European Structural and Investment Funds: Smart Specialisation and Bio-economy

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Structure

- How to make it work for the bio-economy
1 Common Provisions Regulation

456 national and regional programmes + 79 Interreg programmes 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

Over €450 billion in 5 ESI Funds (ERDF (incl. "INTERREG"), ESF, Cohesion Fund, EAFRD, EMFF) + over €180 billion co-financing 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 "Investment Package" (e.g. 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

Regional Policy

Thematic breakdown of ESIF

Around €100 billion for innovation in the wide sense

01. RTD and innovation
02. Access to and use and quality of ICT
03. Competitiveness of SMEs
04. Shift towards low-carbon economy
05. Climate change adaptation risk prevention
06. Environment and resource efficiency
07. Sustainable transport, key network infrastructures (energy)
08. Employment and labour mobility
09. Social inclusion, combating poverty and discrimination
10. Education, training and lifelong learning
11. Institutional capacity and efficient public administration

Purchasing power for innovative bio-economy solutions?

In billion EUR

Source: Final ESIF partnership agreements as of December 2014
Thematic breakdown of ESIF

TO1: Research and innovation

How: almost 200 "Smart Specialisation Strategies" define framework
What: ► focus on SME innovation capacities and activities, including incubation, voucher schemes, process, design and service innovation, ► university-enterprise cooperation, clusters and networking, ► public and private R&I infrastructures and equipment, ► support services, technology transfer ► development of innovations for addressing societal challenges such as energy, environment and the aging society

See: https://cohesiondata.ec.europa.eu
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 (concentration)
  - Pre-conditions for funding – ex ante conditionalities
  - Reinforced partnership
  - Increased synergies between Funds and with other EU instruments
  - Stronger link to the EU economic governance "European semester"

• **Smart Specialisation** = ex ante conditionality for innovation: Key feature of reformed Cohesion Policy to ensure effectiveness of ERDF investments in innovation
1. **ANALYSIS**: evidence of the socio-economic and innovation engines of regional growth, competitive advantages & weaknesses

2. **STAKEHOLDER INVOLVEMENT**: inclusive, interactive and on-going process of *entrepreneurial discovery* to sound out potential for critical mass for joint efforts towards economic transformation

3. **MAKE CHOICES**: identify a limited set of priorities for development where to concentrate investment: focus on new knowledge for existing industries, diversification, emerging industries, 'embeddedness' and 'relatedness', on boundary-spanning and cross-clustering, creating new value chains, transformation of local economies

4. **BROAD VIEW OF INNOVATION**: support technological as well as practice-based and social innovation, demand side innovation tools etc.

5. **MONITORING AND EVALUATION**: feeding back information into the policy cycle and allowing strategy adjustment to sharpen priorities

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**RIS3 Guide**

**Video: The Kingdom of Smart**
Business
manufacturing and services, primary sectors, financial sector, creative industries, social sector, large firms, SMEs, young entrepreneurs, students with business ideas, cluster and business organisations, etc.

Research
public and private research bodies, universities, science and technology parks, NCPs, Technology transfer offices, Horizon2020 committee members, regional ESFRI roadmaps etc.

Entrepreneurial in composition and spirit: (risk-taking, broader view beyond boundaries ...)

Different departments, if relevant at different government levels, agencies e.g. for regional development, business advice, public procurement offices, incubators, etc.

Public administration

NGOs and citizens’ initiatives related to societal challenges for which innovative solutions would be helpful, consumers associations, Talents! etc.

Civil society / Users

RIS³ design: Entrepreneurial Discovery Process

➢ Reiterative process
➢ Creative thinking / combination
➢ External view needed

See Common Provisions Regulation for all ESI Funds, No. 1303/2013) annex 1, point 4.3.2.
See also annex III of RIS3 Guide: http://s3platform.jrc.ec.europa.eu/s3pguide
158 EU regions (from 19MS) + 16 countries at national level

- 56 regions and 15 MS peer-reviewed
- Trainings, thematic seminars
- RIS3 guidance
- Mapping of specialisations
- Data tools (trade, regional profiles etc.)
- REGIO experts in the field
- Hands-on support for "lagging regions"

http://s3platform.jrc.ec.europa
RIS³ give insights in national & regional R&I priorities and strengths

