



**European Committee
of the Regions**

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OPINION

Towards an integrated EU policy approach to support place-based innovation for the green and digital transition

THE EUROPEAN COMMITTEE OF THE REGIONS

- stresses the continued need for structured dialogue between various European Commission services and regional innovation ecosystem players with a view to the viability of existing, and the design of new policies and financing instruments to support regional innovation ecosystems and interregional cooperation between them;
- recommends continued cooperation between regions and the EU institutions to develop further intra-regional partnerships and inter-regional cooperation for innovation, by building on the experience gained from the regional smart specialisation strategies and on the joint CoR-JRC Pilot Action on Partnerships for Regional Innovation, while strengthening cooperation with the European Parliament and paying particular attention to the ongoing call for Regional Innovation Valleys;
- calls for additional and increased financing for Regional Innovation Valleys and PRI networks, keeping in mind that the European Commission, with the NEIA, is seeking to promote more innovation co-investments, fostering other funding leverages (COFUND) via HE EIE and the ERDF I3 instrument.

Rapporteur

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Opinion of the Committee of the Regions – Towards an integrated EU policy approach to support place-based innovation for the green and digital transition

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

The concept of place-based innovation

1. defines place-based innovation as a necessary approach to address societal challenges through innovative solutions via the active involvement of all the stakeholders of the quadruple helix, including local and regional policymakers, enterprises, universities as well as civil society;
2. underlines that place-based innovation is built on a bottom-up process that requires strong local/regional governance and experimentation in order to ensure ownership and identify specific, tailor-made solutions for territorial needs;
3. considers smart specialisation strategies, which were developed as an enabling condition for the use of Structural Funds, as effective instruments to promote place-based innovation and address the innovation divide;
4. stresses that innovation is an essential driver of competitiveness necessary to ensure the health and wellbeing of citizens involving places since regions and cities know best the needs of their territories and citizens, and since each governance level holds a piece of the innovation puzzle;
5. highlights the essential role of local and regional authorities in designing tailored digital skills programmes based on the needs of their communities. Stresses the importance of collaborative efforts between these authorities and educational institutions for the efficient execution of digital skills initiatives within schools;
6. stresses that place-based innovation needs to be imbedded in an effective system of integrated top-down and bottom-up processes, where effective multi-level governance is needed for policy alignment and to ensure coherent support for local/regional solutions;
7. is convinced that place-based innovation can play a key role in linking EU policies with the specific challenges and solutions in Europe's regions and municipalities through a transversal-multisectoral approach involving twin transition development in different core sectors, from sustainability - climate mitigation, adaptation and resilience to industry, agriculture, transport and energy, to the health and wellbeing of citizens through A.I. solutions;

The role of local and regional authorities in the green and digital transitions

8. stresses that the implementation of the green and digital transitions with the help of local and regional innovation strategies requires cooperation across the various levels of governance in order to coordinate the use of available EU funds and instruments;

9. is firmly convinced, in line with the approach of the Partnerships for Regional Innovation Pilot Action, that each region should elaborate its own vision and define its own objectives with its best interests at heart in the area of research and innovation while bearing in mind that a regional innovation strategy and ecosystem building represent added value that cannot be limited to meeting the eligibility criteria of any particular EU fund or programme;
10. reiterates that currently only very few participants in local or regional innovation processes play a leading role in key EU value chains, and most of the participants, including firms, start-ups, incubators and universities, depend on the performance and cohesiveness of the local/regional innovation ecosystem and its capacity to develop as a pocket of excellence with its own local strategy to attract and keep talents and investments, as has also been shown by the Partnerships for Regional Innovation Pilot Action;
11. considers that especially less developed regions or smaller entities more acutely experience the need to clarify the various funding opportunities available and to simplify their combined use and, to this end, stresses the need to integrate the PRI Pilot Action with other entering regions;
12. emphasises the central role of universities, which are often at the core of regional innovation ecosystems and play a leading role in Regional Innovation Valleys, following the quadruple helix model, including the four missions of education, research, citizens/social engagement and economic valorisation of research results; considers that universities can play a relevant role in training, reskilling and upskilling of labour and in maximising the harnessing of talents;
13. insists on the need to reconcile the overall EU directionality towards a fair twin transition ("top-down approach") and the specific contexts and aspirations of the regions across the EU ("bottom-up approach") in order for the EU to be able to closely and dynamically monitor the imbalances which may build up in the system and react quickly with resilient policies and instruments based on wide consensus;
14. calls on the EU Member States national level of governance and on the EU institutions to acknowledge more clearly the important role of local and regional authorities not only in the implementation, but also in the design of the EU policies, starting from the broader vision and objectives for the future EU policies, considering the policy work carried out by the Committee of the Regions;
15. encourages Member States to integrate digital innovations and modern technologies in education, ensuring alignment with societal and industrial advancements. Emphasises the urgency to update curricula and teaching methods to cultivate digital literacy and equip learners with skills essential for the evolving labour market; takes note of the challenges faced by NEETs (Not in Education, Employment or Training) in accessing digital education initiatives and the necessity of tailored programmes and resources specifically designed to engage and reintegrate them into digital education initiatives;
16. underlines the need for increased cooperation of innovation stakeholders at local/regional level; calls for the establishment of formalised, local/regional-level knowledge-sharing platforms (Regional Innovation Advisory Boards), bringing together local and regional authorities with

