

# S3 training – I part

S3 AWARENESS AND TRAINING EVENT

Podgorica, 13.5.2024

**COCREATION**  
D O M E N B O L E

## Outline

S3 design and  
implementation  
frameworks



Stage 2:  
Analysis of  
strategic  
mandates



Stage 3: Analysis  
of existing  
economic,  
scientific and  
innovative  
potential



Stage 4: In-  
depth analysis  
of priority  
domains  
(qualitative)



## S3 design and implementation frameworks

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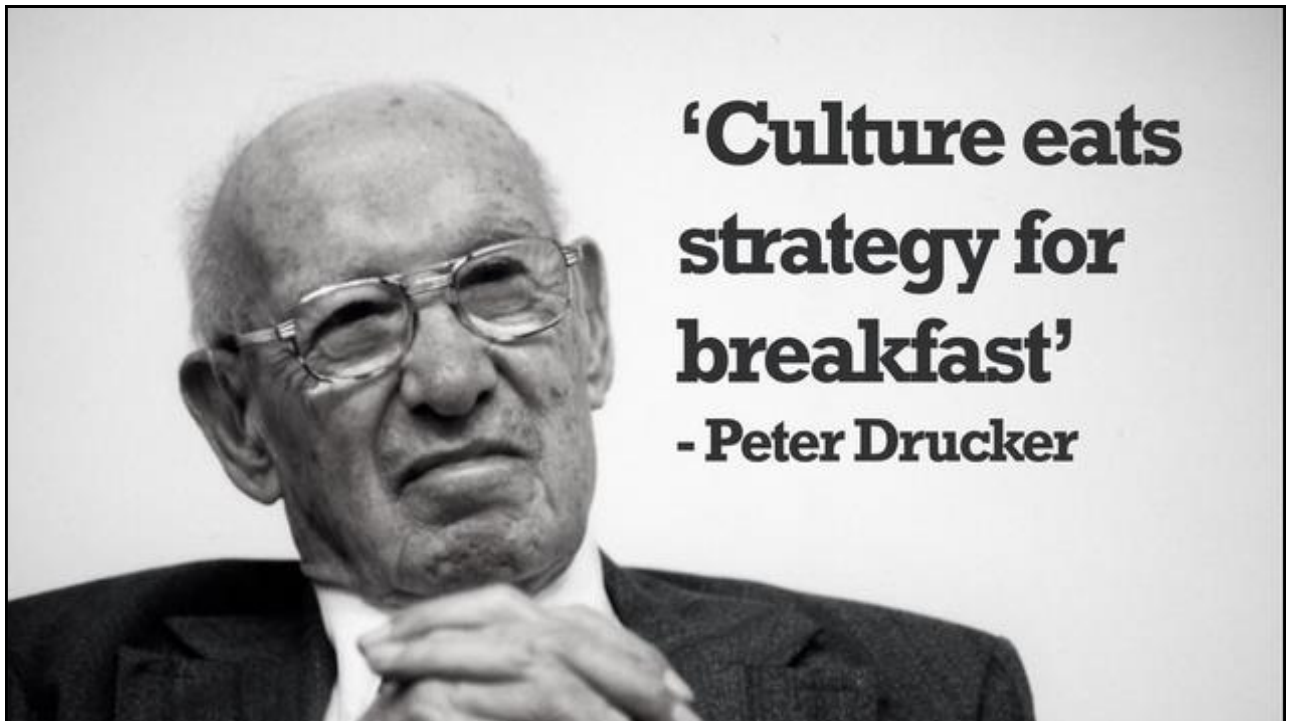
## S3 government sector challenges

- **S3 is NOT neutral policy:** government takes risk with selection & focus
- Governments are **facilitators**, not in command or control.
- Inter-helix **dialog** and
- **Cross-ministerial** collaboration
- **Readiness to change!**



## Key strategic elements of S3

- **Participation** of **relevant** stakeholders
- **Lasting** involvement
- **Transparency** and clear **rules**
- **Right evidence-base**
- Managing **hidden** agendas
- **Consequence** and **trust building**



## National context: Existing policy framework

- **RIS3 is only one of the strategies** contributing to the regional development; FDI, industrial strategies, capital investments and have tangible results and are much more popular.
- Much needed **cross ministerial collaboration** (economy, science, education, finance, agriculture, tourism) is **seldom** the case.
- In the less developed economies (**horizontal**) **framework conditions tend to be the main subject of interest to the key stakeholders**, however the RIS3 is not about these measures.



