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ANNEX

ANNEX

to the

COMMISSION DECISION

**on the financing of the Interregional Innovation Investments Instrument by the
European Regional Development Fund and the adoption of the work programme for
2023-2024**

ANNEX

Multiannual work programme for the years 2023 - 2024 for the Interregional Innovation Investments Instrument

1 INTRODUCTION

The Interregional Innovation Investments (I3) Instrument shall support the commercialisation and scaling up of interregional innovation projects in shared smart specialisation areas, and with the potential to encourage the development of European value chains in less developed regions.

The I3 Instrument seeks to foster innovation diffusion and development in support of innovative and smart economic transformation contributing to tackle pressing societal challenges facing the EU. The I3 Instrument seeks to foster interregional cooperation in shared or complementary smart specialisation areas and supports, in particular, innovation actors in less developed regions by reinforcing their interregional linkages and active engagement in EU value chains. The I3 Instrument has a strong cohesion policy dimension. It encourages cooperation between more developed regions on the one side and less developed regions on the other side. The I3 Instrument works in complementarity with relevant calls under Horizon Europe¹. Emphasis will be given to fostering connected “regional innovation valleys”² across the EU.

The I3 Instrument targets actors willing to work together in scaling-up and bringing innovation to the market. The I3 Instrument aims at helping innovation actors in moving from investment ideas to the actual implementation of interregional innovation investments, based on mature business plans.

Based on the objectives set out in Regulation (EU) 2021/1058, and in particular Article 13 thereof, this work programme contains the actions to be financed and the budget breakdown for the years 2023 and 2024 as follows:

- a) for grants (implemented under direct management): point 2,
- b) for prizes (implemented under direct management): point 3: N/A,
- c) for procurement (implemented under direct management): point 4,
- d) for actions implemented under indirect management: point 5: N/A,
- e) for contributions to trust funds: point 6: N/A,
- f) for financial instruments: point 7: N/A,
- g) for contributions to blending facilities: point 8: N/A,
- h) for other actions or expenditure: point 9: experts.

Legal basis

Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund, and in particular Article 13 thereof.

¹ I3 Instrument calls will be implemented in coordination with relevant calls under Horizon Europe, in particular linked to Work Programme 2023-2024 European Innovation Ecosystems (EIE)

² As described in the New European Innovation Agenda, COM/2022/332 final

Budget line

05 02 01 00.08 - Interregional Innovation Investments

Objectives pursued

The I3 Instrument work programme for the years 2023 and 2024 aims to provide advisory and financial support to interregional projects bringing together innovation actors in shared (or complementary) smart specialisation areas and EU value chains.

The objective of the I3 Instrument is to support interregional innovation investments by giving a consortium of innovation actors from the quadruple helix ecosystems³ the tools to bring their innovations to a mature level, ready for commercialisation and scale-up.

The instrument's final beneficiaries are mainly companies, in particular small- and medium-sized enterprises (SMEs). Consortia supported by the I3 Instrument shall also include other relevant partners (such as research institutions, public authorities, universities, clusters, innovation intermediaries, etc.) to jointly face innovation challenges and address bottlenecks.

The focus of the calls published under this work programme will be the digital and green transitions as well as smart manufacturing.

Successful projects coming out of other regional and EU programmes, such as ERDF, Horizon Europe, Digital Europe Programme and LIFE will have the opportunity to explore further possibilities for the scale-up and commercialisation phases under the I3 Instrument.

In accordance with the ERDF 2021-2027 Regulation, this work programme covers the following key intervention areas:

- (a) Financial and advisory support for investments in interregional innovation projects in shared smart specialisation areas (Strand 1);
- (b) Financial and advisory support for investments in interregional innovation projects (Strand 2a), and capacity building (Strand 2b), for the development of value chains in less developed regions;
- (c) Technical assistance, learning activities, evaluation and capitalisation under Strands 1 and 2 of the programme, provided through intermediaries (technical assistance implemented through public procurement for the I3 support facility).

