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Smart Specialisation and the Wider Innovation Policy Context in the Western Balkans

Radovanovic, N.

Benner, M.

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Authors

Nikola Radovanovic

Maximilian Benner

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Abstract

Enhancing the innovation potential has been on the policy agenda of the Western Balkan economies for years. Hence, innovation policymaking has led to a number of policy documents and strategies that relate to economic and innovative competitiveness. The concept of smart specialisation is a newer approach of innovation policy that seeks to develop countries' or regions' competitiveness based on their innovative potential in a cross-sectoral perspective and through evidence-based analysis. As Western Balkan economies are currently developing Smart Specialisation Strategies or preparing to do so, pre-existing policy documents provide a relevant context for ensuring the cross-sectoral character of Smart Specialisation Strategies. This paper gives an overview of the main elements of the smart specialisation concept and surveys the existing strategic frameworks for innovation in the Western Balkan economies. The analysis addresses the relevance of these frameworks and policy documents for smart specialisation, and highlights the links between pre-existing strategic frameworks in a smart specialisation perspective.

1 Introduction

In recent years, countries and regions in the European Union (EU) have embarked on the smart specialisation approach (S3) at the crossroads of innovation policy and regional development. Under the umbrella of EU Cohesion Policy and its *ex-ante* conditionality of countries putting in place a policy framework for smart specialisation, the approach has led to a large number of countries and regions developing Research and Innovation Strategies for Smart Specialisation (RIS3) and in doing so in a collective, evidence-based way (Radosevic, 2017).

The S3 approach focuses on promoting economic development and growth through innovation in a cross-sectoral manner, by focusing not on isolated industries but on knowledge bases and their interrelationships, and on supporting diversification on the basis of these interrelationships (Asheim et al., 2011; McCann and Ortega-Argilés, 2015). Under S3, specialisations are not to be defined by policymakers alone in a top-down way, but rather agreed upon in a comprehensive dialogue coined as the "Entrepreneurial Discovery Process" or "EDP" that includes policymakers from various government ministries and agencies, private-sector stakeholders, academia, and civil society. The EDP is meant to be based on evidence by drawing on quantitative and qualitative mappings of the economic, innovative and scientific potential of national or regional economies, and implementation of the RIS3 shall be accompanied by monitoring along pre-defined indicators (Foray et al., 2009; 2012).

The S3 concept has a compelling transformational facet. It has the potential for driving economic transformation of the region and even exercising strong disruptive effects on the innovation system. Peculiarities of such transformational capabilities which pervade strategies in the innovation domain have been investigated in the study of Diercks et al. (2019) who call for considering "the strong legacy of an economic, firm-centred and technology-oriented tradition in innovation policy" (Diercks et al., 2019: 880). In addition, institutional legacies are particularly critical in transition economies yet amenable to change (Benner, 2019). In that sense, the application of the S3 concept in countries and regions that experience a transitional period in their economic structure may face more impediments than expected. Such a shift in innovation policies became even more urgent with the growing need to address societal challenges in innovation strategies during the last decade. This orientation towards societal challenges can be seen as a new wave of innovation policy or even a new paradigm, as highlighted by Grillitsch et al. (2019). The same authors stressed the need for designing, implementing and evaluating innovation policies which target "system-wide transformation" (Grillitsch et al., 2019: 1048). In such circumstances, countries and regions could benefit from a specific framework when establishing an innovation strategy based on smart specialisation.

Having in mind all characteristics of the S3 concept, it is fair to conclude that the concept provides a new policy approach to the six Western Balkan economies (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia). As such, S3 holds considerable potential to help them enhance the innovative potential of their private sectors and to do so in a collective way built on public-private cooperation. Given the experience gained in EU Member States and their regions in applying the S3 approach, Western Balkan economies can draw on a wide range of lessons learned. Yet, the introduction of S3 in the Western Balkans happens in an established policy context that has evolved over years. Assuring the consistency between eventual RIS3 and the existing policy context in Western Balkan economies will thus be important, and seizing the potential of S3 in encouraging cross-sectoral alignment of sectoral priorities by engendering an overarching vision of long-term innovation-driven growth requires a thorough analysis of the policy context.

