

EU Cohesion Policy 2014 – 2020 and the specific focus on research and innovation

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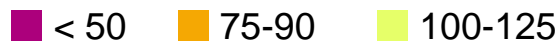
DG Research and Innovation, Directorate for Research and Innovation

European Commission

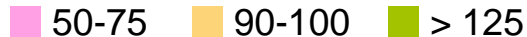


Regional disparities in the EU

GDP/capita*

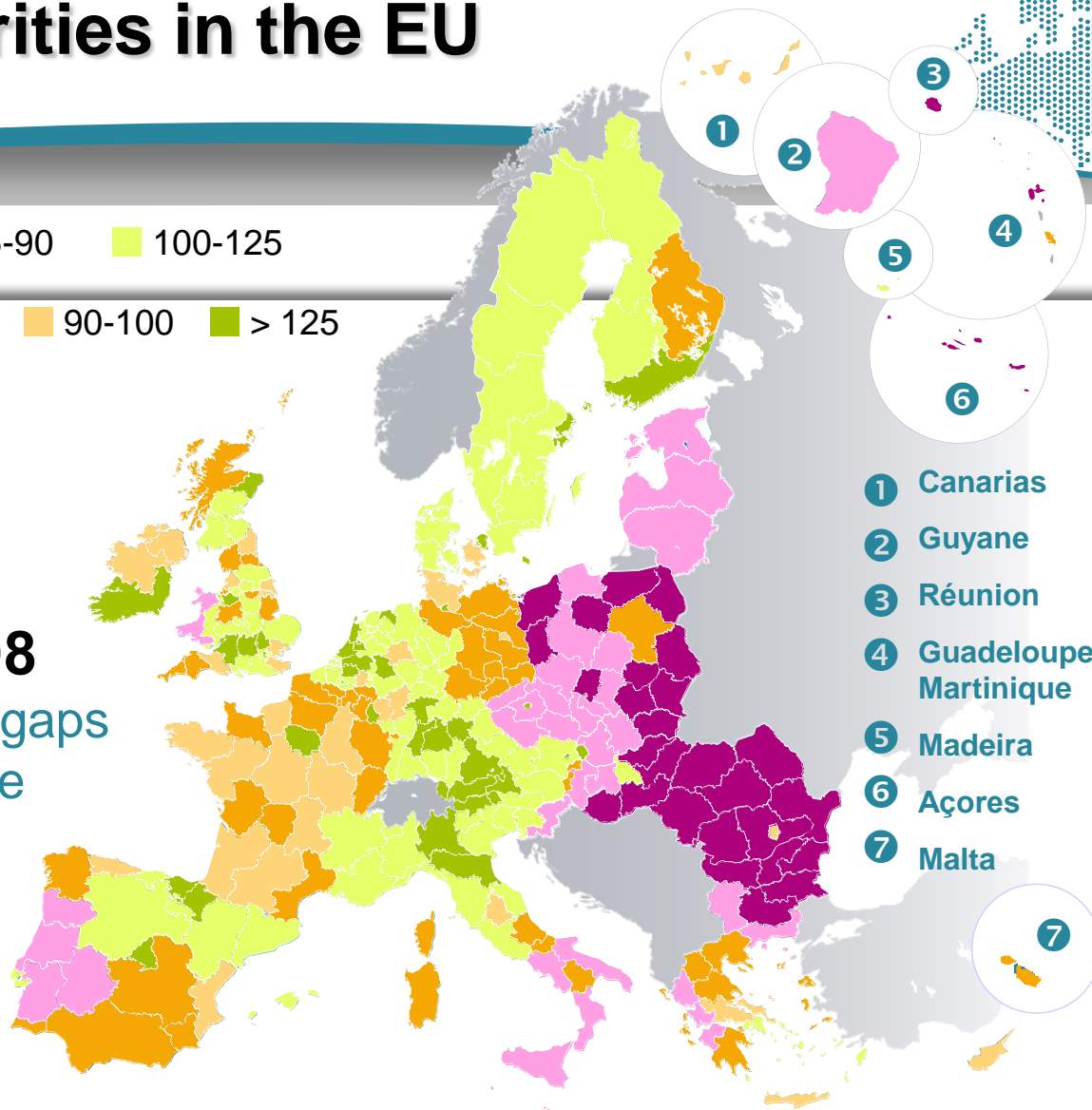


*index EU27=100



Average
2006 – 2007 – 2008

▶ Closing these gaps
remains a key objective



Horizon 2020 and Cohesion Policy: differences and complementary objectives



EU R&D and Innovation Policy – future Horizon 2020	EU Cohesion Policy
Differences	
<p>Based largely on individual R&D and innovation Projects of a pre-competitive nature aiming at advancing knowledge and fostering innovation for growth and jobs, including but not exclusively frontier research (also co-funding national and regional programmes)</p>	<p>Based on multiannual Programmes aiming at increased to reduce regional disparities, including through close to the market competitive R&D and innovation efforts</p>
<p>Awarded directly to final beneficiaries (firms, public and private R&D centres and Universities, including national and regional governments in certain cases – Art. 185, ERA-NET etc.)</p>	<p>Awarded through shared management exclusively to national and regional public intermediaries</p>
<p>Through transnational competitive calls addressed to international groupings through peer review based on excellence criteria</p>	<p>Non competitive attribution addressed to regional players based on strategic planning negotiation (however calls possible at national or regional level)</p>
Synergies and Complementarities	
<p>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</p>	<p>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.</p>



Delivery



Promoting complementarity in practice

- **Harmonisation to the extent possible of rules**
- **Possibility for the Funds to work together – for a project to receive support from different EU Funds**
- **Possibility to apply rules on unit costs, lump sums and flat rates applicable in other Union policies**



