

POLICY RECOMMENDATIONS

How to build a strong Atlantic Innovation Ecosystem?

WP8 “Contributions to the strategies and policies in the Atlantic Area



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Disclaimer

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1. Executive Summary

In a context where the Atlantic area characterised by a strong blue economy sector, yet with sometimes variable capacities to innovate and support Start-up growth ; taking also into account the lessons learnt from FANBEST project, the present document listed a series of **policy recommendations** which aim at drawing suggestions of actions to take with the support of the EU decision makers to act for a **stronger, more dynamic and interconnected Atlantic Ecosystem of Innovation**.

The following document is based on the FAN-BEST experience, meetings with agents of the innovation in the Atlantic area, stakeholders involved in similar Atlantic blue innovation projects (AspBAN, SAFER, etc.). As being addressed to the EU decision-makers, the recommendations focuses on the revision and/or design of **EU policies and funding instruments** to bring better support to Atlantic economy Start-ups and SMEs.

2. Introduction

Context: innovation in the Atlantic Area

The Atlantic regions benefit from strong assets in terms of specialised industries, attraction of talents, rich coastal environment and export capacities due to a large number of ports acting as a true gateway to Europe.

Atlantic Regional Authorities have harnessed this potential by developing specific innovation strategies in their territories. In particular, most of the Atlantic Regional Authorities include in their so-called "Smart Specialisation Strategies" sectors such as Health and Well-Being, Agrifood, Renewable Energies, Maritime Technologies and Marine Resources, Tourism, or ICT.

The blue economy business environment in the Atlantic Area is dynamic. SMEs have been particularly important in the Atlantic Area in terms of their capacity to innovate in the last two decades. This is evidenced by the **6-fold increase in the number of patents** requested by Blue Economy companies in the 5 Atlantic European countries between 2000 and 2018 (FAN-BEST project).

The Atlantic Area benefits from exceptional potential in terms of offshore renewable energy, seafood production, traditional industries such as shipping companies, a rich coastal and marine natural environment, further strengthening the Atlantic Area blue economy.



However, regional innovation performances have varied a lot from one country to another and one region to another in the Atlantic area. According to the 8th cohesion report of the European Commission, many “transition” regions, which is the category in which most Atlantic Regions identify, have been **stuck in a development trap** with variable innovation performance.

According to the research carried out as part of the FAN-BEST project, Spain and France show larger capacity in terms of requesting patents in Blue Economy companies, Portugal and Ireland have reported below average performance with less patents requested by companies in the Blue Economy.

In addition to the general crisis that affected the EU regions (the COVID19 pandemic and the energy crisis linked to the war in Ukraine), Atlantic Regions have faced additional challenges such as the restructuring of value chains triggered by Brexit, socio-demographic changes, the climate and nature emergencies and the shift to efficient, greener and more integrated energy and transport interconnections, variable levels of investment in R&D, and adaptation of skills to the twin transition. Capacity to innovate in the Blue Economy sector has also depended on the profile of companies, countries with smaller companies such as Portugal and Ireland have demonstrated a smaller capacity for innovation.

At a time of a global shift towards a more digitised and carbon neutral society for all economies, it is even more important to calibrate policies and funding supports at EU level to leverage innovation capacities of Atlantic regions.

Snapshot on the results of FANBEST project

FAN-BEST is an INTERREG Atlantic Area project, which commenced in January 2019 and has run until 30th June 2023. FAN-BEST focused on the transfer of research results to SMEs of the Atlantic Area linked to the Blue Economy sectors thanks to the establishment or leveraging of a network of agents operating as funding providers and coaches for Start-ups and SMEs. By giving support to their daily activities and connecting regional incubators, chamber of commerce and universities with each other, the project enabled greater support to Start-ups and SMEs to access to new contacts, receive advice "à la carte" and identify new instruments of European public financing

The project consortium is led by University of Santiago de Compostela and has 11 partners, the Greater Manchester Chamber of Commerce, University of Exeter, Munster Technological University (previously called Tralee Institute of Technology), Dublin City University-Ryanacademy, Fundo Regional para a Ciencia e Tecnologia of the Government of the Azores, Orange Bird, Colegio Oficial de Ingenieros Navales y Oceanicos de España, Atlanpole, Vertigo Lab and the Conference of Peripheral Maritime Regions. 5 other associated partners complete the partnership: Local Enterprise Office of Kerry, University of La Rochelle, La Palma Research Centre and European Business and Innovation Centre Network.

