



Linking initiatives: the experience of the Regional Council of Helsinki-Uusimaa (HURC), as partner in the BRIDGES project and BERRY+ S3 partnership**1**.

BACKGROUND

The Helsinki-Uusimaa Regional Council has been engaged in two European initiatives, related to the HUR RIS3 2014-2020 & 2021-: the Interreg Europe project BRIDGES (PGI00040 BRIDGES, Bridging competence infrastructure gaps and speeding up growth and jobs delivery in regions, 2016-2022; <u>https://projects2014-2020.interregeurope.eu/bridges/</u>) and the European Commission S3 industrial modernisation partnership called BERRY+ (2020–ongoing, (<u>https://s3platform.jrc.ec.europa.eu/berry; https://s3platform.jrc.ec.europa.eu/thematic-areas</u>).

These two initiatives are linked, since (i) BERRY+ is one of the outputs of Phase 2 of the BRIDGES project and (ii) the action plan of BERRY+ is partially implemented through the additional activities, i.e. the extension of the BRIDGES project, that was realised between 1.10.2021-30.9.2022. The Table below summarises the interrelationship between the two initiatives and the involvement of the Regional Council of Helsinki-Uusimaa in them.

Intervention domain	The engagement of Helsinki-Uusimaa in the BRIDGES project and BERRY+, and interlinkages between the two initiatives	
	BRIDGES project	BERRY+ S3 partnership
Policy area: the same policy area is shared	RIS3, resource wise, circular economy, science & research based, internationalisation of research results, reliable and sustainable localisation of industrial development, near-shoring	
	value chains, coherent with industrial policy	
Value chain engagement	Renewable and recyclable textiles	VERTICAL INTERVENTIONS COORDINATOR: Renewable and recyclable textiles (VC6) PARTICIPANT: Anti-aging/regenerative cosmetics (VC1); dairy industry sidestreams (VC2); forest industry
		sidestreams (VC3); functional foods (VC4); plant-based proteins (VC5)
Value chain mapping methodology	Value chain mapping methodology applied to Renewable and recyclable textiles.	Value chain mapping methodology is expected to be applied in all VC:s in which HUR participates.
Policy integration	For each one of INSTITUTIONAL ENABLER ROLE Issue and mainstream Policy instrument improvement recommendations (PIIR) based on the value chain mapping and good practices.	f the value chains STRATEGIC & OPERATIONAL AGENCY EXPERIMENT, DEMONSTRATE AND INVEST: Industrial policy and interregional collaboration, apply, demonstrate, evaluate and feedback on the PIIR. IMPROVE: Based on the experimental initiatives, evaluation inputs are exchanged with the RIS3 and

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Intervention domain	The engagement of Helsinki-Uusimaa in the BRIDGES project and BERRY+, and	
	interlinkages between the two initiatives BRIDGES project BERRY+ S3 partnership	
		mission-oriented innovation policy provisions are improved.
		SYSTEMATISE: the methodological "cycle" of VC mapping→experimentation→demonstration & investments→ evaluation→ mission-oriented innovation policy improvements is adopted as an effective development tool.
Horizontal interventions		HORIZONTAL INTERVENTIONS COORDINATOR: Component 3 (CP3) Alignment of national and regional funding. PARTICIPANT: CP1 Innovation intermediaries CP2 I3 projects CP4 New projects
	Joint dissemination for the dura BERRY+ CP5 Communication 8	ation of the BRIDGES project. a dissemination were activated after 31.3.2022.

The quest of the BRIDGES project has been how to render RIS3 results more visible in regions and, for this purpose, to address some of the barriers or challenges regions face. BRIDGES regions face challenges deriving from the effectiveness of their RIS3 implementation. For example, in some cases, challenges relate to the process of accessing and/or valorising research results. The overarching improvement need is for as effective as possible RIS3 implementation governance, to deal with 1) Difficulty to identify the impact of RIS3 on growth, jobs and regional economy renewal.; impact of RIS3 on growth, jobs & regional economy renewal (linked to investments, research excellence absorptiveness, and exploitation of related variety potential), 2) connection between RIS3 productive & RDI bases, 3) distance from & better exploitation of research excellence as a path to further specialisation, 4) resources towards RIS3 impact.

