Stairway to Excellence Lithuania country event 30/10/2015

Opportunities for Synergies Under the New ESIF Framework

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Structure

- ESIF legal framework for synergies
- Synergies guide: good practices & lessons learnt
- Synergies with European Fund for Strategic Investments & ESIF financial instruments
- Way ahead: making synergies and RIS³ work
Novelties for synergies in 2014-20 ESIF Regulations

- **Possibility to combine H2020 and ESIF money in the same project** via a derogation from the non-cumulative principle of Art. 129 Fin. Regulation that prohibits a beneficiary to receive 2 EU grants for a project (Art. 65(11) CPR*)

- **More ESIF can be spent outside operational programme territory** (e.g. to pool funding for technology parks, clusters, research infrastructures abroad, ...) if for the benefit of the programme area: Article 70(2) CPR (also contract research is possible outside OP territory irrespective of Art 70(2)!)  

- **Stronger obligation to work with innovation actors in other regions & Member States** beyond "INTERREG": Art 96(3)d CPR

- **Alignment of similar cost options** possible for easier combining of funds: lump sums, flat rates, standard scales of unit costs under ESIF may use the H2020 rules applicable for similar types of operations and beneficiaries (Art 67(5)b, 68 CPR)

- **Obligation to develop smart specialisation strategies, including seeking synergies and complementarity** with Horizon2020 and other centrally managed EU programmes and involvement of Horizon 2020 stakeholders in RIS3 development process and obligation to foresee up- & down-stream measures to Horizon 2020 in RIS3: Annex 1 to CPR, Section 3.4.

*) Regulation (EU) No 1303/2013 Common Provisions for all European Structural and Investment Funds
State of play of RIS$^3$ fulfilment

Over 60 strategies still need some work to conform with RIS$^3$ requirements and some are behind schedule.
Synergies with Horizon2020 inbuilt in RIS³ via the Entrepreneurial Discovery Process:

Authorities directly concerned by Horizon 2020 shall be closely associated with EDP.

RIS³s shall include:

(a) "Up-stream actions" to prepare regional R&I players to participate in Horizon 2020 ….

(b) "Down-stream actions" to provide the means to exploit and diffuse R&I results, stemming from Horizon 2020 ….

See Common Provisions Regulation for ESI funds No 1303/13 annex 1, point 4.3.2.

See also annex III of RIS3 Guide: http://s3platform.jrc.ec.europa.eu/s3pguide
Synergies in the ESIF programmes and RIS³s: first insights & lessons (1)

- **Compulsory chapter in PA and OP on coordination among programmes:** varying levels of detail, completeness and commitment. Positive: Some regions and MS focus not so much on the individual H2020 projects, but on seeking structured cooperation with coordination bodies such as the ERA-Nets, EIT-KICs, JTIs, Joint Programming initiatives etc.). "Cross border cooperation" & "critical mass" cited by half of OPs

- **Focus on "up-stream" support:** capacity building (mainly infrastructure), support for Horizon2020 participation, support for international network participation, attracting foreign researchers

- **Some good examples of "down-stream" support,** in particular via selection principles / criteria for projects; mostly no direct link to FP7 / H2020
Synergies in the ESIF programmes and RIS$^3$s: first insights & lessons (2)

- **Simplification via alignment of cost models, lump sums, unit costs etc.**: Low interest and rarely specific alignment announced. Main obstacle are besides administrative traditions state aid limitations.

- **ESIF spending outside OP area**: Considered in about half the OPs and rarely beyond national borders. Focus on attracting foreign innovation actors to use domestic R&I capacities.

- **Improved project selection methods**: Some interest in Horizon2020 independent evaluators.

- **Participation of Horizon2020 players in ESIF Monitoring Committees**: Yes for all national OPs and most regional ones, but impact on selection criteria and procedures?
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# Synergies: the wider perspective

## Basic Principles, Concept of Synergies and Cumulation

Recommendations for policy-makers and implementing bodies for strategy development, programme design and implementation mechanisms; Overview of Commission support

<table>
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<th>Annex 1</th>
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</table>
| **Explanations by programme**  
  (differences, opportunities, management principles)  
  - ESIF & Cohesion Policy  
  - Horizon2020  
  - COSME  
  - Erasmus+  
  - CEF digital services  
  - Creative Europe | **Scenarios & hands-on advice for policy-designers & implementers by project format**  
  (also interesting for beneficiaries)  
  1. Horizon2020  
    - Standard R&I projects  
    - ERA Chairs, Teaming & Twinning  
    - Marie Skłodowska-Curie researchers' mobility  
    - ERA-NETs, Joint Programming Initiatives, Art. 185 initiatives and Art. 187 Joint Technology Initiatives  
    - EIT / Knowledge and Innovation Communities  
    - Research Infrastructures  
    - Pre-Commercial Procurement and Public Procurement of Innovative Solutions  
    - Innovation in SMEs  
  2. COSME – Enterprise Europe Network  
  3. ERASMUS+ - mobility, Knowledge & skills alliances  
  4. Creative Europe –innovation in& with Creative Industries  
  5. CEF - Digital Services Platforms – e-government interop. |

