is that a full implementation of a best practice, however well "translated", is not an easy task. The idea is that the selected pilot should find its place in receiving region, develop links to other parts of the system, and make itself useful in the new context. This might mean institutional change or emergence of something new. This occurs often gradually, step by step, and the LARS period is short for implementation.

Nevertheless, it is obvious that clear footprints are demonstrated; processes have started, new perspectives have been visible and important lessons learnt. Tangible results in terms of outcomes and new concepts, linked to the existing strategical work in the regions are further demonstrated, despite the short time span.

Other conclusions highlighted in the report are:

- The main implementation stakeholder should be a public organization and preferably at the regional level. They are the actors with the most power and legitimacy, as well as resources.
- The successful adaptions of the identified best practises are all based on true local needs and careful analyses of the local context among the relevant stakeholders.
- Hence, there is a need to use a bottom-up approach when formulating regional development strategies. Start with the needs, not with budget distribution or organisational structures!
- A connectivity model has been successfully applied to measure and analyse the development of triple/quadruple helix cooperation and bridging of caps between the actors.

Finally, the implementation process demonstrates that the transnational/interregional elements of cooperation have been very valuable. From "go abroad and see" towards "see, think, discuss and make change" as one national report describes this bench-learning process. Receiving an outside perspective has proven to be very useful when reflecting on how present practises may be improved.

The concept of co-creation implies a significant contribution to regional development and innovation. In the LARS project the various forms of focus group meetings, on-line and in-place, have enabled the key players from various arenas to share ideas and vision and learn together.

Download the full report here:
https://www.lars-project.eu/how-we-work/work-packages/
->WP 6

Unlocking the innovation potential in Pomorskie region through multi-actor collaboration

Austėja Sirvydytė and Tautvydas Pipiras, Lithuanian Innovation Centre

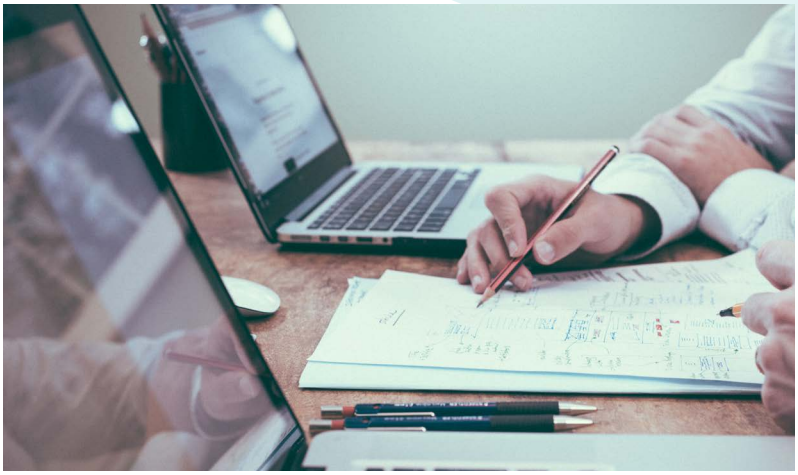
On 26–27th of November 2020, Lithuanian Innovation Centre together with partners from Finland, Lithuania, and Sweden hosted an online conference aimed to discuss the unlocking of innovation potential in Pomorskie region in Poland through multi-actor collaboration. The purpose of this conference was to find the best cooperation models for creating innovations in Pomorskie region.

Partners from LARS project together with associated organizations in Pomorskie joined into the online conference to understand why there is a need for a whole eco-system cooperation to achieve a breakthrough in innovation and digital technologies.

The University of Vaasa made the regional analysis evaluating the state of innovation ecosystem in Pomorskie region. The strategic goal of smart specialization strategy in Pomorskie region is to promote cross-sectional technologies and potential products in the areas of maritime, ICT, energy sector and health technologies. In the regional study two of those areas were evaluated by using connectivity analysis. The study concluded that the expectations towards innovation cooperation with helix actors are generally higher in ICT sector than in energy specialisation. High expectations especially in important relations are driver of change in the innovation network. However, very high expectations often lead to some kind unsatisfied goals, thus helix actors in ICT specialization show high gaps in their innovation cooperation, and these gaps are clearly higher than the respective gaps in energy specialization. ICT specialisation seems to be very dynamic and integrated sector. This is a sector where no public or state-owned enterprises hinder the process of development or waste time and effort and resources on divergent strategies or plans.

Inernational opportunities through co-operation

The local ICT industry is a very vibrant one and full of young, dedicated entrepreneurs who are expanding not only outside of the Pomorskie region, but also outside of Poland with more and more confidence. On the other hand, energy specialisation is a more stable system. The large companies because of their size are having problems with innovations, so they are eager to cooperate with small and agile innovators with the benefit for both. Pomorskien companies and universities of energy specialisation are quite happy to cooperate with their innovation partners, except the Pomorskien companies with international com-



Eco-system cooperation in Pomorskie region of Poland can help the region achieve a breakthrough in innovation and digital technologies.

panies. Both of those sectors are facing limitations and could be improved by closing the gaps between different helices, this could lead to the improved knowledge exchange, widened opportunities on the international market and greater competitive advantages.

In order to improve regional innovation eco-system it is very important to combine discoveries with transitional learning, international collaboration could bring more inspiration of creating innovations in Pomorskie region. Panevezys region found the way to solve the problem of lacking communication and cooperation between different organizations by creating a vision and two organizations – The Strategic Industry 4.0 advisory board and the Regional development agency – that coordinates the creation of the vision and its successful implementation.

One of the main problems in Pomorskie region is lack of cooperation and trust especially among smaller organizations. In Finland a problem of collective action had increased business costs for redundant IT solutions, companies were competing in the region but not internationally. As a solution, a cooperative structure of business cluster was suggested that would focus on cooperation that could improve their competitive advantage on international stage. Cluster infrastructure focus to promoting dialogue and open sharing of good practice that leads to savings and cost-sharing and strengthens the region's overall international competitiveness.

