



Smart Specialisation & Synergies between European Structural and Investment Funds and Horizon 2020

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Katja Reppel
Deputy Head of Unit
CC Smart and Sustainable Growth
DG Regional and Urban Policy

Structure

- *Framework for synergies*
- *Smart specialisation & synergies: Lessons learnt*
- *Next steps*

Cohesion Policy + ESIF basics

► 1 Common Provisions Regulation

► **Based on EU Treaty Article 176:** aiming at '*economic, social and territorial cohesion*', '*reducing disparities*' and '*structural adjustment of lagging regions and the conversion of declining industrial regions*'

► **Shared Management:**

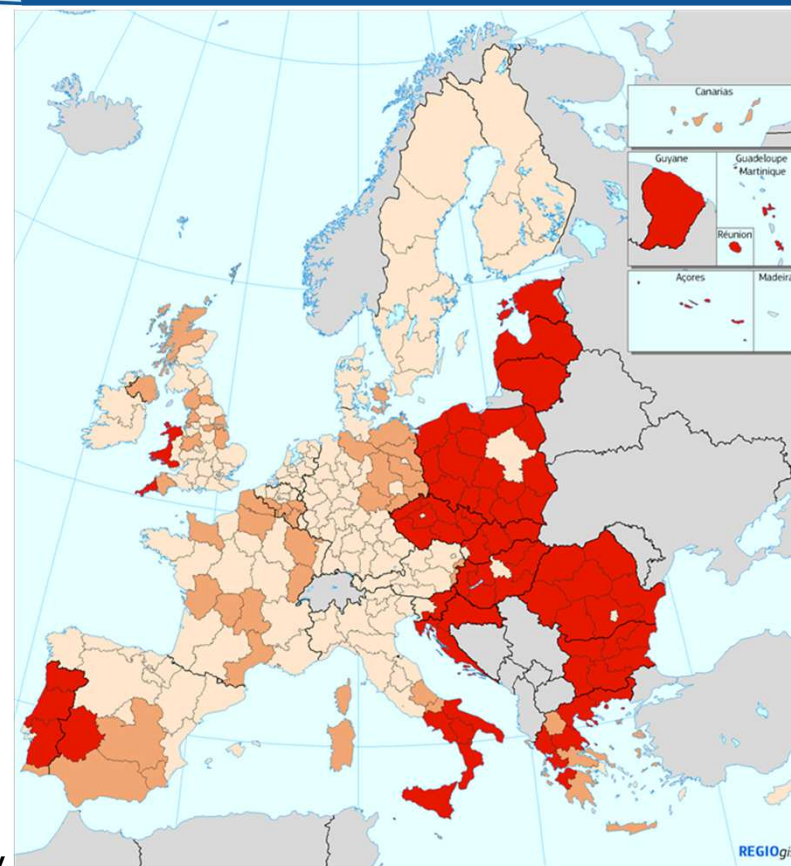
456 national / regional programmes
+ 79 Interreg programmes

... almost as many **Managing Authorities** and
Monitoring Committees

► **Different** co-funding rates, spec.objectives, targets, delivery modes, etc (adjusted to region's / MS needs, priorities, overall context ...)

► Funds mostly spent **within a programme's territory**

► over **€450 billion in 5 ESI Funds** (ERDF (incl. "INTERREG"), ESF, Cohesion Fund, EAFRD, EMFF)
+ over €180 billion co-financing



Around 80% of Cohesion Policy funding goes to the less developed regions & countries

See Cohesion Policy Data:

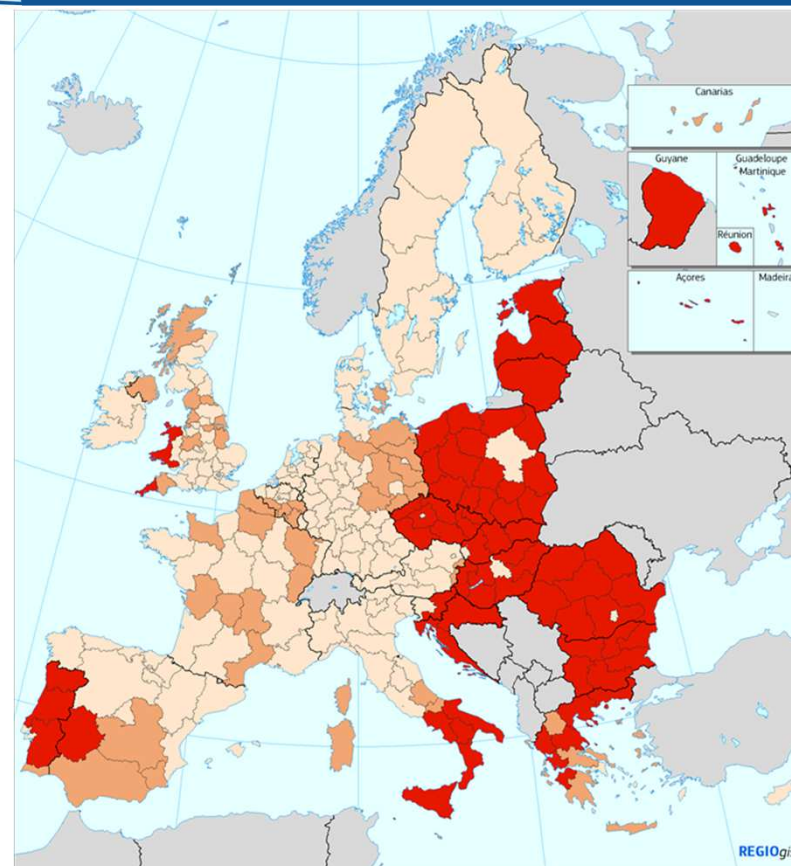
<https://cohesiondata.ec.europa.eu>



Cohesion Policy + ESIF basics

Status of implementation:

- **28%** allocated to projects
= **€176** billion incl. national
co-financing
- Fastest progress with over
40% allocated: BE, EE, FI,
HU, IE, PT, SE, UK



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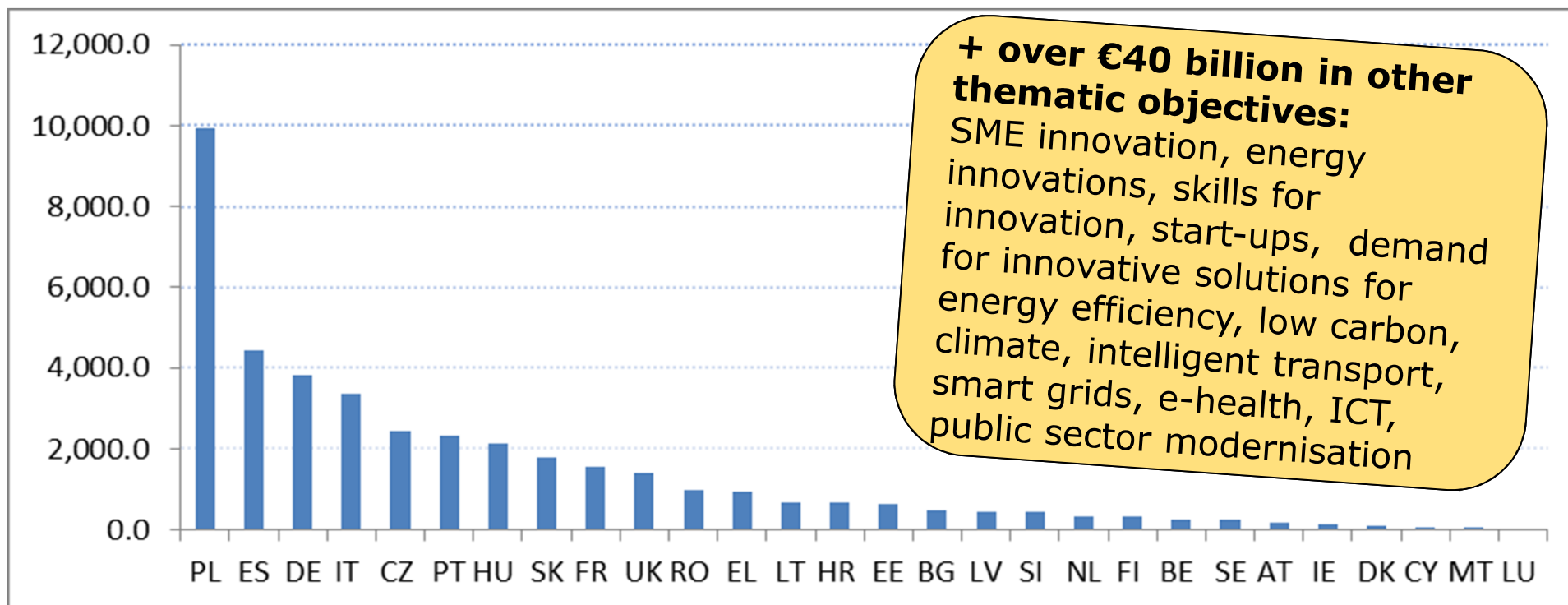
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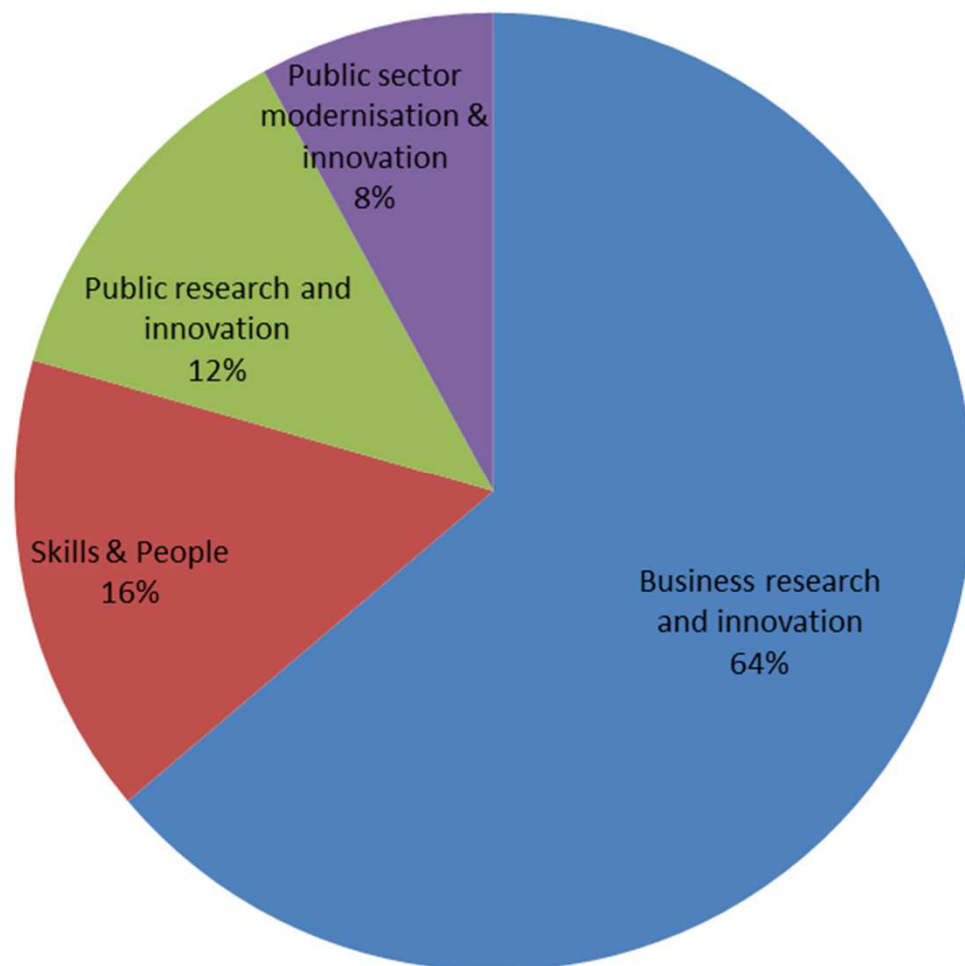
ESIF budget for research and innovation (TO1)