## Macro-regional specifics: Motivation, ownership and resources for S3

- **Lack of funding for implementation is hampering the motivation** of additional key stakeholders from different ministries, academia and industry **to participate** in the RIS3 process.
- **The ownership needed for implementation** will only develop through co-creation: all stakeholders feel they contributed and will also gain. But, due to the **lack of participation** there is also a lack of ownership.
- Countries need to (re)allocate other, mainly national resources, which can lead to **conflicts regarding resources and ownership needed for implementation**.
- **Lack of resources for the RIS3 design** seriously hamper the quality and fluidity of the process.





## Macro-regional specifics: Innovation ecosystems

- Instead of intensive collaboration, today parts of **innovation ecosystems operate in silos**, maintaining the culture of **poor dialog and non-collaboration**, which further deepens the gaps among them.
- **Gaps and systemic distrust** make stakeholders suspicious about the clear intention of the S3 and consequently refuse to participate or share information.
- Smaller regions with **small number of stakeholders**.



## S3 design framework

- **Published in 2018:** *Smart specialisation framework for Enlargement and Neighbourhood countries*
- **Purpose:** guiding the S3 design process according to the **key S3 elements**
- **Models S3 design:**
  - **5 phases with 7 stages**
  - **as stage gate process:** process can progress only when a stage is fully completed.



### Phase 1 Institutional capacity building

1. Decision to start smart specialisation process
2. Analysis of Strategic Mandates

### Phase 2 Diagnosis (mapping exercise)

3. Quantitative Analysis of the Current Economic, Innovative & Scientific Potential
4. Qualitative and Detailed Analysis of Priority Domains

### Phase 3 Stakeholder dialog

5. Entrepreneurial Discovery Process - EDP

### Phase 4 Institutional capacity for implementation

6. Design of monitoring, implementation and financing system

### Phase 5 Final strategy

7. Preparation of S3 strategy document

## Stage 1: Decision to start smart specialization

- **Purpose:** Understanding the S3 and adequate institutional framework
- **Key goals:**
  - Analysis of the **local context**
  - **Road mapping** S3 design process
  - **Awareness that S3 is overarching strategic document at national level**
  - **Identification** of **key institutions**
  - Establishment of S3 design **governance**
  - Securing **support of the JRC** and **TOP political commitment**

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**Phase 5**  
Final strategy

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## Stage 2: Analysis of strategic mandates

- **Purpose:** agreed positioning and adequate support for S3 design which is among TOP priorities with
- **Key goals:**
  - **Engagement** of **key institutions** and **pro-active staff** to participate in S3
  - Identification **existing** economic, scientific or innovative **priorities** in exiting strategies, policies and instruments.
  - Identification of **sources of funding for implementation**
  - Alignment of key actors on **the mandate and importance of S3**

\* **Checking compliance** of national legislation on strategy design with FW

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## Stage 3: Analysis of existing economic, scientific and innovative potential

- **Purpose:** provide foundations for the identification of priority areas based on the official data
- **Key goals:**
  - **Engage key institutions** to provide quantitative data
  - Initial **mapping by int. expert** to indicate **preliminary areas**
  - **Adjust methodology** to local context with **local experts**
  - **Engage stakeholders** and **consult results**
  - **Report** with improved **preliminary S3 areas**

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## Stage 4: Qualitative Analysis of Priority Domains

- **Purpose:** complementing quantitative analysis and compensating for the lack of official data in setting priorities
- **Key goals:**
  - **Engage local field experts**
  - **Build capacities** and Co-develop a **comprehensive plan**
  - **Qualitative data collection** through **interviews** and **focus groups**
  - **Preliminary analysis** and **Final Report** with priority areas, key stakeholders and **inputs for shaping the EDP**
  - **Joint decision on priority areas for EDP** with JRC

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## Stage 5: Entrepreneurial Discovery Process

- **Purpose:** stakeholder dialog to define priorities and get key input for S3 a transformative policy mix
- **Key goals:**
  - Engage local experts and **build their capacities**
  - Co-develop a **comprehensive plan**
  - **Establish** legitimate working groups
  - **Secure lasting participation** trough series of 4 thematic workshops
  - **Documenting** stakeholder input
  - **Report** with **definition of S3 areas**, input on **SWOT**, vision, strategic goals and **policy mix**.

### Phase 1 Institutional capacity building

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## Stage 6: Design of monitoring, implementation and financing system

- **Purpose:** develop **feasible** system that will enable and support S3 implementation
- **Key goals:**
  - **Organization of meetings/ workshops** with JRC for guidance
  - **Development** of appropriate policy mix **indicators** and design **feasible monitoring system**.
  - **Definition of finance scheme** for implementation of the policy mix.
  - **Definition of governance system** that will enable and foster the efficient and effective implementation.

