



***Scaling-up European Entrepreneurial Ecosystems:
The need for peer learning, capacity building and deeper interlinkages***

Policy Brief

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This policy brief has been written based on the experiences of facilitating the peer learning and action planning process in the 'EER project', *Fostering collaboration through mapping, analysing, and interlinking European Entrepreneurial Regions*.¹

¹ More information at this webpage: https://ec.europa.eu/growth/smes/sme-strategy/european-sme-week/sme-regional-policies_en

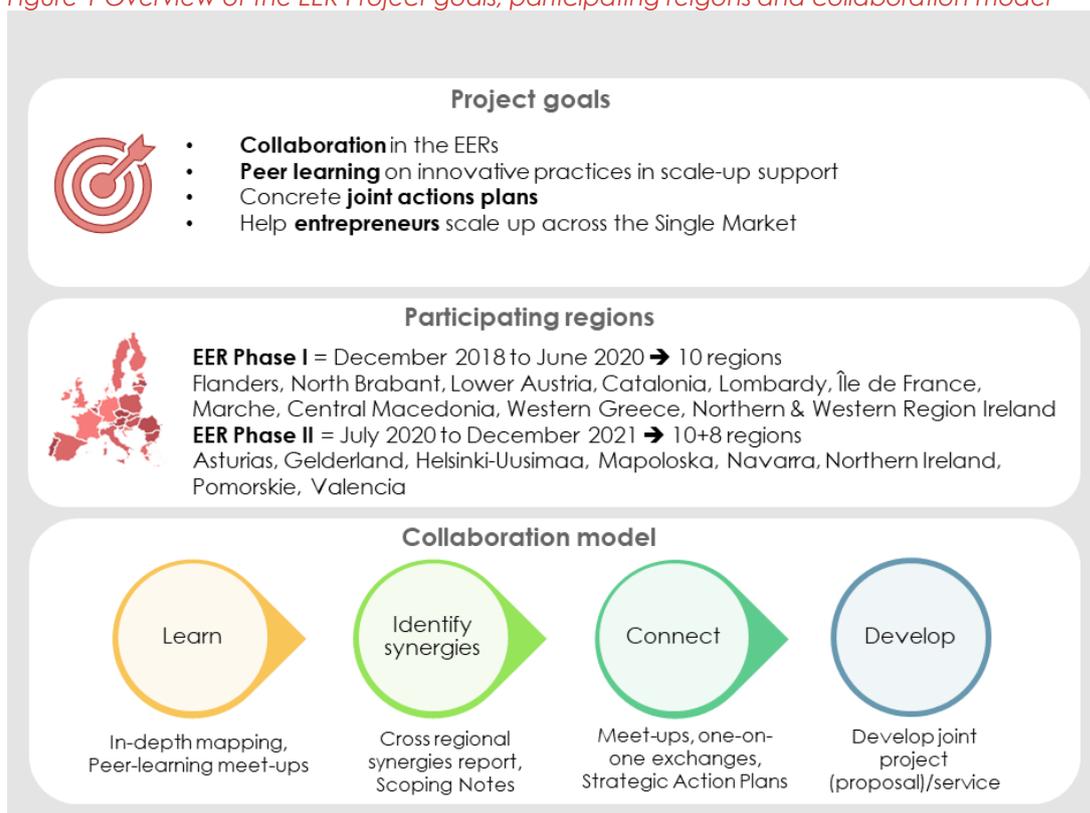
'Fostering collaboration through mapping, analysing, and interlinking of European Entrepreneurial Regions' project²

Launched in December 2018, the EU project 'Fostering collaboration through mapping, analysing, and interlinking of European Entrepreneurial Regions' had the objective of strengthening the impact of existing actions aimed at further developing start-ups and scale-ups in the context of the European Entrepreneurial Regions initiative. The **EER Label** is granted to regions with an outstanding and innovative entrepreneurial policy strategy, irrespective of their size, wealth, or competences.

