

# Technical Assistance Facility for Industrial Modernisation & Investment (TAF)

Interregional Innovation  
Investment (I3) initiative

TAF Talks 2.0 webinars on funding sources  
for interregional investment projects

29 April 2021



# Agenda

1. Welcome of participants
2. Background of TAF and its relevance to the I3 initiative (*Andreas Pauer, Ecorys*)
3. Reflections on the present and future of the S3P-Industry (*Marek Przeor, DG GROW*)
4. Presentation of the I3 initiative (*Valentina Pinna, DG REGIO*)
5. Q&A session
6. Conclusions and wrap-up



# Technical Assistance Facility for Industrial Modernisation & Investment (TAF)

Background of TAF and its relevance to  
the I3 initiative

Andreas Pauer

Principal Consultant

Ecorys



# The Technical Assistance Facility (TAF)

supporting the Smart Specialisation Platform for Industrial Modernisation (S3P-Industry)

**Free-of-charge business and legal**

**expert advice** to interregional

investment projects to improve their

business plan and increase their level of

**investment readiness**



## TAF in numbers

- > 40 applications submitted
- > 20 projects from 13 S3P-Industry partnerships supported
- > 4 capacity building workshops

# The Technical Assistance Facility (TAF)

## Why the I3 is relevant to TAF beneficiaries and S3P-Industry stakeholders

### I3 objectives:

- Accelerating innovation and transfer of research results, **translating innovation into concrete products, services and applications**
- **Encouraging close-to-market investments** through the deployment of new technologies or processes
- Bringing research results to the market helping companies to **implement mature joint innovation projects (TRL6-8)** in view of commercialization and scaling up
- Exploring and **strengthening complementarities between different EU, national and regional instruments**
- **Mobilising public/private investors**, de-risking private investment and leveraging the impact of EU funding
- **Developing a pipeline of interregional investments**, formalised in concrete business and investment plans



# Technical Assistance Facility for Industrial Modernisation & Investment (TAF)

Reflections on the present and future of  
the S3P-Industry

Marek Przeor

Team Leader - Cluster policy (GROW.D.2)

European Commission, Directorate-  
General for Internal Market, Industry,  
Entrepreneurship and SMEs



# Technical Assistance Facility for Industrial Modernisation & Investment (TAF)

Presentation of the I3 initiative

Valentina Pinna

Project Assistant, Smart and Sustainable  
Growth (REGIO.DDG.G.1)

European Commission, Directorate-  
General for Regional and Urban Policy





*Disclaimer: Although the core structure of the initiative is established, many elements of the I3 might change between now and June. The final configuration of the programme will be influenced by the discussions in the expert group and by the contribution received in the Interservice consultation.*

