

In Focus: How should Western Balkan countries “smartly specialise”?

What difficulties to expect and how to overcome them?

Smart specialisation (S3) is an increasingly popular and worldwide spreading innovation policy concept. In the EU, under the umbrella of EU Cohesion Policy since 2014, the submission of S3 strategies has effectively become a requirement for regions or countries. On the contrary, for Western Balkan Countries (WBC), Smart Specialisation is not an ex ante conditionality like it is for the EU Member States and this explains why **WBC are just currently embarking on their process of drafting smart specialisation strategies.**

The process leading to the development of a S3 strategy includes the so-called entrepreneurial discovery process (EDP) which is basically a participatory process of setting priorities in regional development and innovation policy, and particularly in using EU funds more strategically. In the EDP, actors from the quadruple helix (companies, government, academia, civil society) should somehow come together and identify knowledge domains in which their regional or national economy is well positioned. Moreover, actors are supposed to develop actions to strengthen economic activities building on these knowledge domains, and to do so in an evidence-based way by using quantitative and qualitative data. Judging from the example of EU regions and countries in pursuing their EDPs but also from prior participative public-private policy-making processes such as cluster policy, [WBC will most likely encounter some of the typical problems](#). To support countries, activities are being organised to discuss the actions on Smart Growth and the development of Smart Specialization Strategies in Western Balkans ([workshop on Smart Specialization for the Research and Development](#) was organised by the Regional Cooperation Council (RCC) in Brussels, in December 2017) or directly explain the goals and objectives of smart specialisation, the process to follow as well as the possibilities for technical assistance from JRC. This year in April, national smart specialisation teams from WBC could participate in a [training](#) event organised under the auspices of the Joint Research Centre (JRC) and the Regional Cooperation Council (RCC). The teams from Serbia and Montenegro were trained on how to pursue the Entrepreneurial Discovery Process (EDP) critical for the smart specialisation process. In September 2018, the SMARTEIZ project is organizing a conference titled: “[Smart Specialization Strategies: Contemporary Challenges of its Design and Implementation](#)”.

To assess relative performance and potentials, a comparative analysis of the entire WB region is necessary. Furthermore **WB countries could benefit from a sound and objective analysis of their economic potentials**, similar to what the European Commission has been doing in Serbia and that was recently [presented by Viktor Nedović](#), Assistant Minister, Serbian Ministry of Education, Science and Technological Development (see 11th minute) at the high-level conference “[Smart Specialisation and Technology Transfer as Innovation Drivers for Regional Growth](#) “. This conference was organised under the auspices of the Bulgarian Presidency together with the Directorate-General Joint Research Centre (DG JRC), on 3 and 4 May in Sofia, to discuss smart specialisation, technology transfer and digital economy. It provided a platform to discuss and commit to place based innovation as a priority for Europe, with a focus on South-East Europe, including the Western Balkans, and an arena for constructive dialogue between institutions and businesses. At the event other representatives contributed to the discussions with [Statements on Opportunities and Challenges in the Region](#): Besa Shahini, Vice-Minister of Education, Sports and Youth, Albania; Sanja Damjanović, Minister of Science of Montenegro, Arber Geci, Deputy

Minister of Education, Science and Technology of Kosovo*, etc. ([Find the playlist with all videos from the conference here](#)).

Recently, the report “[Supporting an Innovation Agenda for the Western Balkans - Tools and Methodologies](#)” was made available by the Joint Research Centre - Directorate for Growth and Innovation and is part of the JRC series of Science and Policy Reports. It provides an analysis of the development potential of the Western Balkan region in terms of economic, innovative and scientific capabilities supported with good practices addressing specific challenges in the region. The report offers an overview of the Western Balkans region, looking at challenges and emerging potentials for innovation. It also presents tools and methodologies available at the JRC to support an innovation agenda for economic transformation and inspired by Smart Specialisation. Each challenge is supported by a concrete implementation example.

When it comes to the **most effective economic structure for growth**, the debate is so-to-say a never-ending story: for some researchers specialisation implying targeted policies in few well delineated industries is preferable, whilst for others a diverse economic structure is more conducive for growth suggesting horizontal policies such as promoting entrepreneurship across the board and in all disciplines. The key issue is not whether to pursue a specialisation strategy or a horizontal strategy, but how to combine both. This is precisely what smart specialisation attempts to do in terms of policy: **promoting specialisation not in narrowly defined industries but rather promoting specialisation in economic activities or capabilities that are cross-sectoral and that span various industries**. If, for example, during the entrepreneurial discovery process that eventually leads to the formulation of a national or regional smart specialisation strategy, stakeholders identify existing capabilities (for example, qualified workers or specialised research infrastructures) in a certain knowledge domain, it makes sense to promote this knowledge domain under the framework of the smart specialisation strategy and to look for ways to apply these capabilities in new and diverse economic activities. In this regard, horizontal policy tools such as entrepreneurship support come into play, highlighting the combination of specialisation and diversity. For instance, a business-planning competition targeted to the specialised capabilities identified but covering diverse economic sectors or industries (such as agriculture, manufacturing, tourism, and others) could be part of a smart specialisation action plan. Considering both specialisation and diversity and developing their smart specialisation strategies in a cross-sectoral perspective by focusing on activities and capabilities instead of economic sectors or industries is an important lesson for Western Balkan countries currently in the process of elaborating their smart specialisation strategies. To take a general example, **Western Balkan countries have considerable potential in food industries, for instance, but you should [read our related article to find out more](#)**.

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