This paper aims at summarising such an analysis of existing strategic frameworks and policy documents on the six Western Balkan economies. The analysis was undertaken by national smart specialisation teams and summarised by the authors as part of the support extended to the S3 process in Western Balkan economies by the European Commission's Joint Research Centre (JRC) and Directorate-General for European Neighbourhood Policy and Enlargement Negotiations (DG NEAR). By drawing on the analysis by national smart specialisation teams, this paper assesses the

relevance of strategic frameworks and policy documents for the S3 approach and RIS3 development, and suggests conclusions for the further process of S3 implementation in the Western Balkans. Conclusions can be relevant not just for the Western Balkans, but equally for economies in the EU neighbourhood such as Tunisia (Benner, 2020) that are likely to offer a similar context for innovation policy and regional development.

The paper is structured as follows. The next chapter provides a brief overview on the state of innovation and innovation policy in the Western Balkans, and identified challenges to be addressed under the S3 process. Then, the paper addresses the introduction of the S3 approach in the Western Balkans and summarises the results of the analysis of strategic frameworks and policy documents relevant for S3. The paper concludes by drawing conclusions for the further S3 process in Western Balkan economies.

2 Innovation and innovation policy in the Western Balkans

The Western Balkan economies offer prospects for economic development through strengthening innovation. Certain industries in the region already have a strong innovation base compared to the EU level but require improved support by innovation policy (Kleibrink et al., 2018). Also, product-space analysis undertaken by the OECD (2019) demonstrates that four industrial sectors (agri-food, automotive, machinery, metals) exhibit considerable potential for further development through export diversification. However, to realise this potential, efforts in terms of intensified cooperation between the private sector and academia, support to the adoption of innovative technology, and effective skills development policies will be needed (OECD, 2019).

Research undertaken by the European Commission's Joint Research Centre (European Commission, 2018b) confirms that the economic, scientific and innovative potential of the Western Balkan economies is marked by largely similar competitive advantages in exporting industries such as textiles and clothing, food, minerals, and metals, but with a focus on low- and medium-technology production. Hence, there is a clear rationale for enhancing Western Balkan economies' innovative capacities through measures such as support to skills development and technological upgrading in addition to infrastructure investments undertaken such as the set-up of science and technology parks (European Commission, 2018b).

By surveying the state of science, technology and innovation (STI) in the Western Balkans, the OECD (2018) observes that innovation policy has gained in prominence throughout the region, as is evident in more holistic policy frameworks for STI and the set-up of innovation funds in North Macedonia and Serbia. In terms of the policy environment of eventual RIS3, the evolution of the strategic framework for STI in the Western Balkans is remarkable. As the OECD (2018: 343) notes, all Western Balkan economies have either put holistic STI strategies in place or developed drafts. The STI landscape is developing throughout the region, for instance through the establishment of incubators, accelerators, or science and technology parks. However, challenges remain in terms of improving inter-agency coordination, better incentivising cooperation between the private sector and academia, and supporting clusters in a more selective way (OECD, 2018: 341-385).

In this context, S3 can considerably advance Western Balkan economies' economic progress by promoting cross-sectoral innovation, based on existing competitive advantages and extending them through diversification.

3 Smart specialisation in the Western Balkans

All six Western Balkan economies are currently in the process of preparing or adopting RIS3 with the support of the European Commission's JRC and DG NEAR. While Montenegro was the first Western Balkan economy to adopt its RIS3 in June 2019, the S3 process is expected to be finalised in Serbia, too, by the end of 2019. At the time of writing, Albania and North Macedonia are analysing their economic, innovative and scientific potentials, and Bosnia and Herzegovina and Kosovo are in the preparatory phase for the analysis.