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## Stage 7: Preparation of S3 strategy document

- **Purpose:** feasible and evidence-based S3 document that is national and internationally recognised
- **Key goals:**
  - Draft of **RIS3 strategy document**
  - **Rationale and consultation** with national stakeholders
  - **EC revision** and approval
  - **National adoption**

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## (In)formal EC revision and approval

- **S3 must display integrity:**
  - Process conformance
  - Comprehensiveness
  - Coherence
  - **EVIDENCE BASE!**
- **Approval leads to:**
  - International **recognition**
  - Access to more significant **international co-funding**

Lack of integrity

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### Phase 4 Institutional capacity for implementation

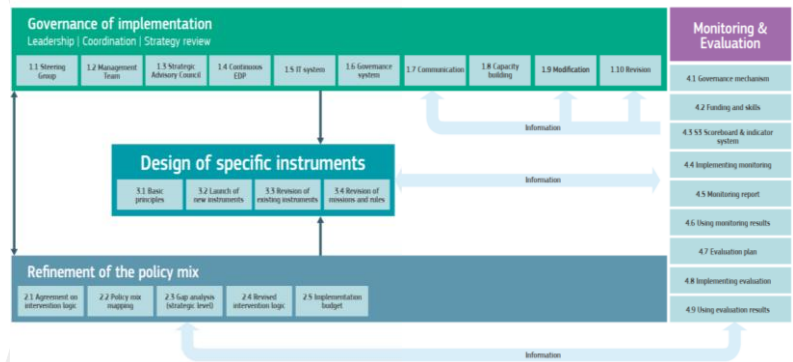
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### Phase 5 Final strategy

7. Preparation of S3 strategy document

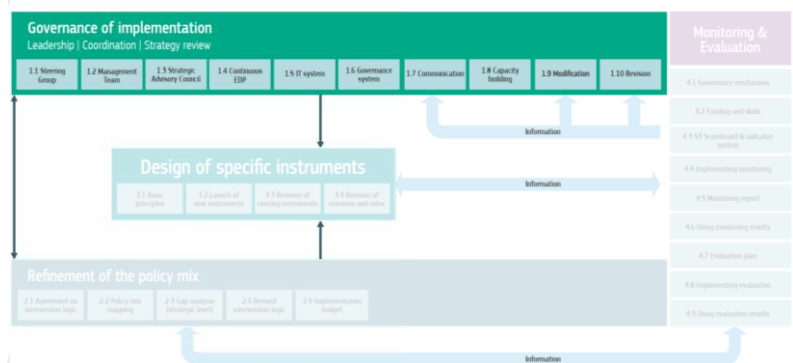
# S3 implementation framework

- **Published in 2022:** *Smart Specialisation implementation framework for the EU Enlargement and Neighbourhood Region*
- **Purpose:** guidance for institutional setup and processes that will:
  - continuously **oversee and manage efficient and effective** implementation of S3,
  - foster S3 **key elements**,
  - enhance the **political commitment** and **general awareness** of the effects of S3
- **Structure:**
  - **4 building blocks with several elements**
  - Blocks and their elements **interact**
  - May often be **carried out in parallel** or may be **iterated** in case results are influenced by preceding stages



## Block 1: Governance of implementation

- **Purpose:** **institutional background** to continuously **oversee and manage** implementation of S3
- **Key elements:**
  - **Governance bodies**
  - Capacity building for governance bodies
  - **Continuous EDP**
  - System for modification and revisions
  - **Communication on S3**
  - IT system
  - Sustainable funding for governance



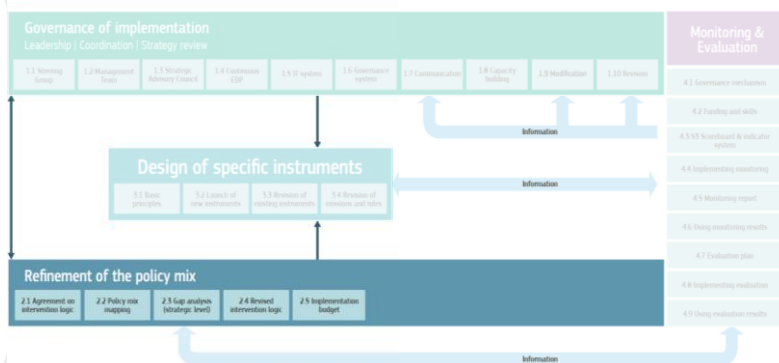
## Montenegro – example of good practice

- Internationally **recognised for**:
  - Setup of Governance bodies for implementation
  - System for continuous EDP
  - Flagship initiatives
- **New positive developments**:
  - S3 communication guidelines



