



Innovative  
sustainable economy

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# Mission

## Innovative Sustainable Economy

### 2nd Innovation camp Barcelona

### 28-29 MAY 2024

July 2024





## 2nd Innovation Camp Barcelona 2024





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# TABLE OF CONTENTS

<b>Abbreviations</b>	<b>6</b>
<b>List of Figures</b>	<b>7</b>
<b>Executive summary</b>	<b>8</b>
<b>1. Introduction</b>	<b>9</b>
<b>2. Connecting smart specialisation with sustainability challenges and the SDGs</b>	<b>11</b>
2.1. Connecting S3 and the Mission Innovation for a Sustainable Economy through the SDGs, by Tatiana Fernández	11
<i>How do complex challenges look like?</i>	12
<i>Where do we start to understand complex challenges?</i>	13
<i>How do we go with complex challenges? Frameworks and tools</i>	13
2.2. Aligning smart specialisation with sustainability challenges and the SDGs. Conceptual framework and lessons from policy practice, by Michal Miedzinski	16
<i>Setting the scene: smart specialisation and the SDGs</i>	16
<i>Aligning S3 with the SDGs: lessons from literature</i>	17
<i>Aligning S3 with the SDGs: lessons from policy practice and action research</i>	19
<i>Mission-oriented approaches for S3</i>	19
<i>Partnerships for regional Innovation</i>	19
<b>3. Getting a systemic understanding of MED sustainability challenges with the help of the example of depopulated areas</b>	<b>21</b>
Exercise 1: Analysis of the current problem and its causes	21
Exercise 2: Identification of the main elements and forces of the current system that inhibit/limit the desired vision for rural and remote areas with MLP	24
Exercise 3: Envisioning the desired system	27
Exercise 4: Envisioning transition pathways	30





<b>4. Moving into action: Connecting S3 and MED projects in the ISE Mission (ISE)</b>	<b>34</b>
4.1. Round table with experts	34
<i>How can S3 policies and MED projects be aligned from a transformative innovation policy (TIP) approach?</i>	34
<i>How can we place MED challenges at the centre?</i>	35
4.2. Working session	36
<i>Exercise 5: Moving into action</i>	36
<i>Exercise 6: Connecting S3, MED projects in the ISE Mission</i>	39
<b>5. Closing Session and final reflections</b>	<b>41</b>





## Abbreviations

Dialogue4Innovation (D4I), 8  
Innovation for a Sustainable Economy (ISE), 8  
Joint Research Centre (JRC), 15  
Multilevel Perspective (MLP), 8, 21  
Partnerships for Regional Innovation (PRI), 18  
S3 Community of Practice (CoP), 31  
Smart Specialisation Strategies (S3), 8  
Transformative Innovation Policy Labs (TIPLs), 14, 33, 36





## List of Figures

Figure 1. Illustration of pathways towards sustainability .....	12
Figure 2. Multilevel perspective framework (MLP) .....	14
Figure 3. Two loops process towards sustainability.....	15
Figure 4. Illustration of the D4I framework .....	16
Figure 5. Illustration on systemic transformation towards the SDGs .....	17
Figure 6. Illustration on challenges for aligning S3 with the SDGs .....	18
Figure 7. Pictures of group work during the working sessions during the first day.....	21
Figure 8. Understanding the complexity of the problem of depopulation in remote and rural areas template.....	22
Figure 9. Example of the exercise during the working session .....	24
Figure 10. Understanding the MLP template and the shared vision of the future.....	25
Figure 11. Example of the exercise during the working session.....	27
Figure 12. Envisioning the desired system template .....	28
Figure 13. Example of the exercise during the working session.....	30
Figure 14. Envisioning transition pathways template .....	31
Figure 15. Example of the exercise during the working session.....	33
Figure 16. Pictures of group work during the working sessions during the second day .....	36
Figure 17. Moving towards the desired direction template.....	37
Figure 18. Examples of the exercises during the working session .....	39
Figure 19. Mentimeter wordcloud results during the closing session .....	41





## Executive summary

This document presents a report of the 2<sup>nd</sup> Innovation Camp celebrated in Barcelona, during the 28 and 29 of May, 2024. It reflects a summary of the structure of the camp and the theoretical and conceptual framework layout throughout the two-days event as well as a review of the exercises and discussions resulting from the working sessions. The document also describes the keynotes, presentations and round table by experts. Sustainable Development Goals (SDGs) need to be embedded in Smart specialisation strategies (S3), guided by a transformative and systemic approach, focusing on real structural challenges that allow the Mediterranean territories to engage on sustainable transition pathways. To achieve this goal, it is necessary to put into practice tools and methodologies that the Dialogue4Innovation project will put in place during the next years.







# 1. Introduction

**An Innovation Camp is both a community-building tool** and a way to promote a shared understanding of sustainable development challenges and Mediterranean priorities, allowing an open and facilitated debate among quadruple helix stakeholders.

**The 2nd Innovation Camp**, organised by the Interreg Euro-MED 2021-2027 Dialogue4Innovation (D4I) project, took place in Barcelona on 28 and 29 May 2024, with the main goal of connecting Smart Specialisation Strategies (S3) and the Interreg Euro-MED Mission Innovation for a Sustainable Economy (ISE) through the Sustainable Development Goals (SDGs). It focused on the role of S3 in supporting a green and just transition in the Mediterranean, thereby underlining the focus on transformative changes and societal challenges.

**Smart specialisation strategies (S3) are EU-driven effective tools** to strategically plan research and innovation policy efforts across the European regions and countries, thereby framing much needed place-based innovation to accelerate the green transition. **The Innovative Sustainable Economy Mission** is working to create and develop the conditions that put forward transformative innovation that can serve sustainable transitions in the Mediterranean. In this context, **the specific goals of the 2nd Innovation Camp were to foster the capacity building** of S3 policy makers and the Mediterranean innovation community in order to address sustainability challenges and the SDGs more effectively; and **to jointly explore how** the ISE mission can support and contribute to promoting more transformative S3 strategies.

To advance towards these goals, **the 2-days event gathered more than 100 participants S3 practitioners and other actors of the innovation ecosystems from the Interreg Euro-MED community to strengthen the connections, to share knowledge, experience, and opportunities to work together** and find new pathways to address sustainability challenges and the SDGs. During the two days, participants delved into concepts and approaches that facilitate the adoption of **a new generation of S3**, engaging in working group discussion and hands-on case study sessions. They worked through answers to the following questions:

- What do complex challenges look like and how do we go with them?
- Why do we need transformative innovation approaches?
- How can we use a Multilevel Perspective (MLP)?
- Shared vision of the future: envisioning transition pathways
- Why embedding the SDGs into S3 and regional development policies?
- How can we maximise the impact of the MED projects through better alignment with place-based S3?

While sustainability challenges are global, they affect territories locally in the Mediterranean regions, that cannot address and solve them individually. These are very complex challenges that need to be addressed jointly with a variety of stakeholders. For this to happen they need to be understood with a systemic perspective that sheds light on the strong forces behind



the challenges: the policies and governance, the markets, the technology, the cultural and social values. This systemic understanding of the forces and obstacles of the current systems shall help moving towards shared visions.

After this introduction, section 2 of this document describes the theoretical ground that supported the design and development of the Innovation Camp which is focused on the interlinkages between smart specialisation (S3), the SDGs and the Innovative Sustainable Economy Mission in the Mediterranean (MISE). This introduction to the work to be developed during the two days was prepared by Tatiana Fernández, from the Government of Catalonia, partner of the Dialogue4Innovation governance project and director of this second Innovation Camp, and by Michal Miedzinski, from the Joint Research Centre of the European Commission. Against this background, section 3 then describes the work done by participants during the first day which is aimed at getting a systemic understanding of MED sustainability challenges. The tools and templates used in working groups are presented and the main results, derived from exemplification as complex challenge of “Depopulation in rural and remote areas”, are summarised.

Following the logic of the Innovation Camp, section 4 of this document describes the activities during the second day, devoted to giving answers to the “how to” questions. With a similar structure to the one used during the first day, a round table by experts in the field introduced the issue and gave some general comments. This was followed by a final working session organised as two exercises conducted in working groups, whose main findings are summarised.



## 2. Connecting smart specialisation with sustainability challenges and the SDGs

### 2.1. Connecting S3 and the Mission Innovation for a Sustainable Economy through the SDGs, by Tatiana Fernández

The presentation revolved around the need to acknowledge the complex nature of challenges that are being addressed by smart specialisation strategies and on the need to act differently in the context of the Interreg Euro-MED programme, so as to ensure that new transformative place-based innovation is produced and transferred into public policies.