Considering the cross-sectoral nature of S3, RIS3 should be aligned with existing strategic frameworks and policy documents. Instead of adding yet another strategy, it is meant to embody an overarching vision shared by various government ministries and agencies, the private sector, academia and civil society, and to focus public investment in a coordinated way on the priorities most likely to contribute to innovation-driven economic development. To achieve this, mapping the existing policy environment with its strategic frameworks and policy documents relevant to S3 is an important analytical prerequisite. After a brief introduction into the context for S3 in the Western Balkans under the process of EU enlargement, the remainder of this chapter does so by giving an overview on relevant strategic frameworks and policy documents and their potential links to S3 for all six Western Balkan economies.

3.1 The general context: EU enlargement

The introduction of S3 to the Western Balkans has to be seen within the context of the EU's enlargement strategy that provides an accession perspective for Western Balkan economies and envisages support for several policy areas including socio-economic development (European Commission, 2018a). Using the outcomes of the smart specialisation process in developing or upgrading industrial policies is also on the agenda the Western Balkan economies under the umbrella of the EU accession process.

The S3 approach plays a major role in the field of socio-economic development in the Western Balkans. Consequently, the Commission's 2019 communication on enlargement policy lists support to the development of RIS3 as a measure under the flagship initiative for socio-economic development (European Commission, 2019a: 44), and the introduction of the S3 approach is explicitly mentioned in the 2019 reports for each Western Balkan economy (European Commission, 2019b; 2019c; 2019d; 2019e; 2019f; 2019g).

3.2 Methodology

To assist Western Balkan economies design their RIS3, prepare and carry out the EDP, and gather evidence through quantitative and qualitative mappings, the European Commission's Joint Research Centre (JRC) proposed a smart specialisation framework that lists the steps to follow and that serves as a roadmap (European Commission, 2018b: 61-64). As one of the preliminary steps listed in the framework under the stage of institutional capacity building, the governmental and inter-ministerial smart specialisation teams in Western Balkan economies are requested to elaborate and collect an overview of existing policies relevant for smart specialisation. Precisely, the purpose of the task national smart specialisation teams are encouraged to carry out "is to identify the existing economic, scientific or innovative priorities and domains present in strategies and policies together with instruments for their implementation" (European Commission, 2018b: 61).

Based on the overviews submitted by national smart specialisation teams from all six Western Balkan economies, this chapter presents a short summary by listing major policy frameworks and policy documents relevant for the smart specialisation process and future RIS3 in the Western Balkans. While the overview is not exhaustive and while a number of policy frameworks are nearing the end of their timeframe or in single cases even passed it, the exercise still gives an impression of the policy context smart specialisation in the Western Balkans faces.

3.3 Strategic frameworks relevant for smart specialisation

Table 1 gives a non-comprehensive overview of relevant strategic framework or policy documents in the six Western Balkan economies and comments on links of these documents with future RIS3.

Table 1. Policy documents for innovation in the Western Balkans and their relevance for smart specialisation.

Policy document	Relevance for smart specialisation
Albania	
National Strategy on Development and Integration II (2015-2020)	One of the aims of the strategy is to establish policies increasing the competitiveness and economic growth of the country compared to other economies in South East Europe and beyond. Two strategic pillars are directly linked to the principles of the smart specialisation approach, i.e., ensuring growth through increased competitiveness and innovation; and ensuring growth through sustainable resource use and territorial development.
National Strategy for Science, Technology and Innovation (2017-2022)	This strategy focuses on the development of scientific research, technology and innovation. The document is based on the principles of the European Research Area (ERA) and emphasises the need for empowering research and innovation systems, as well as for establishing policies for close cooperation between the private sector, civil society, local government and research institutions. Actions under this strategy include improving the legal, institutional and financial framework for STI, supporting cooperation between the business and research sectors of the national innovation system in promoting innovation and technology development, increasing the general awareness on the role of STI among all stakeholders of the society, and empowering cooperation on the international level. All of the measures listed in the document are directly linked to the smart specialisation process.
Strategy on the Development of Business and Investments (2014-2020)	The strategy is based on the principles of integrated, smart, sustainable and inclusive growth. The design of the strategy was based on a public-private dialogue with a series of roundtables organised with the business community, financial support institutions, and civil society. The strategy is meant to represent a framework for creating partnerships between government entities and business enterprises on matters of technology improvements, innovation and human capacities, utilising the development capacity of the diaspora and the community of returning migrants. The objective of the strategy is to design and implement policies that affect growth and sustainable development of industry and in particular SMEs.
Cross-Sectoral Strategy on Rural and Agriculture Development (2014-2020)	This document addresses issues related to rural and agricultural development. The strategy focuses on the objective of achieving economic growth based on natural resources and rural development. In this light, the strategy provides a relevant complement for the future RIS3 regarding rural areas and in sectors related to agricultural value chains.
Cross-Sectoral Strategy on the "Digital Agenda of Albania" (2015-2020)	This strategy shares goals similar to those of the EU Digital Agenda for the Western Balkans. Measureable targets for information and communication technologies (ICT) in education can be beneficial for the future RIS3 if ICT figures among RIS3 priorities.

