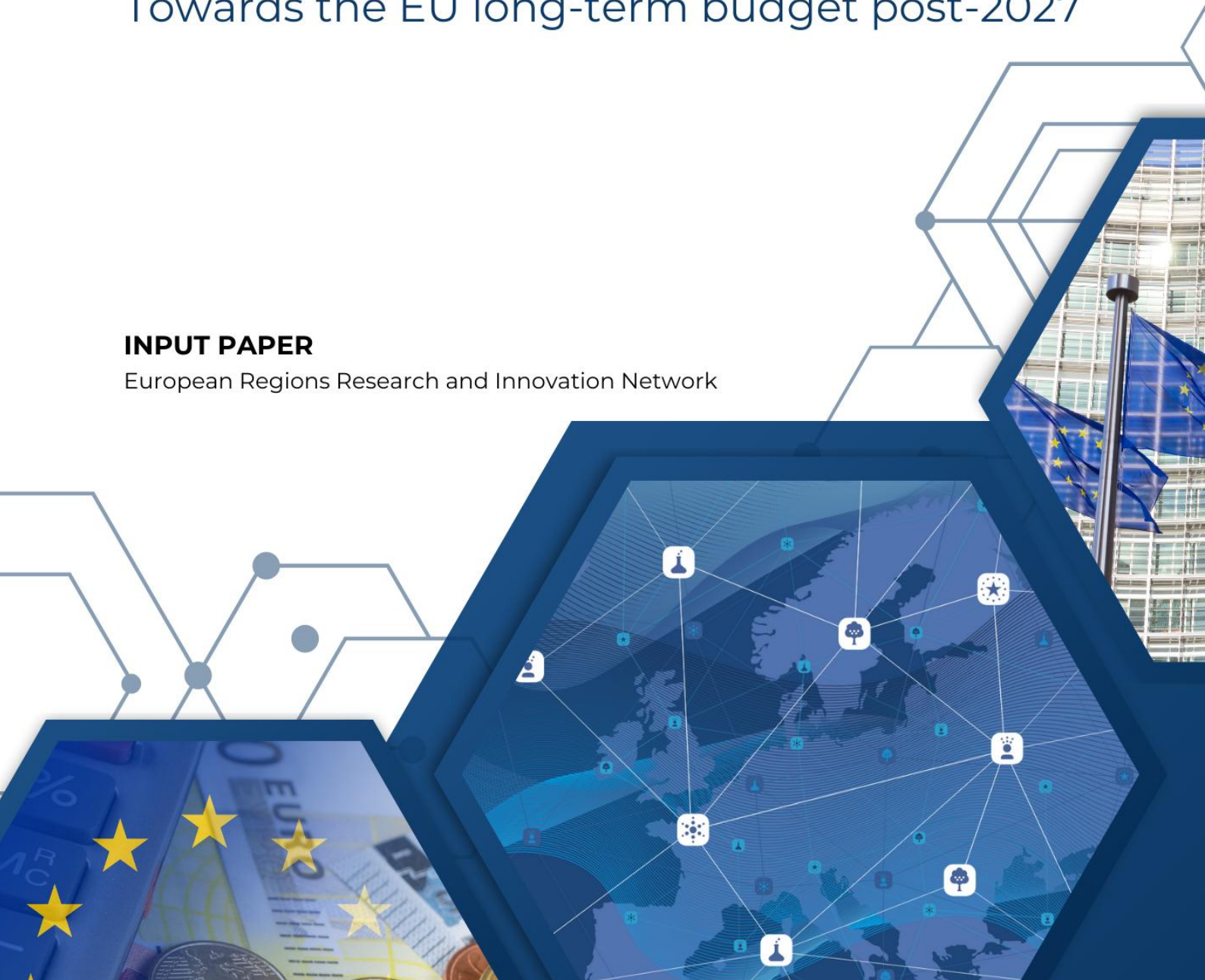


Connected regional innovation ecosystems – key for Europe’s competitiveness

Towards the EU long-term budget post-2027

INPUT PAPER

European Regions Research and Innovation Network



11 March 2025

Contents

Executive Summary.....	3
Support to place-based R&I ecosystems post-2027	4
Introduction	4
Towards a better framework for ecosystem support schemes.....	5
Support measures across FP10	6
Developing a more inclusive EU R&I ecosystem.....	8
In the frame of competitiveness agenda	8
Key recommendations	9
Assessing existing programmes and tools supporting ecosystem collaboration	11
In the framework of research and innovation policy.....	11
Partnerships for Regional Innovation (PRI).....	11
European Innovation Ecosystems action (EIE).....	11
Regional Innovation Valleys (RIVs).....	12
In the framework of cohesion policy	14
Smart Specialisation Partnerships (S3 Partnerships)	14
Interregional Innovation Investment (I3).....	15
Thematic approaches.....	15
Hydrogen Valleys	15
Digital Innovation Hubs (DIHs).....	17

This document is based on findings, dedicated exchanges and co-creative bottom-up work on the topic with ERRIN members. Dedicated discussions were organised in the frame of the ERRIN Policy Working Group on the role of place-based R&I ecosystems in the frame of the upcoming Framework Programme (FP10) as well as the Multiannual Financial Framework (MFF) post-2027. The paper also includes insights gathered in the high-level event on ‘Connected regional innovation ecosystems – key to Europe’s competitiveness’ that took place on 28 January 2025. However, given the diverse views represented by ERRIN, all details of this paper might not be endorsed by all network members.

While this input paper reaches beyond FP10, it marks the third contribution in the ERRIN paper series ‘Towards the 10th Framework Programme’. The previous two comprehensive input papers in this series cover the topics of [Widening and deepening engagement in R&I](#) and [the role of EU Missions in the FP10](#). The fourth input paper will focus on European Partnerships and is in the pipeline for end of March 2025.

Executive Summary

Research and innovation have gained momentum as one of the major priorities of the new European Commission. Ursula von der Leyen, in her speech at the European Parliament inaugurating the new Commission college in November 2024, placed innovation at the heart of her mandate and as one of the three pillars for the next five years. Because of its essential role in developing new knowledge, addressing societal challenges and contributing to the EU's competitiveness, research and innovation should be held at the heart of EU policymaking (Draghi report).

