



Synergies and complementarities between EIT-KICs and other EU policies and instruments

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Overview

*The challenge for (innovation driven) growth and jobs in Europe is the **investment gap (Juncker Plan)**. More **effectiveness** of investment policies (incl cohesion policy) is required (avoiding fragmentation, silos) **Synergies** in support instruments for innovation investments is a part of this agenda for achieving more impact*

- 1. Cohesion policy*
- 2. Policy synergies and funding synergies*
- 3. Strategic synergies:*
 - 1. Smart Specialisation Platform Agro-Food Value Chains**
 - 2. Smart Specialisation Platform Industrial Modernisation**



Purpose of Cohesion Policy:

Article 176 of the Treaty on the Functioning of the EU:

*"The European Regional Development Fund is intended to help to **redress the main regional imbalances** in the Union through participation in the **development and structural adjustment** of regions whose development is lagging behind and in the conversion of declining industrial regions."*

• *Article 2 ERDF regulation:*

*"The ERDF shall contribute to the financing of support which aims to **reinforce economic, social and territorial cohesion** by redressing the main regional imbalances through support for the **development and structural adjustment of regional economies**, including the conversion of declining industrial regions and regions lagging behind."*

Also all research and innovation investments under ERDF all have to serve this overarching purpose ...



Some basics on Cohesion Policy:

Shared management

- **Managing Authorities:**
 - ✓ manage implementation of Operational Programmes
 - ✓ payments, audits
- **Commission:**
 - ✓ negotiates Operational Programmes
 - ✓ monitors implementation
 - ✓ financial control, evaluation
 - ✓ *If requested: policy advice & tech.assistance*



New Cohesion Policy 2014-2020

- ✓ Deliver the **Europe 2020** strategy objectives of smart, sustainable and inclusive growth
- ✓ Stronger link to the EU economic governance "European semester"
- ✓ Reinforced **partnership; simplification**
- ✓ Focus on **results**, not spending: from 'absorption' to 'investment' logic
- ✓ **Maximise the impact** of EU funding

Consequences:

- **Thematic concentration** to maximise the impact of investments: around €120 billion for R&I, SME competitiveness and ICT
- **Ex ante conditionalities** to ensure effective use of ERDF for R&I: smart specialisation strategies (RIS3) as precondition
- **Common Strategic Framework**: coherence across funds (ERDF, ESF, CF, EAFRD, EMFF); clarify synergies with Horizon 2020 (possibility for cumulating)



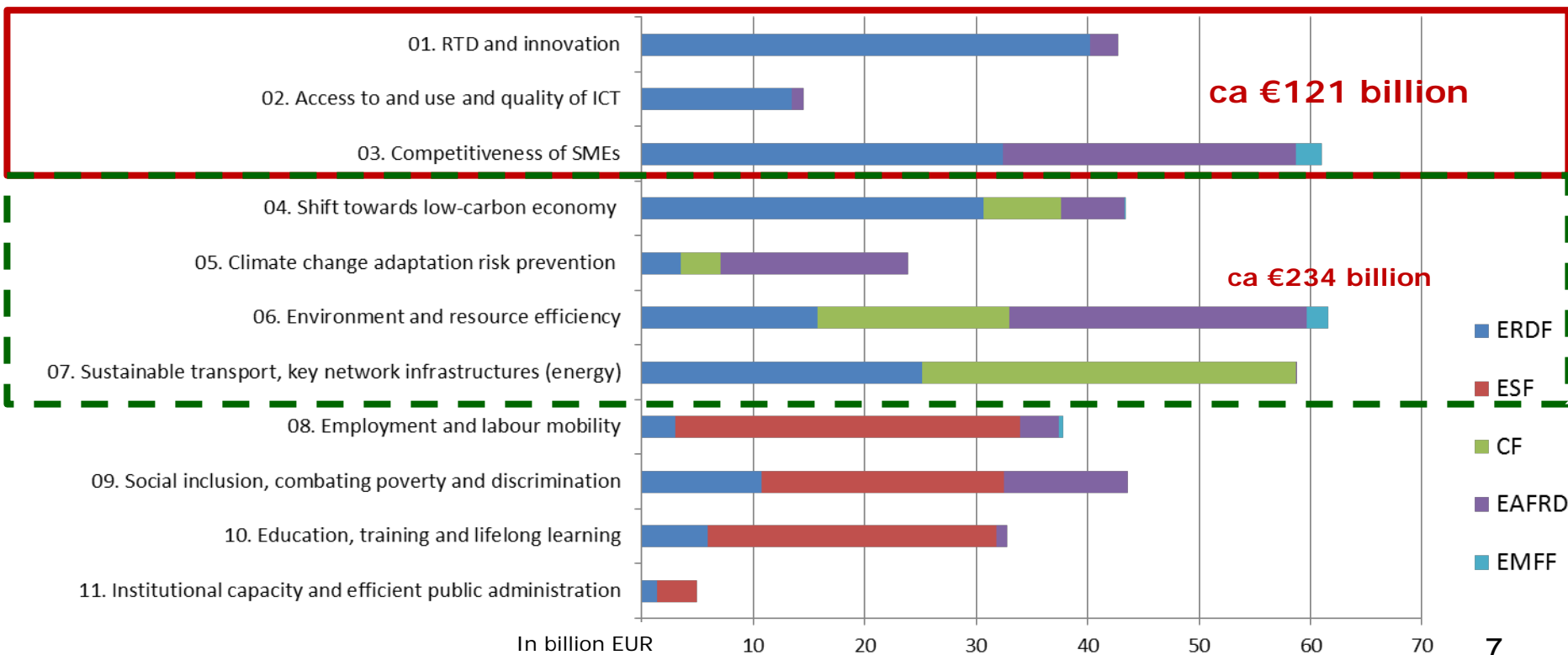
Smart Specialisation Strategies: Eligibility for ERDF

