



ESIF: the 2014-2020 programming period negotiations

RIS3 and action plans

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Key points of reform

- **Targeting resources** at key growth sectors - alignment with Europe 2020, **thematic concentration** (research and innovation, ICT, SME competitiveness and shift to the low carbon economy)
- **Results orientation** - sound intervention logic fixing clear objectives towards which progress can be measured, performance framework
- Ensuring right framework conditions for effective and successful investments through **ex ante conditionalities**
- Link to wider **economic environment and reform processes** (taking account of CSR and NRPs, macro-economic conditionality)



Key stages of EAC assessment

- During the procedure for adoption of the PA / OPs
 - **Self-assessment by Member State** on applicability and fulfilment in PA / OPs
 - **Commission assessment** of adequacy and consistency of the information provided by MS
 - Commission assessment of **significant prejudice** in case of non-fulfilment and **possible suspension of interim payments**
 - **Resolution of disagreements** between COM & MS
- After adoption of OPs: Assessing the completion of actions



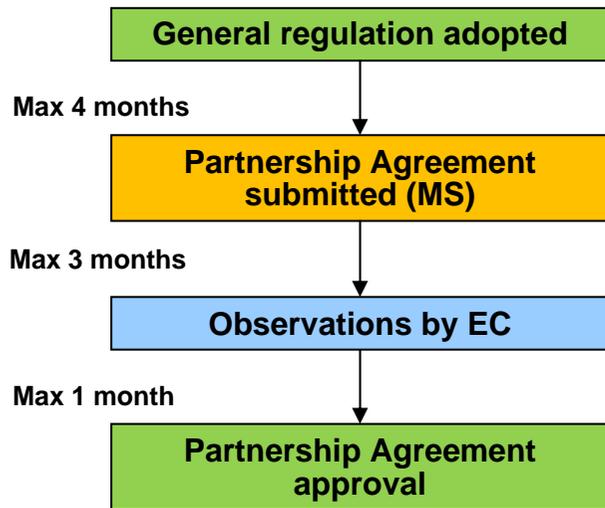
State of play

14 May 2014



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Partnership Agreement

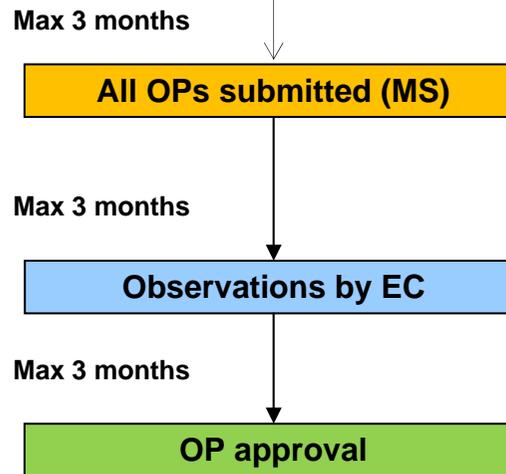


Objective: to be faster than the deadlines.

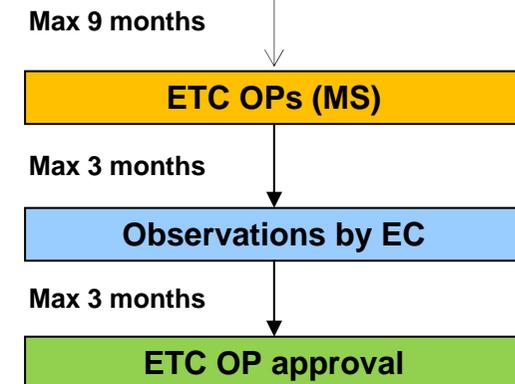
Important to reach agreement in informal dialogues to complete the formal procedure as rapidly as possible.

A faster procedure considered for programmes dedicated to YEI and the SME initiative

Country specific programmes



ETC programmes





Partnership agreements

*All PAs arrived, Denmark approved on 5th May
Some 88 Operational Programmes submitted
formally*





Smart growth – preliminary assessment

- *In many cases it is impossible to assess RIS3 conditionality - information not provided/very limited.*
- *The RIS3 areas for TO1 are very broad almost in all cases. Need to narrow down either through an action plan (functioning entrepreneurial discovery process) or through a description in operational programmes how it is going to be achieved through selection criteria or specific thematic roadmaps.*
- *SWOT or similar analyses are in all analysed cases, policy mix is always presented with some indicators but the quality of intervention logic is weak in most cases.*
- *In most cases budget information is missing and monitoring mechanism is not described. Need for action plans.*
- *Research infrastructure investments are mentioned but sometimes it is not explicit that they can only be financed if in line with smart specialisation priorities.*
- *The strategic approach on the complementarity/synergies between different EU funding sources is missing or is just mentioned without a description of what is envisaged.*





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FAQ on RIS3

What are the key elements for accepting a strategy as "RIS3"?

