

# Smart Specialisation Strategies Community of Practice (S3 CoP)

## S3 Conference

Thursday 30<sup>th</sup> of March 2023

09:30 – 16:00 CET

Broadcasted from Brussels, Belgium  
and webstreamed online



# Presentation overview – afternoon session

Setting the scene: Flagship 3 of the New European Innovation Agenda and Innovation valleys

Wolfgang Munch, Deputy Head of Unit, Directorate-General for Regional and Urban Policy, European Commission

The Interregional Innovation Investment (I3) Instrument: state of play and presentation of successful projects

Ramunas Linartas, Directorate-General for Regional and Urban Policy, European Commission

The European Innovation Ecosystems (EIE)

Jekaterina Novikova, Directorate-General for Research and Innovation, European Commission

Update from the Cor/JRC pilot action on Partnerships for Regional Innovation

Margherita Bacigalupo, Research Administrator, Joint Research Centre, European Commission

Fostering FDI-SME ecosystems to boost SME productivity and innovation in EU countries and regions

- Sandrine Kergroach, Head of Unit at the Centre for Entrepreneurship, SMEs, Regions and Cities, OECD
- Stratos Kamenis, Project Manager at the Directorate for Financial and Enterprise Affairs, OECD
- Martin Werlinger, Head of Investment Qualities and Incentives Unit, OECD
- José Salgado, Senior officer, Ministry of Economy and Maritime Affairs, Portugal
- Peter Balík, Director General, Ministry of Investments, Regional Development and Informatization, Slovakia

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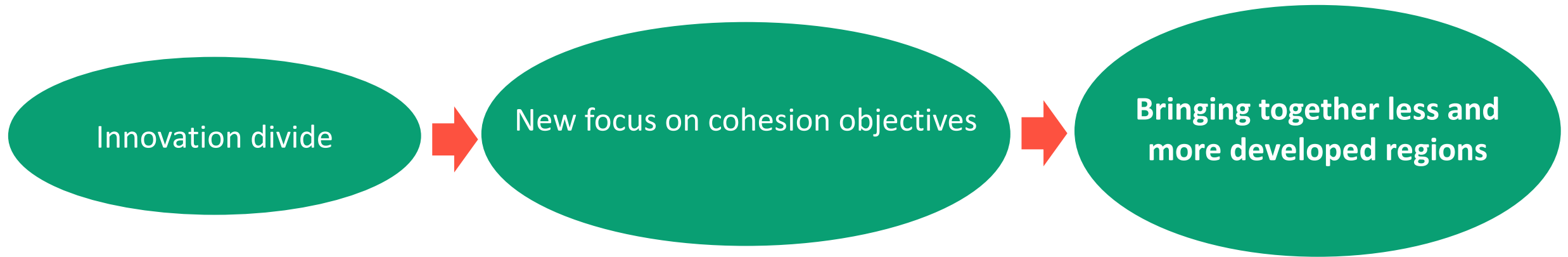
**#SmartSpecialisation**

# Setting the scene: Flagship 3 of the New European Innovation Agenda and Innovation valleys

Wolfgang Munch, Deputy Head of Unit, Directorate-General for  
Regional and Urban Policy, European Commission

# Accelerating and strengthening innovation in European Innovation Ecosystems across the EU and addressing the innovation divide

## Fostering connected regional deep-tech innovation valleys across the EU



- Identify **up to 100 regions** committed to enhance coordination and directionality of R&I investment and policies
- **Over 180 regional Smart specialisation strategies** central for strengthening regional innovation ecosystems

# Fostering connected regional deep-tech innovation valleys across the EU

Main tools for implementation



Horizon Europe - European Innovation Ecosystems

Interregional Innovation Investments (I3) Instrument

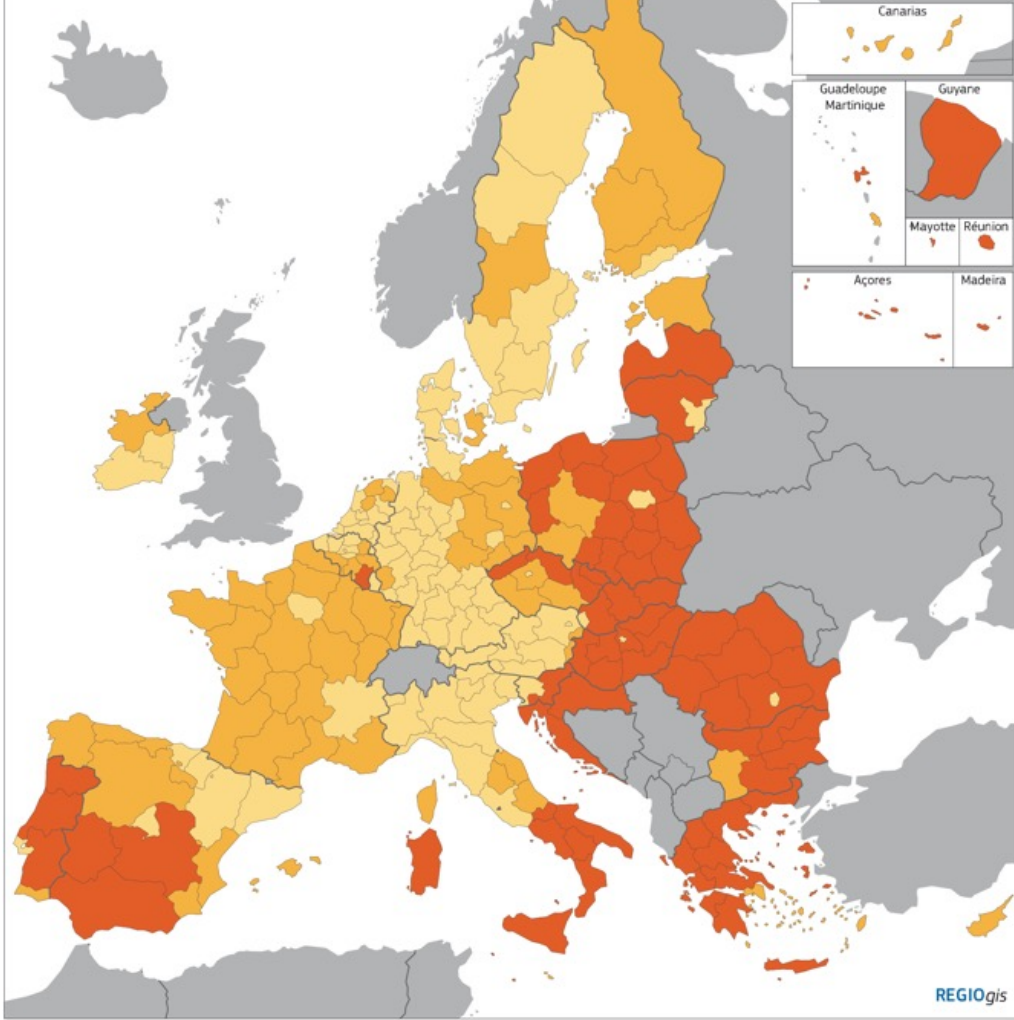
**S3 CoP** overarching umbrella for regional innovation valleys

**4 Thematic Smart Specialisation Platforms**    **37 S3 partnerships**

Join us in this effort to change Europe's innovation landscape! Become a regional innovation valley!

