

How to utilise Trans-S3 to develop BSR interregional cooperation?

Shared smart specialisation priorities can open doors for new interregional funding opportunities

Regions in the Baltic Sea region have updated their smart specialisation (S3) strategies for the new EU funding period 2021-2027 in line with the EU Green Deal priorities. The Trans-S3 methodology developed in the GoSmart BSR project provides insights for the BSR regions to develop their smart specialisation strategies to include also aspects and guidelines for more strategic interregional cooperation based on the shared S3 priority areas. This is essential as there are new EU funding opportunities for interregional investments that need to be strongly linked with smart specialisation strategies.

Smart specialisation is said to be the European Union's most ambitious regional innovation policy programme with the aim to boost industrial transformation and European competitiveness. Since 2014, EU-member regions have created and implemented Research and Innovation Strategies for Smart Specialisation (RIS3), including selection of key economic priority areas that guide the efficient use of EU Funds in the regions. These regional strategies are updated over time with the aim to correspond to the changes in regional and global innovation environment. Engagement of research, business, public sector and civil society organisations is a key to efficient RIS3 implementation.



Trans-S3 methodology and BSR core economic domains

GoSmart BSR (2017-2020) and its extension GoSmart&Excel BSR (2021) have had the aim to identify joint S3 priorities in the BSR and build a transnational innovation brokerage system (TIBS) based on that. The project developed a methodology 'Transnational Smart Specialisation Strategy' (Trans-S3) in order to identify common S3 areas with high innovation and internationalisation potentials in different regions and countries. The main idea is to build a basis for smart policy support targeted at the key economic actors, who aim to cooperate on an international level. **The Trans-S3 methodology** helps to identify objectively shared S3 areas and expand the focus to groups of regions in different countries. The methodology is based on an exercise of selecting common S3 priorities and refining this selection through appropriate further analyses with participation of the various innovation stakeholders.

The process includes five steps:

1. Identify a common set of S3 areas in target regions/countries mainly based on their RIS3
2. Analytical review and profiling of the target territories based on regional/national statistics
3. Market and technology trends review based on statistical data and forecasts, qualitative analysis etc.
4. Assessment of internationalisation potential of priority areas refined during earlier steps based on quantitative data.
5. Regional stakeholder workshops to analyse and adapt the results in the regions.

To derive the results of the Steps 1 to 4 for the development of an interregional-S3 cooperation framework (Trans-S3), existing S3s of BSR, statistical data, and trend reports were analysed to identify the following domains as common denominators that served as the basis for stakeholder consultations (Step 5):

- Manufacturing,
- Water supply; sewerage, waste management and remediation activities,
- Transportation and storage,
- Information and communication technologies,
- Other professional, scientific, and technical activities,
- Scientific research and development.

As a final Step (5), these results entered into a discussion of regional stakeholders in the partner regions in Estonia, Latvia, Lithuania, Poland, Germany and Finland to discuss the results of Trans-S3 in relation to regional prioritations. As a result, the joint S3 priorities in the Baltic Sea region were identified. The final key fields can be summarised as:

- Advanced clean manufacturing and services
- Circular economy
- Bioeconomy including sustainable agriculture and food production
- Resource efficiency and rehabilitation,
- Sustainable water management,
- Production of medical devices
- Smart health,
- Smart cities,
- Innovative transport and storage,
- Construction,
- IT and ICT sector,
- Digitalisation and cybersecurity,
- Education

Based on Trans-S3, these sectors are most potential for interregional cooperation in the BSR. It is important to acknowledge these sectors in the regions to support the internationalisation of business and research. Developing a strategic approach to interregional cooperation requires active role of regions in their strategic planning and engagement of stakeholders to work towards common aims and priorities in interregional cooperation. This approach is also fully supported by the EU Strategy for the Baltic Sea Region Policy Area Innovation.

Interregional innovation investments initiative (I3)

GoSmart&Excel project organised a webinar “**Smart collaboration in a transnational context**” on 28 October 2021. The webinar brought up valuable insights for the effective and coordinated utilisation of EU 2021-2027 opportunities, including utilisation of the new EU instrument for interregional innovation investments (I3). The webinar discussed also the challenges of transnational collaboration and regional smart specialisation strategies, which are communicated and utilised in various ways in different regions.

The Interregional innovation investments initiative as part of the European Regional and Development Fund (ERDF) aims at supporting interregional innovation projects in their commercialisation and scale-up phases giving them the tools to overcome regulatory and other barriers and bring their project to investment level. The beneficiaries are small and medium-sized companies that can be involved also through so-called cascade funding. This means that the applicant can act as an intermediary and provide part of the funding to SMEs as 100% EU-funding. All I3 projects must be in line with the regional smart specialisation priorities and must be supported by the regional authorities of the involved regions.

The first I3 call is currently on-going with the deadline of 1 February 2022. Second call will be in autumn 2022. Two strands of the programme will be implemented in 2022. These are:

Strand 1 - Financial and advisory support for investments in interregional innovation projects supporting Innovation Actions (IA) for mature partnerships to connect demand and supply to accelerate interregional innovation investments in Smart Specialisation priority areas.

Strand 2a Financial and advisory support to the development of value chains in less developed regions supporting simplified Innovation Actions (SIA) for less developed regions to increase the capacity of regional innovation ecosystems to participate in global value chains.

More information on the call is available at European Innovation Council and SMEs Executive Agency (EISMEA) website: https://eisma.ec.europa.eu/programmes/interregional-innovation-investments_en

The discussion in the workshop highlighted the need for building long-term strategic innovation cooperation and partnerships that can eventually lead to joint investments. This requires good S3 governance, political will to build strategic partnerships with other regions and financial framework that enables resources for this work at the regional level.