



# Interregional Innovation Investment (I3)

**NEREUS**



11 March 2021

# Smart Specialisation and the new Cohesion Policy

## Cohesion policy 2021-2027 maintains or enhances:

- **EU Policy objectives** related to a Smarter, Greener, Connected, Social and Closer to Citizens Europe
- **A Place based approach (Locally-driven development)**
- **A stronger regional innovation ecosystem dimension** through:
  - ✓ improved *internal connectivity* in regions
  - ✓ connection to *macro-regions*
  - ✓ connection to *EU knowledge networks*

## Focus put on:

- **Knowledge transfer** between key stakeholders,
- active **Entrepreneurial Discovery Process (EDP)**
- **Synergies** (not only funding, but in a broader scope)
- More **support** for **innovative companies** and **market-creating innovation**
- **Support** to interdisciplinary and **cross-sectors investments**
- **Inter-territorial collaboration**
- **Digitisation**

Need for a coordinated approach:  
reinforced Smart Specialisation  
using **S3** as coordination tool

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# Smart Specialisation (S3)

- **Place-based transformation** embedded in local economy
- **Entrepreneurial discovery process** putting together key stakeholders around a shared vision
- **Evidence-based**
- Mobilisation across different departments and **governance levels** – triple/quadruple helix
- **Concentration of resources on priorities**
- **Over 180 smart specialisation strategies in Europe**

S3 Integrated into Cohesion Policy as “**enabling condition**” that need to be in place for the expenditure of ERDF and in particular to identify the **R&I projects to be supported**

**S3 helps regions and MS:**

- developing a **strategic approach** to innovation
- **prioritising** R&I investments
- **breaking down silos**

# S3 and cohesion policy

## Enabling condition PO1 (S3)

Policy objective	Specific objective	Name of enabling condition
1. A smarter Europe by promoting innovative and smart economic transformation	ERDF: All specific objectives under this policy objectives	Good governance of national or regional smart specialisation strategy

### Fulfilment criteria for the enabling condition

Smart specialisation strategy(ies) shall be supported by:

1. Up-to-date analysis of bottlenecks for innovation diffusion, including digitalisation
2. Existence of competent regional / national institution or body, responsible for the management of the smart specialisation strategy
3. Monitoring and evaluation tools to measure performance towards the objectives of the strategy
4. Effective functioning of entrepreneurial discovery process
5. Actions necessary to improve national or regional research and innovation systems
6. Actions to manage industrial transition
7. Measures for international collaboration





# Cohesion Policy 2021-27

## Policy objectives



**A smarter Europe** (innovative & smart economic transformation)



**A greener, low-carbon Europe** (including energy transition, the circular economy, climate adaptation and risk management)



**A more connected Europe** (mobility and ICT connectivity)



**A more social Europe** (the European Pillar of Social Rights)



**A Europe closer to citizens** (sustainable development of urban, rural and coastal areas and local initiatives)



- **develop solutions**
- **pilot**
- **demonstrate**
- **test**
- **transfer of technologies**

**Deploy solutions in public & private sector**





# S3 and the new Cohesion Policy

## Policy Objective (PO1)

A smarter Europe:  
innovative & smart economic transformation

Specific objectives:

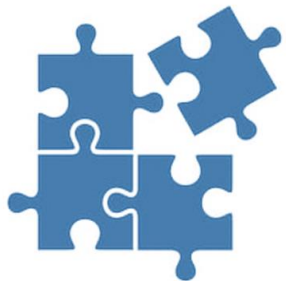
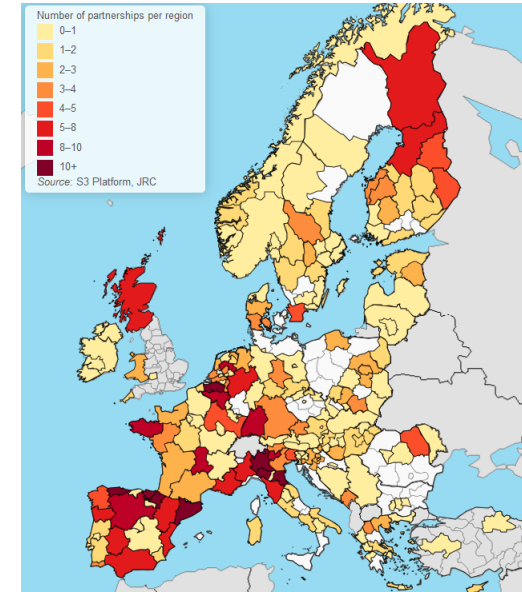


