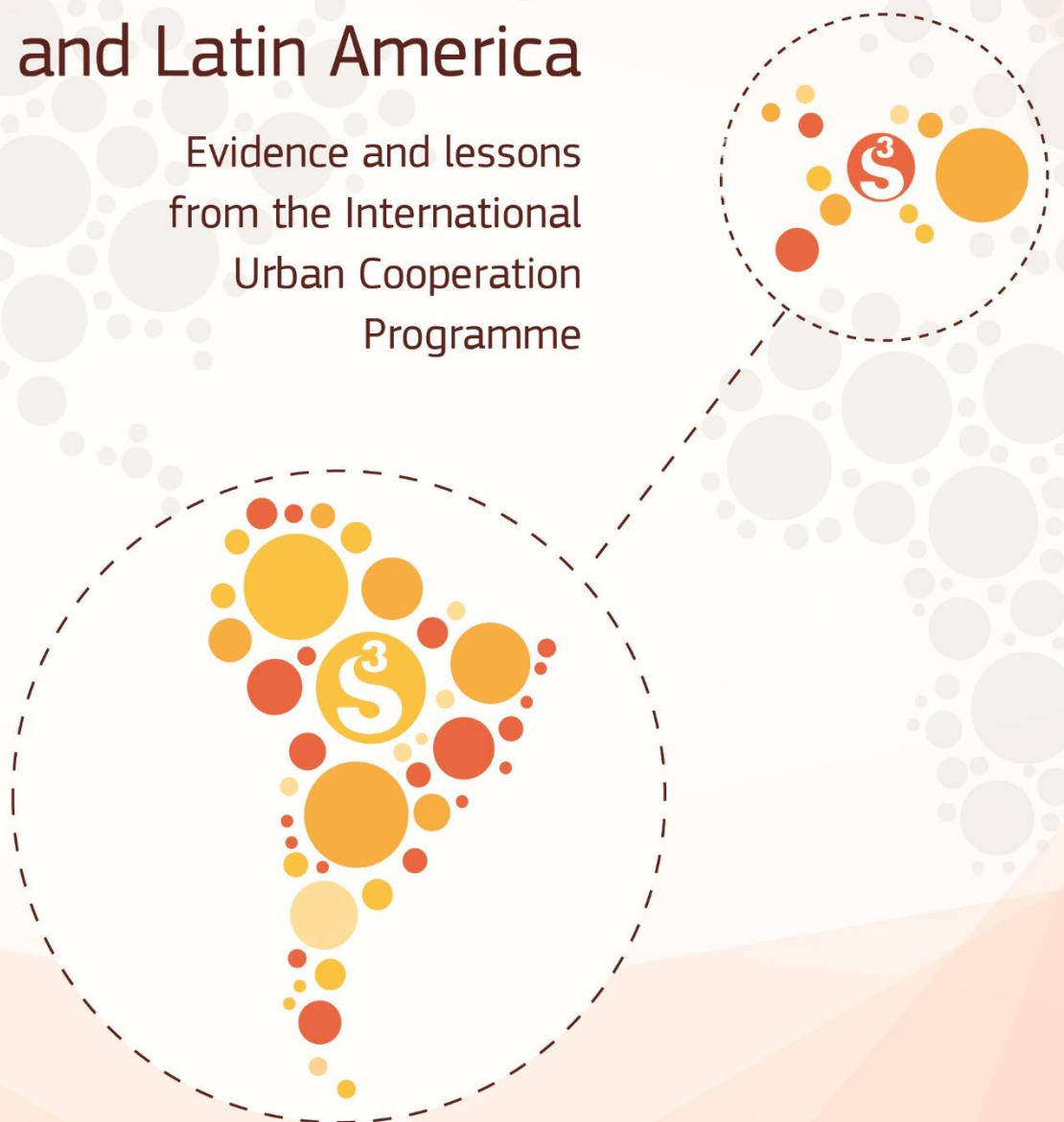




JRC SCIENCE FOR POLICY REPORT

Smart Specialisation, an innovation bridge between the EU and Latin America

Evidence and lessons
from the International
Urban Cooperation
Programme



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Abstract

Since 2016, the International Urban Cooperation Programme has been a vehicle for cooperation between the European Union and Latin America on the topic of innovation for local and regional development. In this endeavour, the Smart Specialisation approach originally deployed in the EU, and its potential to foster localised, innovation-driven sustainable territorial development, have been a great source of inspiration. Building on the 20 regional pairings between regions from the EU and Latin America (Mexico, Brazil, Colombia, Argentina, Chile and Peru), this Science for Policy Report analyses the outcomes and the lessons generated by transcontinental cooperation and examines the potential to enshrine the EU touch on Smart Specialisation in the innovation landscape of Latin America.

Foreword

By Charlina VITCHEVA, Deputy Director-General, Joint Research Centre, European Commission

When Smart Specialisation was launched in the European Union (EU) less than a decade ago as a localised, innovation-driven approach to territorial development, the importance of cross-regional and transnational cooperation was already part of its DNA. Today, this is even more a reality and it is a keystone of the ambition to get Europe closer to citizens and strive for more on the global stage. Within the EU, the European Commission's Joint Research Centre with its Smart Specialisation Platform have accompanied and guided Member States and regions towards the design, the implementation and the review of more than 120 Smart Specialisation Strategies. In addition, over 160 European regions and Member States collaborate in above 30 interregional partnerships under the umbrella of Smart Specialisation Thematic Platforms on energy, on agri-food and on industrial modernisation.

Building on European successes, localised innovation policies inspired by Smart Specialisation have gained prominence beyond the EU, as confirmed in the first global workshop on Smart Specialisation hosted by the Joint Research Centre in September 2018. Overall, Latin America is undeniably one of the most dynamic places for Smart Specialisation outside Europe. The International Urban Cooperation (IUC) Programme demonstrates the wide-ranging interest of Latin American countries in this "Made in EU" approach to innovation, and offers a promising illustration of the support provided by the Joint Research Centre to the international dissemination of the Smart Specialisation concept.

The IUC Programme has bridged European and Latin American regions to collaborate around innovation for local and regional development, in particular via the lens of Smart Specialisation. Since its launch in 2016, the IUC Programme, in its strand dedicated to innovation policy and its action in Latin America, has embraced some of the features at the core of Smart Specialisation. Indeed, in the framework of its 20 regional pairings between the EU and Latin America, the Programme has capitalised on territorial similarities or complementarities, drawn on territorial potential for excellence, fostered peer learning and strongly encouraged the outward-looking dimension. Furthermore, many Latin American territories represented in IUC have already held specialisation exercises, or deployed pilots towards regional innovation strategies inspired by the Smart Specialisation methodology applied in the EU.

Against this promising background, and based on the insightful testimonials from the IUC pairings during the 2019 European Week of Regions and Cities, I am more than ever convinced about the willingness and the capacity to export and deploy Smart Specialisation in a more systematic way in Latin America. This would be mutually beneficial. Not only would this generate economic transformation and contribute to building robust regional innovation eco-systems, possibly integrating the sustainability dimension, but it could also foster learning and new cooperation and business, thereby facilitating integration in global value chains. In turn, this closer cooperation between our continents would feed into the agenda of the European Commission, in particular to promote a stronger Europe in the world.

The IUC Programme thus exemplifies the latest evolutions of the Smart Specialisation concept towards increasing "glocalisation". As a result, Smart Specialisation is becoming even more a global brand, without losing its identity and anchorage in local territories and their specificities.

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Executive summary

Innovation policy framework

Initially implemented in the European Union (EU), Smart Specialisation has contributed to discovering and exploiting the innovation potential of EU regions and Member States, based on territorial specificities. This approach has also facilitated the identification of priorities for investment in research and innovation, as well as the mobilisation of innovation actors from public administrations, businesses, research organisations and universities, and the civil society.

The recognition of this success has also taken place beyond EU borders. In Latin America, Smart Specialisation has acted as an inspirational driver of decentralised innovation policies. Its uptake has served to analyse key strengths, challenges and potentialities of this localised innovation channel. Benefits such as the development of a territorial vision based on interdisciplinary and structured dialogue, a more systematic involvement of actors, and the identification of priority domains and potential for excellence have motivated policy action in several Latin American countries, notably Argentina, Brazil, Chile, Colombia, Mexico and Peru.

Main outcomes

Against this background, the International Urban Cooperation Programme has played an important role to enhance and reinforce the awareness, the understanding and the possible use of Smart Specialisation in Latin America. In particular, its component on inter-regional cooperation on innovation for local and regional development has facilitated a policy learning process through 20 pairings engaging regional or sub-regional partners of both continents. EU regions have shared their experiences and practices on Smart Specialisation, while Latin American ones have shared their vision of innovation and reflected on how Smart Specialisation could be implemented according to their own socio-economic and territorial contexts.