Synergies between Horizon 2020 and future Cohesion Policy

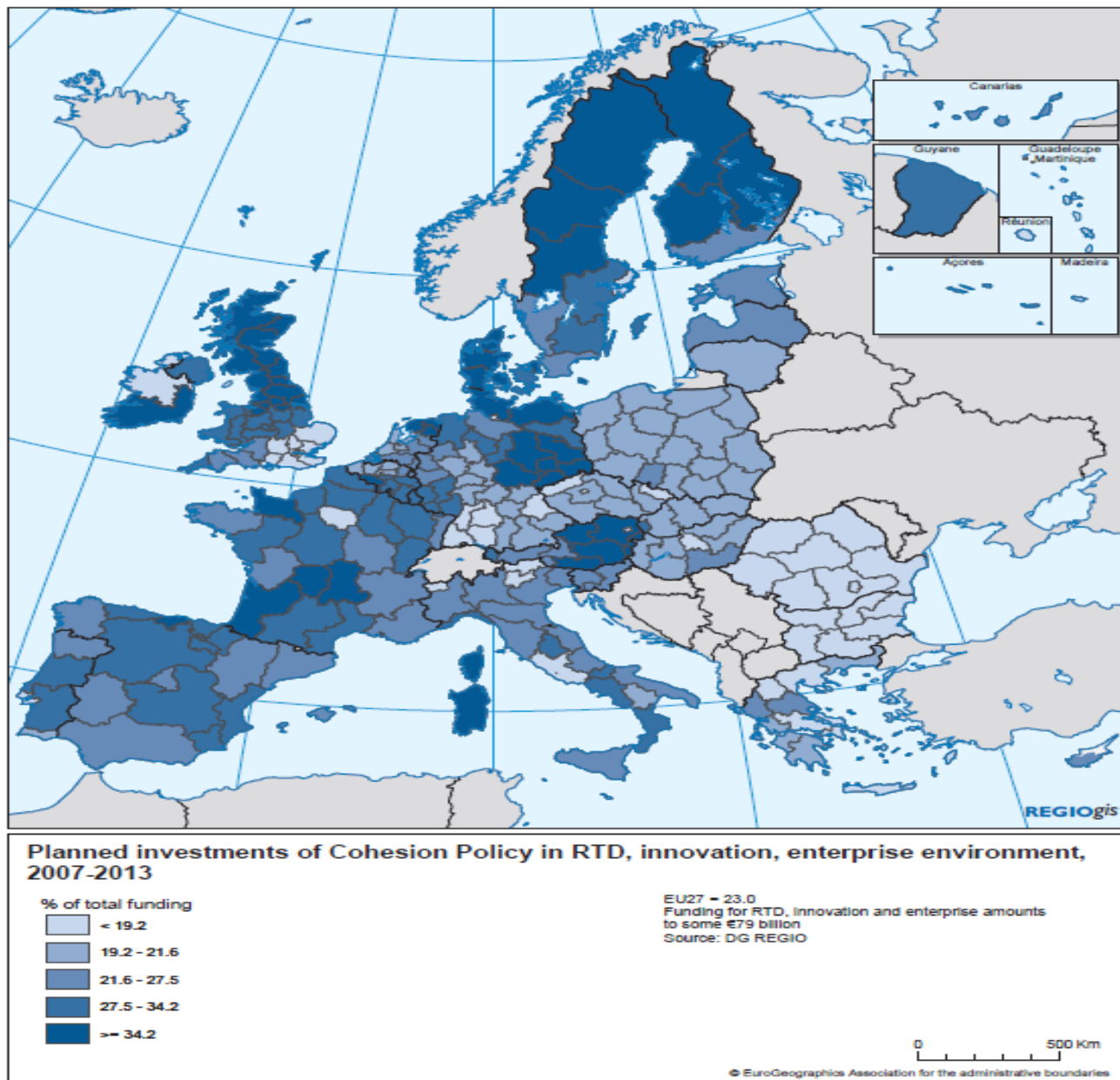


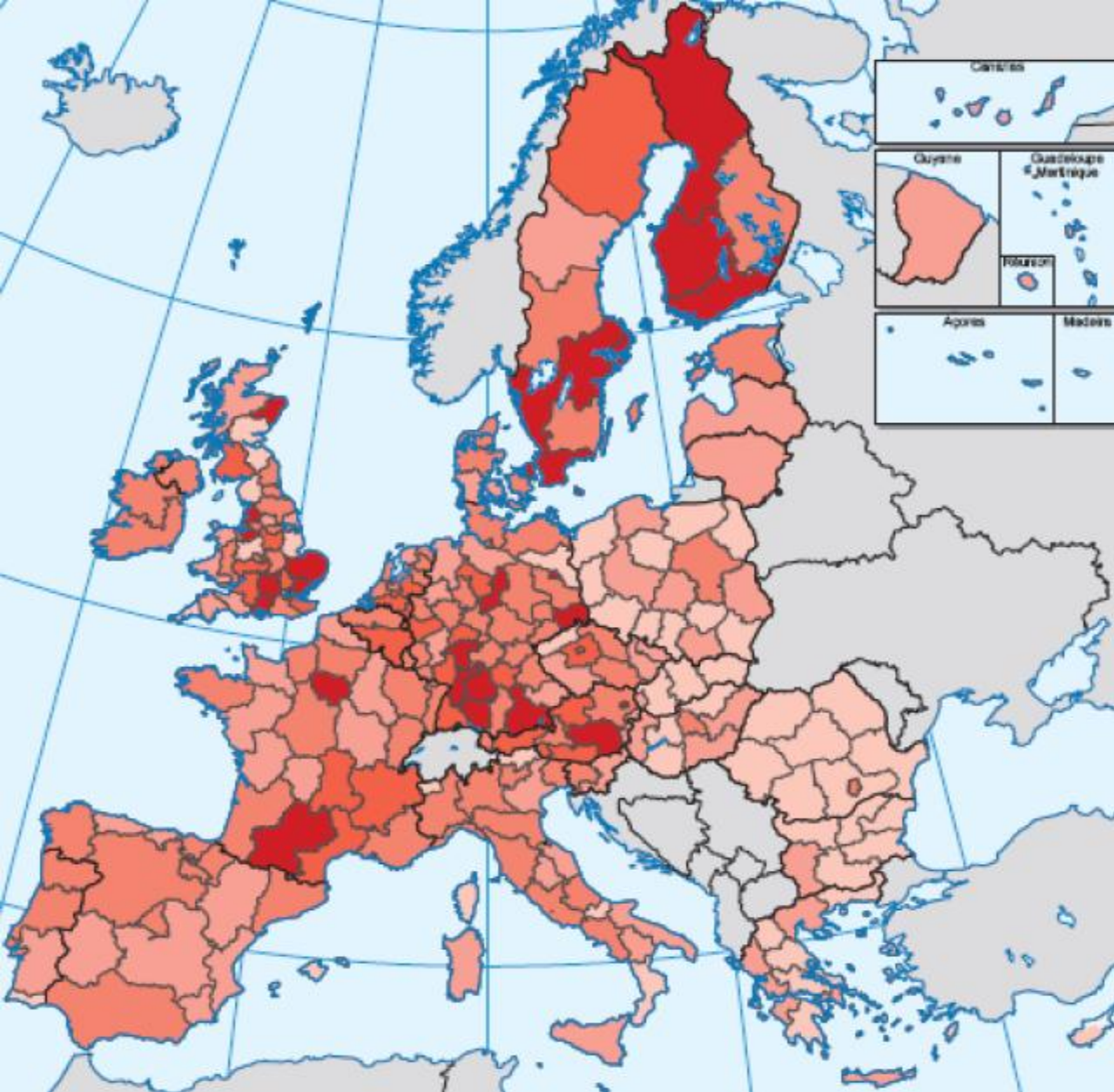
- **Synergies by design: new draft regulations for Cohesion policy give strong priority to investments in Research and Innovation; Horizon 2020 promotes broad access through major simplification, new financial engineering instruments, new opportunities for SMEs and a host of measures to close the innovation divide**
- **Synergies in practice: capacity building in future Cohesion policy will provide a stairway to excellence to all European regions; from particular investments for research infrastructures and support to innovation, through support to applied research, pilot production lines and support to Key Enabling Technologies through Smart Specialisation, Cohesion policy will work in tandem with research and innovation policy (Horizon 2020)**



Cohesion Policy funding for R&D and innovation 2007-2013

- ❑ 4% in 89'-93'
- ❑ 7% in 94'-99'
- ❑ 11% in 00'-06'
- ❑ 25% in 07'-13'