In SHORT: RIS3 is based on 4 'C'-s :

- C**ompetitive advantage: match R&I potential with business needs and capacities for specialised diversification/modernisation of sectors + explore emerging areas
- C**hoices (tough ones): select few priorities on basis of specialisation & integration in international value chains
- C**ritical mass of resources & talent: cooperation between regions by avoiding duplication and fragmentation
- C**ollaborative Leadership: involve key stakeholders from academia, businesses, public administrations and civil society ("quadruple helix") for efficient innovation systems & synergies between funding instruments (EU, national, regional)
- +... **C**ommon sense = **Integrated agenda for place-based economic transformation**, driven by research, innovation and increasing access to ICT and its use

ESIF programming 2014-20: State of Play

- EUR 454 billion of ESIF + EUR 183 billion of national co-financing
- 456 national and regional and 79 INTERREG cooperation programmes
- Concentration on 11 Thematic Objectives



Why synergies between ESIF and Horizon2020, COSME, etc.?

- Improve the **quality & impact of national & regional & ESIF innovation investments**
- Deliver on the policy objective of **leveraging more national / regional funding towards EU objectives**
- **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...)
- **Leading regions as "locomotives" for lagging regions ...** but with **smart specialisation**, as not all regions are excellent in everything, but every region has the potential to be excellent in something

What do we understand as synergies?

- ✓ **Obtaining more impacts** on competitiveness, jobs and growth by combining ESIF and Horizon2020 ... e.g. use of ERDF research infrastructures in Horizon 2020 innovation projects
- ✓ **Amplifying** projects / initiatives under the other instrument ... e.g. oversubscription of SME instrument: short listed projects ⇔ ESIF
- ✓ **Carrying further** the projects of the other instrument towards market ... e.g. SME instrument "seals of excellence"

...and what NOT:

- **NO substituting of national or regional or private co-funding** to projects or programmes by money from the other instruments
- **NO diversion of funding away from the purpose** of the respective instrument / operational programme (e.g. smart specialisation strategy)
- **NO simple "run for the money"**: Maximising the acquisition of additional funding from H2020 for a MS / region is no good objective, as this is no durable impact.



Bringing together ~~2~~ different worlds ...

?

Horizon2020

ESIF

Non-territorial, mainly transnational approach based on excellence; Horizon 2020 does not take into account geographic specificities in allocating funding.

Place-based approach supporting economic and social cohesion.
Co-funding rates may vary from region to region & OP

Focus on individual R&I projects tackling the whole cycle of innovation, taking into account strategic approaches at EU level, e.g. through European Innovation Partnerships and the Strategic Energy Technology plan (although some programme co-funding for research coordination like ERA-NETs, etc.)

Largely focused on improving the R&I capacities and R&I eco-systems with the objective of regional growth and place-based economic transformation towards higher added value and more knowledge-intensive activities (smart specialisation strategies).

Centrally managed (EC) and awarded directly to final beneficiaries or managed by a multi-country entity;
In the case of Erasmus+, partially decentralised and awarded through National Agencies

Shared management with national and regional public intermediaries (managing authorities, implementing agencies and intermediate bodies) which define the implementation details and allocate the funding to final beneficiaries.

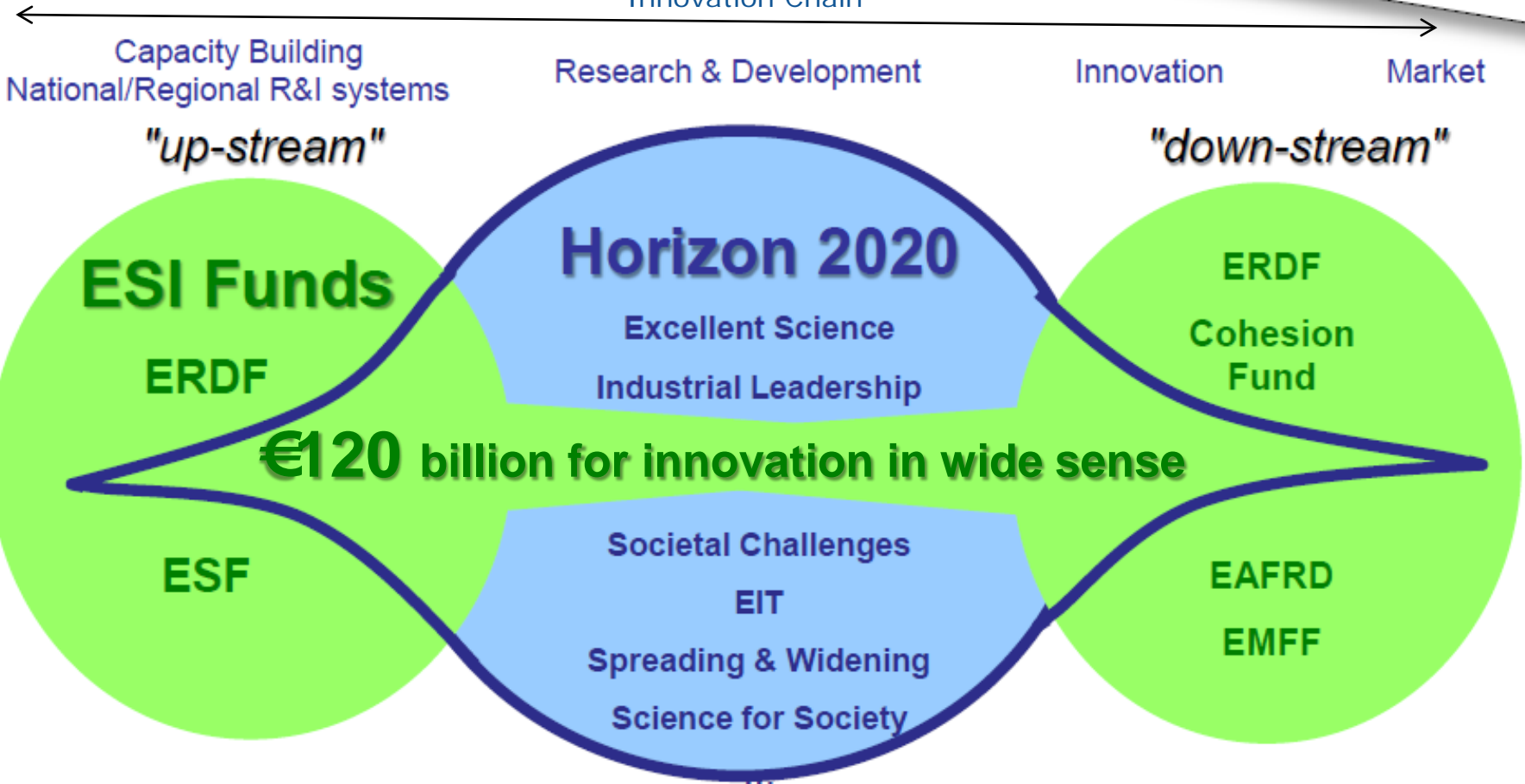
Competitive calls for proposals addressed to international groupings (including beyond the EU) without geographic pre-allocation.
(European Research Council and Marie Skłodowska-Curie also address individuals)