National Fisheries Strategy (2016-2021)	This strategy includes principles for the development of sustainable development for the fishery sector, and relates to economic, social and environmental aspects. The purpose of the document is to present a general strategic vision for the medium-term development of the fishery and aquaculture sectors, which could be beneficial if fishery figures among RIS3 priorities.
National Health Strategy (2016-2020)	The document underlines innovation as one of the drivers of the health sector development. Strengthening of the health system, as one of four priorities of the document, emphasises the development of infrastructure and the improvement of technology in providing health services. The relevance of this document depends on the potential inclusion of the health sector in the list of RIS3 priorities.
National Strategy on the Sustainable Development of Tourism (2018-2022)	This document refers to on completed legal and policy reforms, relatedness to other industries and forecasted growth of this sector, and addresses pending issues for further development of the sector. The strategy could serve as one of the key documents for additional analysis of tourism if the tourism sector is considered as a potential RIS3 priority. It also lists the goals of the tourism development which could be used in constructing S3 implementation mechanisms if tourism figures among RIS3 priorities.
Cross-Sectoral Strategy on Decentralisation and Local Governance (2015-2020)	This strategy introduces the approach to decentralisation and strengthening local governance, aiming at securing political, administrative and fiscal decentralisation.
<i>Bosnia and Herzegovina</i>	
Strategy of Science Development in Bosnia and Herzegovina (2017-2022)	This strategy aims at mobilising resources for the development of S&T, enhancing S&T infrastructure, strengthening the societal and economic relevance of S&T, supporting innovative start-ups, and promoting internationalisation and inclusion of the scientific diaspora. The strategy is highly relevant for a future RIS3 because it defined the policy context for scientific education and cooperation between the private sector and academia.
Sectoral Policy for Electronic Communications in Bosnia and Herzegovina (2017-2021)	The policy has to be seen in the context of the EU Digital Agenda and aims to harmonize sectoral regulations on electronic communications in the country with the EU <i>acquis communautaire</i> . In addition, the policy aims at encouraging investment in communications. The policy is thus potentially relevant for an eventual RIS3 if ICT is selected as a S3 priority in Bosnia and Herzegovina.
Policy for the Development of the Information Society in Bosnia and Herzegovina (2017-2021)	This policy relates to the Europe 2020 strategy and the EU Digital Agenda. Goals include increasing access to broadband networks, encouraging ICT innovation and competition, and developing the capacity of the software industry. The policy is thus potentially relevant for an eventual RIS3 if ICT is selected as a priority in Bosnia and Herzegovina.
Action Plan for the Development and Implementation of the Qualifications Framework in Bosnia and Herzegovina (2014-2020)	This document defines the conditions for the introduction of a quality assurance system for assessing qualifications in the context of the European Qualifications Framework for Lifelong Learning and the Qualifications Framework for the European Higher Education Area. As a tool for human skills development, the policy is thus potentially relevant for smart specialisation, depending on the assessment of skills available and needed for developing the S3 priorities eventually defined.