Developing through Self Assessment

While discussing an eco-innovation it is important to understand environmental benefits that arises through the development and diffusion of such innovation with or without intention. In order to make the transition of regions to a sustainable, eco-innovation-based economy more easily, professor of Linkoping University in Sweden suggested a Self Assessment Tool (SAT). The tool provides a collaborative approach to continuously learn about the support system, identify improvement opportunities and develop action plans.

The problem of developing innovations that will lead to a greener and more sustainable economy is seen in many regions as well as Pomorskie. The city of Lahti found their way to deal with it by using the help of public sector in their case – funding of the Green Capital project. Representative from Finland explained that by getting project funded, the benefits include many opportunities, such as organized campaigns and events, raised discussions and implementation of an environmental project with the help of project support.

In conclusion, the problems in Pomorskie region are often seen in other regions. In order to find the best cooperation models for creating innovations in Pomorskie region the goal of this event was to discuss and suggest possible solutions based on partners experience. It is expected that by participating in this conference, representatives from Pomorskie region will use the suggested ideas in order to unlock the innovation potential which remains untapped because of lack of multi-actor collaboration in the two most promising areas: Energy and ICT.

Stakeholder Co-creation for Responsible Research and Innovation

Nhien Nguyen, Nordland Research Institute

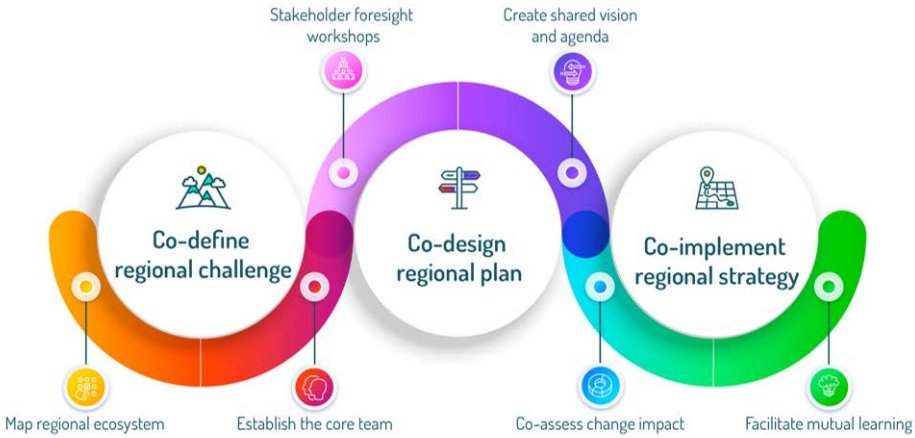
Innovation is the engine of growth for businesses and for society, thus a research and innovation ecosystem are vital for the long-term development of any region. But such an ecosystem is complex, as it involves a broad range of sectors and actors, including industry and business, academia, policymakers, and the public. Each of these groups has different interests and priorities when it comes to research and innovation. How can they all be brought together to work towards common goals in a responsible manner?

In SeeRRI, we aim to provide a general framework could help regions in finding the answer by themselves. The framework would provide a set of core principles of Responsible Research and Innovation (RRI) and a roadmap that regions could use for guidance in their quest to develop a sustainable research and innovation ecosystem. SeeRRI is a project in which 12 European organizations and 3 European territories (Nordland in Norway, B30 in Catalonia, Spain, and ecoplus from Lower Austria) work together to develop such a framework based on the principles of RRI: anticipation, reflexivity, inclusiveness, responsiveness. The goal of SeeRRI is to work with the policymakers and other regional actors to figure out how best to integrate RRI principles into the smart specialization policies of the regions.

By mapping the territorial R&I ecosystem, SeeRRI understand the supporting conditions for R&I and identify the stakeholders that will be involved to formulate a variety of scenarios for building sustainability in their territories. The engaged stakeholders will gain awareness and insights while engaging in creative collaboration using foresight workshops, thus will function as multipliers and promote RRI principles in their territories and beyond. The input from stakeholders will contribute to regional strategy. SeeRRI also establishes a Network of Affiliated Territories, i.e. other territories with a composition that could mirror SeeRRI ecosystem, to help contribute, improve, and apply SeeRRI framework. Learning and best practices will be transferred across territories. This will facilitate its scaling-up at European and global level.

Currently, SeeRRI has organized twelves workshops at 3 territories and developed a process model for responsible regional planning which includes 3 stages: Co-define the challenge, co-design the plan, co-implement the strategy. We have been presenting our model to other territories to get feedback from them. In the future, we will create SeeRRI toolbox which offers useful tool and practices for territories to build their sustainable ecosystems by using RRI.

SeeRRI process model for Responsible Regional Planning



Nhien Nguyen is Senior Researcher at the Nordland Research Institute, an associate professor at the Norwegian University of Science and Technology (NTNU), and the Project leader the H2020 SWAFS project SeeRRI

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LARS in Imereti, Georgia

Åge Mariussen, University of Vaasa

The basic principles and methods of Smart Specialisation are applied in a number of countries outside the EU 27, in Asia, across America, and also in non-EU member European countries.

Dissemination of Smart Specialization is a part of EU foreign policy, and it is also a part of accession policies among European countries who aim to be EU members. The Balkan countries have formed a line of potential members, with Serbia in a leading position. Lately, Georgia has also joined this list.

Georgia is among the five Eastern Partnership countries that have expressed interest in applying the smart specialisation approach to research and innovation policy. To date, Georgia has carried out a number of preparatory actions including the mobilisation of its smart specialisation team and exploring opportunities for smart specialisation in one of the regions. The region of Imereti has been proposed as the first pilot for mapping economic and innovative potential.

25 November 2020 the S3 platform in Sevilla and the Ministry of Regional Development and Infrastructure of Georgia organized a workshop, or S3 AWARENESS DAY, with the topic SMART SPECIALISATION FOR REGIONAL GROWTH IN GEORGIA.

The event aimed to raise awareness about smart specialisation at national and regional level in Georgia as well as to present the first findings from the mapping analysis on existing economic and innovative data can provide. The event was directed at representatives of national policy developing institutions and regional administration of the Imereti region, a wide range of stakeholders representing main businesses and business associations of Georgia; most innovative companies and companies investing in research; top research departments at universities and research institutes and main NGOs dealing with societal challenges.

