



REPUBLIC OF SLOVENIA
MINISTRY OF EDUCATION,
SCIENCE AND SPORT



REPUBLIC OF SLOVENIA
GOVERNMENT OFFICE FOR DEVELOPMENT
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JOINT STATEMENT OF THE NATIONAL EVENT OF THE REPUBLIC OF SLOVENIA

Synergies between European Structural and Investment Funds (ESIF) & Research and Innovation Funding

organised by

European Commission (Stairway to Excellence Initiative)

Ministry of Education, Science and Sport - Republic of Slovenia

Government Office for Development and European Cohesion Policy – Republic of Slovenia

06 April 2016, Ljubljana/Slovenia

The development of efficient national/regional research and innovation strategies for smart specialisation (RIS3)¹ allows Member States (MSs) and their regions to identify a limited number of research areas and industrial activities with high innovation potential. In turn, this can ensure a more effective use of public funds while stimulating effective private investments.

The Stairway to Excellence (S2E) national event - jointly organised by the European Commission and the Ministry of Education, Science and Sport in collaboration with the Government Office for Development and European Cohesion Policy of the Republic of Slovenia - took place in Ljubljana on 06 April 2016 as a part of the capacity building activities of the S2E project² in the EU13 Member States³. The event brought different stakeholders together and provided a platform for a better understanding of MS innovation ecosystems, raising awareness of the actions needed to enable synergies and drawing lessons for future actions.

The Slovenia National Event provided an effective venue for engaging different stakeholders and discussing forward-looking results. Around 90 participants joined the event from several academic/research institutions, public sector, business and ESIFs Managing Authorities. As an indication of the commitment to this topic by the Slovenian authorities, the event was opened by the State Secretary from the Ministry of Education, Science and Sport, Mr. Tomaž Boh, and the Minister responsible for the Development and European Cohesion Policy, Mrs. Alenka Smerkolj. Moreover, the event gathered a pool of experts from other European countries (namely Austria, United Kingdom, the Netherlands and Belgium) and institutions (EIT-Climate KIC and EIT-KIC Inno-Energy) who presented their experiences on innovation policies, governance and the creation of synergies. All these inputs offered insightful elements for discussion in the different panels and participatory sessions during the event. General comments and recommendations are summarised below.

The comments and recommendations summarised below do not represent neither the Ministry of Education, Science and Sport's, nor the Government Office for Development and European Cohesion Policy's, and neither the European Commission's official position but are the outcomes of the panel discussions.

¹ <http://s3platform.jrc.ec.europa.eu/home>

² <http://s3platform.jrc.ec.europa.eu/stairway-to-excellence>

³ EU13 indicates those 13 Member States which have joined the European Union since 2004.

Main Issues raised by participants

1. Strategic Vision, Coordination and Regulations

The macroeconomic situation in Slovenia is quite similar to other EU13 Member States. The GDP growth rate was 2.6% in 2015 while the EU average only reached to 1.9%. The unemployment rate, by March 2016, was 8.1, which is slightly below the EU28 average (8.8)⁴. In the context of Research and Development (R&D), the gross domestic expenditure on R&D (GERD) in Slovenia has increased in nominal terms, as a percentage of GDP, from 2.06% in 2010 to 2.6% in 2013, which is notable higher than the averages of EU13 (1.05%) and EU15 (2.09%). There was a slight decrease, to 2.39%, observed in 2014.

Slovenia achieved a good level of participation in the FP7; the financial contribution per inhabitant was 83.5€ that is higher than the EU13 average (17.8€); however it remains slightly below the EU15 average (95.2€). Slovenia performed well in the FP7 and this is continuing in the Horizon 2020 programme. The share of funding in H2020 has increased significantly (from 0.39 % in the FP7 to 0.55% in Horizon 2020 by March 2016) in parallel with the share of total contribution received by the EU13 countries (from 4.25% to 4.51%).