Strand 1 targets consortia of innovation actors from regions with shared (or complementary) smart specialisation areas.

Strand 2a focuses on reinforcing the integration of innovation actors from less developed regions in developing EU value chains while creating local opportunities for innovation and smart economic transformation in regions with shared (or complementary) smart specialisation areas. Similar to Strand 1, Strand 2a seeks to support innovation actors with investment ideas that are ready to be developed into mature business cases. The focus of the projects must be on reinforcing the role of innovation actors from less developed regions.

³ Quadruple-helix ecosystem usually implies a network model with an exchange of skills, knowledge, business ideas and money between companies, public research institutions, financial institutions, government bodies (at different levels) and final users.

Projects under Strand 2b shall help innovation actors from the quadruple helix in less developed regions to reinforce their regional innovation ecosystems. They should also develop their institutional capacities to mobilise companies to move from good investments ideas to mature business plans for (interregional) innovation investments. Projects should identify and address specific bottlenecks in the implementation of the joint investments and increase the business cases readiness to attract private and public financing, including from the Strands 1 and 2a of the I3 Instrument.

Supported projects under all strands shall help innovation actors in less developed regions to connect and actively participate and contribute to EU value chains. Projects should create a framework for cooperation between less and more developed regions in shared (or complementary) smart specialisation areas. Projects should address challenges in the digital and green transition⁴, as well as in smart manufacturing, in particular where linked to the burning challenges identified in the New European Innovation Agenda⁵. In this context, applicants are also invited to consider including deep tech innovations.

Projects supported should contribute to an exchange of experience and good practice between more developed regions and less developed regions and a better integration of the latter in the EU innovation ecosystem. Projects can offer an added value when promoting the participation of EU outermost regions⁶. Due consideration will be given to such added value during the evaluation of I3 project proposals. Projects can also offer an added value when supporting regions with specific challenges⁷, such as difficulties in retaining and attracting talent.

The objective of technical assistance is to capitalise on the knowledge emerged under other I3 strands (see Section 4).

The current work programme takes account of the views expressed by the Commission expert group on Interregional innovation investments in accordance with Article 13(6) of Regulation (EU) 2021/1058.

Expected results

The financial and advisory assistance provided under Strands 1 and 2a is expected to lead to mature joint innovation investment projects in companies. These investments should be implemented at the end of the project period and represent a meaningful step toward commercialisation and scale-up. The I3 Instrument will thus support projects at a high technological readiness level.

Projects under Strand 2b are expected to increase local innovation ecosystems' capacity and support capacity building through the delivering of validated services, facilities, tools, methodologies, governance, and cooperative structures in less developed regions.

All I3 projects are expected to generate and disseminate (e.g. via the I3 Support facility and

⁴ In particular with links to the Fit-for-55 package and RepowerEU action plan.

⁵ See Flagship on accelerating and strengthening innovation in European Innovation Ecosystems across the EU and addressing the innovation divide.

⁶ Article 349 TFEU highlights that the structural social and economic situation of the Outermost Regions is compounded by their remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development.

⁷ Specific challenges are not pre-defined. Specific challenges can vary from demographic, geographic, green, digital or being stuck in a development trap. Regions considering that they face such specific and possibly unique challenges are thus encouraged to outline these challenges in their I3 application.

Smart Specialisation Community of Practice) good practice experience regarding the implementation of interregional innovation investments. The lessons learned should thus serve as an incentive for the replication, multiplication, and creation of similar projects in other regions and Member States.

Under technical assistance, support will be provided to identify and disseminate good practices, through evaluation and capitalisation exercises. This will provide lessons-learned for policy making at EU and regional level and provide evidence-based and targeted policy interventions for experimentation with new actions that will boost interregional innovation cooperation.