# 3 Thematic Platforms – S3 Partnerships



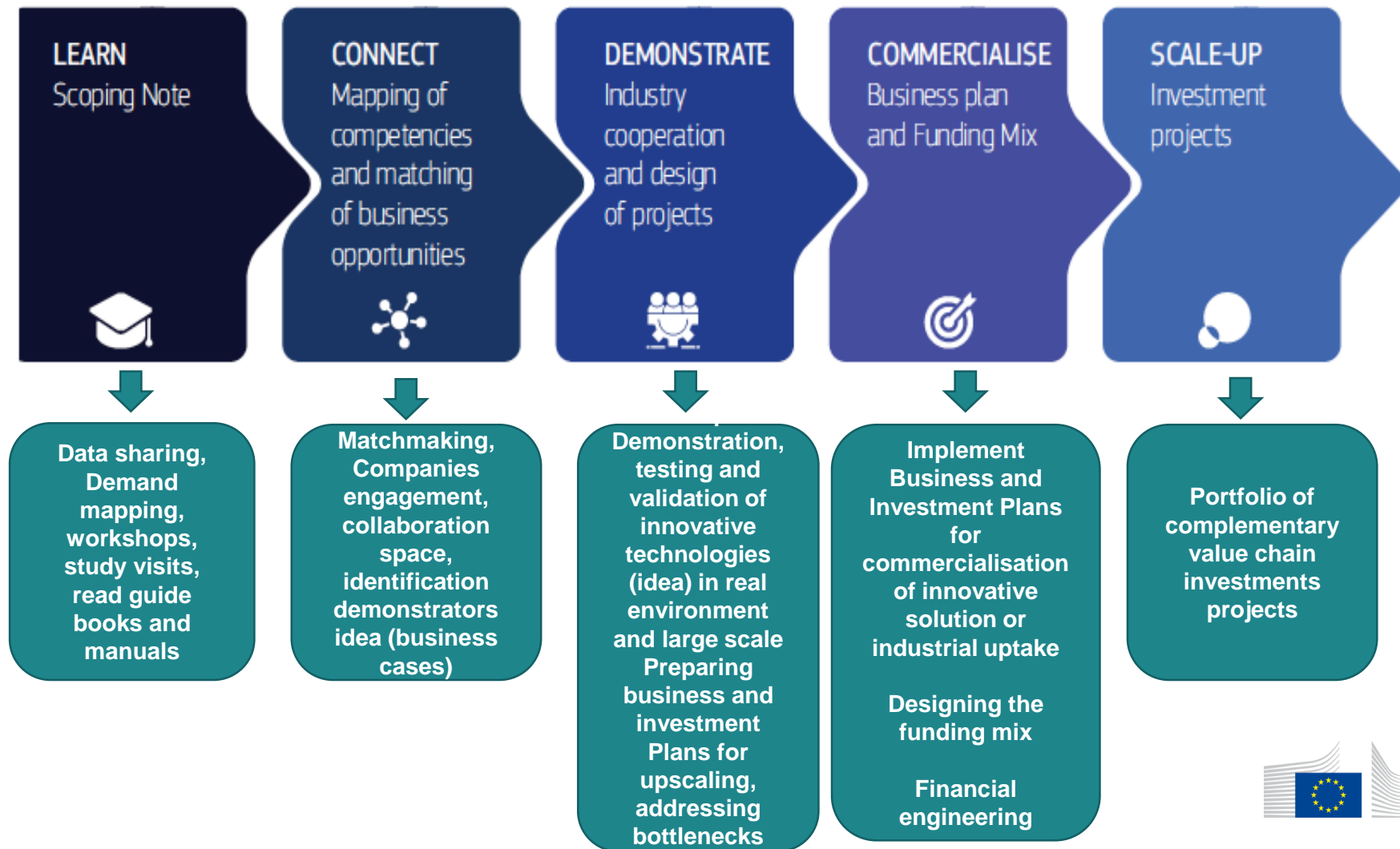
**S3P Agri-Food - S3P Energy - S3P Industrial Modernisation**

- Launched in **2015-2016**
- Currently involve **189 regions** from 33 EU + non EU countries
- Connect regional **innovation ecosystems**
- Provide **interactive & participatory environment** for S3 implementation through transnational / interregional cooperation (outward looking process of S3)
- **Thematic Interregional S3 Partnerships:**  
Based on their local priorities (**Q-helix and bottom-up**), EU regions have partnered around **areas of common interest** and **joined forces** to:



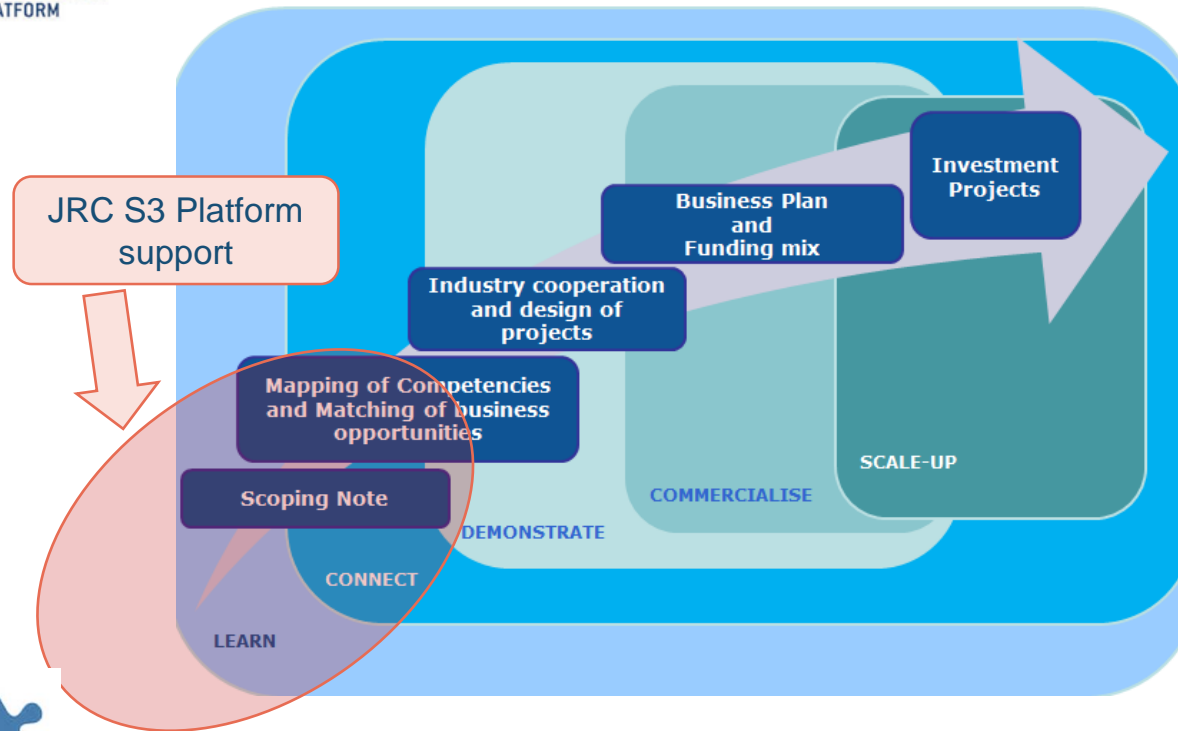
- avoid duplication,
- exploit **complementary strengths** across the EU,
- increase **critical mass**,
- enhance the development & investments in **EU value chains**,
- build **synergies** with other regional, national and EU networks and initiatives.