Even with the strong recognition of the value of innovation ecosystems in key documents such as the Draghi and Heitor reports, the importance of a place-based dimension of innovation ecosystems is not covered, leaving a gap in the current policy discussions. A thriving European innovation ecosystem requires strong and well-connected place-based innovation ecosystems. A better-connected European innovation ecosystem will be essential for enhancing the competitiveness of Europe, its resilience and strategic autonomy. Collaboration among territorial ecosystems enables European regions to leverage their combined strengths to develop innovative solutions more efficiently. By embedding a strong ecosystem approach within FP10 and the Competitiveness Fund, the EU can unlock the full potential of its innovation ecosystem and drive long-term prosperity.

Cities and regions are key for fostering innovation and multi-stakeholder collaboration, as strong place-based ecosystems can mobilise key stakeholders locally – public and private sector, academia and civil society – and strengthen Europe's research and innovation ecosystem as a whole. Connecting smaller actors, such as Small and medium-sized enterprises (SMEs) and start-ups, at the European level requires strong support frameworks at local and regional levels. SMEs are the backbone of Europe's economy, and it is at the local level where the smaller companies and start-ups get involved in innovation projects and in the Framework Programme for example. Without strong local support and a well-functioning ecosystem, companies will not be able to engage in innovation processes and international innovation collaboration opportunities.

Therefore, our key recommendations for the next Multiannual Financial Framework (MFF) are:

Establish a clear framework for territorial R&I ecosystems. To ensure a better connected and further simplified EU funding landscape, the next MFF should provide a strong framework for support to connecting regional R&I ecosystems across EU.

Support place-based R&I ecosystems across the (FP10)/Competitiveness Fund. FP10 should embed an ecosystem approach across the programme, facilitating more extensive collaboration between various R&I stakeholders to ensure further impacts and to enhance EU's competitiveness. Initiatives supporting place-based innovation, such as the Regional Innovation Valleys, should be strengthened in FP10 and integrated into the Competitiveness Fund.

Ensure a more inclusive R&I ecosystem to close the innovation gap. Europe needs to tap into its underutilised potentials and to ensure that Europe goes forward with one speed. Fostering collaboration between leading and emerging ecosystems can help unlock the EU's full innovation potential.

Adopt a place-based approach to enhance competitiveness and to ensure more targeted investments. An ecosystem-driven approach will help regions leverage their unique strengths and contribute effectively to Europe's economic and social transition. Coordination between all levels of government is a key for more targeted investments.

Support to place-based R&I ecosystems post-2027

Introduction

Research and innovation have gained momentum as one of the major priorities of the new European Commission. Ursula von der Leyen, in her speech at the European Parliament inaugurating the new Commission college in November 2024, placed innovation at the heart of her mandate and as one of the three pillars for the next five years. Because of its essential role in developing new knowledge, addressing societal challenges and contributing to the EU's competitiveness, research and innovation should be held at the heart of EU policymaking (Draghi report).

The important role of research and innovation ecosystems has been strongly recognised by the recent Draghi and Heitor reports. The Draghi report highlights that Europe's fragmented innovation ecosystem is one of the elements that hamper EU's competitiveness. The Heitor report proposes that four spheres of action are needed to deliver European added value in the future European Framework Programme for R&I (FP10). One of these four spheres is strengthened R&I ecosystems. The report also dedicates one of the key recommendations to R&I ecosystems.

A thriving European innovation ecosystem requires strong and well-connected place-based innovation ecosystems. A better-connected European innovation ecosystem will be essential for enhancing the competitiveness of Europe, its resilience and strategic autonomy. Collaboration among territorial ecosystems enables European regions to leverage their combined strengths to develop innovative solutions more efficiently. This collaboration also accelerates the commercialisation and scaling of technologies, bolstering the EU's competitiveness also globally.

At the same time, while Draghi emphasises the importance of connecting excellent hubs across Europe, he does not explicitly address the importance of territories or place-based ecosystems, nor recognise that this challenge might be related to the fact that innovation is inherently local. The same goes for the Heitor report. The concept of an ecosystem is not really defined and analysed, which leads to proposing measures that are 'top-down' and not addressing the territorial dimension of R&I ecosystems or proposing measures that strengthen territorial collaboration at the European level.

"Although Europe is a world leader in clean tech innovation, it is squandering early-stage advantages owing to the weaknesses in its innovation ecosystem"

Draghi report



Cities and regions are key for fostering innovation and multi-stakeholder collaboration, as strong place-based ecosystems can mobilise key stakeholders locally – public and private sector, academia and civil society – and strengthen Europe's research and innovation ecosystem as a whole. Connecting smaller actors, such as SMEs, at the European level requires strong support frameworks at local and regional levels. SMEs are the backbone of Europe's economy, and it is at the local level where the smaller companies and start-ups get involved in innovation projects and the Framework Programme for example. Without this support, companies will not be able to engage in innovation processes and international innovation collaboration opportunities.

Well-connected place-based R&I ecosystems are key for Europe's competitiveness and essential for tackling the fragmented European R&I ecosystem. For instance, in Southwest Finland, over 20% of Horizon Europe funding has been allocated to companies, the majority of which are SMEs and start-ups participating in Pillar II cooperation projects. This example underlines how local ecosystems enable smaller companies to participate in international innovation collaboration opportunities that they might otherwise miss without such support. These projects also allow to bring the supply and demand side together. The local level has the best understanding of what is needed to stimulate innovations and to create the right conditions for SMEs and other stakeholders to thrive. Also at the European level, the SME participation is almost 20% and highest at the Pillar II (according to the Horizon Europe Dashboard).

