



# **Structural Funds - what is it, who decides what, how can SMEs benefit? Main novelties of the 2014-2020 reform**

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## Structure

- **Basics on current Cohesion Policy**
- **What's in for SMEs**
- **Main novelties of the 2014-2020 reform**
- **Smart specialisation and preparation of new programming period**



# Basics of current Cohesion Policy

**EU Treaty, Title XVIII, Economic, Social And Territorial Cohesion**

- Redress the main regional imbalances in the Union
- Structural adjustment of regions lagging behind
- Conversion of declining industrial regions

**NEW: Europe 2020 + Financ./Economic Crisis**

- CP als 'key delivery instrument'
- Targeted growth enhancing investments
- Strategic approach: maximise innovation potentials
- Synergies between policies/funding streams
- Stronger involvement of regional innovation actors



## Basics on current Cohesion Policy


### Shared management

- **Managing Authorities:**

- SWOT & impact assessments
- manage implementation of OPs
- payments, audits

- **Commission:**

- negotiates OP
- monitors implementation, financial control
- approval of major projects

- 
- *455 Operational Programmes*
  - *Approx. 1,8 – 2 Mio projets*
  - *€ 346 bn. total budget*



## Basics on current Cohesion Policy

**Do not contact the Commission if you want Structural Fund support!**

### **1. Check relevant operational programmes:**

- InfoRegio web-site: summaries & links to regional / national web-sites
- Check full text of OP & indications on implementation methods on regional / national web-sites

### **2. Contact Managing Authority:**

- See contact details in OP summaries & web-sites

### **3. Apply at Managing Authority:**

- Depends on the budget planning, timing and implementation methods chosen by the Managing Authority



# Current Cohesion Policy

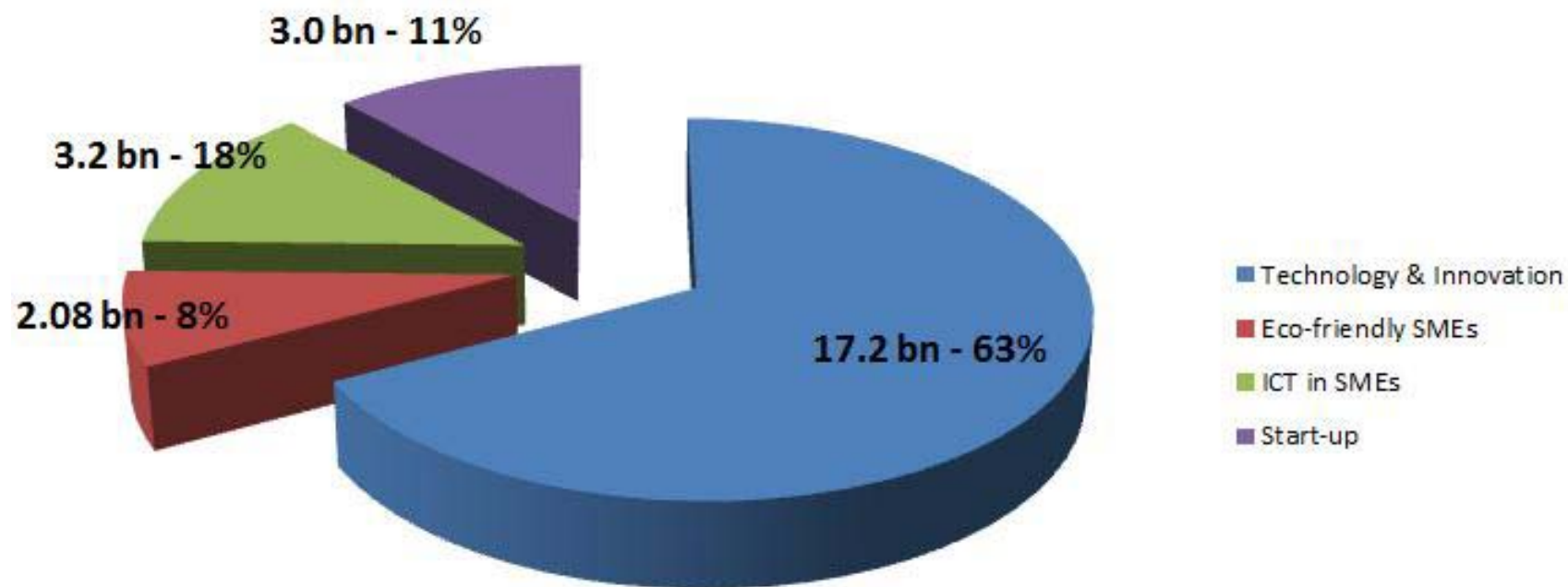
# What's in for SMEs?