# Smart Specialisation and Interregional Innovation Investment (I3)

**TAF TALKS**

28 April 2021







# S3 and the new Cohesion Policy

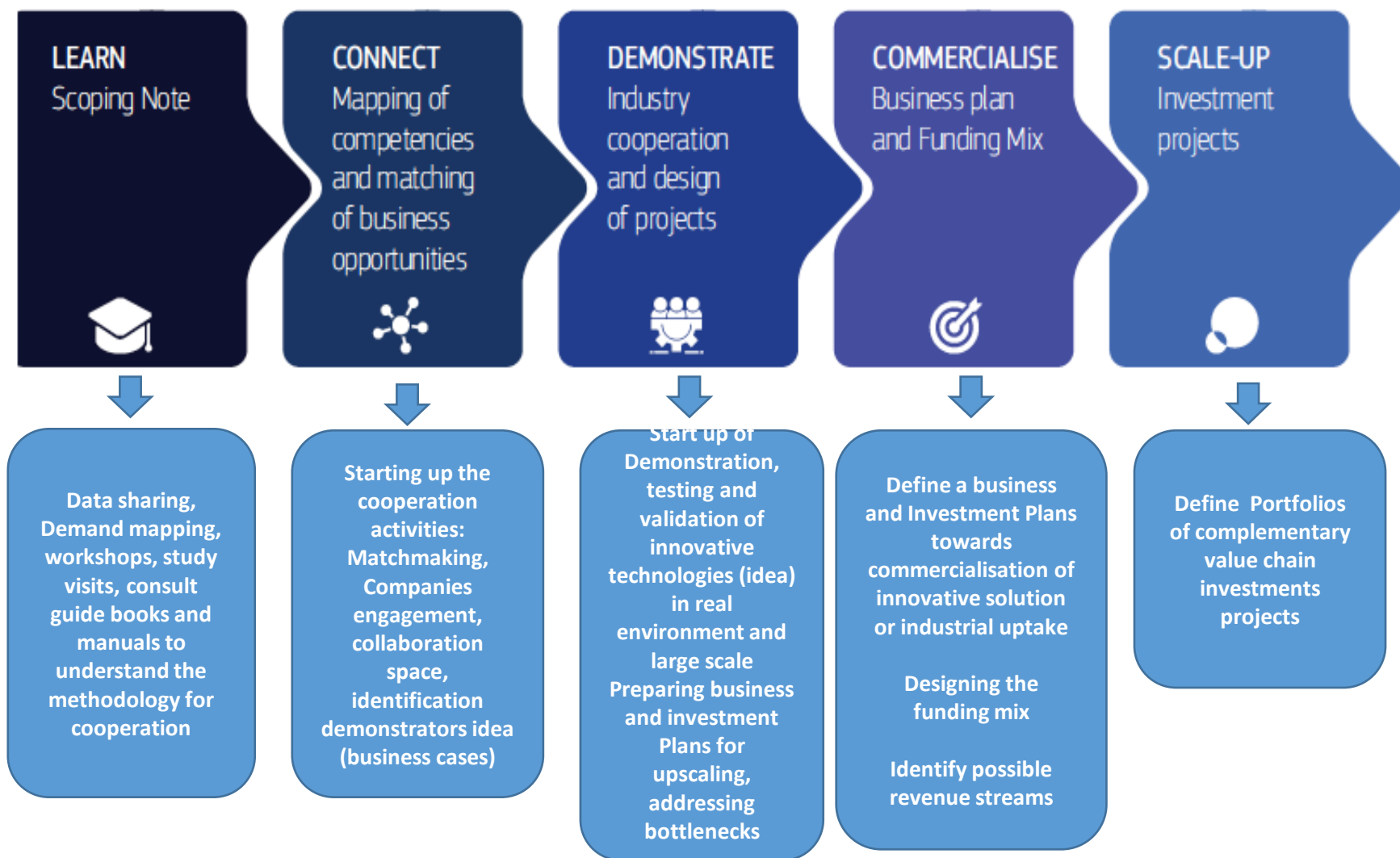
ERDF - Policy Objective (PO1)

A smarter Europe:  
innovative & smart economic transformation

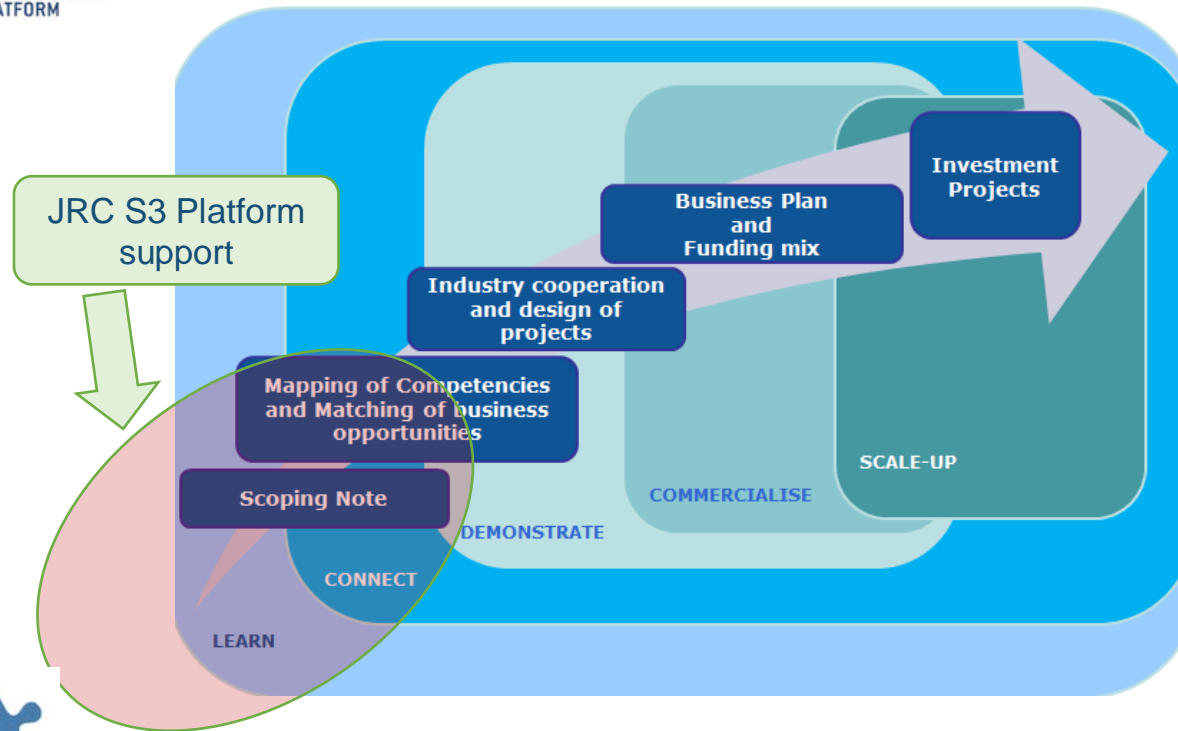
Specific objectives:



# Thematic Platforms: methodology, core functions and S3 partnerships activities



# S3 partnerships/ cooperation phases



5 step methodology

## Methodological Manual

### LEARN & CONNECT

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



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

# Moving from networking to investment

AMI experts TAIEX

Interregional Pilot Action and TAF

REGIO support via 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

JRC GROW

<sup>I3</sup>  
to accelerate  
Interregional Innovation Investments

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

Reconfirm



# Interregional Innovation Instrument

## WHAT

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



## FOR WHOM

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



## HOW

Implemented under direct and indirect management.

EC supported by an executive agency

## HOW MUCH

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



## CHAPTER II

### Specific provisions on Interregional Innovation Investments

#### ERDF - Article 13 (ex 10 bis)

#### 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 12 and 18 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].



## 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 (CSA)**

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*



**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 region (+)

Close to market investment (TRL 6-9)

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

Minimum 3 regions/countries  
and their innovation ecosystems

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

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

Minimum 2 regions/countries  
and their innovation ecosystems

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

*Under internal discussion, it might change*

# 13

## 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 the possibility to cover part of the coordination costs up to 7%

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

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

## Strand 1: Financial and Advisory Support for Investment

### *Innovation Actions (IA) for mature partnerships*

- ✓ Engaging companies in **EU globally competitive value chains (GVC)** helping them to become **more resilient** facing globalisation, automation, decarbonisation and digitisation challenges,
- ✓ 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 chain, close to market, S3 investment projects**

### ✓ Concrete **project implementation** based on:

- **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 Financial and Advisory Support for Development of value chains 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 in LDR)

## Building preconditions for successful international investments and interregional collaboration

- ✓ Building **innovation ecosystems** which promotes **collaboration inside and outside the region** by:
  - matching business sector needs with **research capacities across borders**
  - Positioning in **GVCs**
  - creating conditions for **innovation diffusion**
  - **Internationalisation** of regional and country value chains
- ✓ Concrete **project implementation** to build experience in interregional investments and GVC participation (similar to strand 1)

**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%

**Final beneficiaries: Companies, mainly SMEs**

Direct cost related to analytical support,  
ecosystem building and project  
implementation

**Final beneficiaries:  
Quadruple helix actors  
and partnerships**

In kind contribution is not eligible!

*Under internal discussion, subject to change*



# 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)**

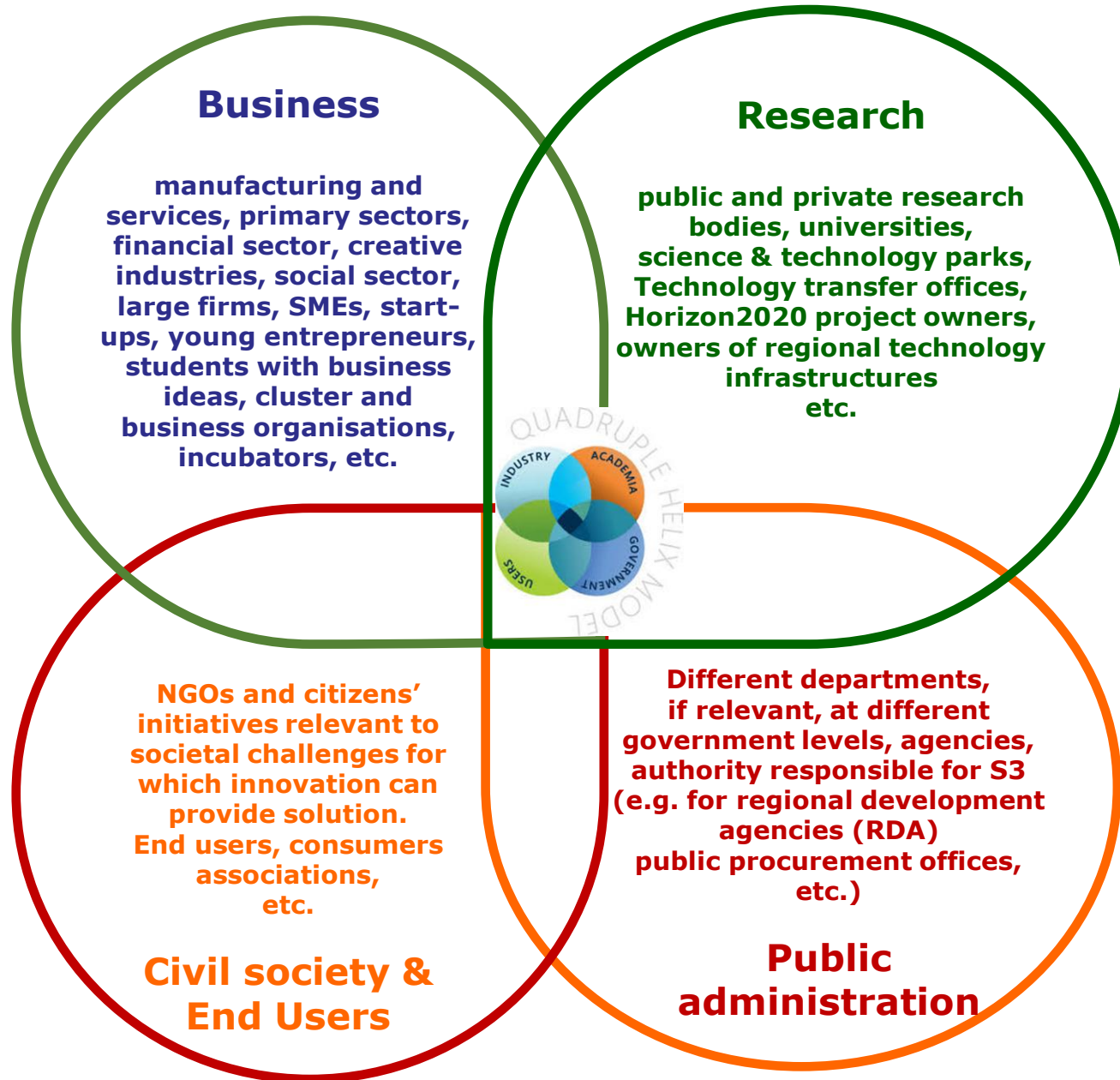
**Pipeline of Private or  
Public-Private Investments  
facilitated by S3 innovation ecosystems  
and structured in an "Investment Portfolio"**