- **Strategic policy framework**
- **SWOT or similar analysis**
- **R & I priorities**
- **Concentration of resources on limited set of priorities**
- **Measures to stimulate private investment**
- **Monitoring mechanism**
- **Outline of available R&I budgetary resources**
- + **indicative multi-annual budget plan** if R&I infrastructure and capacity building foreseen

Entrepreneuria
I discovery
process

What are criteria for fulfilment of ex-ante conditionality (1.1)

Thematic objectives	Investment priorities	Ex ante conditionality	Criteria for fulfilment
<p>1. Strengthening research, technological development and innovation</p> <p>(R&D target)</p> <p>(referred to in point (1) of the first paragraph of Article 9)</p>	<p>ERDF:</p> <p>–All investment priorities under thematic objective no. 1.</p>	<p>1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems.</p>	<ul style="list-style-type: none"> – A national or regional smart specialisation strategy is in place that: – is based on a SWOT or similar analysis to concentrate resources on a limited set of research and innovation priorities; – outlines measures to stimulate private RTD investment; – contains a monitoring mechanism. – A framework outlining available budgetary resources for research and innovation has been adopted.

What are criteria for fulfilment of ex-ante conditionality (1.2)

Thematic objectives	Investment priorities	Ex ante conditionality	Criteria for fulfilment
	<p>ERDF:</p> <ul style="list-style-type: none"> – Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest. 	<p>1.2 Research and Innovation infrastructure. The existence of a multi-annual plan for budgeting and prioritisation of investments.</p>	<ul style="list-style-type: none"> – An indicative multi-annual plan for budgeting and prioritisation of investments linked to Union priorities, and, where appropriate, the European Strategy Forum on Research Infrastructures (ESFRI) has been adopted.



What shall S3 include?

(a) "**Upstream actions**" to prepare regional R&I players to participate in Horizon 2020 ("stairways to excellence") to be developed, where necessary, through capacity- building. Communication and cooperation between Horizon 2020 national contact points and managing authorities of the ESI Funds shall be strengthened.

(b) "**Downstream actions**" to provide the means to exploit and diffuse R&I results, stemming from Horizon 2020 and preceding programmes, into the market with particular emphasis on creating an innovation-friendly environment for business and industry, including SMEs and in line with the priorities identified for the territories in the relevant smart specialisation strategy.

(Annex I, 4.3 (2))





What if RIS3 is not ready by the time the OP has to be submitted?

*Where the applicable ex ante conditionalities are not fulfilled, the programme shall contain **a description of the actions to be taken, the bodies responsible and the timetable for their implementation.** Member States shall fulfil those ex-ante conditionalities not later than 31 December 2016 and report on their fulfilment not later than in the annual implementation report in 2017.*

art.19 (2) of CPR



Will the Commission interfere with chosen specialisations?

No. The RIS3 are not subject to the ESIF negotiations and MS/ regions have to discover priorities themselves.

*OP priority axis will however be **negotiated**: risk of ineffective investments would be addressed.*

Relaunch entrepreneurial discovery process to revise RIS3, re-programme OP if necessary, use experimentation to limit risk.



How about the December 2016 deadline that was mentioned for the ex-ante conditionality fulfilment?

- *Provide in draft OP an **action plan** for the fulfilment of all relevant ex ante conditions (e.g. set up of a monitoring system), incl. naming responsible body, time table. Count also the time until OP approval for the strategy finalisation.*
- *In case of absence of a RIS3 or of a credible action plan to put it in place in the short-term that ensures that the OP will support measures that are meaningful for the implementation of the strategy, there would be a serious risk of not achieving the envisaged OP results or less results or of high costs/administrative burden/delays to implementation. Therefore, the Commission may decide to **suspend interim payments** at the adoption of the OP.*



What is the link between RIS3 and the OP?

- *Specific objectives pursued by Operational Programmes shall be **consistent** with the relevant strategies at national or regional level.*
- *OPs should implement **parts of a RIS3** in order to ensure that ESI Funds investments are a meaningful part of the overall innovation strategy.*
- ***Several OPs can implement elements of a RIS3** (e.g. the skills part can actually be funded from an ESIF OP; agro-food related innovation actions may be implemented through an EAFRD OP)*



What should be the format of RIS3?

The CPR speaks about smart specialisation strategy which "may take the form of, or be included in, a national or regional research and innovation (R&I) strategic policy framework."

The "strategic policy framework" may include several strategies with different geographic or thematic coverage e.g. a strategy for R&D and innovation, and a strategy for cluster development and another for the digital economy or regional development or another for competitiveness.