## €65 billion for business (all companies)

Category	Description	Amount
03	Technology transfer and improvement of cooperation networks between SMEs + other	5,081,051,595
04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)	5,445,125,323
05	Advanced support services for firms and groups of firms	5,017,074,833
06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)	2,079,967,652
07	Investment in firms directly linked to research and innovation (...)	10,372,021,671
08	Other investment in firms	14,465,014,650
09	Other measures to stimulate research and innovation and entrepreneurship in SMEs	6,662,010,641
14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	1,623,845,343
15	Other measures for improving access to and efficient use of ICT by SMEs	1,670,895,802
62	Development of life-long learning systems and strategies in firms; training and services for employees ...	8,763,104,326
63	Design and dissemination of innovative and more productive ways of organising work	1,688,319,956
68	Support for self-employment and business start-up	3,009,450,970
<b>Total</b>		<b>65,877,882,762</b>

... of this, around **€27 billion** are directly for **SMEs**



**State of Play: Annual Implementation Report – end 2011**  
**T+I 60%, Eco 36%, ICT 43%, Start-ups 54%**





# Financial Engineering in Cohesion Policy

CP support through revolving financing instruments (venture capital funds, guarantee funds and loan funds) is **actively promoted**  
**... but requires new partnerships in delivering CP support & assistance to MAs and relevant stakeholders**

**Article 44** of the General SF Regulation enables support through FEIs in three thematic areas:

- Art 44 (a): Enterprises, including SMEs & micro enterprises
  - Art 44 (b): Sustainable urban development
  - Art 44 (c): Energy efficiency & RES in the building sector, including existing housing
- 
- JEREMIE: for Micro to Medium Enterprises, EIF managed
  - JESSICA: urban development, in cooperation with EIB
  - JASMINE: enhance the capacity of non-bank micro-credit providers/micro-finance institutions , incl. helpdesk



## FEI State of play (2)

*FEI Implementation progress in EU Member States (as per 31.12.2011):*

- **More than 500 specific FIs (loan, guarantee, equity/venture capital and other funds) in 25 Member States (except Ireland and Luxembourg) and in one cross-border cooperation region.**
- **Total value of programme resources paid to such funds was some EUR 14 945 million, including EUR 10 526 million from Structural Funds (SFs) and out of which EUR 192 million from ESF.**
- **The vast majority (some 466 FIs or 92%) of specific funds were FIs for enterprises, which received some EUR 13 302 million of OP contributions, out of which some EUR 9 327 million of SFs.**



## FEI State of play (2)

*FEI Implementation progress in EU Member States (as per 31.12.2011):*

- **Products offered to enterprises included loans, guarantees, equity/venture capital and other products (such as interest rate and guarantee fee subsidies)**
- **Disbursement made by those funds to final recipients amounted to some EUR 9 241 million or 62% of OP contributions.**
- **FEIs for enterprises reported to have invested in some 34 000 SMEs, 16 000 micro-enterprises and 62 large enterprises (information based of optional data provided by a limited number of MS).**

*Please note: Figures are not final and still contain significant inconsistencies, which are currently being corrected*



## SME support through CP: some good practices (1)

- **'Re-enterprising' (Reempresa)** is a new approach being implemented in the Catalunya region of Spain for supporting the transmission and successful continuation of small businesses by assisting new entrepreneurs to take over the helm. See:

[www.reempresa.org/?idioma=2](http://www.reempresa.org/?idioma=2)

Total cost: EUR 1 700 000, ERDF contribution: EUR 850 000

- **Northern Denmark generates export growth:** With an untapped export potential for the region estimated at €540 to €670 million, the North Jutland Export Programme in Denmark has been instrumental in providing support to small businesses to boost regional exports and job opportunities. Figures calculated following the conclusion of the project period showed marked increases in both exports and turnover. "The export programme proved a resounding success with 124 private companies taking part from 2004–2008. Exports were up 35% and 900 new jobs were created."

