



Interregional Innovation Investment (I3)

Meeting with Slovenian Stakeholders



31 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**

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:

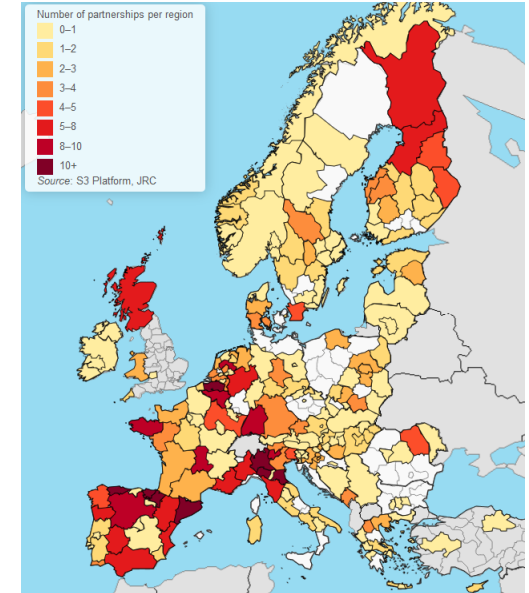


3 Thematic Platforms – S3 Partnerships



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**)
- **35 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.

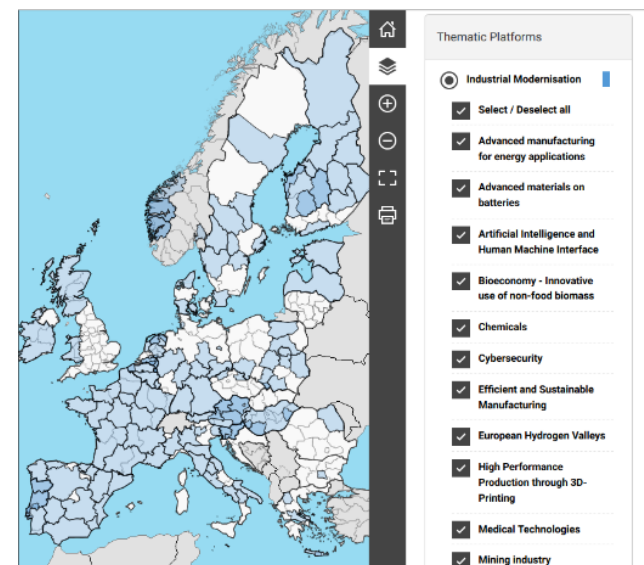
S3 Thematic Platform on Industrial Modernisation

- 25 S3 partnerships
- 137 territorial administrative units
- Supported by DGs REGIO, GROW, RTD and JRC

Vanguard



Interregional
pilot action



More recently established Cultural and Creative Industries, Wireless ICT/5G, Berries