**Improved regional/national  
innovation ecosystems  
(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

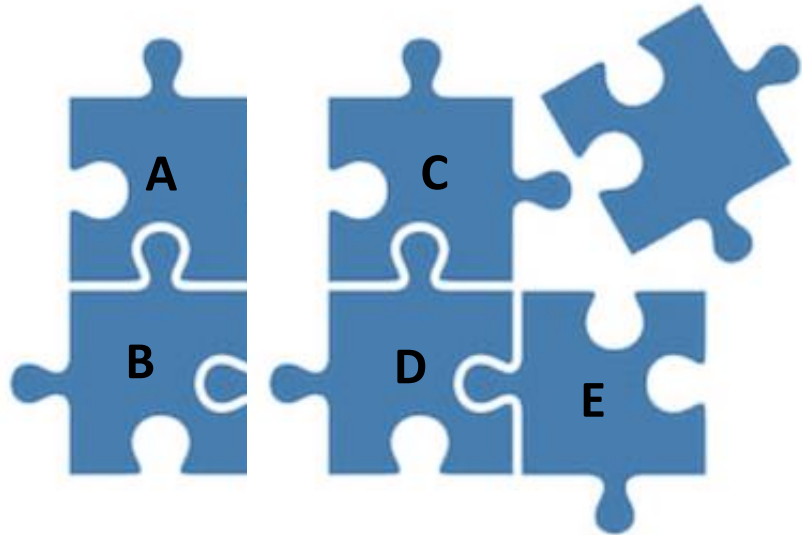
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Coordination principle