ERDF contribution: €670 000 from the North Jutland Export Programme (2002 to 2004)

- **Turning research into business:** Catalysing technological innovation in academia and the business community is the main goal of the North East Proof of Concept fund (NE POC) which invests in early stage science and technology projects. Ambitious entrepreneurs unable to raise finance for their project, due to the unproven state of the technology, can call upon the NE POC to help them maximise their growth and return potential.

From 2004 to 2008, North East Proof of Concept received €5.63 million from the ERDF



## SME support through CP: some good practices (2)

- **Tailor-made services open doors for entrepreneurs:** Entrepreneurs in Kuyavia-Pomerania Voivodship are being offered professional advisory services in a variety of domains as the Toruń Technology Park (TT P) looks to stimulate technological uptake and to commercialise ideas from scientists. The Centre for Technology Transfer (CTT ), which has become the focal point of the park, provides a market analysis and subsequent personalised service for entrepreneurs. Hosts EEN.  
ERDF contribution: €1.25 million (October 2002 to December 2004)
- **Baltic Sea innovation boosted with new tools of the trade:** The Baltic Sea region is recognised for its strong knowledge-based and innovative economy, with small and medium-sized enterprises (SMEs) playing a key role in this innovation process. To help these SMEs with financing as they look to expand internationally, the recently launched JOSEFIN project is introducing a range of practical instruments designed to support them in their endeavours, including a European counter guarantee and a new risk-sharing model. More about this project can be found at: [www.josefin-org.eu](http://www.josefin-org.eu)  
ERDF contribution: €2.9 million (January 2009 to January 2012)
- **Lower Austria Innovation Assistant (RegioStars Award 2008):** Niederösterreich piloted a landmark scheme to encourage SMEs to employ recent university graduates in order to strengthen their technological and innovation capacities. This Innovative Action part-funded by ERDF targeted small SMEs in rural areas, providing them with support for an Innovation Assistant.  
ERDF contribution: € 695,000 (2002 –2009)



## SME support through CP: some good practices (3)

- **Innovation Voucher Grant programme, Estonia:** launched in February 2010 with support from the ERDF encourages enterprises to co-operate with research institutes. SMEs can use the innovation voucher to buy in services from institutions of higher education, the Estonian Patent Office, the Estonian Patent Library, patent officials, and accredited testing laboratories. The innovation voucher can also be used to obtain assistance from institutions of professional higher education and competence centres. SMEs have so far received vouchers for 149 innovation projects.  
Total amount of grants financed from ERDF is around 8.75 million kroons
- **JEREMIE Holding Fund, Andalucia, Spain:** The Innovation and Development Agency of Andalucia in Spain has put up a JEREMIE Holding Fund in 2009 with the aim to invest in Andalusian enterprises. The JEREMIE holding fund has a size of € 235m: 70% from the funding is coming from the European Regional Development Fund and 30% as a national contribution from the Ministry of Economy, Innovation and Science of Andalusia. It consists of a MULTI-INSTRUMENT FUND (€ 185m) and a VENTURE CAPITAL FUND (€ 50m). At the end of 2010 the fund had already invested € 68m in 22 enterprises. These investments leveraged a total of €220m of new investment in these companies based on an average co-investment rate of 78% and a multiplier of 4,6, resulting in 3.060 new jobs and supporting 2.500 existing jobs.  
ERDF contribution: € 164,5 million

See for examples: [http://ec.europa.eu/regional\\_policy/sources/docgener/presenta/projectbook/dg\\_regio\\_project\\_book\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/presenta/projectbook/dg_regio_project_book_en.pdf)

Good practices database: [http://ec.europa.eu/regional\\_policy/projects/practices/index\\_en.cfm](http://ec.europa.eu/regional_policy/projects/practices/index_en.cfm)