Therefore, the concerned Member States are not obliged to adopt a new and single document which is also politically endorsed. This allows them to keep this set of strategic documents (innovation, industrial, digital strategies which are politically endorsed), providing that they can assess their consistency as a whole



What is the minimum time horizon to conform with the RIS3 ex-ante conditionality requirement?

- *The purpose of the ex ante conditionalities is to ensure an efficient and effective implementation of the future ERDF programmes.*
- *Time horizon for a smart specialisation strategy (RIS3) should in principle coincide with the duration of the OPs (until 2020).*
- *OPs will undergo a mid-term review and also the RIS3 concept is an ongoing process of entrepreneurial discovery.*
- *Strategies that end before the mid-term review can not be accepted as fulfilling the ex ante conditionality as they offer no assurance in terms of effectiveness and efficiency of the OP implementation.*



What is the minimum time horizon for a budgetary framework?

The member states plan their budgets for 1 year. But given that EU funds are committed for 2014-20 we expect from Member States to at least an indicative budget for the measures which are going to be co-financed during this period from ESIF.

*Multi-annual means up to 2020 (or even longer). Anyway we expect all plans to foresee at least a **2-3** year perspective (end of 2016).*

The importance is that the framework is:

(1) consistent with the RIS3 content,

(2) complete to allow to see which gaps or lack of critical mass the OP will fill (i.e. for regional RIS3 it might be necessary to have information on the national level financing in case of gap with constitutional powers of regions)



What granularity level

The level of specialisation tends to be very broad (ICT, Life Science, Biotechnology).

What is the level of specialisation which is acceptable to us:

- Biotechnology*
- **Biosensors***
- **Biosensors in healthcare***
- Biosensors in cardiovascular diseases*
- Biosensors in cardiovascular diseases to detect hypercholesterolemia*
- Biosensors in cardiovascular diseases to detect hypercholesterolemia with non-myocardial tissue-specific markers*

Neither broad nor too narrow approach is expected. The competitive advantage for the chosen specialisation (existing or potential) should be demonstrated in S3 strategy.

The level: biosensors / biosensors in healthcare seems to be an appropriate level to concentrate financial resources to build or sustain competitive advantage.





RIS3 should be politically endorsed

We seek for an evidence that S3 is agreed and adopted at the relevant political level like regional management board, regional parliament, regional council of innovation. Any papers/documents which are subject to consideration of the regional authorities or are only subject to consultation should be avoided.



What measures to stimulate private R&D

***Government investment** as one of many instruments to stimulate increase in private RTD and its appropriate use for **leveraging private RTD** + **other measures** proposed in the research and innovation policy framework which would lead to increase in private RTD (e.g. tax exemptions, public procurement of innovation, standardisation requirements, innovation curricula in education etc.)*



Do we support large enterprises from ERDF in RIS3?

If this is a productive investment in line with smart specialisation strategy and regulatory framework for 2014-20 :

Art. 3 (b) of ERDF Regulation

Productive investment, irrespective of the size of the enterprise concerned , which contributes to the investment priorities:

- *Strengthening research and innovation (**R&I**), technological development and innovation,*
- *Supporting the shift towards a **low-carbon economy** in all sectors*

*And where that investment involves **cooperation between large enterprises and SMEs** in the investment priority:*

- *Enhancing access to, and use and quality of, ICT*





how much of Smart Specialisation we should finance in T01

- 100%
- T01 is to finance smart specialisation *only*
- The reference is Annex XI of Regulation 1303/2013: "a national or regional smart specialisation strategy is in place". This ex-ante conditionality relates to all investment priorities under thematic objective no.1 – Strengthening research, technological development and innovation.

Can we support eco-innovation if it is not identified as smart specialisation?

- *In TO1 we invest only in investment priorities identified in smart specialisation strategies.*
- *It does not exclude eco-innovation as a general horizontal principle which is valid for all TOs thus realising objectives like improving energy efficiency, lowering GHG emissions, improving water quality etc. It is the same as innovation can be realised in installing more efficient boilers, building roads and modernising water sewage systems.*



Does T03 or T04 has to finance RIS3?