**Synergies with Financial Instruments (ESIF and EFSI) and among ERDF-ESF-EAFRD-EMFF & ETC!**

**Synergies guide for policy-makers and implementers**  
(SWD(2014)205 final)
Good Practices & First Lessons Learnt in directly managed EU Programmes

**Horizon2020:**

- Number of first calls included explicit encouragement for leveraging additional national / regional funding, including ESIF (ERA Chairs, Teaming, EIT / Knowledge and Innovation Communities, LEIT ...)
- Joint Technology Initiatives started establishing Memoranda of Understanding with ESIF MA with RIS3 priorities in their field (CleanSky2, ECSEL)
- Research Infrastructures
- Innovation in SMEs: Seal of Excellence launched

**COSME:**

- Enterprise Europe Network
Horizon2020 participation

Number of eligible applications to Horizon 2020 per capita

Horizon2020 statistics publication:
Horizon 2020 participation

Success rates for applications to Horizon 2020 per EU Member State

Horizon2020 statistics publication:
Synergies: the wider perspective

• Optimise **impact** of EU funds on competitiveness, jobs and growth
• **Improve the quality of national & regional innovation ecosystems and policies**
• **Leverage** more national / regional funding towards of objectives of common European interest
• **Strengthen cooperation** between innovation actors and different policies relevant for innovation
• Cooperation of **leading & lagging regions** and SMEs with related smart specialisation priorities for win-win situations

**Key role of Smart Specialisation Strategies & on-going Entrepreneurial Discovery Process!**
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Why are financial instruments popular and increase in ESIF?

- Higher immediate policy impact through leveraged resources (public and private)
- Sustainability of support due to revolving funds which remain in the programme area
- Financing provided before investment takes place (different from grants)
- Better quality of projects (investment must be repaid)
- Incentives to use FIs as alternative to grants (move away from "grant dependency" culture)

+ Investment Plan for Europe:

ESIF aims to deliver 50% of SME, 20% of CO2 reduction, 10% of ICT, 10% transport, 5% research and innovation, 5% environment and resource efficiency support through financial instruments
ESIF Financial instruments 2014-2020: Key novelties (1)

➢ to ensure sound design and implementation of financial instruments:
  • Compulsory **ex-ante assessment** which must be carried out prior to decision to support financial instruments
  • Payments in relation to FIs phased and subject to implementation on the ground
  • Management costs and fees performance oriented
  • Comprehensive annual reporting by managing authority on each financial instrument
ESIF Financial instruments 2014-2020: Key novelties (2)

Better combination of FIs & other forms of support:

- In financial instrument: Grant component may cover financing (e.g. state aid compliant subsidy element) or technical support for the benefit of the final recipient
- At the level of final recipients: Combination is now possible also with assistance from other programmes supported by the EU budget

MAs may undertake implementation tasks directly for FIs consisting solely of loans and guarantees

Incentives regarding EU co-financing rates:

- EU-level instruments: Up to 100% of the paid support may come from ERDF, ESF and CF; separate priority axis to be foreseen
- Instruments implemented at national/regional level: ERDF, ESF, CF co-financing rate to increase by 10% if an entire priority axis is implemented through financial instruments
ESIF Financial instruments 2014-2020: Key novelties (3)

More implementation options for managing authorities

- **Traditional implementation**: MA sets up a FI at national, regional, transnational or cross-border level:
  - Tailor made instruments (cf 2007-2013)
  - Standardised “off-the-shelf” instruments, quick roll-out

- MA can implement loans or guarantees directly (or through intermediate body) without formal set-up of a fund

- MA can contribute programme allocations to EU level instrument (COSME, Horizon, "SME Initiative")
SME initiative

**Objectives:** Increase the volume of lending to SMEs in the EU by
- Pooling resources: *European Structural Investment Funds + COSME and Horizon 2020*
- Combining and fully utilising EIB(EIF) and possibly National Promotional Banks' capacities
- Providing Capital Relief to banks to make them more robust and to incentivize them to extend additional loans to SMEs

**Design:**
- Ex-ante assessment carried out (EIB and Commission)
- SMEI indirectly managed by the Commission; implementation with EIF
- A single dedicated OP at MS level with voluntary contribution (ERDF – EAFRD)
- Two options proposed: (1) Uncapped Guarantee Instrument; (2) Joint securitisation instrument for new and existing loans
Combination of ESIF Financial Instruments at the level of final recipient within 2 operations

*In combination within 2 operations* loan and grant can be given:

- **by the same body** (it will be "beneficiary" for FI and "intermediate body" in case of grant)
- **to the same body** (e.g. enterprise) - ("final recipient" for FI and "beneficiary" for grant)
- **for the same project** or even expenditure item (e.g. machinery)

!!! **NOT for the same eligible expenditure** (the same expenditure cannot be declared twice to COM) !!!