The [2030 GreenerMed Agenda](#) aims at accelerating the much-needed transition of the Mediterranean towards a sustainable, green, blue and inclusive social and economic model compatible with the planetary boundaries. At the same time, there is growing consensus on **the role of transformative place-based innovation** in reaching this ambitious target and on the opportunity of investing in innovation to meet the most pressing challenges of sustainable development, beyond those of short-term economic growth.

**Complex challenges do not have obvious solutions and no entity or actor can address them based only from their own specific knowledge.** Complex challenges require coordinated multilevel interventions by multiple actors guided by a directional goal and by the understanding of how to transform the current socio-technical systems. For this, the [Innovative Sustainable Economy Mission \(ISE\)](#) of the Interreg Euro-MED Programme is working to boost a fair transition to a circular economy through two governance projects that **develop innovative technical knowledge** and ensure **these new solutions are transferred into public policies.**



Figure 1. Illustration of pathways towards sustainability

### How do complex challenges look like?

A deep understanding of the complex challenges and the actors affected is essential in order to address them successfully, but this is neither easy nor simple. When addressing complex challenges, it is important to acknowledge that<sup>1</sup>:

- Data is uncertain, contradictory or incomplete.
- Multiple stakeholders with different responsibilities and particular visions take part, thus leading to multiple potential starting points.
- They are difficult to define, in part because the definition depends on the context, the perspective and the stakeholders.
- The complexity of the challenge also comes also from the usual interconnections with other problems with no clarity about the causal effects.
- The solutions are not technical because they often involve behavioural and mindset shifts.
- The solutions cannot be planned without testing them in practice, because the intended but also the unintended consequences are hard to visualise.

Adopting a systemic and transformative innovation approach to complex challenges leads to the design of effective solutions that focus on the root cause of the problems, instead of merely focusing on the symptoms, which can lead to solutions that we know do not work.

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<sup>1</sup> Based on Griffith Centre for Systems Innovation: *Problem Framing Canvas*



## Where do we start to understand complex challenges?

Accepting that this is not an easy task, a four-step sequence can be considered as a starting point in the way towards the systemic and deep understanding of complex challenges:

1. **CONTEXT:** analyse and understand the general landscape of the challenge: why this is a complex challenge, key actors and organisations involved, existing initiatives, etc.
2. **PATTERNS:** identify where the energy comes from in the system (facilitators) and where the blockages are (inhibitors).
3. **CONNECTIONS:** explore the involved actors' roles in the challenge, identify who else needs to be involved and analyse the connections among them, their relationships, roles, information flows and how these are changing.
4. **PERSPECTIVES:** consider the different perspectives of actors, stakeholders, and beneficiaries of the solution of the problem and identify opportunities to build new relationships.

## How do we go with complex challenges? Frameworks and tools

### The Multilevel Perspective framework (MLP)

The MLP framework helps to understand that, while acknowledging that complex challenges are embedded in well-established systems, the forces to address the transformation of such systems come from three levels:

- **On the one hand, all systems are subject to tensions provoked by global trends** or changing landscapes that generate pressure on them, destabilise them and open windows of opportunities for transformation. At present, examples of such global trends are geopolitical tensions, climate change, ageing of the population, increasing inequalities, to mention a few. They are represented in blue in the chart below.
- **On the other hand, while the current dominant regimes** are usually strong and difficult to change, they entail **internal dynamics that respond to these global trends**, often leading to dysfunctionalities that mean they are no longer effective. A regime (or so-called sociotechnical system) may be represented by a pentagon with five clear sides that configure a system:
  - Science, technology and infrastructures;
  - Markets;
  - Policies and governance;
  - Investment and financing;
  - Society and culture.

When one or several such parts of the regime react to the changes in the landscape, then again windows of opportunity for systemic transformation arise (represented in orange).



- **The third source of transformation arises with emerging alternative practices** (called niches) that have the potential to induce systemic changes and lead to a “new business as usual”, a new pentagon aligned with the shared vision of the future (represented in green).

**Interactions between global trends, regimes and niches are the main drivers of systemic transformation.**

**Through S3, governments can accelerate systemic transitions by nourishing and aligning niches and supporting the expansion and adoption of these alternative practices.**

**EU and MED innovation and cooperation projects can accelerate the development and adoption of more sustainable alternatives.**

### Multilevel perspective framework (MLP)

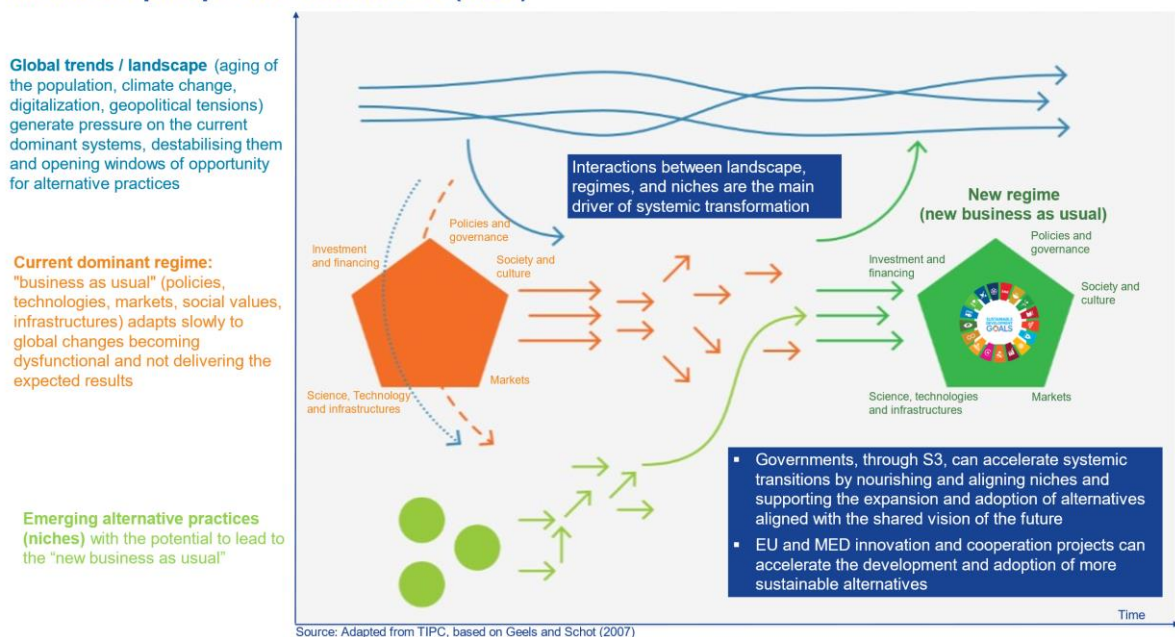


Figure 2. Multilevel perspective framework (MLP)

### Supporting the emergence of a “new business as usual”

The transition from the “current unsustainable business as usual” to a more sustainable “new business as usual” is gradual in time, with some elements of the current dominant system decaying (pink line in the graph), while others remain in place so as to temporarily sustain parts of it while new alternatives are emerging and becoming consolidated (green line). Initially, the alternative transformative initiatives emerge, some of the different actors connect with each other, new practices are co-created and get aligned with the vision of the future. A new common understanding on the viability and advantages of these alternative practices sets in, thereby contributing to reaching the new vision of the future.



Supporting the emergence of a more sustainable “new business as usual” through the development and the adoption of alternatives that facilitate the transformation of the “current unsustainable business as usual”

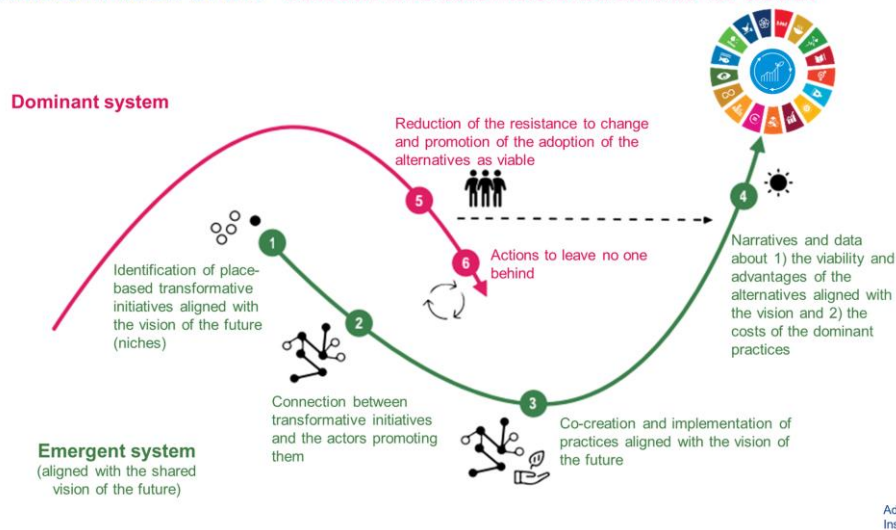


Figure 3. Two loops process towards sustainability

Contribution of Dialogue4Innovation to place-based and challenge-led action for innovative sustainable economy in the MED

It is not easy to engage all stakeholders in the implementation of emerging alternatives, but it is feasible. To do so, stakeholders and actors need first to have a **systemic understanding of both the current situation and of the situation which they want to reach**.