BERRY+ is an industrial modernisation S3 partnership2, investing in natural resources & circular economy. It is implementing the EC's 2020 New Industrial Strategy3 and the 2022 New European Innovation Agenda4. BERRY+ conceived around two foundational questions: (i) how do value chains work, how can they be operational tools for regional development? and (ii) how can research, innovation and emerging market5 potential be valorised through

² <u>https://s3platform.jrc.ec.europa.eu/berry;</u> <u>https://s3platform.jrc.ec.europa.eu/thematic-areas</u>. BERRY+ application was submitted to the Joint Research Centre [JRC] on 30.3.2020, went through the process of the two-rounds selection, and the final approval was on 17.11.2020. BERRY+ is led by the Regional Council of Kainuu, FI, coordinating the partnership among: the Regional Council of Helsinki-Uusimaa (FI), the Region of Western Greece (GR), the Region of Western Macedonia (GR), the Friuli Venezia Giulia Region (IT), the Lombardy region (IT), the Centro Region (PT), the Catalonia region through ACCIO institution, the University of Athens (Athens agricultural EDIH), the Malopolska Region (PL), and the Lapland Region (FI).

³ 2021 <u>Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery, {SWD(2021) 351</u> final} - {SWD(2021) 352 final} - {SWD(2021) 353 final}; page 10: "The Commission will work in close cooperation with the relevant stakeholders to identify measures to reinforce the EU position in global value chains, including by strengthening and diversifying external trade, creating new opportunities also for low- and middle-income countries".

⁴ {SWD(2022) 187 final}; "Help create "regional innovation valleys" that will strengthen and better connect innovation players through Europe, including in regions lagging behind."

⁵ This is one interpretation of the entrepreneurial discovery process, based on Kirzner 1997 article [Kirzner, Israel M. (1997). Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach (1997). University of Illinois at Urbana-

a value-chain approach? The implementation of BERRY+ is planned according to six (6) vertical and four (4) horizontal initiatives. The vertical initiatives are value chains. At the current time, BERRY+ is focusing on six (6) value chains: anti-aging/regenerative cosmetics (VC1), dairy industry sidestreams (VC2), forest industry sidestreams (VC3), functional foods (VC4), plant-based proteins (VC5) and renewable and recyclable textiles (VC6). The horizontal initiatives are called Components (CP) and include: CP1 Innovation intermediaries; CP2 Interregional Innovation Investment (I3 projects; CP3 Alignment of national and regional funding; CP4 New projects; CP5 Communication and dissemination. Value-chains are defining the regional stakeholder groups and are coordinated by different partners. The Regional Council of Helsinki-Uusimaa is coordinating VC 6 on renewable and recyclable textiles textiles and CP3; it is participating in VC:s 1,2,3,4 and 5.

The Helsinki-Uusimaa Region engaged in the BRIDGES project & the BERRY+ partnership with, mainly, three objectives. Essential findings from the BRIDGES project pathed the profile of the BERRY+ initiative and the Helsinki-Uusimaa interests for joining BERRY+. The three objectives and key insights are outlined below:

To contribute to further enabling EU-level interaction & cooperation for the commercialisation of the strong research results and innovation achievements of the region. This is an objective of the *Helsinki-Uusimaa 2014-2020 RIS36*, the *Helsinki-Uusimaa 2.0 programme*, the *Helsinki-Uusimaa Regional Programme 2022-20258* and the 2014-2020 Finland's strategy and roadmap for research infrastructures9. The relevance of this objective is confirmed by several European Innovation Scoreboard editions, for example through the indicator of 'sales of new to market product/firms innovations'10, and the innovation map study11 conducted as part of Phase 1 of the BRIDGES

As reference, another approach to EDP is proposed by the JRC 2021 guidebook The Entrepreneurial Discovery Process, <u>https://s3platform.jrc.ec.europa.eu/en/w/the-entrepreneurial-discovery-process</u>.

6<u>http://www.onlines3.eu/wp-content/uploads/RIS3_strategy_repository/FI_Smart_Specialisation_in_Helsinki-</u> Uusimaa_Region_- Research_and_Innovation_Strategy_for_Regional_Development_2014-2020_B_51_- 2015.pdf.

7 UUSIMAA-OHJELMA 2.0, <u>https://uudenmaanliitto.fi/wp-content/uploads/2021/11/Uusimaa-ohjelma-2.0.pdf;</u> Objective 5 New technologies growth and exports, and Objective 7 International expertise and investments.]

8 https://uudenmaanliitto.fi/en/development-and-planning/helsinki-uusimaa-regional-programme/]

9 Finland's strategy and roadmap For research inFrastructures 2014–2020. <u>https://www.aka.fi/globalassets/2-suomen-akatemian-toiminta/4-julkaisut/webroadmap2014eng.pdf</u>, e.g. pages 3, 9.