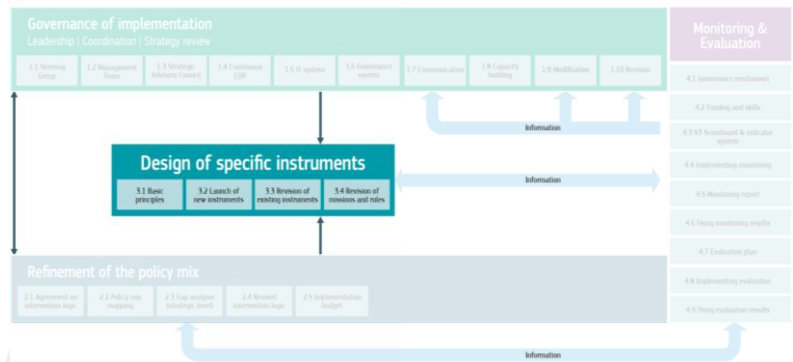
## Block 2: Refinement of the policy mix

- **Purpose**: re-definition / **update** of a **coherent set** of policy instruments to **compensate for the time gap between design and implementation**
- **Key elements**:
  - Policy mix **mapping**
  - Policy mix **gap / over-lap analysis**
  - **Re-confirmation** on intervention logic
  - Preparing the **implementation budget**



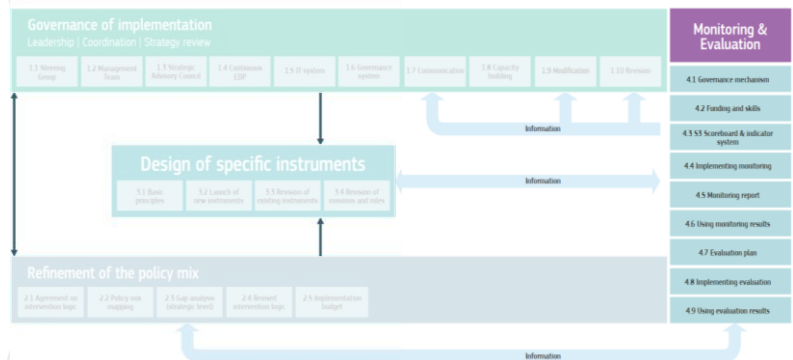
## Block 3: Design of specific instruments

- **Purpose:** developing **details** on the preparation and deployment of **individual policy instruments**
- **Key elements:**
  - Setting up of **basic principles** for instruments (general/specific, open call/flagship, territorial)
  - Practical steps to **launch new S3 instruments**
  - Practical steps to **revise existing instruments**
  - Revision of **role of existing structures**



## Block 4: Monitoring and Evaluation

- **Purpose:** follow-up and the strategic **intelligence** needed for **effective deployment** and **revision** of S3
- **Key elements:**
  - **Governance mechanisms** for monitoring and evaluation: collaboration principles, ME body, communication principles
  - **Funding and skills** for M&E
  - **S3 Scoreboard** and indicator system
  - **Implementing, reporting and using monitoring results**
  - Setting up **plan, implementing evaluations** and **using results**



## Duration of S3 design by stage(s)

	Montenegro	Serbia	North Macedonia	Albania	Kosovo*	BiH	Türkiye - Trakya	Average	Average (excl. extreme)
Decision to start smart specialisation process	2	2	2	3	5	30	3	7	2,8
Analysis of strategic mandates	3	1	4	1	3	1	3	2	2,0
Analysis of existing economic, scientific and innovative potential (quantitative)	3	5	9	27	6	8	5	9	6,0
In-depth analysis of priority domains (qualitative)	1	6	7	12	7	7	6	7	5,7
EDP - Entrepreneurial discovery process	11	3	5	21	8			10	6,8
Design of monitoring, implementation and financing system	2	4	1	1	2			2	1,5
Preparation of S3 strategy document	8	4	8					7	6,0
<b>DESIGN PHASE duration including pauses</b>	<b>27</b>	<b>39</b>	<b>70</b>	<b>69</b>	<b>67</b>	<b>65</b>	<b>27</b>	<b>52</b>	<b>30,8</b>

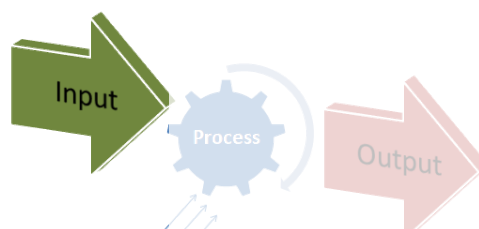
## Stage 2: Analysis of strategic mandates