The lack of awareness of some opportunities provided by the European funding programmes and synergies based on the efficient use of the European sources was demonstrated in the S2E Slovenia National Event. The event helped to increase the general understanding of synergies for the different stakeholders. The stakeholders and experts raised quite a few issues and provided some policy suggestions regarding the Slovenian innovation ecosystem as follows.

a. Establishment of the long term strategy & Better coordination for RIS3

According to some stakeholders, the lack of a long-term strategic vision has been indicated as one of the most important barriers to enabling synergies. An urgent need to develop long-term strategic planning and reinforce a shared vision of research, development and innovation (RDI) policies were stated. In order to achieve this vision, a sustainability-focused strategic plan would need to be established with a consensus for the long-term objectives. The objectives of this plan should not be limited to the programming periods; thus, the strategic vision should go beyond 2020 and aim to achieve social and economic impacts. This can also require a flexible approach where the update of strategic vision would be needed.

The Research and Innovation Strategy for Smart Specialisation (RIS3) and its inherent Entrepreneurial Discovery Process (EDP) have led to an improvement of a country's strategic vision until 2020 and benchmarked the country vis-à-vis the other EU Member States. Providing that the implementation of Smart Specialisation Strategies in Slovenia (S4) will be manifested in its planned integrity, S4 could - in a long term - position Slovenia's innovation capacity and its economic

⁴ EUROSTAT 2016; (ii) [GDP growth rate](#) refers to the percentage change on previous year, and (ii) [unemployment rates](#) are seasonally adjusted by March 2016.

development on an adequate level. Participants stated that the main reason for this inadequacy could be related to the lack of timely and consistent flow of information. A suggestion to launch new communication channels and enhance the current information and communication tools was highlighted by participants in this respect.

There is a clear need for the better coordination and communication among different stakeholders, including ministries, public bodies, universities, business and the Commission services. As the ministries and their agencies follow different ways of thinking and use different approaches, RDI activities are mostly not aligned. Moreover, the coordination instruments/institutions between ministries and other public bodies in charge of managing the funding programmes are missing or not functioning efficiently. Particularly the coordination between the Ministries of "Education, Science and Sport", "Economic Development and Technology" and "Finance" is a crucial issue for the Slovenian innovation ecosystem in order to exploit opportunities coming from different European and national programmes. Hence the establishment of a coordination body, which can assist all the stakeholders at the same time, was recommended in order to align the activities and provide timely information and support for the calls, projects and application procedures. Also, it was underlined that this coordination body should be independent from the government and short-term policy interests. In this way, it would have an opportunity to consult critical issues with the business and non-government stakeholders and transfer this information to the public authorities.

Key Issue 1: *Lack of strategic vision and long-term planning for enabling synergies*

Possible Action(s):

Slovenian national authorities:

- Identify a shared vision and establish long-term strategic plan -going beyond 2020
- Improve the dialogue between ministries and other public bodies
- Launch new communication channels & establish an independent coordination body

European Commission:

- Provide continuous support for the RIS3 implementation

It is notable that the lack of coordination between the public authorities negatively affects the coordination between the ESIF and Horizon 2020 activities. Although the nature of these two programmes is quite different and each requires different types of efforts, the potential beneficiaries of both programmes criticise the European and national authorities regarding difficulties to access the necessary information on a timely manner as well as their inherent complicated administrative procedures. Furthermore, unstable political structures and frequent changes in the policy instruments further complicate these processes. Creating synergies between the programmes in such a way will always be limited. The public organisations in charge of funding programmes should strive to put more effort in aligning their activities and in creating a more open and flexible working culture.

Suggestions raised and highlighted by participants and experts during the event were as follows;

- Develop a long-term strategic planning and establish a shared vision for RDI activities.