Four S3 regions were presented:

- **Smart specialisation in Poland - a new approach to public policymaking** (Katarzyna Kaczkowska, Expert on R&D&I financing, Poland)
- **An S3 experience from Andalusia, Spain** (Carmen Sillero Illanes, RIS3 Expert, Spain)
- **An outward-looking perspective: S3 experiences from Ostrobothnia (FI) and Nordland (NO)** (Åge Mariussen, RIS3 Expert, Finland/Norway)

The presentation from Norway/Finland included references to two LARS good practices, the University Platform in Ostrobothnia and the Norwegian experiences with FORREGION. Georgia is a predominantly rural country with focus on natural resources (agriculture, forestry, mineral extraction). LARS good practices are relevant.

Georgia has expressed interest in applying the smart specialisation approach to research and innovation policy.

LARS contributing to going green globally

Jerker Johnson, Regional Council of Ostrobothnia

The messages of the LARS project are spreading through the partner networks, but also through different international networks. I was for instance invited as a panelist to the 4th and final Inter-Urban-Cooperation (IUC) program conference on the 3rd of December.

The topics of the global virtual conference reflected the policies and themes promoted by the EU, like challenges in the green transformation or the role of digitalization in urban planning. Issues in multi-level governance were also in focus due to their importance when formulating and implementing the policy aiming at a green transformation of the EU and the world.

The presentations of the participants reflected current concerns in the planning. To mention some examples, the presentation of the city of Wuhan, China dealt with the planning of the public space in cities and how it could made taking pandemics into account. The city of Korosawa, Japan elaborated on planning considering an ageing population and the city of Nice, France expanded on surveillance technologies in fighting terrorism. The traumatization caused by recent terrorist attacks is obvious. Nevertheless, the overwhelming topic of the conference was the green recovery from the Covid-19 pandemic and how to implement the policy also in practice. In the implementation, multi-level governance plays an important role particularly within the EU.

Experiences of multi-level governance

The LARS project aims at exploring transnational learning as a part of smart specialisation, that in turn is a key notion in the European cohesion policy. In the cohesion policy the regions have a central role as implementers of the strategies, but this takes place within a multi-level framework involving the national and supra-national level. It is a complex setting with several different stakeholders, and it is almost impossible to avoid unintended effects when implementing policies. For this reason, is it important to create a system that rapidly can learn on and correct any unintended policy effect.

In the multi-level governance, the policy formulation and implementing stakeholders work with different issues. In the Finnish context for instance the regions participate in the national dialogue on policy formulation, but they also have their own con-

cerns like selecting and motivating stakeholders towards quality policy implementation and confronting vested interests in the implementation. The understanding of the different functions, or the bottom-up versus the top-down perspective is key to the multi-level dialogue, together with a culture that promotes an open and honest dialogue on successes but also on unsolved issues.

The regions that have a good horizontal triple-helix coordination may provide a rapid feed-back on policies. It may for instance draw on inputs from companies, which are usually good on quickly spotting dysfunctional policy arrangements. This requires that regions have a horizontal coordination or a dialogue with the companies on the policies and a bold approach to good governance.

In addition to the company perspective there is also a need to coordinate with academia. With a very narrow, reactive interpretation of the regional duties when implementing the European cohesion policy, the regions will not benefit from academic knowledge, and vice versa the universities are not provided with regional research questions or cases for research.

Co-creation and discoveries

The LARS project has put in place a format for entrepreneurial discoveries in the regions. Co-creation and concluding on the process is the basis for policy learning and communication. Tapping into the experience of the project and into previous experience we may note that the co-creation requires a methodology or a set of tools and persistence. It is a learning process for all the involved partners coming from different backgrounds with a different perception of the concepts.

We may moreover assume that co-creation also has a mitigating role in the regions. The green transition will imply a change that is likely to encounter some resistance, since threats and affected stakeholders are more likely to be identified than opportunities. The co-creation may also contribute to the spotting of opportunities and in this way create the conditions for also reaping the benefits of the green transition.

Clearly, final company investment decisions driving the green transition are made by company leaders, but they do not live in isolation and co-creation may influence the company leaders' mindset and their openness to consumer sentiments. Public procurement is also a powerful mean to drive a green transition. The public sector controls a large part of the GDP and procurement may be used a driver of concrete solutions but also more generally to signal the public sectors commitment to a green transition.

Finally, the conference also touched upon the green recovery. In Europe as well as in the rest of the world different stimulus packages are being passed with the purpose of kick-starting the economies but also to promote the green transition. Tools for formulating strategies like value-chain and stakeholder analysis implemented in transnational learning have contributed to deepening the strategic approaches in the regions. This has had a concrete bearing on the absorption capacity of the funds that are now being rapidly being made available. The success of the European recovery plans that are being financed by debts, lies in the regions capacity to absorb the funds in future oriented investments.

INTERNATIONAL URBAN COOPERATION
European Union

LARS and positioning in the CPMR – from the designing of the LARS project to GRETA

Richard Sjölund, Chair of the BSC Climate and Energy Working Group

The LARS EU-project has had a link with the CPMR, the Conference of Maritime Regions from the very beginning.

Ostrobothnia, as an active member of the CPMR's Baltic Sea Commission, took charge of its Working Group for Energy in 2015. The General Assembly of the BSC 2015 was held in Vaasa. With a seminar focusing on energy issues and smart specialization the GA became a relaunch of the activities of the Energy Working Group.

Designing and creating a project was the activity prioritized by the working group, and led to a great number of contacts with the member regions of the BSC during the summer and the autumn of 2015 in pursuit of a project idea which could serve as a basis for a consortium.

At the CPMR General Assembly in Florence, early November 2015, Ostrobothnia had been invited to speak on Energy issues. The Energy Union Strategy (COM/2015/080) had been published in February 2015, a priority of the Juncker Commission, aiming at providing the EU consumers with secure, sustainable, competitive and affordable energy.