Key Performance indicators

The progress in implementing the programme will be measured with indicators in the following dimensions:

- Interregional
- Innovation
- Investment
- Value chain
- Cohesion/territorial
- Intellectual property rights
- Gender

2 GRANTS

The global budgetary envelope reserved for grants under this work programme for the years 2023 and 2024 is EUR 155 617 026.

2.1 Financial and advisory support for investments in interregional innovation projects in shared or complementary smart specialisation areas, including in less developed regions (Strands 1 and 2a)

Type of applicants targeted by the call for proposals

The calls are targeted at consortia of innovation actors from the quadruple helix ecosystem (e.g. SMEs, public administrations, research centres and academia, clusters, innovation intermediaries and civil society including the end-users).

The applicants (beneficiaries and affiliated entities) can be:

- Legal entities (public or private bodies), established in one of the eligible countries, i.e.:
 - EU Member States
 - Non-EU countries: listed EEA countries and countries associated to the I3 Instrument or countries which are in ongoing negotiations for an association agreement and where the agreement enters into force before grant signature
- International organisations

For Strand 1, the consortium should include at least five independent legal entities established in five different regions in at least three different eligible countries. In addition, at least two legal entities should come from a less developed region.

For Strand 2a, the consortium should include at least three independent legal entities

established in three different regions in at least two eligible countries. The consortium should represent at least one more developed region and must have a strong involvement of less developed regions and focus on their needs.

Description of the activities to be funded under the calls for proposals

Projects will include financial and advisory support activities for demonstration activities, the commercialisation and upscaling of interregional innovation projects in shared or complementary smart specialisation areas (Strand 1 and 2a), and the development of value chains in less developed regions (Strand 2a).

A project implemented under the I3 Instrument can be composed of a portfolio of sub-projects (portfolios of interregional investment activities – e.g. through the distribution of funding by the consortium coordinator to the members of the consortium or in the form of financial support to third parties).

The indicative thematic priorities for the duration of the work programme for both Strands 1 and 2a are (1) digital transition, (2) green transition, (3) smart manufacturing. This can include deep tech solutions to achieve climate neutrality, environmental sustainability and REPowerEU actions focusing on energy-saving and renewable energy applications.

Implementation

The action will be implemented by the European Innovation Council and SMEs Executive Agency (EISMEA).

The co-financing rate is up to 70% of the eligible costs.

Indicative duration of projects is 18-36 months.

Indicative timeframe for launching the calls for Strands 1 and 2a: Q1 2023 with cut-off dates for proposals in Q2 2023 and Q1 2024.

2.2 Capacity building for the development of value chains in less developed regions (Strand 2b)

Type of applicants targeted by the call for proposals

The call will target the consortia of the regional innovation ecosystem actors (such as public administration, research and academia, industry, and users).

The applicants (beneficiaries and affiliated entities) can be:

- Legal entities (public or private bodies), established in one of the eligible countries, i.e.:
 - EU Member States
 - Non-EU countries: listed EEA countries and countries associated to the I3 Instrument or countries which are in ongoing negotiations for an association agreement and where the agreement enters into force before grant signature ([list of participating countries](#))
- International organisations

For Strand 2b, the consortium should include at least two independent legal entities established in two different regions in at least two eligible countries, combining more developed and less developed regions. The coordinator must come from a less developed region and consortia should have strong involvement of less developed regions.

Description of the activities to be funded under the call for proposals

The project will include activities such as:

- Performing value chain analysis to identify challenges, opportunities, and barriers to be addressed to reinforce interactions within and across regional innovation ecosystems;
- Reinforcing the capacity of the quadruple-helix ecosystem actors to develop business ideas and market and feasibility studies as a step towards validating initial business ideas and drafting business plans that would also include a mapping of implementing actors in the innovation ecosystems;
- Pre-piloting of the investment ideas under development and validation of the assumptions with the implementing actors in the innovation ecosystems;
- Benchmarking the performance of local innovation actors against those in other regions and the EU Member States to assess the local strengths and to contribute to the development of the European value chains;
- Explore possibilities to retain and attract talents;
- Other activities that will strengthen the interregional innovation capacity of actors in less developed regions with a particular focus on existing and emerging quadruple-helix consortia

Implementation

The action will be implemented by the European Innovation Council and SMEs Executive Agency (EISMEA).

