EU Strategy for the Baltic Sea Region - Policy Area Innovation

Activity report: August 2018 - January 2019

1. EUSBSR Policy Area Innovation in brief

The EUSBSR Policy Area Innovation (PA INNO), one of 13 policy areas of the EUSBSR, strives to promote a globally competitive position within research and innovation for sustainable economic growth in the Baltic Sea region. PA INNO provides a strong platform for enhanced macro-regional collaborative ecosystem for innovation, research, SMEs and digitalisation in the BSR. It enhances innovation by ensuring policy learning, strengthening and creating new networks, aligning resources and regulations but also the possibilities to join forces in common programmes and investments.

In their meeting in Copenhagen on 26 September 2018, the National Coordinators of the EU Strategy for the Baltic Sea Region (EUSBSR) appointed the Baltic Institute of Finland (BIF) as a new coordinator of the EUSBSR Policy Area Innovation. BIF succeeded Nordic Council of Ministers in this task. In addition to BIF, Ministry of Economic Affairs and Communications in Estonia and Ministry of Science and Higher Education in Poland act as the PA INNO Policy Area Coordinators (PAC).

2. PACINNO-2 project

A two-year coordination project for PA INNO (funded by Interreg Baltic Sea Region), 'PACINNO-2 - Coordination for Innovation in the BSR', started on 1 October 2018.

Through PACINNO-2 project, PA INNO aims to develop further the dynamic position as a frontrunner within the EUSBSR, actively contributing to the realization of EU-2020 objectives as well as of the EUSBSR. The PA INNO Steering Committee holds the leading role in developing and assessing the progression of the PA INNO. The close dialogue with Members States, relevant DGs of European Commission as well as regional actors and intermediaries will continue. PA INNO shall continue being a frontrunner in exploiting cross-cutting actions and initiatives across the BSR. Through this PA INNO will maintain the position as the strengthened collaborative platform for Member States and relevant key stakeholders based on common interests and challenges.

PA INNO is acknowledged as a leader in mapping and developing new areas and fields of transnational interventions resulting in new successful themes and actions, as a key enabler for innovation policy dialogue through multi-level governance approach and mobilising relevant actors. Initiatives started as greenfield activities under the PACINNO project will be developed to the flagships under PACINNO-2 project (e.g. on Real-Time Economy). New greenfield themes and activities promoted in PACINNO-2 project include 'BSR S3 Ecosystem' and 'BSR digital economy research/knowledge ecosystem'.

PACINNO-2 aims to strengthen further macro-to-macro region dialogue on innovation policy and create tangible impact by mapping and developing priorities for cross-border/transnational calls for proposals in different sectoral programmes and funding streams, where appropriate. PA INNO is developing to be widely recognized as a brand, which enables the labeling of new actions and initiatives as EU/BSR relevant, contributing directly to the strategy objectives.

Cooperation with other EUSBSR Policy and Horizontal Areas is emphasized in PACINNO-2 (especially with PA Education and HA Capacity). PACINNO-2 is implemented in close cooperation between the three partners (PACs): PAC EE, PAC PL and PAC FI. They form a team with no hierarchy between the partners.

3. PA INNO Steering Committee

During the ongoing period from October 2018 October 2020, PA INNO will continue to work with the PA INNO Steering Committee (SC) as part of the PA INNO governance structure. PA INNO SC has representatives from all EUSBSR / EEA Member States (mainly from ministries of economy, higher education and science, and from national innovation agencies), European Commission and Flagship initiative leaders. Flagship leaders participate in the role of other capacity in PA INNO SC and do not form part of the decision making structure.

PA INNO SC has the responsibility to:

- provide the final appraisal of Interreg BSR Seed Money Applications, Concept Notes and Main Project Applications (including Flagship projects)
- approve initiatives with a EUSBSR Flagship status for Policy Area Innovation
- give its evaluation to the analysis of the outcomes of implementation of the Strategy Guide 2016 - 2020
- give strategic input in the development of the new Strategy Guide 2020+ and to new processes, projects and activities promoted in PACINNO-2 project.

Most of PA NNO SC meetings will be focused theme-based meetings facilitating active engagement and contributions from SC members, as well as a stronger input to PA INNO strategy and greenfields from theme-related flagships. Some meetings will have a more general focus on the overall PA INNO status and flagship reports based on common EUSBSR/PA INNO strategy questions. The next PA INNO SC meeting will be organized in Tampere, Finland on 25 March 2019.