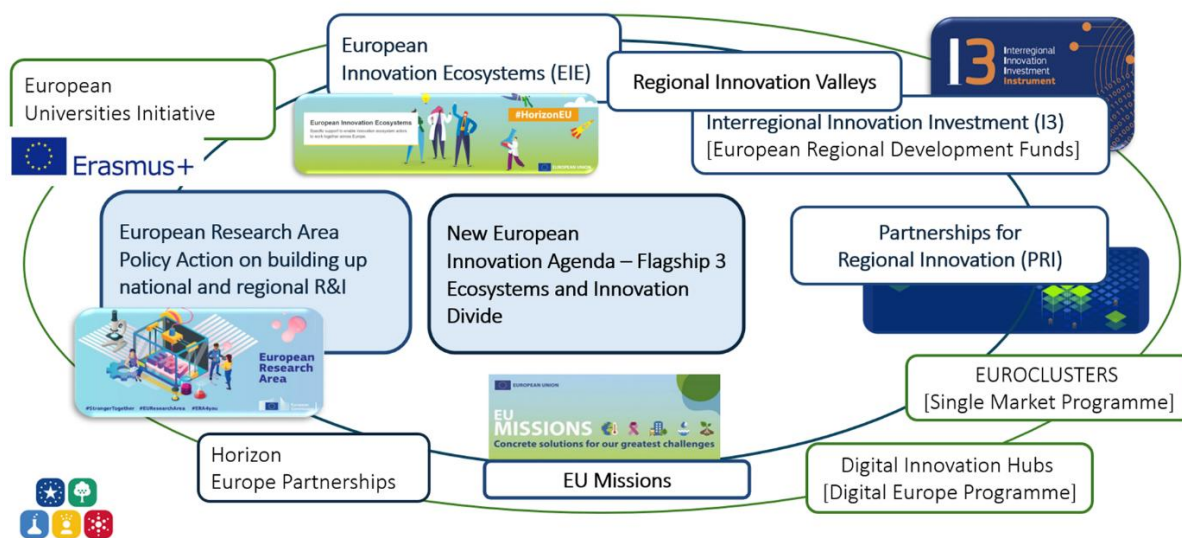
The current Framework Programme, Horizon Europe, includes a dedicated European Innovation Ecosystems (EIE) action that is designed to support strengthening and connecting research and innovation ecosystems across Europe. This action, however, has a rather limited budget. At the same time, European Innovation Ecosystems action has the potential to become a much stronger programme as different types of 'valleys' are booming under various policies and funding programmes, and the Regional Innovation Valleys initiative has raised unprecedented interest among regional stakeholders. Therefore, further anchoring place-based R&I ecosystems in the future FP10, calls for a clear framework for the ecosystem support. Additionally, FP10 would benefit from embedding an ecosystem approach across the programme, facilitating more extensive collaboration between various R&I stakeholders and further enhancing the connectivity of those ecosystems across Europe on common challenges as well as along value chains.

Towards a better framework for ecosystem support schemes

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 collaboration. European Digital Innovation Hubs (Digital Europe Programme), European Innovation Ecosystems Action (Horizon Europe) and I3 Instrument (ERDF), are examples of such developments. ERRIN members have actively contributed to the development of all these instruments.

Various parts of the Horizon Europe programme are already supporting an ecosystem approach: under Pillar II through [EU Missions](#) and [European Partnerships](#), under [Widening participation](#) and strengthening the European Research Area (ERA) through Excellence Hubs, as well as under Pillar III via the European Innovation Ecosystems (EIE).

These support schemes are however scattered. One of the main challenges when it comes to support to place-based R&I ecosystems is the rather complex landscape with various tools and instruments that also have varying focuses and distinct target groups regardless of the ambition to bring together various stakeholders. Ecosystems can be defined in various ways and many sets of typologies have been developed to do so. When looking at the European landscape the support instruments are often linked to the 'driver' or the orchestrator of the ecosystem e.g. industrial or entrepreneurial ecosystems (private sector), knowledge ecosystems (academy) or policy-driven ecosystems (policymakers). The focus and dynamics of these different types of ecosystems vary, as well as how they interact.



There is a clear need for a portfolio of instruments to support interregional innovation. Novel instruments such as those that aim to break silos by addressing cohesion policy, industrial policy and R&I policy are needed and welcome. One-off calls or short-term initiatives are not sufficient to address the need, but continuous support is required to attract and mobilise regional actors.

Smart Specialisation Strategies have proved to be a useful tool for leveraging regional strengths and fostering interregional collaboration under cohesion policy. As proposed also in the ESIR policy brief from June 2024¹, the R&I framework would benefit from further integrating the smart specialisation principles to better support regional innovation.

ERRIN advocates for setting a clear framework for ecosystem support within FP10, as well as across programmes to ease the navigation for potential beneficiaries. It is important to recognise that there is no easy – or a top-down – way to tackle fragmentation. Combining strengths and driving change in all territories is necessary to help bring ideas to market and to address challenges. The framework should ensure a streamlined entry to the different programmes with better aligned and coordinated rules and the possibility for a portfolio approach maximising the synergy effect of the programmes and instruments.

Support measures across FP10

In some ways, the entire current Pillar 2 in Horizon Europe exemplifies the ‘ecosystem approach’, if one considers the ecosystem to be Europe as a whole. In the pillar II, a multitude of actors work together across Europe. While these collaborative projects are instrumental in addressing broad societal needs, there is still untapped potential to further enhance their direct impact on territories and strengthen the connections between regional ecosystems across Europe.

EU Missions

EU Missions provide an example of a support to place-based R&I ecosystems. They are implemented at local and regional levels, where transformations take place. To meet the ambitious and time-bound

¹ <https://op.europa.eu/en/publication-detail/-/publication/ef588dd3-29fc-11ef-9290-01aa75ed71a1>

targets of the EU Missions, new models of governance and collaboration are essential, bringing together all relevant stakeholders of the research and innovation ecosystems embedded in cities and regions. This underlines the important role of place-based innovation ecosystems in building a better-connected European innovation ecosystem that enhances European competitiveness and resilience.

For example, the EU Missions Work Programmes have included several calls that encourage and/or require the engagement of the quadruple helix stakeholders in the projects. ERRIN members welcome this approach but believe that further incentives are needed to encourage the ecosystem to join projects together. For instance, it could be considered as an advantage when a project application includes various ecosystem stakeholders. While such an engagement of different stakeholders is crucial, such requirements should not become mere formality and a 'tick-box exercise' rather than meaningful collaborations. It should therefore be ensured that smaller actors, such as SMEs or third sector entities, can truly benefit from and contribute to R&I activities, rather than being added to consortia just to meet eligibility criteria. It should also be ensured that the demand and supply sides are connected to enable need-based innovations and transformative change. More ERRIN recommendations on the future of EU Missions can be found in this [input paper](#) from July 2024.