Recommendations for internationalising the commercialisation of the Helsinki-Uusimaa research base have been made also through and by the Interreg Baltic Sea Region programme (Smart-up project, JRC evaluation, <u>https://smartup-bsr.eu/wp-content/uploads/2021/06/02.6-Uusimaa-RIS3.pdf</u>; Baltic Sea Region S3 Ecosystem Platform 2019-2021, <u>https://www.baltic.org/project/baltic-sea-region-smart-specialisation-ecosystem/</u>).

10 E-RIS20114 https://op.europa.eu/en/publication-detail/-/publication/69a64699-18d7-40b9-8f92-1db3226cd2ec/languageen/format-PDF/source-search; EIS2016 https://op.europa.eu/en/publication-detail/-/publication/6e1bc53d-de12-11e6-ad7c-01aa75ed71a1/language-en/format-PDF/source-277890975; Regional Innovation Scoreboard 2016 https://op.europa.eu/regional%20innovation%20scoreboard%202016-ETBC16001ENN.pdf; EIS2017, EIS 2018 ; methodology https://www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vljufygmmxzn?ctx=vhsjd8w6pdvc&tab=1.

11 Capitalisation report BRIDGES innovation maps (2018). <u>https://projects2014-</u> 2020.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1546851383.pdf.

Champaign's Academy for Entrepreneurial Leadership Historical Research Reference in Entrepreneurship, available at https://econfaculty.gmu.edu/pboettke/summer%20docs/kirzner1997.pdf].

project, and is one of the arguments of the Helsinki – Uusimaa BRIDGES project action plan12.

- To share and exchange with the partners, as a good practice region in the sense of sustaining and consistently promoting state of the art research and economy in a coherent and effective way. This is the reason for which all partners share bio-based economy as one of their RIS3 priority domains, i.e. to enable interactions in methodological as well as industrial domains. This concept is confirmed in the innovation maps capitalisation report13 through the concept of 'connectivity potential'. It was further found that this connectivity potential was differentiated according to the needs of different regions and/or the opportunities provided by industry and research, and the implementation feasibility14. In particular, *the importance of programme-based interregional collaborations and associated funding /financing provisions were breakthrough insights15*. The concept of 'programme-based collaboration' was researched further, and the value chain approach was understood as providing such a potential. Thus, the value chain approach as a regional development tool, was adopted as a BERRY+ spearhead methodology.
- To exchange with the partners ways of ensuring more effective approaches to RIS3 funding and joint development of new initiatives.

The Helsinki-Uusimaa Regional Council participated also in the pilot action that was implemented during Phase 2 of the BRIDGES project. The purpose was to test conditions and feasibility for concretely supporting systematically the commercialisation of research results of the region, for example by providing co-funding for preparatory activities between regional and interregional institutions. This type of instrument did not exist before.

The results of the pilot were encouraging in two ways: first, they revealed demand for the transfer of advanced research results between the Helsinki-Uusimaa Region and other BRIDGES project regions, e.g. Western Macedonia in Greece; secondly they confirmed the hypothesis that to identify and valorise such interregional demand in the medium and long run, a more systematic approach and associated enabling tools would be needed. An opportunity to address these requirements, which were also part of the BERRY+, was presented when BRIDGES project was extended, and additional activities were approved in May 2021. The focus of the additional activities (Phase 3 of the project) was on regional resilience based on value-chain based policies and initiatives. BRIDGES partners were asked to select value chain domains important to their regional economies & associated to the respective RIS3. The idea was to utilise interregional complementarities for localising segments of value chains and investing in external collaborations for other segments. The starting point was mapping the selected value chains, identifying regional competitive advantage (actual and / or emerging) and linking it to in-shoring (development of new

¹² Helsinki-Uusimaa BRISGES project action plan, https://projects2014-

^{2020.}interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1566302341.pdf .

¹³ Ibid. footnote 9, page 9, *Connectivity potential*, <u>https://projects2014-</u> 2020.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1546851383.pdf,

 ¹⁴ Ibid.
 footnote
 9,
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 28,
 Connectivity
 priorities,
 https://projects2014

 2020.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1546851383.pdf,
 https://projects2014 https://projects2014

¹⁵ The 'programme-based' collaboration between innovation advanced and less advanced regions implied a fundamental reorientation of the BRIDGES project, from unit technology and know-how transfer opportunities/needs to domains of development actions.

initiatives or expansion of existing ones) and re-shoring (re-patriating) initiatives while, at the same time, seeking stable collaborations across borders for the near-shoring options.