The project started with ten regions interlinking in a first phase in 2019-2020, followed by the addition of eight new regions and reinforced priorities for collaboration in September 2020-December 2021. The participating regions have been Catalonia, Central Macedonia, Flanders, Île-de-France, Lombardy, Lower Austria, Marche, North Brabant, Western Greece, North and Western Region of Ireland in the Phase I, and Asturias, Navarra, Valencia, Gelderland, Northern Ireland, Helsinki-Uusimaa, Pomorskie and Małopolska in the Phase II.

The project followed a **step-by-step approach for the developing of synergies and interlinking of ecosystems** (Figure 1).

Figure 1 Overview of the EER Project goals, participating regions and collaboration model



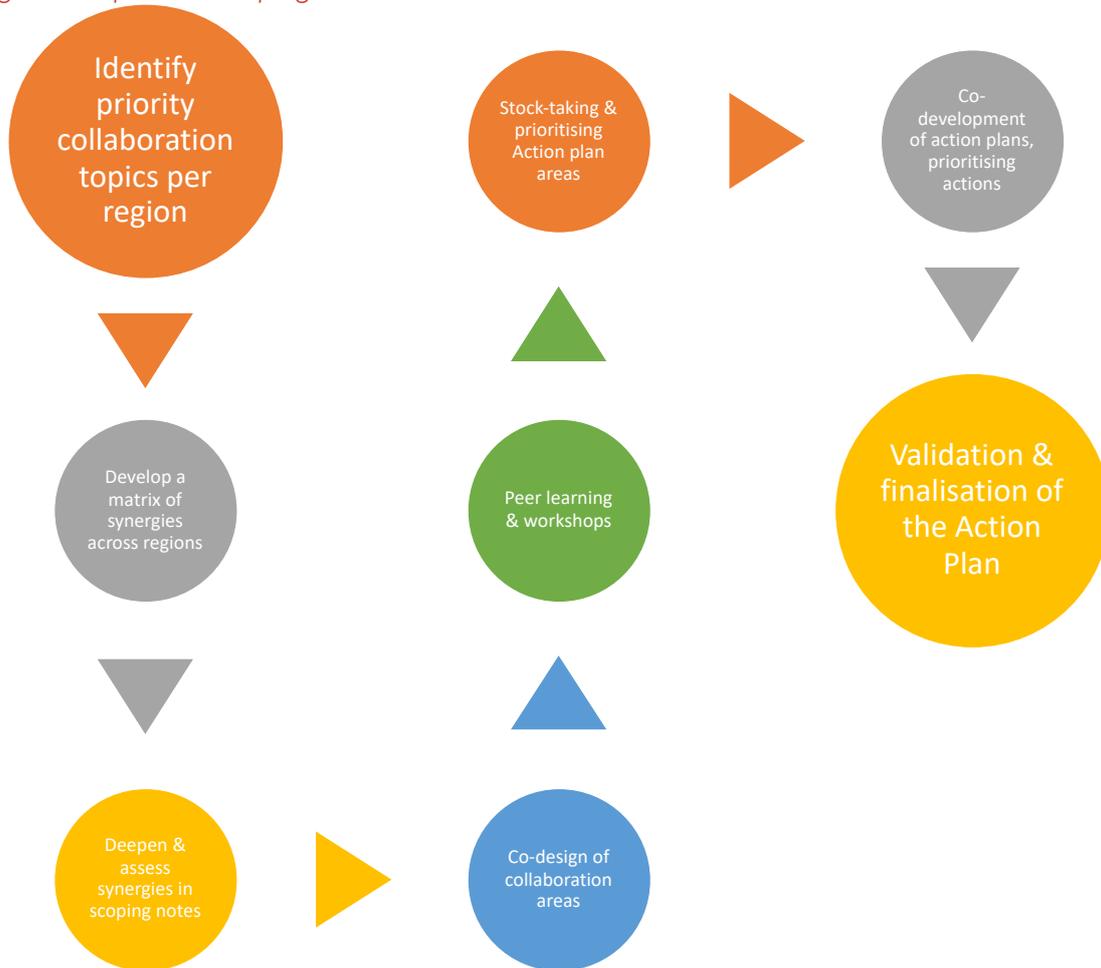
Source: Technopolis Group & IDEA Consult

