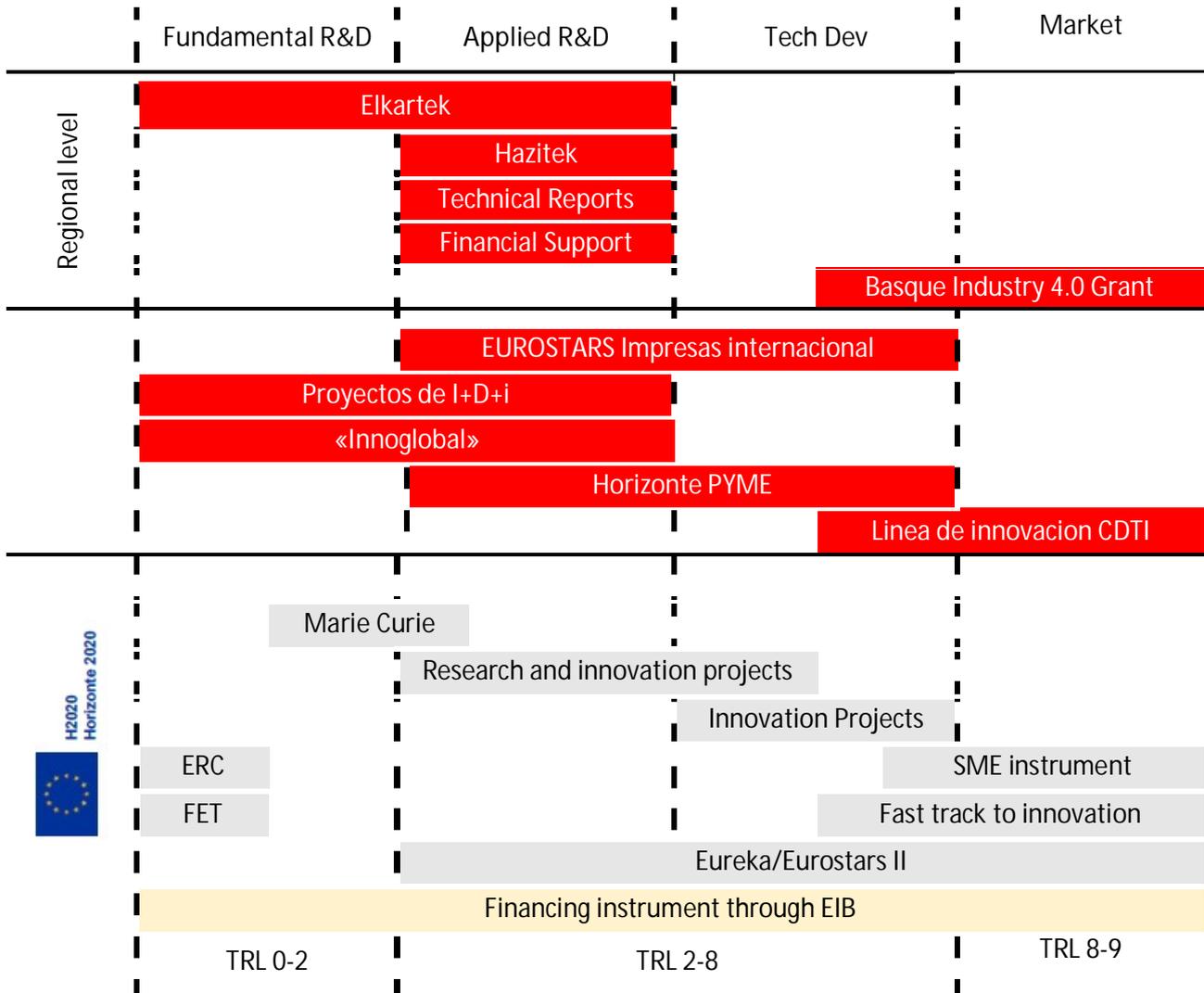


Policy Brief – Basque Country OSDD

Basque Country funding instruments scheme



The Basque Country “On Site Deep Dive” (OSDD) took place in Bilbao and Eibar (Spain) from Wednesday 17th May to Thursday 18th May 2017. Seven consortium regions were in attendance.