Priorities for Higher Education Development in Bosnia and Herzegovina (2016-2026)	This policy framework defined areas of reform in higher education aiming, <i>inter alia</i> , at higher-education governance, resources, the fit between educational outcomes and labour-market needs, and internationalisation. As a tool for human skills development, the policy is thus potentially relevant for smart specialisation, depending on the assessment of skills available and needed for developing the smart specialisation priorities eventually defined.
Strategy of Scientific and Technological Development of the Republic of Srpska "Knowledge for Development" (2017-2021)	This entity-level strategy defines the context for S&T in the Republic of Srpska and defines a number of priorities such as ICT, energy, and food production. By doing so, the strategy provides a relevant complement to a future RIS3 in terms of regional-level economic fabric and policy that the smart specialisation process in Bosnia and Herzegovina might take into account.
Kosovo	
National Development Strategy (2016-2021)	This strategy defines the broader context and priorities for Kosovo's economic development. Its focus areas are human capital, good governance and the rule of law, competitiveness, and infrastructure development. The first pillar, human capital, is potentially relevant for smart specialisation, depending on the assessment of skills available and needed for developing the smart specialisation priorities eventually defined. The second pillar, competitiveness, include networking and cluster promotion, SME support notably in terms of R&D, and specific sectoral promotion for the IT sector, and thus provides a highly important context for eventual RIS3.
Strategy for Innovation and Entrepreneurship (2019-2023)	This strategy focuses on improving SMEs' innovative capabilities, on improving cooperation between the private sector and academia, and on mobilisation the potential in entrepreneurship with specific consideration of youth and women. Priority areas defined in the strategy are ICT and digital industry, food production and processing, manufacturing, and tourism and related services. These priority areas and the actions defined in the strategy can serve to orient smart specialisation process of the economy and thus provide a highly relevant context by addressing innovation including but not limited to S&T.
Kosovo Education Strategic Plan (2017-2021)	The plan addresses education-related aspects such as management and quality assurance, teacher development, vocational education and training, and higher-education policy. The plan is thus potentially relevant for smart specialisation, depending on the assessment of skills available and needed for developing the smart specialisation priorities eventually defined.
Kosovo Information Technology Strategy (2014-2020)	The IT sector has been declared as a priority in economic development, and consequently this strategy aims at increasing the growth of the IT sector, improving relevant framework conditions, and increasing employment in the sector. Measures include incentives, export promotion, and support to IT clusters as well as the establishment of a Digital Technologies Park. The strategy is thus highly relevant if the eventual RIS3 defines IT/ICT as a priority sector.
Kosovo Digital Agenda (2012-2020)	This policy framework aims at developing Kosovo's ICT infrastructure as well as electronic services and content, including cultural heritage, and at enhancing the population's ICT use by improving broadband access. The strategy is thus highly relevant if the eventual RIS3 defines ICT as a priority sector.
Energy Strategy of the Republic of Kosovo (2017-2016)	The strategy addresses questions of energy efficiency, energy supply and infrastructure as well as integration into the regional energy market. The strategy could be relevant for smart specialisation if the eventual RIS3 addresses the energy sector as a priority.

