

Future Cohesion Policy objective 1: A smarter Europe - innovative & smart economic transformation

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#CohesionPolicy
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Overview

What is in Policy Objective 1 ?

What is new regarding Smart Specialisation?

What is new regarding Synergies?

Future Cohesion Policy Objectives

Total proposed ERDF/CF budget: EUR 262 billion



A smarter Europe (innovative & smart economic transformation)



A greener, low-carbon Europe (including energy transition, the circular economy, climate adaptation and risk management)



A more connected Europe (mobility and ICT connectivity)



A more social Europe (the European Pillar of Social Rights)



A Europe closer to citizens (sustainable development of urban, rural and coastal areas and local initiatives)

Horizontal issues:

- administrative capacity building
- cooperation outside the programme area

- **Develop solutions**
- **Tech transfer**
- **Industrial capacities**
- ...

Deploy solutions
in public & private sector



Policy objectives

PO1 – A smarter Europe: innovative & smart economic transformation

Specific objectives:

1. enhancing **research and innovation capacities** and the **uptake of advanced technologies**;
2. reaping the benefits of **digitisation** for citizens, companies and governments;
3. enhancing growth & competitiveness of **SMEs**;
4. developing **skills for smart specialisation**, industrial transition and entrepreneurship

Enabling condition: Good governance of national or regional smart specialisation strategy

Scope of support from the ERDF

- investments in **infrastructure**;
- investments in **access to services**;
- productive investments in SMEs;
- equipment, **software and intangible assets**;
- information, communication, studies, networking, cooperation, exchange of experience and activities involving clusters;
- technical assistance
- productive investments in large firms when they involve **cooperation with SMEs** in R&I capacities and the uptake of advanced technologies under PO1
- **training, life-long learning and education activities** under PO1 (in line with S3)
- **sharing of facilities** and of human resources, **soft investments** and other activities linked to PO 4 under the ESF+, under the European territorial cooperation goal (Interreg).

See: proposed Art. 4 ERDF Regulation

Priorities for innovative & smart economic transformation

1. Innovation

- Business investment in R&I and entrepreneurial university
- Pilot lines, early product validation, technology transfer
- Key digital technologies
- Living labs, test-beds

2. Digitalisation

- ICT uptake in SMEs; B2B; B2C; C2C
- E-government
- E-inclusion, e-health, e-learning, e-skilling

3. SME

- New firms, start-ups/scale-ups
- Industrial cluster development/ EDP process
- Access to finance and advanced business services

4. Skills for S3

- Innovation management in SMEs
- Training, reskilling for smart specialisation areas
- Integration of education and training institution in innovation ecosystem
- Skills in higher education to increase commercial viability

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What's new for S3 post 2020 ?

2014-2020:

Still valid:

- ✓ Concentrate resources on a limited set of **priorities** building on **place-based** strength & potentials
- ✓ SWOT or similar **analysis & entrepreneurial discovery process**
- ✓ In line with national or regional **R&I strategic policy framework**
- ✓ Measures to stimulate **private R&I investments**
- ✓ **Monitoring** system
- Budgeting plans

Strengthened in 2021-2027 by good governance requirements:

- + Analysis of **bottlenecks for innovation diffusion & digitalisation**
- + **Governance:**
 - **Ongoing** entrepreneurial discovery process
 - A **competent institution** or body responsible for S3 management
- + **Improve national or regional research and innovation systems**
- + Impact: **Industrial transition**
- + Measure **performance** towards the objectives of the strategy
- + **International collaboration**

Criteria for Smart Specialisation enabling condition (1)

1. Up to date analysis of bottlenecks to innovation diffusion, including digitalisation

Analysis has been undertaken to identify key bottlenecks such as:

- Weaknesses in adoption at firm level of new technologies.
- Failure by universities and RTOs to serve the needs of firms in their ecosystem.
- Inefficiencies of innovation agencies in facilitating knowledge flows and coordination problems with other public agencies.
- Lack of knowledge transfer from multinational companies to domestic firms.

2. Existence of competent regional / national institution or body responsible for the management of S3

There is a body which has a formal mandate and decisional powers to develop, coordinate the implementation and monitor the smart specialisation strategy.

Criteria for Smart Specialisation enabling condition (2)

3. Monitoring and evaluation tools to measure performance towards objectives of the strategy

A monitoring and evaluation system is in place – under the coordination of the competent institution - to collect information on the implementation of smart specialisation priorities which captures information per specialisation domain. This includes timely and regular collection of data, its analysis and use as feedback on implementation.

4. Effective functioning of the entrepreneurial discovery process

There is an interactive and inclusive process in which actors from business, research, civil society and public administration (quadruple helix) identify specialisation priorities (or remove them if evidence shows no progress). This is an ongoing process, where all stakeholders are adequately represented.

Criteria for Smart Specialisation enabling condition (3)

5. Actions necessary to improve national or regional research and innovation systems

Country Specific Recommendations and the country reports within the European Semester or dedicated evaluation shared and endorsed by Member States are to be taken into account to identify shortcomings and needs for improvement and define remediation actions.

In case there is no such evidence, this criterion should not be applicable.