- **130 national / regional programmes** (18 countries have national level OPs)
+ 38 INTERREG programmes
- **€ 43,7 billion + € 22 national /regional co-financing**
(incl € 10 billion in financial instruments)
+ over €10.2 billion Private investment matching public support in R&I



Source: open data available at: <https://cohesiondata.ec.europa.eu/>

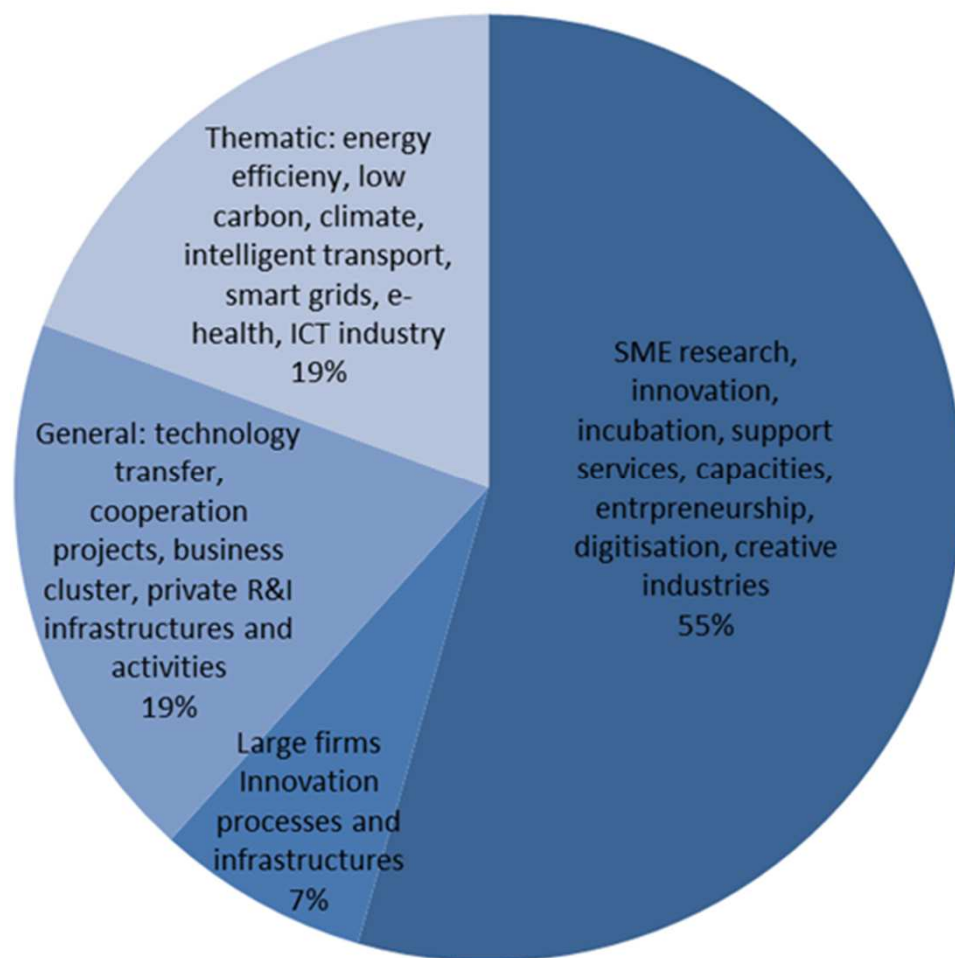
ESIF Innovation Investments 2014-2020



ERDF & ESF allocations:

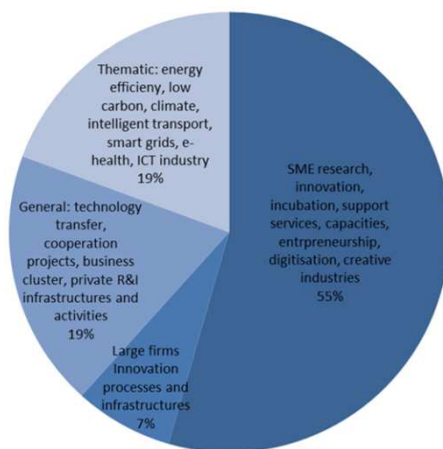
- Business research & innovation:
EUR 60 billion
- Skills & People:
EUR 14.5 billion (mainly ESF)
- Public research & innovation:
EUR 11.7 billion
- Public sector modernisation & innovation:
EUR 7.4 billion

EUR 60 billion ESIF for business R&I



- **SME** research, innovation, incubation, support services, capacities, entrepreneurship, digitisation, creative industries:
EUR 32.3 billion
- **Thematic innovation demand:** energy efficiency, low carbon, climate, intelligent transport, smart grids, e-health, ICT :
EUR 11.4 billion
- **Innovation support system:** technology transfer, cooperation projects, clusters, private R&I infrastructures and activities:
EUR 11.2 billion
- **Large firms** innovation processes, activities and infrastructures:
EUR 4.3 billion

... and aims to achieve:



Around 130,000 firms receiving support, including:

- Around 5,750 Start-ups supported
- Over 61,000 Firms receiving grants
- Over 8,600 Firms receiving financial instrument support
- Over 41,000 Firms receiving non-financial support (advice)

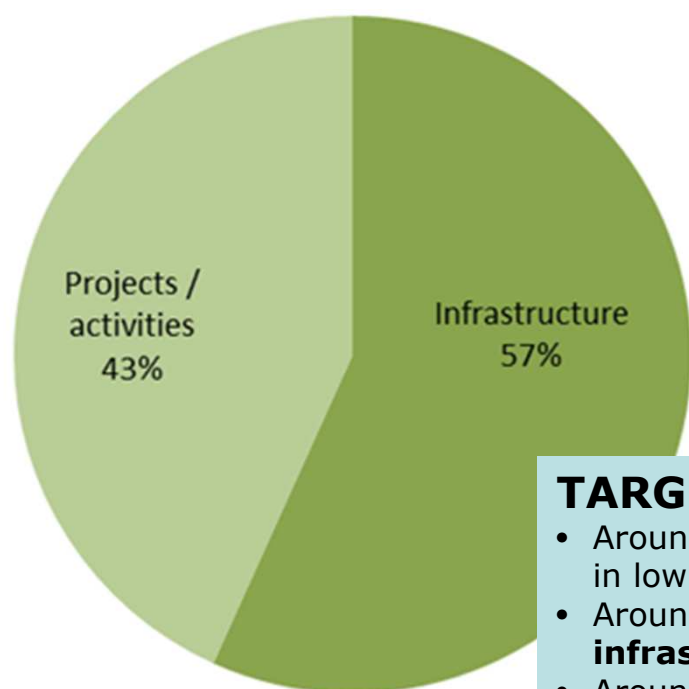
Over EUR 10.2 billion private investment matching public support in innovation or R&D projects

Over 86,100 enterprises supported to introduce new to the market or new to the firm products

incl. over 28,000 enterprises supported to introduce new to the market products

Over 6,300 enterprises participating in cross-border, transnational or interregional research projects (Interreg)

... of the public research & innovation investments:



ERDF allocations:

- Public research & innovation activities:
EUR 5.1 billion
- Public R&I infrastructures:
EUR 6.6 billion

TARGETS by 2023:

- Around **30,100 new researchers in supported entities** (of which over 120 in low carbon / energy related fields)
- Around **72,000 researchers working in improved research infrastructure facilities**
- Around **72,000 enterprises cooperating with research institutions** (of which 990 in low carbon / energy related fields)
- Around **1,200 research institutions participating in cross-border, transnational or interregional research projects** - Interreg (of which 85 in low carbon / energy related fields)



What may the ERDF fund? Art.3(1) ERDF

- (a) **productive investment**, via direct aid to **SMEs**
- (b) productive investment in **large firms** only for **R&I, low carbon,** and **ICT**, if it involves cooperation with SMEs
- (d) **business, social, health, research, innovation and educational infrastructure**
- (e) **endogenous potential** through fixed investment in **equipment and small-scale infrastructure, ... services to enterprises,** support to **research and innovation bodies** and investment in **technology and applied research in enterprises**
- (f) **Networking**, cooperation and exchange of experience, ... studies, etc.
+ possibly **skills and capacities** support, but limited to **maximum 10% under ERDF OP priority axis** (Art 98(2)CPR)



What may the ERDF **not** fund:

- ❖ decommissioning **and the construction** of **nuclear power** stations;
- ❖ investment **to achieve** the **reduction of greenhouse gas emissions** from activities falling under Annex I to Directive 2003/87/EC;
- ❖ the manufacturing, processing and marketing of **tobacco and tobacco products**;
- ❖ **undertakings in difficulties** as defined under State aid rules;
- ❖ investment in **airport infrastructure** unless related to environmental protection or accompanied by investments necessary to mitigate or reduce its negative environmental impact.
- ❖ **Running costs of existing infrastructures, organisations etc.**, unless as indirect cost of a project or in outer-most regions

What is Smart Specialisation ?

