Smart specialisation strategy - achieving better synergies between Horizon 2020 Funds and other ESI Funds

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Key Enabling Technologies
Strategy D1
What is the challenge?

• Large parts of the EU regions are out of ‘synchronisation’ => Innovation Divide
• Modest and Moderate Innovators holding back the EU as a whole
• Policy designs at risk without a sound and functioning base => Now is the moment for implementation!
• Identification of priorities and strategies of crucial importance – yet still, among the major bottlenecks
What is Smart Specialisation?

Regional framework policy for innovation driven growth that relies on an entrepreneurial process of discovery, that can reveal domains of economic activity where a country or regions excels or has the potential to excel in the future.

- Ex-ante conditionality for ERDF innovation investments

Source: Oecd report 2013
Why Smart Specialisation?

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

- Evidence-based considering all assets and problems in a region, incl. External perspective / internal / global market.

- 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.

- 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; emerging sectors
KETs in Smart Specialisation Strategies

"KETs are everywhere."

Regions have an interest in KETs and the results on the RIS3 platform show that some regions have priorities in several KETs.
KETs are a priority for Smart Specialisation

Nanotechnology: 8 regions
Advanced Materials: 78 regions
Advanced Manufacturing Systems: 94 regions
Industrial Biotechnology: 49 regions
Micro and Nano-electronics: 14 regions
Photonics: 11 regions

Source: Eye@RIS3 Platform, 17/11/2015
## EU R&D and Innovation Policy
### Horizon 2020

<table>
<thead>
<tr>
<th><strong>Differences</strong></th>
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<tbody>
<tr>
<td>H2020 does not take into account geographic specificities in allocating funding. <strong>Non-territorial</strong>, mainly transnational approach.</td>
<td>Co-funding rates vary according to the region and programme. <strong>Place-based approach</strong> supporting economic and social cohesion.</td>
</tr>
<tr>
<td><strong>Awarded directly to final beneficiaries</strong> (firms, public and private R&amp;D centres and Universities, including national and regional governments in certain cases – Art. 185, ERA-NET etc.), tackling the whole cycle of innovation, taking into account strategic approaches at EU level.</td>
<td><strong>Awarded through</strong> shared management exclusively to national and regional <strong>public intermediaries</strong>. <strong>Largely focused on improving the R&amp;I capacities and R&amp;I eco-systems</strong> with the objective of regional growth and place-based economic transformation towards higher added value and more knowledge-intensive activities (RIS3).</td>
</tr>
<tr>
<td><strong>Through transnational competitive calls</strong> addressed to international groupings through peer review <strong>based in particular on excellence</strong> criteria</td>
<td><strong>Non competitive attribution</strong> addressed to regional players <strong>based on strategic planning</strong> negotiation (however competitive calls possible and rising at national or regional level).</td>
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### Synergies and Complementarities: towards a more competitive Europe

**Horizon 2020** will focus on tackling major societal challenges, maximising the competitiveness impact of **research and innovation** (Industrial leadership) and raising and spreading levels of **excellence** in the research base.

**Cohesion policy** will focus on galvanising **smart specialisation** that will act as a **capacity building** instrument, based on learning mechanisms and the creation of critical skills in regions and Member States.
### Eligibility map 2014-20

<table>
<thead>
<tr>
<th>Region Type</th>
<th>Billion EUR</th>
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<tbody>
<tr>
<td>Less developed regions</td>
<td>164.3</td>
</tr>
<tr>
<td>Transition regions</td>
<td>31.7</td>
</tr>
<tr>
<td>More developed regions</td>
<td>49.5</td>
</tr>
<tr>
<td>Cohesion Fund</td>
<td>66.4</td>
</tr>
<tr>
<td>European territorial cooperation</td>
<td>8.9</td>
</tr>
<tr>
<td><strong>Of which</strong></td>
<td></td>
</tr>
<tr>
<td>Cross border cooperation</td>
<td>6.6</td>
</tr>
<tr>
<td>Transnational cooperation</td>
<td>1.8</td>
</tr>
<tr>
<td>Interregional cooperation</td>
<td>0.5</td>
</tr>
<tr>
<td>Outermost regions and northern sparsely populated regions</td>
<td>1.4</td>
</tr>
<tr>
<td>Youth Employment initiative</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>325.1</strong></td>
</tr>
</tbody>
</table>
Why synergies?