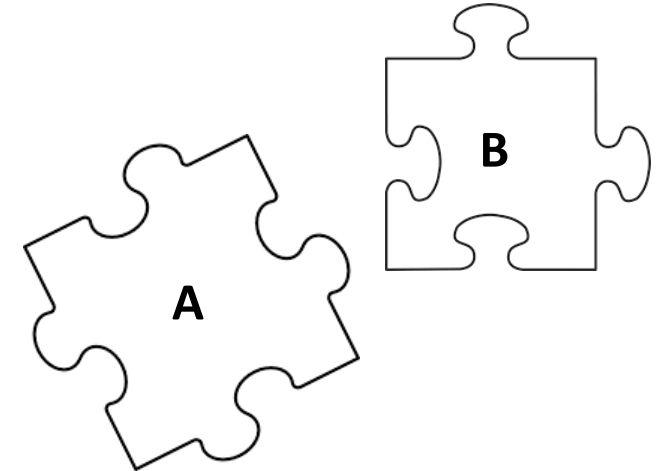
Beyond geographical proximity

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

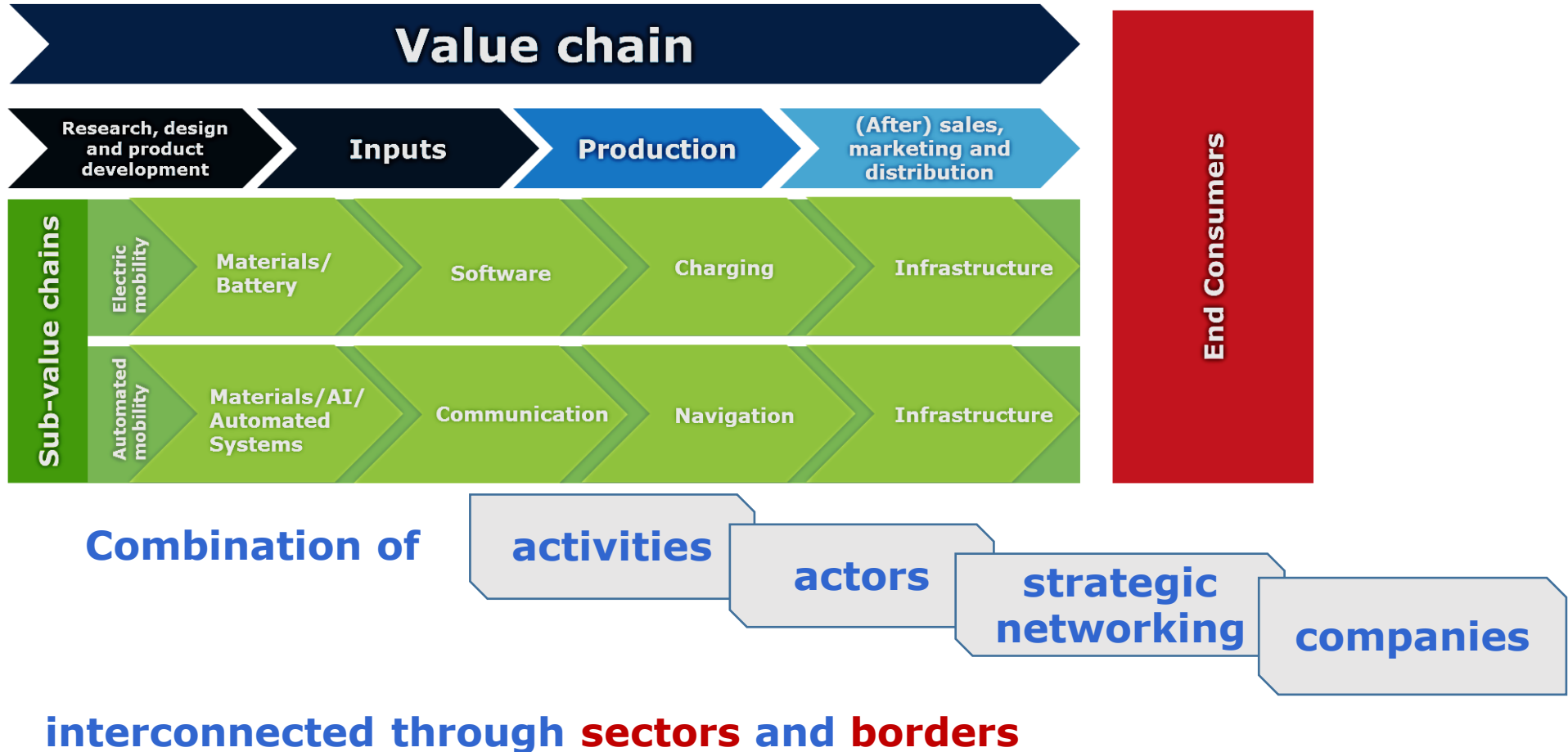
Region A  
Less developed ecosystem

Region B  
More developed ecosystem

# Investments in European value chains



Example: Autonomous Vehicles



# Innovation definition



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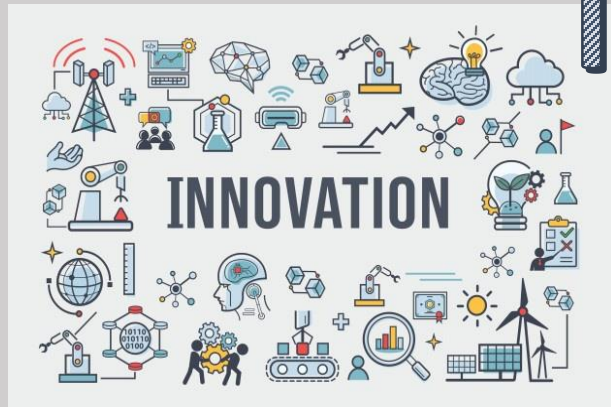
New or improved product, process, service, technology or business model made available to the market, the governments and the society

OECD – Oslo Manual (2018)