<https://s3platform.jrc.ec.europa.eu/industrial-modernisation>



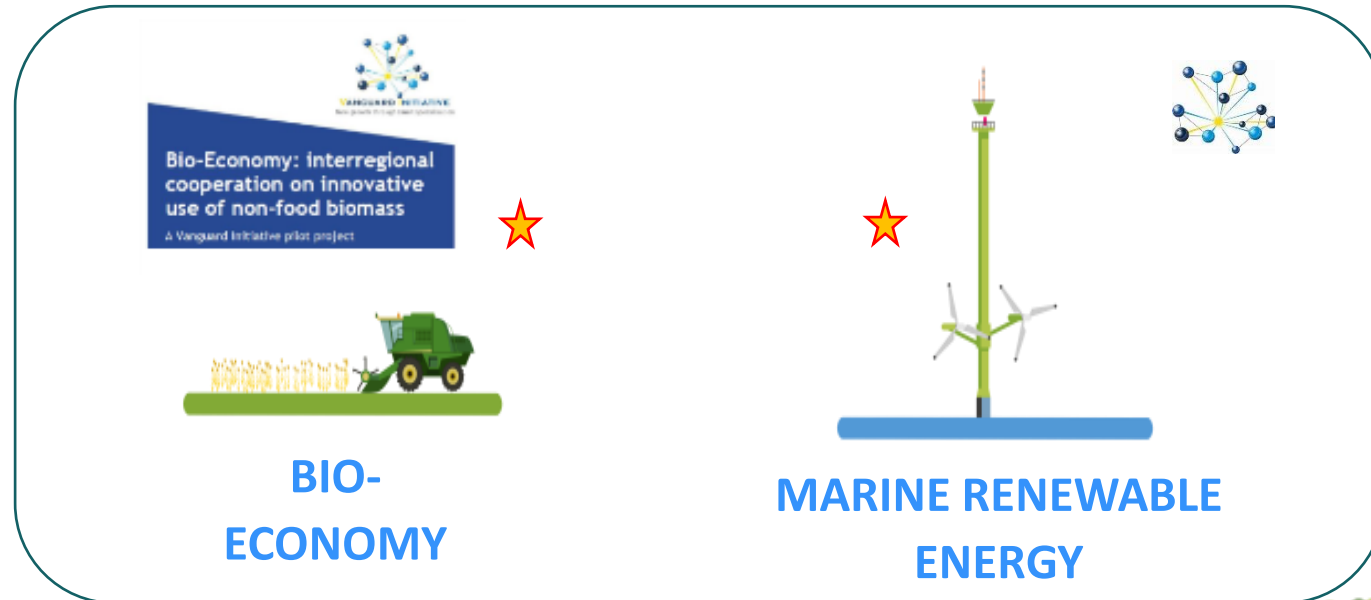
S3 Thematic Platform on Energy

<https://s3platform.jrc.ec.europa.eu/s3p-energy>

Supported by
DGs AGRI, REGIO,
RTD & JRC



Six
S3 partnerships

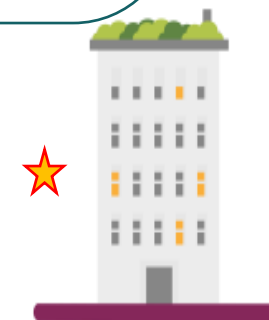


★
Interregional
pilot action



SMART
GRIDS

SOLAR
ENERGY



★
SUSTAINABLE
BUILDINGS

S3 Thematic Platform on Agro Food

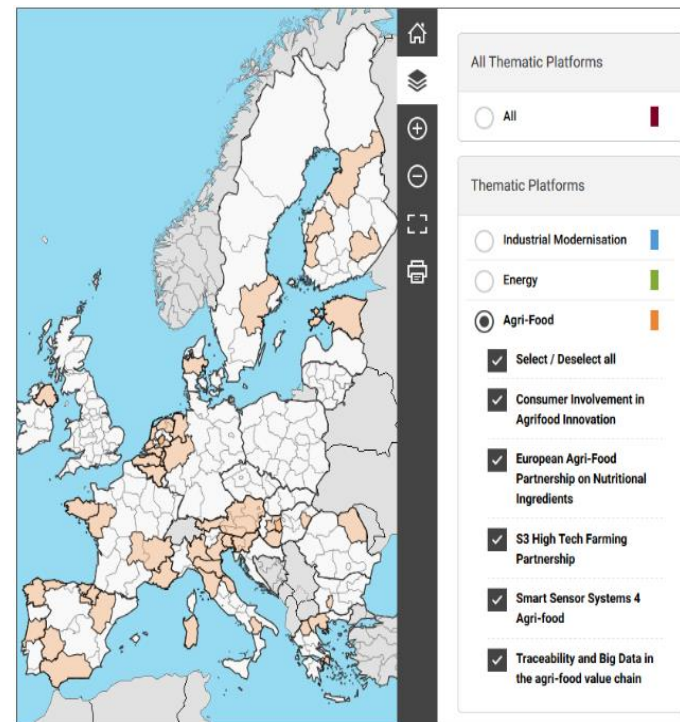


5 partnerships:

- Consumer Involvement in AF
- High-tech Farming
- Nutritional ingredients
- Smart Sensors for Agri-Food
- Traceability and Big Data

