

## **The Vanguard Initiative<sup>1</sup> welcomes the MFF package as an ambitious renewed agenda for EU industrial and innovation policies**

### *Position paper*

*The Vanguard Initiative welcomes the MFF package as an ambitious renewed agenda for EU industrial and innovation policies and commitment to smart specialisation principles. However, the Vanguard Initiative strongly requests that clear and concrete modalities are provided for allowing effective synergies between sources of funding for supporting interregional collaboration along the industrial value chains, on the basis of smart specialisation.*

#### **Horizontal aspects**

- While the Vanguard Initiative (VI) welcomes the MFF package, we are however concerned about the risk of budget cuts during the negotiations that would be detrimental to the successful implementation of the agenda for EU industrial and innovation policies. **We are calling for preserving a high level of ambition in the EU budget for those priorities.**
- Since its establishment four years ago, the Vanguard Initiative has been successful in putting its key political messages high on the EU agenda. The Vanguard Initiative's model of interregional collaboration along industrial value chains, based on smart specialisation principles, has been up-scaled as a model for EU policies, notably through the Smart Specialisation Thematic Platforms.

The Vanguard Initiative welcomes the new proposals from the Commission, which aim at further developing this approach, by **removing obstacles and providing appropriate funding solutions, including for supporting SMEs.**

- We welcome the reference to **Smart specialisation** as a guiding principle and that stronger consideration is given to more bottom-up approaches, notably driven by regions. However, this should translate more clearly into programmes' proposals, as to support effective interregional collaboration with appropriate funding mixes.
- We also welcome the strong emphasis put on **synergies** between EU programmes and funding instruments. However, the increase in the number of programmes for innovation and competitiveness could bring additional complexity from a user perspective.

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<sup>1</sup> The Vanguard Initiative is a multilevel network launched in November 2013, and involving today 33 European Regions from 14 Member States (more details : <https://www.s3vanguardinitiative.eu/partners> ). The Vanguard Initiative is open to all regions sharing the same vision, ambition and commitment, as expressed in the Milan Declaration ([https://www.s3vanguardinitiative.eu/sites/default/files/contact/image/final\\_declaration\\_of\\_milan\\_final\\_27\\_10.pdf](https://www.s3vanguardinitiative.eu/sites/default/files/contact/image/final_declaration_of_milan_final_27_10.pdf) ) and in the ASBL Statutes (Asbl created in 2017 - [https://www.s3vanguardinitiative.eu/sites/default/files/docs/general/vi\\_statutes\\_en.pdf](https://www.s3vanguardinitiative.eu/sites/default/files/docs/general/vi_statutes_en.pdf) ).

- Beyond those synergies between programmes, specific attention should be paid to the development of **effective synergies between EU policies and national / regional policies and funding instruments**. Clear and concrete modalities for new possibilities of mixed funding should be developed and provided.
- In this context, we consider the extension of scope of the ‘**Seal of excellence**’ as an opportunity, but the lack of clear implementation modalities for collaborative projects could hinder its application. **The Commission should therefore provide a facilitating framework for this**, and streamline implementation modalities. Regional funding sources of ‘Seal of excellence’ projects in the same conditions like EU funding must not be limited to ERDF but could also be supported by national or regional budgets, according to the respective smart specialisation strategies.

In addition, we consider that the ‘Seal of excellence’ is not the silver bullet for achieving synergies. In the strategic planning process, stronger alignment between EU priorities defined top-down and bottom-up approaches based on smart specialisation should be strengthened.

- New **State aid** proposals are also welcomed as facilitating condition, but they still remain limited in scope. In particular we would advocate for a review of State Aid rules related to innovation, taking into account new approaches to innovation policies, recent innovation dynamics and (business) models, and related financing needs, in particular for SMEs and for public-private partnerships for research and innovation, as well as for knowledge and technology transfer from public and public funded institutions to the market sector.

### Cohesion policy

- We **strongly support the new Interreg component ‘Interregional Innovation Investments’** inspired by the Vanguard Initiative experience, and we are asking **that the proposed budget is maintained**. This component offers funding solutions for Vanguard Initiative like-minded projects, notably partnerships developed under the Thematic Smart Specialisation Platforms. We see it as a necessary instrument – missing so far – to strengthen EU-wide strategic collaboration of ecosystems along smart specialisation priorities in order to build and re-shape European value-chains by encouraging the synergies between investments in different regions. The Vanguard Initiative remains fully available for further developing the proposal and its implementing modalities.
- We **regret the global budget decline of European Cooperation Objective** that is of high EU value added by supporting collaboration across Europe. It could put this new proposal at risk, which is highly valued by VI regions as a concrete solution to an identified funding gap. Rather than competition, we observe complementarities between Interreg components. For these complementarities to

become a reality, **a more ambitious budget for European Territorial Cooperation goal is needed to strengthen Europe as a whole.**

In addition, we are concerned about the non-eligibility of third countries to the new component, which would hinder effective participation in projects of two important VI members from the UK, and any potential future Vanguard Members from the EEA. Therefore, we would encourage further clarity and support relating to the eligibility and participation of non-EU/EEA regions.