Scarce resources:

- More efficiency
- Best use of public funds
Different synergy scenarios

- Upstream sequential combinations: ESIF investments enable H2020 participation
- Parallel use of funds under separate project / grant contracts that are mutually supportive
- Simultaneous use of funds in the same project
- Alternative funding through ESIF of H2020 projects that were positively evaluated
- Downstream sequential combination – H2020 of FP project results used or further developed under ESIF
About Synergies …

- Obtaining more impacts on competitiveness, jobs and growth by combining ESIF and Horizon2020
- Amplifying projects / initiatives under the other instrument
- Carrying further the projects of the other instrument towards market, e.g. SME instrument "seals of excellence"
- Exploit complementarities while at the same time avoid overlaps and exclude double-financing (fraud).
About Synergies

... but beware ! :

NO substitution of national, regional or private co-funding to projects or programmes by money from the other instruments

NO diversion of funding from the purpose of the respective instrument/operational programme (e.g. smart specialisation strategy)
How to create synergies?

→ Think strategic (not project-oriented)

→ Act in collaboration (not isolation)

→ Identify / generate opportunities (in all programmes)

→ Set up suitable implementation mechanisms
"Up-stream"

- ESI Funds
  - R&I Infrastructures and Equipment (IP1)
  - ESFRI
  - Skills
  - Business Advisory services

Horizon 2020

- Frontier research (ERC, FET)
- Excellent R&I Demonstration Pilots
- ERA-Net, JP, EUREKA
- Marie Curie

"Down-stream"

- KICs
- Business Innovation (IP1+3)
- PPPs
- procurement
- KETs (IP1)
- SME instrument
- KICs

"Staircase to Excellence"

National/Region all R&I systems

"Research Excellence"

Hopefully also excellence, but "Innovation Excellence"

Capacity Building

Research & Development

Innovation

Market

IP = Investment Priorities under the R&I thematic objective of the ERDF Regulation
Different synergy scenarios

1. Upstream sequential combinations: ESIF investments enable H2020 participation
2. Parallel use of funds under separate project / grant contracts that are mutually supportive
3. Simultaneous use of funds in the same project
4. Alternative funding through ESIF of H2020 projects that were positively evaluated
5. Downstream sequential combination – H2020 of FP project results used or further developed under ESIF
Hypothetical Horizon2020 project proposal & budget structure

**Project description**

**Work packages** (ideally geographically attributable) or definition of expenditure categories

**Horizon2020 budget**

Incl. public or private co-funding

... But no ESIF!

**ESIF budget**

Incl. public or private co-funding

+ specifying which OP will co-fund and where

... But no H2!

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**ESIF MA:** looks into this part of the budget and checks the eligibility of the type of proposed costs, the location of the operation, etc. BEFORE the H2 project is submitted to the H2 call... and should have a look into the H2 project content ... and may wish to make the ESIF grant agreement dependent on the award of the H2 project.

**Step 1**

**Step 2**

Horizon2020: Evaluators look into this to appreciate the scientific / innovation quality of the entire project

... and negotiate this part of the budget
How the Commission works to enable synergies

Strategic level:

- **Support for smart specialisation strategy development** (over 100 expert contracts, S3Platform, e.g. Guide on RIS3 regarding entrepreneurial discovery process, Focused Workshops, etc.) including synergies issues

- **Strategic platforms and structured cooperation between R&I programmes and actors** (EIPs, EIT-KICs, ETPs, JPI, JTI,...) open up for regional level policy actors.
Synergies encouraged in WP

- The proposers should actively seek contact with regional/national authorities whose Smart Specialisation Strategies correspond to their research, and stimulate the interest of the Regions / Member States in the project and its possible results.