59 territorial administrative units

Supported by DGs AGRI, REGIO, RTD & JRC



Interregional
pilot action

<https://s3platform.jrc.ec.europa.eu/agri-food>



Five S3 partnerships



High Tech Farming



Traceability & Big Data



Nutritional Ingredients

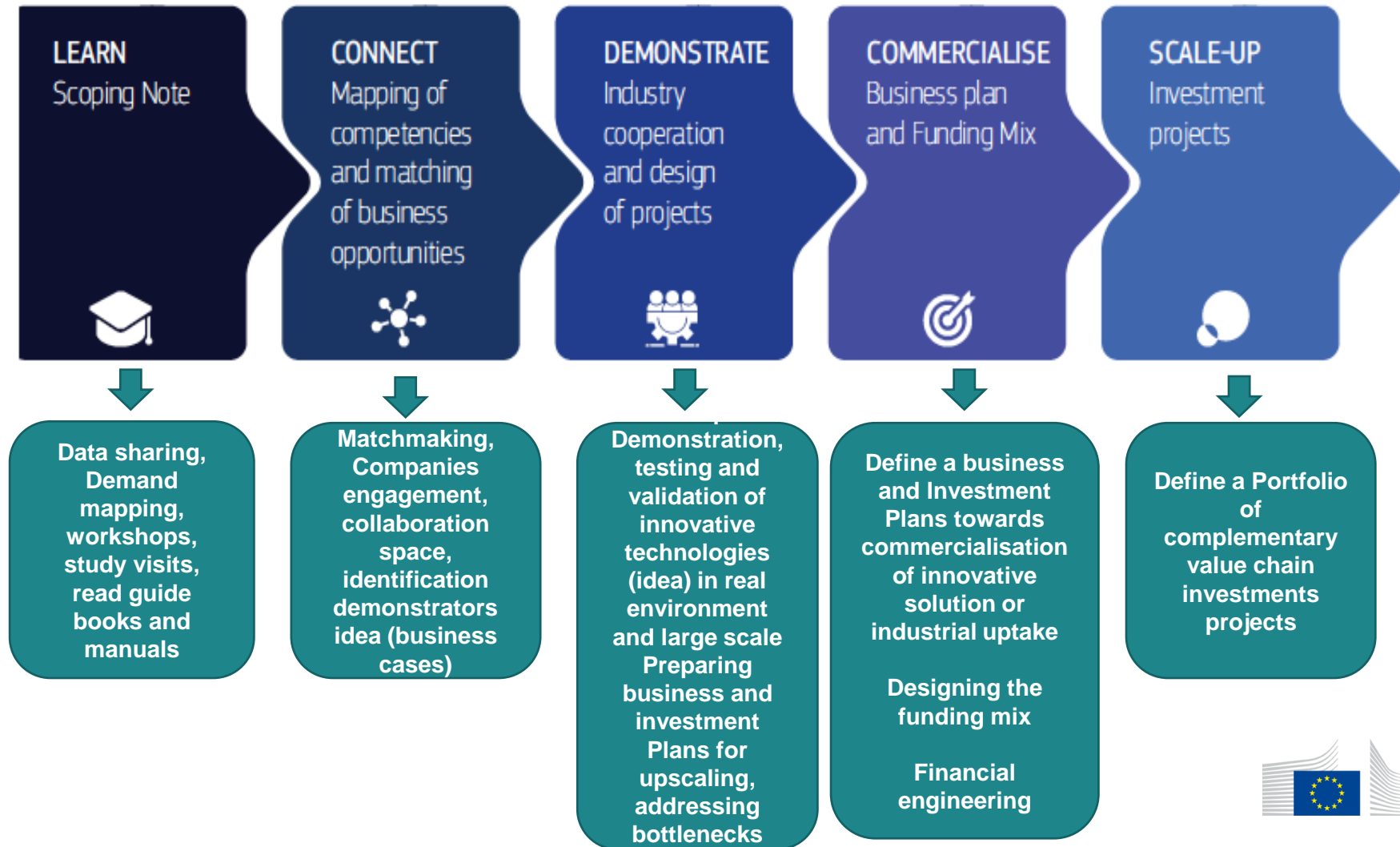


Consumer Involvement
in Agri-Food

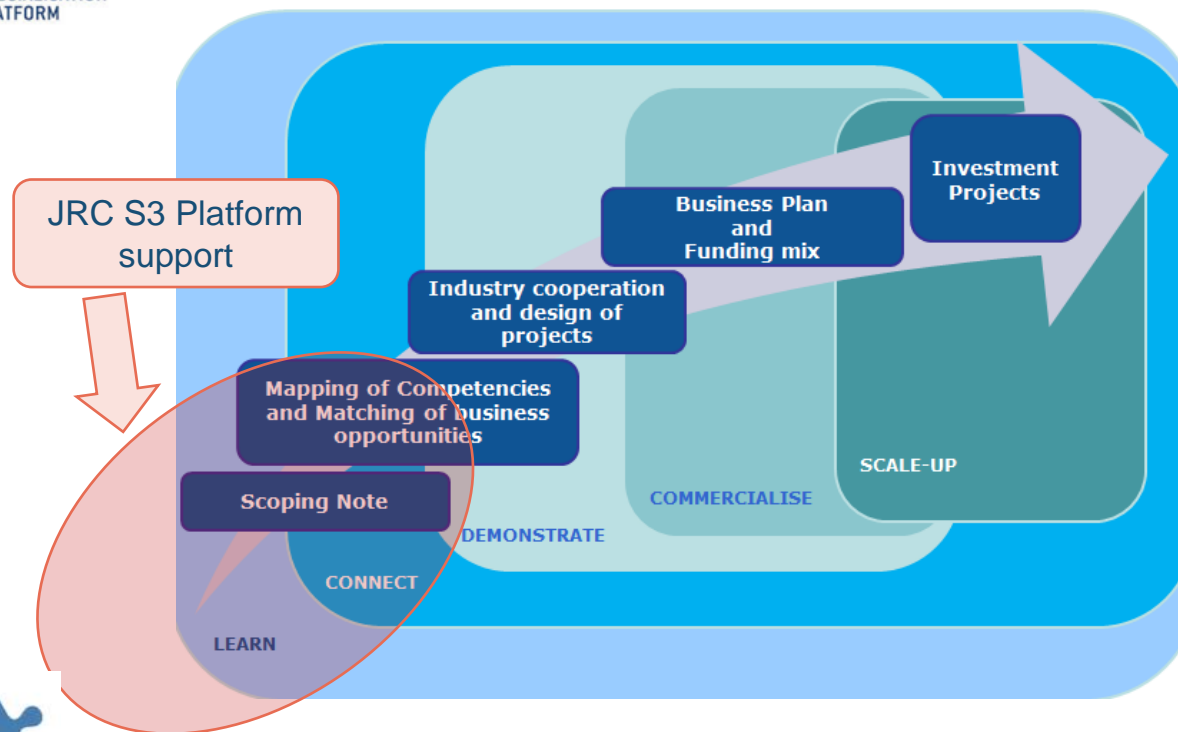


Smart Sensors 4 Agri-
Food

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



S3 partnerships/ cooperation phases



Methodological Manual

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



5 step methodology

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



Interregional Pilot Action

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

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

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

Implemented
under **direct** and
indirect
management.

