EUSBSR
EU STRATEGY
FOR THE BALTIC
SEA REGION

EUSBSR Policy Area Innovation

Steering Group Meeting,
in connection with the EUSBSR Annual Forum 2026

Tuesday 12 May 2026
from 13:00 to 15:00 EEST (from 12:00 to 14:00 CEST)

Venue: Ministry of Economic Affairs and Communications, Suur-Ameerika 1, 10122 Tallinn, Estonia

Participants

EUSBSR PA Innovation Coordinators (PACs) and their team members:

1. Esa Kokkonen, PAC, The Baltic Institute of Finland, Finland;
2. Aino-Maija Koljonen, The Baltic Institute of Finland, Finland;
3. Jenny Uusikartano, The Baltic Institute of Finland, Finland;
4. Indrek Õnnik, PAC, Ministry of Economic Affairs and Communications, Estonia;
5. Zuzanna Kozłowska, PAC, Ministry of Science and Higher Education, Poland;
6. Karolina Pawłoś, Ministry of Science and Higher Education, Poland;

EUSBSR PA Innovation Steering Group (SG) Members:

7. Kairi Otto, Ministry of Economic Affairs and Communications, Estonia
8. Eivind Lorentzen, Royal Norwegian Ministry of Trade, Industry and Fisheries, Norway (via online);
9. Felikss Bikaunieks, Ministry of Economics, Latvia (via online);
10. Austėja Mėta Norkutė, Ministry of Economy and Innovation, Lithuania;
11. Jens Unruh, Economic Development Agency Brandenburg (WFBB), Germany;
12. Petri Koistinen, Directorate-General for Regional and Urban Policy (DG Regio), European Commission (PA INNO strategic advisor);
13. Katarzyna Tyczko, Ministry of Economic Development and Technology, Poland,
14. Carolina Luciani, Swedish Agency for Economic and Regional Growth, Sweden

Other participants:

15. Sigrid Rajalo, Ministry of Economic Affairs and Communications, Estonia
16. Viktoria Bõstrjak-Butorina, Ministry of Economic Affairs and Communications, Estonia
17. Aleksandr Beloussov, Centre of Registers and Information Systems, Estonia (online)

18. Sonja Palhus, Regional Council of Southwest Finland (online)
19. Matteo Gerosa, Fondazione Bruno Kessler, Italy (online)
20. Michalina Szpyrka, Ministry of Economic Development and Technology, Poland

MINUTES

Opening, introduction of participants

Steering Group meeting was opened by Ms. Kairi Ott, followed by the introduction of the participants.

Welcome speech: Current developments in Estonian innovation policy

Sigrid Rajalo, Deputy Secretary General for Economics and Innovation, Ministry of Economic Affairs and Communications, Republic of Estonia

Sigrid Rajalo presented the current developments and future direction of Estonian innovation policy. She explained that Estonia's policy framework has evolved from addressing traditional market failures and system failures toward a more future-oriented and capability-based approach.

The policy focus has gradually shifted from horizontal policy measures to more vertical and targeted interventions, as well as from supply-side instruments toward stronger demand-side mechanisms, including regulatory sandboxes. At the same time, Estonia is moving beyond purely grant-based support models toward broader ecosystem-oriented approaches.

Several major challenges were highlighted during the presentation. These include attracting and retaining talent, securing sufficient capital for scaling up companies, and ensuring stable and indirect public funding for research and development while increasing the role of private-sector investment.

Sigrid Rajalo also emphasized the importance of changing the mindset of traditional industries and increasing companies' appetite for innovation and risk-taking. Estonia aims to achieve its innovation and R&D targets by 2035.

The implementation of innovation policy is coordinated through organisations within the Ministry of Economic Affairs and Communications (MoEC) domain.

One of the key success factors identified was seamless and fast communication between companies and the state administration, enabling more agile policymaking and implementation.

Estonia has one of the highest numbers of startups per capita in Europe and is considered the leading country in this metric.