Then, while acknowledging that there are multiple solutions and pathways towards the new situation, stakeholders and actors should engage in experimentation of alternative solutions that are geared towards the common vision of the future. It is very important to connect these experiments with the current system and these experiments also need to be integrated by the stakeholders, whether public authorities, researchers, universities, companies or, citizens. Experimentation generates new knowledge and evidence that contributes to finding the right pathways and but also to constructing new narratives that help spread the understanding and acceptance of the “new business as usual”.

Since the goal of Dialogue4Innovation project is to link public authorities with innovation projects so as to learn how joint actions can have a more transformative impact, a tool that is going to be implemented over the next four years are the Transformative Innovation Policy Labs (TIPLs). Part of the work during the 2<sup>nd</sup> Innovation Camp is devoted to designing this TIPL tool.

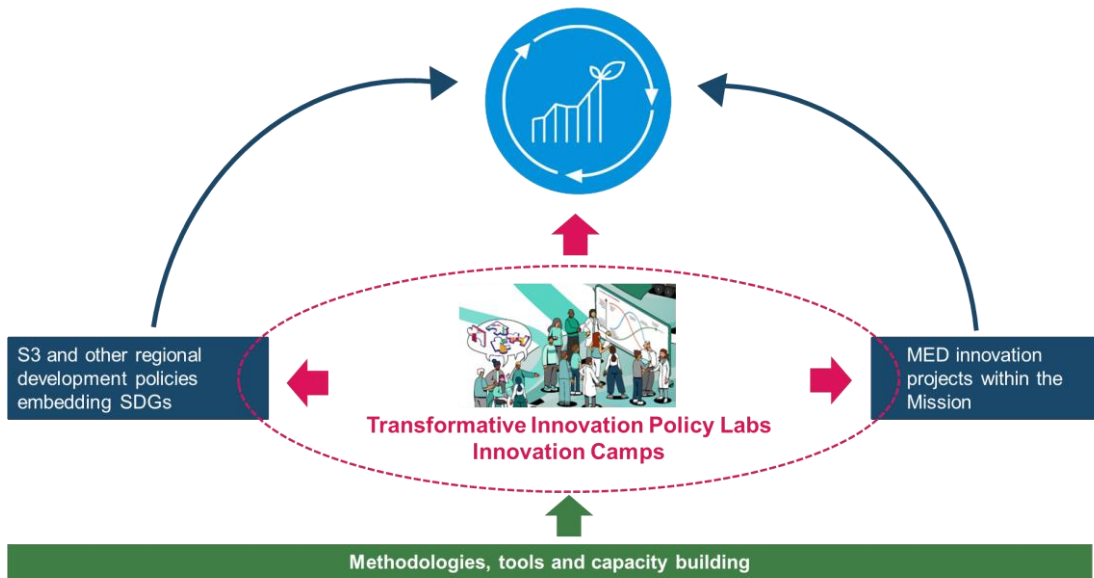


Figure 4. Illustration of the D4I framework

## 2.2. Aligning smart specialisation with sustainability challenges and the SDGs. Conceptual framework and lessons from policy practice, by Michal Miedzinski

Michal Miedzinski, from the Joint Research Centre (JRC), reflected on the linkages between smart specialisation and the SDGs and on the challenges and possibilities encountered through a series of research documents that he presented showing the theory and practice.

### Setting the scene: smart specialisation and the SDGs

The SDGs embody an unprecedented compromise, a global agreement about the overall development direction that concerns not only the Global South, but everyone on this rather small planet. And it needs to be emphasised that this agenda is indivisible. It is a global agenda, but it is also very local which entails the need to zoom in and zoom out when thinking about development of small cities, villages or regions.

The SDGs help to think about these transitions in a holistic way. But it is not about considering the transition pathways for each SDG. It is about considering how the transitions of our functional systems connect with one another.





## Systemic transformation towards the SDGs

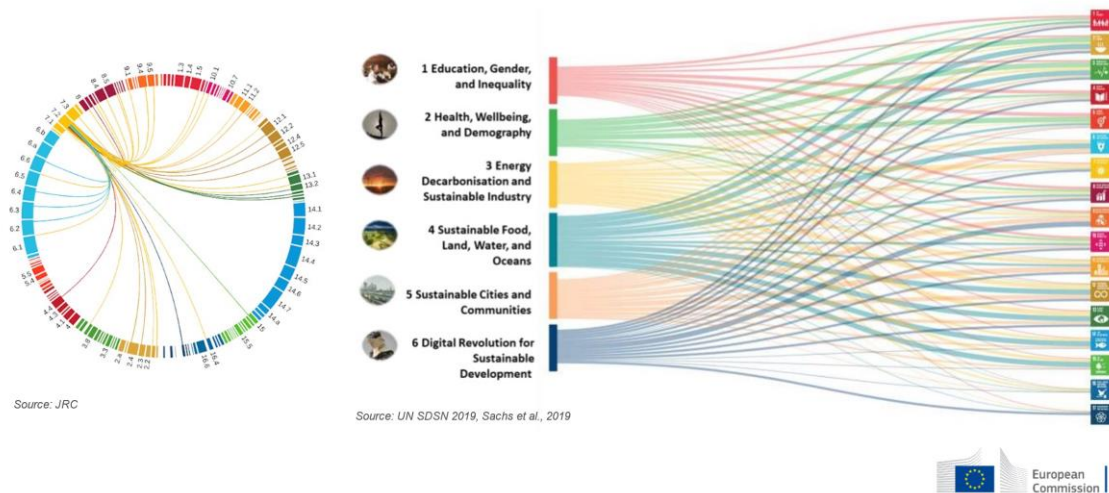


Figure 5. Illustration on systemic transformation towards the SDGs

**From the innovation policy perspective**, this means that we need to think differently. We need to speak to our colleagues in other departments, to other stakeholders, perhaps we need to be humbler and to stop doing some of the things we've been doing. This is because the challenges are now framed differently. So, it is not that the problems are new, but that the way we frame the challenges is new: we now understand that the nature of challenges is changing, that they are interconnected and complex and we understand that this means that the tools we normally deploy to intervene in the system are not sufficient.

In short, it means **broadening our thinking from focusing mainly on technologies to considering other concepts**, dimensions and types of innovations, like grassroots innovation or inclusive innovation. While these other types of innovations are only rarely captured by official statistics, they matter in local contexts and importantly they definitely matter in those innovations that are indeed captured by statistics.

### Aligning S3 with the SDGs: lessons from literature

Smart specialisation has been a dominant strategic framework to channel research and innovation activities in European regions for more than a decade. The question now is **what it would take for smart specialisation to address sustainability challenges**:

- firstly, smart specialisation was part of the system, part of the bigger policy rationale, where the predominant goals were of an economic nature, which means that sustainability would come along more as an afterthought or additional benefit;
- secondly, most of the diagnostics done for smart specialisation rarely look at how regional systems are suited to addressing local sustainability challenges;



- thirdly, there are also implementation challenges, because, since smart specialisation is a difficult concept, it requires a lot of resources and time for building capacities at individual and institutional level

## Challenges for aligning S3 with the SDGs

### Political and policy challenges

- S3 belongs to a family of economic policies concerned primarily with economic growth and competitiveness, often at the expense of a more decisive action for sustainability
- Directionality and system -level change towards sustainability not embedded in S3: few strong positive or negative policy incentives to align S3 with the SDGs.

### Conceptual challenges

- Possible disconnect between the choice of S3 priority areas and the local problems and opportunities driven by sustainability challenges
- Tensions between the principles of the Agenda 2030 and the rationale underlying S3
- Entrepreneurial discovery process (EDP) not equipped to foster challenge -oriented approaches to exploring alternative innovation pathways towards sustainability

### Implementation challenges

- Implementation bottlenecks in institutionally and structurally weaker regions
- Policy mix usually limited to supply side instruments supporting R&D and innovation
- Governance and EDP rarely include civil society and citizens or vulnerable groups.