ERDF (Art. 13)
EUR 570 Million
(current prices)



EC supported by
an executive
agency

CHAPTER II

Specific provisions on Interregional Innovation Investments

ERDF - Article 13 (ex 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

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

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 **lead regions** via **simplified investment projects**
- 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

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 involved in S3)

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

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 -9) 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 in less developed regions

- ✓ 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 (CSA)**

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 actors
and partnerships**

Interregional Innovation Investments

Expected project's output

Strand 1:
Innovation Actions (IA) for
mature partnerships

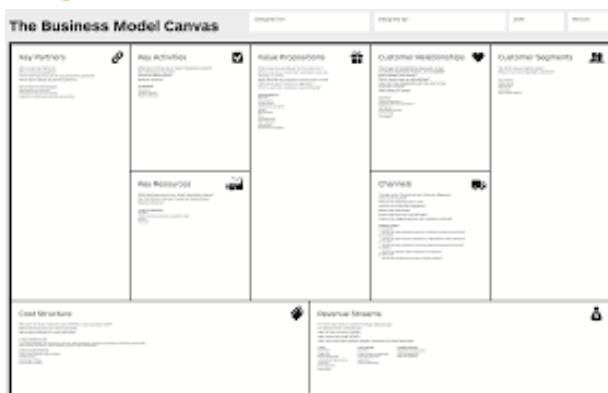
**Strand 2a: Simplified
Innovation Actions (SIA)
for less developed regions**

Strand 2b:
Capacity building for less
developed regions (CSA)

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

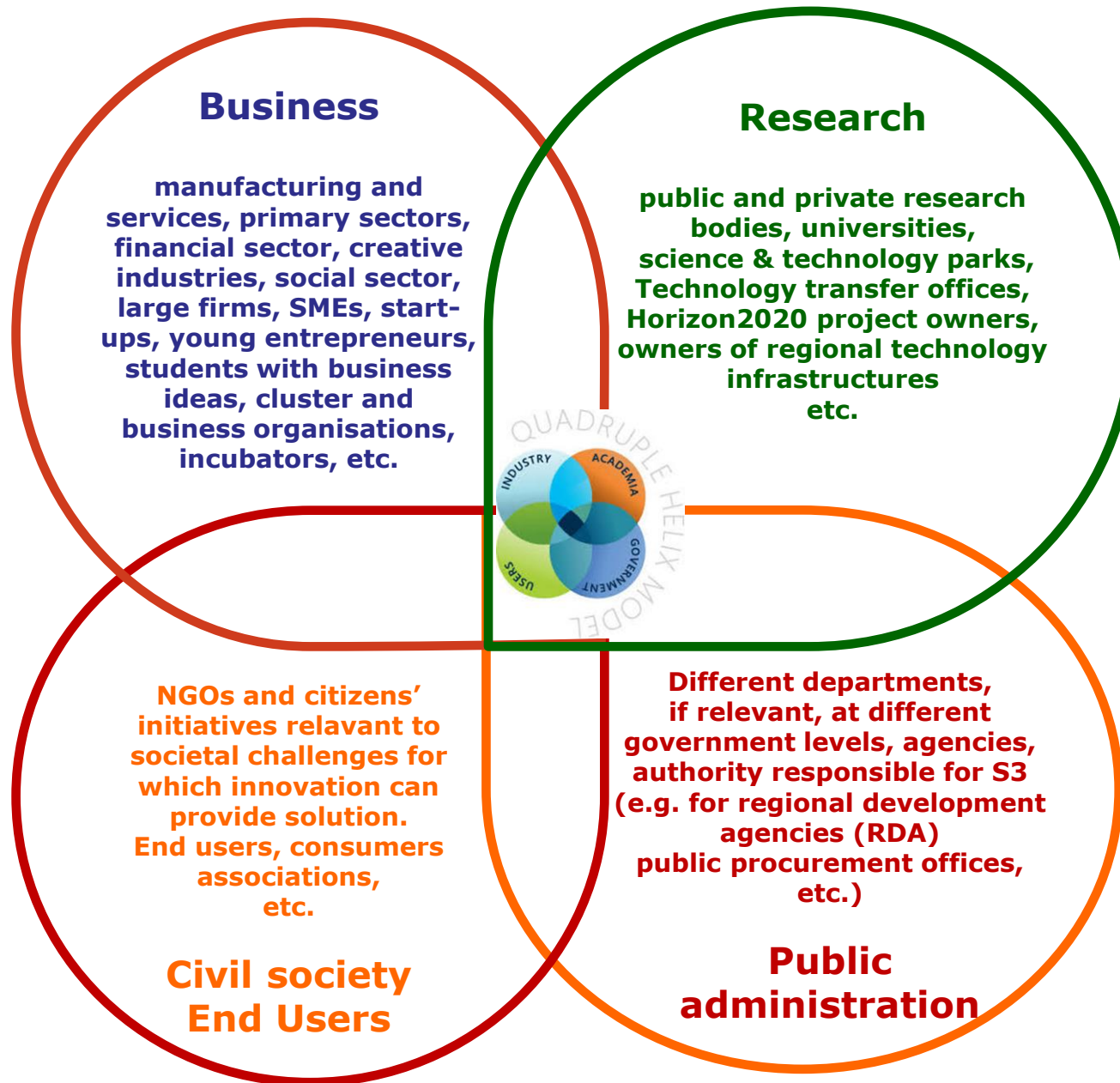
Improved regional/national
innovation ecosystems with Q-helix
actors participation
Improved "readiness" for strand 1