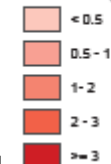


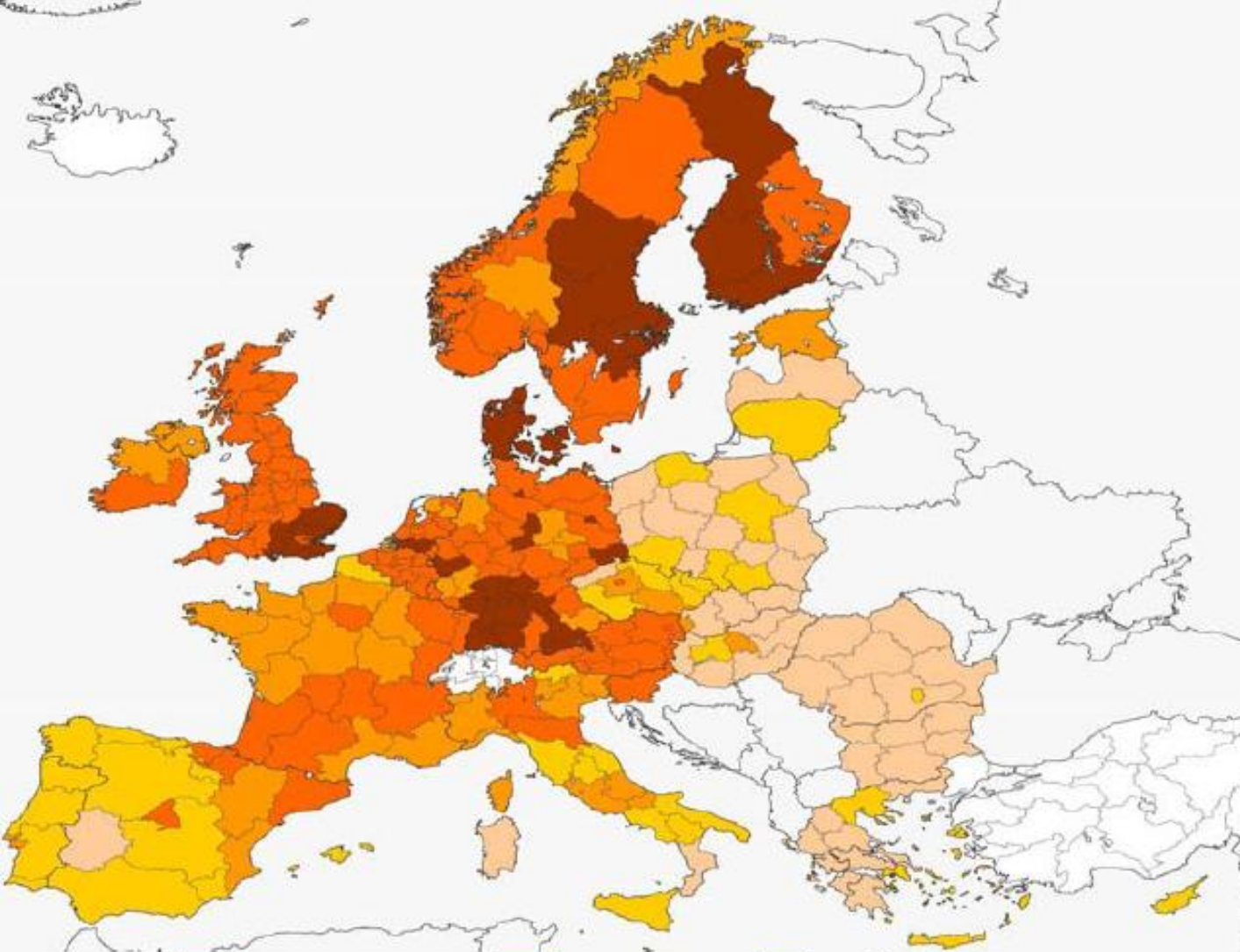


- **GERD, 2007 (Source DG REGIO, EUROSTAT)**

Dépenses internes totales de R&D (GERD), 2007

% du PIB régional





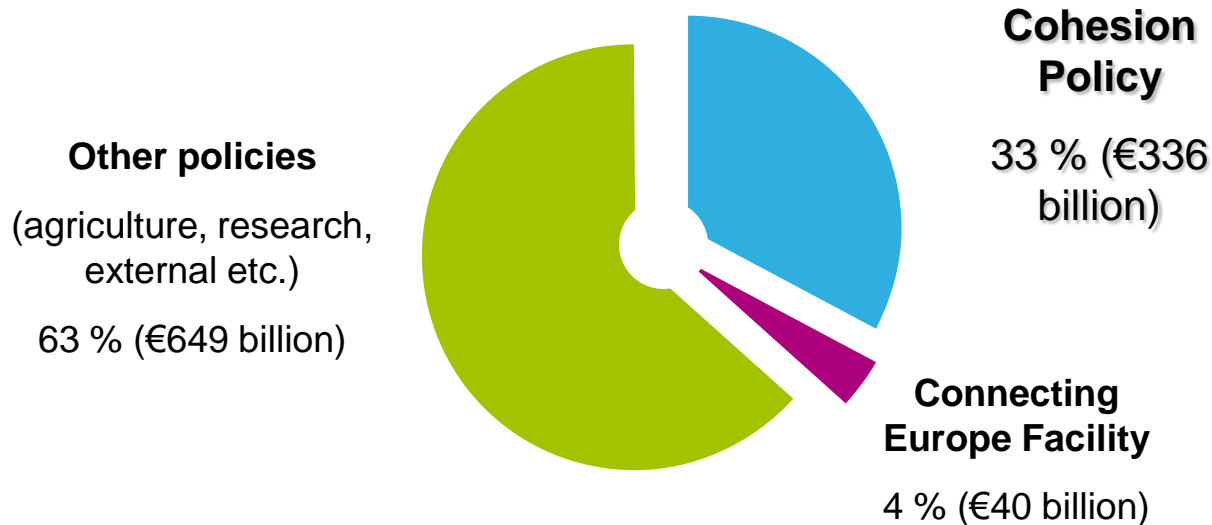
Regional Innovation Performance taxonomy

Source:
Regional Innovation Scoreboard,
2009

Proposed EU budget 2014-2020 (MFF as announced by the Commission)



“Ambitious but realistic” proposals issued by the Commission in June 2011 for the Multiannual Financial Framework (MFF) 2014-2020



Objectives of the new Cohesion policy package (2014-20)



- **Deliver the Europe 2020 strategy objectives of smart, sustainable and inclusive growth**
- **Focus on results**
- **Maximise the impact of EU funding**