According to Sigrid Rajalo, the Estonian startup ecosystem is now entering a more mature phase. Supporting mechanisms include an advisory board that maintains continuous dialogue with the startup community, as well as the Startup Visa programme, which helps attract international talent.

Sigrid Rajalo highlighted that the innovation ecosystem is increasingly driven by startups and that the next major innovation wave is expected to emerge from deep-tech industries.

Estonia is actively conducting horizon scanning exercises to identify the most promising emerging technologies. To support innovation within companies, several initiatives have been introduced, including regulatory sandboxes, zero-bureaucracy initiatives, and the real-time economy programme.

At the same time, companies have expressed concerns regarding excessive bureaucracy and the complexity created by the large number of support mechanisms currently available.

Additional future-oriented initiatives include the development of an “investment highway” and the launch of a dedicated deep-tech network in 2025.

Discussion and Questions

In response to a question from Lorenz regarding how agreement and coordination across ministries had been achieved, Sigrid Rajalo explained that innovation policy cooperation is governed and coordinated at the Secretary General level between ministries.

It was noted that the presentation materials will be shared with the participants.

Item 1: Approval of the meeting agenda

The Steering Group meeting agenda was approved as presented.

Item 2: Update on EUSBSR and Policy Area Innovation activities

Esa Kokkonen provided an update based on the materials circulated prior to the meeting. Currently, 31 projects are ongoing under PA Innovation. In addition, the extension process

for PA Innovation for the years 2027–2028 has started. Approval by the Steering Group for the new Activity Plan is required and will be carried out through a silent procedure, which is expected to be completed by the end of this month.

Petri Koistinen then presented an update on the approval process of the revised Action Plan. According to Mr. Koistinen, the process had taken longer than initially expected, mainly due to efforts to ensure stronger alignment between the actions and the overall strategy. The updated approach aims to address common challenges through innovation-driven solutions, while also emphasising security in a comprehensive manner.

Item 3.1.: Update on the Estonian-led Real-Time Economy initiative supported by PA Innovation

Viktoria Bõstrjak-Butorina, Head of Real-Time Economy at the Digital Economy Department of the Ministry of Economic Affairs and Communications of Estonia, presented the Estonian-led Real-Time Economy initiative supported by PA Innovation.

The presentation highlighted the transition from document-based processes toward direct data sharing between systems. Ms. Bõstrjak-Butorin emphasised the practical impact of the initiative on companies, including calculations demonstrating potential cost savings in euros. Several successful pilot projects were also presented.

In addition, plans for a cross-border project related to the SusTool and the Real-Time Economy initiative were introduced.

Item 3.2.: Demonstration of the Real-Time Economy Tool

Aleksandr Beloussov, Team Lead at the Zero Reporting Team within the Service Development Field at the Centre of Registers and Information Systems, provided an online demonstration of the Real-Time Economy tool.

The demonstration showed how annual reports can be automatically compiled based on data transferred directly from bookkeeping systems. The tool is intended to centralise information flows and simplify reporting processes for companies.

Discussion

During the discussion, a question was raised regarding whether any analysis had been conducted on activities and developments related to real-time economy initiatives in other Baltic Sea Region countries.

Item 4: Policy Area Innovation project presentation: Cross-macro-regional project, "SMART ERA – SMART community-led transition for Europe's Rural Areas"

Matteo Gerosa, Project Coordinator at Fondazione Bruno Kessler, presented the SMART ERA project, which focuses on revitalising rural communities through digital technologies and participatory approaches. The project is funded under Horizon Europe and brings together 25 partner organisations from 10 EU countries for the period 2024–2027.

The project aims to improve the well-being, resilience, and innovation capacity of rural communities by developing "Smart Innovation Packages" that combine technological and non-technological solutions tailored to local needs.

The presentation highlighted the transition from isolated solutions toward integrated and community-driven innovation packages. A key element of the methodology is participatory co-design involving local stakeholders throughout the process.

Six pilot regions across Europe were introduced, including Northern Ostrobothnia in Finland, where the focus is on platform economy solutions and digital platforms facilitating interactions and transactions between users. Other pilot themes include sustainable mobility, tourism development, digital infrastructure, health services, and circular economy solutions.

