Smart Specialisation Strategies & Synergies ESIF – Horizon2020

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Overview

1. Basics on Cohesion Policy & shared management
   - Role of Managing Authorities
   - Synergies in the ESIF regulation
   - Ex ante conditionalities: Smart Specialisation

2. Synergies in Operational Programmes
   - State of play of adoption
   - REGIO support for synergies
   - Frequent synergies issues

3. Next steps for ESIF Managing Authorities and Smart Specialisation Strategy managers
ESIF & Shared Management in a Nutshell

1 Common Provisions Regulation

- **Over 450 Programmes** about 50/50 at national vs. regional level and 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** (territory can be cross-borders, inter-regional, trans-national)

- Around **€450 billion in 5 ESI Funds** (ERDF (incl. "INTERREG"), ESF, Cohesion Fund, EAFRD, EMFF) disbursed via:
  - **Grants** – to individual recipients and consortia; often pre-allocated; some first-come-first-served; increasingly competitive calls for proposals
  - **Financial instruments** (loans, VC, guarantees) in individual schemes or SME initiative (EIB) or off-the-shelf instruments; doubling of FI use as ESIF contribution to the €315 billion "Juncker package" (5% of ESIF R&I support via FIs)
  - **Public procurement**: in 2007-13 around 46% = some €160 billion ; interesting purchasing power for innovations ...
  - **Support services**, feasibility studies, platforms & networks, administrative capacity building ...

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

Around €160 billion will be invested in innovation-drivers and take-up, notably research and innovation, SME competitiveness, digital growth and energy efficiency & renewable energies

ESIF funding per thematic objective: State of play

Distribution of ERDF allocations between Thematic objectives (Adopted Partnership Agreements - Chart 2)

- TO 1 - RTD & innovation: 22%
- TO 2 - ICT: 14%
- TO 3 - SMEs: 8%
- TO 4 - Low carbon economy: 17%
- TO 5 - Climate change and risk management: 18%
- TO 6 - Environment: 7%
- TO 7 - Transport and network infrastructure: 6%
- TO 8 - Employment: 3%
- TO 9 - Social inclusion: 2%
- TO 10 - Education and training: 6%
- TO 11 - Administrative and institutional capacity: 1%

Excluding Technical Assistance
ESIF funding per thematic objective: State of play

- **Most ERDF OPs adopted:** 40 national / regional OPs (mainly Italy, Spain ...) and 52 territorial cooperation programmes (INTERREG) remained to be adopted
- **ESF:** on track; EAFRD and EMFF slightly behind

Source: ESIF partnership agreements as of December 2014
New Cohesion Policy 2014-2020

- From absorption logic to investment policy for growth and jobs
  - Greater focus on **results**
  - Targeting resources at **key growth sectors**
  - Stronger link to the EU economic governance "European semester" + key initiatives: Digital Single Market, Energy Union
  - Reinforced **partnership**
  - Increased **synergies** between Funds and with other EU instruments + €315 billion Investment Plan for Europe
  - Pre-conditions for funding: **ex ante conditionalities**

- **Smart Specialisation** = Key feature of reformed Cohesion Policy to ensure effectiveness of ERDF investments in innovation
Ex-ante conditionality fulfilment

- Over 900 Action Plans for the fulfilment of the 29 thematic and 7 horizontal ex ante conditionalities in the so far adopted OPs
- so far 77 RIS³ action plans included in adopted OPs

**Assessment of thematic ex ante conditionalities**

*per thematic objective at EU level (against the total number of applicable thematic ex ante conditionalities in adopted OPs at the time of their adoption - Chart 10)*

<table>
<thead>
<tr>
<th>Thematic Objective</th>
<th>Fulfilled</th>
<th>Partially Fulfilled</th>
<th>Not Fulfilled</th>
</tr>
</thead>
<tbody>
<tr>
<td>TO 5 - Climate change and risk management</td>
<td>80%</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>TO 8 - Employment</td>
<td>85%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>TO 3 - SMEs</td>
<td>75%</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>TO 10 - Education and training</td>
<td>80%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>TO 4 - Low carbon economy</td>
<td>90%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>TO 2 - ICT</td>
<td>80%</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>TO 11 - Administrative and institutional capacity</td>
<td>75%</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>TO 9 - Social inclusion</td>
<td>85%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>TO 1 - RTD &amp; innovation</td>
<td>90%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>TO 7 - Transport and network infrastructure</td>
<td>85%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>TO 6 - Environment</td>
<td>90%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Typical problems with RIS³

- Re-packaging of old strategies in some MS & Lack of vision / ambition for transformation; silo-mentality survived
- Entrepreneurial Discovery Process unbalanced and non-participatory; priority setting too statistics-based
- Still too many popular / catch-all "priorities"
- Policy mix conservative & not adjusted to priorities; few policy measures on process/service/demand/social/public sector innovation & regulatory measures; Lack of administrative capacities
- Monitoring systems unfit to spot changes in priorities
- Often too ERDF TO1-focused (EAFRD, ESF, EMFF, own funds, Horizon2020, COSME etc. not considered)
- …
Positive impacts of the RIS³ process

• Fresh start for innovation policy governance & priority setting 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)
• Synergies with COSME & Horizon2020 identified as opportunities
• Regions more aware of EU initiatives, such as "KETs" (key enabling technologies) and industry policy
• Mutual learning & peer-reviews appreciated
60% of regional policy makers state that the smart specialisation policy framework introduced **significant adaptations in the stakeholder involvement process** (and 20% spoke about a “completely new process”).