Eye@RIS3: database for RIS3 priorities

- Enable Regions and Member States to position themselves
- to find their unique niches
- to seek out potential partners for collaboration
- Approx. 31 countries and 196 regions and 1350 priorities

http://s3platform.jrc.ec.europa.eu/map
Eye@RIS3 database: 101 results for 'Agriculture, forestry & fishing'
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Wide variety of specific RIS$^3$ priorities, cross-sectoral and cross-technology sub-areas:
Main challenges to make Smart Specialisation work:

<table>
<thead>
<tr>
<th>Ensuring continuity of strategies</th>
<th>Implementation tools &amp; capacities</th>
<th>International opening and cooperation</th>
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<tr>
<td>• RIS³ is conceived as an on-going (and reiterative) Entrepreneurial Discovery Process</td>
<td>• Appropriate &amp; complementary support tools</td>
<td>• Generate critical mass via combining forces</td>
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<td>• Avoid being captured by vested interests: different / fresh stakeholders</td>
<td>• Selection criteria (and procedures) for ESIF OPs</td>
<td>• Complementing capacities and linking related regions</td>
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<td>• Monitoring and adjustments</td>
<td>• Administrative capacities to design such tools and manage them effectively and efficiently</td>
<td>• Synergies with Horizon 2020: from &quot;acquisition of funding&quot; aim to eco-system approach</td>
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How to achieve synergies?

"Stairway to Excellence"
How to achieve synergies?

1. Successive projects from different instruments that build on each other
How to achieve synergies?

2. **Projects** are evaluated as being excellent, but there is not enough Horizon2020 budget for all shortlisted projects: ESIF grants could take them over.
How to achieve synergies?

3. Parallel projects that complement each other
How to achieve synergies?

4. Projects that cumulate Horizon2020 and ESIF grants

- Horizon 2020
- ESIF Grant agreement
- Horizon 2020 Grant

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

- Marie Curie
- Excellent R&I
- Demonstration Pilots
- KETs
- SME instrument
- KICs

- SME Pilot lines
- Financial instruments
- PPPs
- prizes
- Project
- Business Innovation (IP1+) Procurement
- procurement
Do not re-invent the wheel

Link in & draw on existing initiatives, e.g.:

- Commission’s bio-economy strategy & action plan
- Europe 2020 flagship: resource-efficient Europe
- EIP for Agricultural Productivity and Sustainability and its focus groups & EIP on Raw Materials
- JTI: Bio-based Industries (BBI) with €3.7 billion budget and emerging value chains
Do not re-invent the wheel

Link in & draw on emerging initiatives, e.g.:

- **Circular economy strategy package** (end 2015)
- **EIT-Knowledge & Innovation Community: Food4Future** - Sustainable Supply Chain from Resources to Consumers (to be established in 2016)
- **Vanguard Initiative**: Interregional cooperation on innovative use of non-food Biomass (leading regions: Randstad region (NL) + Lombardy (IT))
  
  http://www.s3vanguardinitiative.eu/
What role for bio-economy players?

- Help policy-makers sharpen RIS³ priorities and implementation tools in cooperation and comparison with external innovation actors, market developments, new value chains, technologies, etc.

- Seek strategic partners e.g. via S3Platform events & Eye@RIS3 database, macro-regional strategies (Baltic Sea, Danube ...), existing / emerging EU initiatives

- Explore also European Agricultural Fund for Rural Development, European Social Fund and European Maritime and Fisheries Fund opportunities
Questions and Answers
For more information:

- Cohesion Policy & ERDF

- Research & innovation in Cohesion Policy:

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

- European Agricultural Fund for Rural Development

- European Maritime and Fisheries Fund

- European Social Fund
  [http://ec.europa.eu/esf/home.jsp](http://ec.europa.eu/esf/home.jsp)
Thematic guides
Relevant for design of policy mix and implementation tools
Available in PDF format here:
http://s3platform.jrc.ec.europa.eu/guides

- RIS3 guide
- Universities & regional development
- Service innovation
- Creative industries
- Social innovation
- How to convert research into commercial success
- Science and Technology Parks
- Public procurement of innovation
- Synergies between ESIF, Horizon2020 and other EU programmes
- SME innovation
- Incubators
- Entrepreneurial mind-set
- SME internationalisation
- Digital growth

Bio-economy related guides
- Connecting Smart and Sustainable Growth through Smart Specialisation
- Guide to Multi-Benefit Cohesion Policy
- Investments in Nature and Green Infrastructure
- Driving energy efficient innovation through procurement
- Green Public Procurement: Criteria for Waste Water Infrastructure