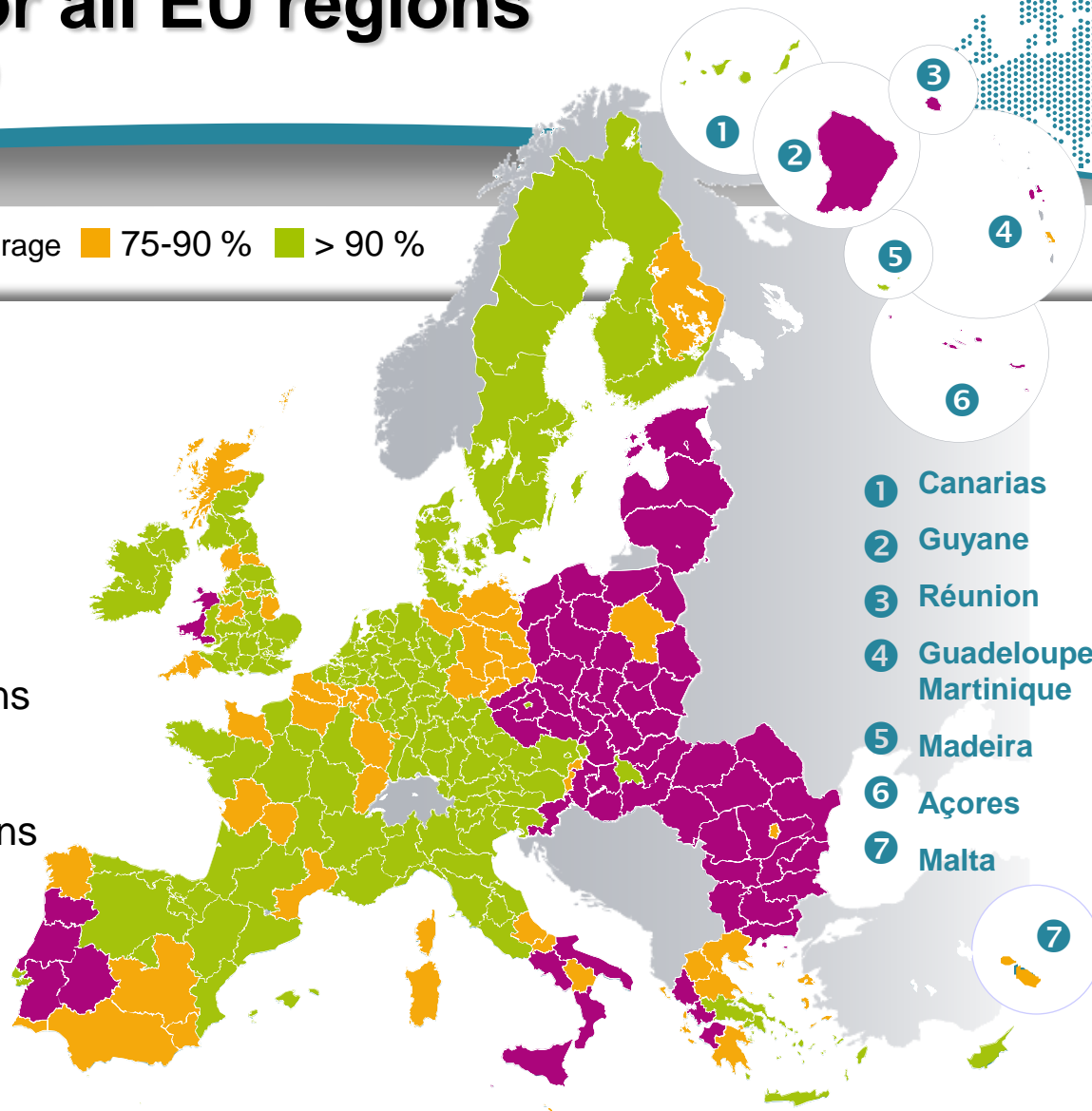
A fair system for all EU regions (eligibility simulation)

GDP/capita* ■ < 75 % of EU average ■ 75-90 % ■ > 90 %

*index EU27=100

3 categories of regions

- Less developed regions
- Transition regions
- More developed regions

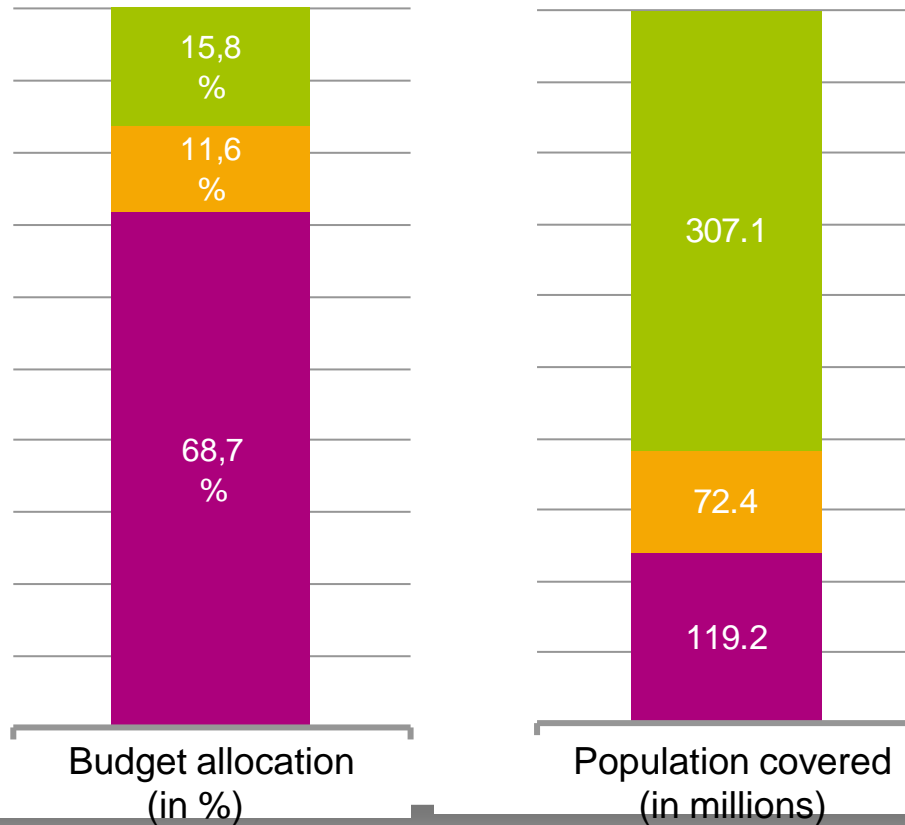


How will funding be allocated?