= **Evidence-based** considering all assets and problems in a region, incl. External perspective / internal / global market (critical mass? Opportunities? excellence? cooperation? Value chains?)

= No top-down decision, but **dynamic / entrepreneurial discovery process** uniting key stakeholders around shared vision

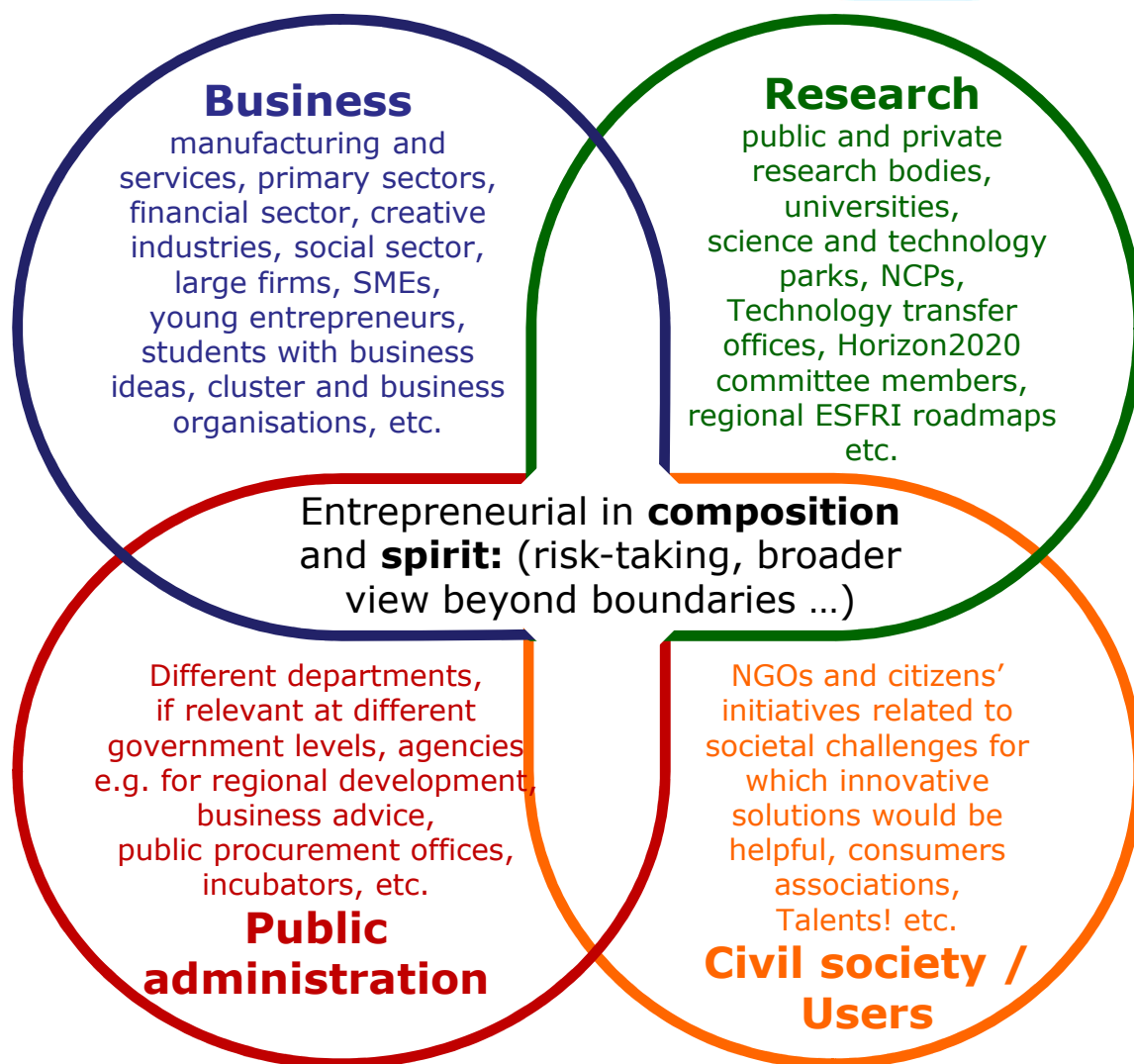
= Mobilisation of investments and synergies **across different departments and governance levels** (EU-national-regional)

= **All forms of innovation** – not only technology driven

= **Differentiation:** SWOT analysis (all types of assets), **competitive advantages**, potential for excellence, opportunities

= **Concentration** of resources on priorities, problems and core needs (no sprinkler principle, no picking the winners, yes to catalytic investments)

= **Place-based economic transformation:** rejuvenating traditional sectors through higher value-added activities, cross-sectoral links, new market niches by sourcing-in and disseminating new technologies rather than re-inventing the wheel; exploiting new forms of innovation



*"Smart specialisation strategies shall be developed in an **entrepreneurial discovery process**. The authorities directly concerned by Horizon 2020 shall be closely associated with that process. Smart specialisation strategies 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>



First RIS³ Conclusions after negotiations

- Fresh start for innovation policy **governance** in many countries & regions
- Concept of RIS³ welcomed as a possible way out of the crisis thanks to **economic transformation** of regions & MS
- Role & potential of regions in innovation policy (**place-based**)
- Better **planning and impact** orientation
- More interest in **trans-national and inter-regional** cooperation (Vanguard, Macro-regional strategies, INTERREG)
- **Mutual learning & peer-reviews** appreciated
- **Synergies** with COSME & Horizon2020 identified as opportunities
- More awareness of **EU initiatives**, like "KETs" and industry policy
- In advance insights in smart specialisation investment **priorities** (ground-breaking novelty for ESIF !)