In addition, more emphasis needs to be placed on giving further support for ecosystem building i.e. supporting activities that encourage bringing together the quadruple helix stakeholders and working across sectors and disciplines. The time needed to facilitate collaboration is often underestimated or disregarded when the focus is rather on developing a specific technological solution for example.

European Partnerships

The [European Partnerships](#) also foster innovation ecosystems by offering platforms for transnational collaboration among diverse actors to address common pressing societal challenges. However, their potential to deliver impactful, place-based solutions could be enhanced by fostering higher engagement from regional and local authorities in the partnerships' governance structures and creating stronger synergies with regional programmes. This has been done, for instance, by the Clean Hydrogen Partnership, which involves the European Hydrogen Valleys S3 Partnership – representing more than 65 regional and local authorities actively engaged in supporting the development of hydrogen ecosystems on their territories – in its consultative Stakeholders Group. However, to fully achieve this, the process of selecting and designing Partnerships must become more transparent, inclusive, fair and participatory. True co-creation is essential, including early consultations on implementation models, involving relevant stakeholders.

The European Commission should consider establishing common minimum requirements for regional participation across all types of Partnerships. This would ensure that regional entities have meaningful opportunities to contribute, fostering more equitable involvement in strategic decision-making and project implementation, allowing to better reflect local and regional ecosystem actors' needs in the partnerships.

European Innovation Ecosystem Action (EIE)

The European Innovation Ecosystem (EIE) action is a novelty under Horizon Europe introduced under Pillar III - Innovative Europe. The EIE aims to enable innovative actors across Europe to create more connected, inclusive and efficient innovation ecosystems that support the scaling of companies and spur innovation to address important challenges in a responsible way, as laid out in the New European Innovation Agenda (NEIA).

The European Innovation Ecosystem calls, including the Regional Innovation Valleys, have been using Smart Specialisation (S3) as means to focus a project and related funding to a local priority. This gives

the beneficiaries the flexibility to tackle issues that are strategically relevant to them. This connection to regional strategies and priorities is also encouraging for stakeholders at regional level and can serve as a motivator to engage in European level projects. ERRIN strongly supports the approach taken by the EIE action and proposes that it should be considerably strengthened and its approach – support to ecosystems and its bottom-up features – streamlined under FP10 or the upcoming Competitiveness Fund.

Developing a more inclusive EU R&I ecosystem

Tackling the innovation divide requires tapping into underutilised potentials across the EU. Reaching the full R&I potential of Europe requires unlocking the potential of all its territories. As some of the potential of territories remains untapped, there is a need to support actions that contribute to building research and innovation capacity in these places, enabling the transfer of knowledge and expertise between ecosystems, empowering institutions to become project leaders, encouraging systemic reforms and supporting the use of existing talent. This will ensure untapped potential in Europe is maximised and ensure Europe is moving forward at one speed.

For example, a recent [ESIR Policy Brief](#) shows that specialisation in different sectors at the local level can boost overall European competitiveness. Several reports also demonstrate that investments across EU bring added value also to its net payers (e.g. [EPRS Study ‘How EU funds tackle economic divide in the European Union’](#)). Tackling innovation divide and creating more inclusive European R&I ecosystem will be essential for boosting overall EU competitiveness. As a next step, the Single Market should now tap into the potential of research and development as proposed by Letta in his report.

Tackling the innovation divide is also a way to address the growing geography of EU discontent among citizens, mostly visible in territories that have been stuck in development traps with stagnating productivity, employment and income. Strengthening these territories’ R&I ecosystems can help address structural economic inequalities across Europe through the recognition of specific conditions of all Europe’s regions (economic, territorial, social).

Draghi in his report highlights that excellence should be one of the principles to tackle fragmentation. The definition of excellence seems to be much broader than the traditional Framework Programme perspective. ‘If Europe wants to be able to compete with the rest of the world, it needs the best education, talent, infrastructure, technology and companies. It also needs to devise the best policies and to implement them as effectively as possible... An excellent, competitive R&I ecosystem produces not only world-leading science, innovation and technology, it also contributes to the resilience of European communities, regions and businesses. Ambition to pursue excellence needs to be put to work in an inclusive manner to exploit our societies’, businesses’ and regions’ full innovation potential.’

Widening and deepening engagement as one of its network priorities, ERRIN has been working on this topic for several years. Further ERRIN recommendations on tackling the innovation divide and widening and be found in ERRIN’s input paper on [Widening](#) from September 2024.

In the frame of competitiveness agenda

In the context of growing global competition for investments, the EU will also need to be more strategic and more targeted with investments and financing to deliver its competitiveness agenda. That will require a bigger shift in terms of how investments are prioritised and ensuring that Europe’s

investments are sufficiently targeted requires understanding of the key role that regions and their ecosystems play in innovation and competitiveness. A place-based ecosystem approach enables us to know exactly what the needs and potentials of each region are for achieving the social and economic transition the EU is seeking to achieve. Regions should be key stakeholders in that wider shift in financing and make it a key element of their strategies for regional development, in order to ensure the alignment and efficiency of financing strategies at the regional, national and European levels.

Meanwhile, the recent European Commission Communication on ‘The road to the next multiannual financial framework’ suggest radical simplification and centralisation of Europe’s long-term budget, the Multiannual Financial Framework. This proposal raises the question of how Europe can maintain its links with regions as engines of the EU’s competitiveness

Stakeholders at the local level possess in-depth knowledge of their territories, capacity to influence and in many cases, the ability to provide complementary funding. This means that they are best positioned to identify regional priorities and develop tailored solutions. Centralising funding, risks, for example, regions losing the flexibility and autonomy to prioritise their specific R&I agendas and may limit their ability to respond to local innovation needs. Centralised funding mechanisms may also allocate resources based on national priorities rather than regional potential. This can lead to inefficient funding losing the focus from supporting innovation potentials, lack of funding as well as leading to increased disparities between regions.