National Research Programme of Kosovo (2010-2015)	The programme defines promotion measures in terms of human capital, research infrastructure, internationalisation, industry-academia cooperation, and research excellence for the research priorities defined (environment, energy, natural resources; agriculture and food safety; medical research; knowledge-based society; linguistic, historical and cultural studies; and communication technologies). The programme is highly relevant for smart specialisation, depending on the smart specialisation priorities eventually defined in the RIS3, and on their links to the research priorities listed.
Montenegro	
Industrial Policy of Montenegro (by 2020)	This document focuses on supporting the development and growth of enterprises based on efficiency, productivity and innovation. The document includes several strategic objectives that call for enhancing industry competitiveness and innovation. Further, the document includes key measures for each strategic objective, as well as the guidelines for the development of monitoring and evaluation mechanisms and for implementation. The Industrial Policy lists seven sectors with perceived growth potential: the manufacturing industry (agri-food, wood processing, metal and pharmaceuticals), energy, tourism, transport, ICT and creative industries, business services, and construction. The Industrial Policy relies on smart specialisation for the innovation-led development of Montenegrin industry.
The National Renewable Energy Action plan for use of Renewable Energy Sources (by 2020)	This document includes targets for renewable energy sources (RES) in Montenegro until 2020. The document's objectives should be consulted for the development of the S3 policy mix since "energy and sustainable environment" is among RIS3 priorities.
Fisheries Strategy of Montenegro (2015-2020)	This document provides overall guidelines for the development of fisheries and fisheries policy. The strategy analyses the strength and potential of the fisheries sector and refers to links to other strategy documents which analysed the sector. The document includes indicators for the fisheries sector, a data collection methodology, and both short-term and long-term objectives that should be taken into account, given that the fisheries sector is part of the RIS3 priority of "sustainable agriculture and food value chain".
Master Plan of the Development of Health System of Montenegro (2015-2020)	Objectives defined by this document include creating conditions for accessible, qualitative and sustainable health care system, building of professional capacities of healthcare system workers and continuous education, and adjusting education in this area to meet societal needs. The document's objectives and the measures are to be consulted, given that "energy and sustainable environment" figures among RIS3 priorities.
Strategy for the Development of Agriculture and Rural Areas (2015-2020)	The aim of this strategy is to set up a framework for sustainability of agricultural and rural development. The strategy includes a strong link to the tourism industry. The document lists main research and educational institutions in agriculture in Montenegro and includes diverse indicators related to the agriculture and food and their role in Montenegrin economy, thus providing a significant input for the S3 process in the country.

Strategy of Innovation Activity (2016-2020)	The strategy builds on the Law on Innovation Activity that regulates the organisation, conditions and manner of funding innovation activity in Montenegro. The document aims at using the innovation potential for the country's competitiveness and at creating an environment for the development of the country's innovative potential. The document identifies ten research and innovation priority areas with seven industries included: Energy, ICT, health, new materials, tourism, agriculture and food, and transport. The same industries are among thematic priorities for the field of innovation (excluding transport).
National Roadmap for European Research Area (2016)	This document aims at improving research efforts and performance of Montenegro, and thus provides a complement for science-related areas of the RIS3.
Montenegro Development Directions (2015-2018)	Among the main development directions defined is smart growth, i.e. the use of the country's potentials in an efficient manner, increased exports, entrepreneurship, innovation and research. The document identifies the following main areas for sustainable growth: agriculture and rural development, forestry, energy, environment, transport, and construction and housing. The objectives of the Montenegro Development Directions have been in the focus of the Economic Reform Programme for Montenegro 2017-2019. Thus, the directions help defining the context for Montenegro's RIS3.
Energy Policy of Montenegro (by 2030)	This document outlines actions and goals with the focus on continued research on Montenegro's RES potential and its use. Main priorities of the policy are security in the energy supply, the development of the competitive energy market and sustainable energy development. Energy efficiency and the use of RES are among the priorities for the energy policy. The document aims at providing incentives for research, development, and the transfer and application of ecologically sustainable new technologies in the energy sector. Targets and measures are relevant, given that "energy and sustainable environment" figures among RIS3 priorities.
North Macedonia	
Industrial Strategy of the Republic of North Macedonia 2018-2027	This strategy focuses on the transformational efforts towards becoming a more competitive economy. The objectives of the strategy relate to improving triple-helix cooperation, enhancing R&I capacities, and increasing R&I public-private partnerships. The concomitant Action Plan includes measures focusing on cluster and value chain development.
Competitiveness Strategy (2016-2020)	This document emphasises measures of the economic growth plan and adds measures aiming at developing industry based on green, innovative, circular and smart growth. The action plan of the strategy includes the identification of priority sub-sectors related to manufacturing and their targeted support through smart specialisation.
National Small and Medium-Sized Enterprises Strategy (2018-2023)	This document provides a framework for the collaboration between public, private and civil-society actors with the aim of supporting SME development and the country's innovation capacity, therefore exhibiting a strong EDP component.
Economic Reform Programme (2019-2021)	The programme includes plan of reforms of the medium-term macroeconomic and fiscal framework, along with sectoral reforms aiming at enhancing competitiveness and economic growth.