# Thematic Platforms: core functions and activities of a smart specialisation partnerships





# S3 partnerships phases



5 step methodology

## Methodological Manual

To assist public authorities responsible for *designing and delivering interregional investment projects* in the S3 context



# Moving from networking to investment

AMI experts TAIEX

Interregional Pilot Action



Support from S3Platform and external experts

To accelerate the work done within the thematic platforms.  
The focus is on projects with higher TRLs (>5/6 TRL).

Learn

Connect

Demonstrate

Commercialise

Scale-up



[https://publications.jrc.ec.europa.eu/repository/bitstream/JRC116630/s3p-thematicmanual\\_-\\_online.pdf](https://publications.jrc.ec.europa.eu/repository/bitstream/JRC116630/s3p-thematicmanual_-_online.pdf)



# Interregional Pilot Action

## 9 Pilot projects (2018-20)



Test new approaches

Purpose of the pilot action is to learn lessons to design the new I3 Instrument

## 4 Covid-19 Pilot projects (2019)

Bottom-up Pilot supported with TA (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

## 9. Batteries (2019-2020)

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

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

# Interregional Innovation Instrument

## WHAT

Commercialisation and scaling up of innovation projects for the development of European value chains



## FOR WHOM

Interregional Q-Helix ecosystems: researchers, businesses, civil society and public administrations involved in smart specialisation strategies established at national or regional levels



## HOW

Implemented under **direct** and indirect management.

EC supported by an executive agency

## HOW MUCH

ERDF (Art. 10 bis) EUR 570 Million (current prices)



## CHAPTER II

### Specific provisions on Interregional Innovation Investments

#### ERDF - Article 10bis

##### Interregional Innovation Investments

1. The ERDF shall support the Interregional Innovation Investments Instrument, implemented by the Commission under **direct and indirect management**.
2. The Interregional Innovation Investments Instrument shall support the **commercialisation and scaling up of interregional innovation projects** having the potential to encourage the development of **European value chains**.
3. The Interregional Innovation Investments Instrument shall cover the **entire territory of the Union**. *[Third countries can be covered by this instrument in line with the arrangements foreseen in Article XXX of the [Horizon Europe programme].*
4. The Interregional Innovation Investments Instrument shall consist of the following **two strands**:



- (a) Financial and advisory support for investments in **interregional innovation projects**;
  - (b) Financial and advisory support for the development of **value chains in less developed regions**.
5. The **governance model** of the Interregional Innovation Investments Instrument shall include the set-up of a dedicated **expert group** composed of representatives from **Member States, regional authorities and cities, representatives of business, research and civil society bodies**. The expert group shall support the Commission in defining a **long-term work programme** and in preparing **calls for proposals**.
  6. The governance model shall also **ensure appropriate coordination and complementarities** with ERDF programmes under the **Investment for jobs and growth goal**, as well as with **Interreg programmes**, in particular under strand '**Interreg C**' as defined in Article XX of [Interreg Regulation].

# Interregional Innovation Investments

## Strand 1 - Financial and Advisory Support for Investments in Interregional Innovation projects

- Supporting partnerships to **develop, connect or make complementary use of testing and demonstration facilities** to accelerate market uptake and scale up of innovation solutions in shared Smart Specialisation priority areas.
- Managed through support to the **development of a portfolio of projects** by selected partnerships.

## Strand 2 - Financial and Advisory Support for Development of value chains in less developed regions

- Increasing the **capacity** of regional innovation **eco-systems** in **less developed regions** to participate in **global value chains** as well as the capacity to **participate in partnerships** with other regions.
- **Creating linkages** between **less developed regions** with those in **lead regions**.
- Focus on **foreign direct investment, (FDI) driven value chains** & other emerging sectors.

**De-risking private investment**

# Outline of the I3 programme

## Budget allocation per type of action



Total Budget: EUR 570 M

Strand 1: Innovation Actions  
(IA) for mature partnerships  
(49%) EUR 279,3 M

Grants

Strand 2a: Simplified  
Innovation Actions (SIA) for  
less developed regions

(44%) EUR 250,8 M

Strand 2b: Capacity building  
for less developed regions

(5%) EUR 28,5 M

Grants

Strand 3: Technical  
assistance,  
capitalisation and  
experimentation  
(2%) EUR 11,4

Direct  
management  
or service  
procurement



# 13

## Budget allocation per call and average grant size

Total Budget: EUR 570 M (7 years)

EUR 279,3 M

**Strand 1:  
Innovation Actions (IA) for  
mature partnerships**

Budget per call: **EUR 39,9 M** to finance  
around **4/5 grants**

2-10 Investment projects per  
grant/portfolio

Average grant size: **EUR 8/10 M**

Value of the project portfolio in a specific  
value chain

EUR 250,8 M

**Strand 2a: Simplified  
Innovation Actions (SIA)  
for less developed regions**

Budget per call: **EUR 35,8 M** to finance  
around **12-15 grants**

2-3 Investment projects per  
grant/portfolio

Average grant size: **EUR 2-3 M**

Value of the project portfolio in a  
specific value chain

EUR 28,5 M

**Strand 2b:  
Capacity building for less  
developed regions**

Testing new approaches

Budget per call: **EUR 4,1 M** to finance  
around **8 grants**

Average grant size: **EUR 500 K**

Value of the capacity building project

*Under internal discussion, subject to change*



# Eligibility



**Applicant: public authority, research body or a no profit intermediate organisation on behalf of a regional/ national ecosystem**  
**(ideally a Q-Helix partnerships)**

Third countries can participate in this instrument, in accordance with the arrangements laid down in Article 12 of the [Horizon Europe programme].