Policy-related prioritisation based on cohesion considerations and RIS3 priorities with allocation to individual firms/bodies and consortia within the territory covered by the operational programme (and only within the EU).
Use of competitive attribution through calls and aid schemes based on project selection criteria is also increasingly used (depending on MS).

"Smart specialisation strategies shall include:
 (a) Up-stream actions ...
 (b) down-stream actions from Horizon 2020"
 See CPR annex 1, point 4.3.2.

How to achieve synergies?

Innovation Chain



"Stairway to Excellence"

How to achieve synergies?

- *In one project (only for H2020!): **cumulative**, but not same cost items. ESIF-part is related to RIS3. Difficult to implement technically.*
- **Successive** (building on each other) or **parallel** (complementary) projects. = Amplification.
- **Alternative** funding (successful projects, but not financed in H2020): re-using assessment procedure (simplification, in principle).

Combining "normal" H2020 projects & ESIF ... through sequential or parallel projects

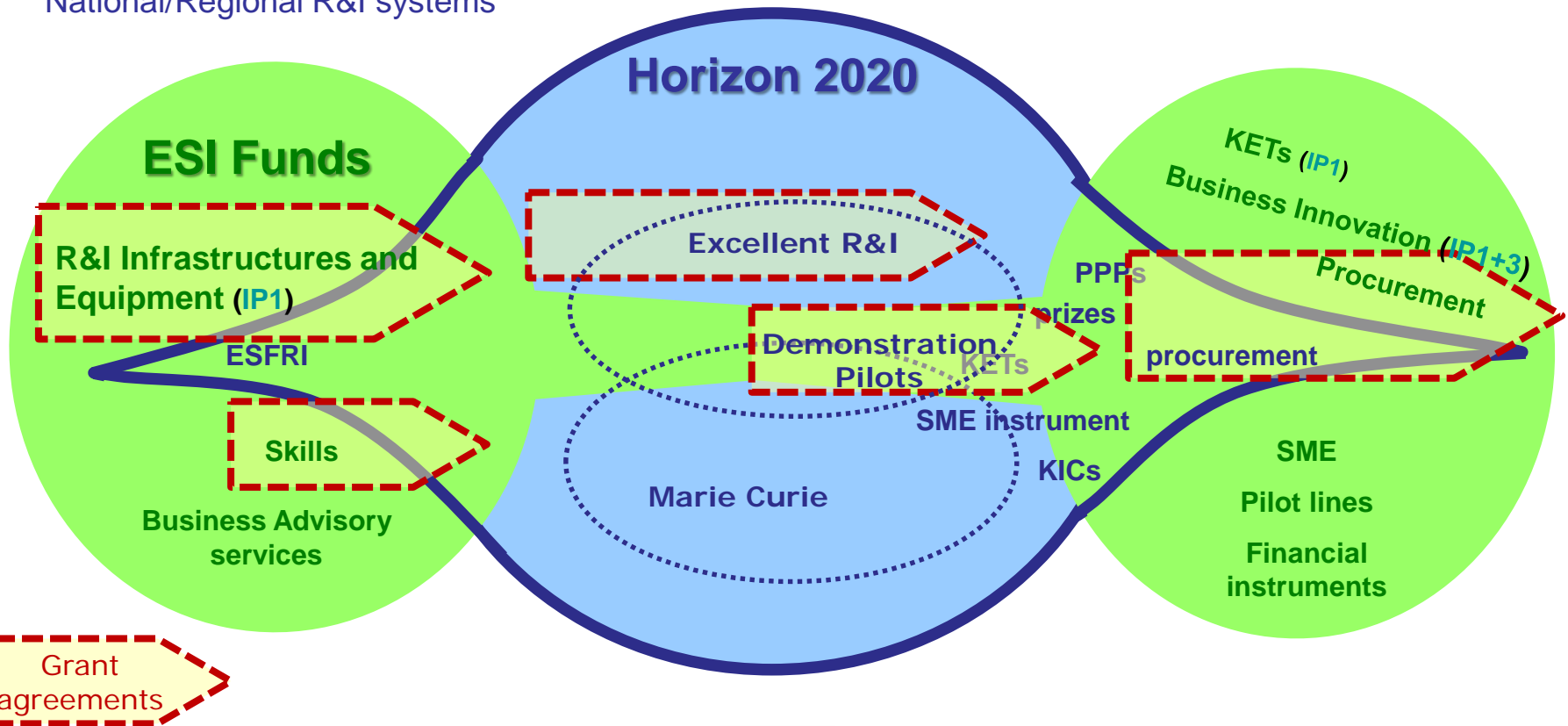
Capacity Building

Research & Development

Innovation

Market

National/Regional R&I systems



Seal of Excellence

The '*Seal of Excellence*' is a **quality label**, awarded to project proposals submitted for funding under Horizon 2020, which succeeded in passing all of the stringent selection and award criteria, but which remain unfunded due to the insufficient Horizon 2020 budget. The '*Seal*' identifies, therefore, promising project proposals which merit funding from **alternative sources** (public or private), e.g. national, regional, European or international.

The '*Seal of Excellence*' certificate will be **sent to the applicants** of above threshold not funded proposals: a holder of the certificate can then approach alternative funding sources (regional, national, private or public) and present the certificate as a label of a high-quality project proposal.

The Horizon 2020 SME instrument has been selected for the **introduction** of the '*Seal of Excellence*' because of the relevance to regional and national funders, as the project proposals address small scale R&I actions close to the market with a clear **territorial impact**.



- opportunity for **regions and Member States** (and any other interested actor) to fully **exploit the high-quality Horizon 2020 evaluation process** to easily identify and possibly support high-impact proposals coming from promising innovative companies, with an ambition to grow and compete internationally.
- high quality proposals from innovative **Small and Medium Enterprises** will have additional chances to be funded. The precious time and effort SMEs invested in the proposal and idea development will thus **not be wasted**.



REGIO introduced novelties in 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

