

UNIUNEA EUROPEANĂ



FONDUL EUROPEAN  
PENTRU DEZVOLTARE REGIONALĂ



MINISTRY OF PUBLIC WORKS,  
DEVELOPMENT AND ADMINISTRATION

# Smart specialization in Romanian Regional Operational Programme 2014 - 2020

**Regio**   
PROGRAMUL OPERAȚIONAL REGIONAL

*Inițiativă locală. Dezvoltare regională.*

# REGIONAL OPERATIONAL PROGRAMME 2014-2020 (1)

- **Ministry of Public Works, Development and Administration: MA**
- **8 Regional Development Agencies: regional IB**
  
- Based on common development priorities proposed in the Regional Development Plans, synthesized in the National Strategy for Regional Development 2014-2020
- ROP addresses all the five challenges identified in the Partnership Agreement:
  - ✓ **competitiveness and local development,**
  - ✓ population and social aspects,
  - ✓ infrastructure,
  - ✓ resources
  - ✓ administration and governance.

# REGIONAL OPERATIONAL PROGRAMME 2014-2020 (2)

- It is linked to other sectoral / national strategies in its areas of intervention and operational programmes already in place in Romania for 2014-2020:
  - Competitiveness Operational Programme,
  - Human Capital Operational Programme,
  - National Programme for Rural Development.

Main changes/news compared to the previous programming period:

- More than doubled number of priority axis (15, compared to 6),
- 70% higher financial allocation - 8,4 bln euro, (4 bln euro more),
- New types of investments
- Use of financial instruments

# REGIONAL OPERATIONAL PROGRAMME 2014-2020 (3)

## Development needs / new types of investments

- **R & D & I:** limited transfer of research results into the market and low assimilation of innovation in SMEs
- **Business incubators**
- **SME** - the sector is underdeveloped and has a negative impact on the competitiveness of regional economies:
  - ✓ **low level of entrepreneurial culture** - reflected by relatively low density of business across all regions
  - ✓ **low resilience of new businesses** – 2/3 of new businesses go out of business in the first year of life.
- **Energy efficiency:** sustainable energy consumption and high savings potential (public and residential buildings).
- **Environment:** high level of pollution in urban areas.
- **Urban mobility**
- **Urban development:** deprived urban areas, unused or not used properly in the cities of Romania.
- **Heritage resources:** poor capitalization of valuable cultural heritage resources.
- **Tourism:** valuable potential with balanced territorial distribution – option to revitalize the less developed areas
- **Road infrastructure:** the low degree of accessibility of some areas results in low attractiveness/ level of investments.
- **Social infrastructure and education:** educational, health and social services undersized impede social inclusion and human capital development
- **Community Led Local development (CLLD)**
- **Cadaster:** low cadastral records, affecting the implementation of development policies of local communities.
- **Administrative capacity:** the need to strengthen the administrative capacity of the MA, IB and beneficiaries ROP
- **Integrated Territorial Investments (ITI)**

# REGIONAL OPERATIONAL PROGRAMME 2014-2020 (3)

## Priority Axis

1. Promotion of the technological transfer
2. Enhance the SMEs competitiveness
3. Supporting the transition to a low carbon economy
4. Support for urban development
5. Improving the urban environment and conservation, protection and sustainable use of cultural heritage
6. Improvements for the Roads of local and regional importance
7. Diversification of local economies through sustainable tourism development
8. Development of the Health and social infrastructure
9. Supporting the economic and social regeneration of deprived urban communities(CLLD)
10. Development of the education infrastructure
11. Development of the cadaster property registration system and land register
12. Technical Assistance
13. Supporting the regeneration of small and medium-sized cities
14. Creating the infrastructure of regional emergency hospitals
15. SME Initiative

# PA 1 – Promotion of the technological transfer (1)

**Rationale:** In order to become/remain **competitive** on the market, companies have to integrate **new knowledge** in their commercial vision for future products

**Strategic need** - Limited transfer of research results in the market and low uptake of innovation in companies

- ✓ **Support for R &D is extremely low** (0.42 % of GDP in 2012), largely inefficient, with a fragmented R&I system,
- ✓ **A lack of critical mass of quality research** results that do not result in applied research and innovative applications.
- ✓ **Large number of research activities, but weak links between education, research and business**, which leads to low transfer of new ideas to the market.
- ✓ At EU level (the 2014 “Innovation Union Scoreboard”), Romania is **modest innovators**, the second lowest in terms of technology transfer and marketing innovation and with the lowest percentage of companies which have innovated and marketed in the EU

# PA 1 – Promotion of the technological transfer (2)

**Main problem - the ability to absorb innovation in companies**

**Main features of the process of innovation and technology transfer:**

- ✓ **Low cooperation** between SMEs and institutions of R&D
  - ✓ **Small number of innovative SMEs** participating in knowledge transfer activities
  - ✓ SMEs are more interested in developing capacities, distribution and assembly than of research and innovation activities
  - ✓ **Low rate of technology transfer and weak entrepreneurial culture.**
- Innovation and technology transfer infrastructures** (Technological Transfer Organization - TTO) act as **intermediaries** between the **demand** for and **supply** of **innovation** on the market.
- Poor performance of TTO**

TTOs: the bridge between research and business, determining the swift to economic exploitation of new ideas deriving from research and innovation, commercialisation of research results and their translation into products, processes and services from firms.