Avenues for action

The results of the International Urban Cooperation Programme are very promising for the future and already outline a number of steps to cement cooperation between the EU and Latin America. First, practitioners in the EU and in Latin America perceive Smart Specialisation as a central vehicle for new cooperation possibilities in the area of innovation, together with business opportunities. Second, the fact that most of the regions participating in the Programme already have a Smart Specialisation Strategy or aim to elaborate one, confirms the resonance of this policy instrument in both European and Latin American territories. Third, given the close attention to the sustainability dimension in Latin America and the EU, and the role of the Smart Specialisation approach in this respect, the diffusion of Smart Specialisation would go hand in hand with an alignment with the Sustainable Development Goals' framework.

1 Introduction

Smart Specialisation has been deployed within the European Union (EU) as an innovative approach to innovation. Since 2010, Smart Specialisation has been developed in the context of cohesion policy, which promotes a balanced development in European regions. Concretely, Smart Specialisation aims to boost jobs, growth and investment by enabling each region to detect and exploit its competitive advantages in order to move up global value chains. Its pioneering character is marked by four main features related to (i) its localised dimension anchored in territorial specificities, (ii) the identification and prioritisation of the most promising areas for development, (iii) its customisation potential and adaptability to local contexts and institutions, thereby avoiding "one size fits all" policies, and (iv) the mobilisation and engagement of innovation actors from public administrations, businesses, research organisations and universities, and the civil society, i.e. the so-called quadruple helix.

From the outset, Smart Specialisation has represented a strong connector between the EU and Latin America, towards fostering decentralised innovation policies. Latin America has been one of the most dynamic and flagship territories where the Smart Specialisation concept, currently implemented in the EU, is being widely considered by several countries and regions, and where projects linked to Smart Specialisation are being developed. For instance, regions of Brazil, Peru, Colombia and Argentina have conducted pilot activities to test the adaptation of Smart Specialisation. In others, such as Mexico and Chile, Smart Specialisation benefits from a strong support from national policies and funding. Generally, driven by a willingness to boost regional innovation capacities, the interest of Latin America in Smart Specialisation has led to territorial dialogues, participatory processes and collective vision related to the innovation perspectives of Latin American regions. Moreover, collaborative frameworks between the EU and Latin America on Smart Specialisation have been set up, leading both regions of the world to share a similar innovation language.

Against the background of an increasing influence of Smart Specialisation on sustainable territorial development beyond EU borders, Latin America appears as one of the most promising places to export and adapt this "Made in EU" concept. Building on the European experiences and successes, localised innovation policies inspired by Smart Specialisation have gained prominence beyond the EU. As a result, Smart Specialisation pockets are currently present at different levels of implementation – be it an expression of interest by some countries, first cooperation steps or even full-fledged collaboration – on the five continents. This culminated in a first global workshop on Smart Specialisation organised by the Joint Research Centre (JRC) in Seville in September 2018, with representatives from all over the world (Gómez Prieto, Demblans and Palazuelos Martínez, 2019). This event corroborated that Smart Specialisation has gained significant traction in the Americas, Africa, Asia and Oceania. Furthermore, it also helped to catalyse the interest of several international organisations and countries in the potential of Smart Specialisation as an enabling methodology for the Sustainable Development Goals, in particular as localised Science, Technology and Innovation roadmaps for the achievement of these Goals.

In this effort, the International Urban Cooperation (IUC) Programme has served as a powerful vehicle to accelerate the dissemination of Smart Specialisation in Latin America. Under the IUC Programme, precisely its Latin American and Caribbean pillar (IUC-LAC) and its component on "Inter-regional cooperation on innovation for local and regional development", support has focused between 2016 and 2019 on interregional exchanges and ways to encourage and internationalise regional innovation and cooperation between the EU, Latin America and the Caribbean on innovation for territorial development, by engaging local communities of stakeholders. In practice, the IUC Programme has been operationalised through 20 pairings of European and Latin American regions and sub-regions from Mexico, Brazil, Chile, Peru, Colombia and

Argentina ⁽¹⁾. This has allowed (i) European regions to share their Smart Specialisation practices and knowledge, while learning from their Latin American peers and possibly finding new cooperation partners, (ii) and Latin American regions to increase their understanding of Smart Specialisation and how it could be implemented in their territories, and start working on concrete initiatives together with their European counterparts. In a nutshell, the IUC Programme has stimulated the development of mutual business opportunities and the strengthening of regional strategies involving innovative SMEs, and has promoted international value chains in both parts of the world.

This Science for Policy Report includes three sections and builds on the outcome of a survey launched by JRC and IUC-LAC between May and June 2019 to assess the impact of the IUC Programme as regards Smart Specialisation, as well as key takeaway messages that emerged from a workshop on lessons learnt from the pairings. First, the report will emphasise the long-standing relationship between the EU and Latin America, which has been exacerbated further by the IUC Programme and the composition of the pairings. Second, the document will shed light on the conclusions from the survey and the final workshop held in October 2019 during the European Week of Regions and Cities, in particular in terms of acquaintance, ownership, support and planned initiatives towards Smart Specialisation, resulting from the partnerships between EU and Latin American regions under the IUC Programme. Third, drawing on the three years of the IUC experience and looking forward, the analysis will examine the potential of Latin America as a breeding ground for Smart Specialisation, and the collaboration opportunities for the EU. This could pave the way for further activities under the IUC umbrella and beyond.

⁽¹⁾ The full list of pairings is available in Annex 1

2 Latin America and Smart Specialisation: historical ties buttressed by the IUC Programme

The IUC Programme feeds into the bridges constructed between the EU and Latin America over the past years around the topic of Smart Specialisation. As highlighted in a JRC Technical report on Smart Specialisation in Latin America (Barroeta et al., 2017), Smart Specialisation has acted as a genuine inspirational driver of regional innovation and specialisation in several countries and regions of Latin America. By analysing key strengths, challenges and potentialities for place-based innovation in Latin America, by involving all main actors, by facilitating the development of a territorial vision as well as priority domains and by maximising the collaboration potential and helping move up global value chains, the IUC Programme has provided a decisive contribution towards solidifying further the links between the EU and Latin America thanks to its 20 pairings.

2.1 Smart Specialisation from the EU to the world: Latin America as one of the main destinations

2.1.1 Smart Specialisation, a powerful vector of territorial development in the EU

Characterised as an innovative policy process, Smart Specialisation enables to spot and boost the competitive advantages of EU regions. Territorial development requires understanding the specificities of local dynamics including the institutional composition, stakeholders' interactions, socio-economic challenges, as well as future projections and aspirations. In this context, the implementation of Smart Specialisation in the EU in the context of cohesion policy has supported regions in the discovery of their competitive advantages. This process has been carried out by identifying concrete, realistic and promising niches of innovation emerging at local/regional level and allowing a more effective concentration of resources and investments. As a result, EU regions have selected a limited number of priorities with a clear innovation perspective, thereby being smartly specialised.

The design and implementation of Smart Specialisation Strategies draw on a localised, place-based approach. Territory matters: on this basis, Smart Specialisation Strategies are anchored in territorial specificities, capitalising on their strengths. In practice, based on a thorough diagnosis of a country's or region's assets, Smart Specialisation Strategies identify a selected number of priorities, targeting the most promising areas for development and excellence. This place-based character of the Smart Specialisation approach has also allowed to recognise local innovative niches not always anchored in technological development, thus facilitating public support to emergent sectors such as: creative and cultural industries, social innovation and blue economy, among many others.

Smart Specialisation has been implemented as a predominantly people-centred policy mechanism designed to leave no one and no place behind. The promotion of inclusive dialogue with local actors leading to identify, validate and decide on innovation priorities constitutes one of the main assets of Smart Specialisation. Also known as the Entrepreneurial Discovery Process (EDP), this structured dialogue provides territorial identity and empowerment of local agents representing the public sector, business organisations, research and academy institutions and the civil society. Moreover, besides being a fundamental part in the design and successive implementation of the Strategies for Smart Specialisation, the EDP also plays a crucial role in the elaboration of a governance system. In the EU, the EDP has been considered as a

satisfactory process, with high rates of positive and very positive perception due to its ability to: (i) increase trust among stakeholders, (ii) enhance trust towards the public sector, (iii) engage stakeholders in regional development and (iv) improve public - policy decision making (Marinelli and Perianez-Forte, 2017).