representatives of academia, industry, civil society and other relevant key stakeholders, with the aim of conducting regular dialogues on harnessing local and regional innovation potential effectively, exploring regions' unique comparative advantage in the context of the green and digital transitions and sharing valuable knowledge at European level to ensure increasingly effective policy alignment with the specific needs of regions for efficient leveraging of regional innovation potential; urges the Commission to ensure proper financial support for the establishment and continuous operation of such;

17. underlines the need to provide access to open educational resources, digital educational materials and technologies to students across Europe, regardless of socio-economic disparities or geographic limitations;

Assessment of the process started by the NEIA communication

18. agrees with the European Commission regarding its Innovation Agenda, highlighting the role of EU regions and their ability in deep tech innovation to contribute to and benefit from innovations, as well as the need to take actions to address the persistent innovation divide across Member States and regions in order to enhance internal cohesion and deliver wider economic and social benefits, noting that the highest performing regions are up to nine times more innovative than the lowest following the European Commission 2023 Regional Innovation Scoreboard;
19. welcomes the New Innovation Agenda, stressing the central role that smart specialisation strategies play in strengthening regional innovation ecosystems and supporting economic growth, underlining that Thematic Smart Specialisation Platforms and partnerships have also become key tools for connecting innovators with similar or complementary strengths and priorities in all Member States and regions, including in technology-related areas key for the twin green and digital transitions;
20. endorses the OECD recommendations¹ that an important task for multi-level governance in the area of regional innovation policy consists in creating an enabling environment for participatory and deliberative processes, involving all stakeholders and regional and local communities, including citizens, civil society, the private sector, labour groups, financial and educational institutions, and social partners, with adequate capacity and resources, as well as in promoting strategic communication channels, transparency and access to clear, complete, timely, reliable and relevant information, data and evidence;
21. agrees with the European Commission that the alignment of support from the ERDF with smart specialisation strategies in regions across Europe is fostering place-based innovation and stimulating investments aligned with regional business needs and opportunities;
22. notes the orientation of the NEIA communication towards strengthening the supply side of technology while pointing out the potentially insufficient consideration of the demand side which is concerned with the commercialisation of innovation;

¹ OECD, Regions in Industrial Transition Policies for People and Places, 2019

23. regrets in general the persistence of risk aversion in those public and private actors in Europe which could do more to support the scaling up of innovative small and medium businesses, both for the purpose of competitiveness and technological sovereignty and for the resilience of value chains in Europe, instead of forcing promising European start-ups to seek strategic investors outside of the European Union and become subject to non-EU control;

Partnerships for Regional Innovation – lessons learnt from the pilot action and perspectives for new pilot actions

24. acknowledges the fact that, during the pilot action started in May 2022, the Partnerships for Regional Innovation have proven to be a bridge between smart specialisations, the local/regional implementation of the Horizon Europe missions, and the regional activities under the European Research Area, including the strengthening of regional innovation ecosystems in line with the vision for a European Research Area;
25. commends the efforts of the European Investment Bank and the European Innovation Council in fostering several large-scale deep-tech innovations of strategic importance, for example, in the area of semi-conductors, where recent European regulatory developments are an additional facilitating factor;
26. stresses that all participants of Partnerships for Regional Innovation have started to align their innovation policies to the New European Innovation Agenda, while mobilising concerned stakeholders and cooperating with other levels of governance striving to co-create transformation pathways towards competitiveness and sustainability;
27. recommends the use of the collective intelligence of EU clusters to make value/supply chains more resilient, creating synergies and cooperation with SMEs and employers organisations to anticipate risks and prepare for new opportunities and challenges and make clusters an integral part of Digital Innovation Hubs to incorporate clusters into their governance and operations in a continuous collaboration on the digital transition;
28. acknowledges the fact that Partnerships for Regional Innovation have fully demonstrated their potential to serve as the basis for implementing specific territorial missions which enact practical synergies between a number of European policies while embedding them within the place-based innovation ecosystem;
29. believes that the diversity of regions in the EU should warrant eligibility for EU support of widely different technology solutions according to the specific local needs, possibilities and preferences, allowing successful innovative projects to replicate and scale up from other regions and striving for compatibility, common standards and interoperability within the single European market; at the same time it is necessary to avoid new dependencies on one supply source, and to ensure that the introduction of new technologies in each region is matched by a better research infrastructure and an improved general public service infrastructure;