COM on smart growth: [http://ec.europa.eu/regional\\_policy/information/pdf/brochures/rfec/2011\\_smart\\_growth\\_en.pdf](http://ec.europa.eu/regional_policy/information/pdf/brochures/rfec/2011_smart_growth_en.pdf)



# Future of Cohesion Policy 2014-2020

- ✓ **Link to Europe 2020 + thematic concentration:** maximise impact of investment, focus ERDF on R&I + SME competitiveness + low carbon economy
- ✓ **Conditionalities** to ensure effective implementation, e.g. research and innovation strategies for smart specialisation (RIS3) ; SBA implementation ...
- ✓ **Coherence across instruments:** Common Strategic Framework (ERDF, ESF, CF, EAFRD, EMFF); clarify synergies with Horizon 2020 etc.



## Future of Cohesion Policy (2)

- ✓ **Better results orientation:** Common indicators, better monitoring and evaluation systems
- ✓ **Stronger partnership:** Partnership agreement, code of conduct on partnership, RIS3 conditionality
- ✓ **Simplification:** e-cohesion, wider use of simplified cost models, restriction of frequency of audits for small operations, harmonisation of eligibility rules across SF





# Evaluation of SF SME support

- *For medium-sized enterprises, innovation support, networking and innovation consortia proved effective at increasing long term growth and productivity.*
- *For small and micro enterprises, basic business advice may be the single most cost effective form of support.*
- *For SMEs of all sizes, the findings would support **a tailored package mixing appropriate financial and non-financial elements.***
- *For large enterprises, a repeated finding is that **financial support does little or nothing to change outcomes** – they take public money and do what they would have done anyway.*



# Thematic objectives

Europe 2020

smart

sustainable

inclusive

1. **Research and innovation**
2. **Information and Communication Technologies**
3. **Competitiveness of Small and Medium-Sized Enterprises (SME)**
4. **Shift to a low-carbon economy**
5. Climate change adaptation and risk management and prevention
6. Environmental protection and resource efficiency
7. Sustainable transport and disposal of congestion on major network infrastructure
8. Employment and support for labour mobility
9. Social inclusion and poverty reduction
10. Education, skills and lifelong learning
11. Increased institutional capacity and effectiveness of public administration

# How will funding be allocated?

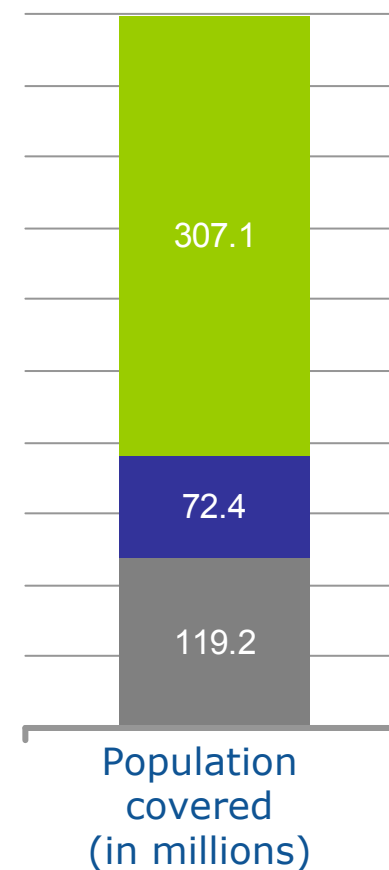
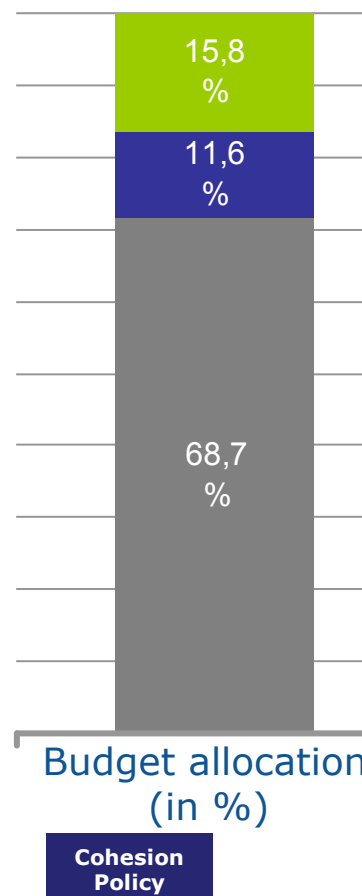
■ Less developed regions/MS  
= € 277 per person per year