Smart Specialisation can be portrayed as a policy exercise with strong emphasis on interregional cooperation and mutualisation of knowledge. As part of the EU cohesion policy, the Smart Specialisation approach contributes to reducing disparities and achieving a balanced development among EU regions. The more a region specialises, the higher the need to establish strong cooperation channels with peers. The outward-looking dimension of Smart Specialisation is not only relevant for an effective long-term planning and execution of the activity derived from selected priorities (Sörvik et al., 2016), but it is also essential to enrich the process itself, as interaction with peers brings additional tacit knowledge to the regions (Uyarra et al., 2014). Currently, more than 160 European regions and Member States work together in over 30 thematic partnerships on Smart Specialisation in the areas of industrial modernisation, energy and agri-food.

Smart Specialisation has become a successful policy experience in the EU, with a great inspirational effect beyond EU borders. Smart Specialisation Strategies are already making a difference by improving the quality of cohesion policy investment in innovation and have thus become an integral part of Europe's approach to innovation (European Commission, 2017). From the EU to the world, the added value of Smart Specialisation beyond EU borders is associated to three-fold gains: (i) Countries around the world can benefit from the solid and territorially-adaptable Smart Specialisation methodology; (ii) Smart Specialisation can foster economic transformation and contribute to building robust regional innovation ecosystems around the world; (iii) A series of Smart Specialisation experimentations is gaining traction in Enlargement and Neighbourhood countries, and generally throughout the world (Gómez Prieto, Demblans and Palazuelos Martínez, 2019). The localisation power of Smart Specialisation in connection with this outward dimension has also enabled several policy reflections addressing global challenges from collective local answers.

2.1.2 Smart Specialisation, an attractive policy approach for Latin America from the start

The Smart Specialisation uptake in Latin America is the result of a long-standing cooperation with the EU. The international dimension of the EU regional policy has played a driving role in the promotion of decentralised policies of innovation in Latin America. With the experience obtained through the evolution of different EU regional innovation strategies, the Directorate-General for Regional and Urban Policy of the European Commission (DG REGIO) has promoted activities of knowledge transfer through interregional and cross-border cooperation, engaging policy makers and stakeholders of the EU with countries in other continents, particularly in Latin America. A milestone in this cooperation occurred in 2011, with the implementation of the RED project, aimed to design and establish regional innovation strategies in several Chilean Regions (European Commission, 2011). In subsequent years, other countries of the region have shown interest towards the Smart Specialisation approach, building not only on the European experience, but also on the evidence in a neighbour country.

A combination of elements explains the growing interest and rapid dissemination of Smart Specialisation in Latin America. Going back in time, the well-known lost decade in the 1980s helps to understand the concern and urgency of Latin American countries to increase competitiveness. The technological gap, limited interaction between public and private agents, together with the need to give more relevance to local processes, are recurrent elements present in research and innovation policies of these countries (Barroeta et al., 2017). Not surprisingly, beyond EU borders,

Latin America is today the region of the world with the most dynamic policy activity on Smart Specialisation in its various facets, such as innovation discovery at local/regional level, openness to non-technological innovation, establishment of social dialogues as a condition for the decision-making process, multi-stakeholder governance settings, and identification of innovation niches oriented to increase the competitive advantage.

Smart Specialisation in Latin America has moved from pilot actions towards a consolidation of customised approaches. Several projects and pilot initiatives have facilitated the initial reflection and experimentation of Smart Specialisation in at least six Latin American countries, namely Chile, Mexico, Peru, Brazil, Colombia and Argentina. Table 1 shows some of these precursor policy actions, and also references to corresponding uptake and empowerment into the nation-wide policies and strategies. This evolution means a step forward, as regions in Latin America are adopting and adapting Smart Specialisation to their specific territorial and socio-economic contexts. The high emphasis on aspects such as sustainability and social innovation, combined with the interest to apply Smart Specialisation in territorial contexts such as cities, cross-border zones and rural areas, are some of the novelties of the Smart Specialisation process in Latin America. Implicitly, this customisation effect offers new lessons and contributes to enriching the experience of EU regions and practitioners, including additional elements to fine tune cooperation on the field.

Table 1. Pilot activities introducing Smart Specialisation in Latin America and uptake at nation-wide level

Country	Pilot activity	Empowerment and uptake at nation-wide level
Chile	RED Project, 2011-2013	National programmes Transforma framework.
Mexico	EU-Mexico cooperation on regional and urban policy, 2014.	Federal and State framework for the implementation of Regional Innovation Agendas.
Peru	Study of regional innovation systems in the regions of Cusco and Puno, 2013.	Smart Specialisation as a working line in the constitution of 5 new Regional Development Agencies.
Brazil	<p>Study for a vision of the Smart Specialisation Strategy in the State of Pernambuco, 2017.</p> <p>Sector Dialogues project: The customisation of the Smart Specialisation concept in Brazil, 2018.</p> <p>INNOV-AL on regional bilateral cooperation between Pernambuco, Pará and Paraná with EU regions, 2018-2019.</p> <p>INNOV-AL II on regional bilateral cooperation between Ceará and Santa Catarina with</p>	Steps towards the adaptation of Smart Specialisation in Brazil and the creation of a dedicated Platform steered by the Brazilian Ministry of Science, Technology and Innovation.

	EU regions, 2019-2020. Global Environment Facility-6 "Promoting Sustainable Cities in Brazil through Integrated Urban Planning and Innovative Technologies Investment", supporting Smart Specialisation customisation and operationalisation in Brazil, 2018- 2022.	
Colombia	Pilot call for projects on Smart Specialisation in the ICT sector in 7 Colombian regions, 2015.	Articulation of the Smart Specialisation concept with a national policy of clusters.
Argentina	EU-Argentina Regional Policy Cooperation on Multi-Level Governance Systems, 2016.	National Innovation Strategy identifying 12 priority axes as a response to innovation challenges.

Source: JRC analysis

2.1.3 Smart Specialisation is establishing itself as a vehicle for sustainable territorial development all over the world

Smart Specialisation presents significant opportunities for achieving sustainable development, in particular as localised Science, Technology and Innovation roadmaps for the Sustainable Development Goals. The European Commission's Reflection Paper dedicated to sustainable development (European Commission, 2019) has confirmed the relevance of Smart Specialisation from the perspective of sustainable development. Smart Specialisation resonates indeed with several features of the Sustainable Development Goals, particularly the accent on localisation. As such, it is both transformative agendas driven by place-based innovation, and Science, Technology and Innovation roadmaps for the Sustainable Development Goals.

The interlinkages between Smart Specialisation and the Sustainable Development Goals are being increasingly acknowledged at international level, notably in Latin America. Smart Specialisation features increasingly on the agenda of international institutions, starting with the United Nations, as an enabler for the Sustainable Development Goals. Moreover, it is also at the core of the policy actions and plans of several Member States, notably Mexico, Serbia or Australia. In Mexico, which is one of the countries targeted by IUC, a pilot project on the Sustainable Development Goals and Smart Specialisation has been launched in four States. In terms of rationale, Mexico strives for an integration of cluster policies, Smart Specialisation and Science, Technology and Innovation, which should result in integrated policy agendas focused on the 17 Sustainable Development Goals. This close attention to sustainable development, in link with Smart Specialisation, is also visible in the results of the survey on the IUC-LAC Programme carried out in spring 2019 among its Latin American and European participants, where Chile, Mexico, Brazil and Colombia all refer to sustainability in the outcomes of the IUC Programme or actions in the pipeline.

2.2 The IUC Programme as a new bridge between the EU and Latin America on Smart Specialisation

The EU Programme "International Urban Cooperation: Sustainable and Innovative Cities and Regions – Regional Action Latin America and the Caribbean" (IUC-LAC) has a two-fold ambition. It aims indeed to support both the external dimension of Europe's growth strategy through EU-LAC region cooperation on

innovation for local and regional development, and the EU climate change policy through the Global Covenant of Mayors and EU-LAC city cooperation on urban sustainability.

The programme includes an important element of EU economic growth through the promotion of business opportunities. It is funded by the EU's Partnership Instrument that is managed by the European Commission Service for Foreign Policy Instruments (FPI). As such, it is embedded in the EU's political dialogue with partner countries and it shall support the EU's contribution to international frameworks, such as the United Nations Framework Convention on Climate Change, Sustainable Energy for All and the implementation of the United Nations Conference on Housing and Sustainable Urban Development (HABITAT III).

In this context, the IUC-LAC project aimed to foster three key aspects, reflected in its three components. International urban and regional policy diplomacy, decentralised cooperation on sustainable urban development and climate change through a focus on sustainable energy, and innovation for local and regional development in the Latin America and Caribbean region (LAC) have been at the core of its narratives. In addition, the spirit has been one of a mutually beneficial basis with existing and new key EU partners. As a mirror of this objective, the project includes the following components:

- **Component 1:** to strengthen EU-LAC city-to-city cooperation on sustainable urban development;
- **Component 2:** to strengthen EU-LAC cooperation on local and regional climate change action, building upon the Covenant of Mayors initiative;
- **Component 3:** to strengthen EU-LAC region-to-region cooperation on innovation for local and regional development.