Key recommendations

Setting up a clear framework for support to place-based R&I ecosystems

- A clear framework for support to regional R&I ecosystems in the next MFF is needed.
- Better coordination and further simplification of Europe’s funding landscape should provide a clear framework for strong support to connecting regional R&I ecosystems across the EU.
- Breaking silos between various policies and funding instruments is necessary to tackle inefficiencies.
- The roles of the different stakeholders in the instruments/initiatives needs to be well-defined to increase buy-in at the local and regional levels, as well as create further links with other policies and programmes such as cohesion policy through smart specialisation.

Support measures to connecting place-based ecosystems is needed across FP10

- A standalone FP10 is needed to ensure a strong research and innovation dimension in the next MFF.
- FP10 should continue funding and providing support for the creation of strong, coherent and well-connected local and regional innovation ecosystems where all actors – public sector, private sector, academia and research and civil society collaborate to ensure impactful R&I and enhance the EU’s competitiveness.
- FP10 should embed an ecosystem approach across the programme, facilitating more extensive collaboration between various R&I stakeholders and further enhancing the connectivity of ecosystems on common challenges and along value chains.
- ERRIN strongly supports the approach taken by the European Innovation Ecosystem (EIE) action and proposes that its principles, support to ecosystems and bottom-up features, should be streamlined under FP10 or the upcoming Competitiveness Fund.
- Continued support for place-based innovation is needed, and therefore initiatives such as Regional Innovation Valleys, European Digital Innovation Hubs and Hydrogen Valleys, should be strengthened in the FP10, as well as further links created with other programmes supporting R&I implementation and uptake.

Achieving a more inclusive research and innovation ecosystem

- Achieving a more inclusive European R&I ecosystem and tackling the innovation gap remain a key challenge to be addressed.
- Fostering collaboration between stronger and weaker ecosystems can help unlock the full innovation potential of Europe as a whole.
- To ensure that the untapped potentials are used across Europe, there is a need to support actions that contribute to building research and innovation capacity in these places, enabling the transfer of knowledge and expertise between ecosystems, empowering institutions to become project leaders, encouraging systemic reforms and supporting the use of existing talent.

Place-based approach is a key to competitiveness and more targeted investment

- Europe's weakness is its fragmented innovation ecosystem as highlighted by the Draghi report and the Competitiveness Compass. As innovation happens in places, tackling this challenge requires mobilisation of cities and regions and their R&I ecosystems. Strengthening this connectivity between regional ecosystems will help boosting Europe's competitiveness.
- A common goal and an ambitious collective strategy are both necessary. More targeted investments are only possible if they are better coordinated with all levels of government.
- An ecosystem approach enables the necessary assessment of the needs and potential of each region for achieving the social and economic transition the EU is seeking to achieve. Regions should be key stakeholders in that wider shift in financing and make it a key element of their strategies for regional development, to ensure the alignment and efficiency of financing strategies at regional, national and European levels.

Assessing existing programmes and tools supporting ecosystem collaboration

In the framework of research and innovation policy

Partnerships for Regional Innovation (PRI)

Input developed with the support of Ostrobothnia Region

During the last years, ERRIN contributed to the [Partnerships for Regional Innovation](#) (PRI) initiative of the Joint Research Centre of the European Commission (JRC) and the European Committee of the Regions (CoR) since its launch. PRI aimed to build on regional smart specialisation strategies, expanding their scope to sustainable transformation and broadening stakeholder engagement. [48 ERRIN members](#) took part in the PRI Pilot in 2022-2023.

For example, in Ostrobothnia (FI) the tools and methods introduced in the PRI laid the foundation of a new way of working with innovation policy in the region. These are now being developed further in the Ostrobothnian Regional Innovation Valleys (RIV) model and a broader base of stakeholders are engaged in a co-creation process that seeks to enhance the mission-driven implementation of innovation policy. These actions and processes under development are key to creating ownership of the European agenda at a regional level. Therefore, initiatives such as the PRI, are important and should be continued in the future.

As a follow-up for the PRI, the JRC launched the [EU Preparatory Action on Innovation for Place-Based Transformation](#) in October 2024, a new initiative designed to help territories maximise their innovation potential. The new Preparatory Action will take place from 2024-2026 and is focused on empowering territories in supporting policy practitioners in building capacities, as well as designing and implementing transformative approaches through challenge-oriented experimentation journeys followed by groups of territories.

At the same time, more continuity is needed. The local and regional governments and their stakeholders should be engaged in a process that supports policy innovations and helps improve the design and implementation of place-based innovations at the local level. This requires a long-term collaboration with the Commission/JRC ensuring a systemic and continuous support to regional innovation – for development, design and implementation.

European Innovation Ecosystems action (EIE)

Input developed with the support of TICBioMed, Region of Murcia

The European Innovation Ecosystem (EIE) action is a novelty under Horizon Europe introduced under Pillar III - Innovative Europe. The EIE aims to enable innovative actors across Europe to create more connected, inclusive, and efficient innovation ecosystems that support the scaling of companies and spur innovation to address important challenges in a responsible way, as laid out in the New European Innovation Agenda (NEIA).

The EIE, however, has a rather limited budget. The total budget for the EIE during the lifetime of Horizon Europe has been estimated at EUR 527 million and a large amount of that budget is also channelled to the European Partnership on innovative SMEs.

The European Innovation Ecosystem calls, including the Regional Innovation Valleys, have been using Smart Specialisation (S3) as means to focus projects and related funding to local priorities. This gives the beneficiaries the flexibility to tackle issues that are strategically relevant to them. This connection to regional strategies and priorities is also encouraging for stakeholders at the regional level and can serve as a motivator to engage in European level projects. EIE allows further enhancing and deepening collaboration between ecosystems. The capacity to align different ecosystem actors' agendas for sustainable, impact-driven innovation and reduction of gaps among ecosystems is one of the most important aspects of this action.

With its broad thematic focus, EIE has allowed for several actor groups (clusters, smart specialisation partnerships, etc.) to obtain dedicated resources to connect their ecosystems under various sectors and create strong networks across Europe. For example, for clusters, the programme has provided an additional support mechanism to EUROCLUSTERS call under the Single Market Programme. Broad thematic scope allows for supporting networks that are organised around different thematic priorities and to accommodate support to various types of ideas, in a bottom-up way.