² More information at this webpage: https://ec.europa.eu/growth/smes/sme-strategy/european-sme-week/sme-regional-policies_en

One of the first steps developed by the project was a common **framework and methodology to map the entrepreneurial ecosystems** of the participating regions. Eighteen in-depth mapping reports³ were published based on the review of the regional indicators for ecosystem dynamism, as well as interviews with the ecosystem players. The reports also identified strengths, weaknesses, opportunities and threats for the regions' ecosystems, and collected potential suggestions of interregional collaboration to support the ecosystem development.

To reach the goal of sparking long-lasting cooperation initiatives, structures or projects across the EER regions, the regions were engaged in a process of designing interregional Action Plans. The "Guide to mapping, action plan design and peer learning for regions"⁴ explains more in-depth the individual steps towards designing an Action Plan, illustrated in the figure below.

Figure 2 Steps to developing Action Plans

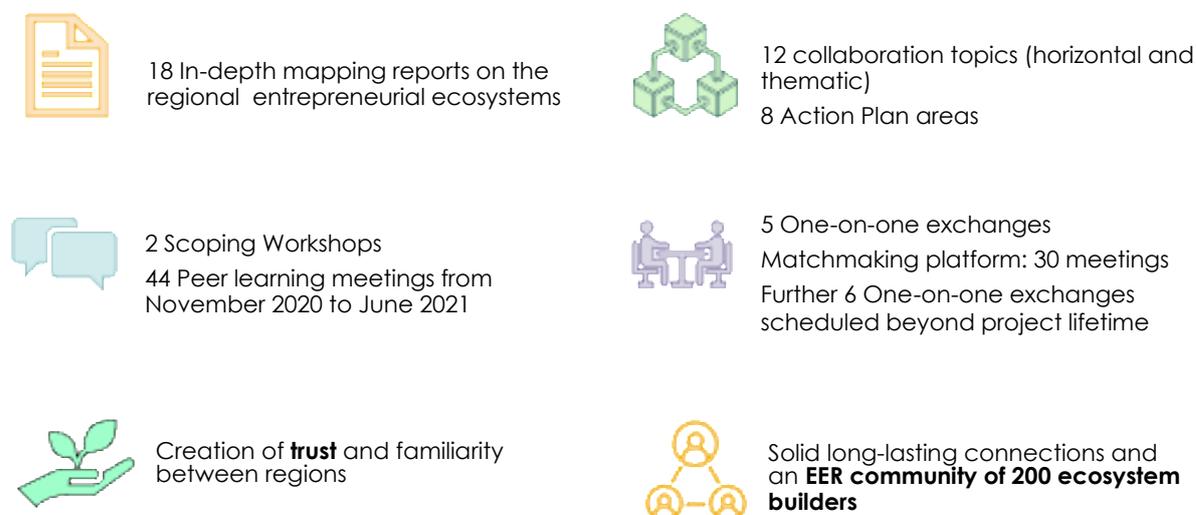


Source: Technopolis Group & IDEA Consult

³ See the links here: European Commission, 2022: SME Regional Policies, https://ec.europa.eu/growth/smes/sme-strategy/european-sme-week/sme-regional-policies_en

⁴ Technopolis Group, IDEA Consult, 2021: Fostering collaboration across entrepreneurial ecosystems: Guide to mapping, action plan design and peer learning. <https://op.europa.eu/en/publication-detail/-/publication/36a28659-8a20-11ec-8c40-01aa75ed71a1>

Figure 3 EER project: facts and figures



Source: IDEA Consult & Technopolis Group

Key success factors for an effective development of interregional Action Plans

The lessons learned outlined below are presented in a more detailed version in the « **Guide to mapping, action plan design and peer learning** ». ⁵ There are several key factors that can contribute to the success of the process of bringing together regions towards creating common programmes of activities. Firstly, there are specific aspects that need to be taken into account when performing the initial phase of in-depth mapping of the entrepreneurial ecosystems, which sets the stage towards better defining key areas and needs for ecosystem development and the rationale for interregional collaboration. Moreover, we also draw lessons from the process of interaction and co-development of action plans, as outlined below.