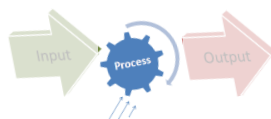
## Key inputs and enabling factors

- **Roadmap** for S3 design
- S3 team with **strong mandate** and TOP level **support**
- **Key institutions engaged** (especially ministries and implementing agencies)
- Engagement of **pro-active staff** from key institutions to provide input



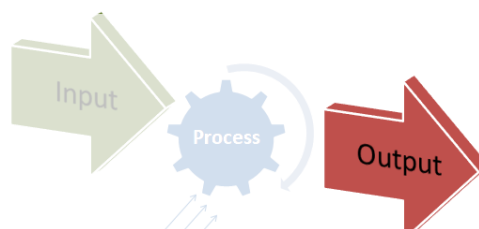
## Process: sub-stages, activities and roles

Nr	Sub-stage	Activities	Role of national/ regional administration
2.1	Overview of existing policies and priorities relevant for S3	The purpose of this stage is to identify the <b>existing</b> economic, scientific or innovative <b>priorities</b> and domains present in <b>strategies and policies together with instruments for their implementation</b>	Providing the overview of the strategies, policies and instruments
2.2	Decision on the place of S3 in the strategic framework	The national/regional S3 team should decide <b>how smart specialisation strategy will be adopted</b> and <b>how it will be coordinated with other relevant policies</b>	Adopting a decision
2.3	Decision on the national/ regional dimension of S3	Depending on the size of the country and existing subnational administrative structure, a decision should be taken on the territorial dimension of S3 – it is always recommended to have a regional approach, if possible	Adopting a decision



## Key outputs

- **Identification existing** economic, scientific or innovative **priorities** in exiting strategies, policies and instruments – **BASIS for policy harmonization!**
- Identification of **possible** sources of **funding** for implementation
- **Decision** of key actors on the **mandate, importance and level of S3**
- Checking **compliance of national** legislation on strategy design with process defined by the FW



## Satisfaction with the stage

	Montenegro	Serbia	North Macedonia	Albania	Kosovo*	BiH	Türkiye - Trakya	Average
Decision to start smart specialisation process	4	4	4	5	4	2	5	4,0
Analysis of strategic mandates	3	4	4	4	5	2	3	3,6
Analysis of existing economic, scientific and innovative potential (quantitative)	3	3,5	3	3	3	4	5	3,5
In-depth analysis of priority domains (qualitative)	4	4,5	3	4	4	4	1	3,5
EDP - Entrepreneurial discovery process	4	4,5	5	5	5			4,7
Design of monitoring, implementation and financing system	4	2,5	3	-	3			3,1
Preparation of S3 strategy document	4	3	3					3,3
<b>DESIGN PHASE AVERAGE</b>	<b>3,7</b>	<b>3,7</b>	<b>3,6</b>	<b>4,2</b>	<b>4,0</b>	<b>3,0</b>	<b>3,5</b>	
<b>STANDARD DEVIATION</b>	<b>0,5</b>	<b>0,8</b>	<b>0,8</b>	<b>0,8</b>	<b>0,9</b>	<b>1,2</b>	<b>1,9</b>	

## Cases: Analysis of strategic mandates

### Kosovo:

- Originally, S3 was **not a strategic priority**, so there was an 18-month pause after the launch.
- In the 2nd stage, the shortcoming was recognised and **S3 became coordinated** by the Strategic Planning Office in the **Prime Minister's Office**.
- The change in management and mandate enabled the **repositioning of S3 among the top strategies**, unlocking also the long pause in the process.

### Bosnia & Hercegovina:

- Well behind in S3 BiH **made the analysis in a month without any participation of key institutions**.
- **When drafting first EDP plan key inconsistencies** regarding the regional/national dimensions, legislation and key actors **appeared**.
- **Priorities for EDP not confirmed. Process is stopped.** The analysis of mandates must be improved and agreed upon before the continuation.



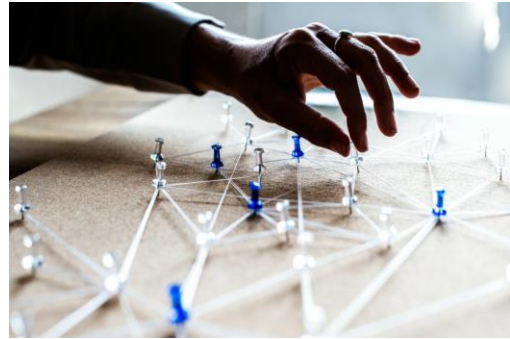
## Key factors of success

1. **Comprehensive mapping** of key institutions that are planning and implementing R&D&I related measures
2. **Engagement of pro-active** staff from key institutions to provide input on priorities in existing and planned strategies, policies and instruments
3. **Alignment of key actors** on the mandate and importance of S3
4. **Strong mandate of S3 team and Top-level political support**
5. The analysis of strategic mandates **should not be a one-off activity during S3 design, but a continuous effort** throughout the design and implementation of S3.



