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Placing Regional Innovation Policies at the heart of the post-27 framework

EURADA Position Paper on the future of Smart Specialisation Strategies and I3 instrument

Regional Development Agencies are key actors for S3

Smart Specialisation Strategies have become a dominant framework for regional innovation policies in Europe. Their introduction has contributed to developing a more evidence-based, systemic, and participatory approach to these policies across Europe's regions. However, the inherently complex operationalisation of the smart specialisation concept has faced challenges, particularly in governance, stakeholder engagement, local capacity, synergies and cooperation.

The third generation of Smart Specialisation Strategies, to be developed for the financial period 2028–2034, will require strong regulatory, financial, political, and operational support from the European Union to effectively address these challenges. At the same time, their theoretical foundations and practical mechanisms must adapt to the profound economic and technological transformations unfolding at both the European and global levels.

In many countries, Regional Development Agencies have played a leading or significant role in the design and implementation of S3s. As such, they are well-positioned to contribute to discussions on the future direction of the Smart Specialisation concept. This policy position sets out recommendations to inform the preparation of initiatives and legislation related to S3 for the 2028–2034 period.

A flexible and decentralised governance

Greater flexibility in the governance of Smart Specialisation Strategies is needed in the future to effectively address regional priorities, engage actors on the ground and adapt to evolving trends or needs. To this end,



1. the current **decentralised approach**, granting local authorities and agencies autonomy to design, implement, and adapt their S3s, must be preserved to fit local needs, strengths, and innovation potential.
2. Flexibility should be also pursued through a **streamlined regulatory framework for Cohesion Policy**. This would help reduce bureaucratic burdens, accelerate funding allocation, and enhance policy agility in implementing S3s.
3. Administrative simplification and the reduction of bureaucratic burden must also be passed on to the Member States. If national and regional authorities are not required to simplify their own rules and procedures, the bureaucratic overload will remain even though there is a simplification at the EU level. A possible solution could be the establishment of a new ex ante condition under EU Cohesion Policy requiring the creation of **'limited bureaucracy sandbox'** in which the ERDF - and maybe the rest of structural funds - operations would be articulated. S3 should be a passport for supporting flexible administrative procedures under the ERDF.
4. The European Commission should also support the adoption of **flexible governance models** to ensure the **Entrepreneurial Discovery Process (EDP)** is strengthened through more dynamic interactions among quadruple helix actors, fostering a continuous learning process. There is already a wide range of methodologies that the European Commission recognised as contributing to this goal. However, choosing and adapting the most effective one, especially for some specific areas, remains a challenge.
5. Finally, **efficient and transparent monitoring systems** must be further reinforced, using data analysis to ensure that S3 governance remains dynamic, results-oriented, and future-proof. Additionally, a centralised knowledge-sharing platform should be established to facilitate the exchange of best practices and case studies across EU regions.

Smart Specialisation should be at heart of EU future industrial and innovation policies We support the European Commission's goal, set out in the Competitiveness Compass, to further strengthen the coordination at EU level of industrial and innovation policies. This effort is critical to achieving leadership in emerging technologies, scaling up decarbonisation, revitalising Europe's industrial base, and reducing strategic dependencies. However, these ambitions will not be realised if a place-neutral and top-down approach prevails.

Europe future policies for competitiveness can be effective only if they embed a bottom-up and place-based logic given the complex governance of innovation



policies and heterogeneous industrial landscapes across Europe. **S3s can serve as key frameworks to balance the need for strategic directionality with national and local specialisations, ensuring active engagement with EU policies from economic and innovation actors on the ground.**

S3s must be recognised as a central tool across EU initiatives on competitiveness, extending beyond their current role in cohesion policy. Furthermore, the Commission should encourage the alignment of S3s with EU-level initiatives to foster stronger integration across governance levels.