- The effective implementation of innovation collaboration projects will also require the mobilisation and combination of regional and ERDF funding (mainstream), notably through supporting investment in open innovation infrastructures. We ask therefore for appropriate **eligibility rules** for ERDF to support this kind of investment in all regions.
- Strengthened focus on **smart growth**, with a **comprehensive approach to smart specialisation** – including skills and digital agendas – is a positive evolution through which the Cohesion policy will be able to play a central role in the EU's agenda of industrial and innovation policies.

We consider the evolutions in the Cohesion policy proposals as positive, notably with a view to further **develop regional policies and smart specialisation in an outward perspective.** This should allow enhanced collaboration along value chains, building on the potentials and complementarities of EU regions. However, we do have concerns about how those evolutions will be effectively exploited in a context where budget constraints potentially hinder the development of innovative approaches. We therefore call for maintaining a level of ambition in the Cohesion policy budget. We also ask Member States and regions to fully explore those new opportunities for successfully supporting further innovative value chains across the EU.

## Horizon Europe

- The Vanguard Initiative welcomes the ambitious proposal for Horizon Europe. We note positive new impulses, such as **a stronger focus on innovation** and on the **deployment and diffusion of innovation, activities close to the market, demand-side activities, or innovation ecosystems.** The adoption of a broad approach to innovation is also welcomed.
- The proposal about the new **European Innovation Council** (EIC) is welcomed, but we ask for a clear focus on SMEs and start-ups, supporting them in bringing their business innovation projects to the market, as it was the case for FTI and the SME Instrument. In addition, we ask that **the focus on SMEs is not limited to the pillar III** of the programme, their effective and increased participation should also be promoted in the pillar II, while an **effective connection between individual innovators and innovation ecosystems must be supported.** The effective mobilisation of existing potentials in regional ecosystems would further

help to nurture the innovation investment pipeline. At the same time, the support to **bottom-up collaborative innovation projects** should not be neglected.

- We consider the **mission based approach**, despite being still quite unknown, as an interesting perspective, as it can drive a renewed industrial policy agenda. It could also provide more room for bottom-up approaches, SMEs participation, increase the focus on research across different disciplines and with greater societal relevance.
- In addition, we are concerned about the further implementation of the **KET agenda**, notably the technology deployment to the market, which is a key priority for achieving industrial competitiveness. We recommend to strongly concentrate on industry-driven innovation where KETs should continue to play a central role in industrial innovation processes. The Vanguard Initiative calls for an adequate and **dedicated budget devoted to supporting pilot lines and demonstrators and related services**. We are calling for **effective networking of those infrastructures with open access for SMEs** for an improved efficiency in accelerating KETs uptake. An EU innovation ecosystem of shared and connected technology and innovation infrastructures (meaning public or private facilities providing resources and services for the European industry to test and validate key enabling technologies and products and which accelerate technological transformation and uptake by EU SMEs) should explicitly be developed through activities across pillars II and III.
- EU R&I Partnerships have proven to be relevant in contributing to EU policy goals thanks to the transnational and multidisciplinary collaboration among different actors along the entire value chain. We ask that the renewed approach to **partnerships** provides more opportunities for participation of regional innovation stakeholders, allowing an effective combination between those large scale initiatives and smaller actors. More attention should be paid to **developing effective synergies between those partnerships and interregional collaboration projects** developed under the Smart Specialisation thematic platforms.
- We also welcome the new **European Innovation Ecosystem** strand under pillar III, but request an effective participation of regional authorities in those activities, as regions are the right place to address innovative ecosystems. The joint innovation programmes could provide opportunities for **effective interregional collaboration around value chains**. Synergies with cohesion policy and especially the new Interreg strand should be further clarified.
- We are asking for effective synergies between those instruments, based on joint funding. Horizon Europe could provide a **top-up for investments in networks of open innovation infrastructures (demonstrators / pilots) emerging from interregional collaboration**, in connection with Smart specialisation thematic

platforms, the 'Joint Cluster Initiative' proposed under the Single Market Programme, the new Interreg component and ERDF. This would help in closing the identified funding gap and in driving private funding. Further connections with InvestEU could be developed on that basis. The Vanguard Initiative is willing to contribute to developing effective modalities for implementing this approach.