■ Transition regions  
= € 77 per person per year

■ More developed regions  
= € 25 per person per year

Cohesion Fund <sup>1</sup>	68.7
Less developed regions	162.6
Transition regions	38.9
More developed regions	53.1
European Territorial Cooperation	11.7
Outermost regions and sparsely populated areas	0.9
<b>Total</b>	<b>336.0</b>

<sup>1</sup> €10 billion from the Cohesion Fund will be allocated to the Connecting Europe Facility



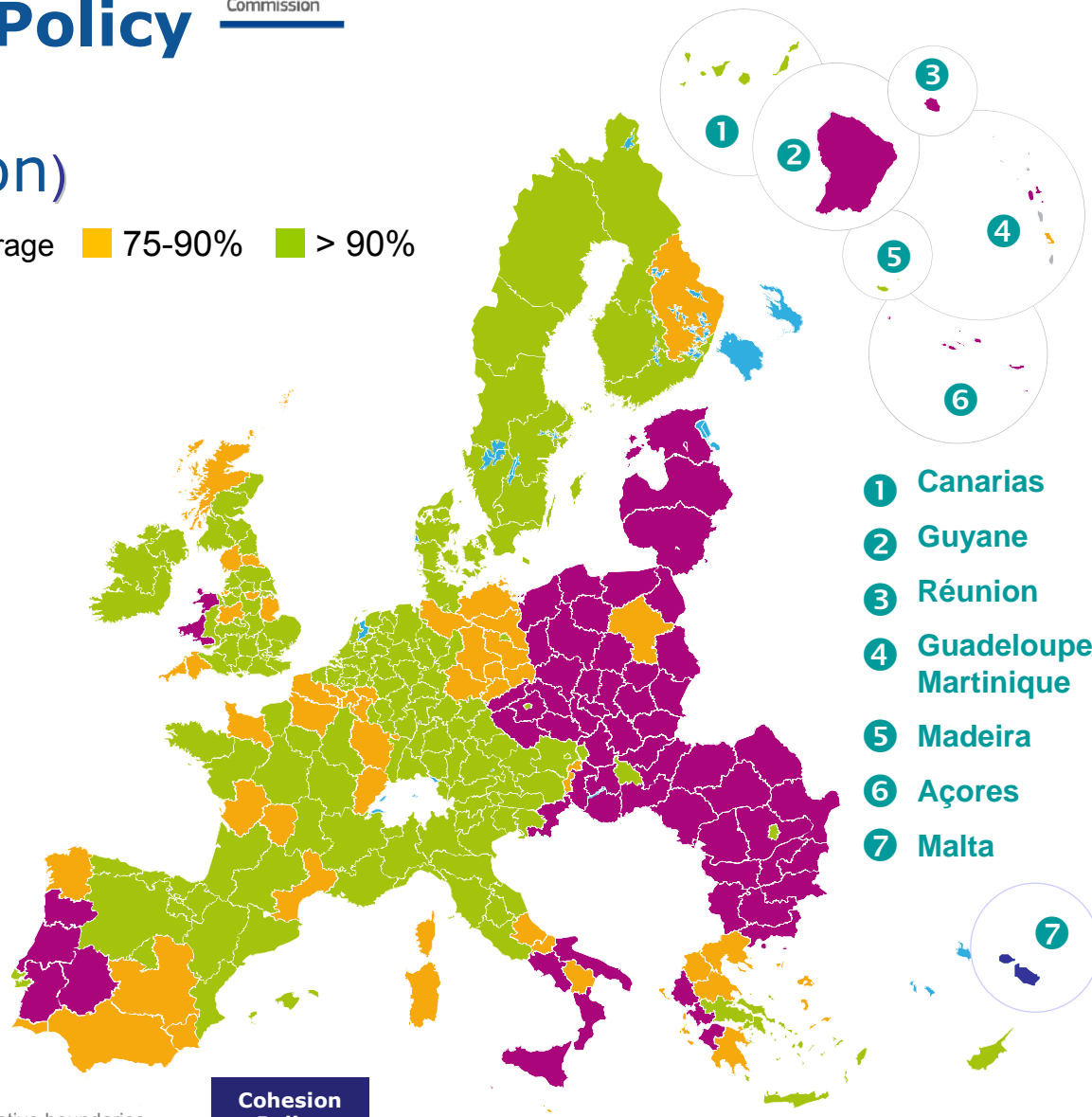
# Future Cohesion Policy for all EU regions (eligibility simulation)