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

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





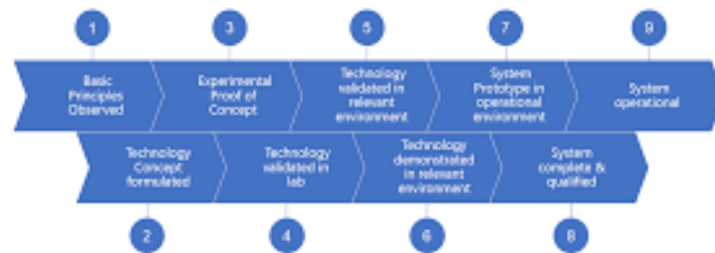
## Innovation definition

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

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

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

Innovation Chain – EU H2020  
Technology Readiness Level



Uptake of innovative technologies or solutions

**TRL 6-9**

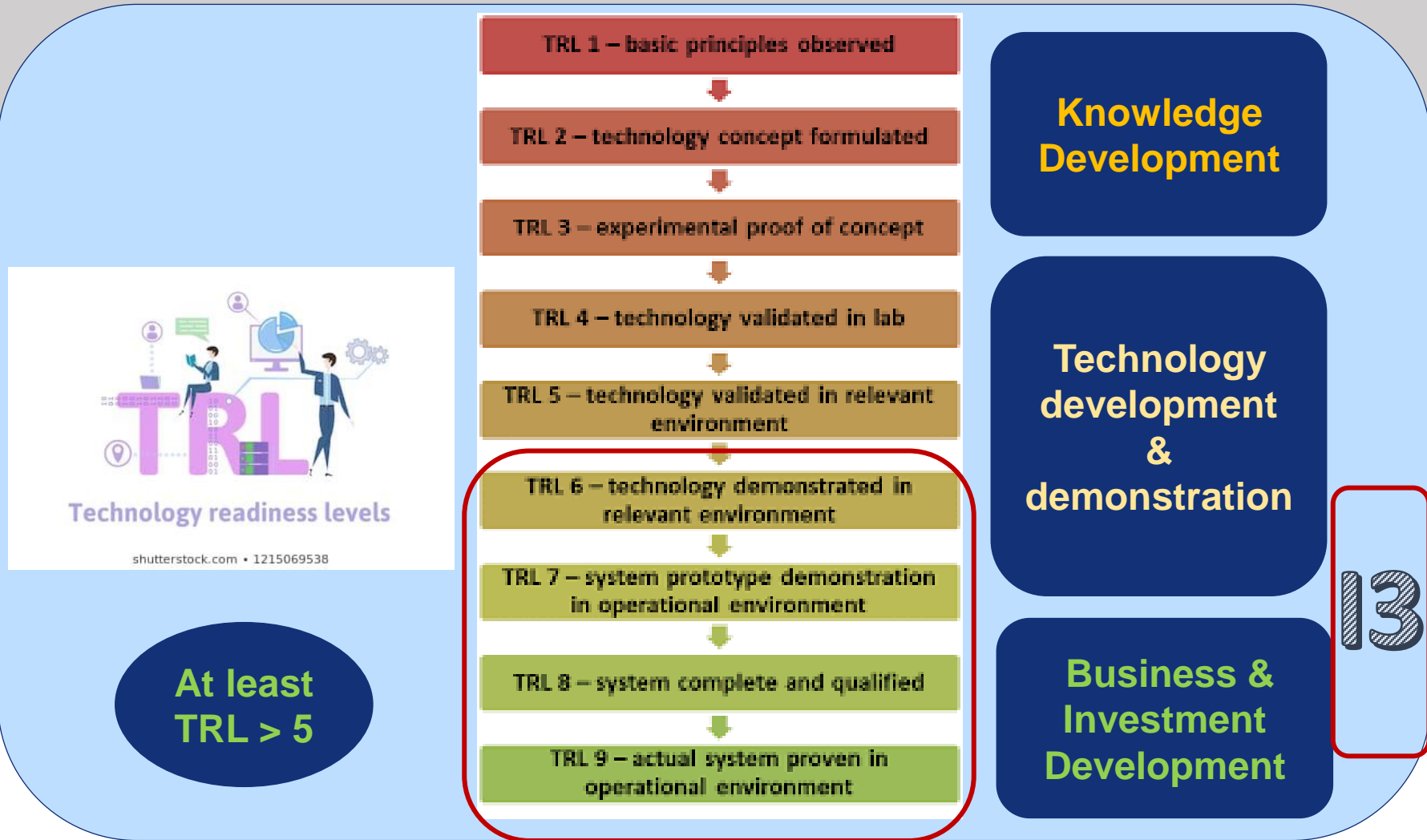
[https://www.oecd-ilibrary.org/science-and-technology/oslo-manual-2018\\_9789264304604-en](https://www.oecd-ilibrary.org/science-and-technology/oslo-manual-2018_9789264304604-en)