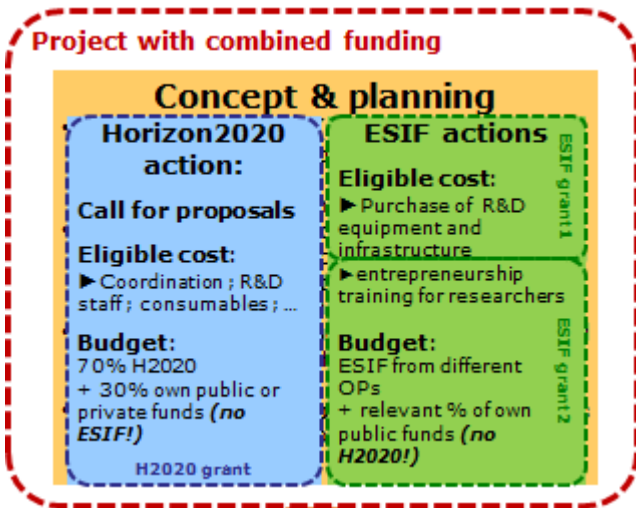
*) Regulation (EU) No 1303/2013 Common Provisions for all European Structural and Investment Funds

Synergies between Horizon2020 & ESIF is no easy business

Differences between the programmes:

- Multi-country approach (consortia) vs. place-based (single beneficiaries)
- Competition for funds vs. geographical pre-allocation
- Annually adjusted work programmes vs. 7-year-OP
- Centralised management vs. implementation by MS/regions
- Research excellence vs. socio-economic development
- ...

State Aid



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State Aid

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State Aid

- **Horizon 2020 grants: not considered as State Aid**
- **ESIF/national/regional funding: subject to State aid rules: maximum aid intensities and individual notification thresholds apply!**

EU funding managed by the EC either directly or indirectly (i.e. by the EC, by its Executive Agencies, by Joint Undertakings (Art 185 and 187 TFEU) or by any other implementing bodies where the Union funding is not directly or indirectly under the control of Member States) **does not constitute State aid.**

Where such Union funding is combined with other public funding, **only the latter (ESIF, national, regional) shall be considered for determining whether notification thresholds and maximum aid intensities are respected.**

See new R&D&I State Aid framework, General Block Exemption and rules for Promotion of "important projects of common European interest":

http://ec.europa.eu/competition/state_aid/modernisation/index_en.html

Main messages on Synergies for policy designers and implementers

- 1. Think strategic & impact- oriented,**
not project-oriented
- 2. BOTH sides** (ESIF and Horizon2020 etc.) have to listen, learn and talk to each other, and take steps towards each other
- 3. Synergies will only work if they are fostered along the entire programming cycle,** starting from RIS3 development, to programme design and implementation



What needs to be done on H2020 side

Strategic level:

- Open **strategic platforms** and **structured cooperation between R&I programmes and actors** (EIPs, EIT-KICs, ETPs, JPI, JTI, ...) for **regional level policy actors**. Facilitate access to ESFRI infrastructures for industrial users and integrate ESFRI in industrial clusters.

Programme implementation level:

- Design **work programmes, implementation documentation** (e.g. standard letters, guidance for proposers & evaluators ...) and tools (participant portal) in an **synergies friendly** way, incl. taking **RIS3 fields** and ESIF implementation **timelines** into account.
- Take **RIS3 specialisations into account for work programme content and timing of calls**
- Revamp the **transfer of technology and research results** to better target it to MS/regions according to their and OP priorities.