## Dependencies

- **Lack of top level government commitment:** poor engagement, poor input and quality of analysis
- **Poor identification of institutions / priorities:** overlapping of S3 with other policies, funding „cannibalism“, lack of government stakeholder participation, lack of ownership for implementation
- **Wrong decision on national / regional dimension:** inability to plan, implement and monitor measures
- **Non-compliance with legislation:** procedural issues and delays when approving / adopting RIS3
- **Lack of mutual agreement:** poor ownership, engagement and cross ministerial collaboration

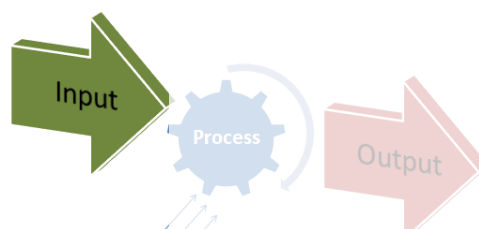


## Stage 3: Analysis of existing economic, scientific and innovative potential



## Key inputs and enabling factors

- **Roadmap** for S3 design
- S3 team with **strong mandate**
- **Decision on national / regional level**
- Key **agencies engaged** (especially office for statistics and IP office)
- Engagement of international and local **experts**



## Process: sub-stages, activities and roles

Nr	Sub-stage	Activities	Role of national/ regional administration
3.1	Provision of statistical data	For quantitative mapping following data is needed: industrial subsectors(NACE rev. 2, 3 or 4 digit, 5-10 year period):* Employment* Value added* Number of companies* Wages* Share of innovative companies (CIS indicators)product groups or subsectors* Export areas of science* Scientific publications* Patent education profiles* Number of students/graduates at vocational schools* Number of students/graduates at HEI* STEM graduates The data should be provided by national statistical office and national patent office	Arranging the data provision
3.2	Mapping of economic, innovative and scientific potential	Mapping is a statistical analysis of main strengths and specialisations in terms of economic, innovative and scientific potential.Its objective is to indicate preliminary areas of smart specialisation based on the expert assessment of matches between the three types of potential. JRC provides relevant methodologyfor this exercise.	Supporting data collection, providing additional sources and consulting the process
3.3	Creation of the local expert team	Local expert team cooperates with the international expert in order to understand the methodology and help adjust it to the country profile and needs. It is made of scientists with relevant expertise in economics, economic geography, sciento metrics and patent analyses.	Identifying and mobilising local experts
3.4	Additional analyses	Additional analyses can provide better understanding of the priority domains. They can include international benchmarking, analysis of value chains, revealed comparative advantage and other relevant issues	Identifying existing analyses that can be useful or commissioning new ones
3.5	Consultation with stakeholders	The results of the mapping exercise must be consulted with internal and external stakeholders. Internal stakeholders include all the ministries and departments that have competences concerning the analysed potentials. External stakeholders are representatives of business, academia and NGOs relevant from the point of view of the preliminary smart specialisation domains.	Organization of the consultations and invitation of appropriate stakeholders
3.6	Publication of the report	The smart specialisation process has to be transparent. The mapping report should be made available to the public minimum in electronic version and made available (in English) on the S3 Platform portal. If necessary it should also be translated to the local language.	On-line publication of the report and providing an electronic version for S3 Platform





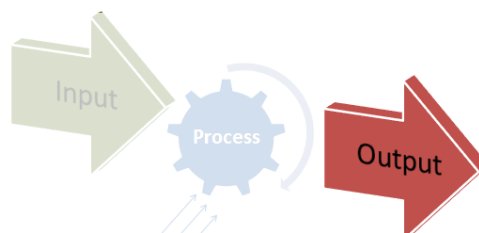
## Process improvements: Measuring territorial innovation strengths

- **Published by** the JRC
- **Authors:** Hollanders, H., Tolias, Y., Radovanovic, N., Gonzalez Evangelista, M., Fabbri, E., Gerussi, E., Sasso, S., Miedzinski, M.
- **Contains also:**
  - Mapping **economic and innovation potential** – review and **potential improvements**
  - Lessons learned and recommendations on **improvements** of the mapping methodology for **scientific potential**



## Key outputs

- **Initial mapping** by international expert to indicate preliminary areas
- **Adjusted methodology** to local context with local experts
- Report with improved **preliminary S3 areas**