In our intervention at the GA in Florence we stressed the role of the regions when materializing the Energy Union. We used the opportunity to present the Ostrobothnian model of innovation with the importance of entrepreneurial discovery, and smart specialization as a tool-box designed to promote innovation in all regions in Europe.

Our intervention was well received with many positive comments and questions.

Learning on smart specialization – the Ostrobothnian model was to become the project idea. There were two seminars in December 2015, and in December 2016 at Arlanda Airport to get adequate partners aboard on the project and to form the consortium, where the CMPR/CRPM was to be an associated partner.

Richard Sjölund is the II vice chair of the Board of the Regional Council of Ostrobothnia and since 2020 also one of the vice presidents of the CPMR with the responsibility for Climate and Energy issues.

The three-year project LARS – learning on smart specialization among regions started in October 2017 with its kick-off in Vaasa.

In June 2019 project findings were presented in a seminar 'Enhancing business-driven circular economy' arranged at the 10th Annual Forum of the EU Strategy for the Baltic Sea Region in Gdansk. In October 2019, and once again in the field of circular economy findings were communicated to the CPMR General Assembly held in Palermo. On March 3rd, 2020 the Working Group

met in Brussels, on the agenda was the role of the regions in the implementation of the European Green Deal and the crucial role of smart specialization in a successful implementation.

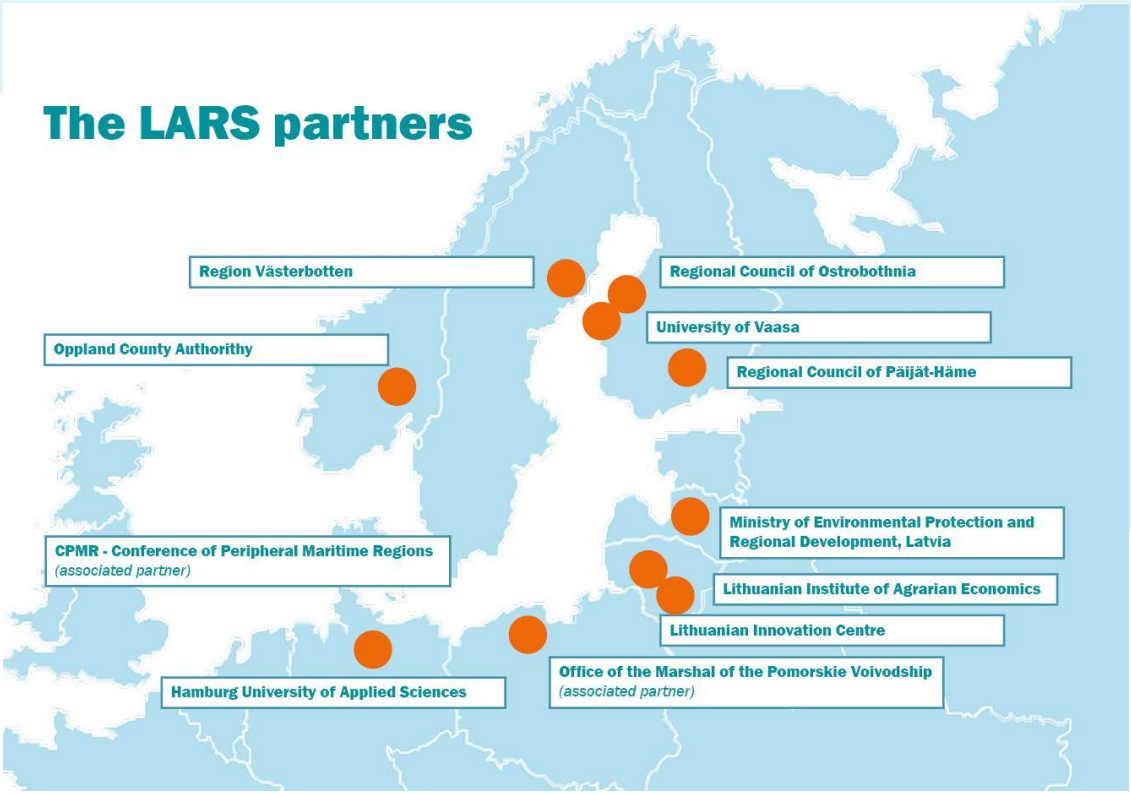
Throughout these years the findings and the results have been communicated to the Baltic Sea Commission at the Executive Committee meetings and the General Assemblies, via seminars, and above all via the excellent LARS newsletters.

The CPMR being an organization with an extensive network of contacts within the EU institutions and national governments and whose task and mission it is to function as a think tank and a lobby for its member regions, the ultimate goal for its commissions and working groups is to formulate policy positions. We managed to highlight the importance of Smart Specialization in CPMR's Policy Position Paper Empowering Regions in the energy transition with the following amendment:

"Smart Specialization Strategies that the regions have been implementing since almost ten years provide a great example to capitalize on and to develop to the unprecedented changes that the European Green deal demands".

The LARS-project has got an extension, GRETA – Green transformation in the BSR Region. It will use the Green Deal initiative to drive Green Growth, based on the smart specialization platform, combining environmental policies and regional development strategies.

LARS is about transnational learning – the document Lars Policy Advice, see: (https://www.lars-project.eu/results/meetings-and-events/policy-advice-from-the-lars-project) contains valuable information and concrete advice.



Collaboration and proactive government for the future of circular bio-economy and rural sustainability

Rita Vilkė and Živilė Gedminaitė-Raudonė,
Lithuanian Institute of Agricultural Economics

Throughout the last half a century, rural development policy has experienced myriad transformations regarding the shift from drastically established agricultural systems to the brand-new quality post-industrial debates. Present questions of balanced sustainability and the minimization of negative impacts with regard to quality of life are taking leading positions in agricultural policy debates.

The results of previously implemented agribusiness support measures are beginning to signal a disastrous future for ongoing agricultural policy, which has over accelerated rural development and thus caused significant changes in rural landscapes and the lives of rural residents. Therefore, future agriculture requires new models and innovative decisions, such as circular bio-economy based models, as well as good political will in the field.