Nota bene: Cohesion Policy's objective is to improve regional economies, **not to fill H2020 budget gaps!** ESIF can only support projects contributing to place-based socio-economic development, not projects for "purely" scientific purposes and not research infrastructures that do not clearly benefit the socio-economic development, territorial cohesion and structural adjustment of regional economies!

How identify the relevant ESIF Managing Authorities?

- **ERDF, ETC & Cohesion Fund**
http://ec.europa.eu/regional_policy/manage/authority/authority_en.cfm
- **ESF, Youth initiative & EaSI:**
<http://ec.europa.eu/esf/main.jsp?catId=45&langId=en>
- **EAFRD:** http://enrd.ec.europa.eu/general-info/whos-who/implementing-authorities/managing-authorities/en/managing-authorities_en.cfm
- **EMFF:**
http://ec.europa.eu/fisheries/cfp/eff/apply_for_funding/index_en.htm

Nota Bene: for the new generation of ESIF programmes in some cases there will be different MAs in charge. The ones in the referenced web-sites will be able to direct you to them.

See list of Operational Programmes and Managing Authorities:
http://ec.europa.eu/regional_policy/manage/authority/authority_en.cfm

See Guide on synergies

http://ec.europa.eu/regional_policy/sources/docgener/guides/synergy/synergies_en.pdf





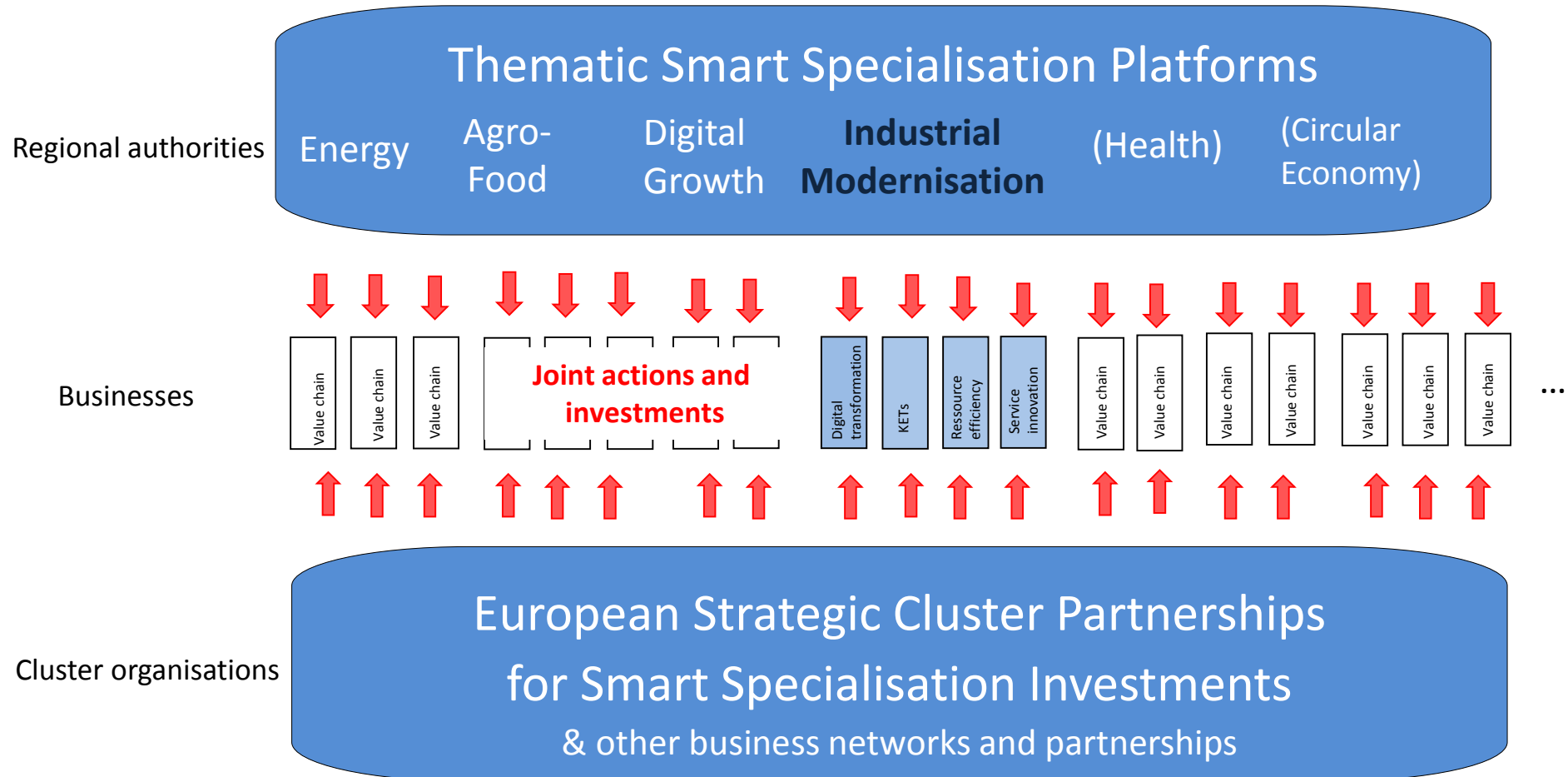
Thematic 'Smart Specialisation Platforms' to accelerate transformation

- Strategic Framework:
 - Implementation of RIS3 in EU **priority areas**
 - Interregional cooperation and strategic cluster partnerships (business driven) for co-investments in **EU value chains**
 - Synergies of EU instruments through **tailored support**
- Methodology
 1. **Focussing** in (too broad) priority areas on sub-areas/ value chains where regions are ready to commit
 2. **Mapping & matching** regions and cluster organisations in EU value chains (opening-up)
 3. Cluster partnerships and commitment of companies and research organisations for **investment projects**

Thematic Smart Specialisation Platforms: What?