- Launch new communication channels and enhance the current tools and instruments.
- Establish a non-governmental/independent coordination body in order to (i) align all RDI activities, (ii) assist different stakeholders e.g. public authorities, research organisations, universities and business, and (iii) provide timely information on the ongoing calls, projects and opportunities.
- The European Commission S3 Platform and the S2E project can be of certain help in these endeavours.

b. Rules and burdens: complicated national procedures

Related to the above mentioned issue on a rather rigid working culture of the ministries and their public agencies, the authorities also apply different rules and procedures on the national processes of the EU funding programmes; namely, ESIF and H2020. This makes the administrative process complicated even though most of the procedures could be simplified without major difficulties. In other words, the applicants have to deal with unnecessary administrative burdens for every application. In addition, human resources reserved for the support actions are very limited in small European countries such as Slovenia. Therefore, a very limited number of people have to deal with all these bureaucratic issues.

The participants associated administration procedures also with certain additional dimensions. On one hand the European Commission has furnished the application processes with new rules and complicated bureaucracy with intense paperwork; on the other hand, the Slovenian legal and administrative systems have not been amended accordingly. Hence the existing national legislation is one of the factors limiting the number and quality of EU funding applications. Furthermore, some participants underlined that the national procedures are much more complicated than the EC procedures. Most of the companies hesitate in applying to the ESIF calls as the national rules and procedures associate with these processes are seen as too complicated.

Key Issue 2: *Unnecessary administrative burden is a barrier for collaborative work*

Possible Action(s):

Slovenian authorities:

- Remove unnecessary burdens & simplify administrative procedures
- Employ more qualified staff in the public authorities in charge of EU and national funding

European Commission:

- Provide more to-do guidelines for participation in international collaborations and enabling synergies

Suggestions raised in the event in relation to the administrative burdens were as follows;

- Simplify the administrative procedures and burden of paperwork for the EU and national funding programmes.
- Synchronize and align the activities of public organisations in order to create more opportunities for synergies.
- The European Commission and the S3 Platform to its part is willing to provide a short and efficient to-do-guidelines for international collaboration and enabling synergies

2. Upstream activities: How to build capacities to create appropriate conditions for Research & Innovation?

a. Research infrastructure, capacity building and engagement of organisations

Two main problems in the context of upstream activities were mentioned during the S2E event; the relative lack of some important research infrastructures and the limited human resources for the RDI activities. Although there is an ongoing debate on the efficient use of existing capacities, there is also a consensus on the inadequacy of the research infrastructures to assist high level scientific activities. Similarly, the limited human capital refers to both the lack of staff and, to some opinion, the lack of skills and knowledge of existing staff. Therefore, in order to address these issues, there is an urgent need perceived regarding the investments in research infrastructure as well as regarding capacity building to ensure more and better trained human resources. It is important to keep these two investments aligned as the infrastructure without qualified staff would account for a very inefficient use of public resources. Furthermore, the maintenance activities of the existing research infrastructure should take place on a regular basis.

As already mentioned, the overall level of the Slovenian participation in the Framework Programmes is quite good compared to the other EU13 Member States. However, it is believed that enhanced networking activities would certainly further increase country's H2020 participation. In addition, the targeted effort to enhance networking within Europe would be supported by the simplification of the state-subsidised procedures, which particularly hinders the participation of the business sector. Although the universities and private companies have been successfully engaged to each other's activities, the complication of the state aid procedures and required paperwork inhibit businesses from participating in the collaborative activities.

Key Issue 3: Lack of research infrastructure and limited human resources

Possible Action(s):

Slovenian authorities:

- Map existing capacity in Slovenia
- Allocate more budget for infrastructure and qualified staff
- Accommodate NCPs fulltime

It was also highlighted that the National Contact Points (NCPs) in Slovenia do not work full time in their capacity; therefore, this creates some problems regarding the H2020 consortium opportunities.

Some suggestions raised by stakeholders were as follows:

- Map existing research infrastructures and facilities across Slovenia.⁵
- Allocate more investment to capacity building activities, including research infrastructure and qualified staff.
- Enhance the networking activities in order to participate more efficiently in H2020 projects

⁵ The significant effort on the mapping of the existing infrastructure has already been made in the frame of the preparation for one of the 2014-2020 ex-ante conditionalities (namely, 1.2. R&I Infrastructure). A revision of the national research infrastructure roadmap has also been carried out.