**Therefore: creating/developing TTOs will improve the absorption capacity of innovation at the SMEs level, by promoting the implementation of research findings through technology transfer in SMEs.**

# PA 1 – Promotion of the technological transfer (3)

- ❑ TO 1 - Strengthening research, technological development and innovation
- ❑ TO 1 activities financed under PA 1/ROP - Promoting technological transfer
- ❑ ROP will focus on innovation needs identified by the demand side, in a market driven approach;
- ❑ Complementarily, the OP Competitiveness – is also financing TO1 activities, from the supply perspective, focusing on research based activities.
- ❑ SO - *Increasing innovation in businesses by supporting innovation and technology transfer entities in areas of smart specialization*
- ❑ ROP will finance:
  - ✓ TTOs (creation and development, including both infrastructure and endowment, but also specific services),
  - ✓ Science and technological parks (creation and development, including both infrastructure and endowment, but also specific services) and
  - ✓ SMEs to implement a research & innovation result in partnership/collaboration with TTOs,
  - ✓ Integrated projects resulted from Lagging Behind Regions Initiative implementation



# PA 1 – Promotion of the technological transfer (4)

**Allocated amount**– 156,92 mil euro (ERDF and national contribution)

Innovative SMEs collaborating with others

## **Calls of proposal launched:**

- **1.1.A - technological transfer infrastructure (TTO) – 33,53 mil Euro**
- **1.1.B - scientific and technological parks – 19,55 mil Euro**
- **1.1. C – SME in partnership with TTO – 28,96 mil euro**
- **1.2 – Lagging Behind Regions Initiative – 74,87 mil. Euro**
  - ✓ **JRC support: call launched for North East/North West regions**
  - ✓ **WB support: calls to be launched: Proof of concept (all regions), research valorization programme (North East/North West regions)**

# COVID 19 context (1):

MA ROP has focused its efforts to take the necessary measures for business continuity during COVID period.

In order to ensure an optimal implementation of the ROP 2014-2020, as well as to support the beneficiaries of financing, MA ROP has developed a series of instructions applicable to the managing authority and intermediate bodies in order to continue the contracting activity, procurement verification, payments and monitoring in COVID context, out of which just a few:

- ✓ additional acts for extending the implementation period of the project, with the duration requested by the beneficiaries, but within the limit provided by the program
- ✓ continuing the selection and contracting evaluation process at IB / MA level and carrying out expenditure authorization and monitoring activities, with the application of due diligence measures aimed at avoiding direct contact with persons and documents,
- ✓ Postponement of specific deadlines for carrying out activities imposed in accordance with the provisions of financing contracts which are fulfilled during this period and which cannot be complied with in the current context;

# COVID 19 context (2):

Besides the horizontal measures presented above, particular measures related to smart specialization were envisaged:

- Extension of the call period, for the open call dedicated to North East/North West regions , in order to allow the thorough preparation of financing requests (from may to July)
- Postponement and not cancelation of training programme designed with JRC in order to be delivered by the experts hired by JRC in order to build competences in the regional innovation eco-system. Since there is a low interest rate for the online participation, it was decided to keep the idea of physical meetings, but to postpone them until the situation will allow this kind of organization
- Continuation of all specific activities envisaged with national /regional stakeholders, World Bank, JRC, etc. and designing of new activities for the forthcoming period.