2.2.1 Cooperation on innovation for local and regional development: Added value for Latin America and the EU

Within Component 3, support focuses on ways to upgrade and internationalise regional innovation inspired by Smart Specialisation, notably through cooperation in and between the EU, Latin America and the Caribbean. Latin America could benefit from the Smart Specialisation experience of EU regions in the context of the pairings to boost cohesion, innovation and competitiveness. On the EU side, closer cooperation with Latin America about Smart Specialisation could allow the EU to learn from the Latin American practice of place-based research and innovation policies and further develop Smart Specialisation as a methodology apt to inspire other regions of the globe. Furthermore, in the endeavour towards building a truly worldwide community of Smart Specialisation, the increasing cooperation between the EU and Latin America could translate into the development of bridges between both continents and open up further possibilities for international and inter-regional collaboration. Overall, this would create conditions for identifying areas that shall lead to new business opportunities for EU and Latin American regions, and allow the EU to target investments in the Latin American region. As such, the IUC-LAC Programme is truly characterised by a win-win nature.

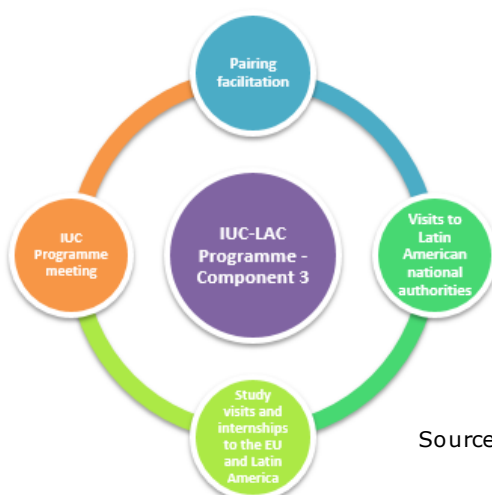


Figure 1. A network of four actions

Four main activities have been carried out under the IUC-LAC Programme to leverage regional innovation and enable the development of long-lasting partnerships between the EU and Latin America. These lines of work consist of the facilitation of pairings between EU and Latin American regions, annual visits to national Latin American authorities, visits of Latin American regions or internships to designated EU regions and reciprocally, as well as

Source: JRC analysis

yearly gatherings at the European Week of Regions and Cities in Brussels.

- The **Pairing facilitation** aimed to provide technical support, follow-up on the development and/or implementation of Smart Specialisation on both continents and matching activities between EU and Latin American regions, thus generating concrete pilot projects and/or cooperation agreements.
- The objective of **annual visits to national Latin American authorities** was to pre-select and validate Latin American regions to be engaged in the project, as well as to set up the necessary commitment and ownership from national authorities (including Development Agencies) and selected regions. Once Latin American regions were selected, a customised competition call was launched to select EU peers.
- One-week **study visits or internships** of Latin American regions to designated EU regions and vice-versa encouraged peer learning and in-depth understanding of respective regional needs and benefits associated to Smart Specialisation. They also supported the identification of new business opportunities and the establishment of pilot projects and/or cooperation agreements between collaborating regions.
- An **IUC Programme meeting** was organised annually during the European Week of Regions and Cities in order to align activities with related EU initiatives, promote capacity building and peer learning, facilitate cooperation between the EU and Latin America, disseminate project achievements and gather feedback for refinements.

2.2.2 Steps of the Programme

The basis for building regional cooperation between the EU and Latin America and sustaining partnerships throughout time has been framed under the EU Smart Specialisation approach. Due to the geographical constraint and the limited time available for face-to-face interaction, a good deal of the facilitation took place virtually. In a nutshell, Figures 2 and 3 below outline both the overall process and how Smart Specialisation framed the cooperation.

Figure 2: Selection of regions

Source : JRC analysis

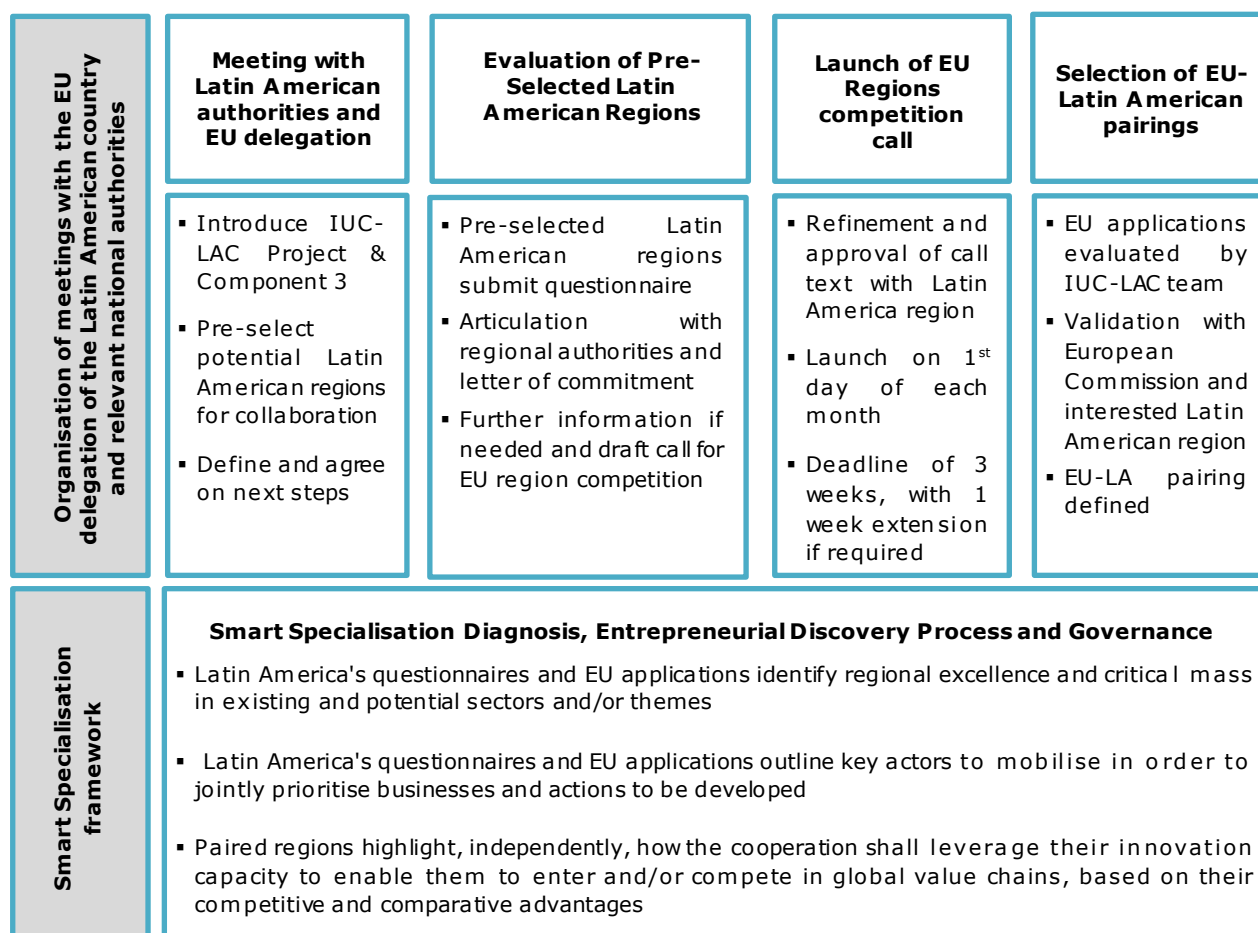
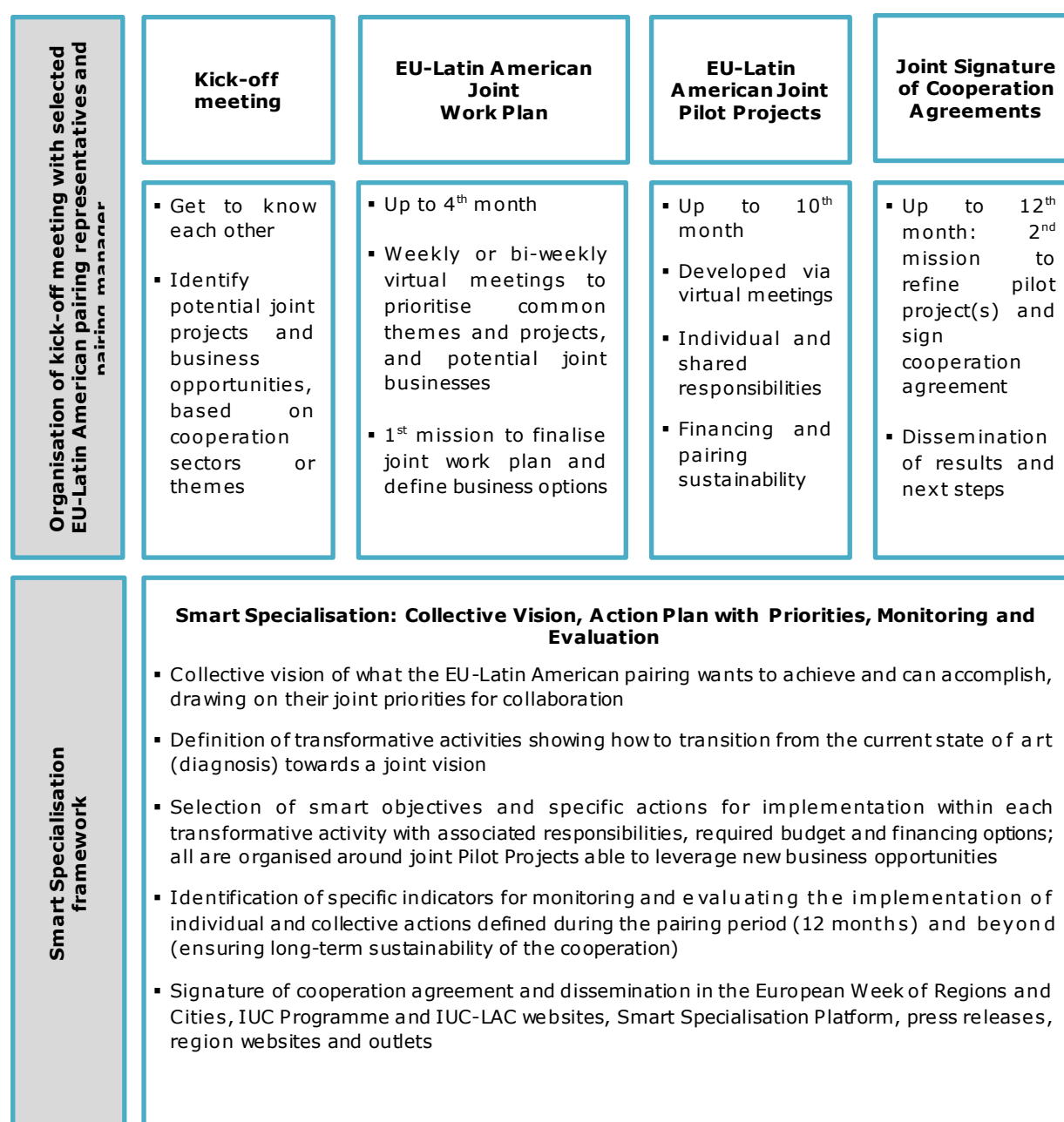