# Maturity of Innovation Project

**13**  
**Investment**



**Close to market  
innovation**



## 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

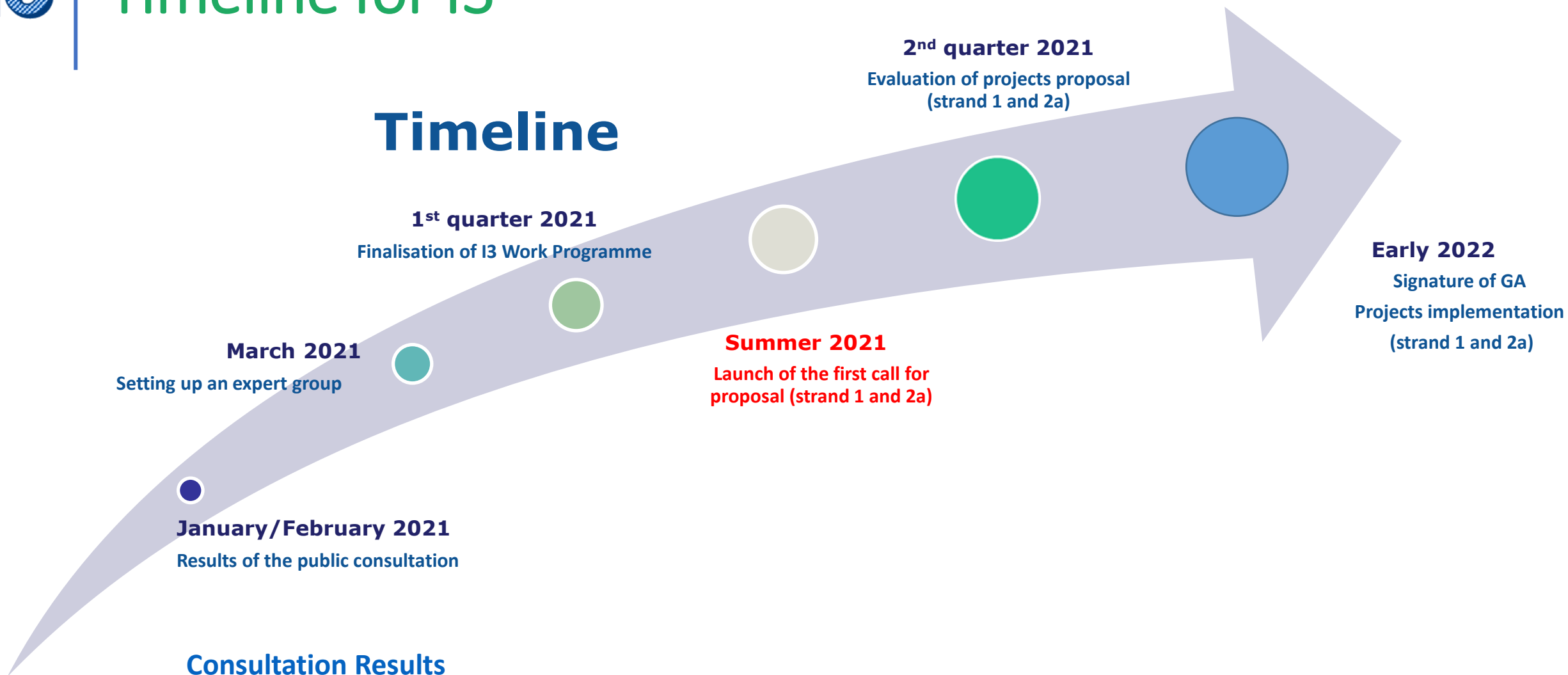
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Evaluation activities,  
capitalisation,  
experimentation  
(policy learning)



# Timeline for I3

## Timeline



### Consultation Results

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

**Expert Group - Call for interest**

# Stakeholder Consultation

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

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

# 13

## 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** published in April 2021
- The expert group shall support the Commission in defining a **long-term work programme** and in preparing calls for proposals.

### Call open until 29/4

[https://ec.europa.eu/regional\\_policy/en/newsroom/news/2021/04/14-04-2021-call-for-applications-for-the-membership-of-the-commission-expert-group-on-interregional-innovation-investments-i3](https://ec.europa.eu/regional_policy/en/newsroom/news/2021/04/14-04-2021-call-for-applications-for-the-membership-of-the-commission-expert-group-on-interregional-innovation-investments-i3)