# The Interregional Innovation Investment (I3) Instrument: state of play and presentation of successful projects

Ramunas Linartas, Directorate-General for Regional and Urban Policy,  
European Commission



Category of regions for cohesion policy (ERDF and ESF+), 2021–2027

- Less developed regions (GDP per head (PPS) less than 75% of the EU-27 average)
- Transition regions (GDP per head (PPS) between 75% and 100% of the EU-27 average)
- More developed regions (GDP per head (PPS) above 100% of the EU-27 average)

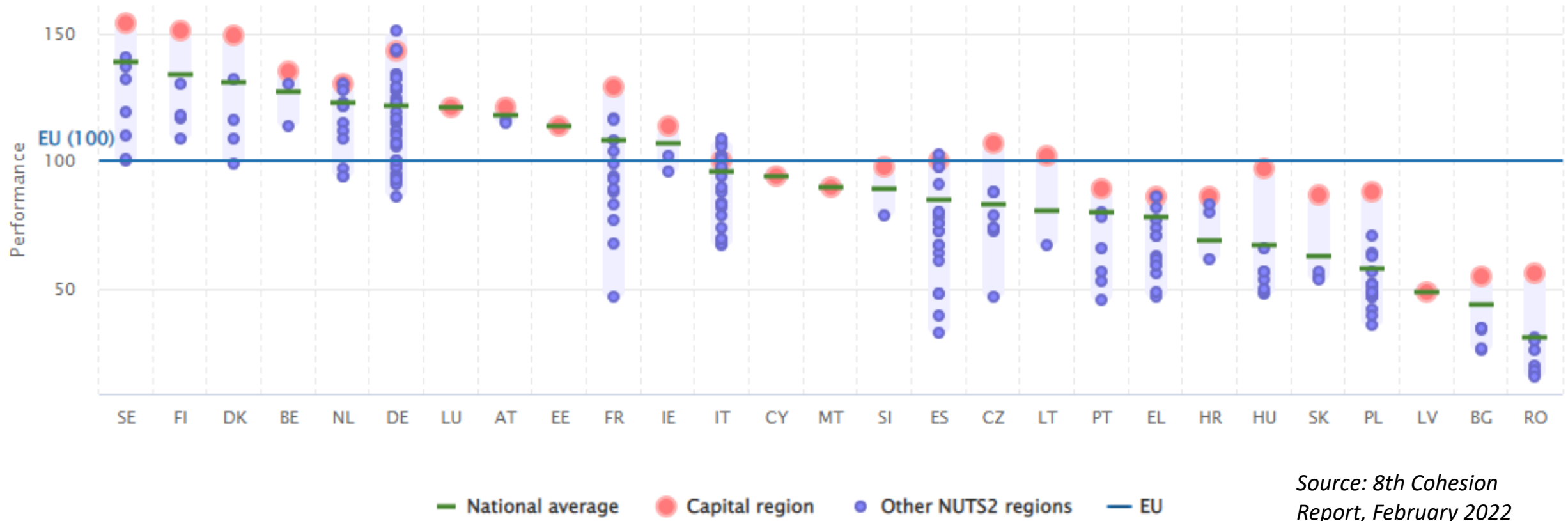
GDP per head: average 2015–2016–2017.

## Different regional development levels..

Source: 8th Cohesion Report, February 2022



# ..and different levels of regional innovation performance



Innovation performance of EU regions, 2021

Source: 8th Cohesion Report, February 2022

# From testing and piloting (Interregional Pilot Action 2017-2021) ...

## 9 Pilot projects (2018-20)



Test new approaches

Purpose of the pilot action is to accelerate progress towards investment and learning lessons to design the new I3 Instrument

13 Pilot projects supported via Technical Assistance

## Bottom-up Pilot (2018-2020):

1. Sustainable Buildings
2. Marine and Renewable Energy
3. Bio-Refineries (non food biomass)
4. Cybersecurity
5. 3D Printing
6. De-Re Manufacturing (Circular economy)
7. High Tech Farming
8. Traceability and Big Data



## Top-down pilot (2019-2021):

9. Batteries (2019-2020)

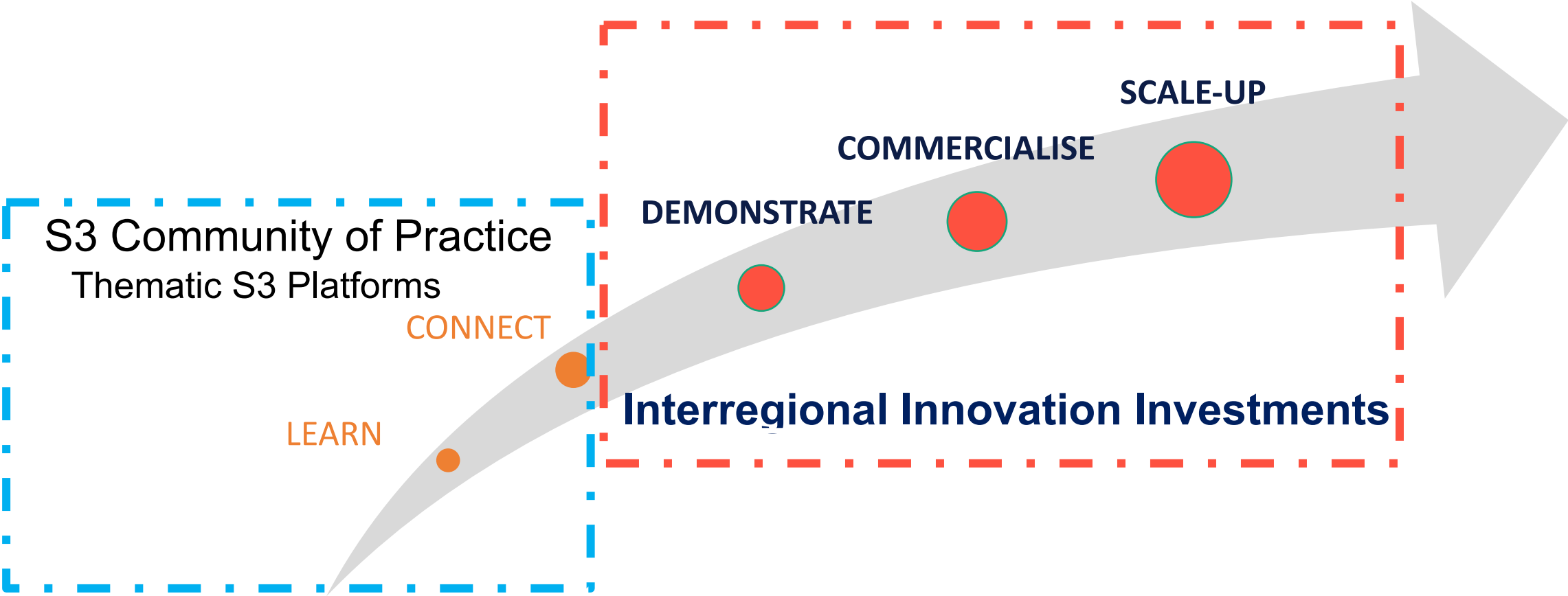
## New pilot action “COVID 19 Response & Recovery” (2020-21)

10. COVID 19
11. Circular Economy in the health sector
12. Hydrogen Technologies in Carbon Intensive Regions
13. Smart **Tourism**

# ... to Interregional Innovation Instrument (I3)

- From **testing and piloting** (2017-2021) to **mainstream (I3 2021-2027)**;
- **EUR 570 million** (*in current prices*);
- **Direct management**;
- **S3 link** - S3 integrated into Cohesion Policy as the *enabling condition* that needs to be in place for the expenditure of ERDF and in particular to identify the R&I projects to be supported;

# Upscaling from interregional cooperation to co-investments



# 13 dimensions



- **INTERREGIONAL** – creating links between EU regions around shared or complementary smart specialization areas and involving all components of the regional or national innovations ecosystems;
- **INNOVATION** – Testing, demonstration, piloting, large-scale product validation and market replication, adaptation of existing prototypes. Accelerating innovation, bringing solutions and new products supporting Digital and Green transitions and smart manufacturing;
- **INVESTMENTS** – Financial and advisory support for joint innovation projects, advancing from ideas to implementation, direct investment in companies

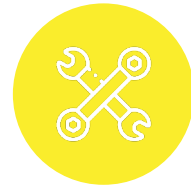
## I3 Instrument 2023-2024 Work Programme – main highlights

	I3 Instrument 2023-2024 Work Programme
Total budget for grants	155 Million EUR
Focus:	Green and digital transition with a focus on the most burning challenges facing the EU
Indicative project duration	18-36 months for <b>Strands 1 and 2a</b> , 12-24 months under <b>Strand 2b</b>
EU funding rate (% of eligible costs)	70% for strand 1 and 2a, 100% for strand 2b
Target beneficiaries	Companies and other relevant 4-helix partners (e.g. <b>universities</b> )
Main funding objective	Trigger private investments to fund mature innovations developed within interregional projects

# The European Innovation Ecosystems (EIE)

Jekaterina Novikova, Directorate-General for Research and Innovation,  
European Commission

# Horizon Europe



Horizon Europe is implemented through **work programmes** which set out funding opportunities.