A summary of the FAN-BEST results achieved to date include:

- Develop a handbook/manual mapping funds and financial instruments at EU, national, and regional levels to finance innovation in Start-ups and new companies of the Atlantic Area,
- Organise helpdesks specialised in Blue economy sectors which have identified the main stakeholders of the Atlantic blue economy sectors, including investors and platforms to match the needs of funding to innovation,
- Develop a platform which acts as a “Stock Market” updated with technologies and innovations with potential for industrial use of marine and maritime resources,

- Reach 156 SMEs and entrepreneurs who improved their competitiveness as a result of the advising and coaching services,
- Reach 44 delegates in the match-making platform for the blue sector companies and potential investors, to help bringing business ideas to commercial operations,
- Coach 24 blue innovative projects involving research centers, financiers, and companies. Coaching services encompassed access to funding, technology development and internationalization,
- Improve the visibility of funding opportunities outside of banks such as venture capital, crowdfunding, business angels, and participative loans,
- Develop socioeconomic and environmental impact studies on a territory achieved by a Start-up or an SME.

Lessons learnt from FAN-BEST partners:

In the specific context of the Atlantic Area mentioned above, in which the blue economy can take advantage of its comparative advantage with natural and existing industrial assets while facing new challenges, the FAN-BEST partners identified in addition certain pathways to boost innovation or decision-makers at EU level:

- (1) Giving the capacity to SMEs to access EU opportunities to support their innovation projects,
- (2) Providing a perspective of the evolution of the international market to Start-ups and SMEs,
- (3) Equipping SMEs to develop the networks required, nationally and internationally,
- (4) Supporting SMEs to demonstrate sustainability to banks/funding mechanisms,
- (5) Providing the enabling conditions for enterprises in attracting talents,
- (6) Implementing actions to increase the number of female blue innovators and giving visibility to women in the blue economy,
- (7) Providing solutions to national legislative barriers to engage in innovation, such as barriers for authorising food ingredients from algae.

3. Recommendations to EU policy makers

3.1 Give SMEs the capacity to access EU opportunities to support their innovation projects

Addressing to the INTERREG Atlantic Area monitoring committee, the FAN-BEST partnership:

- **Calls** for a reflection on improving the involvement of Start-ups and SMEs in the INTERREG Atlantic Area programme, they are the real game changer for innovation. Experiences of using the programme as a resource to finance pilots of innovations in Atlantic companies are very limited (e.g., SAFER project). Given the timeframe of projects

(two to three years) and the co-financing method (instead of pre-financing), the innovation projects may fall short in implementing pilots of innovation in a company, unless selecting one innovation with low risk for implementation from the start of the project;

- **Suggests** therefore to better harness the experiences of individual projects by creating a community of Atlantic agents acting as an “Atlantic Innovation Ecosystem”. The new objective “Better Governance in the Atlantic” could be useful in this respect. The multiplication of individual projects offering services to SMEs and Start-ups has indeed added complexity to the panorama of opportunities making it paradoxically more difficult for these actors to access services;
- **Proposes** that this “Atlantic Innovation Ecosystem” could encompass the network of FAN-BEST and other similar EU projects related to innovation in the Blue Economy such as SAFER (seafood sector) or AspBAN (innovation in ports), and involve regional entities such as regional authorities, Managing Authorities of the relevant regional and national Programmes, clusters and research centres supporting innovation in the Blue Economy;
- **Adds** that this “Atlantic Innovation Ecosystem” may allow for a more permanent transnational network to simplify the route of communication on financing instruments available at EU, national and regional levels. **Highlights** in this respect the interesting example developed by the Baltic Macro-Region which created a platform of regional innovation ecosystem financed by the INTERREG Baltic programme.