**Strand 1:  
Innovation Actions (IA)  
for mature partnerships**

Minimum 5 regions/countries  
and their innovation ecosystems

The project lead must be a leading  
region in a specific value chain  
Involvement of at least one less  
developed regions

Close to market investment (TRL 6-9)

**Strand 2a: Simplified  
Innovation Actions (SIA)  
for less developed regions**

Minimum 2 regions/countries  
and their innovation ecosystems

At least one more developed/high capacity  
region and one less developed region

**Strand 2b: Capacity  
building for less  
developed regions**

Minimum 2 regions/countries  
and their innovation ecosystems

At least one more developed/high  
capacity region and one less developed  
region

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## Interregional Innovation Investments: two strands

**Strand 1**  
**Innovation Actions (IA)**  
for “mature partnerships”

**Strand 2a**  
**Simplified Innovation Actions (SIA)**  
for “less developed regions”

**Type of Investment:** Interregional Investments in companies (TRL 6 -8) to accelerate the market uptake/ commercialisation. Uptake of innovative technologies /solutions/services, scaling up of regional and local innovation.

**Type of expenditure:**

**Productive investments** /demonstration/ piloting in companies with possibility to cover part of the coordination costs up to 7%

**Implementation:** Cascade funding, applicants signing the grant agreement redistribute the grant to final beneficiaries (SMEs) composing the investment portfolio.

**Final beneficiaries:** Companies, in particular SMEs

## Strand 1: Innovation Actions (IA) for mature partnerships

- ✓ Helping companies to become **more resilient** facing globalisation, automation, decarbonisation and digitisation challenges, engaging them in **EU globally competitive value chains (GVC)**
- ✓ Mobilising **Q-Helix actors** (in particular SMEs), unlocking the innovation potential of national and regional **innovation ecosystems** (SMEs, research institutions, public administration, citizens and consumers)
- ✓ Building **value chains close to market S3 investment projects**

## ✓ Concrete **project implementation**

- Market analysis including the customer segments
- Involvement of key partners – leading companies in the value chain and sub value chains
- Definition of key innovation activities for the joint investment
- Identification of Key resources and governance
- Definition of the Value proposition
- Identification of the way to the market (distribution channels)
- Set the vision on customer relationships
- Definition of the Cost Structure
- Identification of the funding needs and possible funding mix for the investment (Private and/or Public, regional, national, European – Grants, loans, equity)
- Definition of the Revenue Streams and NPV

## Strand 2

### Building preconditions for successful international or interregional collaboration

- ✓ Reinforcing **region's position in global value chains (GVC)**
- ✓ Integrate local actors (in particular SMEs) in the **value chains of multinational companies**
- ✓ Strengthening **capacities** and developing opportunities for **innovation ecosystems** – SMEs, research institutions, public administration)
- ✓ Building **innovation ecosystems** which promotes **collaboration inside and outside the region** by:
  - matching business sector with research capacities across borders,
  - capturing value in GVCs
  - creating conditions for **innovation diffusion**
  - **Internationalisation** of regional and country value chains
- ✓ Concrete **project implementation** to build experience in GVC participation

# Interregional Innovation Investments

**Strand 2a  
Simplified  
Innovation Actions  
for “less developed  
regions”**

**Simplified value chain investment projects in companies** similar to the strand 1, with “lighter” eligibility criteria (number of partners), and smaller size of projects

**Strand 2b  
Capacity Building  
Actions  
for “less developed  
regions”**

## **Capacity building projects strengthening ecosystems**

- Activities aimed at **developing capacity** to engage in international activities (in SMEs, intermediary organisations and research institutions)
- Building capacities to participate in international **quadruple helix networks** to explore common opportunities.
- Strengthening links between local **innovation ecosystems** (innovation and investment intermediaries, clusters, SME support agencies) and **global value chains**

## Strand 2b: Type of activities

### Capacity Building Actions for “less developed regions”

#### 1) Analytical support

- ✓ Analysis of **potential growth markets** domestically and abroad within value chains
- ✓ **Benchmarking value chain** linkages against other EU countries
- ✓ **Mapping** of innovation support system, intermediaries and policy mix

#### 2) Capacity building

- ✓ Prospection **visits** in clusters or companies in other regions/MS
- ✓ Visits to R&I infrastructures for companies
- ✓ **Twinning** projects including the business sector
- ✓ Erasmus for **cluster** and innovation managers
- ✓ **Vouchers** for SMEs to use foreign research facilities
- ✓ Targeted **trainings**

#### 3) Project Implementation

- ✓ **Bilateral interregional projects** in S3 thematic areas involving triple helix partners
- ✓ Strengthening **access to “innovation leaders”**
- ✓ Collaborative R&I projects between **multinationals and local SMEs**

**Final beneficiaries: Quadruple helix partnership actors**

# Interregional Innovation Investments



## Eligible Expenditure

**Strand 1:  
Innovation Actions (IA) for  
mature partnerships**

**Strand 2a: Simplified  
Innovation Actions (SIA)  
for less developed regions**

**Strand 2b:  
Capacity building for less  
developed regions**

Direct Cost needed to develop the investment project  
Value chain Investments  
demonstration/pilot in firms  
(e.g living labs, test beds, connecting testing and demonstration facilities)  
Coordination costs in partnership up to 7%

Direct cost related to analytical support,  
ecosystem building and project  
implementation (see slide 34)

**Final beneficiaries: Companies, mainly SMEs**

**Final beneficiaries:  
Quadruple helix  
partnership actors**

# Interregional Innovation Investments



**Expected project's output**

**Strand 1:  
Innovation Actions (IA) for  
mature partnerships**

**Strand 2a: Simplified  
Innovation Actions (SIA)  
for less developed regions**

**Strand 2b:  
Capacity building for less  
developed regions**

**Pipeline of Private or  
Public-Private Investments  
facilitated by S3 innovation ecosystems  
and structured in an "Investment Portfolio"**