■ Less developed regions/MS
 ■ Transition regions
 ■ More developed regions

Cohesion Fund¹	68.7
Less developed regions	162.6
Transition regions	38.9
More developed regions	53.1
European Territorial Cooperation	11.7
Outermost regions and sparsely populated areas	0.9
Total	336.0



¹ €10 billion from the Cohesion Fund will be

- 1. Strengthening RTD and innovation**
- 2. Enhancing accessibility and use of ICTs**
- 3. Enhancing SMEs competitiveness**
- 4. Supporting shift towards low-carbon economy**
- 5. Promoting climate change adaptation and risk prevention**
- 6. Protecting the environment and promoting sustainable use of resources**

Promoting sustainable transport and removing bottlenecks in key network infrastructure

Promoting employment and supporting labour mobility

Promoting social inclusion and combating poverty

Investing in education, skills and lifelong learning

Enhancing institutional and administrative capacities

Contribution to Research and Innovation in the current programming period from Cohesion policy 2007-2013



- **Unlocking growth potential by promoting research and innovation in all regions**
- **2007-2013 - € 86 billion for research and innovation (€ 65 billion from the ERDF alone) – over 25% of total cohesion policy budget**
 - For less developed regions, ERDF is the most important source of funding for research and innovation
 - Focus on capacity-building but also on infrastructure in less developed regions



October 2011 – latest figures show that over € 50 billion have been committed to projects on Research, Innovation and the Knowledge Economy

Future cohesion policy - Research and innovation Investment priorities for ERDF



Strengthening research, technological development and innovation:

- **Enhancing research and innovation infrastructure (R&I) and capacities to develop R&I excellence and promoting centres of competence, in particular those of European interest (ESFRI)**
- **Promoting business R&I investment, product and service development, technology transfer, social innovation and public service application, demand simulation, networking, clusters and open innovation through smart specialisation**
- **Supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production in Key Enabling Technologies and diffusion of general purpose technologies**

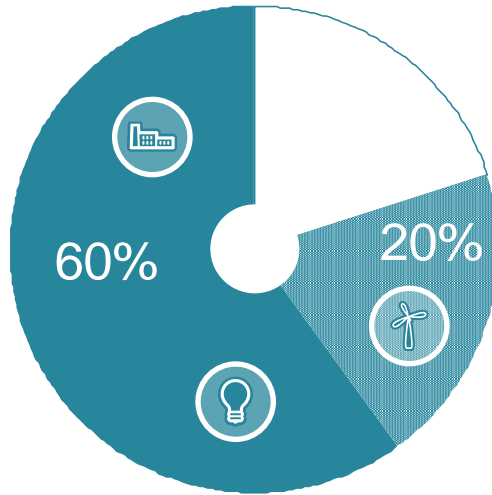


Concentrating resources to maximise impact

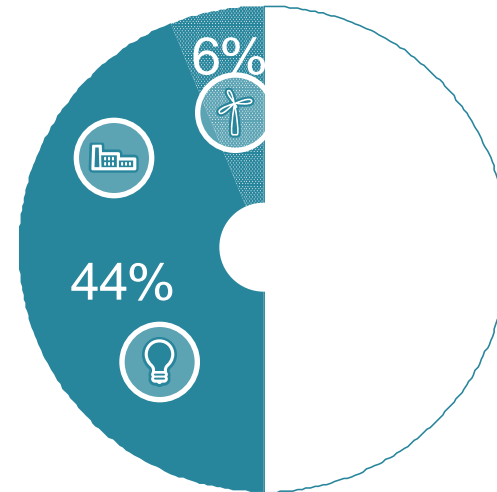


Concentration of ERDF investments

 Energy efficiency & renewable energy  Research & innovation  Competitiveness of SMEs



More developed & transitional regions



Less developed regions

Flexibility – different regions have different needs
Special arrangements for ex-convergence regions



Introduction of ex-ante conditionalities to ensure that the necessary conditions for effective support are in place.

For research and innovation:

- **The existence of a national or regional research and innovation strategy for smart specialisation in line with the National Reform Programme (Annex 1 of the Innovation Union Communication)**
 - to leverage private research and innovation expenditure
 - complies with the features of well-performing national or regional research and innovation systems

How is programming organised?



Towards greater coherence



Common Strategic Framework

Partnership Contract

Operational Programmes

- **Comprehensive investment strategy: aligned with Europe 2020 objectives**
- **Coherence with National Reform Programmes**
- **Coordination: cohesion policy, rural development, maritime & fisheries funds**
- **Objectives and indicators to measure progress towards Europe 2020 targets**
- **Effectiveness: introduction of a performance framework**
- **Efficiency: reinforcement of administrative capacity, cutting red tape**



Reinforcing effectiveness and performance



Focus on results

- **Common & programme-specific indicators, reporting, monitoring & evaluation**

Performance framework for all programmes

- **Clear and measurable milestones and targets**

Performance reserve

- **5 % of national allocations (by Member State, fund and category of region)**

Ex-ante conditionality:

- **Ensuring conditions for effective investment are in place (Smart Specialisation for Research and Innovation Investments)**

Macro-economic conditionality

- **Alignment with new economic governance**



Performance: ex ante conditionality (for Research and Innovation investments : Smart Specialisation Strategy (S3))

- **MS and regions to fulfil conditions closely linked to the thematic objectives of the policy**
- **If not fulfilled, definition of precise actions and deadlines**
- **Possibility for the Commission to suspend all or part of interim payments at the moment of the adoption of programmes**
- **If conditions not fulfilled within deadlines, suspension of payments**



What is Smart Specialisation ?

http://ec.europa.eu/research/era/publication_en.cfm

- ❑ ‘Knowledge for Growth’ expert group (DG RTD) launched concept in the framework of ERA;
- ❑ Problem: fragmentation/imitation/duplication of public R&D investments;
- ❑ Stresses role for all regions in the knowledge economy, if they can identify comparative advantages in specific R & I domains/clusters (not just winning sectors);
- ❑ Challenges: Smart specialisation has to embrace the concept of open innovation, not only investment in (basic) research.