The programme was devoted the presentation of Basque S3 Strategy and Innovation Ecosystem with a detailed overview related policies and to targeted site visits to the Bizkaia Technology Park and to the Advanced Manufacturing Center on Aeronautics and the Advanced Manufacturing Center on Wind Power. Moreover, acceleration and co-creation sessions among partners were organised to learn about how to efficiently and effectively put into practice innovation instruments for inter-regional cooperation, specifically with the consideration of Article 70 of the Common Provisions Regulation (CPR) on the European Structural and Investment Funds (ESIF).

Based on the presentations, discussions and policy acceleration sessions of the OSDD, as well as on post-elaboration of information performed by Regions after the meeting, the following main critical conclusions can be derived in terms of advantages of cooperation, barriers, and recommendations that can be input for the Action Plan.

Advantages and opportunities of inter-regional cooperation deriving from the extension to other Regions of the instruments/tools/practices presented

- Transfer/connect Industry 4.0 initiatives implemented in the different regions. Basque Country advanced manufacturing strategy and DIH model are best practices to be shared among S34Growth partners.
- Implement/Learn from the Basque Country industrial policy and comprehensive funding system implemented around.
- Ensure/foster/promote the access of companies to innovation infrastructures of other regions that are necessary to acquire complementary competences and services for the development of regional industry.
- Connect existing demonstration infrastructures to exploit synergies and leverage on complementarities. This can support the implementation of Vanguard demo-cases increasing the commitment of the actors involved.
- Explore the idea of new ERA-NETs, R&D inter-regional programmes, voucher scheme and CSAs in Horizon2020. Article 70, previously analysed, is an unfamiliar and legally complex tool (e.g. state aid rules) to use in the context of large-scale inter-regional investments.
- Private-public-sector funding mix could be a valid solution for demonstration projects with high TRLs, especially for the implementation phase.

Barriers and difficulties to face for the introduction of new instruments/tools/practices in a coordinated and synergic way

- There is the risk that a specific instrument does not work in the same way when applied to other regions. Indeed, local environments have different rules, resource availability and managing system.
- The implementation of an interregional voucher scheme could be hampered by a number of administrative and financial issues:
 - High management costs (investment for the on-line tool, process monitoring, reporting...)
 - Certification of foreign service providers
 - Different administrative procedures and timing
 - Language barrier and need of documents translation

- Innovation vouchers were identified as an ideal policy instrument for inter-regional collaboration in the use of demonstration facilities, but don't help to solve the problem of investing in the implementation phase (where most of the investment is required)
- In case of joint call, there could be difficulties in coordinating contents due to the different level of development among regions and different priorities identified in regional strategies. Moreover, also in this case regional bureaucracy and standards (i.e. quality evaluation) will make the cooperation more difficult.
- State aid rules prohibit public funding of greater than 25%. The issue is in how to get firms to commit 75%, especially in an inter-regional cooperation framework where facilities will be opened up to firms in other regions.

Recommendations and suggestions proposed to overcome such barriers and difficulties

- Joint calls are a potential way to ensure that each region was moving in complementary directions in their investments in facilities.
- An instrument based on joint calls in combination with innovation vouchers could potentially solve the funding gap and should be further developed. It remains important to establish a dialogue between the S34Growth project and Vanguard Initiative.
- H2020 was considered an instrument with potential to circumnavigate the state aid rules and enable heavy investment in specific pilot projects at higher TRLs in specific areas, and the need for lobbying for specific themes to be included in future H2020 calls was mentioned.
- Raise awareness on decision makers and managing authorities it is important to demonstrate the impact on regional ecosystem and the return on investments related to the demonstration projects.
- Project partners should work together to develop a rationale and provide support for the design of concrete cases and business plans. Introducing the demo case approach was one important step in this direction, and consortium would like to continue this effort.
- A closer synergy with the Vanguard Initiative task groups, specifically with Financial Instruments TG and Vanguard Pilot Monitoring TG is needed to transfer the results emerged at project level.