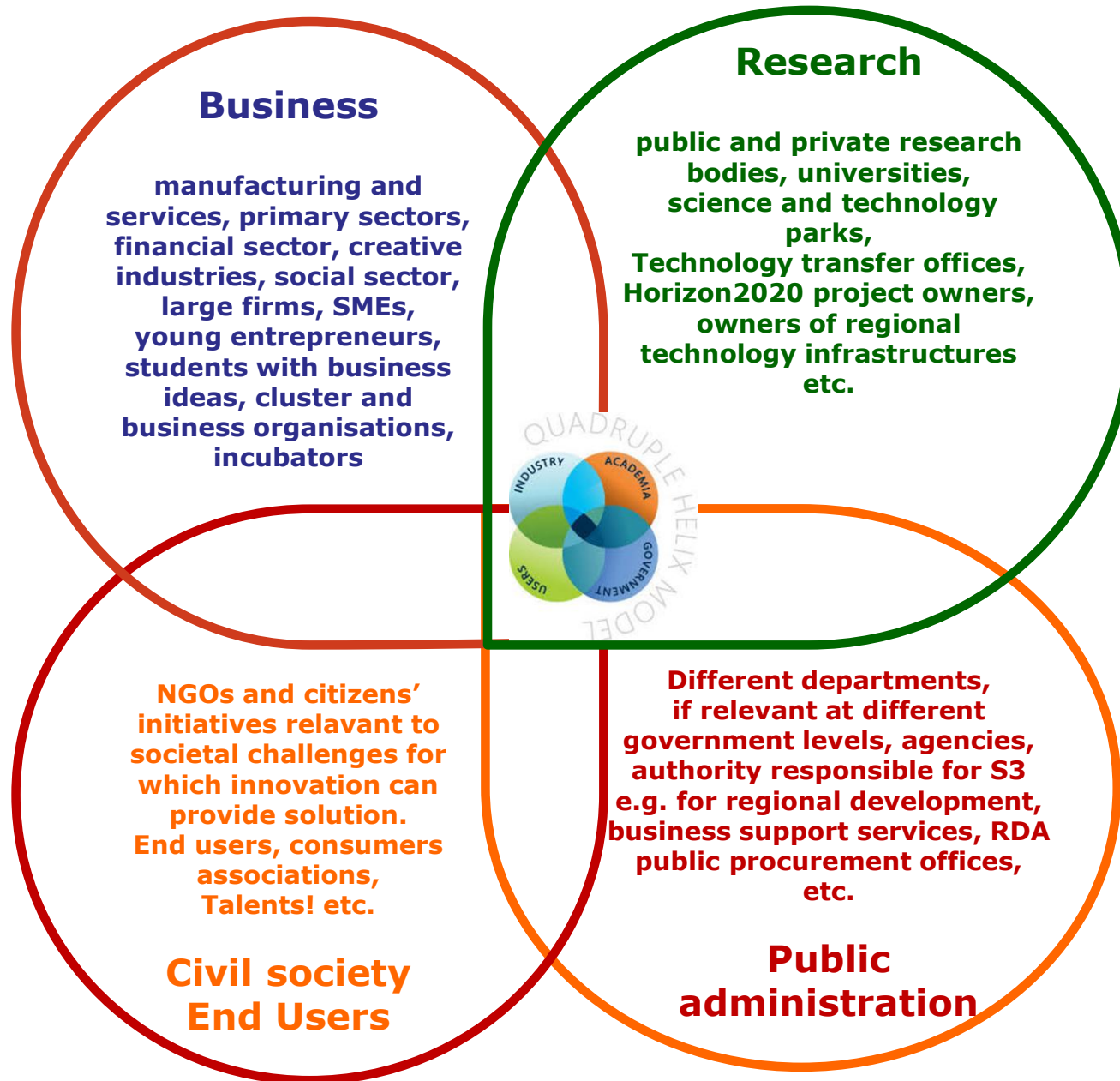
**Improved regional/national  
innovation ecosystems with Q-helix  
actors participation  
Beneficiary country/region ready  
for strand 1**