GDP/capita\* ■ < 75% of EU average ■ 75-90% ■ > 90%

\*index EU27=100

## 3 categories of regions

- Less developed regions
- Transition regions
- More developed regions






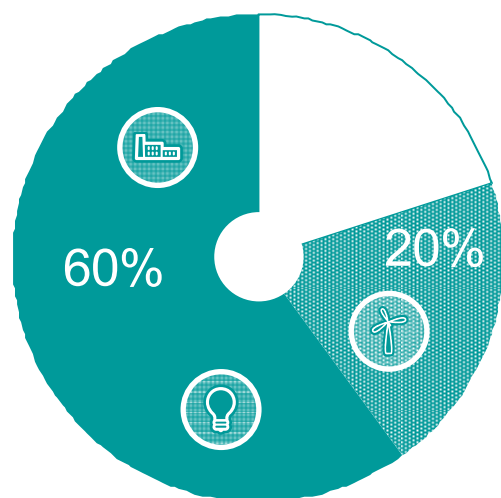
European  
Commission

# Concentration of ERDF investment resources to maximise the impact

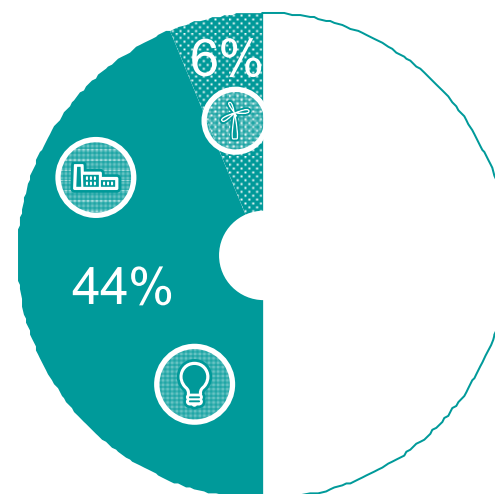
 Research and Innovation

 SMEs competitiveness

 Energy efficiency and renewable energy



Developed regions and transition regions



Less developed regions

Flexibility (different regions present different needs)  
Special arrangements for the previously convergence regions

Cohesion  
Policy



# Thematic Objective & Investment Priority 1: **Strengthening RTD and innovation**

*Ex ante conditionality:*

**Research and innovation strategy for smart specialisation**

*Key actions:*

- ▶ **Staircase to excellence:** R&I Infrastructures, equipment, centres of competence ...
- ▶ **Innovation in enterprises:** tech-transfer, take-up & pilots on KETs, demand stimulation ...
- ▶ **Exploit new ideas:** clusters, advisory services, new business models, university-business links, ...



## **Thematic Objective & Investment Priority 3: Enhancing the competitiveness of SMEs**

***Ex ante conditionality:***

**Small Business Act implementation**

**Late Payment Directive**

***Key actions:***

- ▶ **Entrepreneurship**, financial instruments, incubation ...
- ▶ **New business models**: exploit new ideas, value chains ...
- ▶ **Business advisory services**: SME needs oriented ...
- ▶ **Web-tools** to facilitate regulatory procedures for SMEs



# **Thematic objective & Investment Priority 8: Promoting employment and supporting labour mobility**

***Ex ante conditionality:***

**Comprehensive strategy for inclusive start-up support**

***Key actions for the ERDF:***

- ▶ development of business incubators and investment support for self-employment and business creation
- ▶ in particular in areas offering new sources of growth, such as the green economy, sustainable tourism... and health and social services;