Why synergies between ESIF and Horizon2020, COSME, etc.?

- Improve the **quality & impact of national & regional** & ESIF innovation investments
- Deliver on the **policy objectives** both of H2020 (excellence) and Cohesion (socio-economic development and territorial)
- **Strengthen cooperation between innovation actors and policies relevant for innovation** (skilled & creative people, research, enterprises, investors, market access, different Ministries and departments and on different levels, legal and administrative framework conditions...)
- **Leading regions as "locomotives" for lagging regions ...** but with **smart specialisation**, as not all regions are excellent in everything, but every region has the potential to be excellent in something

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What do we understand as synergies?

- ✓ **Obtaining more impacts** on competitiveness, jobs and growth by combining ESIF and Horizon2020 ... e.g. use of ERDF research infrastructures in Horizon 2020 innovation projects
- ✓ **Amplifying** projects / initiatives under the other instrument ... e.g. oversubscription of SME instrument: short listed projects ⇨ ESIF
- ✓ **Carrying further** the projects of the other instrument towards market ... e.g. SME instrument "seals of excellence"

...and what NOT:

- **NO substituting of national or regional or private co-funding** to projects or programmes by money from the other instruments
- **NO diversion of funding away from the purpose** of the respective instrument / operational programme (e.g. smart specialisation strategy)
- **NO simple "run for the money"**: Maximising the acquisition of additional funding from H2020 for a MS / region is no good objective, as this is no durable impact.



Main messages on Synergies for policy designers and implementers

- 1. Think strategic & impact- oriented,**
not project-oriented
- 2. BOTH sides** (ESIF and Horizon2020 etc.) have
to listen, learn and talk to each other, and take
steps towards each other
- 3. Synergies will only work if they are fostered
along the entire programming cycle,** starting
from RIS3 development, to programme design and
implementation



Guidance for policy makers

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 (SWD(2014)205 final)

Annex 1

Explanations by programme

(differences, opportunities, management principles)

- **ESIF & Cohesion Policy**
- **Horizon2020**
- **COSME**
- **Erasmus+**
- **CEF digital services**
- **Creative Europe**

Annex 2

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.

Guidance on synergies among and with financial instruments:

http://ec.europa.eu/regional_policy/thefunds/fin_inst/index_en.cfm And EFSI:
http://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/efsi_esif_compl_en.pdf

Modernisation of EU State aid frameworks:

See:

http://ec.europa.eu/competition/state_aid/modernisation/index_en.html

Guidance on Simplified Cost Options:

Flat rates, Standard scales of unit costs, Lump sums:

http://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/simpl_cost_en.pdf

Translations in DE, FR, IT, ES, PL available:

http://ec.europa.eu/regional_policy/en/information/publications/guides/2014/enabling-synergies-between-european-structural-and-investment-funds-horizon-2020-and-other-research-innovation-and-competitiveness-related-union-programmes



What needs to be done on H2020 side

Strategic level:

- Open **strategic platforms** and **structured cooperation between R&I programmes and actors** (EIPs, EIT-KICs, ETPs, JPI, JTI, ...) for **regional level policy actors**. Facilitate access to ESFRI infrastructures for industrial users and integrate ESFRI in industrial clusters.

Programme implementation level:

- Design **work programmes, implementation documentation** and **tools** (participant portal) in an **synergies friendly** way, incl. taking **RIS3 fields** and ESIF implementation **timelines** into account.
- Revamp the **transfer of technology and research results** to better target it to MS/regions according to their and OP priorities (Cordis)
- **Train staff, evaluators, auditors** etc. on ESIF basic rules and synergies
- **NCPs:** get familiar with **ESIF rules, RIS3 and MA**
- **Explain Horizon2020 to MA and public procurers** (cost models, project formats ...)
- **Inform MA on H2020 participants** in their territory
- **Communicate on synergies**
- **Provide guidance to beneficiaries** on synergies and other funding sources



Synergies in the **ESIF** programmes and RIS³s: first insights & lessons

- **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*
- **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?*