Figure 3: EU-Latin American regional pairings



Source: JRC analysis

2.2.3 Profile of the participants and main results

Twenty pairings have been formed and supported under the IUC-LAC Programme, around seven main themes (Annex 1). These involved six Latin American countries, namely Argentina (3 regions), Brazil (4 regions), Chile (3 regions), Colombia (3 regions), Mexico (4 regions) and Peru (3 regions) and 10 EU countries, i.e. Spain (6 regions), Italy (3 regions), Poland (3 regions), Slovenia (2 regions), Portugal (1 region), Finland (1 region), Czechia (1 region), Romania (1 region), Sweden (1 region), and Austria (1 region)⁽²⁾. These pairings encompassed topics such as sustainability, agri-food, tourism, renewable energy, industrial modernisation, Information and Communication Technology and international cooperation.

⁽²⁾ In some cases, the selected territory has been a sub-region.



Figure 4: Family picture of the IUC regional pairings between the EU and Latin America

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The selected Latin American regions all shared a number of criteria. First, the six Latin American countries were covered by the framework of DG REGIO. Second, the region needed to express interest in a letter of commitment. Third, a contact person was appointed in the region for continuous liaison. Fourth, national or local resources were engaged in the context of the Programme. Fifth, it was crucial to involve business and research stakeholders. Sixth, first steps, or at least, commitment

towards the elaboration and subsequent implementation of a Smart Specialisation Strategy was another prerequisite. Seventh, engagement and coordination of all quadruple or quintuple helix actors – civil society and funding institutions – was a core component of the process. Eighth, Latin American needs and opportunities should match the profile of one or several EU regions.

Similarly, EU regions willing to participate in the IUC-LAC Programme needed to fulfil a number of requirements. First, they had to demonstrate a capacity to support the development or the implementation of a Smart Specialisation Strategy by their Latin American counterpart. Second, it was important to be able to leverage joint new projects and, third, new business opportunities.

Figure 5: Key figures of the IUC-LAC Programme



Source: JRC analysis, based on IUC-LAC data

3 Lessons from the IUC-LAC Programme: Latin America as a fertile territory for Smart Specialisation

The IUC-LAC Programme has confirmed the highly promising nature of Latin America with regard to Smart Specialisation, both in terms of current state of play, and forthcoming initiatives. Over the recent years, all Latin American countries taking part in the IUC-LAC Programme, namely Mexico, Brazil, Chile, Peru, Colombia and Argentina, have had contacts, at various levels, with the Smart Specialisation concept and features. Therefore, the IUC-LAC Programme did not start from scratch in these territories. This is well reflected in the joint JRC-IUC-LAC survey of May-June 2019, which confirms the general familiarity of Latin American regions with the Smart Specialisation approach. On this basis, the IUC-LAC Programme has enriched and deepened this pre-existing knowledge through specific support on Smart Specialisation brought by European experiences, which resulted in tangible plans and cooperation opportunities for the future.

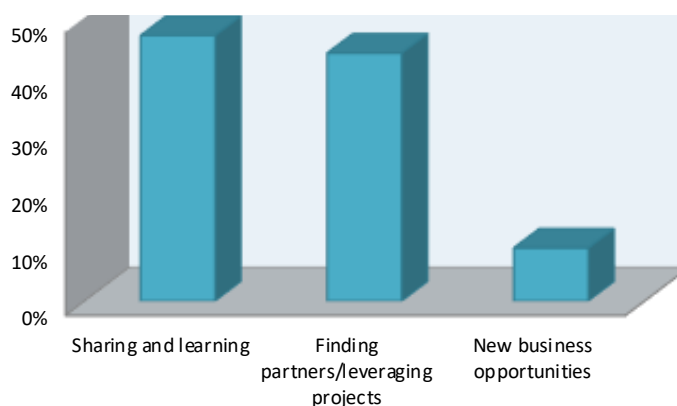
3.1 Main facts and figures about the survey

A variety of respondents have taken part in the survey, from the geographical and professional points of view. The questionnaire has benefited from a balanced representation of participants. Among the 40 pairings composing the IUC-LAC Programme, 32 stakeholders answered the survey, essentially from regional public administrations, but also from a public foundation, the business sphere (Chamber of Commerce, regional public company), research and innovation organisations (science parks, development agencies) and the civil society. In terms of geographical coverage, the distribution of replies is very well shared between the EU and Latin America, with 17 participants from the former and 15 from the latter.

Participation in the IUC-LAC Programme has been driven by two main objectives at the core of Smart Specialisation.

Exchanging knowledge and exploring new cooperation possibilities equally stand at the heart of involvement in the IUC-LAC Programme. A large majority of paired regions mainly aimed indeed either at sharing and learning from other territories' experiences, or at finding partners and leveraging new projects. In addition, developing new business opportunities has been the principal objective according to three respondents.

Figure 6: Main motivation for participating in IUC-LAC



Source: JRC analysis, based on JRC-IUC-LAC survey results

A diversity of exchanges contributed to making the most of the 20 pairings between the EU and Latin America. Although face-to-face meetings have been the most common form of interactions among pairings notably at the occasion of visits (they are mentioned by all respondents, except those engaged in the exercise more recently), virtual dialogues also took place due to geographical distance. Cooperative forms of exchange were also developed, such as general and thematic workshops, referred to 16 times by the participants in the survey. To this may be added the organisation of trainings, as well as peer learning events. What emerges is that the pairings have

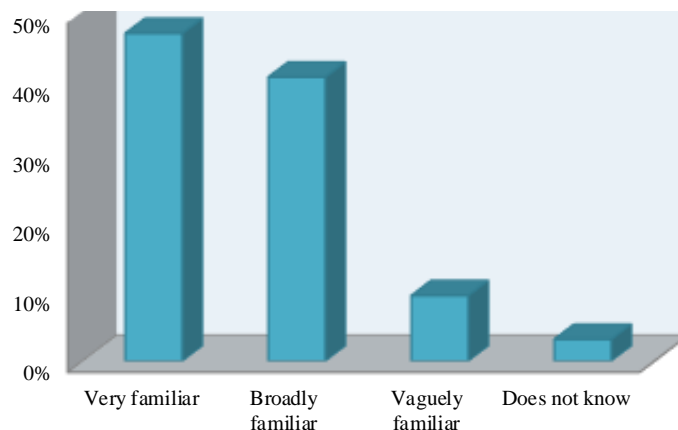
managed to build and sustain relationship over the time of the IUC- LAC programme by capitalising on communication channels.