**Interregional Business & Investment Plans Investment in companies,  
in particular SMEs**

**Structured quadruple helix  
partnerships, involving SMEs,  
large companies and  
multinationals**







Innovation actors involved in

13

Investment project

# Quadruple Helix Innovation ecosystem

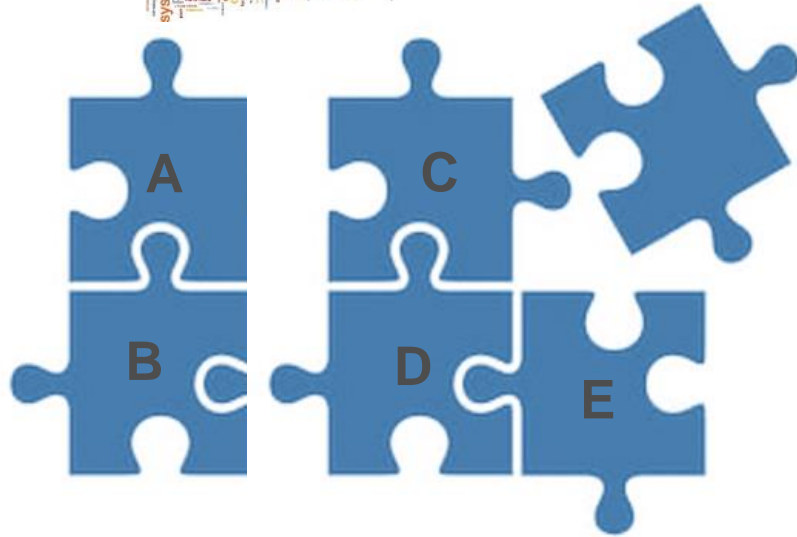


# Interregional dimension of 13



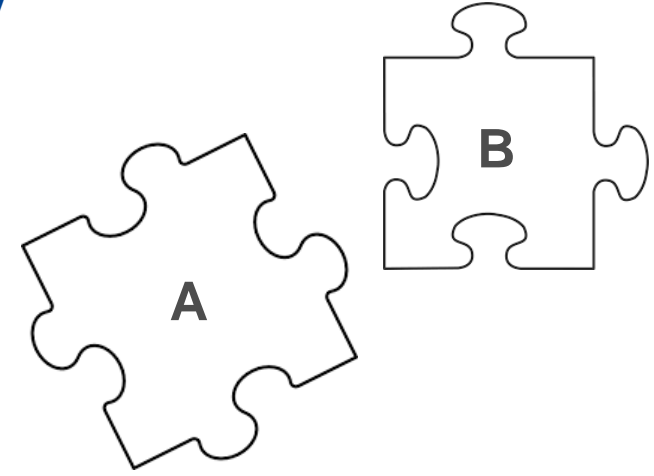
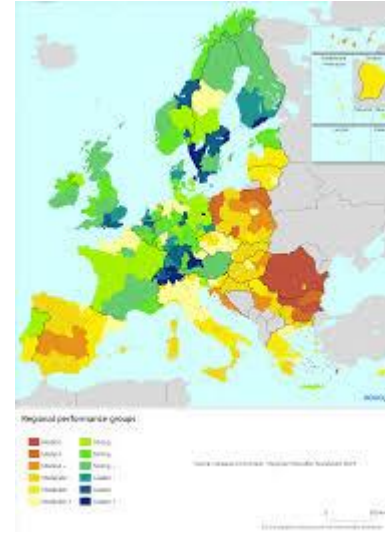
Beyond geographical proximity

Strand 1



5 Regions and their Innovation ecosystems

More mature regions with the possibility to involve less developed regions



Strand 2

2 Regions and their Innovation ecosystems

Region A  
Less developed ecosystem

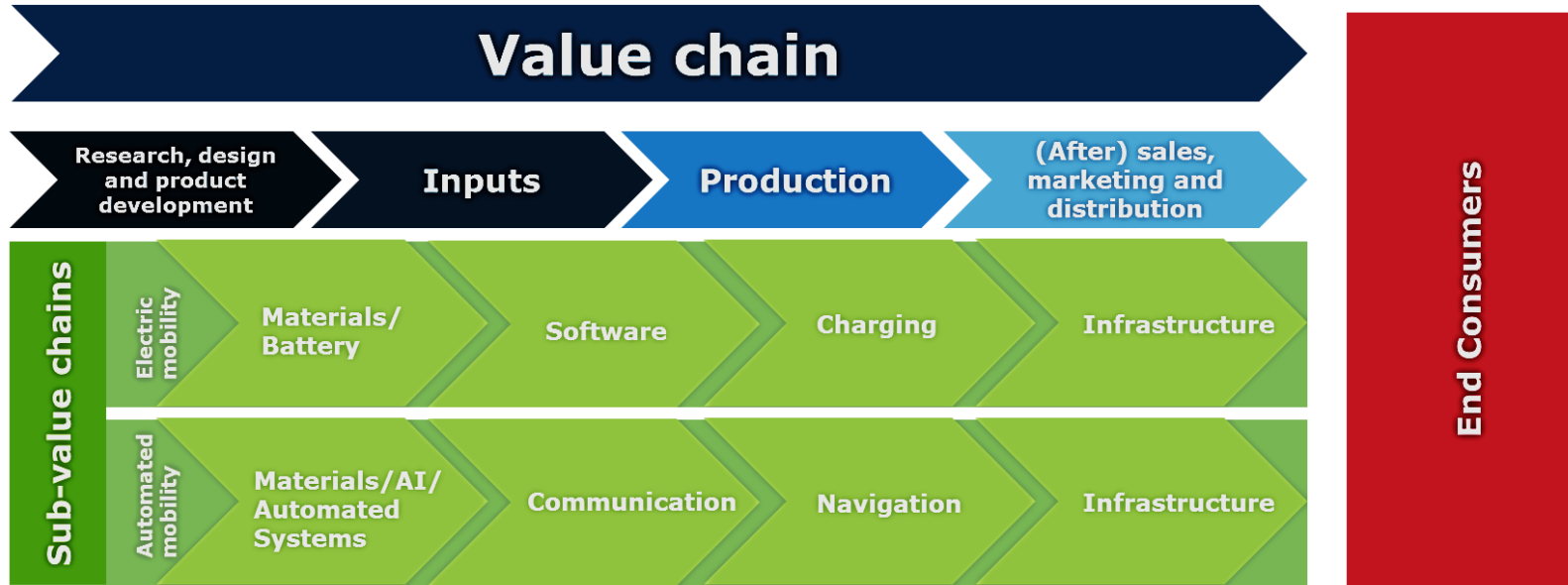
Region B  
More developed ecosystem



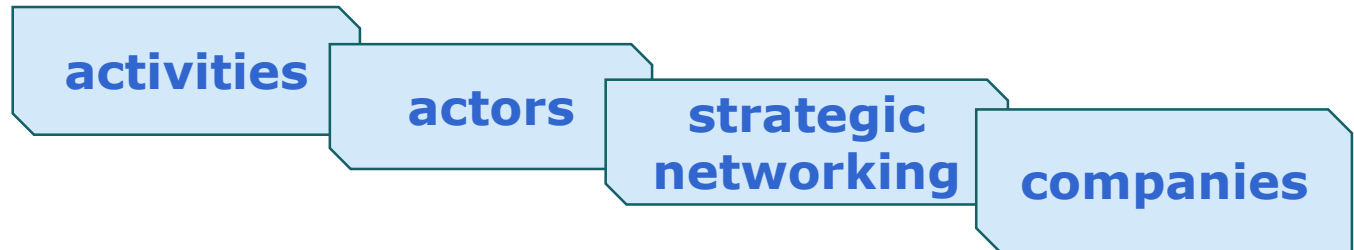
# Investments in European value chains



Example: Autonomous Vehicles



The Value chain is a combination of



interconnected through **sectors and borders**



# Innovation definition



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New product, process, service, technology or business model made available to the market, the governments and the society

OECD – Oslo Manual

*Innovation is production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and enlargement of products, services, and markets; development of new methods of production; and the establishment of new management systems. It is both a process and an outcome.*

[https://www.oecd-ilibrary.org/science-and-technology/oslo-manual-2018\\_9789264304604-en](https://www.oecd-ilibrary.org/science-and-technology/oslo-manual-2018_9789264304604-en)

# 3

## Innovation definition



**New or improved products, processes, services, technologies or business models made available to markets, governments and society**

The **Oslo Manual** defines four types of innovation: **product** innovation, **process** innovation, **marketing** innovation and **organisational** innovation.