Key lessons on mapping entrepreneurial ecosystems

- Being creative and persistent with the data collection is necessary; some ecosystems do not have sufficient data readily available. Researchers need to collect data on-site, either through interviews, or, where time and resources allow it, through targeted surveys with stakeholders.
- Determining the success factors of the ecosystem relies not only on a quantitative data analysis process but requires a qualitative data interpretation and cross-checking/validation with the regional stakeholders.
- Determining the maturity of the ecosystem can be a useful step to finalise the mapping, as it can provide a better idea to the region of where they stand in comparison to other

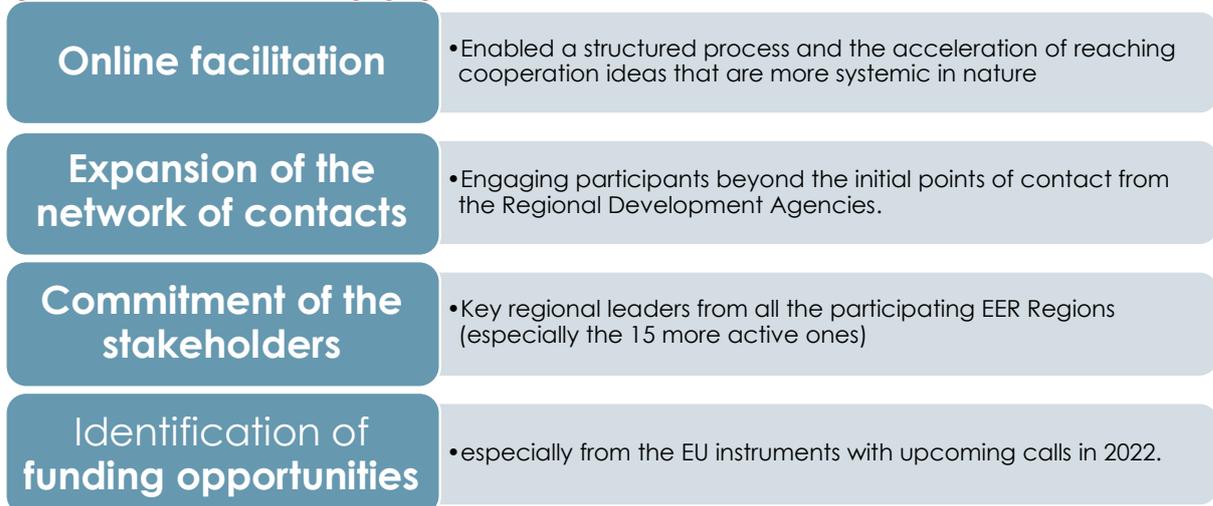
⁵ Technopolis Group, IDEA Consult, 2021: Fostering collaboration across entrepreneurial ecosystems: Guide to mapping, action plan design and peer learning. <https://op.europa.eu/en/publication-detail/-/publication/36a28659-8a20-11ec-8c40-01aa75ed71a1>

ecosystems. The « Guide to mapping, action plan design and peer learning »⁶ offers a possible solution based on the existing literature.

Lessons learned on developing interregional collaboration action plans

Throughout the process of identifying and designing interregional collaboration areas, a series of lessons and takeaways have been observed and are summarised here below.