Mr. Gerosa presented the SMART ERA methodology, which consists of context assessment, solution co-design, pilot execution, and replication activities. The project includes plans for replication in additional regions through open calls, as well as the development of policy recommendations and post-project exploitation strategies.

Several key challenges affecting rural innovation ecosystems were identified, including ageing populations, low digital literacy, difficulties in attracting and retaining talent, weak links between SMEs and research institutions, and insufficient long-term funding.

The importance of participatory methods, stakeholder engagement, and long-term vision-building was emphasised throughout the presentation. Particular attention was given to balancing efficiency in stakeholder involvement while ensuring meaningful community participation through "phygital" engagement solutions combining physical and digital tools.

During the discussion, Esa Kokkonen commented that the project has provided an excellent learning and networking opportunity, particularly for exchanging experiences with other macro-regional strategies. He highlighted SMART ERA as a strong example of place-based innovation action and noted that the Alpine Region has long experience with smart village-related development strategies.

Matteo Gerosa expressed interest in continuing cooperation with macro-regional strategies in areas such as green rural development.

Mr. Kokkonen also noted that safety and security will be one of the key themes of the upcoming Annual Forum and emphasised that these topics are highly relevant for rural development as well.

After the presentation and due to time limitations, Mr. Kokkonen suggested combining agenda items 5 and 6 into a joint round table discussion.

Estonia

Kairi Otto presented recent developments in Estonia, including the introduction of new systems aimed at streamlining processes. She also introduced the Estonian AI / Eesti AI initiative, which seeks to improve the use of artificial intelligence across the public sector and support long-term competitiveness through AI-enabled user cases.

In addition, Estonia is developing innovation-oriented public procurement methodologies to encourage more innovative approaches in public procurement processes.

Norway

Eivind Lorentzen highlighted the strategic importance of ports from the defence perspective. Defence and preparedness issues are becoming increasingly central, particularly in the context of funding reductions and broader societal resilience.

A common challenge identified was how to support dual-use solutions that serve both defence and wider societal purposes.

Lithuania

Austėja Mėta Norkut presented developments related to its AI Centre, described as the largest in the Baltic States. Current activities include work on AI sandboxes and increased support for startups seeking to scale up.

Additional focus areas include fintech, miltech, and rapid co-creation approaches for identifying and implementing solutions. The issue of balloon-related security threats was also mentioned.

Germany

Jens Unruh informed that Germany is currently preparing an innovation strategy based on cluster-oriented approaches and specialised focus areas. The strategy is structured around four major priorities: digitalisation, decarbonisation, dual-use technologies, and de-risking.

The new strategy is expected to be announced in June.

Poland

Katarzyna Tyczko highlighted the importance of technology transfer, scaling, and business model innovation across all sectors as current Polish priorities. Biotechnology was identified as one important focus area.

Ms. Tyczko noted that Poland's economy is highly diverse and that there is no intention to exclude any sectors from innovation policy support. The importance of networks and place-based innovation approaches was also emphasised as a means to attract cooperation and investment.

Latvia

Felikss Bikaunieks presented Latvia's innovation policy priorities through the Smart Specialisation Strategy (S3). Main focus areas include net-zero technologies, space technologies, and dual-use technologies.

Wrap-up and Closing Remarks

The Chair thanked the PA Innovation coordinators for their work on behalf of the Steering Group.

Esa Kokkonen informed participants about the updated Action Plan and the preparation of new strategic summary materials. Participants were encouraged to utilise these materials in national discussions related to the Multiannual Financial Framework (MFF) and national innovation policy development.

It was also noted that changes concerning the Finnish Steering Group member and substitute member are ongoing, and that the substitute member was unfortunately unable to attend the meeting.

The next meeting is expected to take place in Autumn. Discussions are still ongoing regarding the host country, with Denmark and Finland both being considered, particularly in connection with the upcoming Danish Presidency.


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