Next steps



Main challenges to make Smart Specialisation & ESIF work

Ensuring continuity of strategies

- RIS³ is conceived as an on-going

captured by
interests: different
/ fresh
stakeholders

- Monitoring and adjustments

Implementation tools & capacities

- **Appropriate & complementary** tools

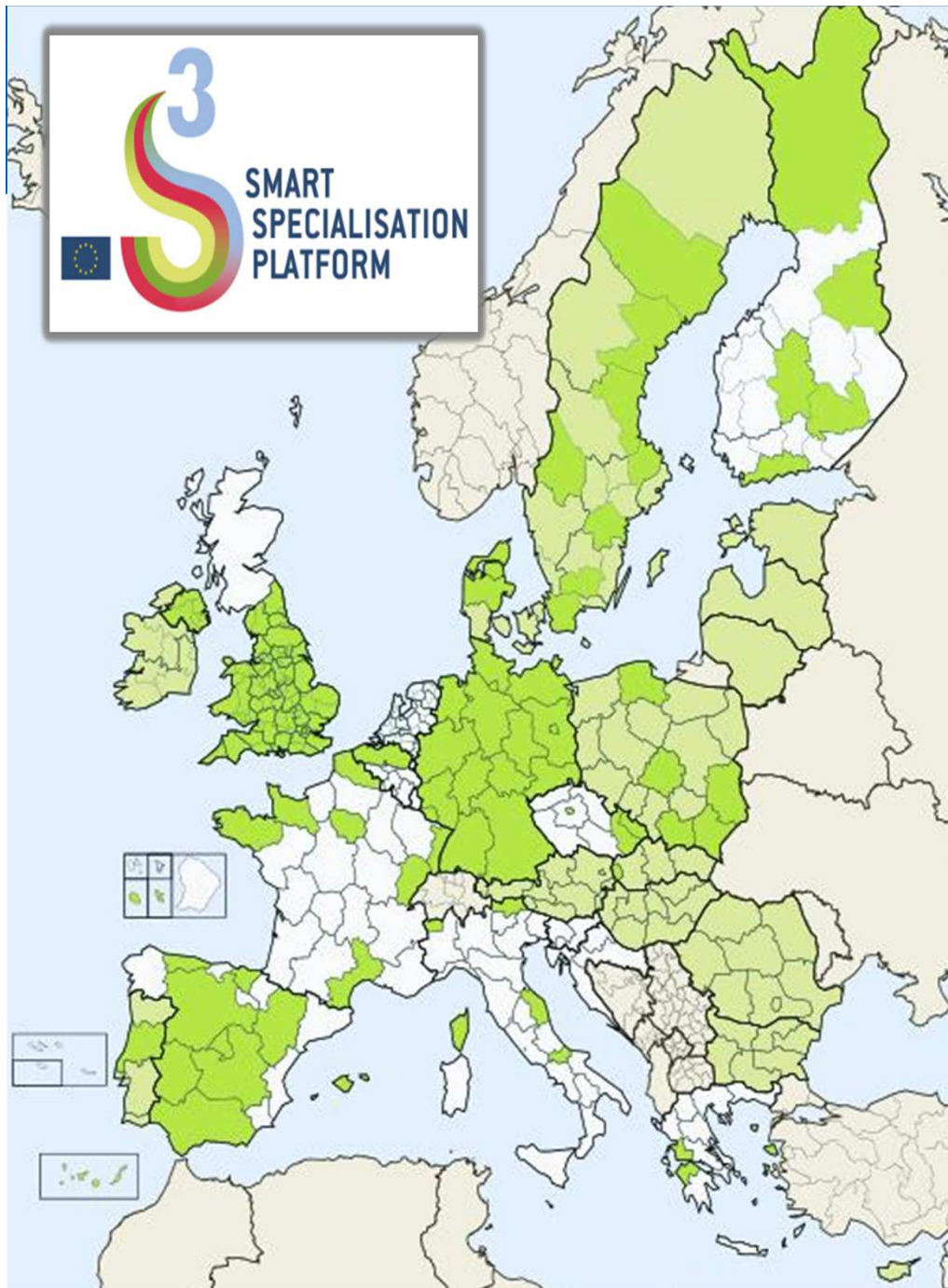
- **Administrative capacities** to design such tools and manage them effectively and efficiently

International opening and cooperation

- **Generate critical mass** via combining forces

Horizon 2020:
from "acquisition of funding" aim to **eco-system** approach

Commission Communication on Smart Specialisation
in May
Smart Regions conference
on 1-2 June in Helsinki