Figure 6. Illustration on challenges for aligning S3 with the SDGs

**A literature review has been conducted** at the JRC on the so-called socio-technical transitions, which is where the multi-level perspective comes in, including, social ecological resilience and on new ways of designing and implementing innovation policy, that is to say, on challenge-led innovation policy. Out of this literature review, three principles come out that S3 needs to address sustainability challenges:

1. **Shared direction towards the SDGs:** smart specialisation strategies should embed the SDGs as an overarching strategic framework, with specific objectives aligned with addressing sustainability challenges.
2. **Whole-system transformation towards sustainability:** this is about engaging in the ambitious and difficult process of rethinking how the systems work, how to change it without creating problems elsewhere in the system.
3. **Responsibility and reflexivity:** we do not know exactly how to do it, which means that we will be discovering a lot of issues along the way during this transition, which in turn requires that smart specialisation has to become even more reflexive, and that the entrepreneurial discovery process should be much closer to diagnostic, monitoring and evaluation activities.



## Aligning S3 with the SDGs: lessons from policy practice and action research

In addition to the literature review conducted, research of the practice in 12 regions inside and outside of the European Union was conducted analysing their perspectives and their experience on the ground.

The outcome of is a tool focused on framing and inspiring policymakers, analysts and practitioners in **reflecting on how to localise and integrate sustainability challenges and goals in smart specialisation**.

This framework includes **questions to guide reflection and self-assessment** and with **examples** of what is being done and looks at every step of smart specialisation:

- Diagnosis
- Governance
- Vision
- Priorities
- Action plan
- Monitoring and evaluation

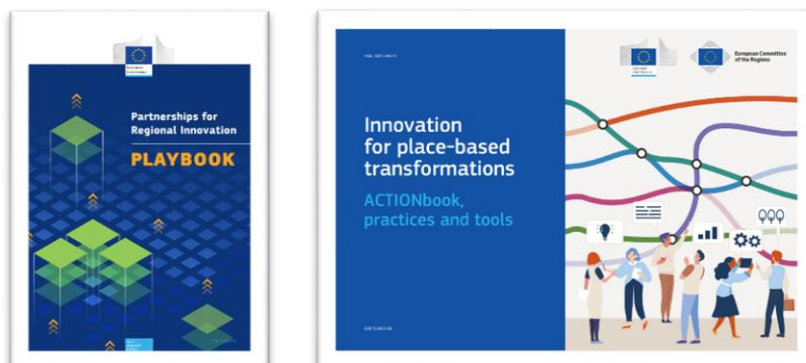


## Mission-oriented approaches for S3

As experienced in an action-research project conducted in a close collaboration with policy makers in Czechia, **mission-oriented approaches can become an approach to strengthen the directionality and transformative ambition of S3** as they can serve as a powerful consolidation mechanism that helps to improve policy coherence and effectiveness through building new policy collaborations and extending the S3 policy mix to encompass demand-side (e.g. innovation procurement) and regulatory instruments.

## Partnerships for regional Innovation

All this is part of a bigger initiative undertaken by the JRC and the Committee of the Regions called **Partnerships for Regional Innovation (PRI)**, which is an approach to innovation-driven territorial transformation, linking EU priorities with national plans and place-based opportunities and challenges. [74 territories](#) (Member States, regions, cities and networks of regions) have engaged in a pilot to jointly develop this approach and support documents have been prepared that are focused on a selection of practical policy tools.





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### 3. Getting a systemic understanding of MED sustainability challenges with the help of the example of depopulated areas

The rest of the first day of the 2<sup>nd</sup> Innovation Camp was spent working in groups on a number of activities designed to allow participants to jointly get a systemic understanding of sustainability challenges. This involved using an example of a challenge which is common across Mediterranean countries and regions, namely the **depopulation of rural and remote areas**. Throughout four exercises, participants used a systemic perspective to analyse and disentangled the root causes and forces behind the current systems which are leading to depopulation of rural/remote areas, the characteristics that a desired system should entail and, most importantly, efforts were devoted to envisioning the pathway from the current status towards the desired situation.



Figure 7. Pictures of group work during the working sessions during the first day

#### Exercise 1: Analysis of the current problem and its causes

The objective of the first exercise was for participants to start making sense of the problem of depopulated areas in the Mediterranean. Making use of the “**Problem Framing Wheel**” canvas, participants brainstormed on what precisely this complex challenge consists in, the main causes (why is it a problem?), consequences (who are the beneficiaries and who is most affected?) and the related opportunities that can emerge while addressing the situation.

**Participants were reminded of the characteristics of complex problems.** Making progress with complex problems is difficult because:

1. Data is uncertain, contradictory or incomplete.
2. Complex problems involve and affect multiple stakeholders with varied responsibilities and there may be many potential starting points.
3. The precise definition of the problem is difficult because it very much depends on the individual perspective and context of the stakeholder defining it.
4. Complex problems are entangled with other problems and the cause and effect relationships are not clear.

5. The consequences that arise from any possible solution that has been devised are hard to visualise, so solutions should not be planned without having tested them in advance.
6. Technical solutions are not sufficient, and behavioural mindset shifts need to be involved.

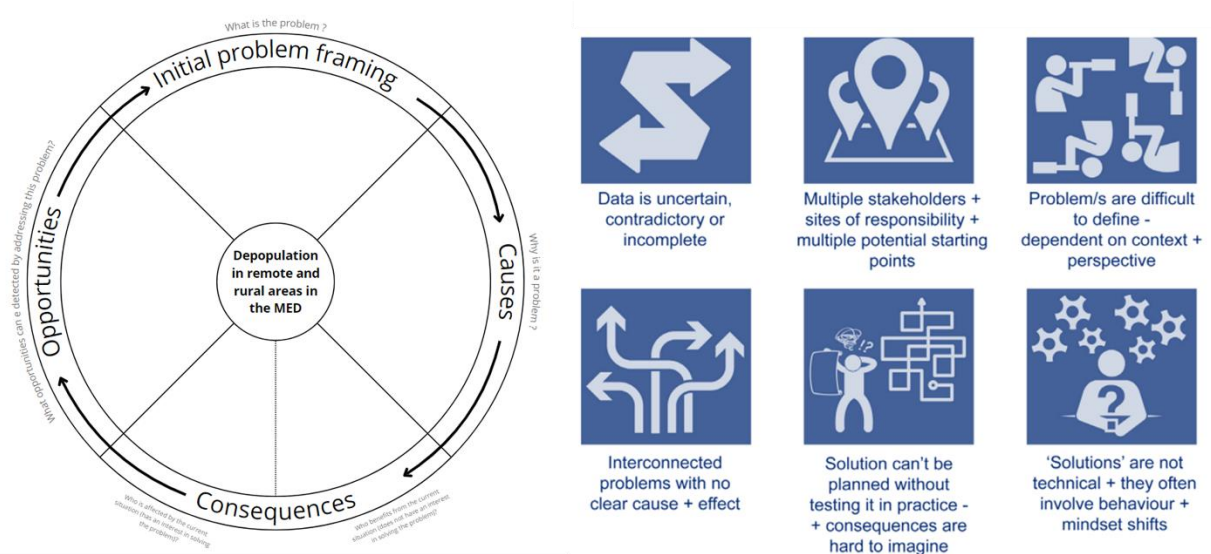


Figure 8. Understanding the complexity of the problem of depopulation in remote and rural areas template

Exploring each dimension of the “Problem Framing Wheel” canvas, participants discussed and described for each dimension of the main elements of the challenge of depopulation in rural and remote areas. Their discussions are summarised in the canvases below and are followed by examples of the elements identified:

- Initial framing of the problem: What is the problem?
  - o Poor transport infrastructures and connections
  - o Poor reputation of the primary sector
  - o Lack of education opportunities in rural areas
  - o Lack of job opportunities
- Causes: Why is it a problem?
  - o Lack of job opportunities force people to move
  - o Weak food production system and globalisation of external food markets
  - o Mentality of undergoing disrespect for rurality
  - o The EU Common Agriculture Policy





- Consequences: winners and losers
  - o Collapse of ecosystem of services and of water management
  - o Abandoned villages and land
  - o Increased intensity of climate-related hazards
  - o Uneven distribution of population between urban and rural areas
- Opportunities: What opportunities can be detected by addressing this problem?
  - o Diversification of business models and accompanying education and training
  - o Direct selling in local markets
  - o Protection of the “local” and “0 km”
  - o Regenerative agriculture
  - o Possibilities of digitalisation
  - o Decentralised, natural and cultural tourism and recreational activities
  - o Green activities and energy production