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- Employ National Contact Points' personnel fulltime in order to provide timely information to potential applicants.
- Simplify the state aid procedures and provide guidelines for business. The European Commission and the S3 Platform in particular was and is willing to help with facilitating the specific information in this regard (e.g. following the S3 Platform efforts, a very successful targeted seminar with the DG COMP representative and bilateral meetings on the State Aid and Innovative Public Procurement issues took place in Slovenia in May 2016).

b. Going beyond H2020: Other programmes and opportunities

Slovenia participates in the three macro-regional programmes (EU macro-regional strategies focusing on Alpine, Danube and Adriatic-Ionian macro-regional frameworks). These programmes create various new collaboration and funding opportunities for the national stakeholders that can add to the traditional better known programmes (H2020, COSME, etc.). Therefore it is important not to limit the synergy activities only on the ESIF and H2020 but considering also other schemes and programmes.

Key Issue 4: Synergy with other geographical and thematic programmes

Possible Action(s):

Slovenian national authorities:

- Use existing capacities for the active involvement of the Slovenian organisations in other programmes (e.g. Alpines, Mediterranean and Danube programmes)

Some other obstacles in relation to the internal dynamics of the national innovation ecosystem were raised by participants and experts during the event. The Euro crisis and cuts implemented to national resources and decreasing public funding opportunities have been reflected in the European level collaboration activities negatively as competitive national programmes always facilitate the participation in international programmes. Although there are new instruments developed by the national authorities, it is questionable whether these programmes would provide continuous support to

projects and, as well as, whether they would be aligned with the existing capacities already built up.

A suggestion mentioned in the event was to;

- Exploit other regional and thematic programmes and platforms in a more efficient way. Governmental bodies are to align their programmes and existing capacities in a broader perspective.

3. Downstream activities: Downstream activities: How to enhance the creation of economic value from the R&I system?

a. Long-term financing and "valley of death"

A need for continuous and sustainable financing was also mentioned with respect to the downstream activities. This is a crucial issue for the research organisations and private companies because they can achieve high level of innovation and research excellence only in the long-term. However, most of the EU funding instruments e.g. (H2020, COSME, ESIF etc.) cover a 7-year period but the actual R&I activities mostly require more time. Therefore, many organisations and enterprises might not benefit from the research results in the case of non-availability of the long-term financial support. Moreover, considering the high failure risk of commercialisation, many organisations are reluctant to get involved in these activities. Participants from the governmental organisations stated that the Commission's new synergy-focused approach and Stairway to Excellence project can help to overcome this barrier. Correspondingly, there should be more efforts to go beyond the programming periods and provide continuous support from the Commission services.

Key Issue 5: Continuous public funding to support SMEs for innovation and commercialisation

Possible Action(s):

Slovenian national authorities:

- Impact-based evaluation and long-term monitoring to create sustainable ecosystem
- More public funds and incentives for SMEs – support even beyond the programming period
- The monitoring system designed for the evaluation of RIS3 provides relevant steps in this direction and shall be implemented in a robust manner.

European Commission:

- Continuous assistance from research stage to market product

Slovenian SMEs are mostly micro family companies and have very limited capacity and resources. In this circumstance, these small companies undertake R&I activities in a "valley of death"⁶. However, validation of the research results requires various stages and it is almost impossible for the Slovenian SMEs, to achieve a final market product without systemic public support.

As mentioned before in terms of different RDI activities, the administrative burden is a big problem for Slovenia at both, national and European levels. In the current system companies need to fulfil a heavy burden of paperwork preventing them from quick starting of the initial R&I activities. Moreover, in some opinion, the national calls require even more burden than the European calls, in particular with regard to the state aid and International Property Rights (IPR) issues.