- *Joint Initiative of Lead-Regions and Lead-DGs to accelerate smart specialisation investments in a European priority area*
 - **Deepening & upscaling RIS3 at EU level**
 - **Integrating European regional and sectoral policies**
- *Governance of 'Entrepreneurial Discovery' EU level*
 - **Aligning S3 objectives and bottom-up investments**
- *Facilitating an 'investment project pipe-line'*
 - **Projects as elements of common roadmaps**
 - **Combining instruments in multi-level support**

The integrated approach



Set-up of a Thematic Smart Specialisation Platform on Industrial Modernisation and Investment

Thematic Smart Specialisation Platforms

Regional authorities

Energy

Agro-
Food

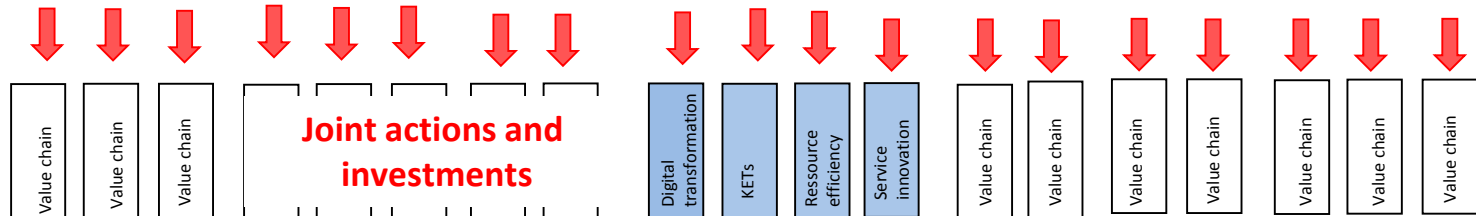
Digital
Growth

**Industrial
Modernisation**

(Health)

(Circular
Economy)

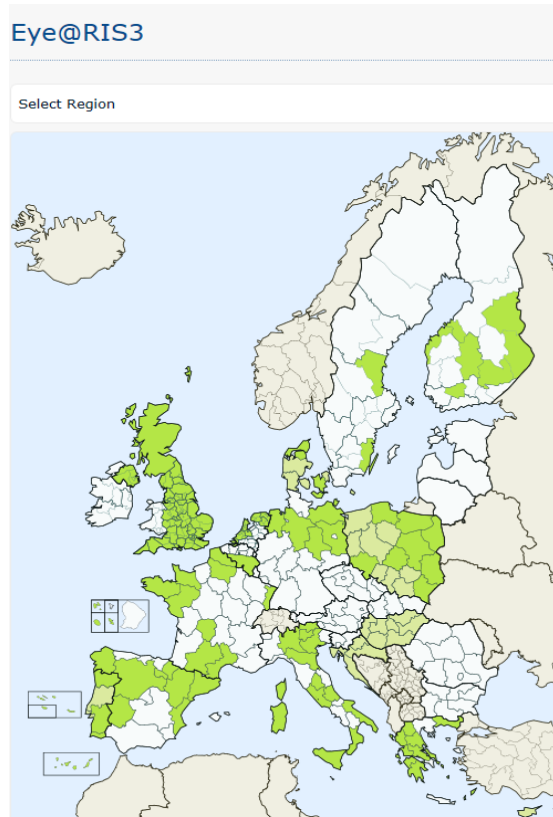
Businesses



e.g. joint implementation of smart specialisation strategies, Innovation Deals, EFSI Investment Platforms, Important Projects of Common European Interest...

- What: Develop an innovation project pipeline focused on industrial modernisation areas, such as advanced manufacturing/KETs, digital transformation/industry 4.0, resource efficiency and service innovation.
- How: Platform to be co-developed by REGIO, GROW & JRC, together with and to support lead regions committed to work together.

S3 Platform (Eye@RIS3): starting point for identification of partners



85 Regions have indicated priorities in 'agro-food' distributed over following sub-domains:

Table : Agro- and Food related sub-areas of specialisation (EU28)		count, n
AF1	Agro- and food related technologies (incl. KETs, chemistry, energy, biofuels, engineering, health and life sciences, bio-medicine, pharmacy and generic engineering)	60
AF2	Agro-food and Tourism	54
AF3	Food and food products with higher added-value (organic food, healthy food, quality of life)	36
AF4	Water for environment and agriculture (including aquaculture, fisheries and maritime)	32
AF5	Food production, manufacturing and distribution	20
AF6	Environmentally-friendly production of agro-food	18
AF8	Food safety and security	11
AF9	Application of ICT in the field of agriculture	4
AF10	Research and Education in Food/Agriculture	2
AF11	Transport and logistics	2
AF12	(Non-specified) Agriculture as an industry	41
AF13	(Non-specified) food products	17
Total		271

Starting point for further exploration in the 'Smart Specialisation Platform Agro-Food'

VANGUARD INITIATIVE

NEW GROWTH THROUGH SMART SPECIALISATION

The new approach in action!