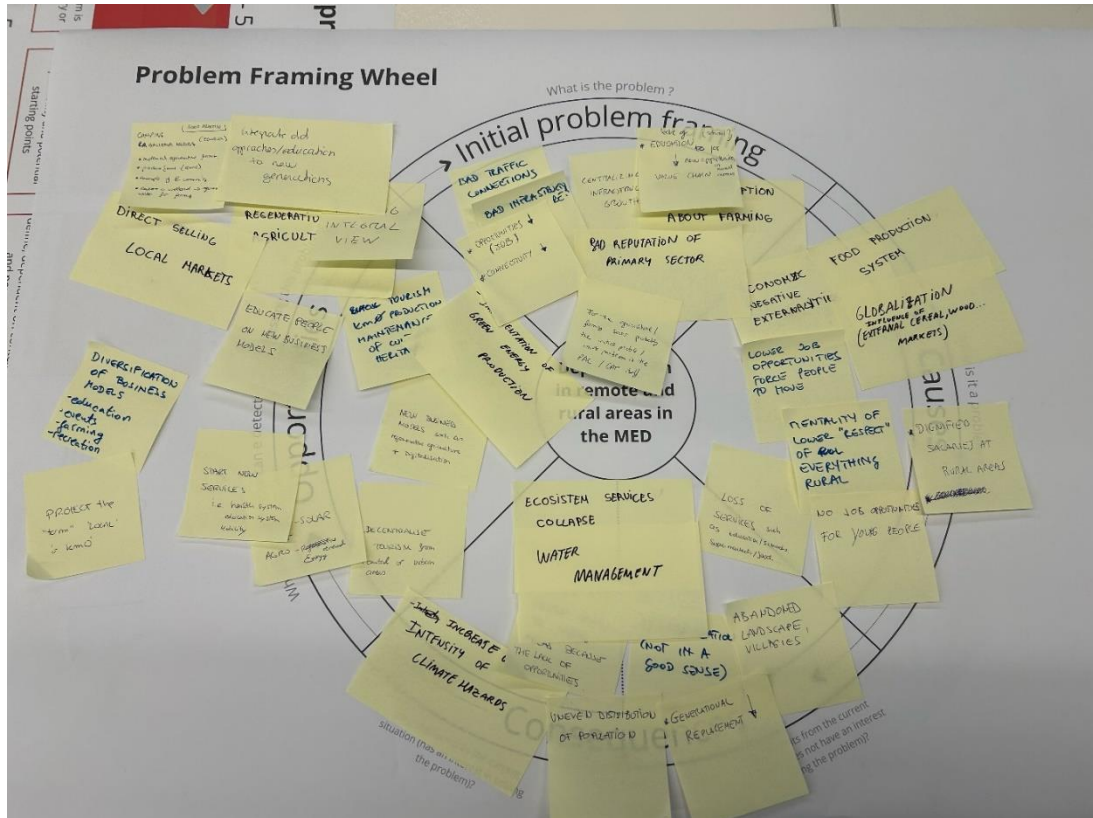




Figure 9. Example of the exercise during the working session

## Exercise 2: Identification of the main elements and forces of the current system that inhibit/limit the desired vision for rural and remote areas with MLP

The second exercise was devoted to assessing the complexity of depopulation in rural and remote areas in the Mediterranean. The starting point of the exercise is the understanding of the Multilevel Perspective (MLP) framework, as described in the previous session by Tatiana Fernández, and of the **five dimensions of the so-called sociotechnical systems**, which are:

1. Science, technology and infrastructure
2. Policies and governance
3. Investment and finance
4. Markets
5. Society and cultural values

In addition, a sixth dimension was considered that took into consideration so called Bio-Physical factors, that is natural characteristics of the territory (remoteness, closeness to economic hubs, availability of water, quality of the soil etc..).

The main objective of the exercise was for participants, making use of the [orange pentagon canvas](#), to:

- reflect on the elements characterising complex problems and on the subsequent need for systemic approaches to address them.
- understand that the resistances to change occur in many different dimensions of the system and that these can take the form of rules, norms, routines, current economic specialisation, geographic characteristics, practices of the dominant system etc... that determine the problem and hinder the changes in the desired direction.
- understand that the example of “depopulation of rural and remote areas in the Mediterranean” is a complex challenge.





#### UNDERSTANDING THE CURRENT SYSTEM - MLP

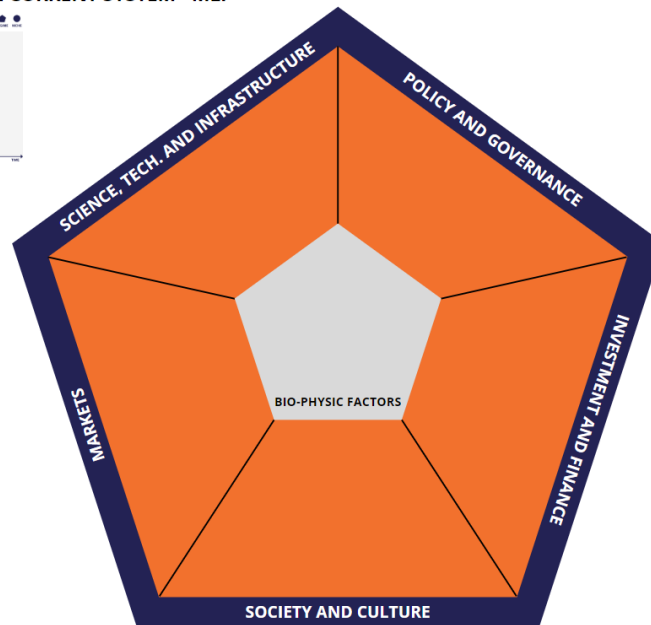
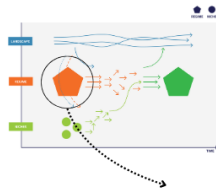


Figure 10. Understanding the MLP template and the shared vision of the future

Within the MLP framework and with the canvas with the orange pentagon representing the dimensions of the system, participants populated **all five-six dimensions**, thereby reflecting on the specific example of depopulation or rural and remote areas. Some examples of the elements identified are presented next.

1. Science, technology and infrastructure:
  - Lack of mobility infrastructure
  - Digital divide
  - Scientific careers are not possible in rural/remote areas
  - Science and technology oriented towards productivity with low focus on food
2. Policies and governance
  - Predominance of urban perspective mindset
  - Lack of integrative policies: lack of systemic approaches
  - Inertia and bureaucracy
  - Geographical centralisation of government institutions and bureaucracy
  - Corruption and dictatorships in developing countries
  - Lack of representation of rural areas (few people and few votes)
3. Investment and finance
  - Lack of basic services



- Lack of retribution for ecological and social services
- Extractivism, exploitation, paradigm of “using rural”
- Investments thought to be unprofitable or risky
- Lack of banking and financial services

#### 4. Markets

- Orientation towards GDP growth
- Foreign cheap food production because of globalisation
- Economies of scale

#### 5. Society and cultural values

- Negative stereotypes about life in rural and remote areas
- Speed of a rushing society
- Lack of competitive wages: only cheap and vulnerable workforce attracted
- Consumer culture focused on “having” (instead of on “being”)

#### 6. Bio-Physical factors

- Isolation
- Geographic barriers





## Envisioning the desired system

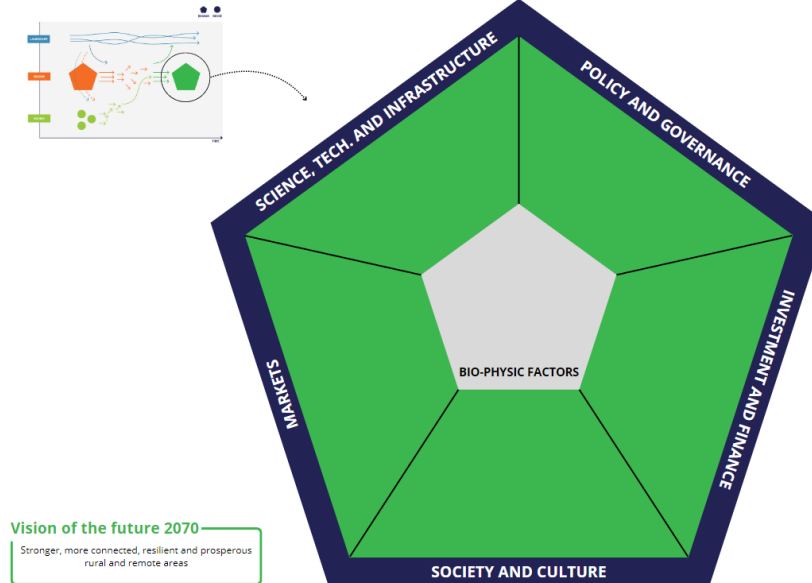


Figure 12. Envisioning the desired system template

Examples of the 5-6 elements:

1. Science, technology and infrastructure
  - New forms of knowledge generation, including endogenous tradition
  - Energy self-sufficiency
  - Basic services and community services balanced with economic services
  - Technology allows emancipation from labour
  - Infrastructure is human-centric and oriented towards prosperity (but not growth)
2. Policies and governance
  - Inclusive polycentric policies
  - Bottom-up policies, place-based policy initiatives and programmes to empower local decision making
  - Ecosystems are economically rewarded
  - Flexible working policies (flexible hours)
3. Investment and finance
  - Investments attracted to/by local initiatives
  - Investments in green energy: sea, sun, geothermal biomass



- Circular and biobased economy
- Decentralised resources (investments and funds)

#### 4. Markets

- Alternative business models oriented to wellbeing
- Entrepreneurship for good businesses
- Distributed energy markets and power

#### 5. Society and cultural values

- Local society proud of their lifestyle
- More people living in rural and remote areas attracted by quality of life
- Responsible consumption of local products
- Gender equality
- Affordable housing and jobs for young people
- Powerful community-based society

#### 6. Bio-Physical factors

- Healthy nature, in terms of quality of environment

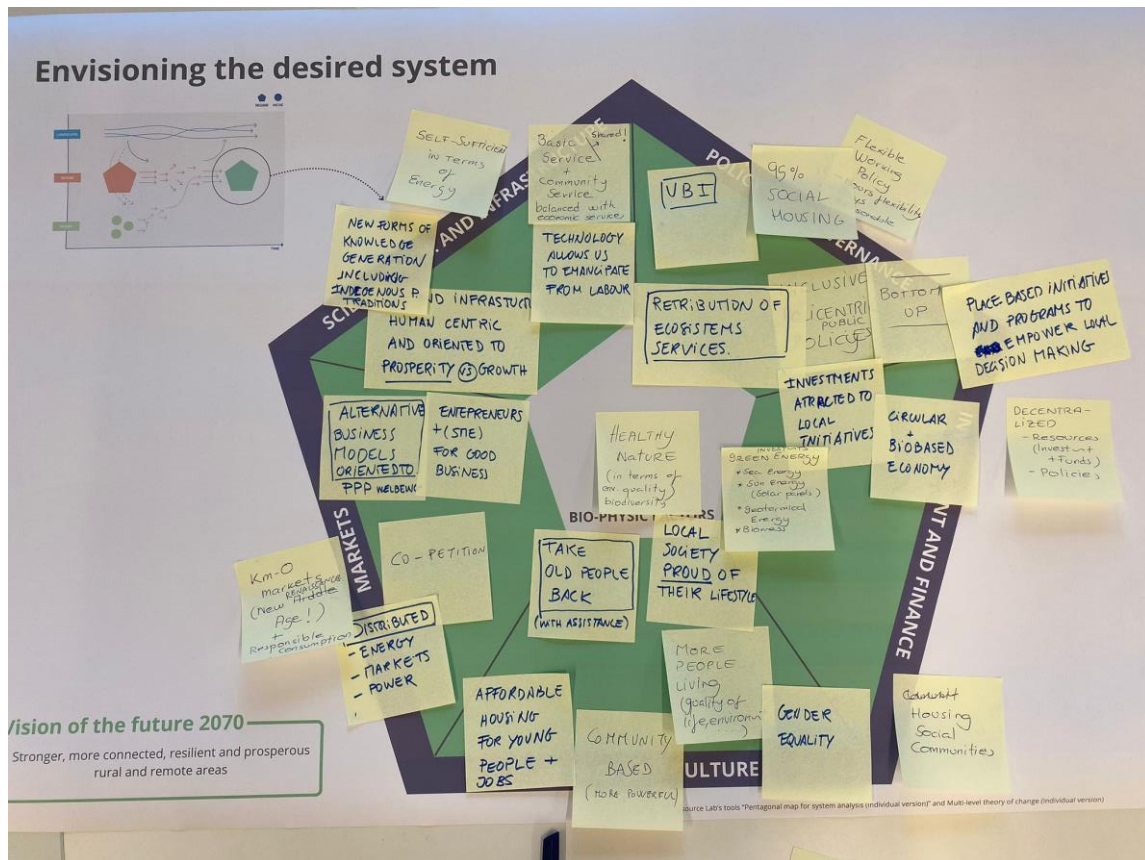


Figure 13. Example of the exercise during the working session

## Exercise 4: Envisioning transition pathways

The final exercise of the day was devoted to envisioning the pathway from the current system (orange pentagon) to the future one (green pentagon). The main objective of the exercise was that participants understood that transitions from one system to another are not linear. Some of the current system's elements need to decay, while other elements need to emerge to configure the new business as usual. Allowing some elements of the old system to decay and supporting alternatives aligned with the future system is key to accelerating/facilitating the transformation of the current system while leaving no one behind.

Through the template [Envisioning transition pathways](#), participants started the discussions from the green pentagon, that is, with the desired system in 2070. Assuming that the transition towards the new business as usual has been successful and that rural and remote regions in the MED are strong, connected, resilient and prosperous in 2070, the questions discussed were:

- What did we let go from the past (2024 system, orange pentagon) and how did we support that process, what elements of the different dimensions of the pentagons (cultural values, incentives, prices, technology, etc.) were involved in this transition?

- What has emerged (in 2070, green pentagon) and how did we support that process?
- What does the timeline look like, that is, which changes come first and induce or are induced by other previous/ posterior changes?

### Envisioning transition pathways

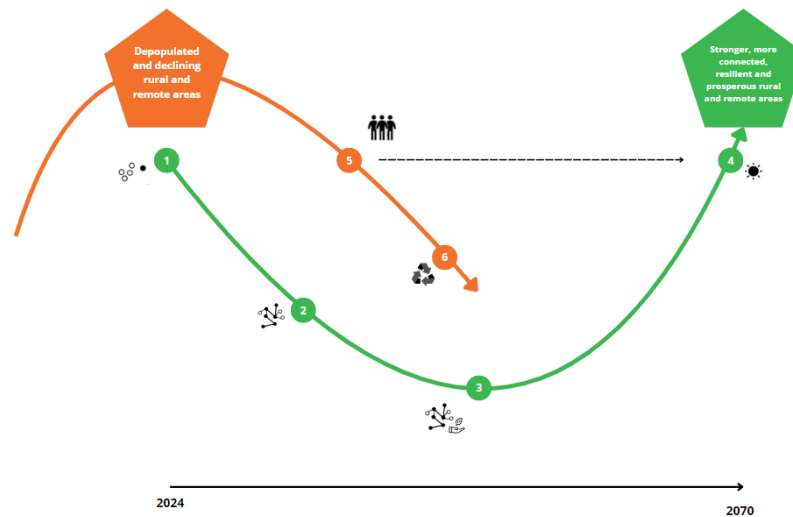


Figure 14. Envisioning transition pathways template

In the template, points 5 and 6 refer to elements in decline, such as reduction of the resistance to change and actions to ensure no one is left behind:

- Integration programmes for working migrants from outside EU
- Changing the mindsets of consumers
- Combining and improving new biotechnology products and solutions in the fisheries and agrifood sectors
- Public-private housing solutions
- Investment in sustainable solutions
- Education and mindset regarding water and energy
- Telemedicine in rural areas, active ageing programs, health prevention

In turn, points 1 to 4 refer to emerging place-based transformative initiatives (1), the connection among them (2), co-creation and implementation of practices aligned with the vision of the future (3) and the emergence of new narratives about the viability of the new practices (4):

- Fast and secure internet connection everywhere (1)
- Community and stakeholders' dialogue for a future shared vision (1)
- Proactive spaces to meet other stakeholders / for cooperation with municipalities (1)





- Simplified procedures and bureaucracy
- Financial inclusive mechanisms. Taxation and financial incentives for housing in rural areas, creation of jobs, transportation, etc. (1).
- Farmers derive value from animal waste (1)
- Creativity hubs, experimentation and learning (2)
- Alignment of laws / programmes and schemes with local needs through participatory processes (3)
- Participatory democracy. Involvement of stakeholders in decision making (3)
- Local renewable energy communities are promoted (3)
- Financial schemes for civic education and for knowledge (3)
- Change of priorities in basic social needs, such as housing, health or food (in 3)
- Promotion of local food production (3)
- Implementation of new rules for water management (3)
- Policies of alternative housing (3)
- Proactive participation and citizens involvement in specific issues (3-4)
- Nature capital is valued and rewarded (3-4)
- Farmers are “cool” and have a “sexy” lifestyle (4)
- Capacity building adapted to local needs and conditions (4)
- New storytelling based on experiences (4)
- 100% teleworking is possible (4)