4. PA INNO/PACINNO-2 activities in August 2018 - January 2019

In 2018-2020, PA INNO activities are centered around the implementation of the PA INNO Strategic Action Plan 2016-2020 - with a special focus on regional innovation ecosystems and smart specialization, digitalization related research cooperation, ongoing flagships, kickstart activities such as the real-time economy concept, as well as on related capacity building. New areas and topics of innovation cooperation are identified and supported on a process basis. For example, a smart city related initiative has been prepared. The goal is to facilitate and provide co-creation platforms for new ideas and BSR opportunities. This would best enable the identification of potential new flagship ideas. The overall framework of the PACINNO-2 project activities are based on the PA INNO Strategy Guide 2016-2020 and the tasks of the policy area coordinators as outlined in the EUSBSR Action Plan, as well as on the renewed mandate of PACs by PA INNO SC meeting on 12 June 2017. The EUSBSR revision process has started in late 2018, and it will be a major task for PA INNO in 2019. PA INNO has already contributed to the process through an interview with the DG Regio consultant, and through national coordinators.

4.1. Greenfield activities

BSR S3 ecosystem

In Autumn 2018 - early 2019, PA INNO has been actively promoting and implementing its greenfield activity 'BSR S3 ecosystem'. In the current 2014-2020 EU programming period, the PA INNO (through its BSR Stars flagship and its many S3 projects) has embraced a strong smart specialisation policy agenda to support our collective innovation ambitions across the macro-region. Building on this strong basis, background and experience, and leveraging and scaling up the successes and best practices, one of the key focus areas of PA INNO activities in 2018-2020 will be on regional innovation ecosystems and smart specialization - in the facilitation of BSR S3 ecosystem. In Autumn 2018 -early 2019, a BSR S3 ecosystem has been developed and elaborated as a concept and process/policy description. The S3 ecosystem development process has included various meetings, workshops, contributions from external experts, as well as the preparation of a BSR S3 Ecosystem platform project proposal for Interreg BSR platform project call (deadline 31 January 2019, funding decision expected in April 2019).

From the regional level, Region Västerbotten has been a key PA INNO partner in the S3 ecosystem development. CPMR Baltic Sea Commission and Swedish Institute have also actively contributed to the work. On the basis of PA INNO MA Network pilots and PA INNO S3 flagships, a strong voluntary 'core' group of regions has been formed for the promotion of BSR S3 ecosystem. The first meeting of Regional Directors of these regions was organized in cooperation between Region Västerbotten and PA INNO in Stockholm on 15 November 2018. The next meeting, hosted by PAC FI, will be held in Tampere on 27 March 2019.

This PA INNO greenfield activity (GFA1) develops further the foundations of an S3 Ecosystem to support BSR innovation ecosystem and to ensure that such an approach adds significant value to joint ambitions for accelerating innovation, developing a value chain orientation and increasing the profile and positioning of BSR as an innovation partner of choice within and beyond the EU. By building on our previous and ongoing work and successes in S3 related PA INNO actions we have a strategic opportunity to strengthen our S3 approach with enforcing pan-Baltic value chains, and to create an innovation ecosystem with strong and sustainable foundations. BSR S3 ecosystem must be able to generate added value compared to what BSR is currently achieving through combined S3 efforts and compared to the 'sum' of individual, regional and transnational efforts. Much of the BSR's existing S3 interregional efforts are project-focused, with significant efforts attached to time-bound activities, and there is need to better align these efforts to create a more sustainable footing for our innovation partners.

In its post-2020 Cohesion Policy, EU will commit to a stronger S3 policy agenda, through innovation-focused interregional collaborations and investments. The PA INNO BSR S3 ecosystem approach, to be developed into a new PA INNO flagship programme succeeding BSR Stars, helps BSR subregions to respond to this new EU policy opportunity, and to realise the emerging value chain orientation through a collective, strategic effort. PACINNO-2 supports the ecosystem development of and provides policy support and overall coordination in the framework of PA INNO.