## European Innovation Council

- Support to innovations with breakthrough and market creating potential

## European innovation ecosystems

- Connecting with regional and national innovation actors

## European Institute of Innovation and Technology (EIT)

- Bringing key actors (research, education and business) together around a common goal for nurturing innovation

### HORIZON EUROPE

### EURATOM



**Pillar 3 – Innovative Europe: stimulating market-creating breakthroughs and ecosystems conducive to innovation**

\* The European Institute of Innovation & Technology (EIT) is not part of the Specific Programme



# EIE WP 23-24: Overview



## Objective

### Connected & efficient innovation ecosystems

- Support the scaling of companies
- Encourage innovation
- Stimulate cooperation among national, regional & local innovation actors



## Expected impacts

- ✓ **Interconnected, inclusive & efficient** innovation ecosystems across Europe
- ✓ Elevated **scalability potential** of business
- ✓ Innovative **SMEs growth** accessing markets & embedding in global value chains



Mostly **CSAs and Co-fund actions**, biannual WPs

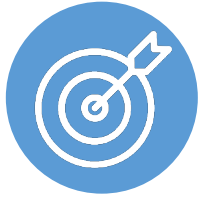


**EUR 527 million** (2021-2027)



**All ecosystem actors**

[wp-10-european-innovation-ecosystems\\_horizon-2023-2024\\_en.pdf](https://ec.europa.eu/eip/wp-10-european-innovation-ecosystems_horizon-2023-2024_en.pdf) (europa.eu)



# EIE WP 23-24: Destinations

## CONNECT

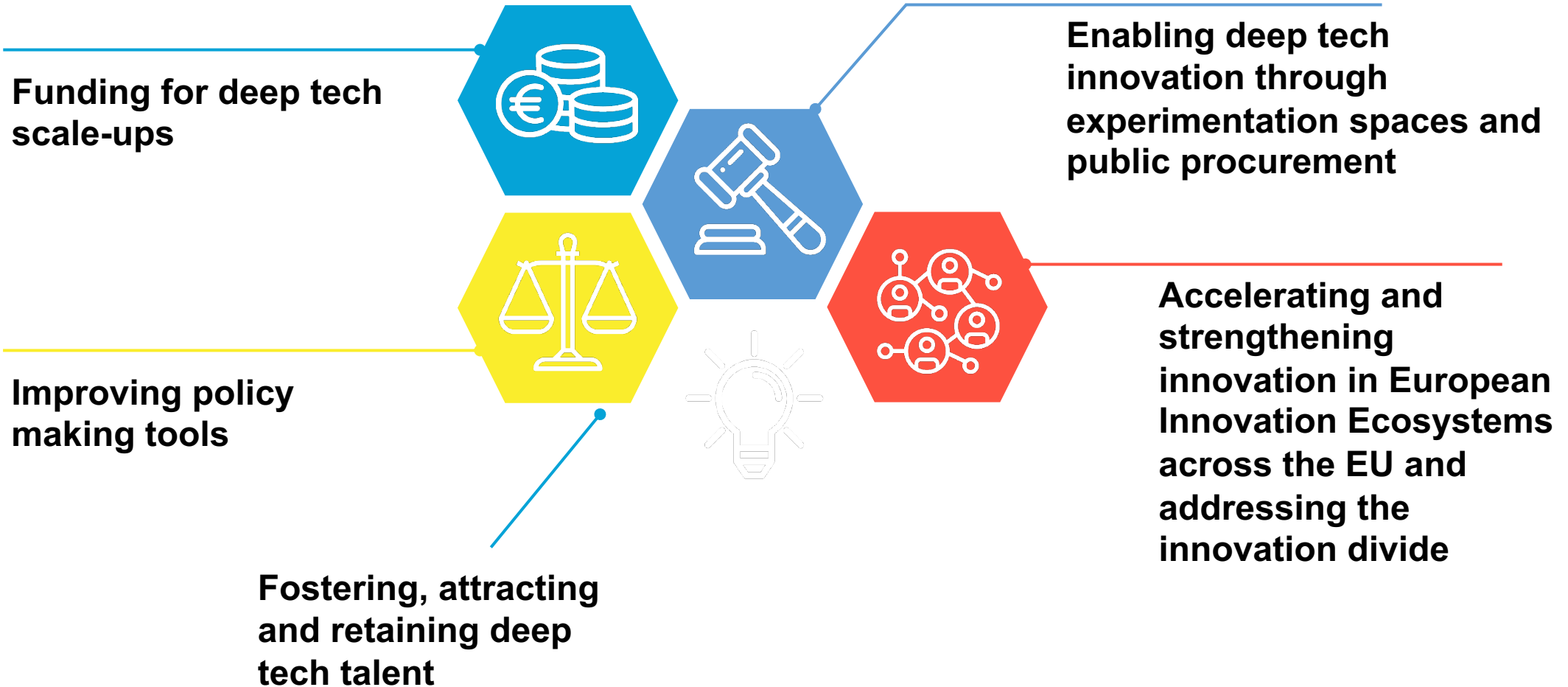
- Building interconnected & inclusive innovation ecosystems across the
- Reinforcing network connectivity for sustainable business growth
- Setting, undertaking & achieving collective ambitions towards challenges for the benefit of society

## INNOVSMEs

The proposal will support the continuation of the European Partnership on Innovative SMEs

**The proposal must be submitted by the coordinator of the previous consortium**

# New European Innovation Agenda: five flagships



# CONNECT 2023

**NEW:** HORIZON-EIE-2023-CONNECT-03-01: Implementing co-funded action plans for connected regional innovation valleys – COFUND\*, 17/05/23-17/10/23, EUR 60 M (6 grants)



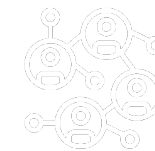
Topic	Type of action	Timeline	Budget
HORIZON-EIE-2023-CONNECT-01-01: Organisation of the Women TechEU Scheme	CSA**	Opening date: 22/12/22 Closing date: 23/03/23	EUR 15 M (1 grants)
HORIZON-EIE-2023-CONNECT-01-02: Preparatory action for setting up joint programmes among innovation ecosystems actors	CSA		EUR 6 M (12 grants)
HORIZON-EIE-2023-CONNECT-02-01: Stimulating Experimentation Practices	CSA	Opening date: 08/06/23	EUR 4 M (4 grants)
HORIZON-EIE-2023-CONNECT-02-02: Specialist Advisory Services to build capacities on innovation procurement	CSA	Closing date: 21/09/23	EUR 4 M (4 grants)

\* Programme co-fund action, \*\*Coordination and Support Action

# Implementing co-funded action plans for connected regional innovation valleys

- *COFUND, 17/05/23-17/10/23, EUR 60 M (6 grants)*
- At least five (5) national or regional authorities, from at least five (5) different Member States or Associated Countries, of which at least two (2) are representing a 'moderate' or 'emerging' innovator region and at least one (1) is representing a 'strong' or 'innovation leader' innovator region.
- Thematic scope: Reduce reliance on fossil fuels, Increase global food security, Master the digital transformation (including cybersecurity), Improve healthcare, Achieve circularity
- Create interconnected ecosystems + collaborate on 3-4 Interregional Innovation projects in the selected thematic/technological area
- Examples of collaborative activities:
  - Market uptake of research
  - Support companies in scaling up their ideas, deploying and demonstrating deep technologies in real world environments and with end users
  - Access to cross border infrastructure and expertise
  - Exchange of staff, training and skills development
  - Developing standards and regulations through sandboxes and test beds

# CONNECT 2024



Topic	Type of action	Timeline	Budget
HORIZON-EIE-2024-CONNECT-01-02: The African Union-European Union Innovation Platform	CSA*	Opening date: 11/01/24 Closing date: 25/04/24	EUR 2,5 M (1 grant)
HORIZON-EIE-2024-CONNECT-01-03: Startup Europe	CSA		EUR 12 M (6-8 grants)
HORIZON-EIE-2024-CONNECT-02-01: Expanding Academia-Enterprise Collaborations	CSA	Opening date: 06/06/24 Closing date: 19/09/24	EUR 2,5 M (5 grants)
HORIZON-EIE-2024-CONNECT-02-02: Mutual learning and support scheme for national and regional innovation programmes	CSA		EUR 1 M (10 grants)

*\*Coordination and Support Action*

# INNOVSMES



Topic	Type of consortium	Opening and closing date	Budget
HORIZON-EIE-2023-INNOVSMES-01-01- Partnership on Innovative SMEs	COFUND*	Opening date: 11/01/23 Closing date: 22/03/23	EUR 71 M (1 grant)