The Helsinki-Uusimaa Regional Council concentrated on mapping the renewable and recyclable textiles value chain. This is contributing especially to goals 1 and 2 of the new RIS3 of the Helsinki-Uusimaa Region, which builds around four goals**16**:

- 1. Sustainable economic growth: innovation based sustainable growth by a wise use of resources.
- 2. Industrial modernisation: utilising the opportunities created by new technologies to improve the competitiveness, growth potential and internationalisation of businesses.
- 3. A carbon neutral Helsinki Uusimaa by 2030, a goal set in the Helsinki-Uusimaa Regional Programme 2022-202517
- 4. Well-being in everyday life: constant improvement of services to citizens.

Textile industry has a strong and dynamic research base in Finland, with a predominant part located in Helsinki-Uusimaa. Textile production was, in the past, one of the key industries of Finland. In recent times the textiles economic base has been declining because of higher labour costs. The value chain mapping**18** confirmed these trends. It also showed that, at the present, the textiles industry is mostly producing luxury goods in Finland. However, it also *revealed a range of important localisation (in- and re-shoring) opportunities based on at least two updated production factors. The first of these factors is the importance of direct access to research, revealing inshoring potential: renewable textiles are knowledge intensive products. Businesses confirm the importance of having direct access to research resources as a precondition for investing in this new production domain. Ensuring the first production factor implies that repatriating part of the textiles production is possible. To ensure also the probability of repatriation, automated production processes as a way of reducing labour costs (second production factor) and improving responsiveness of product-to-demand is also required.*

These findings were further interpreted into policy instrument improvement recommendations (PIIR). PIIR:s mainstream the notion of interregional complementarities, for: they propose value chain mapping as a strategic collaboration approach between and among regions, explore re-shoring business models, propose in-shoring measures and evidence-based production domains, and establish near-shoring strategies and longer-term interregional collaborations. The policy instrument improvement recommendations were formulated from June to September 2022. PP4 followed a simple logic for deciding the policy instrument improvement recommendations: connecting value chain mapping and good practice selection was done according to their RIS3 relatedness; then, these themes, ex ante interdisciplinary, were concluded as policy instrument improvement recommendations**19**.

18 Textile value chain mapping, https://uudenmaanliitto.fi/wp-content/uploads/2022/09/Textile-value-chain-mapping.pdf.

19 The Helsinki-Uusimaa policy instrument improvement recommendations report is accessible at https://projects2014-2020.interregeurope.eu/fileadmin/user_upload/tx-tevprojects/library/file-1661155644.pdf.

¹⁶ Page 10, <u>https://uudenmaanliitto.fi/en/development-and-planning/smart-specialisation-strategy-for-the-helsinki-uusimaa-region/</u>

¹⁷ Well Ahead – Helsinki-Uusimaa Regional Programme 2022–2025 https://uudenmaanliitto.fi/en/development-and-planning/helsinki-uusimaa-regional-programme/

The BRIDGES project closed its activities on 30.9.2022. In the next period, it is expected that the value chain mapping will lead to promoting concrete actions based on the findings of the value chain mapping, extending the approach to other BERRY+ value chains, leading to investments as well as further collaboration initiatives.

INSIGHTS AND NEXT STEPS

A first evaluation of the results reached till now, 31.12.2022, shows that learning, conceptualisation and partnership building have been the focus of activities, and some results achieved are significant and useful, and appreciated: for example, Helsinki-Uusimaa has invested in disseminating outputs of both the BRIDGES and BERRY+ initiatives when considered useful to other regions **20**.

Identifying and exploring interregional complementarities are two different things. Institutionalised exchanges are required to bridge this gap to reach results. The nature of complementarities can be *corrective* (e.g., addressing localised mismatches between the research & knowledge – bases of regions), *sufficiency – based* (e.g., addressing localised critical mass restrictions), and/or *anticipatory* (e.g., joint research/technological/product development). Preconditions for operationalising interregional complementarities include, also, funding/financing channels and institutionalisation of the collaboration potential, involving two or more regional policy makers. It is therefore a complex task. The benefit from investing in this task should be the evidence-based potential to concentrate on reliable sources of high-paying domestic jobs while protecting them as much as possible from external shocks by concluding and implementing near-shoring agreements. It implies that this is one path for addressing regional resilience: industrial investments ensuring stability with long-term, profitable growth, while in parallel, also strengthening the backbone of an economic supply chain.

