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Alignment of financial instruments to address common challenges in the Baltic Sea Region – insights from experience

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Aligning financial sources is a key target for PA Innovation

Roles and Targets of Policy Area Innovation



- Enable shared learning through networking and knowledge-transfer activities and other instruments.
Target: 75% of survey respondents reporting positive feedback on PA-INNO and flagship activities
- Create and strengthen networks through platforms for matchmaking, creating visibility, engaging networks in a dialogue, and opening up funding instruments for their activities.
Targets: Minimum 10% increased volume of engagement of different actor groups, two new collaboration platforms, and mapping of open-innovation infrastructure facilities in the BSR



- Align funding resources through strong co-ordination of funding sources, flexible procedures for funding allocation, and alignment of funding instruments with common objectives.
Target: Alignment of EUR 10 million in funding from different funding sources
- Join forces by allocating funds or submitting existing programmes to the decision-making authority of the regional structure.



Source: NCM (2016) *Policy Area Innovation Strategy Guide 2016-2020 – Putting the Action Plan into Practice*



Several examples testing 'joint funding instruments'

Four BSR projects and initiatives that test 'joint funding instruments' to support transnational research and innovation (macro-regional smart specialisation):

1. EUSBSR ERDF MA-Network

2. **INNOVATION**express

3.  **BSR STARS**^{S3}



4. 
BALTIC TRAM



Comparison of aims and achievements

	BSR ERDF MA Network	BSR Stars Innovation Express	Baltic TRAM	BSR Stars S3
Aims	<p>Stronger macro-regional cooperation across all European Structural and Investment Funds (aligned towards objectives and initiatives of EUSBSR)</p> <p>BSN ERDF focused on facilitating the funding of transnational collaboration by ERDF OPs and increasing coordination across stakeholders</p>	<p>Strengthening internationalisation of SMEs in the BSR</p> <p>Increasing the global visibility of clusters and business strongholds in the BSR</p> <p>Developing longer-term innovation collaboration</p>	<p>Strengthening the relationship between RI and business by establishing structures for cooperation and linking research expertise to concrete industrial needs</p>	<p>Developing more integrated innovation support infrastructures and new innovation management tools to leverage complementary competencies across the BSR in the area of bio- and circular economy</p>
Achievements	<p>Network of MA from 7 BSR countries participating in the ERDF MA Network</p> <p>Two pioneer projects being funded transnationally through the first ERDF MA Network pilot (focused on cleantech)</p> <p>Additional pilots (in the areas of blue growth and digitalisation) underway</p>	<p>Coordination team comprised of funding agencies in all BSR countries + 2 regions outside BSR</p> <p>Over first four years, nearly 6 MEUR invested in nearly 300 Innovation Express projects, involving more than 200 clusters and 4000 SMEs in transnational innovation activities</p> <p>Successful implementation and development of concept (call, matchmaking, capacity building) over last five years</p>	<p>Established institutional structures and models for collaboration (high-level group of managing authorities and transnational network of IReCs in 8 BSR countries)</p> <p>Two calls to test approach for tailored service offering to SMEs (matchmaking of company needs with RI, free analytical measurements and consultations)</p> <p>32 applications from SMEs received, of which 16 cases under implementation</p>	<p>Currently piloting innovation voucher scheme for SMEs working with new bioeconomy technology development (in DK, FI, LT, NO and SE)</p> <p>Have also established a sounding board to facilitate knowledge transfer across regions (in different Interreg BSR projects)</p>

Comparison of funding approaches

	BSR ERDF MA Network	BSR Stars Innovation Express	Baltic TRAM	BSR Stars S3
Targeted 'user' or participant in transnational activity/project	Collaborative innovation projects (multiple actors from triple helix) from regions participating in MA Network	Collaborative innovation projects (multiple actors from triple helix) from geographies with funding partners	SMEs from EU Member States	SMEs in field of bioeconomy from DK, FI, LT, NO, SE
Method to mobilise participants and projects	Individual regional efforts, joint workshops and through PA INNO flagships	Cluster matchmaking and coordinated calls	Coordinated call	Coordinated call
Source of funding	ERDF	Mostly regional or national funds; some use of ERDF	Regional or national funds	NCM
Distributed or common pot	Distributed pot (each MA re-allocates regional ERDF budget to transnational 'add-ons' to already approved projects)	Distributed pot (funding agencies in each country provide funding to approved applications from 'their' geography)	Distributed pot (each research facility providing measurement and consultation services under de minimis state aid)	Common pot (NCM providing 5-6 vouchers)
Process/time to decide on transnational projects		Evaluation by individual funding partner followed by discussions among all funding partners; decisions finalised one month after deadline for application submission	The Evaluation Committee decides; local IReC communicates decisions 14 days after application submitted	90 days from deadline of application submission
Number of transnational projects/cases approved to date	2 (from first pilot in cleantech)	213 (from five calls 2013-2017)	32 (from two pilot calls; second call still open until 30 April 2018)	Deadline for applications to pilot voucher scheme on 1 Feb 2018

Some insights from the cases

Strengths

- Cooperation structures on both policy/strategic and operational levels – with reinforcing links between
- Approach to leveraging intermediaries (e.g. cluster and research interface organisations) to mobilise companies/SMEs in transnational R&I activities
- Broad view of 'macro-regional smart specialisation' – moving beyond traditional scope of cohesion policy, leveraging other funds and involving other geographies
- ***Strong potential for broadening the scope/use of the cooperation structures and approaches to align funding***

Challenges

- Lack of stable, longer-term, institutional support for transnational initiatives
- Without leadership and approach to fund 'transnational activities', sustainability and further development of joint funding instruments at risk
- Lack of embeddedness of transnational collaboration in regional/national innovation programmes
- Lack of instruments that are tailored to the needs of operational-level actors (e.g. with quick decision times and flexible use of funds)



Recommendations

- Continue efforts to build knowledge and capacity – from political level to intermediary bodies
- Secure more stable institutional frames for (successful) transnational initiatives
- Develop flexible funding instruments, more strongly embedded in regional/national programmes
- Better tailor EU funding instruments for use by operational-level actors

Thanks!

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