- **Grants cannot be used to reimburse support from FI**!
- **FI cannot be used to pre-finance the grants**!
ESIF and EFSI (Investment Plan)

- **EFSI** shall mobilise **EUR 315 bn** in 3 years (**15x leverage**), under an **EU guarantee** of EUR 21 bn, implemented via two components:
  
  - an **Infrastructure** and **Innovation Window (IIW)** through EIB to support investments of **EUR 240 bn**
  
  - an **SME window (SMEW)** through EIF to support investments of **EUR 75 bn**


information on Investment Plan, EFSI, EIAH, application process etc.: www.eib.org
www.access2finance.eu
EFSI features

- **EFSI is not** a financial instrument (as per CPR)
- EFSI has its own governance: **Steering Board (3 EC + 1 EIB)** and **Investment Committee** (independent entity granting the EU guarantee)
- EFSI will offer advice to project promoters through a dedicated **advisory hub (EIAH)**
- EFSI has **no geographical or sectorial allocations**
- EFSI, through EIB, will support **high risk profile projects** or projects bringing **additionality**
ESIF-EFSI complementarities

- Legal bases of both ESIF and EFSI allow for contributions to support each other's objectives (complementarity element)
- Their combination is also possible: at project level, financial instrument level and through investment platforms
- Implementation process has to respect applicable rules (CPR v EFSI Regulation)
- State aid rules apply on a case-by-case basis
ESIF and EFSI combination – Project level

- Project promoter/other investor
- EFSI support
- ESIF programme

PROJECT
ESIF and EFSI combination – Project level

- Project promoter/other investor
- EFSI support
- ESIF programme

FI (national, regional, transnational, cross-border)

loan/guarantee/equity

PROJECT
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Shift from negotiation ... to implementation
Main challenges to make Smart Specialisation & ESIF work

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<tr>
<th>Ensuring continuity of strategies</th>
<th>Implementation tools &amp; capacities</th>
<th>International opening and cooperation</th>
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<tbody>
<tr>
<td>• RIS³ is conceived as an on-going (and reiterative) Entrepreneurial Discovery Process</td>
<td>• Appropriate &amp; complementary support tools</td>
<td>• Generate critical mass via combining forces</td>
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<td>• Avoid being captured by vested interests: different / fresh stakeholders</td>
<td>• Selection criteria (and procedures) for ESIF OPs</td>
<td>• Complementing capacities and linking related regions</td>
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<tr>
<td>• Monitoring and adjustments</td>
<td>• Administrative capacities to design such tools and manage them effectively and efficiently</td>
<td>• Synergies with Horizon 2020: from &quot;acquisition of funding&quot; aim to eco-system approach</td>
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Thematic guides

Relevant for design of policy mix and implementation tools
Available in PDF format here:
http://s3platform.jrc.ec.europa.eu/guides

- RIS3 guide
- Universities & regional development
- Service innovation
- Creative industries
- Social innovation
- How to convert research into commercial success
- Science and Technology Parks
- Etc.!

- Public procurement of innovation
- Synergies between ESIF, Horizon2020 and other EU programmes
- SME innovation
- Incubators
- Entrepreneurial mind-set
- SME internationalisation
- Digital growth
- Green growth
Mobilise Commission tools:

1. Keep the RIS³ process going
   - Commission advisory role in OP Monitoring Committees
   - Support RIS³ action plan implementation
   - Policy analysis and support: PSF, RIO, RIM ...
   - S3Platform + alliances with thematic DGs: cooperation on themes (value chains etc.) and shared issues (policy mix, monitoring systems, etc.)

2. Improve implementation tools & capacities
   - Experts – individual counselling ; new: peer-exchanges (TAIEX), training
   - Preparatory action for RIS³ in Eastern Greece & Macedonia possibly expanded to lagging regions
   - European Investment Advisory Hub

3. International opening and cooperation
   - Macro-regional strategies & INTERREG: platforms & projects, Vanguard Initiative
   - Horizon2020, COSME, Erasmus+ etc. projects and (cluster) networks
   - European Innovation Partnerships, Joint Technology Initiatives, KICs ...
   - Pilot action “Stairway to excellence” for synergies with Horizon2020
For more information:

- **Cohesion Policy:**

- **Research & innovation in Cohesion Policy:**

- **Smart Specialisation Strategies**
  [http://s3platform.jrc.ec.europa.eu](http://s3platform.jrc.ec.europa.eu)

- **Seal of Excellence Initiative:**
  for registration send a mail to: [RTD-SEAL-OF-EXCELLENCE@ec.europa.eu](mailto:RTD-SEAL-OF-EXCELLENCE@ec.europa.eu)