# Romanian RDI Context

## National

- Long-standing imbalance in national innovation policy in favor of public research system (at the expense of business innovation)
- Science led innovation favored over business innovation
- Dislocation between strategy making and ESIF spending
- Most TO1 calls designed at national level, using mixture of regional and thematic OP resources
- Belief at national level that implementation is met only through linking TO1 calls to priorities (even though link is weak; other criteria matter more)

## Regional

- No formal regional innovation policies in Romania
- RIS3 strategies can provide a foundation for regional innovation policies
- RIS3 need to take account of different logics depending on the regional industrial base and knowledge infrastructure
- Regional administrations have weak capabilities and little or no experience with innovation policy

# Romanian Smart Specialization Context

**Smart Specialization - recognized at EU level as a RDI policy that generates real and consistent impact on regional development.**

**The preparation of 2014-2020 programming period in the area of smart specialization in Romania was a novel exercise that showcased many challenges both at national and regional level.**

**The challenges identified during current programming period revealed all the institutions involved in Smart Specialization ecosystem have limited capacity to capitalize on incremental results and need to inform better policy and implementation options.**

# Smart Specialization in ROP

- ❑ **Smart specialization strategy:** an ex-ante conditionality for Romania in order to access the ESIF - fulfilled by National Strategy for Research and Development:
  - ✓ limited in its weak territorial focus,
  - ✓ does not reflect and establish areas of competitive advantage in the regions
- ❑ National level: Bio economy, ICT, environment, advanced materials, health
- ❑ Regional level - not all the regions have elaborated a RIS 3 (only 5 out of 8)
- ❑ **DG Regio recommended RDAs - to develop Regional Concept Notes (CN)** based on a common methodology elaborated by the MA ROP (in order to create sub-national capacities)
- ❑ each **CN should**, based on following an **Entrepreneurial Discovery Process**:
  - ✓ **Re/state** the smart specialization directions identified at regional level
  - ✓ **set** the smart specialization directions in those regions without a strategy
- ❑ CN - to give recommendations on the location, economic sectors and activities that could benefit from ERDF support
- ❑ In order to be eligible under Priority Axes 1 from ROP, CN were completed by the end of March 2017

# Lagging Behind Regions Initiative (1)

**Phase 1- Romania** and Poland as pilots

**North-West and North-East** selected as pilot regions

- Entrepreneurial discovery - smart and competitive sectors
- Education, training, skills - links to business and labour market
- Administrative capacity and national - regional coordination

Tools and support:

- Joint Research Centre: assistance to smart specialization
- DG REGIO: external experts business support, tech transfer, cooperation universities – businesses, etc.
- Regional governance: innovation, competitiveness, skills, catalyzers
- Governmental support: coordination, follow up
- **No additional funds** - ESI funds under operational programmes (ROP,COP)

**Replicate the support into the other regions**

# Lagging Behind Regions Initiative (2)

The EC expanded the Less developed Regions Initiative - phase 2 (roll out):

✓ JRC:

- a. Continuing support for the NE / NW regions
- b. Starting the support for 5 intermediate regions (SE, SW, W, Center, South Muntenia)
- c. Starting support for the development of RIS3 in the BI (capital) area

✓ World Bank to design and implement:

- d. Research Valorization Programme
- e. Structured Research Contract
- f. Proof of concept

At regional level:

- Seven regional RIS3 Strategies
- Bucharest-Ilfov region in the process of RIS3 design



# Evaluation of priority axis 1

In august 2019 was completed the final report issued by an independent team of evaluators contracted by the Ministry of Development in 2018.

Among the main conclusions presented in this report, that is public, are:

- ✓ ROP 2014-2020 has made a visible contribution to addressing smart specialization;
- ✓ The institutional structures developed under ROP to support smart specialization process at regional level are perceived as functional;

However, there is plenty of room for improvement and need to strengthen the administrative capacity still exists at the level of all components of the eco-system newly created.

# Main challenges for RIS3 implementation in Romania (1)

- A stock-taking exercise on the progress and developments in Smart Specialization and Technological Transfer would clear reveal **heterogeneous framework of developments**, the need for **more sustainable results** in the long-term.
- The progress, results and challenges related to the design and implementation of national and regional SS strategies highlighted, as a key conclusion, **the need to strengthen the network and community of expertise**.
- Challenge: to address the weaknesses revealed during the previous programming period, but also new challenges derived from new regulations or progress in implementation and prepare better conditions for implementation and a **better governance framework**.
- RIS3 is a complex process that needs a continuous process of understanding and refinement
- The concept of Smart Specialization lies at the core of the new regulation package for 2021+.
- The proposal for Romania is to receive for PO1 around 6 bln Euro and for access it, the enabling condition dedicated to Smart Specialization must be fulfilled.
- Very important to maximize the impact of SS in Romania and the potential to use EU funding programs managed at regional, national and EU level.