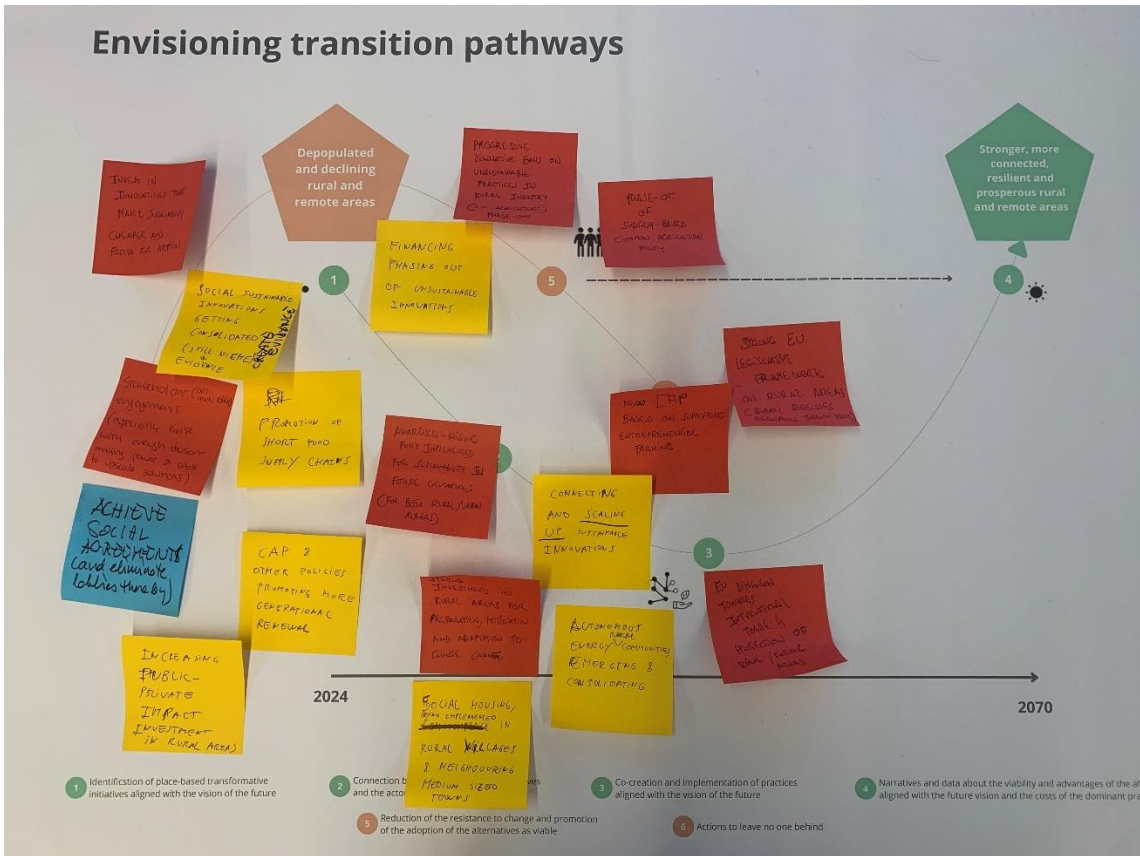


Figure 15. Example of the exercise during the working session



## 4. Moving into action: Connecting S3 and MED projects in the ISE Mission (ISE)

The European Commission has pioneered capitalisation projects in recent years, and Interreg MED has been championing the introduction of this concept, so that reusing and transferring the results of a project is common practice. Acknowledging that steps are yet to be taken, an **initial round table** by experts in the field focused on how S3 policies and MED interregional projects can be more closely connected using a transformative innovation policy approach so as to increase their potential impact, i.e., that is, their capitalisation. The round table was followed by a working session in which S3 policy makers and MED projects discussed on how to move into action.

### 4.1. Round table with experts

The round table session revolved around two questions: first, how can both S3 policies and MED interregional projects be better aligned, from a TIP approach? Secondly, how can we place MED challenges at the centre? The expert participants in the round table, chaired by Cynthia Echave (Ministry of Research and Universities, Government of Catalonia), reflected on these questions based on their own knowledge and expertise. The main messages are summarised below.

- Fernando Mérida, from the Spanish Ministry of Science, Innovation and Universities with comprehensive expertise in R&I and European regional policy, specifically the Joint Research Centre of the European Commission;
- Alasdair Reid, director of the European Future Innovation System (EFIS) Centre, with a long career working in European research and innovation policy.
- Elisabetta Marinelli, principal consultant at Technopolis Group and Knowledge Manager of the S3 Community of Practice (CoP) Secretariat.
- Alessandro Daraio, coordinator and lead partner of the Dialogue4Innovation project from Emilia Romagna in the Interreg EuroMed ISE Mission.

### How can S3 policies and MED projects be aligned from a transformative innovation policy (TIP) approach?

- Talking about the European structural funds is difficult, not only because of the complexity of the funding, but also because of **the complexity of convincing all the stakeholders to participate in a joint effort**. It is therefore essential to create a good connection with all stakeholders and try to include the best of everyone so as to be able to generate a common good for the whole territory, to find the right complementarities.
- Within the framework of smart specialisation and within the framework of internationalisation, the latter is becoming increasingly important in the European scene as a direction of travel in terms of policy objectives, with **the notion of European value chains becoming central**. Actually, **the notion of regional policy is increasingly linked to the notion of inter-regional policy**. An advanced effort to conceptualise and put into practice the notion of transformative innovation **and**



inter-regional cooperation is ongoing. This is feeding into the S3 Community of Practice (CoP), that is registering an increasing bottom-up demand of targeted support for an articulation of transformative innovation. At the same time, **there is an increasing need to really understand what it means in practice** that innovation policy needs to be handled with directionality, with a view to transformation.

- It is often difficult for regions, cities and local authorities engaged in missions to articulate how to contribute to the ambitious European level objectives set for 2030. Out of an assessment of the five EU Missions carried out last year, it was stated that **missions are bringing together existing partnerships**, that is, the link between the regional, city and local authorities' strategies and the interlinkages between the different themes, which helps to best contribute to positioning regions and cities within large scale missions.

Building this approach of better linkage between city, regional, national and European levels and cross-cutting to cover a range of sectors helps to create a much more cohesive approach to these missions, whether they are Mediterranean or European.

S3 strategies that have built in some kind of mission or SDG dimension find it much easier to work with partners internationally, across regions, and at European level on these broader scale missions and contribute very constructively to them. **Building the societal challenges into S3 strategies is critical and this is already starting to be developed.**

- The **Interreg project is an occasion and space for experimentation**. The approach adopted by the Dialogue4Innovation governance project is that of a systemic approach to address challenges, which clearly implies **the need for experimentation and the need to transfer** this experimentation into structural changes, especially when dealing with complex challenges.

Thus, spaces in which to think better and explore all the alternatives are needed. In such spaces, a portfolio approach with varied activities can help connect the MED projects with the policies that make an impact on the territories. This is the commitment being made by the D4I governance project of the ISE mission for the next years.

### How can we place MED challenges at the centre?

It is not only about the interconnection between S3 policy stakeholders and MED projects, but also about the alignment with a purpose, with a direction to take in order to tackle Mediterranean challenges. How can this be done; how can we go from theory to action? These are the key messages discussed by the experts:

- The notion of challenge is implicit in any policy and the **articulation of the challenge in a way that is meaningful** at the regional, national and international level while maintaining coherence is no easy. Yet, this articulation of the challenge is a precondition for its implementation and **requires social capital to be built**, along with **stakeholder engagement and societal trust**. This trust takes years to build up but only one wrong decision to lose. Ensuring that all the stakeholders have the same vision is so strong that it is much harder to bypass the trust and commitment built over years.



- In addition, we need to take into account that the question of how to address challenges **often depends on the perspective of the stakeholder**, whereby it is critical **to maintain the long-term missions' objectives** and not to allow short-term political and electoral cycles to disrupt these longer-term objectives. If we do not all push in the same direction, we are going to have problems. **It is also essential to communicate** extensively and properly and to avoid the calls of populists, with fake and non-scientific approaches.
- We need to distinguish between Mediterranean challenges which are common to us all and which no one region can solve alone, and Mediterranean challenges that are similar across regions and countries, but that can be solved separately, such as for example, the revitalisation of rural areas. **From the point of view of the governance D4I project, the key is the learning process.** The main added value of territorial cooperation is that similar challenges shared by the same actors with different expertise and experience can have the mutual benefit of learning, more so when it comes from being transformative, where the issue of **circulation of learning is crucial**. The scope of the programme is to make stakeholders see that when they act locally to solve their problems, they also contribute at the scale of the Mediterranean region as a whole.