30. stresses the continued need for structured dialogue between various European Commission services and regional innovation ecosystem players with a view to the viability of existing, and the design of new policies and financing instruments to support regional innovation ecosystems and interregional cooperation between them;
31. calls for the setting up of new Partnerships for Regional Innovation Pilot Actions allowing other regions to participate in the innovation process, tacking stock of the first PRI Pilot Action's best practices;
32. holds the view that, in the future, Partnerships for Regional Innovation should be used to help participating regions address not only the broader issues of climate change and digitalisation, but also more specific regional challenges of innovation and socio-economic transition, for example, overcoming traditional dependence on coal, the challenges of the automotive sector, or demographic decline;

Synergies between EU funds and programmes

33. stresses the need to emphasise the fundamental importance of harmonising policies, better coordinating resources and fostering collaborations more effectively to drive the green and digital transitions through innovation in order to maximise the impact of regions with a multi-level governance approach;
34. recommends continued cooperation between regions and the EU institutions to develop further intra-regional partnerships and inter-regional cooperation for innovation, by building on the experience gained from the regional smart specialisation strategies and on the joint CoR-JRC Pilot Action on Partnerships for Regional Innovation, while strengthening cooperation with the European Parliament and paying particular attention to the ongoing call for Regional Innovation Valleys;
35. underlines that cooperation between the government, industry, academia and civil society is the basis for regional innovation ecosystems and insists on continuing EU support for capacity building, networking, peer-to-peer learning and policy experimentation in order to maintain and expand these dynamics;
36. holds the view that creating sufficiently well-coordinated multi-level governance still remains an unresolved challenge in matters including practical possibilities for regions to co-finance their Horizon Europe projects with the help of the EU funds under the regional policy, in spite of existing general administrative guidance, stressing the need for clear synergies between the EU funds and programmes;
37. welcomes support instruments under the proposal for an EU regulation on the Strategic Technologies for Europe Platform ("STEP"), allowing regions to finance large deep tech enterprises, and reiterates that this regulation should include local and regional authorities in the selection process for projects that would be granted the "Sovereignty Seal" label, also representing an important opportunity for their innovation growth;

38. takes note of a variety of existing EU initiatives which can be used by regions in designing and implementing their strategies and the need for coordination for their effectiveness:
- European Digital Innovation Hubs (EDIH);
 - Euroclusters;
 - interregional partnerships supported by the ERDF;
 - innovation ecosystems in low-innovation performance regions supported by EIT KICs and the EIT Regional Innovation Scheme (RIS);
 - Startup Europe;
 - Hydrogen Valleys;
 - Hubs for Circularity (H4C); and
 - the Enterprise Europe Network (EEN);
39. remains concerned about the fragmentation of EU instruments to support place-based innovation with separate governance mechanisms for each policy domain (i.e. R&I policy, cohesion policy, the RRF, the Innovation Fund on Climate Change and the Digital Europe Programme) which should be streamlined in the near future;
40. calls on the European Commission to activate more synergies between the funds of various DGs, also bearing in mind the Structural Funds and cohesion policy;
41. believes that EU policies with their implementing instruments should be designed in a way which helps local and regional authorities and other place-based actors such as businesses and universities by avoiding overlaps and making synergies by combining funding (i.e. from Horizon Europe, the ERDF and the RRF);
42. considers that there is a need to ensure the participation of regions from the very beginning in the next 10th Framework Programme of Research and Innovation and in the next NEIA, for successful implementation of the EU innovation policy on the ground;
43. holds the view that the easing of the administrative burden and improved access for local and regional innovators to finance is essential and suggests that this requires improved coordination between the authorities supporting innovation and the ERDF managing authorities, and that dialogue between the relevant services of the European Commission and stakeholders should be intensified with a view to achieving more synergy in the future;
44. calls on the European Commission to consider the possibility that part of the co-funding at regional level could come "in kind", meaning that Regional Innovation Valley projects could build upon ongoing R&I activities in each region, which could count as part of their co-funding, and to better explore the implementation of such an approach with a view to introducing it in future calls;