- **Product innovation:** A good or service that is new or significantly improved. This includes significant improvements in technical specifications, components and materials, software in the product, user friendliness or other functional characteristics.
- **Process innovation:** A new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software.
- **Marketing innovation:** A new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing.
- **Organisational innovation:** A new organisational method in business practices, workplace organisation or external relations.

Innovation Chain – EU H2020  
Technology Readiness Level



Uptake of innovative technologies or solutions

**TRL 6-8**

# Maturity of Innovation Project

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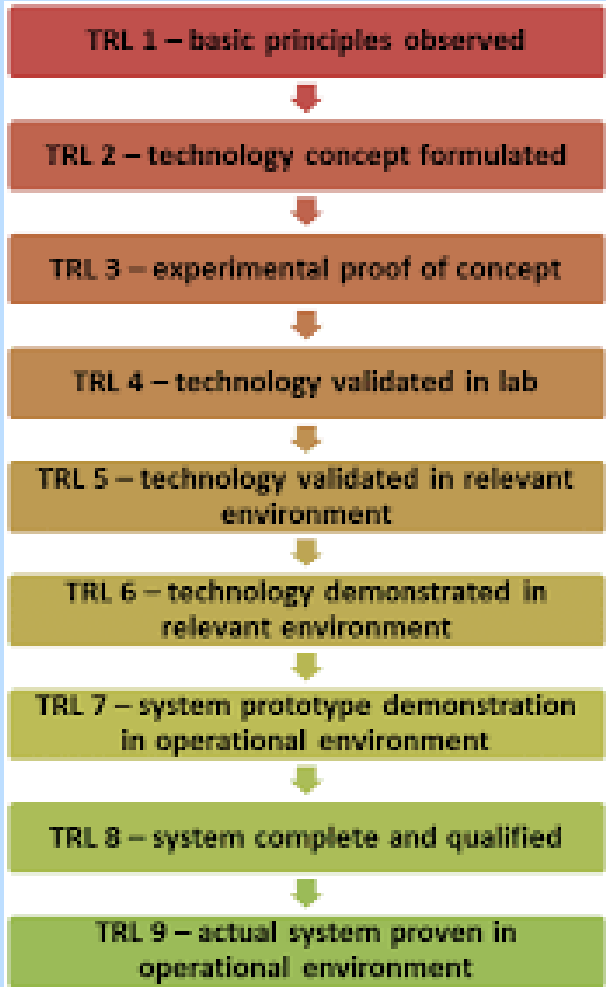
## Investment



Close to market



TRL > 5/6



Knowledge Development

Technology development & demonstration

Business & Investment Development

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## Strand 3: Technical assistance, capitalisation & experimentation

### Animation and Management of Thematic S3 Platforms, including:

- website management (with the support of JRC)
- organisation of 2 steering committee meetings per year
- supervision in the implementation of the methodology
- S3 partnerships monitoring (currently 33 partnerships)



Assisting the EC  
in the assessment of  
new interregional  
S3 partnerships

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Evaluation activities,  
capitalisation,  
experimentation  
(policy learning)

# Stakeholder Consultation

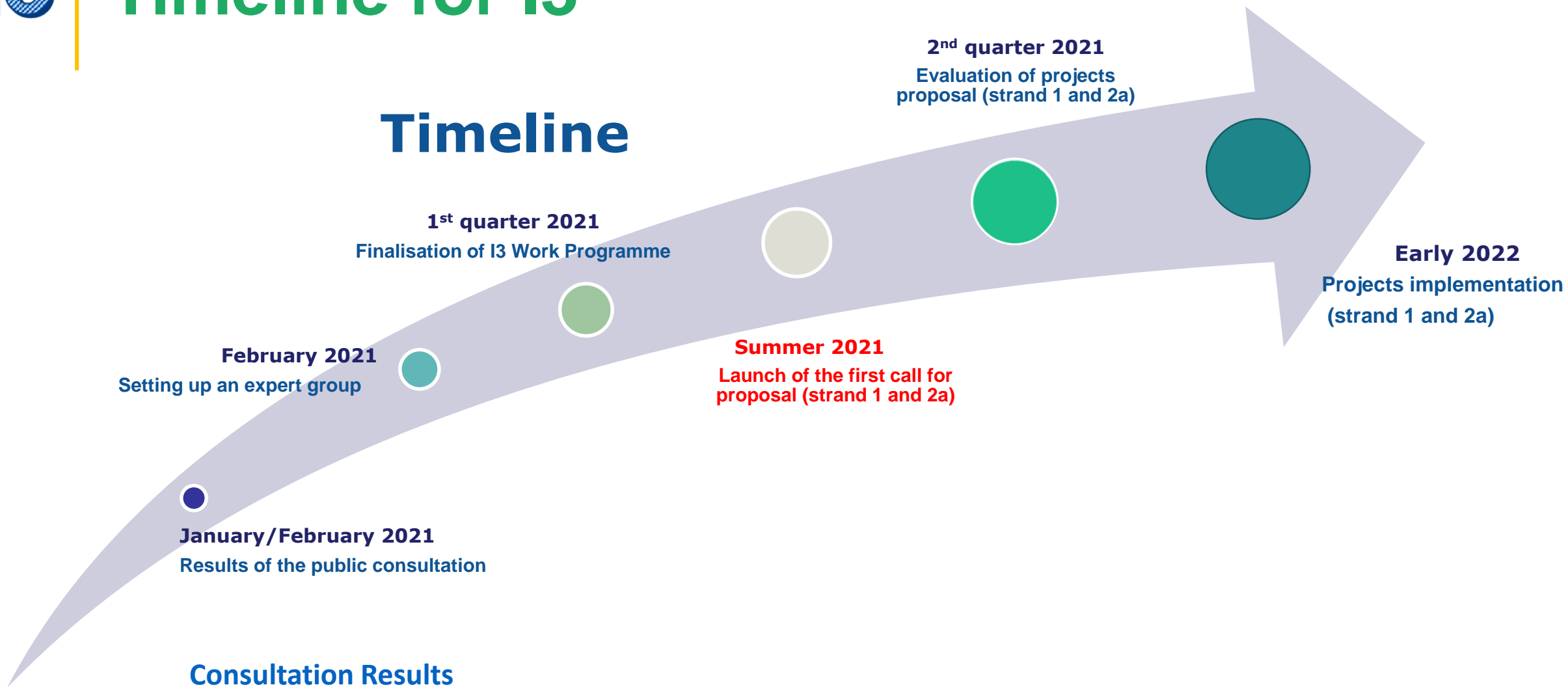
On-line public consultation	<b>A</b> Personal information	A.1 Title A.2 First name A.3 Last name A.4 Email
	<b>B</b> Your organisation	B.1 Name of your organisation B.2 Country of your organisation
	<b>C</b> Your contribution	C.1 Language of your contribution C.2 You are responding C.3 You are responding as C.4 You are representing C.5 Which type of organisation do you come from?
	<b>D</b> Shaping I3: key questions	<b>D.1 What thematic areas would you like the I3 to focus on?</b> <b>D.2 How can the new instrument best unlock interregional innovation investments?</b> <b>D.3 Preferred type of support</b> <b>D.4 Where are there potential complementarities with other EU instruments and actions?</b> <b>D.5 How complementarities with other EU instruments and programmes can be encouraged?</b> <b>D.6 What are the main market failures that the instrument should address to facilitate investment by mature partnerships?</b> <b>D.7 What are the main barriers that the instrument should address to encourage the integration and development of value chains in less developed regions?</b>
	<b>E</b> Position Paper	Please upload an additional contribution if you wish