The Economic Growth Plan	This document focuses on strengthening the growth of the business sector. The plan aims at supporting investments into the business sector with the aim of enhancing competitiveness, innovation, and R&D. Measures under this effort will be directly linked to priority domains for S3.
Fiscal Strategy of the Republic of North Macedonia (2019-2021)	This document aims at creating a favourable business climate, facilitating support to domestic companies and innovation, and investments in infrastructure projects.
National Strategy of Innovation (2012-2020) and eight regional strategies for innovation	These documents aim at using knowledge and innovation for driving competitiveness and economic development at both the national and regional level. The national innovation strategy foresees enhancing the national innovation system, while regional innovation strategies focus on developing the conditions for innovation and entrepreneurial ecosystem in the regions.
Entrepreneurial Learning Strategy of the Republic of North Macedonia 2014-2020	This document aims at increasing the competitiveness of SMEs, start-ups and innovative companies. Measures under this effort support the development of skills for applied research, development, innovation and entrepreneurship.
National Strategy for Sustainable Development (from 2008)	This strategy encompasses four dimensions: economic (economic resources, development and growth), environmental (natural resources, protecting and ensuring ecological sustainability, and preventing and combating pollution), and social (social resources, solidarity, and combating poverty). The objectives defined under this strategy are relevant to the principles of the smart specialisation process.
Serbia	
Strategy and Policy of the Industrial Development of the Republic of Serbia (2011-2020)	This document aims at promoting a creative society and innovative economy by putting an emphasis on the following fields: microelectronics, mechatronics, optical transfer, biotechnology, new materials, aeronautics, programming, and the development and application of new technologies for medical, social, ICT and transport services. The document states that industrial policy should be based on knowledge, innovation and R&D. Objectives include enhanced cooperation between science and businesses and stronger support for innovation and R&D. The strategy calls for enhancing the national innovation system by including various stakeholders.
Strategy of Development of ICT Industry (2017-2020)	This document includes an evidence-based analysis of the state of the ICT industry that can be used to support further analyses of the sector within the S3 process. The strategy also includes measures and actions for ICT development. The document provides a basis for the development of a policy mix relevant for S3 if ICT is considered as a RIS3 priority.
Strategy for the Development of SMEs, Entrepreneurship and Competitiveness (2015-2020)	This document is strongly based on the Small Business Act and Europe 2020 strategy and aims at enhancing competitive strengths and innovation capacities of SMEs, providing a list of adequate measures. As such, it provides a relevant policy framework for the eventual RIS3 and subsequent implementation.

Strategy of Science and Technological Development of Serbia "Research for Innovation" (2016-2020)	This strategy is directly linked to the upcoming RIS3. The strategy highlights relevant issues for research and technological development and proposes ways to overcome related challenges. Main focus areas of the measures defined by this strategy include supporting excellence in scientific research, promoting financing opportunities, fostering connections between science, business and society, improving innovation management, and others. The document includes a list of stakeholders relevant to S3 and a set of indicators for innovation, science and R&D.
Strategy for the Development of Education in Serbia (until 2020)	This document calls for the knowledge-based development of the country and for the enhancement of its innovative potential. The strategy identifies key weaknesses of the educational system which could serve as a complement to the EDP dialogue. The strategy highlights the need to strengthen the research and innovation potential in the area of high-level education. In addition, the document calls for streamlining research in the country's priority areas.
National Employment Strategy (2011-2020)	This strategy aims at improving cooperation between universities, research institutions and the private sector. The document emphasises the importance of innovation and technology transfer activities. Further, the document aims at supporting the development of the framework for financial support for SMEs.
Fiscal Strategy (for 2017 with projections for 2018 and 2019)	This document emphasises the need for supporting entrepreneurship, innovation, technological advancement, and the promotion of the knowledge-based society for the long-term sustainable development of the Serbian economy. Among the actions mentioned in this document are several ones aiming at promoting exports of the ICT sector and supporting the competitiveness of the SMEs through innovation.
Economic Reform Programme (2017-2019)	This document identifies main issues in research and innovation, and defines measures that can be consulted in developing the S3 policy mix.

Source: authors' elaboration.