Baltic Leadership Programme on Smart Specialisation

To support the BSR S3 Ecosystem development, PA INNO together with CPMR Baltic Sea Commission partnered Swedish Institute in its 'Baltic Leadership Programme on Smart Specialisation' (BLP S3). BLP S3 was a leadership programme targeting S3 stakeholders (such as strategists, regional developers, or national S3 coordinators) in the Baltic Sea region. The aim was to enhance the capacity of regions to develop and implement their S3 work with a specific focus on Interregional Value Chains and

Entrepreneurial Discovery Process. The programme was organized between October and December 2018 for 40 S3 experts from 8 BSR countries. PA INNO was involved in the preparation of programme modules, by providing presentations in the programme modules, as well as in the selection of the programme participants.

Interreg Baltic Sea Region platform project proposal for 'Baltic Sea Region Smart Specialisation Ecosystem'

In connection with PACINNO-2 GFA1 and in cooperation with various PA INNO S3 flagship projects, an application was prepared for the Interreg BSR platform project call between October 2018 - January 2019. Region Västerbotten is the lead partner of the platform project, and PA INNO is represented by PAC FI.

The Platform will be led by 3 pillars focusing on the following 3 areas:

1. Analysis, alignment and incubation of the key S3 projects across the BSR which demonstrate potential for interregional scale-up and/or advancing the value chain orientation of the BSR where each country/region should be able to identify relevant links and flows of goods, services and knowledge revealing possible patterns of integration with other regions. The Platform will add value by investing in selected S3 projects and identifying successful S3 approaches and practices for wide dissemination and impact.

2. Interregional learning regarding S3 implementation and capacity building function - the support required by the projects identified above will be channeled through this Pillar in order to facilitate joint understanding and capacities of the BSR regions and to generate a clear "action plan" to prepare for post-2020. This includes training, communication and outreach on efficient S3 implementation both at regional as well as interregional levels.

3. Stakeholder involvement pillar - the 2014-2020 S3 policy agenda has placed increasing importance on the "Entrepreneurial Discovery Process" (EDP) and how the innovation ecosystem and its internal dynamic are critical enablers of improved innovation performance. The BSR has a significant opportunity to deliver this through greater investment of key innovation actors including those from science, research and academic communities, the BSR's SME base and targeted actors from the social sector. The S3 Platform will organise events that utilise e.g. the identified best practice challenge-based methods to involve stakeholders from the whole BSR in focused interregional cooperation.

BSR S3 Ecosystem provides a much needed platform for creating a better understanding on the best practices and opportunities for smart specialization in the BSR. The Platform strives to target its activities to a wide range of BSR regions. The Platform will produce a collection of best practices and a manual for S3 regional and inter-regional implementation, a mapping of value chains within bioeconomy and digital economy, a joint S3 training programme including S3 challenge acceleration methods and a long-term dissemination strategy.

4.2. Kickstart initiatives

Real-Time Economy concept

The idea of Estonian real-time economy was launched by PA INNO in early 2018. The idea relies on smart solutions and trust services in which Estonia and Finland are of the leading countries in the world and on cooperation with the Baltic Sea countries. Currently, the focus is on working on the concept of Estonian

real-time economy, involving both the public and private stakeholders. Existing enablers, preconditions and missing links are mapped in order to work out the action plan of the real-time economy by the end of 2019. In this regard, focus is on changing the way we think - the time consuming and manual activities must be forgotten in today's technology world. Collaboration with the creators of Finnish RTE Vision has been also started, and the plan is to engage more BSR countries.

The vision and potential benefits of the real-time economy concept are the following: Imagine the world, where all the necessary information required for everyday accounting, reporting or declaring cross-border goods is exchanged automatically and in real time. In business-to-business (B2B) transactions, all relevant accounting obligations could be fulfilled in real-time with solutions which are able to speak common Business Reporting Language [XBRL-GL]. It would be possible to collect relevant information at the moment of cross-border transaction and send it in advance for required customs procedures as well as for fulfilling tax obligations (B2G). Goods would good to go on the border thanks to pre-filled forms.

In Estonia, it is possible to create a company in less than 20 minutes, but then starts the reporting and technical matters "jungle" for the entrepreneurs. But business management should be as easy as business creation. The idea is to create a real-time business environment in which so far manually performed various administrative operations and financial transactions will be created and processed automatically, in real time and in a standardized digital form. And finally forget about the paperwork congestion and make it possible for enterprises to focus on the business growth.