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

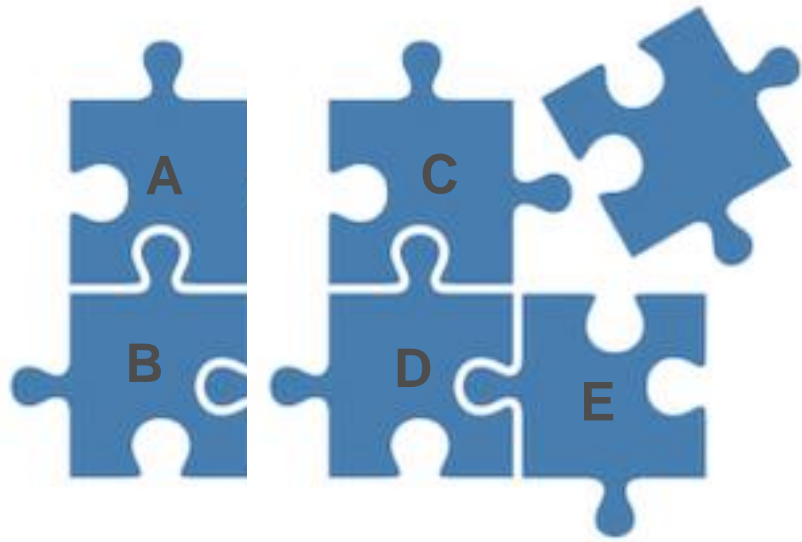
Quadruple Helix Innovation ecosystem

Interregional dimension of 13



Beyond geographical proximity

Strand 1

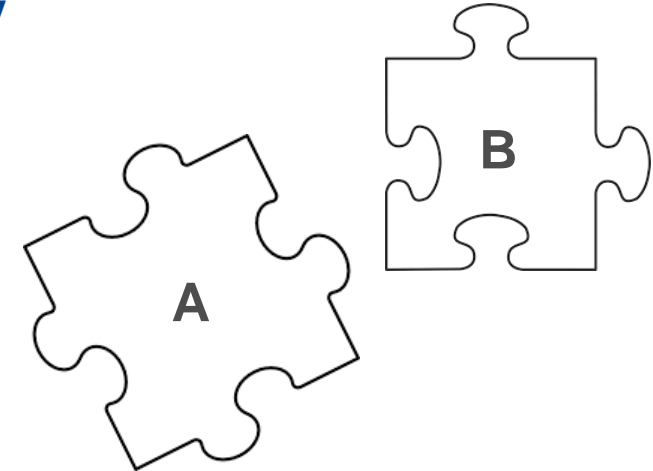


5 Regions and their
Innovation ecosystems

More mature regions with
the possibility to involve
less developed regions



Strand 2



2 Regions and their
Innovation ecosystems

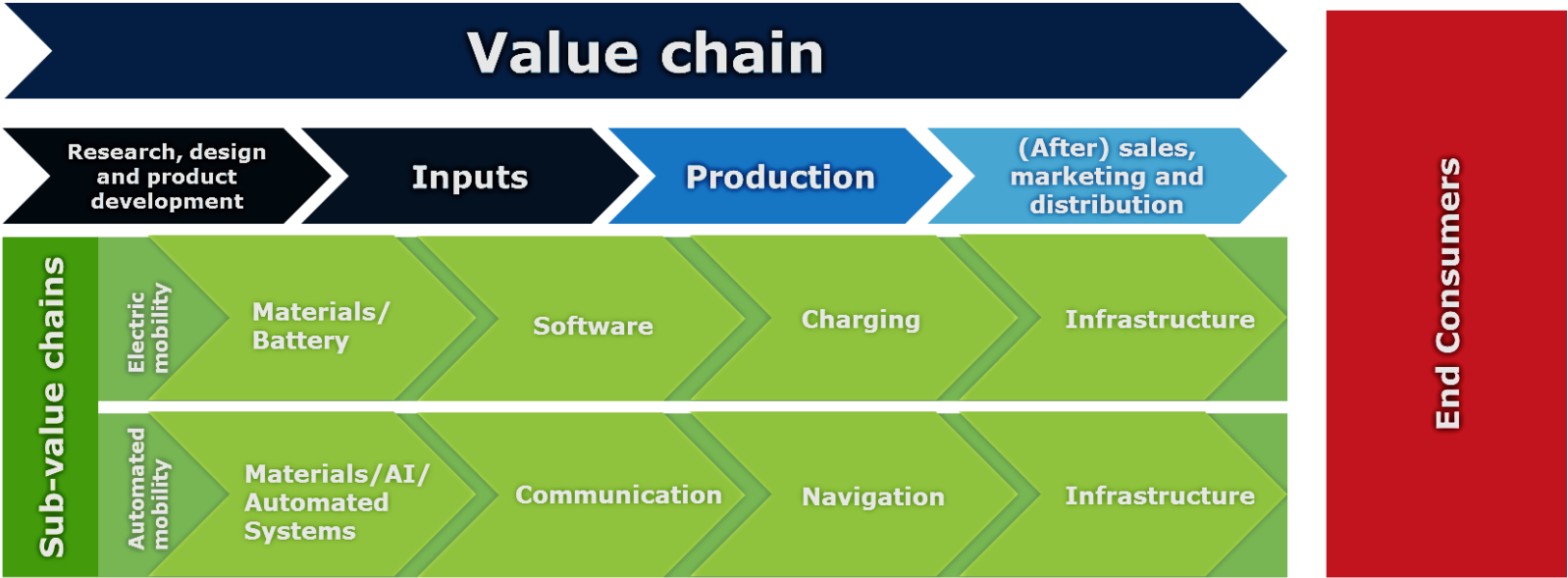
Region A
Less developed
ecosystem

Region B
More developed
ecosystem

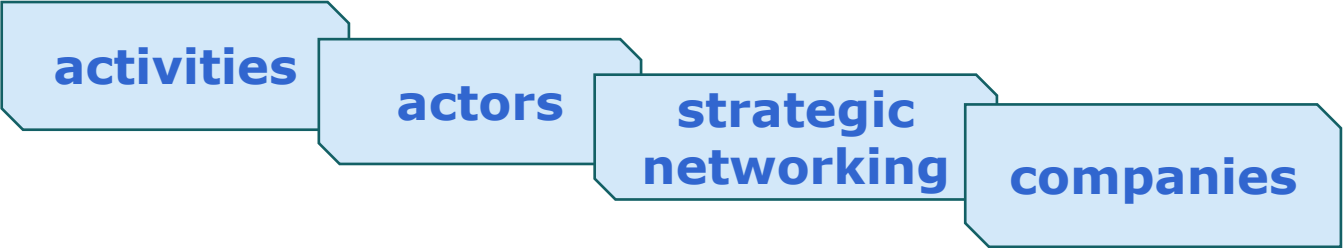
Investments in European value chains



Example: Autonomous Vehicles



Combination of



interconnected through sectors and borders



“

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

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.



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.



Uptake of innovative technologies or solutions

TRL 6-9

Maturity of Innovation Project

13

Investment



Close to market



TRL >
5/6

TRL 1 – basic principles observed



TRL 2 – technology concept formulated



TRL 3 – experimental proof of concept



TRL 4 – technology validated in lab



TRL 5 – technology validated in relevant environment



TRL 6 – technology demonstrated in relevant environment



TRL 7 – system prototype demonstration in operational environment



TRL 8 – system complete and qualified



TRL 9 – actual system proven in operational environment

Knowledge
Development

Technology
development &
demonstration

Business &
Investment
Development

13

Interregional Innovation Investments

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 35 partnerships)



Assisting the EC
in the assessment of
new interregional
S3 partnerships

13

Evaluation activities,
capitalisation,
experimentation
(policy learning)

Stakeholder Consultation

On-line
public
consultati
on

A
Personal
information

A.1 Title
A.2 First name
A.3 Last name
A.4 Email

B
Your organisation

B.1 Name of your organisation
B.2 Country of your organisation

C
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?

D
Shaping I3:
key questions

D.1 What thematic areas would you like the I3 to focus on?
D.2 How can the new instrument best unlock interregional innovation investments?
D.3 Preferred type of support
D.4 Where are there potential complementarities with other EU instruments and actions?
D.5 How complementarities with other EU instruments and programmes can be encouraged?
D.6 What are the main market failures that the instrument should address to facilitate investment by mature partnerships?
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?