# Coordination and synergies

## Main elements

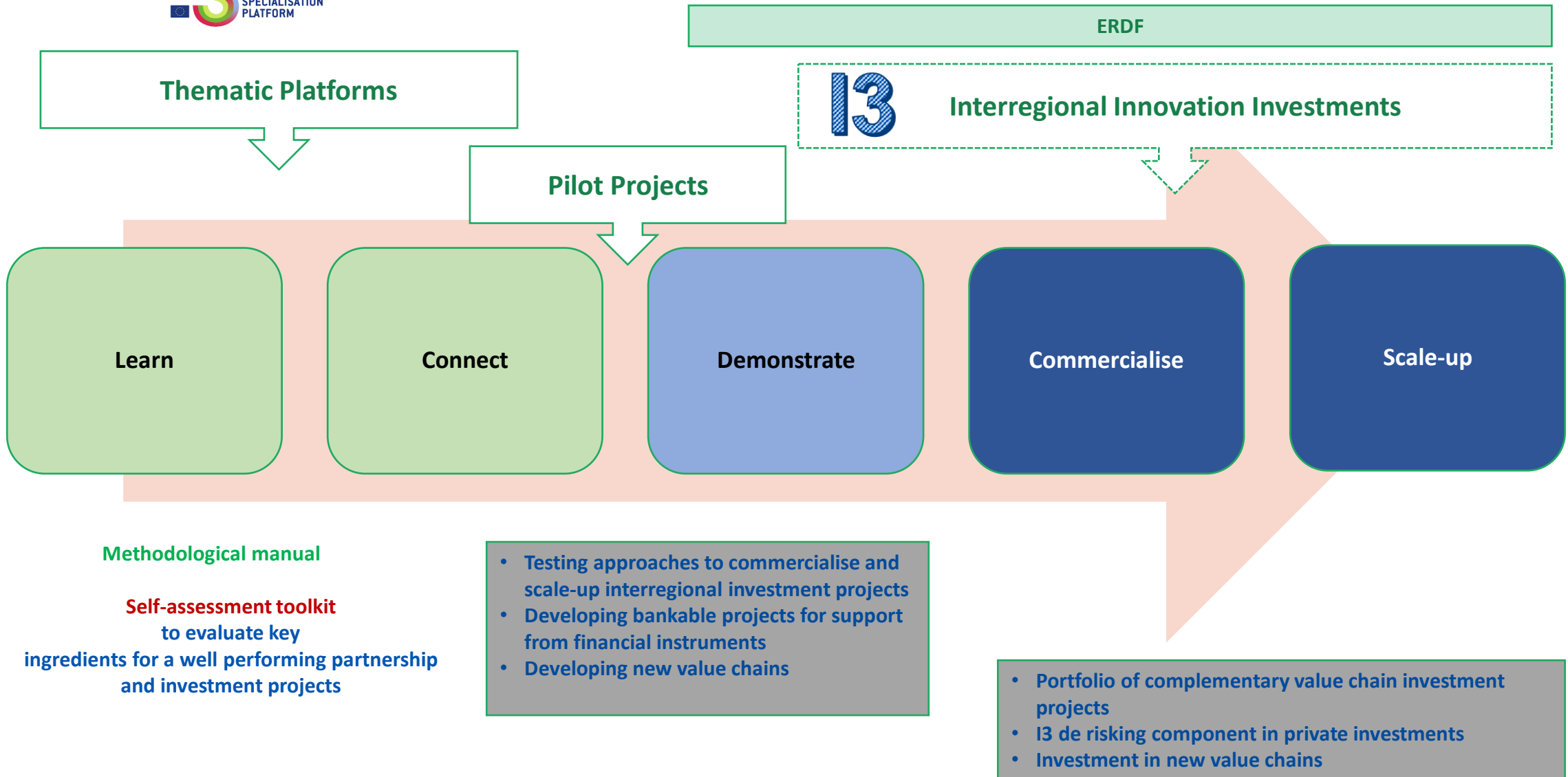
The Commission shall ensure coordination and synergy

with **other EU funding programmes and instruments**

in particular with **strand 'Interreg C'** as defined in Article 3 of ETC [Interreg Regulation].



# Future framework for REGIO support



# 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)



Methodological manual



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

### 2- Connect Phase

Facilitated by Interreg, EEN & European Cluster Collaboration Platform



### 3- Demonstration Phase

Facilitated by TAF experts (mature investment projects)

Supported by ERDF (I3, mainstream programmes) & Horizon Europe (IA & Innovation ecosystems)



HORIZON EUROPE

### 4- Commercialisation & scale-up phase

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



# Thank you



**Valentina Pinna**

DG Regional and Urban Policy  
Smart and Sustainable Growth Unit



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



[EU Spotify](https://open.spotify.com/playlist/37i9dQZF1DX0XUf1hCzQW1)





## Any questions?

For any further information about our service and initiatives, please consult the TAF page of the S3P-Industry website at:

<https://s3platform.jrc.ec.europa.eu/taf>

Or contact us at:

[TAF@ecorys.com](mailto:TAF@ecorys.com)