The funding rate for this grant is up to 100% of the eligible costs.

Indicative duration of projects is 12-24 months.

Indicative timeframe for the launching the call: Q4 2023

3 PRIZES

N/A

4 PROCUREMENT

The global budgetary envelope envisaged for procurement contracts under this work programme for the years 2023 and 2024 is EUR 3 186 062.

4.1 Capacity building and experimentation

General description of the contracts envisaged (technical assistance)

Launch of the support facility for interregional innovation investments (“I3 support facility”)

The I3 support facility will assist and support innovation actors in less developed regions in

building stronger administrative structures and processes supporting local ecosystem capacities for interregional cooperation, strengthening links and structures among the quadruple helix stakeholders. This horizontal support facility will be set up to assist quadruple helix stakeholders with technical and regulatory issues, as well as provide implementation and monitoring advice on projects in joint innovation areas. This facility will also support and manage the networking and exchange of best practices for organising and promoting cooperation and links between national and regional quadruple helix stakeholders with the aim of establishing lasting cooperation structures and/or methods among innovation system stakeholders. With a view to stimulating innovation and in turn opportunities for high skills jobs, the situation of regions facing difficulties in retaining and attracting talent will be duly taken into account.

An experimentation component will allow public authorities and agencies to design and pilot new evidence-based and targeted policy interventions. Experimentation will create the knowledge base needed for upscaling these interventions. The main objective will be to improve the competitiveness of less developed regions and test the programmes benefiting innovators and SMEs directly.

Implementation

The action will be implemented by the European Innovation Council and SMEs Executive Agency.

5 ACTIONS IMPLEMENTED IN INDIRECT MANAGEMENT

N/A

6 TRUST FUNDS

N/A

7 FINANCIAL INSTRUMENTS IMPLEMENTED IN DIRECT OR INDIRECT MANAGEMENT

N/A

8 CONTRIBUTION TO BLENDING FACILITIES

N/A

9 OTHER ACTIONS OR EXPENDITURE

9.1 Expert contracts

The global budgetary envelope reserved for expert contracts under this work programme for the years 2023 and 2024 is EUR 500 000.

Description

External experts for the evaluation of applications and project reviews.

The I3 Instrument will use the services of remunerated external experts in accordance with

Article 237 of the Financing Regulation. The EMI (Expert Management Internal) tool, which has access to the entire EU experts' database, will be used to select relevant experts. The EMI tool allows for a full management of remunerated experts' contract management (search for experts, create pools, contracts and their amendments and related payments).

The reasoning for the contracting of external experts for the evaluation of applications submitted and reviews of funded projects under the I3 Instrument is to receive an independent and impartial assessment on the proposals' and projects' quality. The experts chosen will have a relevant professional record of accomplishment on innovation and smart specialisation. This will assure the selection of proposals with the best quality. The experts will perform the following tasks:

For the evaluation of proposals:

- participate in experts' briefings;
- read/analyse call/evaluation related background information;
- read/analyse project proposals;
- participate in evaluation meetings;
- draft/submit individual/consensus evaluation reports;
- quality check draft consensus reports (role of quality checkers);
- assess the fairness/efficiency of the evaluation process (role of the observers).

For project reviews:

- participate in experts' briefings;
- read/analyse project related background information including work description, periodic reports and deliverables;
- participate in project review meetings;
- draft/submit individual/consensus reports.

Both virtual and central evaluation/project review meetings with physical presence are envisaged depending on the logistical feasibility.

Implementation

The action will be implemented by the European Innovation Council and SMEs Executive Agency (EISMEA).