- ❑ CARRIED OUT BY DG REGIO  
*from July to September 2020*
- ❑ DIFFERENT CATEGORIES OF STAKEHOLDERS targeted:
  - (i) businesses of all sizes and in all sectors;
  - (ii) business support organisations including cluster organisations;
  - (iii) public authorities at national/regional/local level, including ESIF managing authorities;
  - (iv) partnerships registered under the 3 Thematic S3 Platforms;
  - (v) higher education and vocational training institutions;
  - (vi) research organisations;
  - (vii) science and technology parks, incubators and accelerators;
  - (viii) non-governmental organisations.



# Timeline for I3

## Timeline



### Consultation Results

[https://ec.europa.eu/regional\\_policy/en/newsroom/consultations/interregional-innovation/](https://ec.europa.eu/regional_policy/en/newsroom/consultations/interregional-innovation/)

# Expert Group

## Main elements

- The Commission shall be supported by a **group of experts** composed of representatives from Member States, regional authorities and cities, representatives of business, research and civil society bodies.
- The composition of the expert group shall aim to ensure **gender balance**.
- A **call for expression of interest** will be published in February 2021
- The expert group shall support the Commission in defining a **long-term work programme** and in preparing calls for proposals.



# Scenarios for the future



ERDF

Thematic Platforms

13 Interregional Innovation Investments

Pilot Projects

Learn

Connect

Demonstrate

Commercialise

Scale-up

Methodological manual

Self-assessment toolkit to evaluate key ingredients for a well performing partnership and investment projects

- Testing approaches to commercialise and scale-up interregional investment projects
- Developing bankable projects for support from financial instruments
- Developing new value chains

- Portfolio of complementary value chain investment projects
- I3 de-risking component in private investments
- Investment in new value chains

# Supporting Interregional Innovation

## Possible scenario for the future support to Thematic S3 Platforms and Interregional investments

Dedicated S3 partnerships database



### 1- Learn Phase

Facilitated by Interreg or by appointed experts (for partnerships working on EC strategic priorities)

**Interreg** 

Methodological manual



Self-assessment toolkit to evaluate key ingredients for a well performing partnership and investment projects

### 2- Connect Phase

Facilitated by Interreg, EEN & European Cluster Collaboration Platform



### 3- Demonstration Phase

Facilitated by TAF experts (mature investment projects), supported by ERDF (I3, mainstream programmes) & Horizon Europe (IA) and Innovation ecosystems



HORIZON EUROPE

### 4- Commercialisation & scale-up phase

Supported by I3 and Horizon Europe (EIC), InvestEU Fund (ESIF and financial instruments), InvestEU Advisory Hub (technical advise on investment projects) & InvestEU Portal (database matching projects with potential investors worldwide)



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# Thank you



## Questions?



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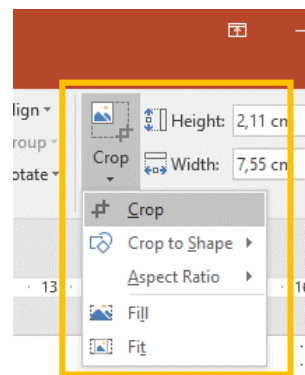
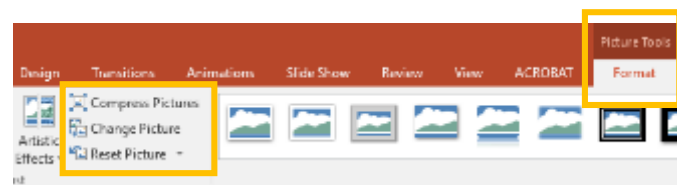
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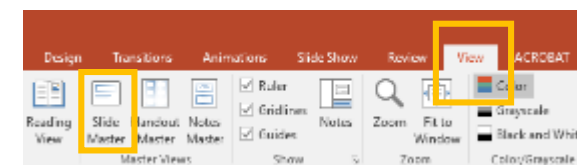
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- Images can be compressed, changed, cropped and adjusted in frame *when selected* under **Format > Crop**



- Master slides can be edited under **View > Slide Master**



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# Additional Resources

- A presentation with tips on “**How to do better PowerPoint presentations**” and a **Power Library** with example layouts, icons, and other PPT components are available [here](#).
- Images on various topics can be found on the [Audio-visual portal](#).

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