3.2 Strong interest and knowledge about Smart Specialisation

IUC-LAC participants have expressed marked intentions to adopt, implement or review their Smart Specialisation Strategies. With more than 93% of the respondents in the survey having a Smart Specialisation Strategy or aiming to elaborate one, Smart Specialisation confirms its influential strength on European and Latin American territories. In particular, on top of European ones, several Latin American regions from Chile, Colombia, Mexico and Peru count among those already equipped with a Smart Specialisation Strategy, while others from Brazil, Peru, Mexico and Colombia have indicated a willingness to design such a Strategy in the near future.

IUC-LAC participating regions are generally well aware of the principles at the heart of Smart Specialisation.

Figure 7: Knowledge of Smart Specialisation among IUC-LAC participants



Source: JRC analysis, based on JRC-IUC-LAC survey results

The overwhelming interest in Smart Specialisation is further complemented by a very satisfactory knowledge of Smart Specialisation in general, and of its different steps in particular. Out of the 32 IUC-LAC Programme participants that replied to the survey, 28 define themselves as very or broadly familiar with Smart Specialisation, out of whom 15 from Latin America. This demonstrates that the European experiences, the current exchanges and the collaboration frameworks between the EU and Latin America have successfully helped to propagate information about Smart Specialisation. Only 1 respondent did not know about Smart Specialisation prior to his/her participation in the IUC-LAC Programme, whereas 3 were vaguely familiar with it.

The six main phases of Smart Specialisation are explicitly considered to be important and relevant. In the wide majority of cases, all steps of Smart Specialisation – analysis of the regional context and potential for innovation, governance, overall vision, identification of priorities, definition of a coherent policy mix, and monitoring and evaluation mechanisms – along with interregional cooperation are deemed pertinent. On the 1 (not relevant) to 5 (highly relevant) scale provided in the survey, they are predominantly positioned at 4 or 5 by the participants. Interestingly, one of the distinctive features at the roots of Smart Specialisation, namely the Entrepreneurial Discovery Process leading to a thorough diagnosis of territorial strengths and capabilities, received the highest scores, with 31 respondents attributing a 4 or 5, and only one choosing a 3. In the rest of the steps, albeit an overall welcoming, the monitoring and evaluation stage was the most frequently qualified as being not relevant, of low relevance or somewhat relevant, in 8 cases. One possible interpretation of these two extremes lies in the fact that the Entrepreneurial Discovery Process symbolises the start of the Smart Specialisation process and has become one of its defining traits, whereas the monitoring and evaluation frameworks stands rather at the end of the policy cycle, and may seem of less immediate significance for regions not yet endowed with a Smart Specialisation Strategy.

3.3 Explicit support for Smart Specialisation through IUC-LAC

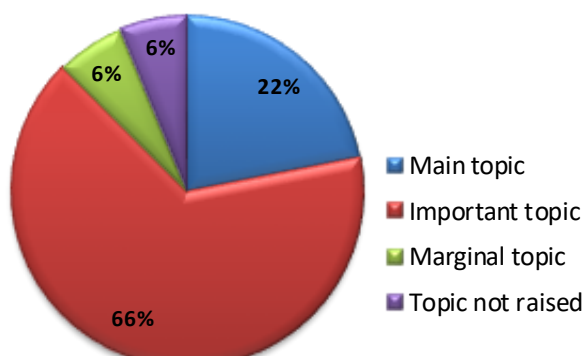


Figure 8: Salience of Smart Specialisation in the IUC-LAC Project

Source: JRC analysis, based on JRC-IUC-LAC survey results

Smart Specialisation has had a central place in the IUC-LAC Programme. When asked about the degree of salience of Smart Specialisation in the exchanges with their partner, more than 87% of respondents indicate that it has been the main or an important subject of discussions. On the contrary, it has been assessed as a marginal topic in only 6% of cases. Such result is fully consistent with the logical framework of the IUC-LAC Programme, where support to Smart Specialisation and emphasis on its role to foster innovation and competitiveness feature among the ambitions.

Generally, IUC-LAC has provided extensive support for Smart Specialisation. In line with the logic of intervention of the IUC-LAC Programme, the pairings have represented an opportunity for the regions involved to get theoretical and practical support on Smart Specialisation. This is confirmed by the answers to the survey, since 20 participants out of 32 indicate that some, and even structured and clear support in several cases, has been granted within the IUC-LAC Programme. The rest of the respondents mainly talks about minimal support, or information and awareness-raising, which is still necessary to familiarise new actors with this innovative approach to innovation.

In particular, notable support has been given through IUC-LAC for each of the 6 Smart Specialisation steps. Overall, the outcomes in terms of assistance received on each of the stages of the Smart Specialisation process coincide with the aforementioned global assessment. With the exception of the monitoring and evaluation phase where replies are spread between some and structured and clear support on the one hand, and minimal support on the other hand, respondents all praise the sizeable support brought by IUC-LAC in terms of analysis of the regional context and potential for innovation, governance, overall vision, identification of priorities, definition of a coherent policy mix and interregional cooperation. More than 65% of them indeed have felt some or structured and clear support on each of the steps of Smart Specialisation, against low percentages, i.e. around 20%, that perceived marginal or informational and awareness-raising support.

3.4 Promising outcomes and lessons

The IUC-LAC pairings have produced concrete results, which in turn pave the way for further cooperation between the associated regions. Generally, participants appreciated the facilitator role of the Programme in three respects, namely to identify partners for collaboration, as well as to encourage learning and networking. Specifically, the fruits of the pairings include, by frequency of mention by the respondents, the detection of regional priorities for cooperation, joint action plans, pilot projects, the emergence of business opportunities, a diagnosis of regional strengths, weaknesses, opportunities and threats, benchmarking capacities and the definition of investment priorities. In turn, this lays the foundations for structured partnership (see Box 1) between these territories beyond the horizon of the IUC Programme's first phase.

Box 1: From the pairing to a long-term relationship: the case of Colima (Mexico) and Extremadura (Spain)

As a product of their participation in the IUC Programme, Colima and Extremadura signed a Memorandum of Understanding to extend and sustain their collaboration beyond the scope of the Project. This agreement encompasses topics of common interest, including the agro-industry, Information and Communication Technologies and the circular economy. In practice, the two regions plan (i) to develop a protocol for the export and import of fruits, (ii) to exchange methodologies and management models in view of the creation of a technology park in Colima and to (iii) set up a circular economy centre in Colima. These actions, and more generally the connection between these two territories, will be facilitated by staff mobility arrangements.

Overall, the unanimously positive assessment of the IUC-LAC Programme by its participants is illustrated by the richness of lessons learnt. When asked about their evaluation of the IUC-LAC Programme, all respondents expressed a high degree of satisfaction. This is fully consistent with the main conclusions from the workshop on "Lessons learnt from EU-Latin American region pairings" organised on 8 October 2019 in the context of the European Week of Regions and Cities, and generally, with the main takeaways from the project. The quality and strong proximity of European and Latin American teams have been widely appreciated (see Box 2). On this basis, a willingness to institutionalise the partnership between both continents was expressed to ensure continuity and stability of the commitment. Furthermore, sharing experiences and knowledge on innovation ecosystems was deemed not only mutually beneficial, but also able to indeed influence the ability to innovate. Lastly, the pairings highlighted the central role of actors and of co-creation.

Box 2: Skills as a common challenge: the case of Salta (region in Argentina) and Alentejo (region in Portugal)

The partnership between Salta and Alentejo has highlighted a set of common issues, such as the importance of human capital, which is at the heart of one of the selected transformative activities. In particular, optimising competences should contribute to improving the attractiveness of tourism.

Other pairings recognise skills as a critical issue. For instance, Puebla (Mexico) and Styria (Austria) face a similar lack of skilled workers. Moreover, Tierra del Fuego (Argentina) and Ostrobothnia (Finland) have planned exchanges of researchers, Professors and students.