Ambitions

Partners

Pilot Initiatives

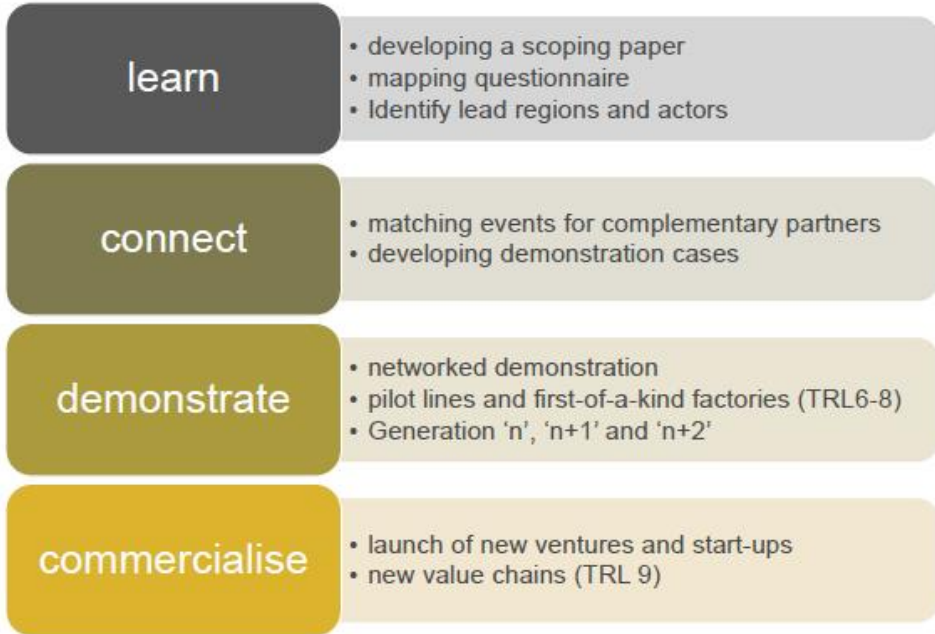
Activities

Contacts

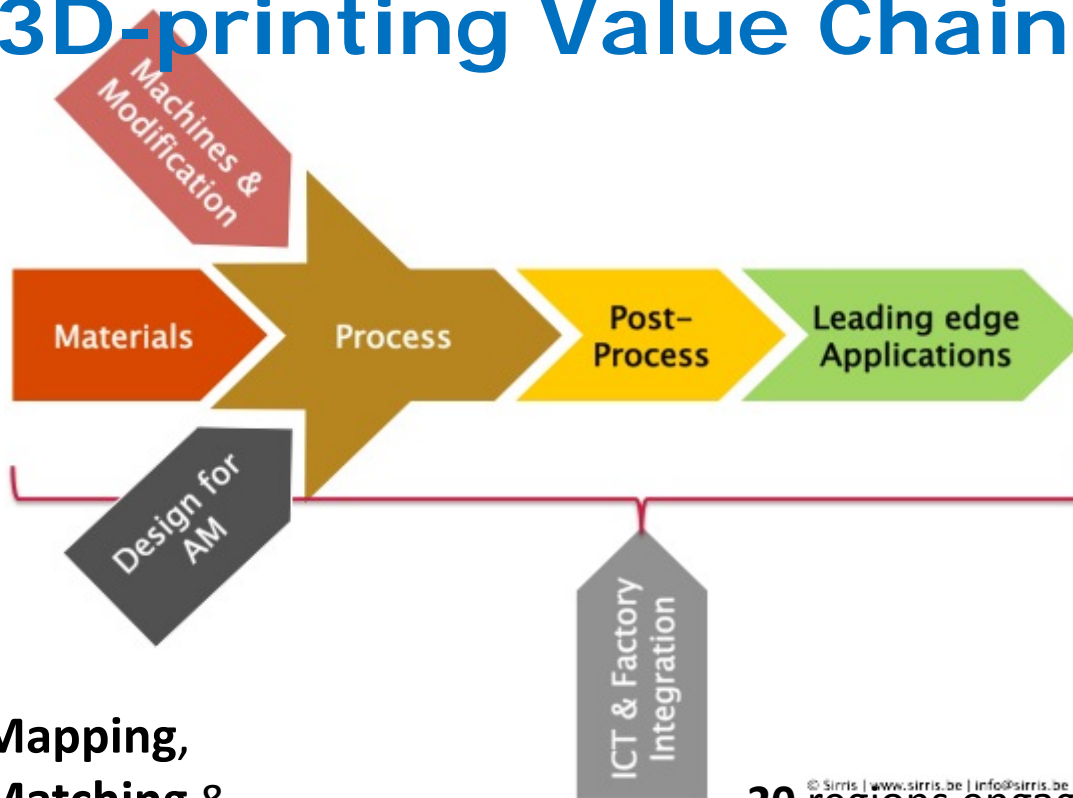


Pilot actions for 'joint demonstration':

- **Advanced Manufacturing for energy applications**
- **Efficient and sustainable manufacturing**
- **High Performance Production with 3D Printing'**
- **Bio-economy (non-food biomass)**
- **Nano-enabled products**



