

THE REGION OF TUSCANY CONTRIBUTES TO THE PUBLIC CONSULTATION OF THE EUROPEAN COMMISSION ON: "Interregional Innovation Investment supported by the European Regional Development Fund"

29/09/2020

INTRODUCTION

Since 2016 the Tuscan regional government has been engaging in the development of interregional initiatives in the context of the S3 Platforms (Agri-food, Industrial Modernization and Energy).

This engagement helped Tuscany to identify opportunities and challenges linked to the potential and the implementation of innovative interregional investments (I3), which can be potentially supported by the I3 initiative, during the 2021-2027 programming period.

Given the importance of the I3 instrument for Tuscany we propose the following: .

THEMATIC AREAS AND WAYS TO MAXIMISE THE POTENTIAL OF THE INSTRUMENT

The I3 Instrument should give high priority to broad horizontal strategic macro-areas, linked to global challenges, such as digitalisation, climate adaptation and energy transition. The sectorial and specific focus of each interregional investment should then be defined by regions and partnerships according to their specific strategy and interregional commitment.

In Tuscany, for instance, according to the S3 strategy, we can identify 3 technological priorities where strategic investment has to focus: ICT, Smart and advanced manufacturing and Chemistry and nanotechnologies. We can also define a number of application fields where key value chains should be boosted: Culture and Cultural heritage, Energy e Green Economy, Industry 4.0, Health and Life sciences, Smart Agrifood.

The I3 Instrument should address investments with a high innovative potential and ready to integrate into the market. It should be able to strengthen the resilience of both emerging and more traditional value chains. In addition, it is crucial to connect and involve European regions ("*less developed regions regions*") and Member States whose development is lagging behind, in line with the main goal of Cohesion policy (article 174 of the TFEU).

COMPLEMENTARITIES WITH OTHER EU PROGRAMMES, POSSIBLE SYNERGIES AND SUPPORT

Given the interregional nature of the I3 Instrument, the greatest complementarities and synergies should be created with instruments with a strong regional dimension, such as the Horizon Europe Partnerships, the European Innovation Ecosystems of Horizon Europe, the Digital Europe Programme and the European strategic value chains. In addition, it is crucial to support and promote all forms of synergies with national and regional tools, which can more easily adapt to the specificity of each single investment, and in some case can mitigate the complexity of the EU instruments.

As for the complementarities with other EU instruments and for the definition of the best system of funding support, it is important to consider the link between the interregional investments and the underlying regional ecosystems. The ecosystems may differ in their composition, organization and involve a

complex system of stakeholders (quadruple helix -research, industry, public authorities, and citizens), with different needs.

Therefore, the best support for interregional innovation investments should imply a co-shared responsibility between the European and the regional level, in designing *ad hoc* funding instruments, including the monitoring and the follow-up of the project. Furthermore, public-private partnerships should also be envisaged and synergies with private entities should be incentivised as a precondition for the successful engagement in interregional investments. The experience of Tuscany in some of the better established S3 partnerships (i.e. High Tech Farming), has shown the lack of tools for the private sector to participate in co-funding activities. This has also been a source of limitation to boost investments.

In this context, the scope of the support is very relevant. The I3 initiative and the funding instruments should be able to strengthen the regional innovation ecosystems and to support the entire process of development of the interregional investment, which often require longer incubation phases. This should be assured by offering services, such as technical assistance, coordination facilities, support to business modelling, demo sites, etc. Beyond the need of financial capital, this would give the possibility to involve all actors and to align different forms of instruments.

Therefore, although the use of financial instruments (i.e. loans and equity) is important to de-risk investments and assure investors' commitment, the use of grants should be an important line of support for interregional investments with the I3 initiative. Financial instruments should be complementary and used only if it is proven that they improve the effectiveness in reaching the Union's strategic objectives, compared to the grants instrument.

MARKET FAILURES AND BARRIERS TO INVESTMENTS ACROSS PARTNERSHIPS AND REGIONS

In order to develop collaborative interregional investments and to strengthen European value chains which can foster growth and innovation in our regions, the Region of Tuscany addresses the four following challenges:

- The lack of financial support and targeted instruments (such as grants).
- The complexity of regulatory frameworks for cross-border operations and actions.
- The fragmentation to pool resources between regional, national and EU funding, public and private resources.
- The deep fragmentation of innovation ecosystems in Europe.

BUDGET AND GOVERNANCE

The Region of Tuscany welcomes the agreement from the Council to create this new tool under the ERDF, while it regrets the downsizing of its budget to 500 million €, compared to the nearly 1 billion, initially proposed by the European Commission.

The active involvement of both regional authorities in the design and governance of this instrument is necessary to guarantee the most effective use of these limited resources. The contribution of regional stakeholders should be also assured in its implementation.