Addressing the European Commission, the FAN-BEST partnership:

- **Points out** that massive investments to reach a critical mass of innovation transfers among Atlantic stakeholders and boost the emergence of disruptive innovation, can only be performed with ambitious targets for the development of the Atlantic Area and improvement to align funding efforts at EU, national and regional levels;
- **Promotes** thus the articulation between financing instruments (public or private) and between entities that manage these instruments;
- **Highlights** the potential benefits resulting from more inclusive governance of Blue Invest including regional incubators and accelerators acting as support to Start-ups and SMEs. In doing so, the cumulative action of regional governments, key regional innovation agencies and Blue Invest could boost transfer of technology and speed up the growth potential of disruptive innovation;
- **Suggests** more communication on the opportunities offered by the European Business Angels Network and European Crowdfunding Network to ensure that Atlantic Start-ups and SME’s can benefit from them. This could be achieved via a decentralized approach with local representative of these networks;
- **Supports** the initiative of Blue Invest to develop training on the Blue economy sectors for investors to make sure that they become more aware and gain technical knowledge on the emerging blue economy sectors, a limit which has been pointed out in the last BlueInvest report;
- **Calls** for a consideration of a one stop shop portal for Blue Economy innovation funding to ensure that Blue economy stakeholders are aware of all the financial opportunities

available through EU programmes or public grants. The FAN-BEST financial instruments mapping and AspBAN funds databases currently gather different types of public supports which could form the basis of this portal.

- **Recommends** to take into account the pace and specificities of Innovation in the financing programs/instruments not only with regards the design of a programme but also its management, in particular for those programmes outside the European Innovation Council which still may benefit to start-ups and SMEs (EMFF, Horizon) to ensure that the funding is received on time in light of their pressing needs in a rapidly changing market.

3.2 Provide perspectives on the evolution of the international market to Start-ups and SMEs

Addressing the European Commission, the FAN-BEST partnership:

- **Suggests** reflecting on ways to make entrepreneurs more aware on places to find information on pieces of legislation which affect their sectors;
- **Proposes** that Blue Invest include a sea-basin dimension to ensure the sustainability of services provided by FAN-BEST (catalogue of financial instruments, coaching of SMEs, networking between stakeholders of the Blue Economy sectors, etc) targeted to the needs of the Atlantic economic community while allowing them to be part of a broader international network;
- **Suggests** multiplying European Enterprises Network contact points in the Atlantic Area to make sure that this support network for small and medium-sized enterprises (SMEs) can provide services to international ambitions of the Atlantic SME ecosystem;

3.3 Equip Start-ups and SMEs to develop the networks required, nationally and internationally

Addressing the European Commission, the FAN-BEST partnership:

- **Promotes** Atlantic regional examples of cooperation structures between research centres and companies which ensure that research matches and connects with the need of the sectors. The multiplication of such practices should be supported by EU initiatives.
- **Recognises** the positives of the EU BIC initiative to certify with a strict assessment the regional organisations that help local business and innovation to grow, and **calls for** the creation of a Blue BIC (inspired from the successful ESA BIC programme de dedicated to spatial innovation) to scale-up at EU level the Atlantic community on blue economy innovation mentioned above. Indeed, the main factor of success of the FAN-BEST project was the proximity established between the project partners, in particular regional incubators, and universities with local businesses.
- **Welcomes** also the creation of the Blue Smart Specialisation Strategy Platform as a capacity building instrument for coastal regions and their entities to apply for the Interregional Innovation Investment programme on Blue innovations and Blue economy value chain development. This tool has the advantage of connecting regional political

strategies within the Atlantic Area, with the aim of improving the overall competitiveness of the EU. However, FAN-BEST also **recommends** a reflection on the coordination with other EU supports available for innovation;

Addressing the European Council, the FAN-BEST partnership:

- **Suggests that**, as the Blue economy is closely linked to the socio-economic and geographic assets characterising specific sea-basins, a more structured cooperation approach should be developed to boost the Atlantic ecosystem of innovations;
- **Aligns** with the Council Conclusions of June 2022 on the 8th Cohesion Report which *“supports the capitalisation and widespread sharing of the cooperation experience of European Territorial Cooperation programmes, and of the macroregional and sea-basin strategies, to meet the challenges related to the green and digital transitions and to the integration of local economic systems”*;
- **Highlights** that Blue economy development is not only attached to Blue economy innovations but also the capacity of adapting innovations from other sectors (agrifood, manufacturing, ICT, etc.) into the Blue economy. A more integrated vision of the Atlantic territorial development beyond maritime issues is thus necessary when aimed at boosting Atlantic innovation capacity
- **Supports** therefore the call by the Atlantic Regional authorities member of the Conference of Peripheral Maritime Regions made in its recent Political Declaration voted in Cardiff in May 2023 to the EU Council to give a mandate to the European Commission for the creation of an Atlantic Macro-Region with a strong focus on “an Innovative and Sustainable Atlantic Economy”;
- **Recognises** the added value of the full and direct participation of regional authorities and regional entities as intermediaries to improve the territorial approach of such a Macro-Region;
- **Suggests** that the Spanish Presidency of the EU Council endorses this proposal and involves the key agents of the Atlantic maritime economy mapped by FAN-BEST in the consultation process on the Atlantic Macro-Region.

3.4 Supporting SMEs to demonstrate sustainability to banks/funding mechanisms,

Addressing the European Commission, the FAN-BEST partnership:

- **Suggests**, as developed in the FAN-BEST project by Vertigo Lab, to perform a sound Territorial Assessment enabling clear socio-economic and environmental impact assessment on a given area (region for example) of investing in an SME or Start-up.
- **Recommends** to better train local/regional incubators/accelerators regarding the new 'impact-driven' business models while preparing entrepreneurs to be more comfortable with 'ESG like' KPIs in their Business plans;

- **Proposes** to develop a joint knowledge at EU level on circular business models that could inspire the implementation of EU programmes financing innovations.

3.5 Providing the enabling conditions for enterprises in attracting talents

Addressing the European Commission, the FAN-BEST partnership:

- **Recognises** the rationale of gathering stakeholders of certain important economy sectors for the Atlantic area in the Pact for Skills (Offshore Renewable Energies and shipbuilding notably) to strengthen connections between researchers and practical needs of the sectors throughout the EU. However, **highlights** that it should ensure incentives such as dedicated funding opportunities for projects to maintain participation of stakeholders continue.

3.6 Implementing actions to increase the number of female blue innovators and giving visibility to women in the blue economy

Addressing to the European Commission, the FAN-BEST partnership:

- **Supports** the ambitions of calls for Women in Blue Economy under EMFAF, to support women leadership, entrepreneurship and participation in governance structures and decision-making mechanisms of public and/or private organisations of the sustainable blue economy;
- **Calls** to make sure that, given the small budget of those calls, entrepreneurship led by women is boosted by EU investment, educational and vocational training policies and beyond the Blue economy sectors, and call for a monitoring of progresses made in this respect in the EU;
- **Highlights** the UK initiative of an “Investing In Women” Code, so that financial services providers report on the volume of financing to women led businesses;
- **Suggests** more communication towards regional ecosystems on the possibilities offered by WEgate the portal which connects women entrepreneurs and capitalise on the EU pilot projects developed to increase the number of women business angels.

3.7 Providing solutions to national legislative barriers to engage in innovation

Addressing the European Commission, the FAN-BEST partnership:

- **Welcomes** the intention of the new Green Industrial Plan of the EU in enabling conditions via streamlined and faster permitting processes and facilitating access to markets. **It also values** the Green Industrial Plan initiative to increase flexibility around State Aid rules to support SMEs and Start-ups across Europe but **Calls** for EU policies and budget to monitor and compensate potential future disparities in levels of national public funding support in some Atlantic countries.



Addressing the European Parliament, the FAN-BEST partnership:

- **Points out the need** to develop an initiative report of the European Parliament to identify limits of the existing EU programmes for innovation in supporting the development of the blue economy sector and provide suggestions for policy review in forthcoming years ;
- **Highlights** the potential of the Intergroup SEARICA to bring to the forefront maritime issues on the EU Agenda and contribute to the debate on the future initiative report on blue economy, thanks to its wide range of members in the European Parliament from different parties and committees. Support is therefore maintained in the next years, following the European Parliament elections.

PARTNERS



ASSOCIATED PARTNERS



Organisations that also support the recommendations