- Actions combining different sources of public financing should include a concrete financial plan detailing the use of these funding sources for the different parts of their activities.
The smart specialisation process

....is still an **ongoing process**.

**RIS3** and their associated **OPs** provide an **important opportunity for funding and implementing KET related actions**.

Regional stakeholders are interested in **exploiting synergies** between the various planning and funding frameworks to support KETs actions.
Cohesion Policy in Croatia

**Objective**: to boost economic competitiveness, support alignment with the EU environmental acquis

Allocation of funds: approx. EUR 6.8 billion (CF+ERDF)
- 4.3 billion from the European Regional and Development Fund
- 2.5 billion from the Cohesion Fund
- **Smart Specialisation Strategy** in public consultation; formal adoption with EC before the end 2016;
## S3 Priorities as Encoded in the "Eye@RIS3" Tool

<table>
<thead>
<tr>
<th>Description</th>
<th>Capabilities</th>
<th>Target Markets</th>
<th>EU Priorities</th>
</tr>
</thead>
</table>
| Transport and mobility       | 1. Transporting & storage  
                               | 2. Water transport & related services         | 1. Transporting & storage                  | 1. Sustainable innovation  
                               |                                                   |                                             | 2. Smart green & integrated transport systems |
| environment                  | 2. Power generation/renewable sources             |                                             |                                            |                           |                               |                                    |
|                              | 2. Biotechnology                                 |                                             |                                            |                           |                               |                                    |
Where to find examples of synergies?

A set of examples in different areas including NMBP have been published on:

http://s3platform.jrc.ec.europa.eu/cases-studies

These include:

- Ruđer Bošković Institute (RBI)-Zagreb-outlines upstream sequential type of synergies developed in the research area of biomedicine;
- Centre of Advanced Research in Bionanoconjugates and Biopolymers – IntelCentre of "Petru Poni" Institute of Macromolecular Chemistry of the Romanian Academy
- Research in novel materials with unusual electromagnetic properties - Institute of Electronic Materials Technology, Poland.
- Promotion of high level international research (KTU's Institute of Materials Science), Latvia
- etc
ESIF / Smart Specialisation priorities

Eye@RIS mapping at http://s3platform.jrc.ec.europa.eu

“Guide Enabling synergies between European Structural and Investment Funds, Horizon 2020 and other EU programmes related to innovation”
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 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 for end beneficiaries
Pointing beneficiaries via a 6-step checklist to possible EU funding and support sources for R&I.


Modernisation of EU State aid frameworks:
Possible positive actions:

- Get in touch and discuss synergies with the ESIF Managing Authorities in your country; integrate relevant policy measures in your Operational Programmes, based on local/national RIS3 (Smart Specialisation Strategies).

- Discuss and get informed about the 'Seal of Excellence' to channel well evaluated but not-funded Horizon 2020 project proposals that are largely located in an OP territory to the relevant MAs and can benefit from ERDF/ESF/EAFRD/EMFF funding.

- LOOK WHERE YOUR ACTIVITIES FIT IN - training under the ESF; research and any infrastructures, under the ERDF.

YOU NEED TO EXPLAIN WHY FUNDING YOUR PROJECT / INFRASTRUCTURE ETC. IS NOT ONLY VALUABLE FROM A SCIENTIFIC POINT OF VIEW BUT HOW IT HELPS THE GOALS OF THE STRUCTURAL FUNDS: CREATION OF JOBS, ECONOMIC AND REGIONAL DEVELOPMENT, CAPACITY BUILDING, CONTRIBUTION TO GROWTH AND COHESION ETC...
Tools made available by the EC

- Guide Enabling synergies between ESIF, H2020 and other research, innovation and competitiveness-related Union programmes

- Smart Specialisation Platform: [http://s3platform.jrc.ec.europa.eu/home](http://s3platform.jrc.ec.europa.eu/home)


- Regional Innovation Scoreboard
Thank you for your attention!

Credits:
Katja Reppel, Directorate General for Regional and Urban Policy
Dimitri Corpakis, Directorate General for Research and innovation