The main messages related to Smart Specialisation underline interesting specificities of Latin America to take into account when deploying localised innovation-driven policies. First, generally, European Smart Specialisation experiences were considered among the best in the world, and a great source of learning for Latin America. Such learning involves how to run a customised Entrepreneurial Discovery Process and develop a collective vision with key actors (including regional or local development agencies, and universities as important actors), improve capacity building, create appropriate governance mechanisms, prioritise investments, and design monitoring indicators. Second, from a territorial breakdown perspective, looking beyond the region – or State, in the case of Latin America – to incorporate municipal consortia or functional regions may offer scope for experimentation in designing and implementing Smart Specialisation (see Box 3).

Box 3: Developing new businesses – a common goal: the case of Cioeste (sub-region in Brazil) and Bielsko-Biała (sub-region in Poland)

The partnership between Cioeste and Bielsko-Biała focused on ICT and was managed by a developing agency in Poland and a municipal consortia in Brazil. The pairing has developed several activities framed by their cooperation agreement, such as joint projects between Scientific Student Associations of universities from both regions and several initiatives within the Creative Industries sector like Hackathons, IT Days and ICT events, and Start-up Scene Development. Most importantly, it has been the first pairing to set two commercial agreements, (i) between Evatronix and Brazilian companies on 3D Scanning, and (ii) between Green Mining and Polish companies on reverse logistics and circular economy boosted via blockchain.

Generally, all 20 pairings recognise business and economic regional development as a key potential facilitated via the IUC-LAC Project and outlined in all cooperation agreements or letters of intent.

Third, funding was spotted as a critical bottleneck for Latin America, both for national and regional-State level. Fourth, Latin America is interested in creating dedicated spaces, mainly face-to-face but also virtual, for sharing experiences and lessons learned amongst Latin American regions, as well as for coordination of similar projects and initiatives at international, national and regional levels. Fifth, given the close attention to the sustainability dimension in Latin America, the diffusion of Smart Specialisation in Latin America would go hand in hand with an alignment with the Sustainable Development Goals framework (see Box 4).

Box 4: Smart Specialisation as a vehicle for sustainable development: the case of Bogotá-Cundinamarca (Colombia) and Lazio (Italy)

In the context of their pairing, Bogotá-Cundinamarca and Lazio formalised a Memorandum of Understanding, as a symbol of their intention to cooperate in various areas. This instrument will be used to promote notably sustainable social and economic development, in line with the 2030 Agenda of the United Nations.

Sustainability is at the core of the collaboration between other couples of regions, in particular Yucatán (Mexico) and Ljubljana (Slovenia). The former has incorporated the Sustainable Development Goals in the strategic State Development Plan, while the latter is taking sustainability-driven action to address its mobility challenge.

4 The way forward: Towards localised innovation policies driven by Smart Specialisation in Latin America

The Smart Specialisation approach has gained traction in several Latin American countries and regions in recent years, building on sizeable potential of these territories, but also revealing a number of challenges. Efforts from national governments in the region, together with funding and sharing of lessons learned and capacity-building from EU partners, fostered by DG REGIO, JRC and FPI, were key in this direction. From the RED project in Chile (2011-2013) up to the IUC-LAC project (2016-2019) in six Latin American countries (Argentina, Brazil, Chile, Colombia, Mexico and Peru), a number of advances were made in terms of adapting the Smart Specialisation approach to specific Latin American conditions. These include, for instance, a move towards decentralisation policies in a few Latin American countries and the shared understanding that prioritisation is key to enable a country or region to leverage on innovation. Latin American regions are increasingly becoming aware of their potential and necessity to enter into global value chains, from nature-based and bio solutions to high-tech industries. Ultimately, like regions worldwide, Latin American ones aim at being able to compete at national and global level, based on local comparative and competitive advantages, as well as through exploiting and expanding existing critical mass. However, in general, a number of challenges must still be tackled, at all stages of the process, to enable Latin American regions to reap fully the benefits of a customised Smart Specialisation approach.

4.1 Potential for Smart Specialisation in Latin America: challenges

Diagnosis and analysis of regional potential

A systemic and integrated diagnosis is paramount. Smart Specialisation in Latin America often entails enhancing regional innovation to grasp economic but also social and environmental benefits concomitantly. This means an analysis beyond the economic fabric of a particular region. In fact, it requires a systemic analysis of the interrelationships between systems comprising economic, social (including culture and societal values), technological, environmental and ecological, and political ones (including governance and geopolitical structures).

Although few Latin American regions have moved away from a silo-based approach, some experiments under the IUC-LAC Project show the potential to capitalise on a more systemic diagnosis in the region. A few regions started experimenting the Protocol on Strategic Environmental Assessment to the Convention on Environmental Impact Assessment in order to be able to have a broader understanding of how regional challenges can be minimised and opportunities can be leveraged through innovation. Others used a system-based approach to be able to ignite a place-based approach and better understand the situation of a particular region. A few regions piloted a foresight approach to diagnosis, in which regions build breadth and depth in their understanding of their current systemic situation and its likely evolution in different scenarios.

However, being able to perform a systemic placed-based contextual diagnosis in Latin America remains a challenge. The highlighted experiments show the potential for a true understanding of the regional context. Hence, the abovementioned approaches and others should be further tested.

Future experiments should be aligned with a customised Entrepreneurial Discovery Process. This is vital for regions so as to unlock specific nodes of particular value chains that are able to leverage competitive innovation processes and to bring about benefits to diverse actors.

Governance

In Latin America, the governance challenge can be summed up as that of quintuple helix co-creation connected to existing or available funding. Funding is generally regarded as the greatest barrier to the development of Smart Specialisation Strategies in Latin America, be it from national and regional governments or administrative entities, as well as from funding agencies. A complementary challenge is that of whom to involve in the process, and when. Usually, decisions are taken by those who run the development of the region's innovation, competitiveness or Smart Specialisation Strategy. As such, decisions tend to be either business-oriented or government-oriented. In the last case, an additional problem is who within government takes the lead.

Governance:
“The participation and training of actors are key”
(IUC participant)

In this context, a key challenge in Latin America is to build the necessary conditions to engage with quintuple helix actors. Involving societal actors beyond the traditional government, business and research stakeholders is important in order to better understand the challenges of the region, together with expectations towards the future, which is critical for building a collective vision.

Also, connecting and aligning different regional government policy silos during the process are vital, since developed strategies are often multidimensional and systemic, such as those aiming to boost economic development and new jobs, and at the same increase region sustainability, social protection and technology sovereignty.

It is important to highlight the need to bring into the process funding organisations to build a shared understanding of potentially fundable projects. If Latin American regions cannot secure funding from the beginning of the process, it is likely that shaping an innovation policy or strategy will remain only an exercise, without concrete implications and benefits for the region. Hence, to be able to have an encompassing innovation strategy to which different actors can commit and in which they can take an active role at all stages, understanding what sorts of research and innovation can be financed by different funding agents upfront is critical.

Vision

Vision building is possibly the greatest challenge for Latin American regions. Building a long-term plausible vision of where a region wants to position itself in the future by mobilising its existing critical mass and innovation capacity is a collective endeavour by nature. As such, using appropriate tools and approaches for building mutual understanding between diverse actors and co-creation is paramount. Here, foresight seems to be an approach worth exploring for aligning a customised Entrepreneurial Discovery Process with a collective visioning practice with key quintuple-helix actors.

Vision:
“This is a process of collective construction and co-creation, with long-term objectives”
(IUC participant)

Priorities:
“Traditional sectors can be considered but reflecting on what and where is the innovation added value”
(IUC participant)

Priority-setting

Another important challenge in Latin America is that of prioritisation. National or regional innovation strategies or plans tend to encompass a large set of areas and to become wish lists, possibly due to an attempt to accommodate preferences and interests of different key stakeholders.

Against this background, the end result is a lack of investment prioritisation. A clear definition of prioritisation criteria connected with the region's diagnosis and vision is, therefore, an important step to be learned by many Latin American regions.

Policy mix

Developing an appropriate policy mix is especially important in Latin America.

This is true due to the fact that regions often want to achieve economic, social and environmental concomitant benefits through innovation strategies and/or policies. The importance to move away from a silo-based approach to a systemic one has been already mentioned. Moreover, ensuring a consistent, clear and integrated policy mix between a localised innovation perspective and existing national/regional plans or strategies, such as for sustainability, digitalisation, mobility or energy, is an opportunity not always exploited by Latin American regions.

Monitoring

The ability to develop strategy or policy monitoring indicators is also an important challenge in Latin America.

Political instability and the continuously changing nature of priorities do not always allow Latin American regions to learn from implementing defined strategies and associated programmes. Indicators are often defined ex post, or after the period of implementation of a particular strategy or programme to assess if defined objectives were met. Therefore, the challenge to embed monitoring indicators, while developing an innovation strategy, remains.