The EIE has also provided crucial support for the design phase of innovative policies at the local and regional levels. This support has especially been directed at the priorities set in the New European Innovation Agenda, such as innovation procurement. Some EIE projects, such as PREPARE, have been used to design innovative policies and/or instruments that are geared to mobilise further funding e.g. using of ERDF funding annually to implement those policies at the regional level. This provides a good example of how the R&I funding has been used to develop new policies that are implemented with regional funding (synergies).

EIE calls have allowed for a flexibility necessary at the local level to, for example, develop coordination support actions to assess the value of the services that clusters provide to their ecosystem stakeholders and at the same time to improve their portfolios, provide guidance to other ecosystems and increase the competitiveness at regional level. However, the length of the projects was assessed as too short by some of the ERRIN members. There is not enough time to deliver the potential of the projects nor ensure the sustainability of the results due to the short timeframes of the projects.

EIE has proven to be a very useful instrument. However, EIE is now somewhat lost in Horizon Europe with very few resources. It is detached from Pillar II, which would benefit from much stronger support to R&I ecosystems. Embedding the ecosystem approach under Pillar II in thematic clusters would be beneficial as ecosystems grow naturally around a sectoral objective, rather than a general. At the same time, EIE is also detached from the other support measures under Pillar III where it is currently situated. Whereas an adequate support system/ecosystem is essential for ensuring the necessary support to the start-ups seeking support from the EIC Accelerator for example.

ERRIN strongly supports the approach taken by the EIE action and proposes that it should be considerably strengthened or its approach – support to ecosystems and its bottom-up features – to be streamlined under FP10.

Regional Innovation Valleys (RIVs)

Input developed with the support of Biocat, Region of Catalonia

The Regional Innovation Valleys (RIVs) initiative aims to strengthen Europe's innovation landscape by fostering interregional cooperation through strategic areas such as circular economy, digitalisation, health, food security and reducing reliance on fossil fuels. A total of 146 regions have been labelled as Regional Innovation Valleys². They are committed to enhancing the coordination and directionality of their R&I investment and policies at the regional level, providing an example of policy- and funding-alignment between instruments (Horizon Europe – ERDF), between regions, EU and its Member States, around EU strategic priorities. 75 of these regions are ERRIN members. ERRIN has been closely involved in the development of the RIVs initiative, supporting members through the application process with mapping, matchmaking and knowledge-sharing activities.

The exercise required for regions to become a Regional Innovation Valley (under European Innovation Ecosystem action) is not an easy one, as the approach requires regions to coordinate their innovation/S3 strategies, combining each other's capacities and launching common innovation calls that bring together the various stakeholders in the participating ecosystems. This approach is, however, extremely valuable in bringing the collaboration to a much deeper level than other ecosystem instruments have managed to ensure.

One of the components of the Regional Innovation Valleys call under EIE action was the requirement for 50% co-funding. The rationale behind this criterion can be understood as a strategy to maximise the impact of funding towards the same objectives and as an attempt to test synergies between ERDF and Horizon Europe funding. In this way, the call and the whole process have been critical for the regions and the Commission to reflect on how to synergise funds in practice. At the same time, this request was seen as a major bottleneck for the call. Even if a framework for funding synergies is in principle established, in practice it is extremely complex and almost impossible to implement. Therefore, the co-funding in the case of Regional Innovation Valleys has been mainly covered with other types of matched funding instead of ERDF.

In addition to the legal framework and the guidance document on synergies issued by the Commission in July 2022, an expert group (RIMA) in the context of the European Research Area Forum, ERA action 16 on access to excellence, has been established. This group brings together Managing Authorities and R&I Ministries to discuss ways to tackle the innovation divide as well as questions around synergies. It has enabled bringing the cohesion and R&I worlds together and tackling synergies at policy level – going beyond issues of funding, which however were also addressed in the 'Report on European Synergies of Funds' published on 6 March 2025. For example, in Czechia, the group has boosted collaboration between ministries in charge of the two policies as well as created useful collaboration with the relevant stakeholders at national level. Going forward, RIMA should ensure that the regional governments and their relevant stakeholders, are engaged in this dynamic as well, to take advantage of their place-based perspective and empower them. It should also provide a wider public platform to collect, showcase and discuss examples of synergies in an efficient manner.

To create a less fragmented European ecosystem, we should ideally see all European regions excelling in at least one of the strategic areas of action. In line with this, new Regional Innovation Valley calls under Horizon Europe should be organised and support should also be offered to the territories that received the RIV label but were not funded through Horizon Europe or I3. ERRIN members would be keen to see Regional Innovation Valleys 'type of calls' also in other parts of the FP10 beyond the EIE action.

² https://research-and-innovation.ec.europa.eu/strategy/support-policy-making/shaping-eu-research-and-innovation-policy/new-european-innovation-agenda/new-european-innovation-agenda-roadmap/flagship-3-accelerating-and-strengthening-innovation-european-innovation-ecosystems-across-eu-and_en

The Regional Innovation Valleys, and in particular the projects supported under European Innovation Ecosystems (EIE) action, are seen as a significant step forward in creating a strategic framework for territories to take a common approach to shared challenges, aligning strategies across regions and sharing assets and competences among their innovation ecosystems. ERRIN members strongly support the Regional Innovation Valleys approach and its continuation.

In the framework of cohesion policy

Smart Specialisation Partnerships (S3 Partnerships)

Input developed with the support of Normandy Region

Since 2015, the European Commission has supported regions having similar Smart Specialisation (S3) priorities to launch thematic Smart Specialisation Partnerships, which bring together regions interested in initiating and exploring new value chains in specific priority areas based on shared interest in their smart specialisation strategies. S3 Partnerships, thus, target specific areas with high potential for technological, societal, and ecological return at regional and European levels, underpinned by shared S3 priorities across committed regions and their stakeholders, such as cluster organisations, businesses as well as civil society. S3 Partnerships are open to regional authorities and/or quadruple helix actors with a mandate from their regional authority, and with a smart specialisation strategy linking clearly to one of the key topics.