**The proposal must be submitted by the coordinator of the previous consortium**

*\*Programme co-fund action*

# Other Actions



Topic	Type of action	Timeline	Budget
EU Intellectual Property Helpdesk	PP*	Q1 2023	EUR 4 M
Mapping of regulatory compliance advisory services and identification of gaps	PP	Q3 2023	EUR 0,5 M
Towards a Pilot European Start-up Scoreboard	PP	Q4 2023	EUR 0,5 M
Use of individual experts on assisting with the monitoring of actions (2023 & 2024)	EC**	Q1 2023 & Q1 2024	EUR 0,4 M
Use of individual experts in support of the EIC FORUM support (2023 & 2024)	EC	Q1 2023 & Q1 2024	EUR 0,6 M
Commission fee as EUREKA member (administrative costs)	S***	Q1 2023 & Q1 2024	EUR 1 M
<b>NEW</b> <i>Support for the identification and interconnectedness of Regional Innovation Valleys</i>	DAG****	Q2 2023	EUR 0,5 M

\*Public Procurement, \*\*Expert Contract Action, \*\*\*Subscription Action, \*\*\*\* Direct action grant



# More information

- [European Innovation Ecosystems \(europa.eu\)](#)
- [The New European Innovation Agenda \(europa.eu\)](#)
- [Leading the new wave of deep tech innovation \(europa.eu\)](#)

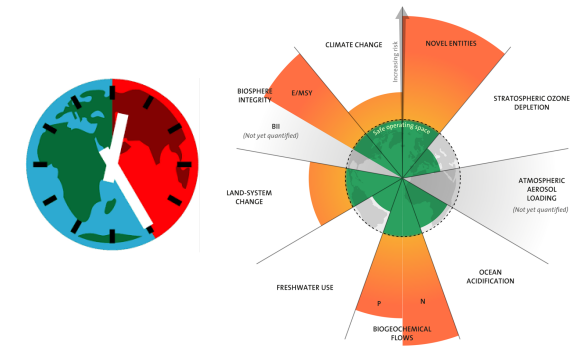
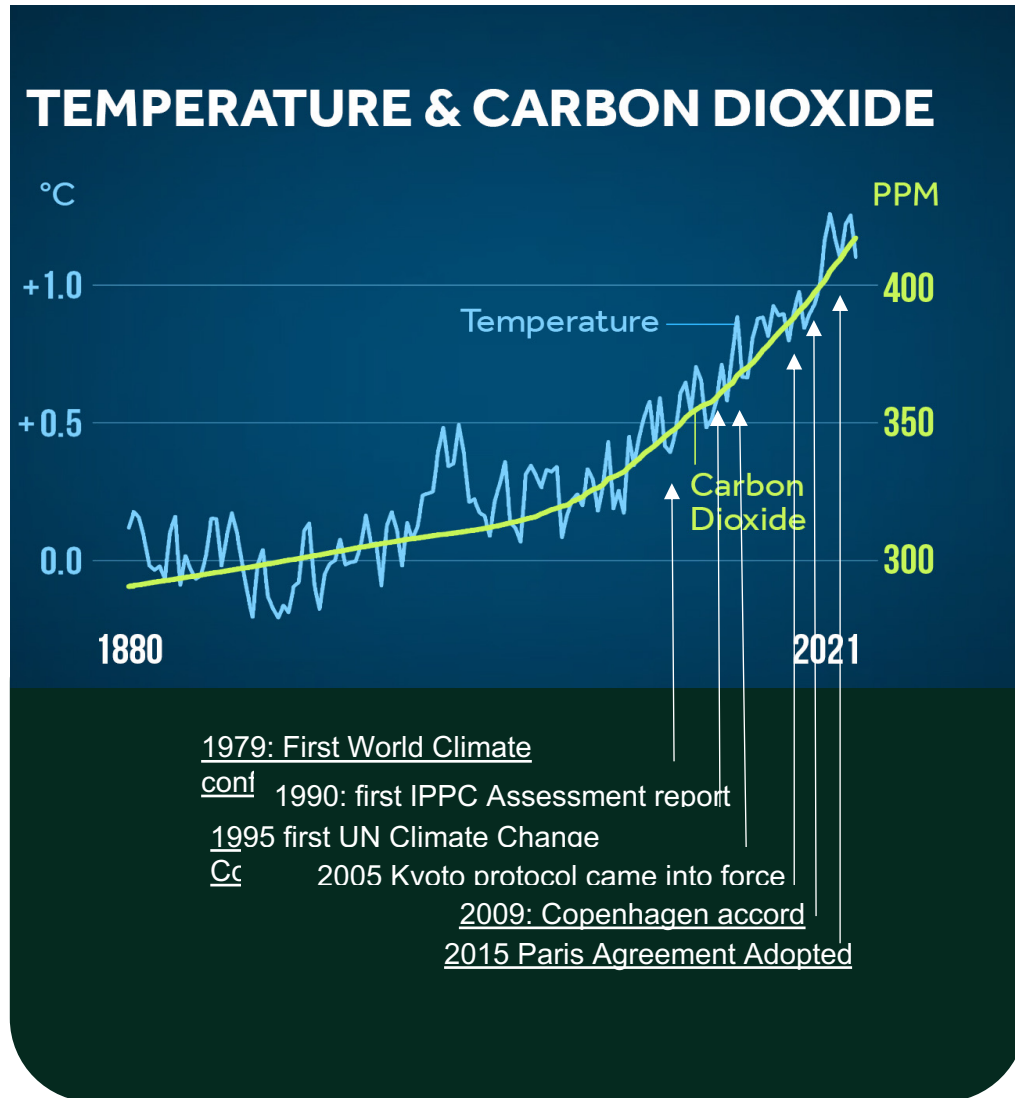
# Update from the CoR/JRC pilot action on Partnerships for Regional Innovation

Margherita Bacigalupo, Research Administrator, Joint Research Centre,  
European Commission

# Overview

- Partnerships for Regional Innovation (PRI)
  - Why are they needed?
  - What are they?
  - What is their added value?
- The PRI Playbook
- The PRI pilot action
  - Objectives
  - Results so far

# Accelerating change is urgent



- The urgency and boldness conveyed by science is not mirrored by most existing national, regional and corporate transition strategies.
- **Focusing on treating the symptoms** (e.g. reducing the CO2 emissions of cars) it is not likely to **transform degenerative systems into regenerative ones**
- The need to accelerate transformative change **is imperative**

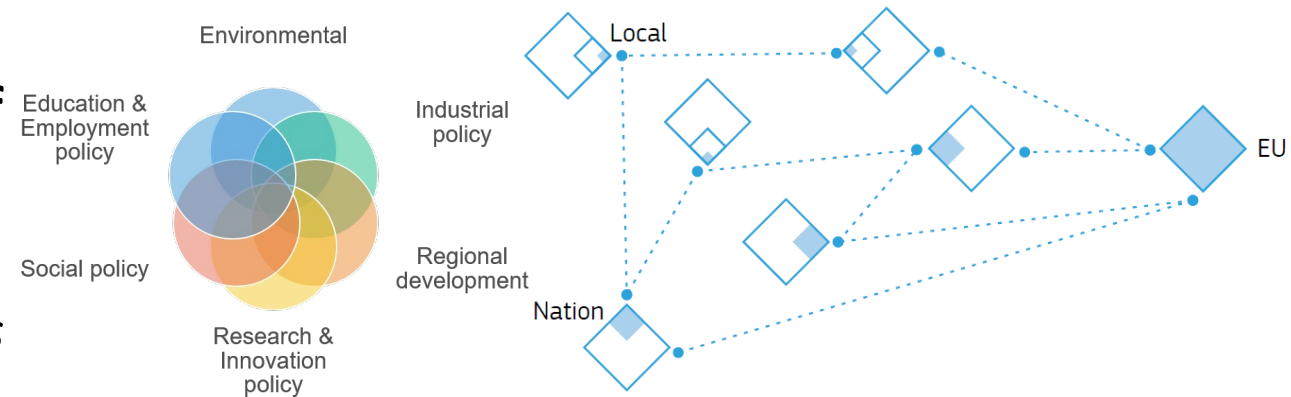
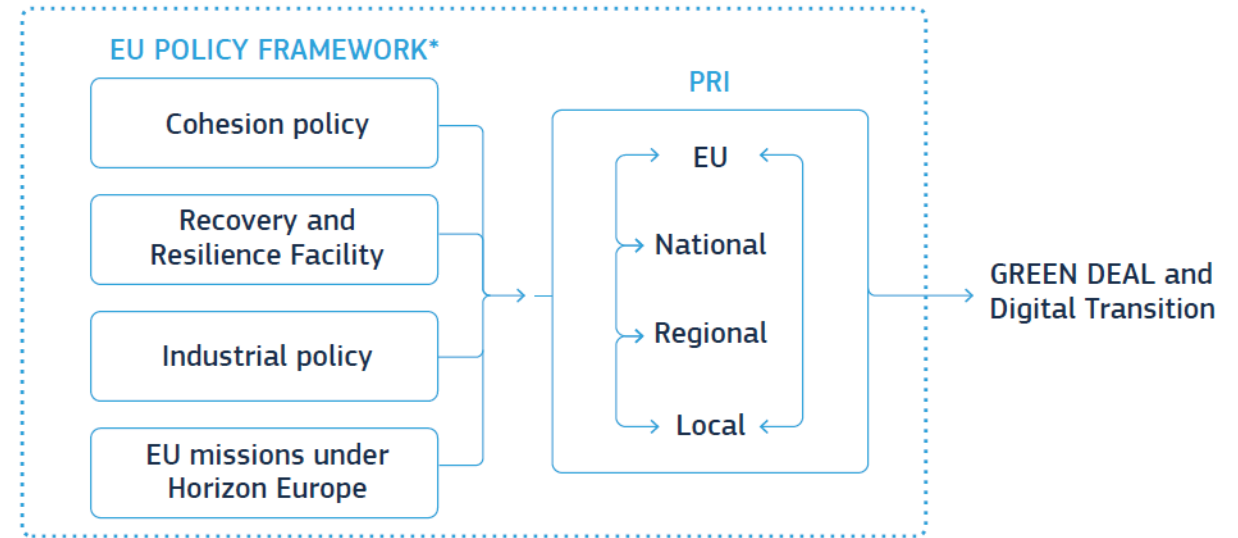
Credit: [Peak CO2 & Heat-trapping Emissions | Climate Central](#)