E
Position Paper

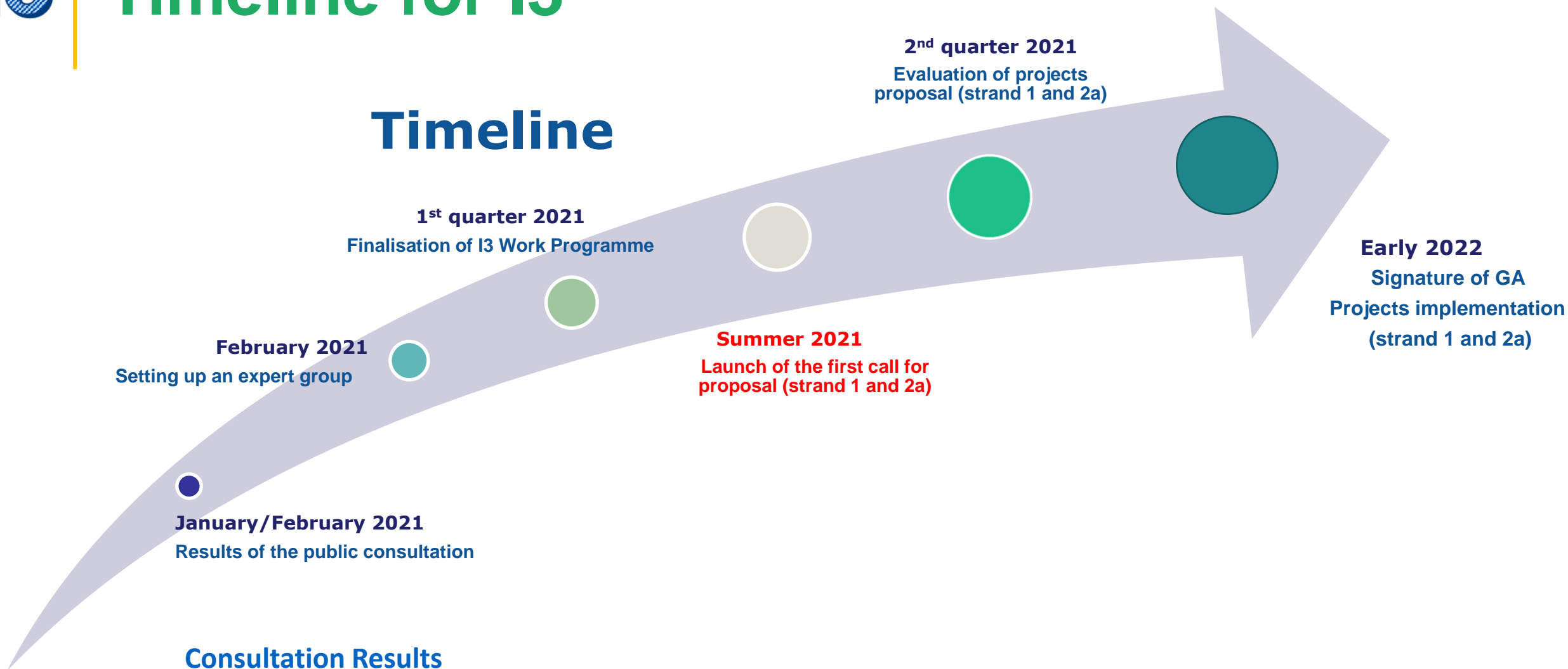
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❑ **CARRIED OUT BY DG REGIO**
from July to September 2020

❑ **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



Consultation Results

https://ec.europa.eu/regional_policy/en/newsroom/consultations/interregional-innovation/