# What is Smart Specialisation ?

- = evidence-based: all assets, capabilities, bottlenecks, innovation+ growth potential
- = no top-down decision, but involve stakeholders, incl. SMEs (entrepreneurial discovery process)
- = global orientation & potential for cooperation
- = source-in knowledge & technologies (e.g. KETs)
- = promote synergies, alignment of funds, monitor, evaluate + learn
- = priority setting on a few areas of real potential for competitive advantage
- = select core strengths + potential for technology-led diversification
- = differentiation, find your niche + position your region
- = accumulation of critical mass
- = no sectoral strategy, but innovation within and between sectors/disciplines

**What is a RiS3 Strategy?** – a stakeholder-driven, place-based approach towards fostering knowledge-based economic transformation through targeted R&I investments + support = conditionality for SF 2014-2020



## Smart Specialisation: Why now?

- Search for **more efficient + effective regional development policies**, avoiding overlap and imitation
- Setting **innovation as priority for all regions** (Europe 2020) and improving innovation (strategy) process
- Better use of **scarce public resources**, aiming for synergies between EU, national/regional and private funds (PPP)
- Driving **economic transformation**, focusing on regional profiles in global value
- **New academic insights and concepts** in the fields of growth, competitiveness and clusters

# R&I Strategies for Smart Specialisation

= economic transformation agendas

- 1) **Focus policy support and investments** on key national/regional priorities, challenges and needs for knowledge-based development (= tough choices)
- 2) Build on each country's/region's strengths, **competitive advantages and potential for excellence** (= critical mass, differentiation)
- 3) Support **all forms of innovation**
- 4) Get **stakeholders fully involved** and encourage experimentation and private sector investment
- 5) **Evidence-based** and include sound monitoring and evaluation systems



## Support for RIS3 development:

- **S3Platform:**

- ✓ Website
- ✓ Guidance on process for development of RIS3
- ✓ Analytical support
- ✓ Organises "peer-reviews" of national / regional strategies
- ✓ Conferences, working groups, trainings ...



- **Informal expert reviews**

- **Data material**, e.g. Regional Innovation Scoreboard, ERAWATCH, RIM, European Cluster Observatory, Digital Agenda Scoreboard, SME performance review, SSH studies, IPTS studies, etc.

- **Good practices**: e.g. RegioStars, European Entrepreneurship Awards ...

- **CoR, OECD, World Bank, JASPERS, EURADA, ERRIN, EBN**, etc.



European Commission

# Thematic guides

- ❑ Incubators
- ❑ Universities & regional development
- ❑ Broadband

## Soon available:

- ▶ Clusters
- ▶ Social Innovation
- ▶ Green growth
- ▶ Entrepreneurial spirit
- ▶ Creativity
- ▶ Service innovation
- ▶ Public procurement for innovation ....