# Partnerships for Regional Innovation

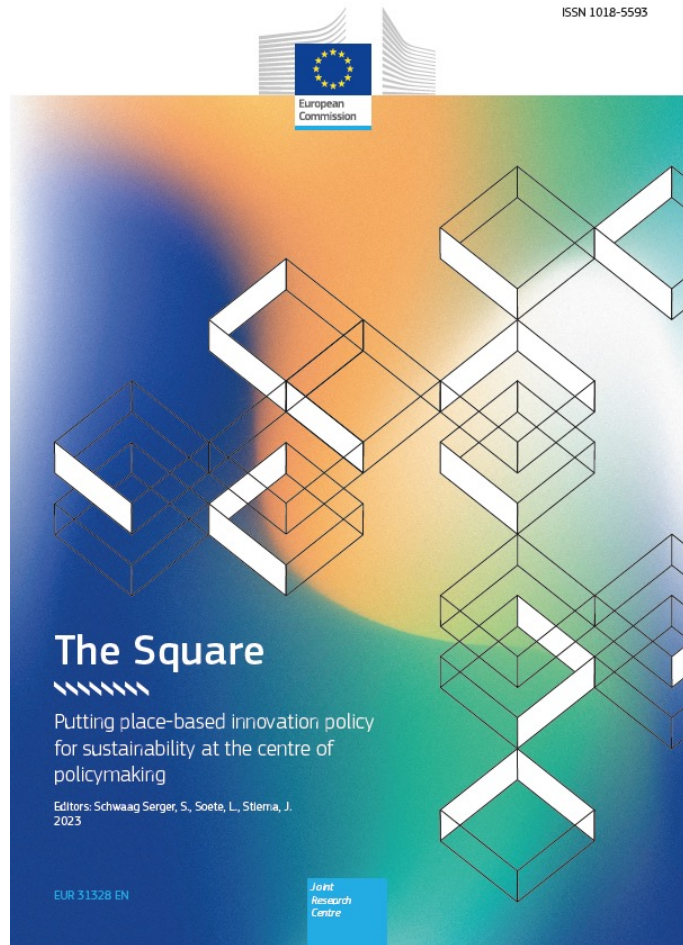
- A strategic approach to innovation-driven territorial transformation, linking EU priorities with national plans and place-based opportunities and challenges to **accelerate the twin transitions**
- Focus on **developing trust-building partnerships** – locally, regionally, nationally, at EU level and across territories

# The PRI approach

- Mobilise **multiple funds** for the twin transition (beyond ERDF)
- Consider **other essential policies** for transformation (e.g. energy, transport, environmental, demand side policies, skills, regulation)
- Partnerships are broader (beyond STI actors), **multilevel and cross-border**
- Transformative Innovation Policies are designed as **policy mixes or portfolios of instruments**.
- link **place-based challenges** and opportunities with EU missions and partnerships → *Top-down policy requires bottom-up energy*



# From science to implementation





# The PRI Playbook

- Present the framework and its building blocks + 68 tools (concepts, principles, practices, methodologies...)
- A federated collection of JRC science for policy tools for territories to experiment and create their own sustainable pathways
- Based on input and support from **JRC units and Scientific Committee**
- Co-developed further through the JRC-CoR Pilot Action, together with its intended end users

**5 European start-up village forum**

**Purpose:** To promote entrepreneurship in rural areas  
**Use:** To identify local problems and create sustainable multiple value

On 30 June 2022, the European Commission set out a long-term vision for the EU's rural areas. The vision identifies several areas of action towards stronger, connected, resilient and prosperous rural areas by 2040. The vision recognises the role of innovation to help tackle challenges and reap opportunities for wellbeing and growth in rural areas and includes a specific flagship action on research and innovation for rural communities. The European Start-up Village Forum is part of this flagship action.

The Forum complements knowledge exchange and cooperation activities, and work as an open space where institutions and stakeholders can meet, discuss and share actions and tools for innovation in rural areas. By bringing science-based and community-based knowledge and experiences together with high-level political traction, the Forum explores the different dimensions of rural innovation ecosystems and discusses insights on the challenges and potentials for start-up creation and development in rural areas.

Do you have similar initiatives in your region? Do you support idea generation among different types of stakeholders? Think about how such an initiative could help identify local social problems and deliver multiple value in collaboration with stakeholders involved. Explore more below.

**Find out more:**  
Long term vision for the EU's rural areas: [https://ec.europa.eu/info/strategy/long-term-vision-2019-2024/new-push-european-democracy-long-term-vision-rural-areas\\_en](https://ec.europa.eu/info/strategy/long-term-vision-2019-2024/new-push-european-democracy-long-term-vision-rural-areas_en)  
The European Start-up Village Forum: <https://startupevillageforum.eu/>

**6 Sustainable development as a transition**

**Purpose:** To embrace socio-technical systems change  
**Use:** To think of transitions as complex multi-level processes

Dominant socio-technical systems are characterised by individuals, norms, institutions, infrastructures and technologies, which are intertwined and reinforce each other. This leads to lock-ins, path dependency and resistance to change in current systems. Technological green fixes can hide the urgent need for transitioning from current business models to socio-technical systems in line to achieve the SDGs. To this aim, transformations (or transitions) that are more ambitious are needed. For example, new socio-technical systems should enable citizens to engage and contribute to the SDGs beyond their buying choices. A socio-technical system transition involves social, behavioural and technological change in an interrelated way, so that the end result to change in all elements of the old production and consumption configurations. Can you think about socio-technical systems that require

**The Dominant System**  
1. Name the innovation (the real)  
2. Connect and build networks  
3. Nurture the networks so that they can grow and form communities of practice

**The Emergent System**  
Outliers, edge cases

**Transition**  
Facilitate the transition from the dominant system to the emergent system  
Take care of the changing system  
Recycle, reuse and rethink the old to create opportunities

**A Blueprint**  
Create new narratives to drive the real towards the future

The two-loop model advocates to:  
(1) name elements,  
(2) connect them and form networks,  
(3) get access to resources and expertise,  
(4) create new narratives and vocabulary towards the new.

Source: adapted from Barbara Inselsieck





# PRI Building blocks



1. **A Strategic Policy Framework** that lays the foundation for action in the following two ‘building blocks’ and allows broader and dynamic planning.
2. **An Open Discovery Process (ODP)** that allows for engagement and path co-creation with variable sets of stakeholders also by working backwards from desired societal outcomes.
3. **A Policies and Actions Mix** that includes the possibility to mobilise additional instruments to publicly-funded projects, as necessary for the desired outcomes, including private sector co-investments.