The analysis summarised in Table 1 suggests that Western Balkan economies provide a rich policy context for smart specialisation. The overview of strategies also revealed a large set of objectives, measures, programmes, instruments and indicators that are relevant to smart specialisation and need to be reviewed for potential direct use, compatibility assessment, or identification of synergies with the policy mix which will be part of each RIS3, keeping in mind the differentiation between vertically oriented RIS3 approaches and traditional horizontal policy measures (e.g. regarding education, IPR, labour markets, access to capital, etc.) concerning the general framework in which vertical choices/policies materialise. While this rich policy context means there is a lot to draw on during the EDP, aligning the priorities of relevant strategic frameworks and policy networks with each other and with RIS3 will be a major challenge and task of the EDP itself. Since RIS3 are supposed to pursue an overarching vision for economic growth driven by innovation in a cross-sectoral perspective, this form of alignment is critical.

4 Conclusions

The summary of the analysis of strategic frameworks and policy documents relevant for S3 presented in this paper demonstrate that future RIS3 will play an important role in the strategic matrix of innovation policy in the Western Balkans. In particular, S&T strategies are significant, but it is important to consider that innovation can be non-technical and non-scientific. The elaboration of RIS3 should be seen as an opportunity to complement S&T strategies by taking a broader view and exploring non-scientific sources and ways of innovation. For instance, exploring the innovative potential of the services sector in each Western Balkan economy could prove useful to discover possible innovation potentials currently untapped. Analysing service value chains in the Western Balkans could provide important evidence to inform the EDPs in Western Balkan economies in this regard. It is important to note that the ability to develop a realistic picture of the innovative potential of each Western Balkan economy comes with the evidence-based perspective of the smart specialisation approach, together with the outcomes of the comprehensive dialogue under the EDP.

The set of strategies relevant to smart specialisation can provide a rich context that can enhance the outcomes of various stages of the smart specialisation process. In this regard, phases such as the qualitative analysis or the EDP can benefit from the results provided by the analyses of those strategies. Further, measures, indicators and instruments defined in those documents could serve for the elaboration of monitoring and evaluation mechanisms. Hence, it is important to cross-reference RIS3 and other policy documents relevant to S3. We recommend referencing existing strategies in RIS3 and defining smart specialisation priorities on the basis of priorities pursued under other and previous strategies.

Given that a number of strategies and policy documents analysed are close to reaching the end of their planned duration, the EDP could provide a forum for further developing the priorities set in previous strategies, for example by considering links between them or by discussing the consequences of newer technological trends. Doing so is extremely important for the mentioned efforts of the Western Balkan economies to create additional links between RIS3 and industrial strategies. At the same time, the EDP provides an opportunity for openly discussing the outcome of these pre-existing strategies, and to learn from the experiences made. We particularly encourage discussing not only successes but also failures. To enable policy learning and enhance the effectiveness of RIS3 compared to older strategies, identifying and discussing those policy objectives that were not met and the reasons for failure should provide valuable insights.

In sum, the EDP provides an important opportunity to build on the existing policy context and to additionally strengthen innovation ecosystems in the Western Balkans by further developing innovation policy in a strategically aligned, cross-sectoral way. Keeping in mind this function of the EDP, one of the goals of smart specialisation in the Western Balkans should be to maintain the continuity of the EDP during the implementation phase of RIS3, thereby making the EDP a permanent process.

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List of abbreviations and definitions

DG NEAR	Directorate-General for European Neighbourhood Policy and Enlargement Negotiations
EDP	Entrepreneurial discovery process
EU	European Union
ICT	Information and communication technologies
IPR	Intellectual property rights
IT	Information technology
JRC	Joint Research Centre
OECD	Organisation for Economic Co-operation and Development
SME	Small and medium-sized enterprise
R&D	Research and development
R&I	Research and innovation
RIS3	Research and innovation strategy for smart specialisation
RES	Renewable energy sources
S3	Smart specialisation
S&T	Science and technology
STI	Science, technology and innovation

List of tables

Table 1. Policy documents for innovation in the Western Balkans and their relevance for smart specialisation.
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