



Working Document

Interregional Innovation Investments European Territorial Cooperation – Component 5

Why this is a good proposal to contribute substantially to the strengthening of the competitiveness of the EU and all of its regions

What is it about?

Every European region is strong in one or more particular areas, but hardly any of them is strong enough on itself to face and lead worldwide competition. Collaboration across regions is therefore needed. Moreover the needed exercise in this context is to bring innovation faster to the market, which requires public investments that form the basis of later follow-up public-private and private investments and initiatives. When working together across borders, these investments can be better optimized and aligned.

The European Commission has clearly heard this message and need, and has integrated in its proposals for a new EU Cohesion Policy, and more in particular the European Territorial Cooperation strand, a completely new “Component 5” (ETC-C5) dedicated to Interregional innovation investments. The initiative aims at encouraging close-to-market investments involving innovative products and services through the deployment of new technologies or processes, within European value chains in priority sectors. It will do so by providing financial support to collaboration between researchers, businesses and other innovation actors (such as clusters), civil society and public administrations based in European regions with matching smart specialisation assets that, together, bring together the main actors within a given value chain.

Further details to translate this goal into operational terms of a future Interreg programme are still to be developed, but in this paper we argue that this initiative, which adds a valuable dimension to the ETC goal within Cohesion Policy, deserves EU wide support, and should therefore be supported by the European Parliament and by the European Council, as well as by Regions across the EU.

Let's support this initiative !

1. Such a tool is needed to strengthen EU-wide strategic collaboration of ecosystems along smart specialisation priorities in order to build and re-shape European value-chains by encouraging the synergies between investments in different regions. It would help in matching bottom-up approaches with EU-wide objectives.
2. The programme is designed to fit in within the European Territorial Co-operation regulation. It is complementary to existing components and to mainstream ERDF Operational Programmes, modernizes EU policy and shapes a logical next step in interregional collaboration. ETC-C5 as it is proposed by the EC guarantees an earmarked budget open to stakeholders in all EU regions. Relocation of the programme outside of ETC and into ERDF brings several risks. In general, a change of the legal base of the component limits its ambitions and its potential impact, and it creates overall uncertainty. In a time of harsh negotiations about the overall MFF budget, relocating the programme would be seen by many as an excellent opportunity to downsize the ETC budget.

The possible relocation scenarios circulating each carry their own specific additional risks :

- Creating a centrally managed initiative similar to the ‘Urban Innovative Actions’ makes the possibility for synergies with other EU funds highly unlikely, which in addition would be a missed opportunity at a time when new possibilities are emerging;
- Placement in regular national or regional ERDF Operational Programmes gives no guarantee at all that the funds will be allocated for EU wide interregional investments. Moreover, placement



in regular ERDF Operational Programmes will lead to state aid and coordination issues, delaying investments. Calls and priorities would not be aligned and synchronized between regions, and the potential for joint calls with other centrally managed programmes would be undermined. We welcome the option for regions to include an outward looking perspective in their ERDF Operational Programmes (well beyond the current possibilities offered by art. 70 of the Common Provisions Regulation), which as such could offer an additional top-up to ETC-C5 activities and investments. However reality shows that so far no single region has made use of this article across the borders of its Member State.

3. Partnerships operating within the EC's Thematic Smart Specialisation Platforms – which today include 177 EU regions from 18 Member States – are best placed and prepared to apply to future calls by the programme as they are constructing their own “pipeline of projects and investments”, but calls would be open to any partnership in an identified thematic area that bring together regional partnerships sharing smart specialisation priorities and which meet the criteria of the call. Giving them a funding perspective is key in the success of these initiatives.
 - Continuous and strengthened support for TSSP Partnerships, in particular for the “learn” and “connect” phases activities, are therefore also needed in parallel of this programme. A coherent package of support activities should therefore be developed under the Single Market Programme and could also be part of a revised Interreg Europe programme;
 - Calls launched by the programme will result from a work programme co-created by the EC in collaboration with a large number of actors, including regional stakeholders to ensure the link with up-to-date RIS3 strategies.
4. The current ETC components of Interreg cross-border (A) and transnational (B) cooperation can also contribute to (part) of the goals mentioned, but because of their geographical boundaries they do not allow the building and strengthening of truly European value chains:
 - The possibility within the current regulation to include “non-programme area” partners in a project consortium is to a large extent theoretical : this is always regarded as an exception, involves additional administration and is only limited for a small number of partners (1-2), hindering as such large geographical spread. Moreover a limited number of Member States refuses to give permission to its actors to enter a consortium as a “non-programme area” partner (Bulgaria, Austria);
 - A recent initiative to set up a full scale collaboration within the context of a project proposal, involving the Interreg transnational programmes North-West Europe and Central Europe, has been refused by the Monitoring Committee of NWE.

The current ETC component for interregional cooperation (Interreg Europe), which is being abandoned within the current EC proposal but still gathers large support, could be re-introduced in the proposals as part of a coherent support package for interregional collaboration, on the basis of a thorough re-thinking enhancing its impact. Consortia should be build on the basis of matching smart specialisation strategies and be clear on the intention to aim for a long term policy collaboration in a given value chain, regional action plans would need to include collaborative activities across borders by obligation and their financing can explicitly be diverse with ETC-C5 being one of possible follow-up funding sources.

5. The value chains that will be targeted can include any sector – traditional as well as non-traditional, technologically based and non-technology oriented – as a minimum the product or process should be new to market. The tool offers the perspective to harness and connect all valuable potentials existing in the regions across the EU.

In addition, within the current thinking, +/- half of the proposed budget is to be devoted to support for capacity building of regional innovation ecosystems in less developed regions to participate in global value chains and to participate in partnerships with other regions, in order to make sure

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their existing potential finds its way to a complete and collaborative exercise building on strengths and resulting in EU competitiveness.

6. The proposed direct management of the programme is inspired by the need to have a mechanism as simple and fast as possible for investment projects management, taking into account the speed of technology development and the need for supporting public authorities to not be a delaying element in that process (e.g. as a result of coordination issues). Moreover direct management is more suitable to address state aid issues. On top it eases the possibility to work towards real synergies with other centrally managed EU programmes such as Horizon Europe and Digital Europe, for example via coordinated calls.

Thank you for supporting ETC-C5 for “Interregional Innovation Investments” as a new and complementary component in INTERREG, shaping a logical next step in interregional cooperation and a modernisation of EU policy. Thank you for defending :

- **placement of ETC-C5 in INTERREG**
- **its budget of 970 mEUR**
- **central management**



#welovec5