RIS³ give insights in national & regional R&I priorities and strenghts

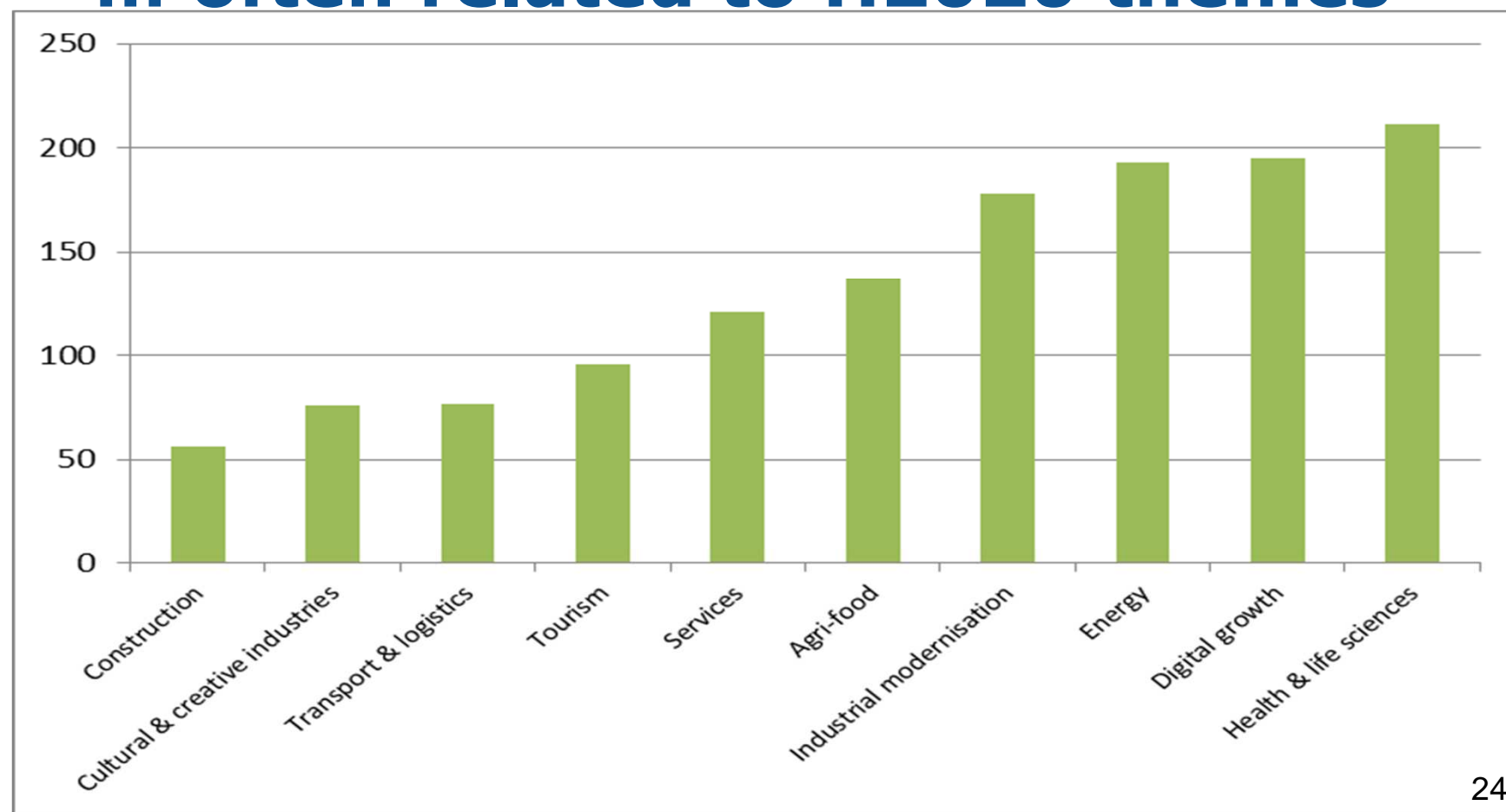
Eye@RIS3:

database for RIS³ priorities

- *Enable Regions and Member States to position themselves*
- *to find their unique niches*
- *to seek out potential partners for collaboration*
- *Approx. 31 countries and 196 regions and 1350 priorities*

<http://s3platform.jrc.ec.europa.eu/map>

Most frequently cited fields of RIS3: ... often related to H2020 themes





Thematic Smart Specialisation Platforms

*Approach: **Using smart specialisation as a coordinating mechanism to align efforts***

- ✓ Based on **RIS³ analysis** – including "lagging regions" and other "un-usual suspects"
- ✓ Foster opportunities for regions/MS to **team up around value-chains** (Horizon2020, COSME and INTERREG Europe could support networking costs)
- ✓ **Driven by motivated regions** (e.g. in the Vanguard Initiative): **partnerships**
- ✓ **Entrepreneurial discovery at European level**: inspired by Vanguard Initiative
- ✓ Involving relevant clusters, intermediaries, thematically related EU level initiatives (such as the **EIT-KICs, Joint Undertakings, ETPs, EIPs, ERA-Nets**, etc.)
- ✓ Support the development of **project investment pipe-lines**
- ✓ Facilitate **access to "real money"** for resulting projects (incl. EFSI, cooperation with EIAH, private investors, coordinating ESIF investments, Horizon2020 ...)

Themes: **Energy – Industrial Modernisation – Agri-food**

<http://s3platform.jrc.ec.europa.eu/s3-thematic-platforms>



Have your say on Smart Specialisation



The aim of this public consultation is to collect

- views on the over 120 smart specialisation strategies developed by the EU regions and countries, their implementation and evolution, to better understand challenges, and to identify good practices and lessons learnt,
- information on projects and initiatives that follow the smart specialisation approach to focus efforts on unique innovation strengths of each region,
- suggestions for future Commission actions to help implement the smart specialisation strategies and to evolve the concept, optimising their capacity to generate new jobs and growth through transforming industries, and to tackle major challenges that society is facing.

Target group for the consultation are stakeholders who make innovation happen in the EU, especially businesses or business support organisations, national/regional/local public authorities including managing authorities, research and innovation organisations.

To have your say on smart specialisation, please respond via the on-line questionnaire by 24 March 2017:

http://ec.europa.eu/regional_policy/en/newsroom/consultations/smart-specialisation/

The European Awards for innovative projects



① Smart Specialisation for SME innovation



② Energy Union: Climate action



③ Women Empowerment and Active Participation



④ Education and Training



⑤ CityStars: Cities in Digital Transition

Complete information:
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Questions and Answers