# The PRI Pilot

4 Member States



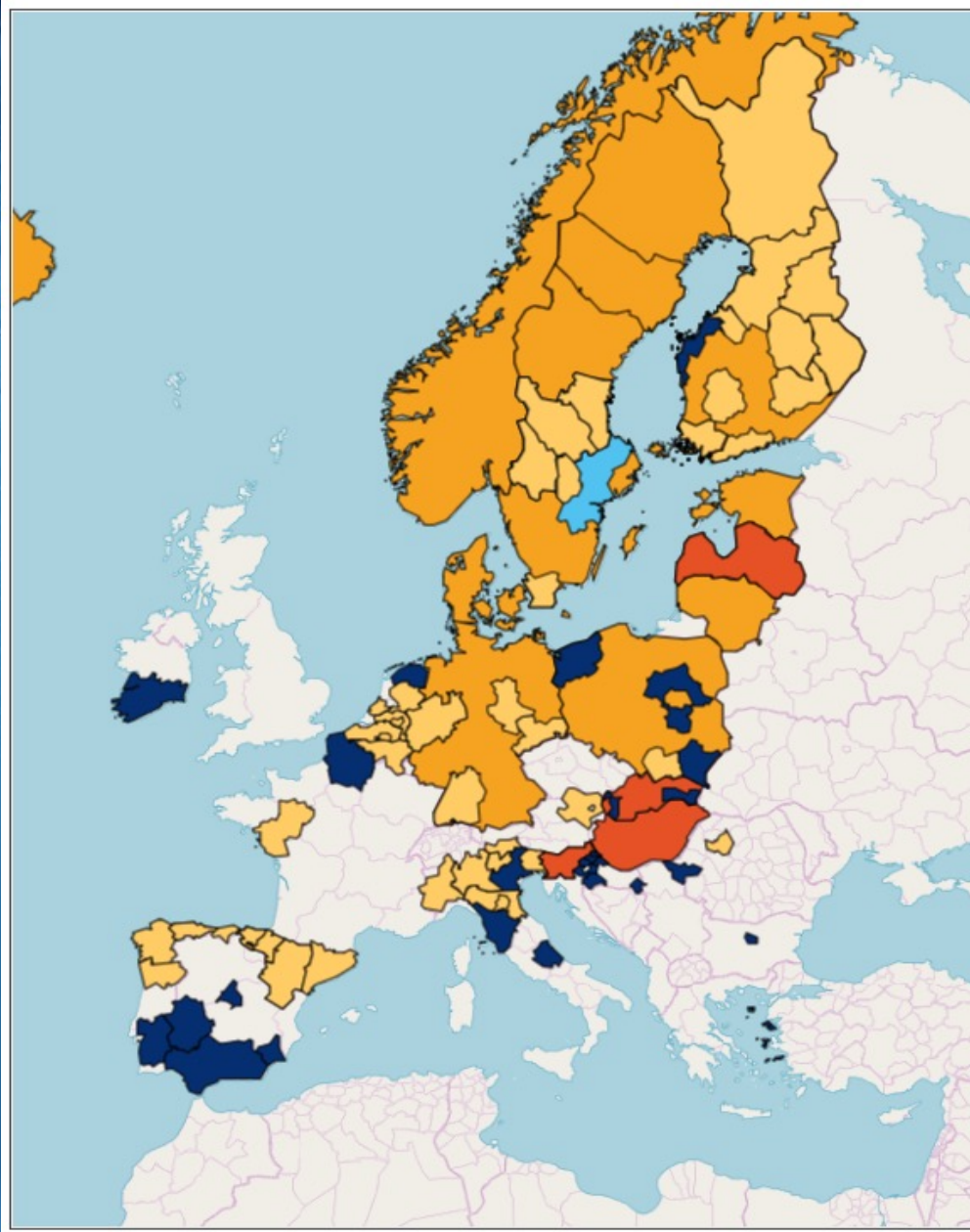
7 Cities



63 Regions



74 Territories in total



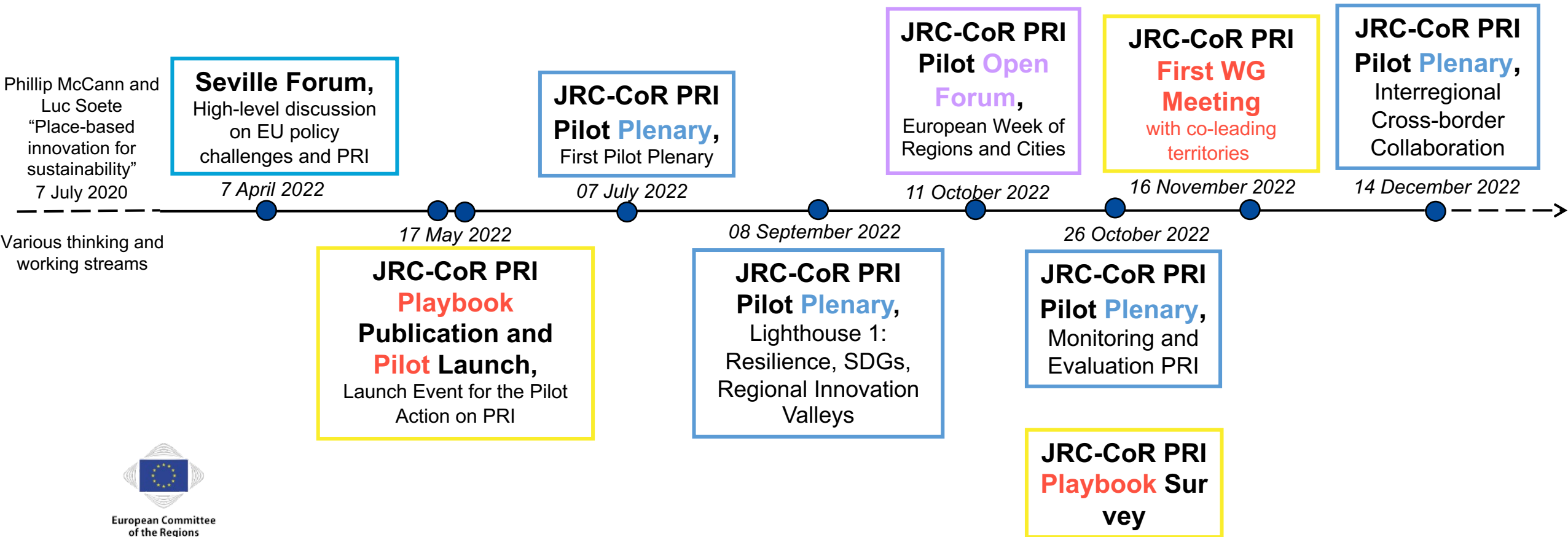
## Participation in the Partnerships for Regional Innovation

- Single region
- Multi-level and cross-border regions
- Cross-border regions
- Multi-level and multi-region
- Multi-region
- Member State

# Pilot objectives

- A **revised PRI Playbook** with inputs from Territories, that
  - is simpler and more operational
  - All EU MS, regions and cities find useful and usable
- Increased capacity through **collaboration** and **learning**
- New **monitoring and evaluation** approach in line with PRI and SDGs
- Supporting the implementation of the **New Innovation Agenda for Europe**

# Timeline 2022



# Timeline 2023

**JRC-RTD PRI**  
Support to the interconnection of *Regional Innovation Valleys*

**JRC-CoR PRI Pilot, 2023**  
*Revision of the Playbook*

**JRC-CoR PRI Pilot, 2023**  
*Working groups meetings, mapping exercise and interviews*

January 2023 – April 2023

**JRC-CoR PRI**  
**Playbook 2**

October 2023

23-24 February 23

27 February 23

28 March 23

31 May 23

**JRC-CoR PRI**  
**WG meetings**

**JRC-CoR PRI**  
**Pilot**  
**Plenary,**  
5th Plenary

**JRC-CoR PRI**  
**Pilot High**  
**Level event**  
Brussels

**JRC-CoR PRI**  
**Pilot High**  
**level**  
**conference**  
Darlarna ( linekd  
Swedish Presidency)

**JRC-CoR PRI**  
**Notes for**  
**territories on**  
**lessons learnt**

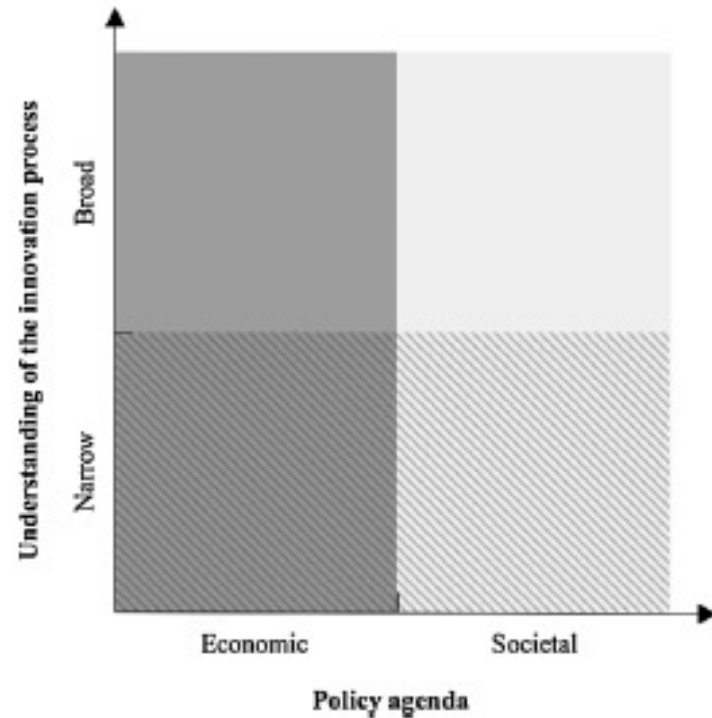
**SC book**

The Square:  
Putting place-based  
innovation policy for  
sustainability at the  
centre of policy  
making