Figure 4 Success factors for engaging in successful collaborations in Action Plans



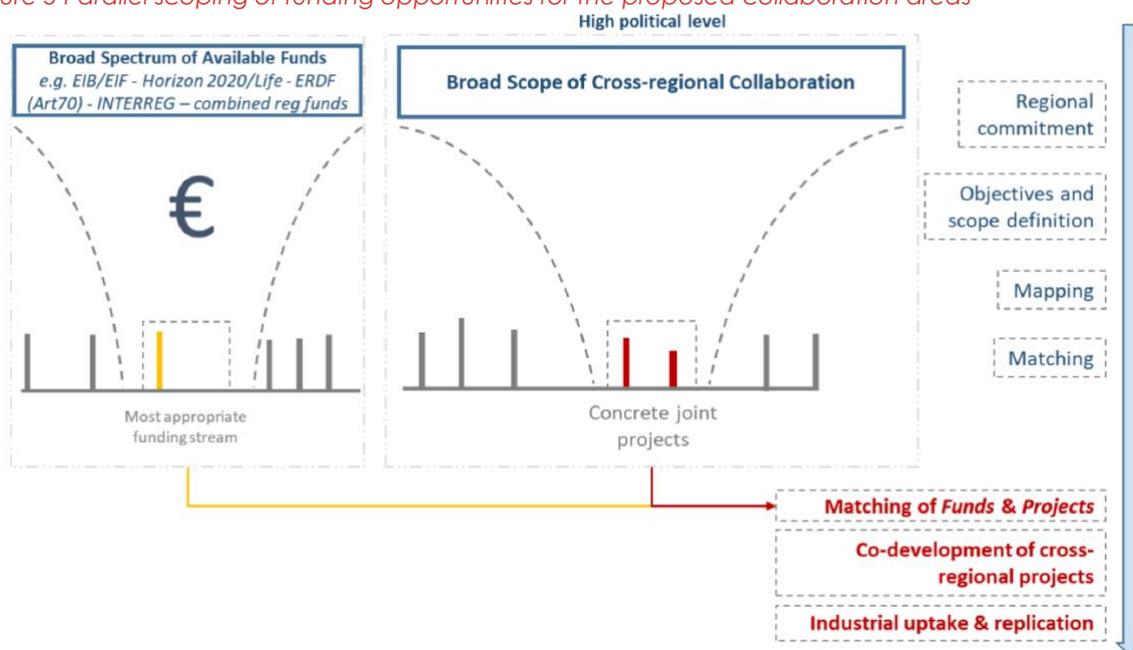
Source: Technopolis Group and IDEA Consult

- **Regional commitment, throughout all stages, remains key.** Regional commitment is the starting point of any interregional partnership. Commitment can take on many forms (i.e., set up a specific legal entity, signing a memorandum of understanding, having an open or closed partnership, among others), however it is important to check and reinforce regional commitment based on the specific needs of the region and its stage of development. Some good practices to consider are:
 - **Do not expect (or require) a formal commitment too early:** It is important to allow time to explore and test interaction between regions and their actors. Thus, allow for experimentation at the beginning but focus the experimentation on the common scope, challenges, needs, etc.
 - **Minimum number of regions to form a collaboration:** There is no ideal number of regions for any partnership, depending on the topic chosen. Within the EER project, the minimal critical mass was defined to contain at least three regions to explore a collaboration area.
 - **Engagement of the 'right' stakeholders in the collaboration area development:** Regional participation will vary in the course of the partnership's life cycle. For example, policy officers will tend to be heavily involved at the beginning, followed by technology experts and then industry managers, cluster managers and technology experts, with the latter two especially important for the thematic collaboration areas.