Among the key circular bio-economy innovations is biogas production from bio waste in agricultural companies. The main raw material for biogas production is organic waste of various origins. Some wastes are difficult to decompose and produce less biogas; others are lighter and result in higher biogas content with higher methane concentrations. Organic waste from agriculture or livestock farming, and sludge and process waste from food processing plants (unless used for feed or other purposes) are used for biogas production.

At the same time, the scientific literature stresses that collaboration for regional development in the field of circular bio-economy based innovations – biogas production from agricultural wastes – cannot prosper without good political will for developing and maintaining prospective circular and bio-economy based national strategies and collaborations with agribusiness in the field. Thus, the key stakeholders for the balanced development of rural sustainability based on an innovative circular bio-economy approach, namely biogas production from side outputs (wastes) in agribusiness, are livestock farms and governments.

In recent scientific and political debate, sustainability and balanced development is often placed next to the emerging concepts of circular and bio-economies, and collaboration between stakeholders plays a crucial role in achieving progress. It is often stressed that the relationship between the concepts of sustainability (the nexus of society, environment, and economy) and circularity and bio-economies is not made explicit, thus blurring their conceptual contours and constraining the efficacy of using these approaches in research and practice. In the most general sense, a circular economy should be understood as opposite to the concept of a linear economy. Thus, all three of these paradigms contradict each other and cannot be used interchangeably in any scientific or political debate.

Renewable fuel resources

The main feature of the bio-economy is that it is grounded in the use of renewable instead of fossil fuel resources. The implementation of a bio-economy wherein bio resources are used as part of a circular economy is seen as the most promising combination for future sustainable regional and general development. Thus, it is worth using the concept of a circular bio-economy in this context: collaboration for the balanced development of rural sustainability.

Circular bio-economy aims to redefine growth, focusing on positive society-wide benefits. It entails gradually decoupling economic activity from the consumption of finite resources, and designing waste out of the system. Underpinned by a transition to

renewable energy sources, the circular model builds economic, natural, and social capital. It is based on three principles:

1. Design out waste and pollution,
2. Keep products and materials in use,
3. Regenerate natural systems.

Some scholars state that circular bio-economy as a phenomenon received great interest from scientists and practitioners because it is viewed as an operationalization for businesses to implement the much-discussed paradigm of sustainable development. Whereas sustainability used to be criticized for being too broad in its scope to become a reality as it does not refer to any concrete tools that might help realize it in practise, balanced development as a strategy for regional development is recognized as a promising approach for rural sustainability. At the same time, it is often stressed that the collaboration of stakeholders is crucial to making these strategies work, and for enabling them to meet the priorities of Europe 2020: becoming a smart, sustainable, and inclusive economy. These ambitions require special attention to encouraging collaboration and networking, especially in terms of prospective innovations such as biogas production from manure and wastes, which are the main side outputs of livestock farming activities.

Agribusinesses in need of supporting policies

Scientific investigations have already been done that take the principles of a circular economy into action, e.g., zero-waste biogas production in livestock farms purely to serve the above ambitions of the EU. However, agribusinesses alone cannot make the dream of sustainability come true without appropriate support from policymakers. Representatives of government institutions have sought to address these concerns by encouraging the development of networks and collaboration between actors and firms in rural areas, on the basis that such activity may bring advantages for such prospective achievements. At the same time, the government should adhere to its primary responsibility to serve the public need, and take equally active collaboration approaches in
implementing circular economy practices that enable the sustainable and balanced development of rural regions.

Summing up, theoretical findings suggest that there already exist prospective inventions in the field of economics, business, management and governance. Scientific discussion leads to the possibility of using appropriate collaboration models for reaching the balanced development of rural sustainability. These col-

Round table discussion in November 2019 on biogas development in Lithuania with representatives from science, private and public organizations initiated by the LARS project.

laboration models empower the advanced principles of a circular economy. Thus, the scientific evidence arrives at how the future of agribusiness becomes highly dependent on the role taken by the government in accelerating prospective innovations, even though they occur in a field of activity supported by public funds. Collaborative political decisions made to support a circular bio-economy approach in biogas production become promising for the future development of livestock agribusiness that is both less polluting and of more benefit to society.

Government institutions as key players

Collaboration models for a prospective circular bio-economy in the field of biogas production might successfully work if all collaborating parties are equally devoted to the same purpose. However, empirical investigations from Lithuania suggest that the passive and isolated role of government institutions, themselves being key legislative bodies related to the biogas sector, cause the greatest difficulties for collaboration in biogas production for the development of a circular bio-economy. This demonstrates the actual need to accelerate Lithuanian governmental institutions as key players to be more open for collaboration regarding innovations.

The overall recent research findings underline one of the characteristic features of an immature democracy, which hinders the balanced development of rural regions in Lithuania. Therefore, it makes sense to suggest broadening the use of the circular economy approach in fostering balanced development among the dimensions of rural sustainability in the European Union Common Agricultural Policy after 2020. This can serve to accelerate Lithuanian policymakers to improve qualifications and implement prospective decisions regarding biogas production and exploitation in livestock farms for the balanced development of rural sustainability using prospective circular bio-economy approach.