“Most advanced regions invest in the invention of general purpose technologies, others invest in the co-invention of applications of the generic technology in one or several important domains of the regional economy”

Dominique Foray 2010





Why MS and regions need a Smart Specialisation Strategy



- ❑ Making (hard) choices and defining a regional vision: Defining where regions want to go in terms of competitiveness through innovation.
- ❑ Focusing minds, efforts and (scarce) public resources on the development of a limited number of thematic or (cross) sectoral innovation priorities in each region.
- ❑ Identify factors of competitiveness (critical mass) and bottlenecks, enabling General Purpose technologies, and concentrate resources on key priorities.
- ❑ **This is not about picking winners from above but about making sure efforts are not wasted being too dispersed**
- ❑ Some are already developing these actions: need for review? - others may wish to adjust and up-date their strategies in light of this Communication.
- ❑ The Commission has set up a 'Smart Specialisation Platform' to provide assistance and run pilots with interested regions.

"An entrepreneurial and dynamic process of discovery, based on strategic intelligence, interaction and policy learning" D. Foray



Innovation Strategies for Smart Specialisation: RIS³



An agenda for economic transformation:

- **(Tough) Choices:** select few priorities on the basis of international specialisation and integration on international value chains
- **Competitive (Constructed) Advantage:** mobilize talent by matching RTD + i and business needs & capacities
- **Critical Mass:** provide arenas for related variety/cross-sectoral links which drive specialised technological diversification
- **Collaborative Leadership:** efficient innovation systems as a collective endeavour based on public-private partnership (quadruple helix)

Examples: Bremerhaven (DE)



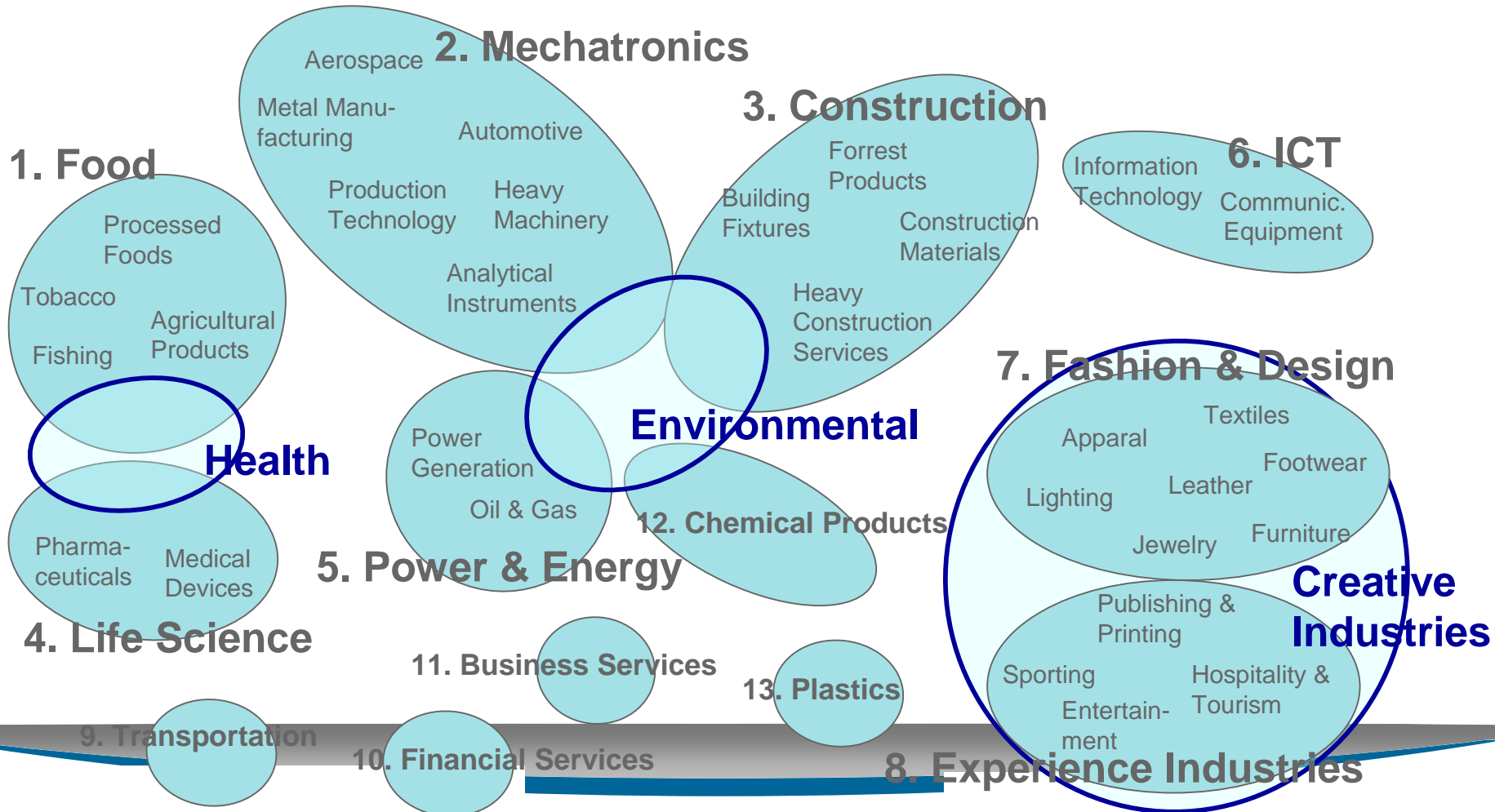
- Economy based on shipbuilding & commercial fishing in strong downturn end of 1990's
- Selection of 'offshore wind energy' as new development: clear & integrated industrial strategy and clustering of competencies
- Strong existing synergies between 'shipyard' & 'offshore wind' sectors
- Now Bremerhaven = major hub of offshore wind in DE, 4 major manufactures, already 1,000 jobs created



New types of specialisation emerging from existing competence: Denmark



Mapping of Mega-Clusters in Denmark (FORA)



RIS³ Platform

<http://ipts.jrc.ec.europa.eu/activities/research-and-innovation/s3platform.cfm>



- The platform is established at the Joint Research Centre (IPTS) in Seville and covers a three-year period.
- It acts as a facilitator in bringing together the relevant policy support activities in research, regional, enterprise, innovation, information society, education and sustainable policies.
- Informs and communicates on related funding opportunities under the relevant EU funding programmes.
- Includes the facilities to provide direct feed-back and information to regions, Member States and its intermediate bodies.
 - Provides methodological support, expert advice, training, information on good practice, etc.