⁶ ibid

- **Renewing commitment. It is important to renew the commitment** because regional interests at partnership level may differ once work is underway. This ties in with the stock-taking process to (re)prioritise activities.
- **Stocktaking:** While mapping the regional interests, it can occur that a large number of collaboration areas are identified in which regional stakeholders are interested. While some peer learning related to each of these topics can be meaningful, not all collaboration areas necessitate a joint action plan nor have the potential for further development. This can be due to various reasons, e.g., not being timely in a current policy context, lack of critical mass, limited potential to develop a joint project or service across the stakeholders involved. It is important to take time to assess and take stock of the potential of the collaboration areas to result in fruitful collaboration, and focus the efforts on the most promising collaboration topics.
- **Identifying funding opportunities from the onset.** As shown in Figure 5, for the success of the collaboration area, it is paramount that the search for funding starts at the earliest stage possible (i.e., right at the Scoping Note stage), exploring what is needed and available among the regions, not necessarily what is fundable. The search for funding goes way beyond EU funding and involves also combined/pooled/aligned regional funding, private funding or other types of public funding (i.e., EIB-like types of debt/equity funding) that are closer to market.

Figure 5 Parallel scoping of funding opportunities for the proposed collaboration areas



Source: IDEA Consult

- **The importance of a facilitated process towards the identification of concrete and agreed actions.** Facilitation and mediation were important components of the action plan development as it helped the regions reach a common agreement on future actions.
- **The different maturity levels of the ecosystems matter** in how the collaborations are shaped. In some cases, the regions with emergent or less mature ecosystems lack good practices to showcase to the others in peer learning sessions, or miss key players who could join the sessions and contribute actively. In these cases, the willingness of the mature regions to share

knowledge without immediate gains is important. Likewise, the openness of the representatives of the less mature ecosystems to learn and / or transfer external good practices to their own regions can be a driver for further collaboration.

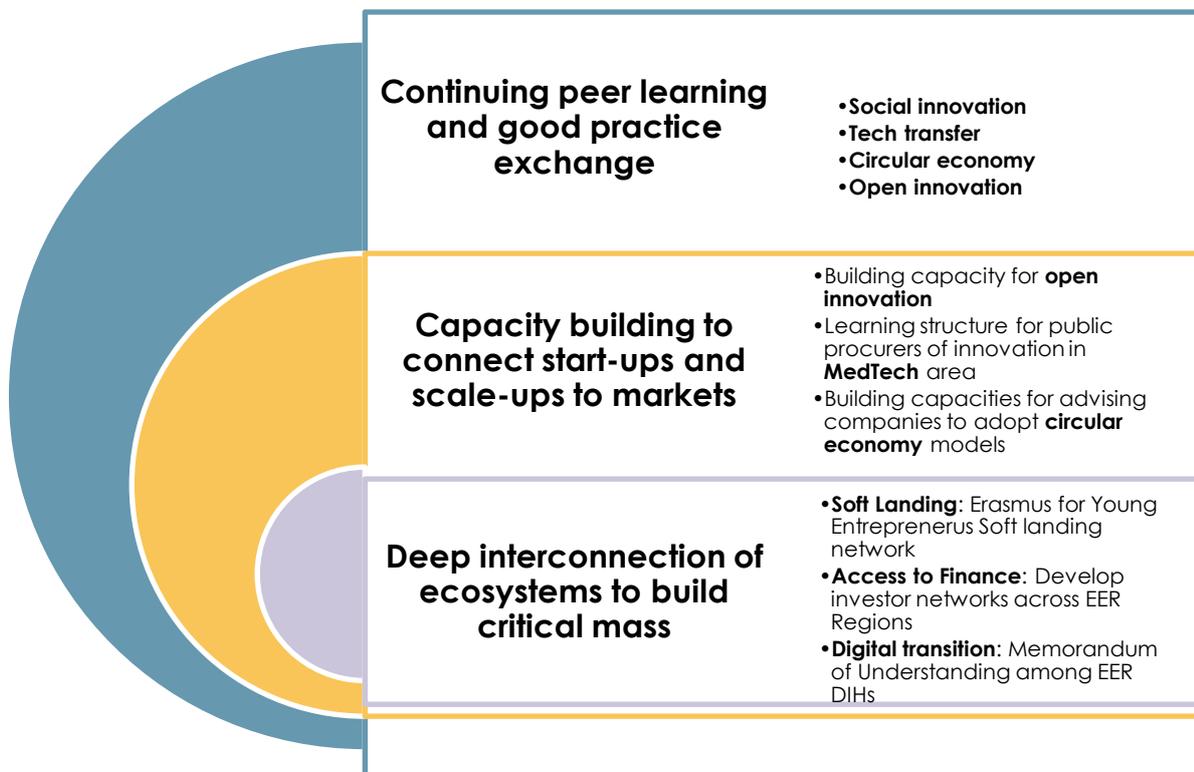
The portfolio of EER collaborations show real needs for peer learning, capacity building and interconnection to scale-up the EU entrepreneurial ecosystems