For the detailed research findings please see:

Vilke, R.; Gedminaite-Raudone, Z. 2020. Collaboration between government and agribusiness for biogas production: balanced development of rural sustainability. Viešoji politika ir administravimas /Public Policy and Administration. Vol. 19, No 2, p. 266-284, online ISSN 2029-2872; print ISSN 1648-2603; DOI: https://doi.org/10.13165/VPA-20-19-2-11

Biogas sector in Lithuania, with JSC Cesta as an example

How LARS supported the Smart Specialisation updating process in Päijät-Häme

Riika Kivelä, Regional Council of Päijät-Häme

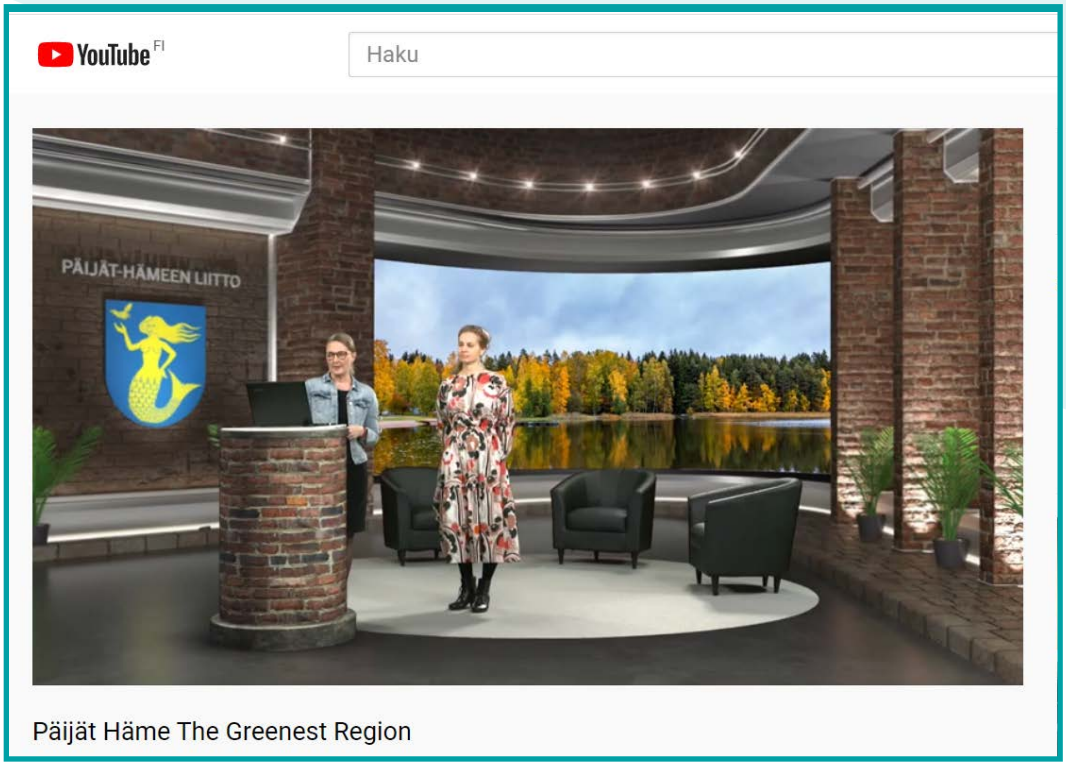
The LARS – Learning Among Regions on Smart Specialisation project is coming to an end. The project has provided the Regional Council of Päijät-Häme and our stakeholders with significant insights on innovation cooperation between companies and between other regional RDI-actors.

The project and its results have strengthened the understanding and expertise of our regional developers in relation to the regional innovation system and its bottlenecks. The problem of small regional authorities are scarce resources, lack of funds and expertise. Thanks to LARS, we were able to spend more resources in implementing the smart specialisation.

During the year 2020 the Päijät-Häme Regional Council has updated the regional smart specialisation strategy. A series of online workshops brought together different 4-helix actors to discuss the region's strengths and innovation challenges. The LARS project stakeholder representatives were also actively involved in the RIS3 update process. The process has provided them with a broader picture and perception of regional development and objectives of Smart Specialisation.

Bottlenecks in Innovation cooperation

In Päijät-Häme the LARS project focused on to study innovation cooperation and processes related to the reuse of biological side streams in Päijät-Häme Grain Cluster. Innovation bottlenecks were found by using gap analysis that measures a perceived satisfaction regarding the cooperation between different 4-helix actors in the innovation network. The largest gaps were found in the cooperation between SME's and universities and between



LARS
Interreg Baltic Sea Region
EUROPEAN UNION
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universities. Also, there were expectations that the public authorities should be more active in innovation processes. The public sector should step up its role in guiding and coordinating the process, especially as more innovations are required to achieve a sustainable growth. Another big challenge was how to increase cooperation between the SMEs and universities.

The project has identified both general and current innovation challenges. The high degree of complexity in the business environment and in development requires a novel way of thinking. This situation can be described as a "wicked game". The wicked game is characterised by that the objectives are constantly changing and that there is no right or wrong solutions.

The Greenest Region

The needs of the innovation ecosystems and platforms came up as an issue in all RIS3 updating workshops and groupworks. A general conclusion was that a clear picture and understanding of the RDI resources and services in the region would lower the boundaries for companies to use universities' research expertise in business development. At its best, ecosystem thinking helps combine forces, scarce resources and expertise to strengthen regional RDI actions.

Stakeholders should be systematically involved in development actions and joint planning, such as smart specialisation implementation. The region has understood the importance of specialisation and cooperation, especially with the aim of taking on a role in international value networks. Päijät-Häme has been known for a long time in the field of environmental and clean technology. Region has been a pioneer in water treatment and in waste collection and treatment. The expertise and university level education of the circular economy have been strengthened and this gives us an opportunity to maintain our forerunner position in environmental and circular economy field.

The EU has set goals for transition towards green and sustainable economy. In Päijät-Häme we have all the prerequisites and expertise to respond to this green change. Regional innovation system must operate seamless and the recognized bottlenecks must be solved before the innovation system and its tools can widely help our companies in transition to green economy. In green transition it is also important to understand, that every innovation is not a good innovation. The system should support green and sustainable innovations.

Open innovation platform – Open Green Innovations platform?

Inspired by Vaasa University's Open Innovation platform model, we have been looking for solutions how to implement the model here in Päijät-Häme. The Stakeholders have concluded that we should learn specifically from Open Innovation platform's communication actions and thematic activities that increases knowledge of our regions SME's about universities research services for business development.

The stakeholders are already either implementing or planning projects to clearly identify and communicate R&D supply and demand. When taking into account Päijät-Häme region's profile as an environment and circular economy forerunner, we want to provide R&D support for companies, particularly related to green innovations.