The 41 S3 Partnerships are divided into four Thematic Platforms: Industrial Modernisation (24 Partnerships), Agri-Food (8 Partnerships), Energy (4 Partnerships) and Sustainable Blue Economy (5 Partnerships). Managed by DG REGIO, the activities of these platforms and partnerships are supported by the S3 Community of Practice (S3 CoP) which provides S3 Partnerships with services on governance, asset mapping or leveraging funding and investments as well as plays the role of central knowledge and information hub on smart specialisation.

S3 Partnerships are instrumental in fostering networking opportunities, exchange of knowledge and practices as well as setting up interregional investment projects on a wide range of crucial topics for the EU such as circular economy, hydrogen technologies, artificial intelligence or cybersecurity. For instance, the European Hydrogen Valleys S3 Partnership gathers more than 65 regions willing to cooperate to accelerate to deployment of hydrogen technologies, skills and ecosystems on their territories. Launched in 2019 and coordinated by Aragon (ES), Auvergne Rhône Alpes (FR), Normandy (FR) and Northern Netherlands (NL), this S3 Partnership facilitates the dialogue between regions and European entities (the Clean Hydrogen Partnership, Hydrogen Europe, the Clean Hydrogen Alliance) as well as links between leading and less experienced hydrogen ecosystems, contributing to the reduction of the EU fragmentation in terms of deployment of hydrogen technologies as decarbonisation solutions for hard-to-abate sectors.

S3 Partnerships increase economic resilience and contribute to Europe's broader objectives by leveraging regional strengths, diversifying local economies, and fostering links between ecosystems and stakeholders at regional, national and European levels. To enable S3 Partnerships to continue playing this crucial role, supporting these initiatives should be prolonged to ensure balancing competitiveness with well-being and sustainability. Under the upcoming MFF, the implementation of the Competitiveness Coordination tool should consider the specialisations of various regions. Additionally, tailored support will better engage moderate and emerging innovator regions, helping to close the innovation gap.

Interregional Innovation Investment (I3)

Input developed with the support of the East Netherlands Development Agency (Oost NL)

Interregional Innovation Investments (I3) Instrument promotes interregional collaboration, enabling SMEs to connect with larger companies and stakeholders across European regions. This ecosystem-based approach directly benefits regional SMEs by providing accessible resources to scale their innovations and address shared societal challenges. For example, projects like HealthChain and Hy2Market in East Netherlands are empowering SMEs to develop solutions in healthcare digitalisation and green hydrogen infrastructure, respectively, creating tangible impacts on both regional and European scales.

The I3 Instrument plays a critical role in reinforcing value chains across Europe. By fostering partnerships among regions, I3 facilitates the integration of complementary expertise, resources and technologies within the EU. This collaborative approach helps to build robust, interregional value chains that make European companies more agile, efficient and innovative, ultimately contributing to a resilient and cohesive European economy.

I3 fills a strategic gap in European funding by focusing on interregional innovation and market-driven projects. Its alignment with regional smart specialisation strategies enables it to address specific regional needs while fostering pan-European networks. By maintaining a focus on higher technology readiness levels (TRL 5-8), I3 allows SMEs to bring prototypes closer to the market. A recommended funding rate of 70% makes this accessible to SMEs, especially with cascade financing models. Directing funds specifically to SMEs remains essential to achieving the intended regional innovation impact.

The recent change requiring 50% of the I3 project budget to be allocated to less developed regions has raised significant concerns in the European innovation landscape. While this 'corrective measure' aims to enhance cohesion, it poses practical challenges. The capacity of less developed regions to contribute to complex, high-TRL projects can be limited, potentially undermining the collaborative structure and innovation outcomes the I3 Instrument seeks to achieve.

ERRIN, together with several other organisations part of the I3 Expert Group, have asked EC to revisit this measure and explore alternative ways to involve less developed regions without limiting the effective participation of regions ready to lead high-impact projects. An adaptive approach, ensuring that all regions contribute meaningfully within their capacity, would better support the I3's mission of cross-regional innovation without compromising project feasibility.

Given its impact on SMEs and regional ecosystems, continuing I3 in the next MFF is essential to support sustainable economic growth and technological advancement.

Thematic approaches

Hydrogen Valleys

Input developed with support of the Auvergne-Rhône-Alpes Region

Hydrogen Valleys are examples of place-based innovation ecosystems bringing together key stakeholders engaged in developing and implementing hydrogen solutions. These ecosystems are fundamental to achieving Europe's climate neutrality goals by fostering collaboration across the

hydrogen value chain, from production to end-use. The strategic role of Hydrogen Valleys goes beyond technological advancement, including governance, regional cooperation and the development of tailored hydrogen strategies.

Despite their critical importance, according to ERRIN membership, the **territorial dimension** of Hydrogen Valleys and the importance of local and regional governments in hydrogen-related projects and initiatives are not yet sufficiently recognised. Ensuring a strong engagement of local and regional stakeholders will be one of the key success factors for impactful Hydrogen Valleys. The Staff Working Document of the European Commission 'Towards a roadmap for accelerating the deployment of Hydrogen Valleys across Europe: challenges and opportunities' provides an important perspective on the role of ecosystems in advancing hydrogen adoption. It highlights the necessity of integrating place-based innovation frameworks like Hydrogen Valleys into a broader multilevel governance system that spans local, regional, national and European levels. This approach aligns closely with ERRIN's advocacy for empowering local and regional governments, which are positioned to lead the tailored implementation of hydrogen policies while ensuring alignment with the EU's broader strategies.

Local and regional authorities play a crucial role in supporting hydrogen-related policies and programmes through local and regional hydrogen strategies or roadmaps. They also act as a facilitator of stakeholder collaboration. By leveraging their proximity to communities, local and regional authorities can engage civil society, bridge public and private sector interests, engage academia and foster public acceptance of hydrogen solutions. To date, significant efforts at local and regional levels have reinforced the research and innovation agenda for clean hydrogen. However, further development of these sustainable energy ecosystems is essential to maximise their contribution to Europe's green transition. Hydrogen Valleys should not be viewed solely through the lens of physical infrastructure and technological challenges. Addressing governance frameworks, enhancing collaboration mechanisms and filling the skills gaps are equally important to their success.