Electronic authentication, digital signing and existing pilot projects (e.g. e-invoicing, e-receipt, e-procurement, business account, international transport shipping e-CMR, etc.) are already acting as building blocks of the real-time economy. Continuing with the development of standardized data exchange solutions (real-time payments, e-reporting, e-registers, e-payroll, e-tax accounting, etc.), and merging these projects' as links of real-time economy, it will be possible to change business activities in paper and pdf into reporting-free real-time activities.

PA INNO activities regarding Real-Time Economy:

- Working group meetings every month (6 times), preparation of Estonian RTE vision paper and started collaboration with creators of the Finnish RTE vision paper
- Close collaboration with Finnish TALTIO project and Nordic Smart Government project
- Continuing putting together an interactive map/ overview of RTE related activities and projects
- Preparations for a bigger international RTE round table no 3, near Tallinn, 25-26 February 2019 (joint event with DIGINNO project)
- Preparations for the academic paper about RTE (from different funding sources), ready by August 2019
- Preparations for RTE Hackaton (2019)
- Preparations for joint flagship-building workshop („from projects to processes"- concept) together with HA Capacity and PA Education, in April-May-June 2019. As RTE as a group of activities is growing, we have decided to start a process to design a separate RTE flagship (as a process, with sub-projects)

5. Other Interreg Baltic Sea Region platform project proposals contributed and joined by PA INNO

In connection with the recent Interreg BSR platform project call (deadline 31 January 2019), PA INNO was invited, in addition to BSR S3 Ecosystem, to join the following three other platform project proposals:

- Non-Toxic Environment Platform (lead by Baltic Environmental Forum, Germany, and PA Hazards)

- EIRI-RIS - Enhancing the Impact of Research Infrastructures as Regional Innovation Systems (lead by University of Oulu)

- Inn4Health-Contact (lead by Life Science Nord GmbH, Germany)

6. ERDF Managing Authority Network

Under the EUSBSR PA INNO, a network of European Regional Development Funds Managing Authorities was established in 2016 to develop proposals on transnational collaboration to help regions implement smart specialisation strategies. Two pilot projects on clean technologies has been pursued under the 'Cleaner Growth'26 initiative: 'Jointly Entering New Markets' and 'Commercialising Forest-Based Protein — Verification and Improvement of Protein Quality'. Furthermore, pilots on digital transformation have been prepared under PA INNO in Autumn 2018 (including a preparation workshop in Berlin in September 2018). All collaboration proposals has been submitted by participating partners separately to their regional/national OPs by either submitting a new application for the cooperation component of remodelling an existing application (no joint application submitted anywhere). The project partners will each thus follow different approaches in relation to their MAs.

The following three collaboration proposals on Digital transformation were agreed upon by the MA network in its meeting in Tallinn in November 2019:

Project collaboration proposal 1: Digital Transformation in SME's
Coordinating partner: Business Oulu
Other partners: Skellefteå Science City, Mecklenburg Vorpommern, Brandenburg and Lithuania

Project collaboration proposal 2: Regional ecosystem for digital transformation
Coordinating partner: Region Vasterbotten
Other partners: Liepaja University, Tampere Region

Project collaboration proposal 3: New digitalised societal functions
Coordinating partner: Centre for Rural Medicine
Other partners: Liepaja University, Bereich E-Health, BioCon Valley®, Brandenburg Economic Development Corporation

7. PA INNO flagships

PA INNO flagships have been in a very active stage of implementation and events in 2018. Numerous interesting and highly relevant results and new solutions on the flagship fields such as research collaboration, health, blue growth, and circular and digital economy have been produced during 2018. Updates on PA INNO flagships Baltic Science Link, ScanBalt, Submariner Network, BSR Digi Co-lab and BSR Stars (5 sub-projects) will be submitted as separate reports.

8. Events

PAC meetings

Four joint PAC meetings (PACs EE, PL and FI) have been organized between August 2018 - January 2019:

- PACs meeting in Tampere on 21-22 August 2018, hosted by PAC FI. Agenda items: PACINNO-2 preparation, action plan planning for Autumn 2018, cooperation with PA Education and HA Capacity (their representatives also joined the meeting), visits to and meetings with Tampere region innovation stakeholders and projects.

