

CALL FOR EVIDENCE FOR THE NEW EUROPEAN INNOVATION AGENDA

ERRIN CONTRIBUTION

10th May 2022

ERRIN welcomes the initiative to strengthen the innovation dimension of the European research and innovation policy. In the process of the renewed European Research Area, ERRIN made a number of recommendations to strengthen the innovation dimension of the ERA. There has been some developments in that direction, but the Innovation Agenda will be essential for emphasising the need to tackle innovation side by side with research.

ERRIN's mission is to enhance research and innovation capacities at local and regional levels. Based on ecosystem thinking ERRIN brings together at the European level quadruple helix actors to collaborate on broad range of research and innovation topics. We wish to use this contribution to advocate regions being able to fulfil their crucial role within this highly anticipated agenda.

Building an effective European research and innovation policy depends on strong interconnected research and innovation ecosystems embedded in regions and cities. Innovation happens in places and there are specific local conditions that enable ecosystems to flourish. ERRIN supports enhancing local and regional ecosystems and working towards achieving a less fragmented European innovation ecosystem. Supporting collaboration between different stakeholders – public administrations, universities, research organisations, companies, clusters and civil society – at regional level to strengthen ecosystems, as well as collaboration between ecosystems, are both essential to reach that goal.

This being said, a large body of work carried out by ERRIN is of great relevance in the context of the [call for evidence](#) for the new European Innovation Agenda. Below, please find input on the new European Innovation Agenda according to members of ERRIN's Policy Working Group, divided according to the strategic priorities of the Agenda as well as other areas we would like to draw your attention to.

Innovation Ecosystems

The current multiannual financial framework (2021-2027) places increasing importance on the place-based dimension and includes several programmes and instruments that are developed around ecosystem thinking requiring the engagement of multiple stakeholders and embracing quadruple helix or quintuple helix collaboration. Digital Innovation Hubs (Digital Europe Programme), European Innovation Ecosystems Action (Horizon Europe) and Interregional Innovation Investments (ERDF), are examples of such developments. ERRIN has actively [contributed](#) to all these instruments.

The future initiatives proposed by the Commission should provide added value to the innovation ecosystems support measures already implemented in the framework of Horizon Europe and other before mentioned programmes. After the first rounds of calls, there is a need to assess how to further improve those instruments and programmes – ERRIN is happy to engage in this process.

Furthermore, the five Horizon European Missions have a clear place-based dimension and propose implementation mechanisms that require multi-stakeholder collaboration. For example, the Cities Mission proposes the creation of a 'Climate City Contract' that will bring together the key stakeholders within the city as well as the levels of government – all working together towards climate neutrality by 2030.

ERRIN has taken an active role in shaping the developments of the EU Missions. Each EU Mission is closely followed by a dedicated ERRIN Working Group. Since the launch of the work in the Mission Boards, several input documents have been developed by ERRIN members and brainstorming and sounding board meetings have been organised together with the Mission Secretariats. Outline of that work is available via dedicated [webpage on EU Missions](#). As most of the EU Missions will be largely implemented at local and regional level, this should also be taken into account in the future mission support, allowing proper engagement of regional actors. Read ERRIN input on the Mission Work Programmes [here](#).

ERRIN also follows with interest the work currently underway in the [framework of the renewed ERA and the ERA Forum for Transition](#) to put forward a coherent strategy for involving all stakeholders in strengthening Europe's research and innovation policy. In this context, a dedicated joint policy action on ERA Hubs (policy action 15) is under development. The objective of this action is to maximise value from knowledge creation, circulation, use, by strengthening territorial cohesion, place-based growth and regional development. Ideally ERA Hubs would support organisations – and people – who are able to bring together different stakeholders, join up public and private spheres, and break existing silos – also when it comes to synergies and complementarities between funding programmes. ERRIN put forward [written input](#) on this topic last year and looks forward to working together with the European Commission, Committee of the Regions and interested ERA stakeholders on further defining the ERA Hubs concept and making it operational.

Tackling the innovation divide

Tapping into underutilised research and innovation capacities is one of ERRIN's key priorities. A dedicated Management Board Task Force on widening and deepening engagement was established in 2021 with the objective to increase diversity in regional research and innovation activities as well as deepen engagement where collaboration between different stakeholders needs further encouragement. ERRIN is committed to strengthening the role of Eastern & Central European regions in ERRIN with increased roles of responsibility within the network, organise further activities driven by members from widening countries as well as welcoming regions and their ecosystems from those countries to create even more trusted relationships. Bridging the innovation divide between regions is crucial for realising the full potential of the European R&I ecosystem as a whole. Therefore, ERRIN wishes to open a dialogue with the European Commission and become a partner in the efforts of widening and deepening engagement.