Conclusion: key messages

45. calls on the European Commission and other EU institutions to better address the urgency of reducing the innovation gap across regions in the EU, strengthening the element of innovation,

and spreading innovation by means of increased synergies between the EU Horizon programme for research and regional policy instruments;

46. insists on the role of the European Research Area in strengthening place-based innovation ecosystems in the EU by means of supporting collaborative structures such as dedicated European Research Area hubs in regions, which would facilitate coordination among stakeholders, consistency of innovation strategies, synergies between funding instruments, and improving deficiencies in the research infrastructure;
47. points out that cohesion policy has been and continues to be the main tool for strengthening local and regional innovation capacity in all regions of the EU. Cohesion policy needs to cover all EU regions in the next long-term budget as well, in order to continue this work and to address tomorrow's shared challenges with local and regional initiatives and solutions;
48. stresses that regions are playing an increasingly key role as drivers of innovation and should therefore be placed at the centre of the new EU industrial policy narrative in the new European Innovation Agenda to be defined after 2024, as well as in the next 10th Programme for Research and Innovation;
49. highlights the need to review the implementation of the New Innovation Agenda, focusing on the needs of local and regional authorities, also in the framework of the deep tech innovation valleys and Regional Innovation Valleys (RIVs) in order to strengthen the European innovation ecosystems connecting EU territories and create synergies between existing and future hubs, pilot actions (PRIs) and stakeholders, with a view to reducing the innovation divide;
50. calls on the European Commission to continue the pilot action on Partnerships for Regional Innovation, stressing the EU support needed and the new actors and regions to be involved;
51. calls on the European Commission to provide targeted financial support for regions' efforts in strengthening cooperation at local/regional level between key innovation stakeholders seeking to leverage regional innovation potential in line with the green and digital transitions;
52. calls on the European Commission and the EU budgetary authority to ensure that the Horizon Europe Research Framework programme should do more in the future to strengthen regional innovation hubs and ecosystems, and the connectivity between them, stressing in this context the huge potential of a dedicated action on ERA hubs within the framework of the ERA Policy Agenda; sees a crucial role for the European Research Area Forum in this regard, notably the new RIMA network which provides a platform to enhance dialogue and coordination between the European Commission and Member States to ensure synergies across all relevant funding sources and improve scientific and innovation excellence throughout Europe;
53. calls on the European Commission to provide guidelines helping regions to examine and better coordinate existing funding opportunities from different EU, national and regional programmes (Horizon Europe, Structural Funds, Erasmus, InvestEU, Recovery and Resilience Facility, Interregional Innovation Investments I3, Interreg Europe, Connecting Europe Facility, Digital

Europe, EU4Health, EIB and EIT) in order to better exploit them in a place-based perspective of implementation of the twin transition;

54. underlines the relevance of enlargement/accessing countries that have pockets of excellence which can be leveraged to spread excellence to other regions of the EU through the various funding opportunities (i.e. Interreg Europe, EU macroregional strategies, I3, EGCT); calls for an active exploration of opportunities for enlargement/accessing countries to be able to participate in future Partnerships for Regional Innovation, creating a more inclusive and dynamic innovation landscape;
55. calls for additional and increased financing for Regional Innovation Valleys and PRI networks, keeping in mind that the European Commission, with the NEIA, is seeking to promote more innovation co-investments, fostering other funding leverages (COFUND) via HE EIE and the ERDF I3 instrument;
56. stresses that cities and regions can combine the territorial mission approach with place-based solutions for the implementation of EU policies by means of including in this process the entrepreneurial discovery process and developing the territorial missions into fully fledged place-based development strategies, encouraging citizens and civil society to take ownership of the green and digital transitions;
57. suggests that, in the next EU policy programming cycle, a "whole of government" approach to innovation-driven territorial transformation should be adopted, linking the EU priorities with national plans and place-based opportunities and challenges;
58. suggests that the European Commission and other EU institutions develop a common concept of how to support place-based innovation in all EU regions in view of the next cycles of EU programmes and policies for the next MFF.

Brussels, 31 January 2024

The President
of the European Committee of the Regions

Vasco Alves Cordeiro

The Secretary-General
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Petr Bližkovský

II. PROCEDURE

Title	Towards an integrated EU policy approach to support place-based innovation for the green and digital transition
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