After the LARS comes the GRETA project, which supports regional transformation to green economy and brings the fifth element, environment, into regional innovation process. For Päijät-Häme this approach is very interesting and topical. We can continue the work started in LARS and it links closely to Päijät-Häme Circular Economy Roadmap and via that to the implementation of smart specialisation strategy. Hopefully the Päijät-Häme Open Green Innovation Platform will be launched soon!

In January 2021, the capital city of the Päijät-Häme region, Lahti, officially became the smallest city to ever win the European Green Capital Award. Lahti is also the most Northern and most Eastern city to win the award.

Johanna Dahl, Regional Council of Ostrobothnia

In late December, the LARS project held its sixth partner meeting and transnational learning seminar. The project has now finalized its sixth and last work package focusing on pilot implementation and strengthening of the regional innovation ecosystems.

The partners have in various ways concretized and made plans of how the good practices identified in one region can be implemented through pilots in another region. In all regions relevant stakeholders have been involved in this strategic planning.

During the learning seminar, two topics were primarily discussed: 1) the anchoring of the project findings in the partners' own organizations and in the regions, and 2) key messages and takeaways from the project both in terms of methodology and policy implications and advice.

Anchoring the projects findings

In the LARS project the partners have applied a methodology for measuring quadruple-helix connectivity. The method discovers gaps in cooperation between the actors and thereby analyses bottlenecks for innovation diffusion. The gap-analysis turned out to be a useful and convincing tool for reflecting on how to improve the innovation ecosystems in the regions. In fact, the partners note that their organizations particularly have drawn upon the project findings in terms of the gaps discovered. Several partners state that the organization has taken a more proactive approach to find actions which can reduce some of the discovered gaps in the innovation ecosystem.

Also, in discovering the gaps, stakeholders have been involved in the process, both through personal semi-structured interviews and focus group discussions. The results show that these activities are crucial to get stakeholder mobilization and intervention.

Moreover, by using the methodology, stakeholders have learned to reflect on the functioning of the innovation system. The gap analysis is a simple index for measuring cooperation in the innovation ecosystem. Therefore, it has shown to be an excellent tool for enhancing stakeholder involvement and building capacity. This is one important lesson learnt and point of success for the project.

The partners also raise that they have succeeded in involving other actors in bridging the gaps and finding actions and a broader spectrum of policy instruments to use. Thus, measuring and raising gaps in cooperation may be a valuable means also for creating a pair of "common spectacles" on a desired future and making stakeholders gradually reflect on their own role and actions needed in obtaining a common goal.

A toolbox for helping the public sector in leading smart specialisation processes

From a methodological point of view, a key takeaway from the project is that the gap-analysis has successfully worked in different regional contexts as well as proven to be a means of transnational learning. Moreover, the method has increased skills in planning, implementing and monitoring the smart specialization strategies in the partner organizations. In addition to the gap analysis, the LARS project has tested and verified a variety of methods such as value chain analysis to outline intervention areas, stakeholder analysis to depict various stakeholders, their roles and interest as well as a DPSIR-framework to analyze outcomes of regional development projects.

The results show that these methods are complementary in leading smart specialization processes. The combination of methods is needed in order for public authorities to go deeper into the problems and bottlenecks in the regional innovation ecosystem and finding better regional development projects. Also, the next programming period lays out that a key enabling criteria for fulfilling a good governance of the national or regional smart specialization strategy is an effective functioning of the entrepreneurial discovery process. This process ought to be continuous, interactive and inclusive. These requirements highlight the value of having a validated and recurrent methodology as a foundation of the regional smart specialization strategy.

Putting focus on innovation system improvements

From a policy perspective, the results of the gap analysis methodology put light on the potential of the innovation ecosystem. An important insight, contribution and advice hereof is that focus should first and foremost be set on innovation system improvements instead of moving too fast into economic interventions. Thus, a policy implication is that in leading smart specialization strategies, public authorities should focus on making the innovation system work and unlock the innovation system potential before moving towards green transformation and pursuing other bigger actions. This requires a change in both mindset and actions among public actors.

In reaching the goal to create a macro-regional strategy in the Baltic Sea Region, the policy advice is that transnational learning in smart specialization strategies should be done more mainstream. Finding commonalities in the strategies could be a very important way for creating a more cohesive region.

Finally, regions are currently facing a rapid green transition alongside the implementation of recovery and resilience actions. As stated in the very beginning of the newsletter, this will require that regions engage stakeholders, evaluate development actions undertaken to find any dysfunctional policies as well as stimulate actions which will create growth and renewal also in the future. In this endeavor, capacities built in the LARS project in terms of stakeholder involvement and analysis and methods for finding bottlenecks for innovation diffusion will be highly valuable.

For more information about LARS, please visit

www.lars-project.eu

or contact the project manager, Mr Jerker Johnson
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Laying the foundations for a BSR S3 Ecosystem: New reports out on circular bioeconomy value chains and S3 in BSR

Marta Bahta, County Council of Västerbotten

In 2018, a core group of Regional Directors in the Baltic Sea Region (BSR) with responsibility for Smart Specialisation (S3) came together to commit to a new momentum for sustainable innovation performance in the area. In light of the recent Covid-19 pandemic and the EU's proposed direction for both recovery from the health crisis and to create more solid foundations for inclusive and sustainable growth, the BSR S3 Directors' Network is committed to championing the EU's Green Deal direction, through a concerted, joint effort to address this agenda across the macro-region.

Last year, an EUSBSR PA INNO flagship Interreg BSR project was developed – overseen by the Directors' Network – to improve capacity of BSR innovation actors for S3 related inter-regional collaboration: Baltic Sea Region Smart Specialisation Ecosystem. The platform builds on the experiences of various Interreg Baltic Sea Region's projects, such as, LARS, BSR Stars S3, Smart-up BSR and GoSmart BSR, as well as S34 Growth, BIOREGIO, ClusterFy and TraCS3, co-founded by Interreg Europe. Much of the BSR's existing S3 interregional efforts are projectfocused. The aim of the BSR S3 Ecosystem is to better align these efforts by building on our previous efforts and successes to strengthen our S3 approach with enforcing pan-baltic value chains, and to create an innovation ecosystem with strong and sustainable foundations.