- With the preceding points, we would like to stress the **importance of regional strategies for achieving synergies while at the same time maintaining the principle of "excellence"**. This should be taken into account in the strategic planning process, allowing for further developing the international dimension of existing smart specialisation strategies of the regions through Horizon Europe collaborative projects, in combination with the new Interreg strand.
- We regret that the proposal makes few references to **clusters<sup>2</sup>** as relevant innovation stakeholders. We ask for more clarification on the envisioned activities under Horizon Europe regarding cluster collaboration and cluster organisation participation in collaborative projects, in connection with the 'Joint Cluster Initiative' under the Single Market programme. As a recall, we are calling for an ambitious EU cluster policy for supporting inter-cluster collaboration.
- We are looking forward to receiving **more details on those proposals**, notably regarding missions, partnerships, EIC, innovation ecosystems, cluster collaboration, support to SMEs and stand ready to feed into the discussions with our ground experience. The Vanguard Initiative is also keen to contribute to the strategic planning process with a view to achieve effective connections between bottom-up and top-down dynamics.

### Single market programme

- We welcome the programme's continuation with a clear focus on **SMEs and industrial value chains**. However, the dilution of those key priorities in a wider programme could be a concern for the stakeholders' visibility and readability.
- We are calling for more budget ambition for those priorities, in particular for the proposed '**Joint Cluster Initiative**'. We are supporting the idea to develop an ambitious EU Cluster policy, putting more emphasis on clusters as effective tool for regional development, where existing successful support tools for **cluster collaboration** should be further developed and better aligned with other innovation support initiatives to achieve bigger impact.
- We favour a coherent and **ambitious package of activities that support the development of interregional partnerships under the Thematic smart specialisation platforms**. We request additional details regarding the Commission's intention in that respect. We believe that those platforms are an

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<sup>2</sup> In the sense 'Cluster Initiatives'



important element in building new project pipelines and collaboration networks around key EU industrial priorities.

- We would like to learn more about how the **synergies** will be deployed with the Cohesion policy, Horizon Europe, Digital Europe and InvestEU programmes.

## Digital Europe

- The Digital agenda is key for the EU's future competitiveness, and this new programme is a positive signal of the EU ambition regarding this priority.
- The approach of **Digital Innovation Hubs** (DIH) is similar to the Vanguard Initiative's one deploying networks of open innovation infrastructures for a strengthened access for SMEs. We welcome the roll-out of this initiative, with the objective of interconnecting DIHs throughout the EU.
- We ask that the **regional dimension** of the approach is preserved, as DIHs are strongly anchored in regional innovation ecosystems. We are calling for a coherent approach between this programme and other activities aiming at interconnecting open innovation facilities in the EU.

## Invest EU

- Vanguard Initiative welcomes the **simplification** deriving from having a single programme for all the financial instruments in the MFF. However, we have some concerns about effective **synergies** with other EU programmes, and effective contribution of those financial tools to EU industrial and innovation priorities. InvestEU should not become a stand-alone programme.
- We note with interest the action strand devoted to **research, innovation and digitalisation**. However, we are concerned about the only focus of support to scaling up innovative companies other than SMEs in this strand. SMEs should also clearly be in the focus of research and innovation activities, transfer of research results to the market, demonstration and deployment of innovative solutions. We also welcome the intention to **focus more on high-risk innovation projects**. However, more details are needed about concrete implementation modalities.
- We are requesting a stronger openness of those financial instruments to **smaller scale-projects, and for collaborative projects**, particularly those stemming from interregional collaboration, often based on a strong SME sector, and appropriate financial support for those.
- We would like to gain a more detailed comprehension on the possible links between this programme and projects that could be supported under other programmes, e.g. the new Interreg component, the EIC, the joint innovation programmes, the DIHs, the 'Joint Cluster Initiative'. Particularly, we are interested in learning how the Commission will build a complete financial support chain.



The Vanguard Initiative network remains fully committed to pursuing a constructive dialogue with European Institutions<sup>3</sup> in order to continue our joint endeavours towards collaborative and competitive successes for all EU regions and an appropriate implementation of those proposals.

Moreover, we point to the regions' important work ahead of being well organised for seizing the opportunities emerging from the new proposals. We ask the Commission to facilitate the process of implementing effective synergies and to make sure that the workload is not transferred on to the regions' shoulders.

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<sup>3</sup> Which have already expressed strong support to the Vanguard Initiative's approach and proposals in several opinions and communications. See details in annex.