# Main challenges for RIS3 implementation in Romania (2)

Lessons learned	Main findings
<p>RIS3 <b>governance</b> is a key challenge – it requires complex coordination at national/regional levels and significant improvements in institutional capacity.</p>	<ul style="list-style-type: none"><li>✓ Low levels of trust and commitment, weak multi-level governance and capabilities</li><li>✓ Undersized RIS3 teams, sharing RIS3 responsibilities with other tasks</li><li>✓ Uneven implementation between regions<ul style="list-style-type: none"><li>➤ Need: improve RIS3 governance and the institutional capacity of national and regional authorities involved in its management (also CRI and CCSI)</li></ul></li></ul>
<p>The EDP lies at the core of RIS3 - it requires a robust mechanism for implementation, systematic interaction among QH stakeholders and effective coordination among national and regional authorities</p>	<ul style="list-style-type: none"><li>✓ Uneven implementation between regions</li><li>✓ Discontinuous EDP<ul style="list-style-type: none"><li>➤ Need: Ensure good functioning of the EDP process</li></ul></li></ul>
<p>Monitoring and evaluation are critical – they require significant effort at national/regional level to ensure access to relevant data, production of regional data, capacity to analyse data and transform findings into relevant policy decisions</p>	<ul style="list-style-type: none"><li>✓ Limited progress on monitoring and evaluation</li></ul>

# Main challenges for RIS3 implementation in Romania (3)

Use RIS3 implementation mechanism as a tool for:

- ✓ technology modernisation, to stimulate involvement of (technology-oriented) companies
- ✓ advancing human capital (new skills and competences, training courses, support services)
- ✓ Reform the R&I system and ensure transition to a R&I ecosystem
- ✓ Accelerate the development of regional innovation systems and articulation with the national innovation system
- ✓ improve competences in R&I, technology transfer and commercialization of research, strategic project management
- ✓ provide support services to the local R&I community for improving the quality of the RIS3 project proposals

# Preparation for 2021-2027 programming period (1)

## **Policy objective 1: A smarter Europe by promoting innovative and smart economic transformation**

- Specific objective ERDF: All specific objectives under this policy objectives
- Name of enabling condition: Good governance of national or regional smart specialisation strategy

## **Fulfilment criteria for the enabling condition: Smart specialisation strategy(ies) shall be supported by:**

- ✓ Up-to-date analysis of bottlenecks for innovation diffusion, including digitalisation
- ✓ Existence of competent regional / national institution or body, responsible for the management of the smart specialisation strategy
- ✓ Monitoring and evaluation tools to measure performance towards the objectives of the strategy
- ✓ Effective functioning of entrepreneurial discovery process
- ✓ Actions necessary to improve national or regional research and innovation systems
- ✓ Actions to manage industrial transition
- ✓ Measures for international collaboration

# Preparation for 2021-2027 programming period (2)

Romania: is committed (by an approved Government Memorandum approved in March 2019) to fulfill the criteria listed for the thematic enabling condition for PO1

- ✓ according to the provisions of this Memorandum: Ministry of Education and Research is responsible for the elaboration of the National Strategy for the Smart Specialization (NSSS), based on the inputs provided by the Regional Strategies for Smart Specialization (RSSS), elaborated by the RDAs.
- ✓ The elaboration of the NSSS is foreseen through a project funded under Operational Programme Administrative Capacity (OPAC) : *Enhancing the RDI system capacity to respond to global challenges. Towards foresight based policy making*
- ✓ Meanwhile, the RDAs have started the process of updating /reshaping during 2020 the RIS 3 for programming period 2021 - 2027 (except for the capital region Bucharest-Ilfov that has completed the strategy in early 2020)
- ✓ Strategic role for the national governance: National Committee for the Coordination of Smart Specialization, composed by the representatives of the main policy stakeholders: Ministry of Education and Research, Ministry of European Funds, Ministry of Public Works, Development and Administration, 8 Regional Development Agencies, etc.

# Preparation for 2021-2027 programming period (3)

National architecture envisaged for smart specialization:

- 1 operational programme dedicated to competitiveness, innovation, development and financial instruments
- 8 regional operational programmes for which the RDAs will have the role of Managing Authorities
- There are also foreseen investments under other operational programmes in order to provide complementarities (human capital OP, health OP, etc.)

MA ROP: coordinating role for the elaboration/implementation of the 8 ROPs

- Together with JRC, that will continue to provide support within Lagging Behind Regions Initiative (June - December 2020), both for training component but also project evaluation, but not only, will address a multiple set of problems linked to **smart specialization so as to:**
  - ✓ prepare the regional ecosystem for the next programming period, also from the enabling condition for Good governance of national or regional smart specialization strategy perspective.
  - ✓ Build further milestones for strengthening the capacity to manage the smart specialization process in the future.
  - ✓ improved local stakeholder's capacity to participate in smart specialization processes, identifying measures for supporting international collaboration.
  - ✓ Continue to implement the pilot components designed under ROP 2014-2020 that provide the opportunity to design and test concrete measures in order to replicate them at a larger scale in case they are appropriate for the Romanian innovation ecosystem.



Thank you!

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