

## ***Smart Specialization Strategies in Croatia: Experiences and the Way Forward Conference Recommendations***

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On November 8, 2024, the Croatian Innovation Policy Network and the Institute of Economics, Zagreb organized the third-round table entitled "Smart Specialization Strategies in Croatia: Experiences and the Way Forward", which brought together around 60 participants from state and regional administration, academic community, and business sector.

The aim of the round table was to attract the interest of experts and the general public in innovation policy in Croatia, introduce the participants to the new S3 strategy for the period up to 2029, and analyze individual S3 strategy implementation segments and their relevance for socio-economic development.

During the conference, several important topics have stood out that affect the implementation and success of the S3 strategy and its future perspectives, namely: 1) S3 strategy management and its implementation framework; 2) S3 strategy monitoring and evaluation; 3) S3 strategy perspectives and new development paradigms. Below, the main recommendations and the outcomes of discussions related to the afore-mentioned topics have been listed.

### **1) S3 Strategy Management and its Implementation Framework**

- It is necessary to identify the institutional owner<sup>1</sup> for S3 strategy implementation in order to: a) resolve the issue of dual authority of the Ministry of Economy and the Ministry of Science, Education and Youth when it comes to the management and monitoring of the S3 strategy and to ensure institutional stability (including resolving the issue of operational discontinuities and dysfunctions of Thematic Innovation Councils (TICs) and the National Innovation Council (NIC), and; b) achieve an overview of the overall national development that goes beyond the purview of individual ministries and the framework of a narrowly defined innovation policy in order to ensure synergy between the S3 strategy, which incorporates industrial transition, and other national policies and funds. The bureaucratic and formal management of the entrepreneurial discovery process (EDP) should be replaced by identifying the real interests of stakeholders and ensuring their participation in the later stages of S3 strategy implementation.
- In the new S3 strategy for the period up to 2029, the EDP should be further adapted to new tasks, which include defining specific tasks (missions), priority areas, transformational goals and interventions, and adjustment to the industrial transition.

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<sup>1</sup> The position adopted in this part of the sentence is not the position held by the experts from the Ministry of Regional Development and EU Funds who participated in this conference.

## 2) S3 Strategy Monitoring and Evaluation

- To further improve the S3 strategy monitoring system, it is necessary to: a) maintain the continuity of monitoring and the development of the acquired expert know-how; b) improve the quality of data and indicators, including their analysis, harmonization, and revision when necessary.
- The evaluation of entrepreneurial projects should be more efficient in order to enable further support for projects that have achieved commercial results. In this way, enterprises being sustained solely owing to public funding can be prevented.
- Forums should continue to be organized, where entrepreneurs will be informed about the latest developments related to S3, with the aim of achieving their closer involvement until the finalization of S3 strategy's implementation.
- Mechanisms should be invented to increase the interest of entrepreneurs in investing in R&I, seeing as the investment of own funds in this sector has been declining since the introduction of the S3 strategy.
- In order to objectively and comprehensively evaluate the S3 strategy and its impact on structural changes and socio-economic transition, it is necessary to ensure access to all relevant data to researchers and analysts.
- Even though S3 has a positive impact on most of the areas it is strategically focused on (innovation, digitalization, and R&I spending), the benefits for the broader population in terms of socio-economic transformation remain questionable. Therefore, it is necessary to critically review development policies in Croatia, with the aim of ensuring that innovation and R&D bring benefits to the whole of society.

## 3) S3 Strategy Perspectives and New Development Paradigms

- Global challenges and the weakening of the EU's competitiveness in relation to the US and China are expected to lead to paradigmatic cohesion policy changes resulting in the strengthening of global competitiveness and security at the expense of intra-European convergence and to bring into focus transformational innovation policies oriented towards specific tasks (mission-oriented policies).
- In the context of paradigmatic cohesion policy changes, innovation policy in Croatia should focus on specific topics and sectors that can transform regions. Financial support should be allocated to projects or programs with a clearly defined specific objective (mission) to address the identified challenges. Such projects should have a clearly defined R&I direction, and precisely defined participant responsibilities, deadlines, coordination, and assessments of results.
- Missions should not be understood as a set of innovation projects, but as a set of problems that must be solved in order to achieve socio-economic transformation. It is necessary to look at the overall national development instead of relying on the bureaucratic implementation of programs through unrelated projects within individual ministries. This requires identifying an institutional leader for S3 who will ensure a coordinated and coherent approach<sup>2</sup>.

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- The need to extend the practice of transformative innovation policy, which is directed towards specific goals (missions) in Croatia, to other ministries and agencies was recognized. The new approach to research, development, and innovation, which is based on R&D&I missions, can additionally achieve an impact on the social development of Croatia as well by addressing social challenges.
- In order to achieve effective utilization of different sources of EU funds, it is necessary to improve the coordination between the S3 strategy and other national policies and to ensure compliance and synergistic effects between public calls financed under the National Recovery and Resilience Plan (*NPROO*), the Competitiveness and Cohesion Program 2021–2027, the Integrated Territorial Program 2021–2027, and other funding sources.