LARS experiences put to use

A number of significant outputs have been generated, through the BSR S3 ecosystem project with the aim of building stronger, more resilient and place-based capacity across the BSR for improved innovation collaboration and performance.

Experiences from the LARS project has particularly contributed to the following key outputs over the last year:

A study has now been completed into a first stage value chain mapping exercise for the Circular Bioeconomy – CBE. This exercise was contracted through expert support (by The European Future Innovation System Centre-EFIS). The study has generated a new evidence base for the macro-region to take forward an interregional innovation agenda with CBE at its core.

The study identified strengths in bioenergy which have – until now – remained under the radar. It also identified significant scope to align efforts across the macro-region's biorefinery infrastructures and to further explore the role of digitalisation as a

means to transform and diversify existing CBE-related strengths. Next steps will involve the bringing together of CBE and S3-related specialists / practitioners from across the macro-region, with the aim of further reviewing and targeting specific joint opportunities.

To complement the above value chain mapping exercise, a support manual was designed by EFIS with a core methodology which can be applied to value chain mapping efforts across the BSR, in any domain. This resource aims to boost capacity, commitment and confidence across the macro-region in reviewing both the scope and specific opportunities for BSR-focused interregional innovation collaboration.

A third, key output from the Interreg project has been the development of a Good Practice report focusing on the role S3 has played across the BSR; where the LARS-project is one of the good practices addressed. The Good Practices analyzed in this report focus on 1) enhancing BSR-focused interregional collaboration; and 2) encouraging regions to upgrade their approaches to the 'entrepreneurial discovery process' – i.e. the methods and objectives underpinning how regions interact with their local stakeholders to review and update S3 priorities. The insights and case studies developed in this study aim to support Baltic Sea regions in improving overall capacity across the macro-region for S3 collaboration.

In the next step to develop the BSR S3 ecosystem, The LARS project method and experience together with the other Interreg projects in the platform will be used to further build for greater S3 collaboration across the BSR.

The resources and outputs above generate a new momentum for greater S3 collaboration across the BSR. Directing these efforts towards Green Deal and transition objectives, the macro-region is taking significant strides in preparing the ground for an upgraded approach to S3.

Sustainable Entrepreneurial Challenges in the Baltic Sea Region by Smart-Up

Taina Tukiainen, Aalto University

Pandemia, digitalisation, climate change and demographic shifts are shaping the future of Baltic Sea Region's institutions, cities, ports, and daily life. The Smart-Up BSR with ten regions in all the nine Baltic Sea Region countries has been to testing practices of regional innovation and transformation and to encourage cross-regional initiatives including the Sustainable Development Goals Agenda 2030.

While the starting point of the projects has been to understand the role of Smart Specialisation strategies for a sustainable and entrepreneurial Baltic Sea Region, the work of the participating partners has increasingly shifted to the promotion of instruments leading to capacity building. Change management was a part of the work tackling cross-regional innovation. This has been a way to endorse and put into action the Smart Specialisation strategy content and chosen spearheads and to launch pilots. More importantly, the action has shown the potential of capacity building as through our partners activities we realized that inter-regional collaboration, sustainable development goal implementation, nor economic transformation are not yet the norm in the Baltic Sea Region.

As a result, we are pleased how our joint efforts stirred up immediate action and new aspiration for future implementation. Diving into regional and place-based innovation and solution finding camps and hackathons we have created a view on cross-regional strength. We have aimed at practicing ways for Baltic Sea Regions to strive for cross-regional, cross-issue and evidence and practice-based transformation.

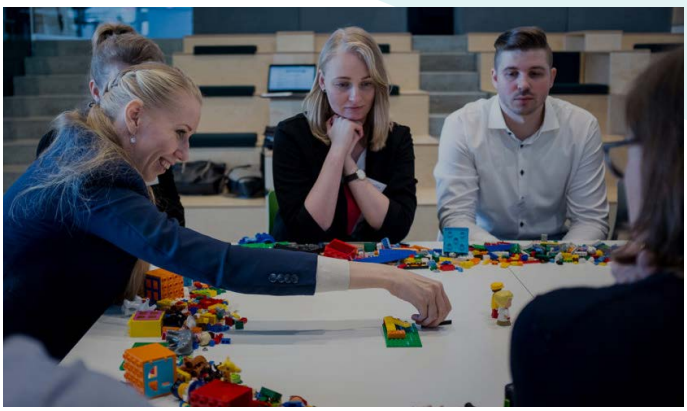
Based on the action the project also published a book on sustainable transformation through Smart Specialisation and is on the strategic instruments for sustainable and entrepreneurial capacity building. The publication was launched at the high-level conference on September 28, 20220: Baltic Sea Region – Towards Sustainable Economic Transformation. The conference and the book is replayable at this link https://m.youtube.com/watch?-feature=youtu.be&v=JMdmxs8WjsI.

The links to the publications is: https://smartup-bsr.eu/

In Smart-Up publications, we looked behind the scenes on how regions embed Smart Specialisation strategy creation and implementation in their regional economic development policies.

The thorough regional analysis in the book utilising the Regional Strategy Diamond the regional strategy stories points to the processes which drive sustainable and cross-regional economic transformation. Essentially, every actor and citizen in the Baltic Sea Region wants to contribute in making our regions more sustainable and entrepreneurial and we need to ensure that the necessary capacity building instruments are available and implemented.

In the Smart-Up BSR innovation camps and thematic pilots the major insight for the participating actors, stakeholders, organisations, regions and individuals is that capacity building both helps solving new challenges and helps enhancing new approaches towards sustainable transformation. The Smart-Up BSR community hopes to inspire structural change, but also human progress. We hope that the Nordic secret (Andersen & Björkman, 2017) can enable people to keep and develop their local cultural heritage and help them find purpose and meaning in a rapidly changing world.



Minds at work at Smart-Up Innovation Camp

Taina Tukiainen is Professor, Corporate Entrepreneurship and innovation and leader for the Smart-Up BSR, Interreg Baltic Sea project