The **Auvergne-Rhône-Alpes region** is an example of the ecosystem approach through the IMAGHyNE project, a large-scale hydrogen valley co-funded by the Clean Hydrogen Partnership. The region has mobilised stakeholders and effectively coordinated the hydrogen ecosystem by leveraging its competencies in planning, transport, training, economic development and environmental policy. Since the project's launch in February 2024, regular technical and strategic meetings have strengthened collaboration between partners, ensuring alignment and common goals. To improve this approach, the region highlights the need for closer alignment with training initiatives to meet labour market needs and to stimulate hydrogen demand to attract private investment. Stronger links with European and national initiatives, as well as cross-regional collaboration, could further integrate and scale the ecosystem.

Moreover, **enhancing connectivity and cooperation** between Hydrogen Valleys across Europe is crucial. Such collaboration can take the form of twinning programmes that pair more mature valleys with emerging ones, enabling the exchange of best practices, solutions to shared challenges and co-investment opportunities. A European platform dedicated to fostering interaction among Hydrogen Valleys could accelerate mutual learning and optimise resources.

The **governance** of Hydrogen Valleys must also address skills development as a core priority. Many regions face shortages in both technical expertise and the administrative capacities needed to manage integrated hydrogen projects. Funding mechanisms must prioritise upskilling and reskilling initiatives, ensuring that local and regional governments, project managers and technical personnel have the necessary competencies to drive the hydrogen transition effectively.

Lastly, **public engagement and acceptance** are indispensable for the widespread adoption of hydrogen technologies. Regional authorities, given their proximity to citizens, are well-positioned to facilitate transparent and inclusive dialogues on the benefits and challenges of hydrogen solutions. Initiatives designed to enhance public awareness, and acceptance should be integral to Hydrogen Valleys' strategies, ensuring that societal buy-in supports the transition to clean energy.

By embedding these principles into the future FP10 and beyond, Hydrogen Valleys can fully realise their potential as hubs of innovation, collaboration and economic transformation, thus contributing to Europe's strategic autonomy and leadership in the global clean energy landscape.

Recommendations:

- **Strengthen multilevel governance:** Incorporate local and regional authorities into governance structures (e.g. in the Clean Hydrogen Partnership) to ensure tailored and effective hydrogen policies that align with EU strategies.
- **Support ecosystem development:** Provide funding and technical assistance for the creation and enhancement of Hydrogen Valleys as interconnected, place-based ecosystems.
- **Promote inter-Valley collaboration:** Establish tools (e.g. twinning programmes) to facilitate knowledge sharing, best practices and co-investment between mature and emerging Hydrogen Valleys.
- **Address skills gaps:** Prioritise funding for upskilling and reskilling initiatives to equip stakeholders with the competencies needed for managing integrated hydrogen projects.
- **Enhance public acceptance and engagement:** Allocate resources for citizen outreach and participatory governance to build societal acceptance and support for hydrogen solutions.
- **Simplify funding mechanisms:** Develop cohesive funding frameworks that align multiple EU funding streams and reduce administrative complexity.
- **Leverage Hydrogen Valleys as testbeds:** Use these ecosystems to pilot innovative regulatory and procurement practices, fostering scalable solutions for hydrogen deployment.

More detailed ERRIN recommendations on Hydrogen Valleys can be found in this [input paper](#) from August 2023.

Digital Innovation Hubs (DIHs)

Digital Innovation Hubs (DIHs) illustrate the role of local and regional authorities in promoting innovation, facilitating multi-stakeholder collaboration and adopting a coherent territorial approach to digital transformation. Acting as one-stop-shops, DIHs currently focus on providing companies, especially SMEs, with access to expertise, testing infrastructure and training to accelerate their digital transformation, bridging the gap between research-based innovation and market uptake. Considering their role in Smart Specialisation Strategies (S3), it is essential to ensure that digitalisation efforts are aligned with regional strengths and priorities. Therefore, a greater emphasis should be placed on supporting the public sector's digital transformation. However, it is important to note that current procurement rules for innovative solutions can also pose challenges for DIHs, considering the involvement of multiple ecosystem actors. Considering their role, they should be considered a key actor and partner in current developments regarding innovative procurement rules.

To maximise the impact of DIHs, there is a need to strengthen the collaboration between funding programmes, FP10 and the future Digital Europe Programme. DIHs must be recognised as a key mechanism to support the digital transformation in all sectors, ensuring that innovations funded under FP10 can be effectively deployed through Digital Europe's applied funding. Better coordination

between these programmes would allow DIHs to fully play their role as facilitators with companies, industrial clusters and public services, to promote the adoption and scaling of digital solutions.

Beyond individual initiatives, it is imperative to strengthen the European network of Digital Innovation Hubs to reduce the fragmentation of digital ecosystems. Although existing DIHs networks already foster connections between regional actors, more structured coordination at the EU level would increase the sharing of best practices, knowledge and digital solutions. As DIHs are often thematically specialised, stronger collaboration between hubs is crucial for ensuring that innovation support remains aligned with emerging needs and opportunities at local and regional levels.

In addition, a strengthened cross-border collaboration between DIHs would allow regions with less developed digital ecosystems to access expertise and innovation support from more advanced ecosystems. It would offer a more coherent and strategic approach to supporting innovation ecosystems, ensuring that all European regions—regardless of their level of digital maturity—can benefit from increased innovation capacities and enhanced competitiveness.

Recommendations:

- Strengthen the role of DIHs in supporting the digital transformation of local and regional authorities.
- Enhance collaboration between funding programmes, FP10 and the future Digital Europe Programme to ensure that innovations developed in the frame of FP10 funding can be deployed more effectively through the Digital Europe programme.
- Strengthen the European network of Digital Innovation Hubs through structured EU-level coordination and cross-border collaboration to reduce ecosystem fragmentation, enhance knowledge sharing, and ensure all regions benefit from increased innovation capacity and competitiveness.

[ERRIN](#) (European Regions Research and Innovation Network) is a well-known 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.

Through its member-driven working groups, ERRIN aims to strengthen EU policy developments by promoting the place-based perspective and the regional innovation ecosystems approach. The unique value of ERRIN's policy work lies in the close collaboration with and between local and regional stakeholders, continuous dialogue with European institutions and the ability to provide concrete input based on diverse experience and expertise developed through over 20 years of activity in Brussels.

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