S3 needs a strong and decentralised cohesion policy

The Draghi report strongly advocates for enhanced public investment in research and innovation to close Europe's competitiveness gap. Achieving this ambition requires the critical contribution of Smart Specialisation Strategies, backed by sufficient EU cohesion policy funding. To this end,

1. The share of cohesion policy funds dedicated to R&D should be increased across all instruments (including **Interreg programmes and I3s**)—though not at the expense of other thematic objectives.
2. The governance of cohesion policy should remain **decentralised, including through regional programmes**, to ensure maximum alignment between **fund programming** and **Smart Specialisation priorities**.
3. Regional Development Agencies **should have an enhanced role** in decision-making regarding programming, ensuring that investments are aligned with regional economic strengths and needs.

S3 requires stronger synergies across funds

Smart Specialisation Strategies should have easier access to EU direct management funds. The future Competitiveness Fund should support this by including dedicated calls aligned with S3, similar to the Horizon Europe RIV call. Stronger synergies between the Framework Programme and Cohesion Policy are needed, ensuring better coordination and integration. To this end, more strategic and regulatory alignment between the two programmes should be envisaged. To help authorities and beneficiaries navigate the inherent complexity of funding synergies, additional knowledge exchange and capacity building activities are needed. These could be supported through regional programmes and the S3 Community of Practice.



More interregional cooperation

In such turbulent geopolitical times, the realisation of more European value chains, one of the key objectives of S3, has become a pressing matter. Interregional cooperation in the context of S3 has been growing, namely, thanks to the support of the thematic partnerships and the I3s. Yet there remain various challenges in terms of capacity, governance, commitment, access to funding. To tackle these challenges,

1. On a strategic level, a deeper integration of S3s in EU policies and initiatives could be conducive to more cooperation overall.
2. A key barrier to interregional cooperation is information asymmetries about interregional affinities and complementarities. This calls for targeted analyses and networking activities, for instance through the involvement of the S3CoP and the JRC.
3. **Authorities should be better equipped to facilitate cooperation**, with the European Commission providing access to expertise, supporting evaluation efforts, and benchmarking best practices.
4. There is also a need to design more specific outreach and capacity building activities for less developed regions. In these regions, providing financial support could also serve as an additional incentive. Regarding access to funding, there needs to be provisions further easing interregional projects funded through various cohesion policy programmes.
5. Regarding access to funding, there needs to be provisions further easing interregional projects funded through mainstream cohesion policy programmes.
6. **More support to the EEN** as a tool to partner searches and cooperation at international level in R&D&I matters. This measure is aligned to the 'enabling conditions' for Good Governance of national and regional Smart Specialisation Strategies 2021-2027, as these are defined by European Commission, and specifically would support 'Actions for Internationalisation' condition

Future of I3s

The **I3 programme** has demonstrated clear added value. Its importance lies in the fact that it actively supports SMEs, facilitates the transition of innovations to the market (TRL5-8), and operates across Europe—an aspect that is especially crucial in the current context. Moreover, it plays a key role in strengthening value chains, with its foundation rooted in the Smart Specialisation Strategies (S3) of regions.

Despite facing certain challenges. Moving forward, the programme should be



maintained and reinforced with increased funding.

To unlock its full potential, several key improvements are needed:

1. **Greater awareness and clarity** about the programme's scope and objectives among potential applicants and stakeholders.
2. **Revisiting co-financing rules**, which currently require consortia to contribute 30% of eligible expenses—this has been identified as a barrier for the participation of enabling actors (such as, clusters, incubators, vocational training institutes, etc.) and SMEs.
3. **Encouraging participation from less developed regions** by prioritising **enhanced outreach, administrative support, and financial incentives** over rigid legal requirements.
4. Creating a structured evaluation mechanism to assess the long-term impact of I3 projects and inform future funding decisions.

CONCLUSIONS

The European Association of Development Agencies (EURADA), considers that Smart Specialisation Strategies are very valuable tools for regional economic development. We ask the European Commission and other EU Institutions to continue their leadership providing the appropriate framework for the correct deployment of Smart Specialisation Strategies as the best possible way to have an economic transformation agenda through innovation.

Effective Smart Specialisation Strategies are essential for future EU policies for economic growth, ensuring that European regions remain at the forefront of innovation-driven transformation.