There is no legal obligation that they have to be part of the RIS3.
However:

- *As regards SME innovation under T03: MS and regions should have a strategic view and ensure coherence and complementarity, i.e. to integrate the SME innovation measures as horizontal components in the RIS3 to ensure synergies between the T0 1 and 3 measures (and avoid duplication or forum-shopping). If the entrepreneurial discovery process for the RIS3 development has been conducted properly, the risk of incoherence and duplication should be rather low, as SMEs have to be part of the entrepreneurial discovery process, i.e. the SME measures should emerge quite naturally as part of the RIS3. It is then to a certain degree up to the MS / region to decide whether they want to put the SME innovation measures under T01 or 3 (or 2).*
- *As regards the R&I for low-carbon technologies under T04: mutatis mutandis the same applies. Energy related smart specialisation priorities seem to emerge among the most popular types of smart specialisation priorities (see Eye@RIS3 database on the S3Platform <http://s3platform.jrc.ec.europa.eu>) so we expect the R&I support under T04 to be strategically coordinated with the T01 investments.*



Do we finance basic research project?

*ERDF investments in building **fundamental research infrastructures and purchasing equipment for fundamental research** may be supported under the following conditions:*

(1) the research fields must be in line with the smart specialization strategy (RIS3),

(2) there must be a justification on how the results of the research will be used to benefit the economic development of the region concerned,

(3) in case of major projects, all the CBA and other planning aspects (in particular a business plan to ensure financial sustainability of the investments) have to be taken into account at the earliest stage, preferably as part of the OP,

(4) preference should be given to such projects that are part of the ESFRI roadmap or a regional partner facility of ESFRI infrastructures and in line with smart specialisation strategy.





Which fields of specialisation emerge in the RIS3 analysis?

- **Energy**
- **Life science**
- **ICT**
- **Environment**
- **Agro-food**
- **Tourism**
- **New materials**



Action plans



When do we need an action plan?

*Action plan should be requested when one or one of many **elements** of ex-ante conditionality is **missing** and the member state/region is not in the position to provide Commission services with evidence that it exists.*

What should be requested?

*The specific actions needed to be undertaken in the period 2014-2015 to put smart specialisation strategy effectively in place should be presented and attached as an **annex to Partnership Agreement or Operational Programme** where relevant or **Smart Specialisation Strategy**.*

What if an action plan is not fulfilled?

*Non-fulfilment of an action plan can lead to a **suspension of payments** if this is considered as a significant prejudice.*

When it is considered as a significant prejudice?

- 1. Lack of a documented SWOT or similar analysis to concentrate resources on a limited set of R&I priorities.*
- 2. Lack of sufficient documented evidence on the planned measures to stimulate private RTD investment.*



What should an action plan contain?

A description of governance for the implementation of an action plan with clear indication of responsible bodies in the national/regional institutional setup, actions to be undertaken with concrete deliverables and timing envisaged for fulfilment of these actions.



Ex-ante conditionality	Criteria not fulfilled	Action to be taken	Deadline (date)	Bodies responsible for fulfilment
1.1 Research & Innovation	A national or regional smart specialisation strategy is in place that contains a monitoring mechanism	Action 1 : The monitoring mechanism is described in the strategy document, including: (i) the methodology (indicators selected). (ii) the monitoring mechanism and (iii) the description of how the follow-up to the findings of the monitoring/evaluation.	e.g. 30 June 2015	e.g. Ministry of Economy or Ministry of Science
		Action 2: The up-dated strategy containing a chapter on the monitoring mechanism is adopted at national level.		
	A framework outlining available budgetary resources for research and innovation has been adopted	Action 1: The national framework document specifying budget appropriations for R&I is established: (i) containing sources of finance (EU, national, international financial institutions) (ii) matching the ESI Funds investments for the duration of the whole programming period: 2014-20.		
		Action 2: The framework specifying budget appropriations for R&I is adopted.		



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	<p>A national or regional smart specialisation strategy is in place that:</p> <ul style="list-style-type: none">– is based on a SWOT or similar analysis to concentrate resources on a limited set of research and innovation priorities;	<p>Action 1: Document containing SWOT or similar analysis for a national or regional smart specialisation strategy is adopted</p>		
	<p>A national or regional smart specialisation strategy is in place that:</p> <ul style="list-style-type: none">– outlines measures to stimulate private RTD investment;	<p>Action 1: Document outlining measures to stimulate private RTD investments is adopted</p>		



Further information:

http://ec.europa.eu/regional_policy/information/guidelines/index_en.cfm

http://ec.europa.eu/regional_policy/activity/research/publications_en.cfm

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

Thematic guides

- SME innovation*
- Incubators*
- Universities & regional development*
- Service innovation*
- Creative industries*
- Green growth*
- Entrepreneurial mind-set*
- Social innovation*
- How to convert research into commercial success*
- Broadband + State aid for BB*
- SME internationalisation*
- Science and Technology Parks*

Soon available:

- ▶ *Clusters*
- ▶ *Public procurement for innovation*
- ▶ *Horizon2020 & ESIF*
- ▶ *digital growth, ICT vouchers, e-commerce*





Thank you for your attention

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