More than 40% stated that there have been **substantial adaptations to the existing policy mix**.

Source: Survey by Fraunhofer ISI across ESIF managing authorities, relevant regional innovation policy makers and selected consultants across the EU (2013 Q3).
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3. Next steps for ESIF Managing Authorities and Smart Specialisation Strategy managers
*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](http://s3platform.jrc.ec.europa.eu/s3pguide) annex 1, point 4.3.2.

See also annex III of RIS3 Guide: [http://s3platform.jrc.ec.europa.eu/s3pguide](http://s3platform.jrc.ec.europa.eu/s3pguide)
Concept of synergies

- Improve the quality of national & regional innovation policies, including type of support measures
- Enhance the impact of investments, incl. "durability", links btw. projects, building on previous projects of other instruments
- Amplify projects / initiatives by joining forces under different funds to generate critical mass: cumulation / alternative funding
- Strengthen cooperation and complementarity across Europe by teaming up different capacities in leading and lagging regions thanks to smart specialisation
- 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...)
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
Commission support for synergies:

- **Support for smart specialisation strategy development** (over 100 expert contracts, S3Platform, e.g. Guide on RIS3 regarding entrepreneurial discovery process) including synergies issues
- **Sections for synergies in templates** for Partnership Agreements & Operational Programmes
- **Provide guidance & training to negotiators** (vademecum for synergies issues; recommended wordings in OPs and PAs)
- **Support for teaming up of MS & regional innovation actors** around shared smart specialisation fields (Vanguard Initiative, RIS3 thematic platforms, Eye@RIS3 mapping, workshops, INTERREG) to be better prepared for trans-national Horizon 2020 calls and EIP etc. involvement
- **Guide for policy-makers and implementers** (both on Horizon 2020 and ESIF side)
- **Dissemination**: Synergies seminars in MS and with NCPs; Stairway to Excellence pilot etc.
- Etc.!
Synergies in the ESIF programmes and RIS$^3$s: first insights & lessons

- Compulsory chapter in PA and OP on coordination among programmes: varying levels of detail
- 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
- Simplification via alignment of cost models, lump sums, unit costs etc.: frequent interest, but rarely specific
- ESIF spending outside OP area: 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: to be seen!
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Systematic analysis planned after finalisation of ESIF negotiations & once critical mass of Monitoring Committees is set-up, selection criteria defined, etc. ...
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Further Commission synergy actions ongoing/foreseen (1)

- Auditors involved in ESIF will be trained and informed to get greater understanding of other programmes
- Standard letter to H2020 project applicants on other funding opportunities under preparation
- New business process to transfer positively evaluated H2020 proposals' details to managing authorities
- Guide for beneficiaries to be up-dated
- Identification and compilation of good practice examples
- Tracking system for identifying and measuring progress of synergies
- Platform/network for exchange of info and mutual learning among practitioners considered (tbc)
Further Commission synergy actions ongoing/foreseen (2)

✓ Provide MAs and ESIF intermediaries with contacts to independent experts registered in the Commission's expert databases

✓ Analysis of planned major projects in 2014-2020 to make info about new research capacities available to Horizon2020 programmers

✓ Support for the improvement of the policy mix for innovation and competitiveness, notably via the S3Platform, mutual learning, studies, analysis and the provision of experts will be enhanced;

✓ Data and analysis to facilitate international and EU wide comparisons

✓ Facilitate trans-national cooperation along value-chains -> project pipelines -> forming of consortia

✓ ...

Transnational cooperation

Common Provisions Regulation for ESIF (Regulation (EU) No 1303/2013) Annex 1:
"7.2.1. Member States and regions shall seek to make use of cooperation to achieve critical mass, inter alia, in the field of ... research and innovation, and also to promote the development of joint smart specialisation approaches ...."

Eye@RIS3 – an online database for RIS3 priorities
• Enable Regions and Member States to position themselves,
• To find their unique niches
• To seek out potential partners for collaboration
• Categories are not perfect matches
• Approx. 31 countries and 196 regions and 1350 priorities

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

Most frequently cited fields for RIS3 prioritisation are related to:
- Energy
- Health
- ICT
- Agro-food
- Advanced materials
- Services / Tourism
- Eco-innovation
- Advanced manufacturing
- Creative industries

With whom do you compete / need to cooperate?
Next steps for ESIF Managing Authorities & RIS$^3$ managers

- **Internal organisation of MA, audit systems, reporting system, communication strategy ....**
- **Set-up of monitoring committees: Horizon2020 stakeholders' involvement?**
- **Definition of support forms, selection criteria, themes, call frequency, choice of evaluators: synchronisation with Horizon2020 possible?**
- **Inter-regional links and cooperation around shared RIS$^3$ priorities: use INTERREG, Art 70(2), other?**
- **Share good practices!**
- **2016: RIS$^3$ ex ante cond. fulfilled? First results of monitoring?**
- **2019: Performance review: milestones achieved?**
- **...**
Links and documents

- **Guide for authorities on synergies between ESIF and Horizon2020 and other EU programmes**


- **S3Platform** (incl. Eye@RIS3 database of specialisation intentions, Stairway to Excellence pilot): [http://s3platform.jrc.ec.europa.eu](http://s3platform.jrc.ec.europa.eu)