- PAC meeting in Tallinn on 18 September 2018, hosted by PAC EE: PACINNO-2 preparation, PA INNO activities planning for 2018-2020

- PAC meeting in Copenhagen 28 September 2018, hosted by Aalborg University: Agenda items: PA INNO activities planning for 2018-2020, PA INNO communication issues

- PAC meeting in Bucharest on 21 January 2019 (in connection with a joint meeting between EU macro-regional strategies): Agenda items: PA INNO/PACINNO-2 activity planning for 2019

Other events

Preparation meeting for Baltic Leadership Programme on Smart Specialisation, Stockholm, 7 September 2018
- Esa Kokkonen (PAC FI) attended the meeting.

BSSSC Annual Conference 2018 'Solidarity, participation and smart action for a better future', Gdansk, 11-12 September 2018
- Esa Kokkonen (PAC FI) delivered a presentation on S3 related cooperation.

BSR S3 Ecosystem meeting with Peter Berkowitz, Head of Unit for Smart and Sustainable Growth, Directorate-General Regional and Urban Policy, European Commission, Brussels, 17 September 2018
- Esa Kokkonen (PAC FI) met Berkowitz together with representatives of Region Västerbotten, CPMR Baltic Sea Commission, and PA INNO S3 consultant Alison Hunter.

Workshop to develop MA Network project collaboration proposals on Digital Transformation, Berlin, 24-25 September 2018
- organized by PA INNO, Region Västerbotten and Swedish Institute

Smart specialisation: progress and future prospects conference, Vilnius, 22-23 October 2018
- Esa Kokkonen (PAC FI) delivered a presentation on BSR S3 cooperation in a conference organised by Lithuanian innovation agency Mosta and European Commission Joint Research Center.

First module of the Baltic Leadership Programme on Smart Specialisation, Malmö, 29-30 October 2018
- Esa Kokkonen (PAC FI) gave a presentation on BSR S3 cooperation and opportunities.

Preparation meeting for Interreg Baltic Sea Region platform project proposal 'Baltic Sea Region Smart Specialisation Ecosystem', Berlin, 12 November 2018
- Esa Kokkonen (PAC FI) attended the meeting.

Interreg BSR development seminar for new project platforms, Berlin, 13 November 2018
- Esa Kokkonen (PAC FI) represented PA INNO in the seminar, and invited by Interreg BSR secretariat, also joined and contributed to consultations with innovation related platform project applicants.

Preparation meeting for Interreg Baltic Sea Region platform project proposal 'Baltic Sea Region Smart Specialisation Ecosystem', Stockholm, 14 November 2018
- Esa Kokkonen (PAC FI) attended the meeting.

Promotion of PA INNO and Real-Time Economy activities at the conference organised by Aalborg University Copenhagen. Moderating the RTE session, presentations about our RTE activities (joint event with DIGINNO project), Copenhagen, 29-30 November 2018

- Reet Reismaa (PAC EE) attended the meeting.

Regional Directors' meeting on BSR S3 Ecosystem, Stockholm, 15 November 2018
- Esa Kokkonen (PAC FI) attended the meeting.

Meeting of ERDF Managing Authorities' network (MA Network), Tallinn, 19 November 2018
- Esa Kokkonen (PAC FI) represented PA INNO in the meeting. New macroregional ERDF pilots were dicussed and planned (on digital transformation and bieconomy)

Workshop on cross border digitalization "Creating a common area for cross-border digital services", projects' meeting, organised by Nordic Council of Ministers, Copenhagen, 17-18 January 2019
- Reet Reismaa (PAC EE) presented PA INNO digital flagship, incl. projects DIGINNO, IoB and thematic activities of RTE.

Meeting of macro-regional coordinators - New directions for macro-regions: unlocking innovation capacity and performance, Bucharest, 23-24 January 2019
- Reet Reismaa (PAC EE), Tomasz Jalukowicz (PAC PL) and Esa Kokkonen (PAC FI) represented PA INNO in the meeting. Tomasz Jalukowicz gave a presentation on PA INNO. Next steps of inter-MRS cooperation were agreed, and PA INNO will invite other MRSs to coming EUSBSR PA INNO events and host a coming inter-MRS meeting.