Methodology at work in 3D-printing Value Chain



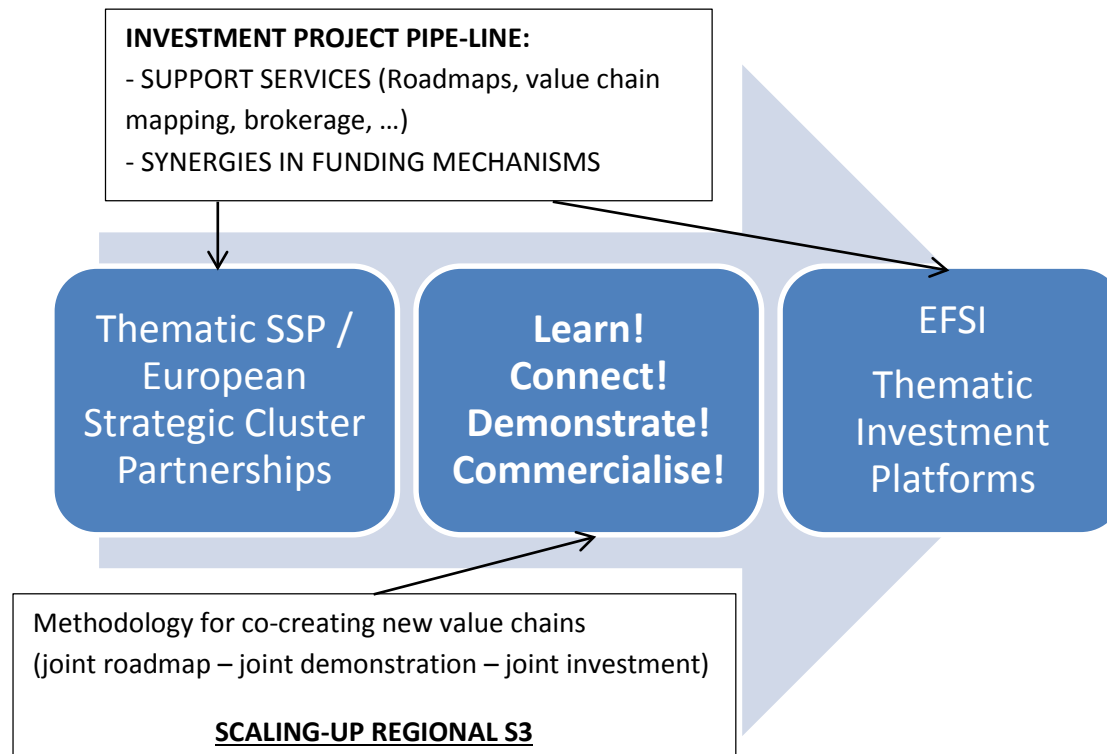
Application domains & challenges

- Healthcare
- Automotive
- Aerospace
- Machinery and instruments
- Electronics and electr. devices
- Creative industries
- Textiles

Mapping, Matching & Co-investing
in interregional **value chains**

© Sirris | www.sirris.be | info@sirris.be | **20 regions engage in Joint Demonstration** to accelerate uptake **3D-Printing** Solutions

Fueling an investment projects pipeline



Implementation timeline

To come:

- **25 February 2016:** Vanguard Initiative Pilots Brokerage Event
Test methodology & link up with DG GROW Cluster Partnerships
- **March 2016:** Call for expression of interest for European Strategic Cluster Partnerships and preparatory support
- **June 2016:** Launch Thematic Platforms at high-level Smart Specialisation event
- **Sept/Oct 2016:** Showcasing Cluster Partnerships at high-level European Cluster Conference
- **April 2017:** Stocktaking at "GROW your REGION" conference



Cooperation EIT/KICs – Thematic SSPs

- *Exploit communalities in objectives*
 - Build innovation capacity, while avoiding fragmentation
 - 'Challenges driven innovation' (common themes)
 - 'Knowledge Triangle' (cluster approach)
 - Building on a distributed approach and EU-scaling (smart specialisation to align regional clusters)
- *Explore synergies for combining efforts*
 - Strategy building (KICs & RIS3)
 - Aligning activities (advice, training, accelerators, test beds for interreg. networks)
 - Combining instruments (Regional Innov. Scheme)



Strategic design of new KICs: regional dimension

- "A KIC on added-value manufacturing could also have a **very important role and impact at regional level**: Fostering the creation of **interconnected regional clusters** with local transfers and collaboration, developing competences in high- end manufacturing technologies, and developing excellence in manufacturing technologies would be the key missions of a KIC at regional level. "
- "A KIC in this area (F4F) will focus on the **food supply chain**. This focus lends itself particularly well to the holistic approach of a KIC. It comprises resource input in the very beginning of the chain (fertilisers, etc.), food production, processing, packaging and distribution; and it ends with the consumers which might be a specific priority of a KIC (reduction of food waste, healthy nutrition, etc.) A KIC in this area will be very important to **overcome the high level of fragmentation** of the whole food supply chain. It will blend a critical mass of excellent research, innovation, education and training stakeholders along the whole chain. All elements of the chain (primary sector, food production, food processors, retailers, food service channels and – not least – the consumer) are inextricably linked to each other for the conception of future innovations. A KIC will provide the necessary systemic and transdisciplinary approach to tackle these issues.
- "A **plan for dissemination and outreach**. ... Introduced in 2014, the **EIT Regional Innovation Scheme (EIT RIS)** is a new element of the EIT Community outreach strategy. It is the EIT's answer to ensuring wider participation in its research and innovation activities"

Conclusions

- *RIS3 are preconditions to invest 44 billion euro (TO1 ESIF).*
- *Finding 'ex post' project funding synergy is cumbersome: better is an ex ante approach for a **strategic fit** in the programme cycles*
- *Synergies and complementarities between H2020 and ESIF are part of a **common strategic framework** for European investment and growth (challenge driven / integrated).*
- *KICs should adopt S3 as **coordination principle to avoid fragmentation**. RIS3/OPs can benefit from **network of (dedicated) excellence centres**.*
- *KIC co-location and outreach centres can play a role in the value chain alignment in **SSPs** and **cluster partnerships***