Another challenge relates to continuous learning. To learn from oneself and similar contexts can offer important pathways for improvement. To this end, Latin American regions have expressed a need and a challenge regarding their ability to jointly create dedicated spaces, mainly face-to-face but also virtual, for sharing experiences and lessons learned, as well as for coordinating complementary projects and initiatives at international, national and regional levels.

4.2 Potential for Smart Specialisation in Latin America: opportunities

Diagnosis and analysis of regional potential

Smart Specialisation can be adapted to specific territorial configurations, e.g. regions. Differently to what happens in the European Union, Latin American countries and regions may apply and explore the Smart Specialisation approach in a broader territorial perspective, not conditioned by legal and funding provisions. This non-binding aspect should be seen as an opportunity to explore and test the application and customisation of Smart Specialisation in territorial settings such as cities, cross-border areas or groups of regions. In that sense, the elaboration of diagnosis activities like mapping of competences and institutions may allow identifying potential operational niches of innovation, including competences, institutions and people that operate beyond administrative borders. Moreover, foresight analysis should also contribute to increasing the effectiveness of Latin American regions and countries at the time of testing and implementing new policy approaches such as Smart Specialisation.

Governance

Close attention is paid to the engagement of business organisations. In most of Smart Specialisation exercises that have taken place in Latin America, the multi-stakeholder governance has represented a fundamental aspect. In particular, the participation of private sector representatives is acknowledged as very relevant. Some countries have useful experiences and evidence on the engagement of the private sector in innovation policy, thereby representing an opportunity to keep improving and reflecting on the best ways to co-create governance systems for an effective

implementation of Smart Specialisation. In addition, Latin American countries could emulate the European Union in the development of a Committee of Latin American Regions that could both capture funding for Latin American regions and build capacity in managing development and cooperation.

Vision

Historical memory and long-term perspective create a favourable ambit of Smart Specialisation. The so-called lost decade experienced by Latin American countries in the 1980s, characterised by a lack of competitiveness and vision, has led to create policy environments more open to innovative approaches, thereby enabling a fast catch-up process with the current technological developments in the world. This concern takes place both at national and at sub-national levels. Accordingly, the implementation of Smart Specialisation represents an opportunity to elaborate, improve and implement a long-term vision, based on innovation potential, combined with territorial specificities and strengths.

Priority-setting

Latin America is well-placed to identify cross-cutting priorities reaching several economic sectors. The identification of priorities is a core aspect of Smart Specialisation that should be consistent with assets, resources and anchored in a long-term perspective. In Latin America, both budgetary constraints and the need to dynamise regional economies in an integrated manner, match with the principle of identifying smart priorities, based on innovation potential. This priority-setting should be conceived by taking account of historically important sectors, including their modernisation, and possible new ones that could be vectors of excellence. The identification of priorities does not refer to a way of forgetting past actions or excluding other interventions, but rather as an opportunity to integrate the traditional and modern perspectives.

Policy mix

Smart Specialisation should not be seen as a unique policy approach. Several countries of Latin America have discussed and analysed the added value of Smart Specialisation in relation to other policy instruments. The case of cluster policies arises as a significant exercise where some countries have already identified a great level of synergies. In addition, the integration principle of Smart Specialisation with other policies should be seen as a strength that enables higher relevance of some economic sectors (e.g. agriculture, tourism, automotive), without neglecting the role of place-based innovation.

Monitoring

Targeting the right level of information and a close engagement of universities are key success factors. Smart Specialisation deals with different dimensions of innovation, therefore it is necessary to consider not only economic outputs, but also social and environmental benefits. Choosing the right indicators and building the right competences are directly connected to targeting a reliable level of information. Some Latin American countries have a good experience in setting robust monitoring systems in other policy areas (e.g. education). This should be seen as an opportunity to be applied in innovation-related interventions via Smart Specialisation. In addition, universities should be seen as key partners in the design and implementation of monitoring systems, as they may offer a significant knowledge contribution.

4.3 SWOT Analysis

The following chart summarises the strengths, the weaknesses or challenges, the opportunities and the threats or risks associated to the implementation of Smart Specialisation in Latin America, building on the analysis presented in this report.

Table 2. SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Awareness and understanding of the Smart Specialisation approach • Pilot projects inspired by “Made in EU” Smart Specialisation and adapted to national and regional conditions • Experiences of multi-stakeholder involvement 	<ul style="list-style-type: none"> • Challenge of performing 360° place-based diagnoses • Funding constraints • Difficulty to ensure a wide and sustained engagement of actors • Lack of prioritisation of investment • No systematic integrated policy mix of Smart Specialisation with other strategic plans • Need for monitoring indicators at an early stage
Opportunities	Threats
<ul style="list-style-type: none"> • Customisation of Smart Specialisation to different territorial configurations • Committee of Latin American Regions • Budgetary and strategic contexts favourable to prioritisation • Emphasis on traditional (with potential for reconversion) or new promising economic sectors • Developed practice of monitoring systems 	<ul style="list-style-type: none"> • Political instability • Risk of frequently changing priorities

Source: JRC analysis

5 Conclusions

Smart Specialisation has established itself as a vehicle towards fruitful territorial innovation ecosystems, in the EU and beyond. In a context where innovation represents both a need and a challenge, it is vital to go back to the roots of innovation frameworks and policies, to understand the prerequisites for their performance, to embrace a broad view of innovation going beyond purely technological one and to integrate the fact that innovation ecosystems cannot operate in isolation, and need to belong to inter-regional, international and even intercontinental networks. Smart Specialisation, through its transformative, localised, innovative and inclusive DNA, is well equipped in this endeavour, as shown by its extensive implementation in the EU over the past decade and increasing Smart Specialisation pockets throughout the globe.

Latin America has been, and continues to be, a privileged laboratory for the export of Smart Specialisation outside EU borders. The target territories of the IUC-LAC Programme in Latin America, namely regions from Argentina, Brazil, Chile, Colombia, Mexico and Peru, coincide with those having experimented Smart Specialisation to varying extents, demonstrated an understanding and awareness of the approach for many, and shown explicit interest for all of them. The EU-LAC Innovation Cooperation Conference, with the participation of representatives from Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay organised in Brussels in November 2019 corroborated further these assumptions. Against this background, IUC-LAC has played a central part in exacerbating further the appeal for Smart Specialisation and confirmed its potential for more systematic dissemination in Latin America.

One can talk of a momentum for innovation cooperation between the EU and Latin America around Smart Specialisation. The new strategic partnership between the EU, Latin America and the Caribbean set up in April 2019, including a focus on innovation, promising developments combining decentralised innovation policies with the sustainable development imperative in several Latin American countries, as well as recent collaboration initiatives between Commission services and selected Latin American places on innovation in general and Smart Specialisation in particular, shed light on the determination to give a new impetus to this fertile relationship between our continents. Smart Specialisation can provide the building blocks to this connection between the EU and Latin America, in order to make it fundamentally global, inherently local and definitely sustainable.

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List of abbreviations

EDP	Entrepreneurial Discovery Process
IUC	International Urban Cooperation Programme
IUC-LAC	International Urban Cooperation: Sustainable and Innovative Cities and Regions – Regional Action Latin America and the Caribbean

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Annex: Full list of pairings

- Córdoba (region in Argentina) and Castilla and León (region in Spain)
- Salta (region in Argentina) and Alentejo (region in Portugal)
- Tierra del Fuego (region in Argentina) and Ostrobothnia (region in Finland)
- Cioeste (sub-region in Brazil) and Bielsko-Biała (sub-region in Poland)
- Paraná (region in Brazil) and Valencia (region in Spain)
- Federal District (region in Brazil) and South Bohemia (region in Czechia)
- Minas Gerais (region in Brazil) and Slaskie in Silesia (region in Poland)
- Biobío (region in Chile) and Basque Country (region in Spain)
- O'Higgins (region in Chile) and Molise (region in Italy)
- Tarapacá (region in Chile) and Asturias (region in Spain)
- Bogotá-Cundinamarca (region in Colombia) and Lazio (region in Italy)
- Metropolitan Region of Aburra Valley (region in Colombia) and North East Development Region (region in Romania)
- RAPE Central Region (region in Colombia) and Skåne (region in Sweden)
- Chihuahua (region in Mexico) and Cantabria (region in Spain)
- Puebla (region in Mexico) and Styria (region in Austria)
- Yucatán (region in Mexico) and Ljubljana (region in Slovenia)
- Colima (region in Mexico) and Extremadura (region in Spain)
- Arequipa (region in Peru) and Podlaskie (region in Poland)
- Piura (region in Peru) and Emilia Romagna (region in Italy)
- San Martín (region in Peru) and Vzhodna Slovenija and Podravjefor (region in Slovenia)

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