## Satisfaction with the stage and key factors

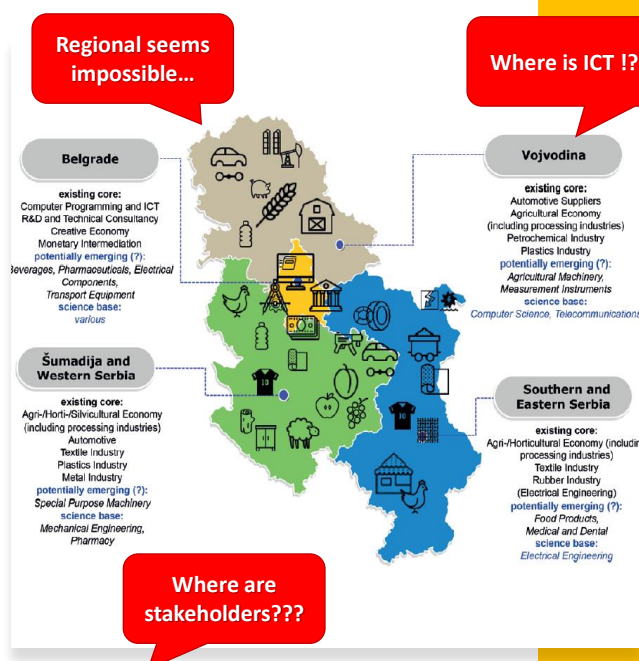
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## Case: Quantitative Analysis in Serbia

No best practice in QA in Western Balkans...

Analysis in Serbia done in 2017, prior to JRC FW:

- **Challenge 1:** Vojvodina region is well known as centre of ICT in Serbia, but this was not recognised by the Quantitative Analysis
- **Conclusion 1:** Companies used different NACE classification that made them legible for tax relieves. To be resolved in the Qualitative analysis.
- **Challenge 2:** In current policy landscape it is **not feasible** to implement RIS 3 on regional level.
- **Conclusion 2:** Key actors need to get aligned again on the mandate & dimension of S3.
- **Challenge 3:** Poor stakeholder participation in QA presentation and EDP test workshop using methodologies established elsewhere.
- **Conclusion 3:** Need for custom & bottom up approach tailored to local context.



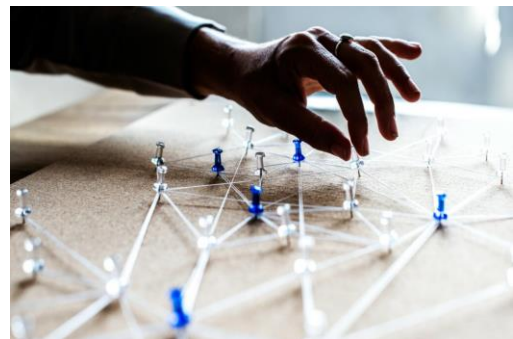
## Key success factors

- Timely acquisition of **additional resources** and selection of experts
- **Preliminary request** for participation of key agencies / sources of data
- **Strong mandate of S3 team and Top-level political support**
- Quantitative analysis **methodology tailored to the regional context**



## Dependencies

- **Poor participation** of key agencies: delay in process, missing potential new priority areas
- **Poor availability of data**: delay in process, missing potential new priority areas
- **Poor methodology**: missing potential new priority areas



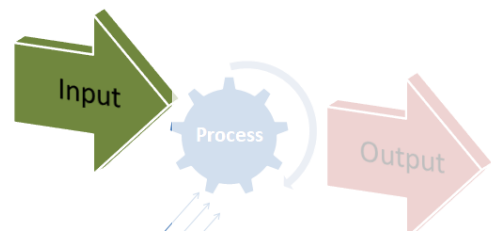
## Stage 4: In-depth analysis of priority domains (qualitative)

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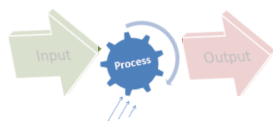
## Key inputs and enabling factors

- First **preliminary priority S3** areas
- **Roadmap** for S3 design
- **Decision** on **strategic mandate of S3**
- **Decision** on national / regional **level**
- **Information on budget** (order of magnitude)
- **Funding** for experts and event(s)
- Engagement of **expert**