## Inspiration for innovation support:

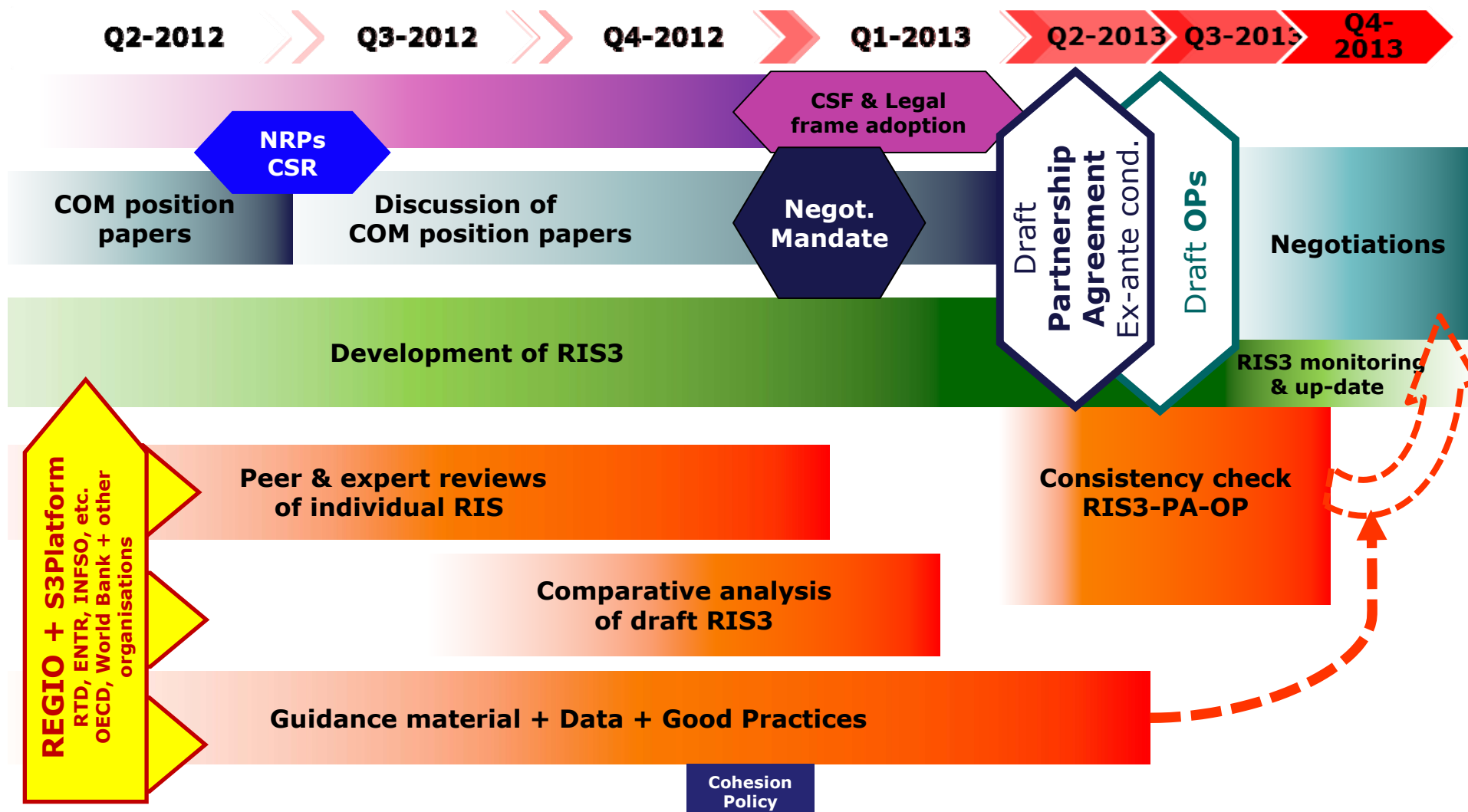
- Oslo Manual (OECD)  
<https://community.oecd.org/community/smartspecialisation>
- Community framework for State Aid to Research and Innovation
- Analysis of regional innovation <http://www.rim-europa.eu>
- EURADA • Directory of "No-Nonsense" Activities to Build S<sup>3</sup>-minded Regions; • All money is not the same  
<http://www.insme.org/files/3019>



Cohesion Policy



# Calendar for RIS3 support + link to CP programming





# Information

- **InfoRegio web-site:** [http://ec.europa.eu/regional\\_policy/index\\_en.cfm](http://ec.europa.eu/regional_policy/index_en.cfm)
- **Proposals for the Structural Funds 2014-2020:**  
[http://ec.europa.eu/regional\\_policy/what/future/proposals\\_2014\\_2020\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm)
- **RIS3 factsheet:**  
[http://ec.europa.eu/regional\\_policy/sources/docgener/informat/2014/smart\\_specialisation\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/smart_specialisation_en.pdf)
- **S3 Platform:** <http://ipts.jrc.ec.europa.eu/activities/research-and-innovation/s3platform.cfm>
- **RIS3 guide:** <http://s3platform.jrc.ec.europa.eu/s3pguide>
- **Good practices database:**  
[http://ec.europa.eu/regional\\_policy/projects/practices/index\\_en.cfm](http://ec.europa.eu/regional_policy/projects/practices/index_en.cfm)
- **"Regions for Economic Change" conference and "RegioStars 2012" award ceremony, 15 June, Brussels:**  
[http://ec.europa.eu/regional\\_policy/conferences/strategies2012/index\\_en.cfm](http://ec.europa.eu/regional_policy/conferences/strategies2012/index_en.cfm)



**Thank you**