## 4.2. Working session

In the final working session participants worked first on ways to improve alignment of S3 and MED projects and their impact (their capitalisation) and then on the basic features of the Transformative Innovation Policy Labs (TIPLs), conceived as places where much better alignment of S3 and MED projects can take place. This section summarises the main results of the two exercises.



Figure 16. Pictures of group work during the working sessions during the second day

### Exercise 5: Moving into action

For this exercise, participants were divided into two groups, one consisting of policy makers / practitioners of the S3 and the other consisting of representatives of MED projects. The purpose of the exercise was to prepare common ground for aligning the efforts of regional policy makers, on the one side, and those of MED project representatives on the other, in addressing place-based MED sustainability challenges.

For this alignment to happen, when designing an interregional cooperation project, it is important to make sure that the challenge is relevant for the stakeholders of the territories

in which the project will be implemented, that there are stakeholders wanting to address the challenge, and that regional and local dynamics and interests are taken into account in the design of the project. **If this alignment occurs in the design phase of the project, then the potential impact (the capitalisation impact) increases.**

Participants in their respective groups, with the support of a [template with the sequence orange-green pentagons](#) how to move from, discussed how to move:

- from the current situation, where S3 policies and MED interregional cooperation projects are not aligned with place-based challenges and local dynamics and where capitalisation of projects is understood in a linear way starting with the design of the project, followed by the implementation and the capitalisation phase. When the project (and the funding) ends, there is no follow-up.
- towards a desired scenario, where MED interregional cooperation projects and S3 policies are indeed aligned with place-based challenges and local dynamics, and where capitalisation occurs easily throughout the whole project (not only at the end) and the work continues after the end of the project, since it responds to local needs and priorities.

## How do we move towards the desired direction?

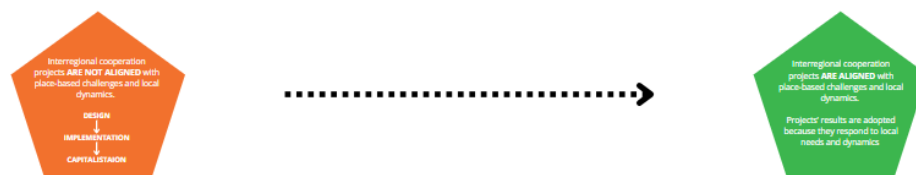


Figure 17. Moving towards the desired direction template

The discussions in the groups evolved around the following questions:

- What are the main obstacles for the capitalisation of MED projects' results?
- What can S3 policy makers and MED project partners do to advance towards the desired situation?
- How should S3 and projects be designed to streamline capitalisation?
- What kind of meeting or collaborative spaces do we need, so that S3 policy makers can meet with MED project partners to align their priorities and efforts?

On the Orange Pentagon side of the template, the main challenges for the capitalisation of MED projects, as identified by participants, are:

- Lack of common understanding of what the "capitalisation process" is and means, which would require efforts to be able to use the "same language".



- Insufficient technical knowledge and expertise on how to coordinate capitalisation processes.
- Lack of mutual trust: funded projects might “fear” the public administration and the public administration in turn “fears” these projects. Frequent unfamiliarity with working with the tempos, requirements and priorities of public administrations.
- Lack of systems for impact assessment and monitoring of capitalisation. This may in turn reflect weak mutual trust.
- Insufficient communication strategies and skills about capitalisation and the results achieved.
- Multidisciplinary is not the usual way of working. Working in silos limits the impact of strategies and projects.
- There is a gap between research and innovation that needs to be closed, that is, going to market is needed in order to involve private companies in the projects.
- Innovation is not as common or easy as it should be, so it needs more suitable spaces in which to conduct experimentation.
- The implementation of S3 often leads to projects with limited and isolated impact on sustainability. Thus, intra-regional collaboration needs to be improved so as to make inter-regional collaboration work. Indeed, S3 consultations do not usually include stakeholders from other regions or centres.
- Difficulties for aligning inter-regional/institutional/national strategies right from the beginning, during the design phase. Collaboration often depends on having a few people with the necessary vision and agency.
- Limited understanding of the local needs on which the strategies and projects need to focus, also taking into consideration the fact that local needs change faster than regional/interregional needs. As a consequence, difficulties in involving local stakeholders in a continuous way in the projects and in organising activities with local stakeholders.

On the Green Pentagon side of the template, the ways identified to improve the design of S3 and projects in order to streamline capitalisation were:

- Challenge-oriented governance frameworks to enable interregional collaboration and mobilise stakeholders for transformative challenges.
- Engagement of the right stakeholders, including the citizenry, right from the beginning of the projects (the design phase), so as to achieve strategic ownership and commitment with a relevant strategy.
- Investment instruments could be more demanding as regards the identification of challenges and needs of the territory and about the projected solutions.





- Work in multi-fund approaches, thinking about complementary projects that interact in a common playground and start out from territorial needs. Work on priorities, not on thematic issues.
- Identification of areas and missions for which interregional cooperation is crucial.
- Bringing together different multidisciplinary visions on shared complex challenges to develop, test, adapt and adopt actions. For this, availability of interregional multidisciplinary experts within regional authorities is important.
- Design and set up systems for monitoring capitalisation and design indicators together with stakeholders that show evidence.
- Looking for leaders/ ambassadors to engage with local challenges and stakeholders and to find points of reference in the territories.
- Constructing new narratives about the purposes and usefulness of projects, reinforcing the marketing and communication.
- Mindset changed from “PROJECT” to “JOURNEY”.
- Labs should be designed to be long lasting, focused on specific problems and on their connections with other labs.



Figure 18. Examples of the exercises during the working session

### Exercise 6: Connecting S3, MED projects in the ISE Mission

As a corollary of the work done over the course of the two-days and of the learnings acquired, both groups of participants, i.e., the S3 policy makers and the MED interregional projects, gathered one last time to make an initial reflection on how Transformative Innovation Policy Labs (TIPLs) can contribute to better alignment of S3 and MED projects for higher impact (capitalisation), with the support of the following [template](#). Specifically, they discussed the skills, methodological tools and capacities needed by TIPLs, arriving at the following conclusions:

- TIPLs need highly motivated facilitators, as opposed to top-down coordinators, in charge of stimulating the response, organising activities (sessions, workshops etc.) and ensuring that TIPLs involve everyone and that they become connectors, facilitators and orchestrators of TIP-based strategies and projects that involve academia, companies, government and the local community.



- TIPLs can cover the gaps identified above as regards the current “business as usual”, namely governance, skills, funding, collaboration and cooperation, different ways of understanding, monitoring and evaluation, etc.
- TIPLs can be spaces located close to the local challenge/territories, platforms for identifying and accessing stakeholders, for dynamic mapping projects and infrastructure elements, exchanging and disseminating needs, ideas, information.
- TIPLs can contribute to facilitating dialogue among stakeholders by providing a trustful environment for sharing and engaging, allowing easy-going participation for private companies and local entities, and also providing technical assistance mechanisms to support the work of the participating stakeholders.
- TIPLs should be open to participation, which means being accessible both in-person and virtually, using welcome kits and a language understandable by everyone to favour participation of individuals and stakeholders not usually involved in such activities. At the same time, TIPLs should involve experienced actors and successful projects that inspire other participants and act in some way as “mentors” and inspiration.





## 5. Closing Session and final reflections

The closing session of the 2nd Innovation Camp in Barcelona focused on passing over the floor for discussion amongst participants in plenary session, so they could share and exchange the main takeaways from the working sessions on both days as well as to lay out the next steps in the framework of the ISE Mission. Many reflections were articulated around the need to engage society and policy makers from the early stages of the projects and to align them around relevant challenges, to adopt a multidisciplinary approach when tackling complex problems and considering how to work on in-depth understanding of the challenges, across many other stimulating reflections in a plenary session.

A Mentimeter survey was set up to engage participants so they could offer their feedback.



Figure 19. Mentimeter wordcloud results during the closing session

When asked about their main keywords, participants built the following word cloud. The word “inspiring” was the main keyword at the centre of the cloud, which means that the tools and methodologies put in practice during both days had brought new ideas to participants on how to put collective transformative actions into practice.