## Process: sub-stages, activities and roles

Nr	Sub-stage	Activities	Role of national/ regional administration
4.1	Expert interpretation of the results of mapping exercise	The <b>qualitative interpretation</b> of the results is <b>necessary to overcome the constraints of existing industry and scientific classifications and uncover real sectors and value chains they represent</b> . Specific value chains for priority domains have to be identified together with challenges and trends. It can be done on the basis of <b>in-depth interviews, focus groups or case studies</b> with experts representing the key and most innovative companies, sectorial experts and researchers cooperating with business. If interviews are considered, <b>minimum 10-15 interviews with key organisations should be conducted per preliminary priority domain</b> . The result of this analysis is the <b>better definition of preliminary priority domains</b> for the purposes of <b>entrepreneurial discovery process</b> .	Organization of the qualitative analysis
4.2	Publication of the <b>report</b>	The smart specialisation process has to be transparent. The qualitative report should be made available to the public minimum in electronic version and made available (in English) on the S3 Platform portal. If necessary it should also be translated to the local language. Mapping report and qualitative report can be published together.	On-line publication of the report and providing an electronic version for S3 Platform
4.3	<b>Decision on priority domains</b> for EDP	After the quantitative and qualitative analysis, a common panel should be organized involving national smart specialisation team, experts and JRC representatives in order to establish the priority domains for the entrepreneurial discovery process.	Organization of the panel and inviting experts



## Process improvements: Methodological guidelines for qualitative analysis

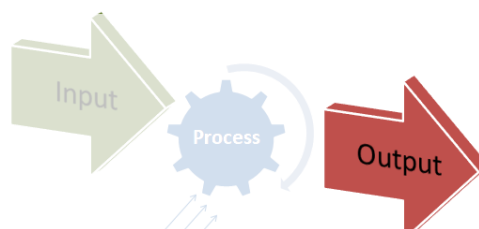
- **Published by** the JRC
- **Authors:** Radovanovic, N., Bole, D.
- **Contains also:**
  - Macro-regional specifics influencing the QA stage
  - Lessons learned from EU enlargement region
  - Step-by-step methodological advice





## Key outputs

- Precise **plan** of implementation
- **Data collection** through **interviews**
- **Preliminary** analysis
- **Focus groups** reports
- **Final Report** with key priority **areas**, key **stakeholders** and inputs for **shaping the EDP**
- **Joint decision** on S3 priorities for EDP with JRC



## Satisfaction with the stage and key factors

	Montenegro	Serbia	North Macedonia	Albania	Kosovo*	BiH	Türkiye - Trakya	Average
Decision to start smart specialisation process	4	4	4	5	4	2	5	4,0
Analysis of strategic mandates	3	4	4	4	5	2	3	3,6
Analysis of existing economic, scientific and innovative potential (quantitative)	3	3,5	3	3	3	4	5	3,5
In-depth analysis of priority domains (qualitative)	4	4,5	3	4	4	4	1	3,5
EDP - Entrepreneurial discovery process	4	4,5	5	5	5			4,7
Design of monitoring, implementation and financing system	4	2,5	3	-	3			3,1
Preparation of S3 strategy document	4	3	3					3,3
<b>DESIGN PHASE AVERAGE</b>	<b>3,7</b>	<b>3,7</b>	<b>3,6</b>	<b>4,2</b>	<b>4,0</b>	<b>3,0</b>	<b>3,5</b>	
<b>STANDARD DEVIATION</b>	<b>0,5</b>	<b>0,8</b>	<b>0,8</b>	<b>0,8</b>	<b>0,9</b>	<b>1,2</b>	<b>1,9</b>	

## Stage 4 case: Qualitative Analysis in Serbia

- **Initially planned** to start in May 2018, last 4 months, done by existing local S3 team and no additional funding.
- **The newly published FW raised the demands** and **process stopped** due to lack of resources and lack of knowledge.
- **Involvement of new institutions** due to EU progress report
- **Additional resources & preparation** to unlock the process:
  - 12 Local experts: 2 recognised insiders for each priority area
  - Detailed tailored plan and Intensive **capacity** building
  - Preparation for **interviews** and **promotion of S3**
  - **Case study for ICT**
- **Very resource demanding:** 8 months, 20+ people, €20,000+
- **Same local experts engaged to also implement the EDP**, thus trust building and collection of input for EDP began simultaneously.



## Key success factors

- Selection of **top local experts** (that would ideally lead also the EDP)
- **Intensive training** of experts conducting interviews as this is also the first contact with key stakeholder that must remain in the S3 process
- **Tailor-made plan and guidelines** should be developed with a precise action plan and timetable, as well as the necessary resources.
- **Limit the number of additional topics** to be explored in the qualitative analysis.



# Dependencies

- **Poor selection of experts:** low quality of analysis including justification and selection of priority areas for EDP
- **Incomprehensive analysis:** poor identification of key stakeholders, lack of input on preferences for EDP
- **Poor justification of priorities:** support for promising area lost for one S3 cycle
- **Poor identification of stakeholders** for EDP: low critical mass leading to exclusion of potential priorities
- **Lack of input on preferences for EDP:** threat of designing EDP in wrong way leading to inadequate participation