Among the most important learning & conceptualisation results are (i) the two value chain mapping methodologies revealing regional competitiveness and connectivity potential**21**; (ii) operationalisation of value chains as regional development tools**22**; and (iii) clarification of the BERRY+ implementation process. In effect, it is a process starting from value chain definition, using this evidence to specify mission-oriented innovation policy initiatives and leading to demonstrator actions including investments and new development projects. The concept is summarised in the (commented) map**23**.

22 Ibid., footnote 16.

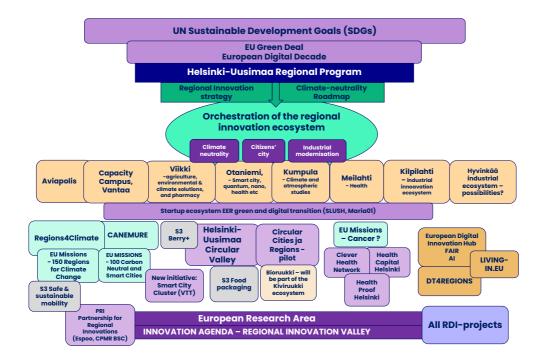
²⁰ Two examples of such dissemination activities is the value chain mapping methodology presented to the Caprex network meeting in Helsinki on 3.11.2022, and the presentation of the same tool during the Baltic Sea States Sub-regional Cooperation - BSSSC, Innovation Transfer Working Group, Open Talk session on 30.11.2022, https://projects2014-2020.interregeurope.eu/bridges/news/news-article/15453/bridges-project-dissemination-4/.

²¹ The BRIDGES project value chain mapping methodology is accessible here: https://projects2014-2020.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1665894195.pdf. The Balland&Boschma technology-based methodology for interregional complementarities is available as good practice here https://projects2014-2020.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1659251514.pdf, and in full here: European Union, Balland, P.A. and Boschma, R. (2021). Mapping the potentials of regions in Europe to contribute to new knowledge production in Industry 4.0 technologies. Regional Studies, 55:10-11, 1652-1666, DOI: 10.1080/00343404.2021.1900557, https://www.tandfonline.com/doi/full/10.1080/00343404.2021.1900557.

²³ Source: Larrue, P. (2021). "The design and implementation of mission-oriented innovation policies: A new systemic policy approach to address societal challenges", OECD Science, Technology and Industry Policy Papers, No. 100, OECD Publishing, Paris, https://doi.org/10.1787/3f6c76a4-en.

The BRIDGES project experience confirmed that the potential of and for complementarities between interregional initiatives and regional development, deserves to be further understood and operationalised. This will not happen unless regional policy making institutions engage in experimental activities coherent & connected with the regional development policy priorities. One of the strengths in the approach adopted by Helsinki-Uusimaa has been the in depth coherence and linkages with regional policy tools. The policy recommendations are coherent with the Region's key identified actions serving the regional ecosystem, national competitiveness and aligned with the European Innovation Agenda²⁴, especially relevant to 1,2,3 and 5 key actions:

- 1. To support regional innovation actors and the key place-based innovation ecosystems to build EU & international partnerships for co-development, co- learning, and knowledge sharing.
- 2. To support the world-class research and innovation infrastructure and testbed system.
- 3. To connect the Business Finland funded company-led innovation ecosystems to the regional RDI actors and new companies entering our region.
- 4. To cooperate with the regional stakeholders for foreign talent attraction.
- 5. To attract funding for RDI activities and for investments and to support the creation of new funding instruments for deep tech and digital solutions.
- 6. To anticipate competence needs together with the educational institutions in our region.



In the forthcoming period, starting from 1.1.2023 attention should also include

²⁴ Helsinki Smart Region, page 5; https://uudenmaanliitto.fi/wp-content/uploads/2022/11/Helsinki-smart-region-Innovation-agenda-esite.pdf.

- Focusing on investments, i.e. ex ante linking development actions to investments potential
- Funding & financing continuities at regional, national and interregional levels. Synchronised calls should be diffused, following, for example the approach proposed in the call giving collaboration opportunities across NUTS2 levels, issued by the Regional Council of Helsinki-Uusimaa25.
- Proceeding with in depth engagement of innovation intermediaries
- Retain and enhance science & innovation-based VC approach; include also targeted stakeholder groups & qualifications on innovation intermediaries and technology transfer offices (TTO:s) of universities.
- Retaining and improving mission-oriented innovation policy. Industrial reference contexts are based on the value chains and their specifications. The geographical and administrative reference contexts must bring together regional, national and interregional contexts.
- Improving the speed by which results are delivered.

^{25 &}lt;u>https://eura2021.fi/hakuilmoitukset/hakuilmoitus/92f9d53f-1e75-4d7c-b843-072a43e18393/</u>.