Links with Smart Specialisation Strategies

The European Innovation Agenda needs to fully take into consideration the existing national and regional innovation and smart specialisation strategies and to promote possible synergies with those. The Innovation Agenda should offer stakeholders a means to complement their efforts to foster

innovation at the regional and national level. At the same time, smart specialisation should not be seen as automatically creating an innovation ecosystem at the regional level. To achieve this aim, the S3 strategies should include a dedicated innovation policy, investments to support its implementation and cooperation between the ecosystem stakeholders with higher education institutions and research organisations acting as platform for innovation. Similarly, university alliances should not be seen as automatically creating collaboration between various ecosystem actors.

Initiatives such as the PRI (Partnerships for Regional Innovation) Pilot Action should be further used to bridge between research and innovation and the regional policy ‘worlds’. ERRIN is committed to supporting our members in taking an active role in the Pilot as well as engaging the wider ERRIN community to learn from these experiences. Future initiatives should build on the experience of regions with smart specialisation strategies over the last years, taking note of both positive aspects and remaining challenges.

Access to Finance

One of the persistent barriers in the access to finance is the lack of coordination and coherence in public funding. Better coordination of public funding between levels of government and EU programmes is needed. This barrier is often enhanced by lack of collaboration between the levels of governance.

In addition, there are still too many funding programmes at both European and national levels that are directed to a single actor group. For example, funding agencies at national level have often a mandate to support for example universities or SMEs, but rarely different stakeholder groups, nor their collaborative efforts. Opportunities where all innovation ecosystem actors can join forces are increasing but still rather limited. More support for such ecosystem programmes is needed, however, the programmes still need to be assessed and improved with the support of the ‘target group’ i.e. ecosystems.

There is a need to ease the administrative burden related to controls and procedures weighing on local actors who get involved in EU funded programmes. This point is stressed by the policy orientations for the development of the Union’s ecosystem delivered by the EIC Forum in 2021. Most local actors, whether they are clusters, SMEs, start-ups or universities, have scarce resources that are not adapted to the administrative burden required for control processes under EU funded programmes. They are difficult to manage and this administrative burden represents a significant barrier to access to finance. Application processes and requirements can also be very dissuasive to these actors, as is the case for the Innovation Fund for instance. There is an urgent need to simplify and harmonise processes to support local innovation ecosystems.

Furthermore, it should be ensured that the funding programmes targeting start-ups and SMEs are financing activities that scale up and innovate. SMEs have difficulties to focus investment on growth and scaling when access to finance must also cover, for instance, the companies’ current expenditure, including salaries (in the case of micro-SMEs or entrepreneurs, including partners working in the company).

There is also still a noticeable gap when it comes to the access to financing innovative or early-stage projects on advantageous terms. The requirement for guarantees and the costs linked to them

continue to be an obstacle. On the other hand, although considerable progress has been made on quasi-equity or equity loans and venture capital, there is still much to be done. It is also needed to address the issue of tax deductions to investment that would attract foreign capital.

Synergies

The Seal of Excellence is often presented as the tool ensuring funding synergies. While there are discussions on extending the Seal of Excellence to other programmes, it is essential to make sure that it can be used appropriately by local authorities under the existing programmes – both guidance and evaluation of the use cases is needed.

At the same time ERRIN members are currently particularly interested in creating strong synergies between research and innovation funding and structural funds especially in light of European Partnerships and EU Missions. However, even if synergies are in theory permitted, without clarity on operational rules this is not possible in practice. Many regions were eager to join co-funded European Partnerships (Water4All, Driving Urban Transitions) and use structural funds as their contribution in the Partnership, however the barriers persist.

ERRIN has been engaging in the discussions around [funding synergies](#) and organising activities e.g. around European Partnerships and EIC. Meetings so far focused on other topics on the use structural funds in co-funded partnerships and how the partnerships can be used as a means to further coordinate regional and national research and innovation agendas, or making synergies between Horizon Europe and ERDF operational. In this context, the Czech Council Presidency event on funding synergies in July is greatly anticipated by the regional R&I community.

European Experimentation Space for Innovation

Improving the regulatory environment to make it more enabling for innovation requires interventions in multiple fields. Addressing issues related to innovation procurement is one of them. In this context, ERRIN has been a partner of the [inDemand project](#), which offers a new open innovation model where healthcare organisations with unmet needs and external companies jointly co-create digital health solutions with the economic support of regional public funds. The inDemand model could be replicated also in other sectors as an interesting co-creation model for procuring innovative solutions.

When it comes to better regulation the upcoming EU Strategy on Technology Infrastructures (TIs), currently under discussion in the ERA Forum (ERA action 12), is also very relevant. Developing a strategic roadmap for Technology Infrastructures (including demonstrators, testbeds, piloting facilities, living labs, etc.) will help to tackle the challenge of a fragmented EU R&I ecosystem.

TIs are also an important element contributing to European innovation hubs. With an aim of accelerating technology uptake and scale-up by large and small industry, TIs provide the necessary services to solve industry's challenges, turning innovative ideas into large volume production, or transforming disruptive technologies into market ready products and services, in an efficient way.