European Committee  
of the Regions

# Mapping Exercise



Source: Diercks et al. 2019

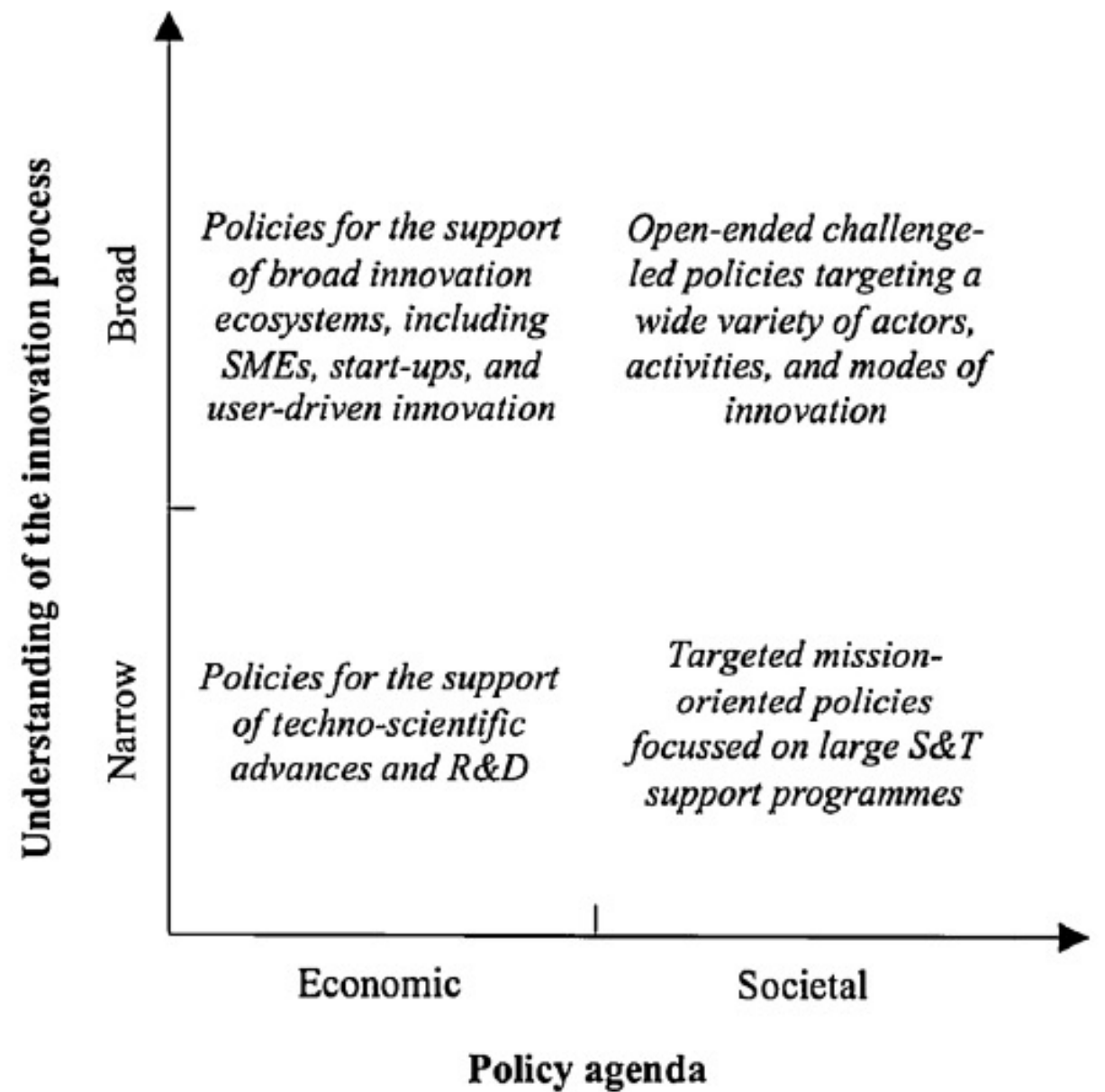


Fig. 2. A framework to compare and contrast discourses on innovation.

# So far, according to pilot participants...

- PRI is a **bridge across different instruments** and actions for innovation driven territorial transformation through a systemic approach
- It fosters synergies between different funding instruments **around local missions to coordinate actions under an single directional logic**, exploring broad ranging policy mixes for system level innovation
- The revised PRI Playbook needs to be enriched with **more real world practices**, which are being contributed by territories participating to the PRI Pilot
- The Playbook should be a **living document and capture the feedback and insights exchanged with**, and among territories in the PRI Pilot action

# Thank you!

JRC-PRI-PILOT@ec.europa.eu

Stay tuned →





# Fostering FDI-SME ecosystems to boost SME productivity and innovation in EU countries and regions

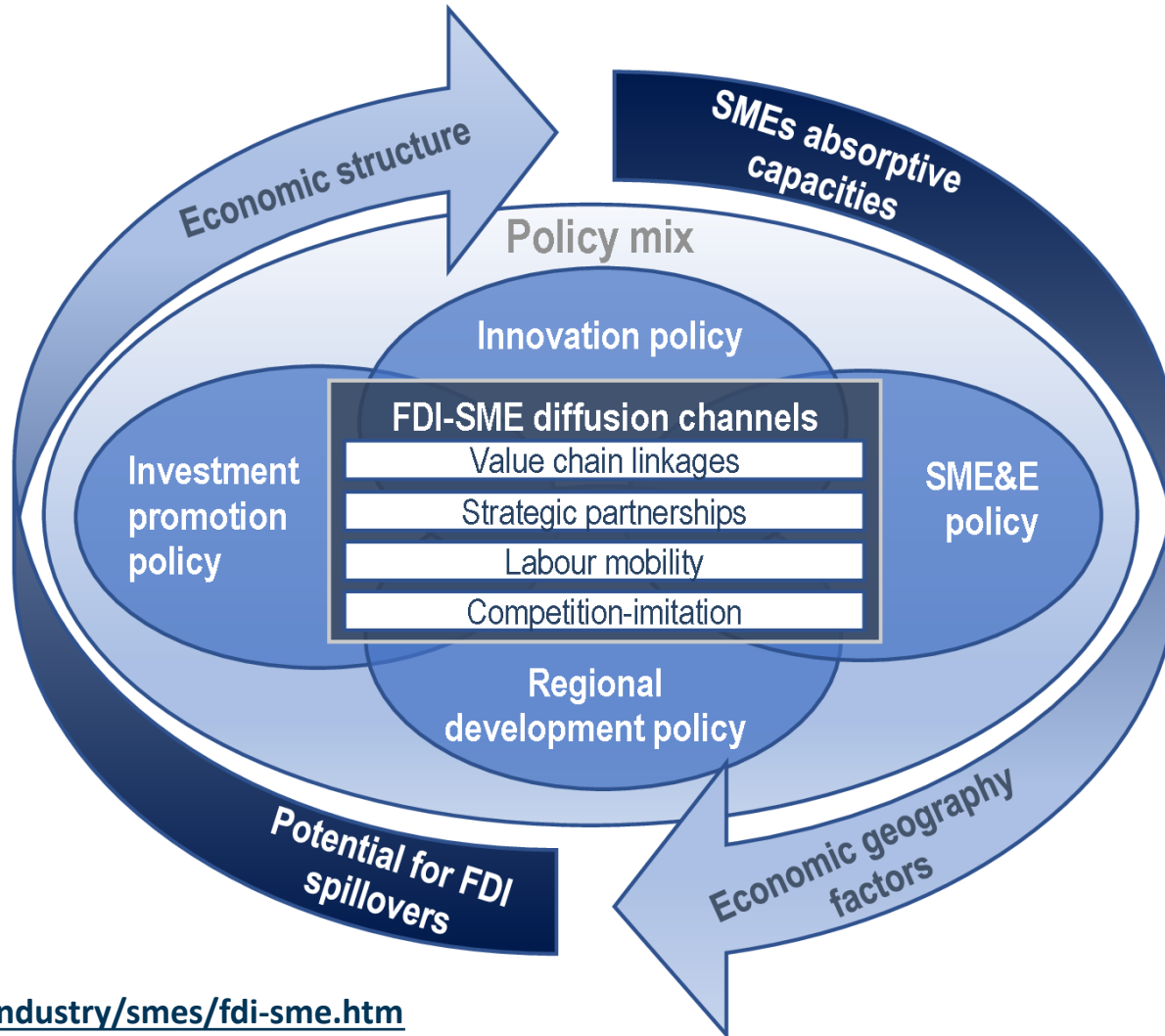
- Sandrine Kergroach, Head of Unit at the Centre for Entrepreneurship, SMEs, Regions and Cities, OECD
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- Martin Werlinger, Head of Investment Qualities and Incentives Unit, OECD
- José Salgado, Senior officer, Ministry of Economy and Maritime Affairs, Portugal
- Peter Balík, Director General, Ministry of Investments, Regional Development and Informatization, Slovakia