Hence, the activities focusing on simplification and clarification should take place in the short term.

⁶ *Valley of death* is a term that refers to underperformance when commercially exploiting the work of researchers; in other words, "...on the road from the lab to the marketplace, too many inventions are lost in a "valley of death" which is located on the map somewhere between seed funding and the first round of VC finance" (T. Clawson, 2014)

Some suggestions raised by stakeholders and experts can be summarised as following;

- The European Commission to provide continuous and sustainable support from the early research stage to the stage where the innovative product/service can reach the market.
- Focus on the impact-based evaluation and establish a long-term monitoring system in order to align different activities and create a sustainable innovation system.
- More public incentives for the SMEs – the Dutch organisation Agentschap was mentioned as a model approach in order to improve public-private collaboration
- Simplify the paperwork burden and clarify procedures of state aid and IPR – learn from the best practices from the EU15 MSs and adapt the well-working simple IPR model(s) to the R&I situation in Slovenia.

b. Seal of Excellence

In Slovenia there is a special interest in the Commission's new initiative, Seal of Excellence⁷. Overall stakeholders are very supportive for this attempt; however, several critical points were also raised with regard to the implementation of this new initiative. Firstly, it was underlined that the Seal of Excellence is a follow-up instrument to accelerate R&I activities. Therefore it should cover all possible stakeholders, not only a single SME. The consortiums from different programmes and initiatives (i.e. ERA-NETs) would be eligible to access this source. Secondly, it was pointed out that the initiative should focus on regional and national (socio-economic?) impact rather than excellence only. Consequently, the selection phase should focus on the possible economic and social impacts that can take place at the regional/national level. The regional/national benefit and even the research excellence can be considered as complementary criteria in comparison with the potential impact on the regional economy.

Key Issue 6: Seal of Excellence –as an acceleration instrument for innovation and commercialisation

Possible Action(s):

Slovenian national authorities:

- Focus on the regional impact rather than research excellence in the selection phase initiatives could be considered
- Support only the projects in the range of TRL 6 and TRL9

European Commission:

- Beneficiary spectrum is to go beyond SMEs and cover consortiums
- Provide more information and guidelines on the objectives, principles and implementation

In parallel to the ongoing activities on the exchanging information and learning from the best practices, the European Commission shall provide clear guidelines to the Member States, including the target groups, funding principles, applying rules, evaluation processes and a simple to-do-list. This can provide the opportunity for Member States to adapt these requirements to their own national procedures. However, once more, the procedures are too complicated and paperwork burdensome. For the applicants of Seal of Excellence calls, who have already passed an evaluation

⁷ <https://ec.europa.eu/research/regions/index.cfm?pg=soe>



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process and been labelled as '*excellent*', there should be no need to organise a second round evaluation but only a selection process focusing on the impact of the proposed work.

The suggestions related to the Seal of Excellence can be summarised as following:

- Focus on the regional socio-economic impact, in the selection phase, rather than research excellence.
- The coverage of the initiative should be expanded beyond SMEs so that different participants of H2020 (e.g. ERA-NET consortiums) would be eligible, as well.
- The main effort should focus on accessing the appropriate beneficiaries rather than all SMEs having a *seal* after the H2020 evaluation. The Technology Readiness Level (TRL) can be considered as a selection criterion where the level from 6 to 9 refers to close-to-market activities.
- The European Commission may and is willing to provide more guidelines on the objectives, rules, procedures and principles.

4. The Way Forward

In order to go beyond the opinion of the participants at the event and to create broader network involving all potential research and innovation stakeholders, the European Commission and in particular the Stairways to Excellence project and the S3 Platform experts will disseminate relevant information to;

- help Slovenian stakeholders to build capacity and international networks
- establish an communication system for all the stakeholders involved to inform on examples of synergies that take place in Slovenia
- foster networking and dialogue between stakeholders as to improve communication and joint approaches to projects.

The state of play of the above key issues and actions will be followed up after a period of one year.