During the EER project, eight Action Plans were developed to tackle the needs identified for further actions to improve the entrepreneurial ecosystems of the participating regions. They can be grouped into the following items: continued peer learning, capacity building and deeper interconnections among ecosystems.

The need to tap into expertise that may not be available in the region as well as **the need to join forces to build capacity for more effective policies**, were key drivers of collaboration in EER. Moreover, the need to **build critical mass of specialised services** and funding across ecosystems has been another important incentive for cooperation. This is why, the cooperation in EER focused increasingly on **connecting key ecosystem players** such as investors, accelerators, incubators, digital innovation hubs, soft landing agencies and regional development agencies in learning and networking structures.

The figure below provides an overview of the portfolio of EER collaborations and their focus.

Figure 6 Portfolio of EER collaborations



Source: Technopolis Group and IDEA Consult

The above portfolio of cooperations provide an overview of key areas where regions find a **clear rationale for interregional cooperation and need for combined EU and regional funding support**, including:

- **Peer learning and good practice exchange.** This is especially important in emerging topics such as social innovation, circular economy, but also in areas where key bottlenecks still exist in the regions' ecosystems and practice needs to evolve, like tech transfer and open innovation.
- **Capacity building to connect start-ups and scale-ups to markets.** Access to markets is key for companies' growth at any stage. Markets for start-ups and scale-ups can be found by tapping into large corporations' open innovation budgets, or through, e.g. public procurement of innovations. However, based on the interactions of the EER project, it is clear that the relevant actors in EU regions need to build further capacity to provide quality support to companies in the above innovative fields.
- **Deep interconnection of ecosystems.** This is key for building critical mass in offering high quality services for start-ups, scale-ups and SMEs. This has been initiated in the EER project through developing a Soft Landing network of access points through applying for an EU Erasmus for Young Entrepreneurs funding, developing ideas to build an investors network across several EER regions, or signing Memoranda of Understanding for cooperation among Digital Innovation Hubs. According to the regions involved, these types of collaborations would not have started without the EER project building trust among the regional players.

Key policy opportunities for regions to scale-up their entrepreneurial ecosystems through European cooperation

Based on the experience of facilitating the development of collaborations between key innovation ecosystem stakeholders in EER Regions, there are several observations that stand out in terms of opportunities for policy to support further the scaling up of the EER Regions' ecosystems.

Knowledge and experience sharing

- There is **continuous need for knowledge sharing, exchange and peer-to-peer learning** among ecosystem stakeholders. EU programmes such as INTERREG provide relevant and useful sources of funding and experience sharing.
- Based on the experience of the EER project, a **more sustainable type of learning infrastructure or platform is needed** to support the continuous contact between EER regions, enabling regional stakeholders to launch new discussions or peer learning groups, and learn from each other's good practices.
- **Understanding how to monitor and evaluate results and impact** of policies deployed in support of innovation and entrepreneurial ecosystems, has been mentioned several times as a key need of the regional policy makers. Benchmarking the approaches and results of new instruments supporting companies get engaged for instance open innovation activities, or monitoring and evaluating the impact of regional circular economy policies, have been examples where regions wanted to gain more knowledge on.