Expert Group

Main elements

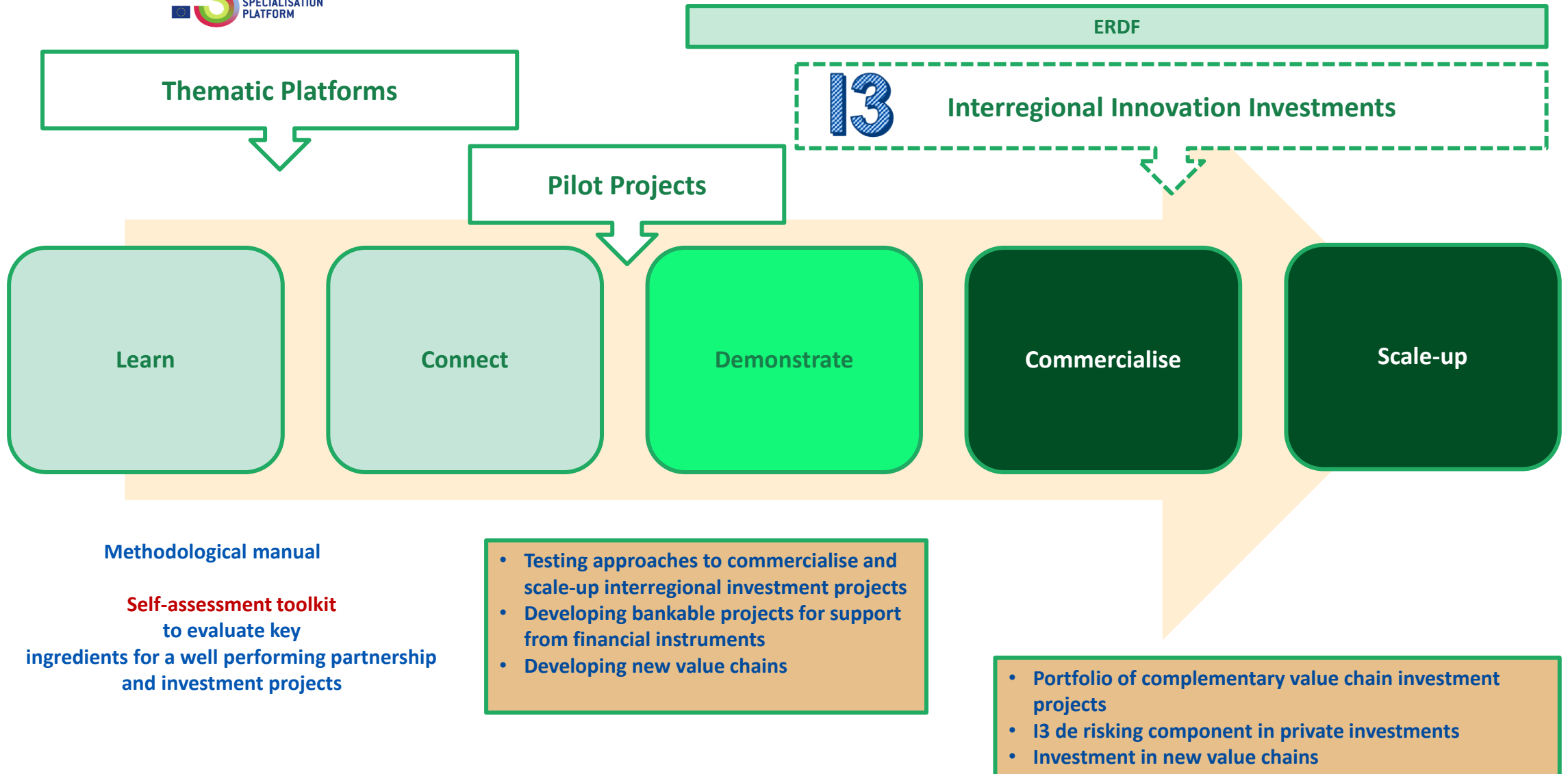
- The Commission shall be supported by a **group of experts** composed of representatives from Member States, regional authorities and cities, representatives of business, research and civil society bodies.
- The composition of the expert group shall aim to ensure **gender balance**.
- A **call for expression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

The Commission shall ensure coordination and synergy

with other EU funding programmes and instruments



Scenarios for the future



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)



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 advice on investment projects) &

InvestEU Portal (database matching projects with potential investors worldwide)



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[europeancommission](https://www.instagram.com/europeancommission)



[@EuropeanCommission](https://www.youtube.com/@EuropeanCommission)



[EUTube](https://www.youtube.com/EUTube)



[EU Spotify](https://open.spotify.com/playlist/37i9ZK4jwN9bK3p2G8H8H8)

Thank you



Questions?



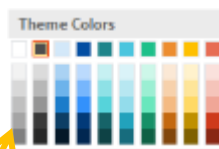
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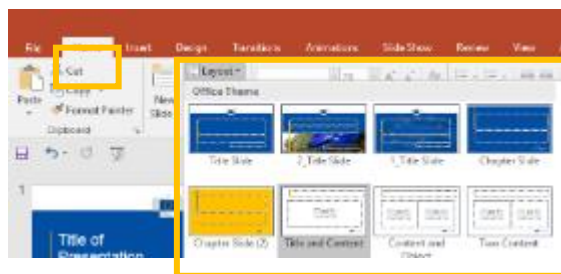
Slide xx: element concerned, source: e.g. Fotolia.com; Slide xx: element concerned, source: e.g. iStock.com

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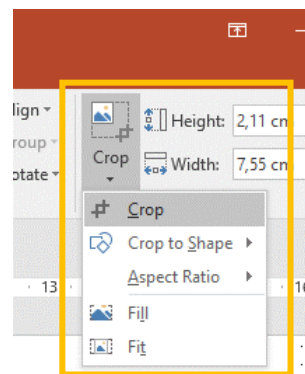
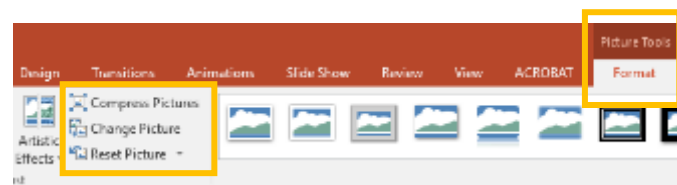
- A **theme** and **colour palette** have been designed



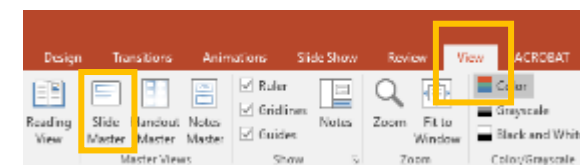
- Layout and cover slide options can be found under **Home > Layout**



- 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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