# Strengthening FDI and SME Linkages to boost productivity and innovation



Co-funded by the European Union



Check out our website: [www.oecd.org/industry/smes/fdi-sme.htm](http://www.oecd.org/industry/smes/fdi-sme.htm)

# Towards a Policy Toolkit

The Toolkit provides governments with the necessary tools to strengthen **FDI and SME linkages** and their contribution to **productivity and innovation**:



**Conceptual framework** based on existing literature and empirical evidence



**Economic and policy indicators** to benchmark countries/regions' performance and potential



**Checklist of guiding questions** for policymakers



**Repository of policy practices and institutional settings** from the 27 EU Member States



Co-funded by the European Union



# Institutional settings for investment and SME policy in the EU vary



Co-funded by the European Union

A **coherent policy mix** for strengthening FDI and SME Linkages depends on the efficiency of the **governance** framework:

- Complexity of the institutional environment
- Ease of policy coordination and multi-level governance
- Evaluation and monitoring

## Complexity of the institutional environment in EU Member States

In terms of number of institutions involved in FDI-SME policy making

Less complex  More complex





# How EU countries mix policies to promote FDI–SME linkages...

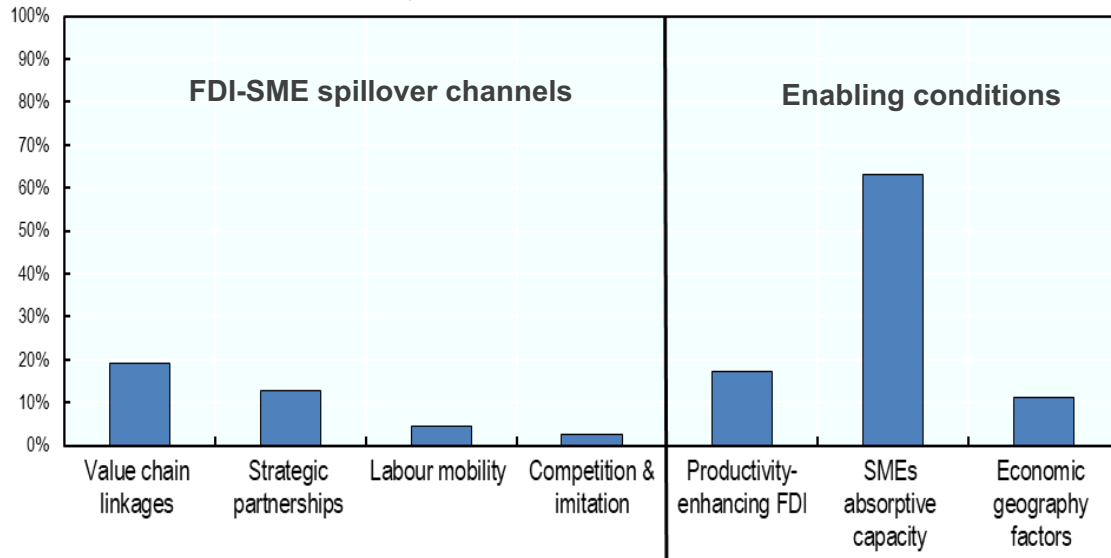


Co-funded by the European Union

- ❑ Emphasis on policies that support **SME capacities** and promote **productivity-enhancing foreign investment** – less attention goes to the spillover channels.
- ❑ **Financial incentives** and **technical assistance** programmes dominate the policy mix (e.g. R&D grants, investment tax incentives, supplier development programmes etc.).

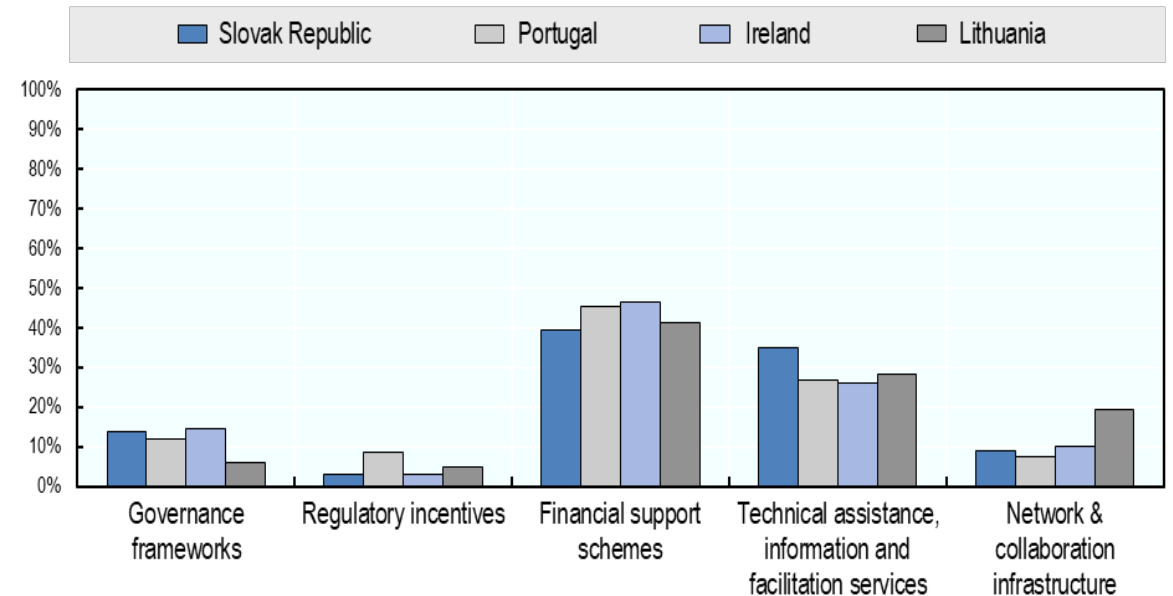
## A. Intensity of policy efforts at the EU level

% of all policy initiatives in place in EU Member States



## B. Most common policy instruments in selected EU countries

% of all policy instruments



Source: EC/OECD Survey on Policies and Institutions enabling FDI–SME Linkages (2021).

# » Pillars of work for Phase II



Co-funded by the  
European Union

- ❑ **Building further capacity to offer policy advice** (additional **country reviews** and peer-learning)
  - **Czech Republic** ✓ confirmed
  - **Poland** ✓ confirmed
  - **Cross-country assessment** (to be defined)
  
- ❑ **Increasing anticipatory capacity** (compendium of **foresight case studies** on the trajectories of FDI-SME ecosystems)
  - Participatory workshops, multi-stakeholders dialogue, interviews
  - Focus on 3 value chains within the EU's strategic priority areas
  
- ❑ **Better evidence/understanding of the diversity of FDI-SME ecosystems**
  - More granular business and FDI **data**
  - Updated **policy mapping** of FDI-SME policies and institutions

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**Website:**  
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