Mirror Group of International experts:

<http://bit.ly/zL7Qqw>



Performance

- **Programmes to define precise and measurable targets**
- **5% set aside in a performance reserve**
- **Reserve allocated in 2019 on the basis of progress towards programmes' targets**
- **Programmes failing to achieve targets do not benefit from reserve**
- **Amounts left after allocation will constitute a bonus for the best performing programmes and/or for addressing specific growth and competitiveness needs**

European Social Fund (ESF)



Fully in line with the Europe 2020 strategy

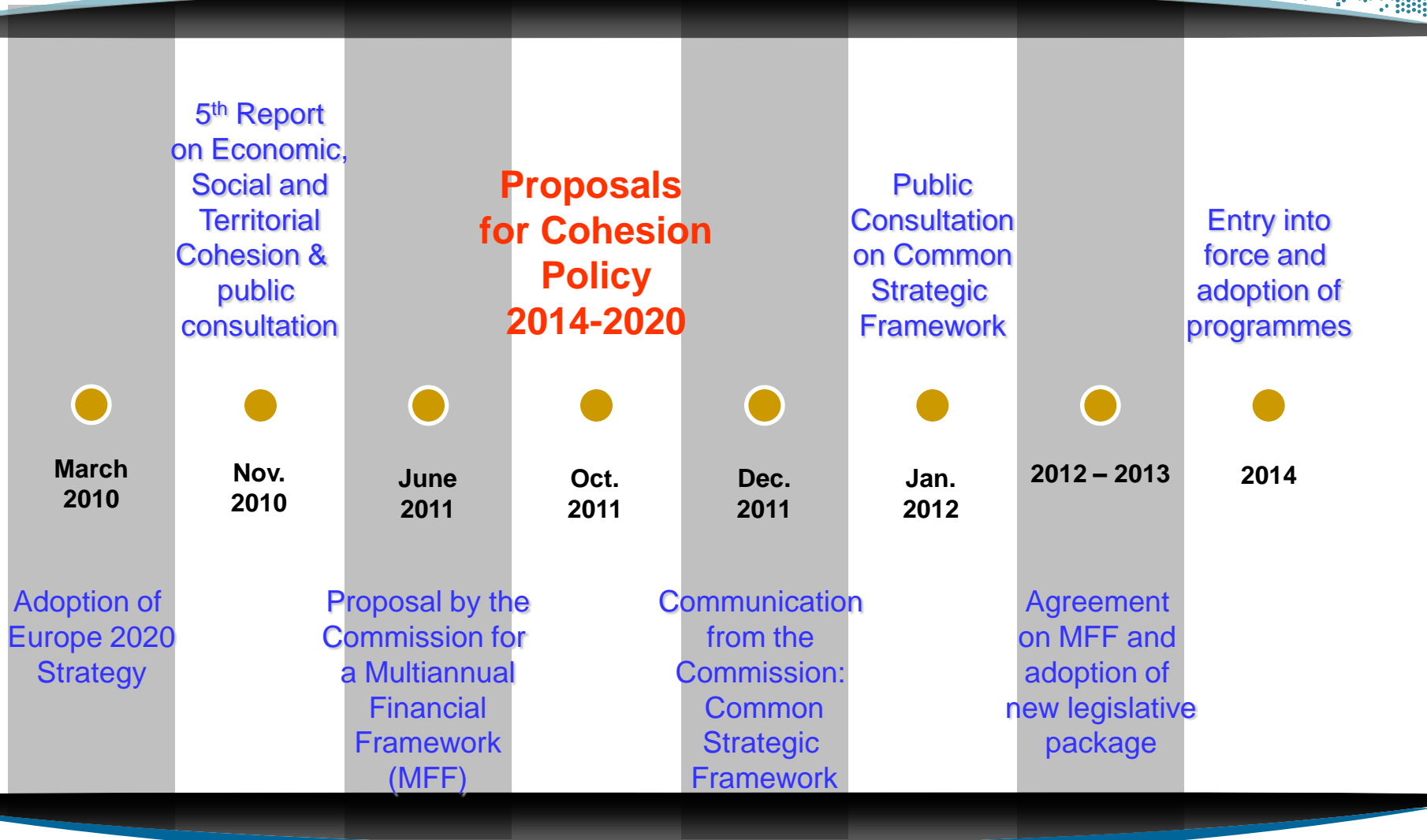
- Promoting employment & supporting labour mobility
- Investing in education, skills & life-long learning (**Researchers' training is also eligible**)
- Promoting social inclusion & combating poverty
- Enhancing institutional capacity & efficient public administration

Reinforced social dimension

- 20 % of ESF allocations for social inclusion
- Greater emphasis on fighting youth unemployment
- Mainstreaming & specific support for gender equality & non-discrimination



Timeline for the new Cohesion policy



Next steps in planning



- **Perform a serious analysis of national, regional and local characteristics**
- **Position the Member State / Region in its particular international context and see what this implies for its future priorities (consider re-positioning)**
- **Lay out a strategy for smart specialisation, in a bottom-up process involving all relevant stakeholders**
- **Prioritise, evaluate, and choose**
- **Consider possible governance adjustments if needed**
- **Formulate a clear plan with limited and specific priorities, where an evaluation process has to be built-in, with relevant indicators**





Where can I find further information?

<http://ec.europa.eu/inforegio>

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