'Regulatory sandboxes' are frequently put forward as a tool to test innovative solutions without bearing the regulatory burden but there is a need to establish a clear framework for these initiatives (definitions, limits in time and scope). Such frameworks should be developed together with the key

research and innovation actors, including local and regional authorities. For example, ERRIN sees an increasing interest of regional partners to join European Partnerships such as the CCAM – Connected, cooperative and automated mobility – to be around the table to ensure that the research and innovation work in this area addresses the needs of the regions, cities and citizens.

Action for Retaining Talents in Europe

An ecosystem approach is essential for developing and retaining talent in Europe. The role of sector skills alliances and ways to foster regional dimension of their work should be explored in this respect. ERRIN has been involved in the [CHARTER project](#), working to secure the future skills needs for cultural heritage to face the twin transition of their sector at a regional scale. Furthermore, there should be a reinforcement of the regional roll-out of all Blueprints for Sectoral Skills Strategy funded by the European Commission and how to better coordinate actions at regional and national level in the respective Member States, securing a stronger voice for regional activities.

The role of MSCA COFUND to attract excellent PHD and post-graduate students in EU regions would be another issue to reflect on, next to potential links with the proposed establishment of the EU Talent Pool by the Commission. A dedicated space for researchers within this platform and synergies with MSCA could be envisaged in the frame of attracting and retaining talents under the Innovation Agenda.

Better Innovation Policy Making

In order to achieve better innovation policy making, the question of added value of new initiatives should be considered. The EIC Forum has been established to improve innovation policy making. However, it seems that the participation in the strategic configuration of the Forum is restricted to Member States representatives. The improvement of the innovation-related policy environment would require active engagement of various stakeholders.

At the same time, the creation of a European policy forum for regional and local innovation ecosystems should be examined. Building on the Week of Innovative Regions in Europe (WIRE), ERRIN sees an opportunity to create in-depth dialogue on R&I practices and challenges throughout European regions. Such a policy forum could be part of the New Innovation Agenda. This WIRE 2.0 would be a European policy forum where policy makers, public authorities, academia and business would meet, exchange and further develop and strengthen regional innovation ecosystems, create connections between the ecosystems as well as address the coherence of the EU R&I ecosystem. These points were elaborated on more extensively in ERRIN's [recommendations on the future of the ERA](#) from June 2020.

Further areas to be tackled in the new Innovation Agenda

Collaboration between innovation actors across Europe is key to addressing the complex problems Europe is facing. More generally, societal challenges often have a systemic nature that requires not only a broader range of competencies but also the adoption of a different perspective or a new way of working, that is more holistic in involving different sectors, actors and disciplines. For example, in reaching the ambitious objective of climate neutrality by 2030 in cities, most technologies already exist, but major challenges lie in innovating in terms of governance and financing for example.

The Innovation Agenda should not consider innovation only from the commercial value perspective. The role of social economy and social innovation needs to be recognised, as it can be key to support the development of new ideas or projects in relation to societal challenges. As such, social innovation should be addressed in upcoming innovation-related initiatives and programmes.

Another point is the need for foresight, considering the longer-term perspective, readiness to transform and staying resilient. Foresight tools, technology watch and competitive intelligence could direct efforts towards technological and market areas with more opportunities for transformation. They would also contribute to the better planning of new policies, services and funding schemes. VUCA scenarios (volatile, uncertain, complex and ambiguous) can create strategic opportunities, but also threats. Foresight and technology watch activities aimed at planning innovation policies can minimise threats and maximise opportunities for business competitiveness, the well-being of citizens and the prosperity of the territories.

Dealing with the current volatile and fragile geopolitical situation will require a systematic approach to link the territorial innovation ecosystems with long-term foresight exercise and global trends to translate into opportunities for sustainable growth and job creation in European regions. This will require a real multilevel governance mechanism to avoid duplicities and to improve economies of scale among the different levels of governance.

The new European Innovation Agenda should be the lever to obtain and share relevant knowledge and expertise among innovation actors. This should go further toward a systemic approach to transform this knowledge and expertise into participation and engagement and from that to real action and scale up of solutions for all.

[ERRIN](#) (European Regions Research and Innovation Network) is a Brussels-based platform that gathers around 120 regional organisations in more than 20 European countries. ERRIN aims to strengthen the regional and local dimension in EU Research and Innovation policy and programmes. ERRIN supports members to enhance their regional and local research and innovation capacities and further develop their research and innovation ecosystems.

The ERRIN members primarily collaborate through 13 Working Groups (WG), covering both thematic areas and overarching policy issues. The Working Groups are based on members' priorities and current funding opportunities. The WG meetings are at the heart of ERRIN's activities, as this is where our members meet regularly to exchange information, present regional examples, build new partnerships, develop joint projects, network and much more.

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