Ecosystem development capacity building

- There is a need for **(peer to peer) coaching for regional policy makers and ecosystem stakeholders** (clusters, hubs, incubators etc.) **to integrate innovative approaches into own practices**, especially within less mature ecosystems. Leaders, changemakers, and

ecosystem players who would like to initiate new activities e.g. to enhance the open innovation opportunities in own ecosystem, or to introduce public procurement of innovation in their organisation, could benefit from mentoring and coaching from peers who have gone through similar processes and can support the development of such initiatives in less mature ecosystems.

- Beyond coaching and learning support on how to improve own ecosystems' functions, or how to benefit from interregional cooperation in order to scale-up own ecosystems players' activities, further support can be useful in **helping regions to orient their ecosystems towards tackling societal challenges**, such as transitioning to a green or more socially just economy. These types of approaches are new in many of the regions. At the strategy level, developing the **Sustainability dimensions of Regional Strategies for Smart Specialisations (S4)** can be seen as one of the key learning needs. In addition, capacity building on how regional ecosystems could be further catalysed to tackle societal and sustainability challenges was expressed as a need in the final survey of the EER project.

Going from peer learning to action at interregional level

- A different route to support ecosystem development and build capacity can be through developing frameworks such as **project incubators, experimentation labs, or accelerators for new policy or public-private initiatives**. Just as private entrepreneurs need such ecosystem support services to ideate, launch their business and scale-up, so could publicly minded entrepreneurs' benefit from more support to their innovative initiatives, and even more so, at interregional level.
- **Designing and implementing the 'outward dimension' in regional innovation strategies** is not yet common practice in most (if not all) EU-regions, while it is a prerequisite for the latest version of the Smart Specialisation Strategies (S3s) 2021-2027. Regions should be more proactive in indicating key priorities for interregional activities, and looking at priorities for additional complementarities in other regions. The S3 outward dimension and ERDF support should be used to design instruments for collaboration with external regions (e.g. portable vouchers). The new programming period 2021-2027 offers new possibilities to increase synergies between e.g. Horizon Europe (centralised management) and Structural funds (ERDF, ESF+, decentralised). If foreseen in the regional Operational Programmes, regions can use up to 5% of their structural funds allocation as transfer of resources to support R&I activities under Horizon Europe. Structural Funds can also be used as regional contribution to the European Partnerships (integrated funding) or as alternative funding for Seals of Excellence (alternative funding). All those possibilities (amongst others) could be first relevant starting points to initiate and further stimulate interregional funding and interregional innovation projects mutually reinforcing isolated ecosystems. This requires, however, the regions to think, position and act as 'segments of value chains' bringing the own territorial assets in a wider context, complementary to others.
- This issue of synergies between instruments and governance levels is not new but the 2021-2027 programming period could represent a momentum, certainly in the context of the urgent green and digital transitions, post-Covid relance and sovereignty in energy and basic commodities' supply. Exploiting synergies however is more often a question of political will than technical constraints.
- On top of synergies between EU funds (centralised versus decentralised), there is also a large and still untapped **room for progress in aligning and combining regional funding between regions** (across Member States and regardless of EU funding). This does not necessarily mean the set-up of 'joint investment funds' between regions, but it could at least start with an **improved governance structure allowing coordination and/or alignment of investments across regions**. Examples like the "Arctic Investment Platform", regrouping the

14 Arctic regions of North-Finland, North-Sweden and North-Norway and organising common, interregional pitches and investors' matching fora (hence increasing the pipeline of deals' flow and diluting investment risks), are good practice.

- For this combination of regional funding to happen, regions need on the one hand, to assess more carefully for which priority they wish to seek for collaboration to reinforce their positioning (ex ante, outward strategy). On the other hand, they need to investigate in detail how (which) regional funding instruments could be combined with each other, and what would be the conditions of replicability to expand successful combinations to other regions.