7. Measures for international collaboration

Opportunities for international collaboration with research and innovation actors and private companies in similar priority areas have been identified/mapped.

Measures to engage regional stakeholders (universities, RTOs, SMEs, clusters) in participating in and developing EU or international value chains are being developed / promoted.

Criteria for Smart Specialisation enabling condition (4)

6. Actions to manage industrial transition

The member state or region has undertaken analysis to identify sectors and occupations in the region or member state which are challenged by globalisation, technological change (notably linked to industry 4.0) and the shift to a low carbon economy and identified appropriate actions to facilitate transition.

Where regions have experienced significant structural change, appropriate actions have been identified to address reskilling of the workforce, diversification of the economy, strengthening entrepreneurship and technological upgrading of SMEs.

All types of region are facing industrial transition challenges and have distinct needs

Key features of industrial transition

- a heritage of traditional (often carbon-intensive) activity in industry and services (from extraction, to production, to distribution and logistics)
- a skills base in traditional occupations (but a lack of future-oriented skills)
- developed knowledge-generation and diffusion systems in established industries
- productivity and investment opportunities largely derived from traditional industry fields
- geographical concentration of problems
- lack of diversification opportunities

Testing new approaches

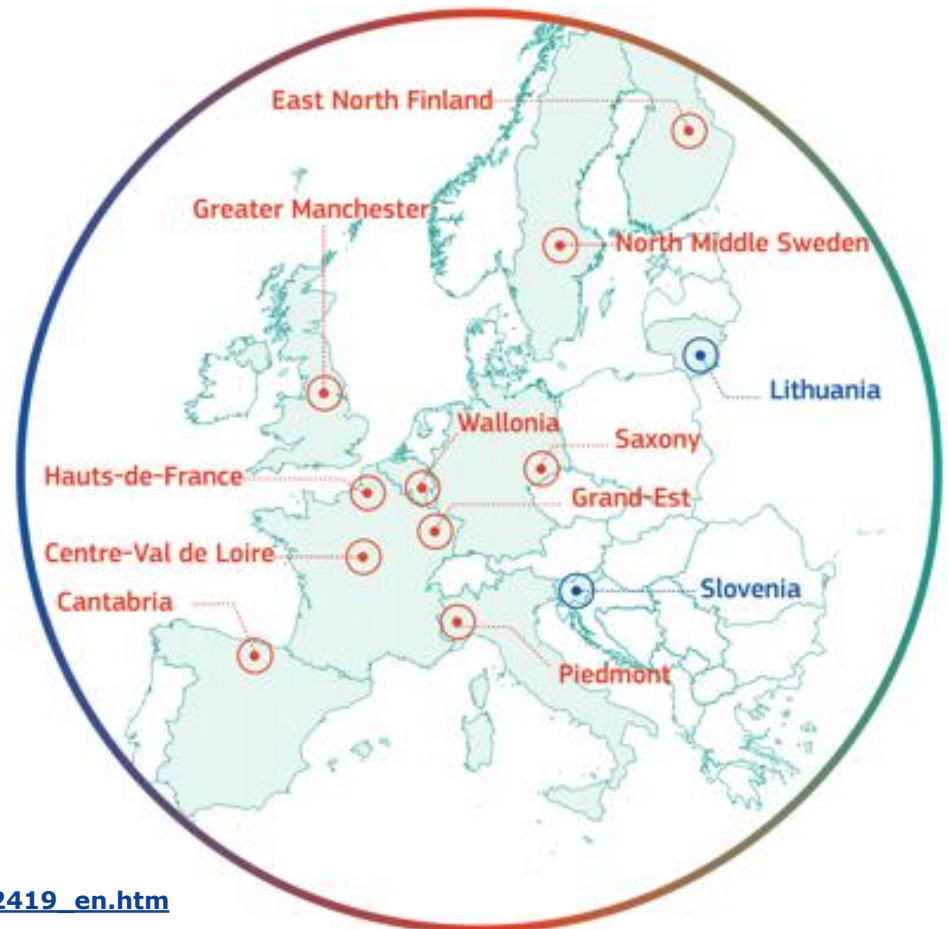


Middle-income regions:

- lack of appropriate skill-base
- high unit labour costs
- de-industrialisation
- unable to attract extra-regional investment
- weakness in the capacity of exploiting funding opportunities

Development of a comprehensive strategy for economic transformation

- 10 regions & 2 countries selected via call for expression of interest
- Broad innovation and inclusive growth building on smart specialisation strategy
- Multi-sectoral focusing on jobs, industrial sectors, business models, economy and society as a whole
- Addressing globalisation, automation, decarbonisation, emerging and digital technologies, skills and investment
- Cooperation with



OECD report as starting point for reflection

1. Preparing for the jobs of the future

2. Broadening and diffusing innovation

3. Promoting entrepreneurship & private sector engagement

4. Transition to a climate-neutral economy

5. Promoting inclusive growth

- **Identify the types of transition issues most relevant** for your region/MS on the basis of available data and analysis
- **Check the policy issues and policy responses** that are most important; is the **policy mix** right?
- **Check status of existing policy responses** and coverage of policy instruments

See: <http://www.oecd.org/industry/regions-in-industrial-transition-c76ec2a1-en.htm>



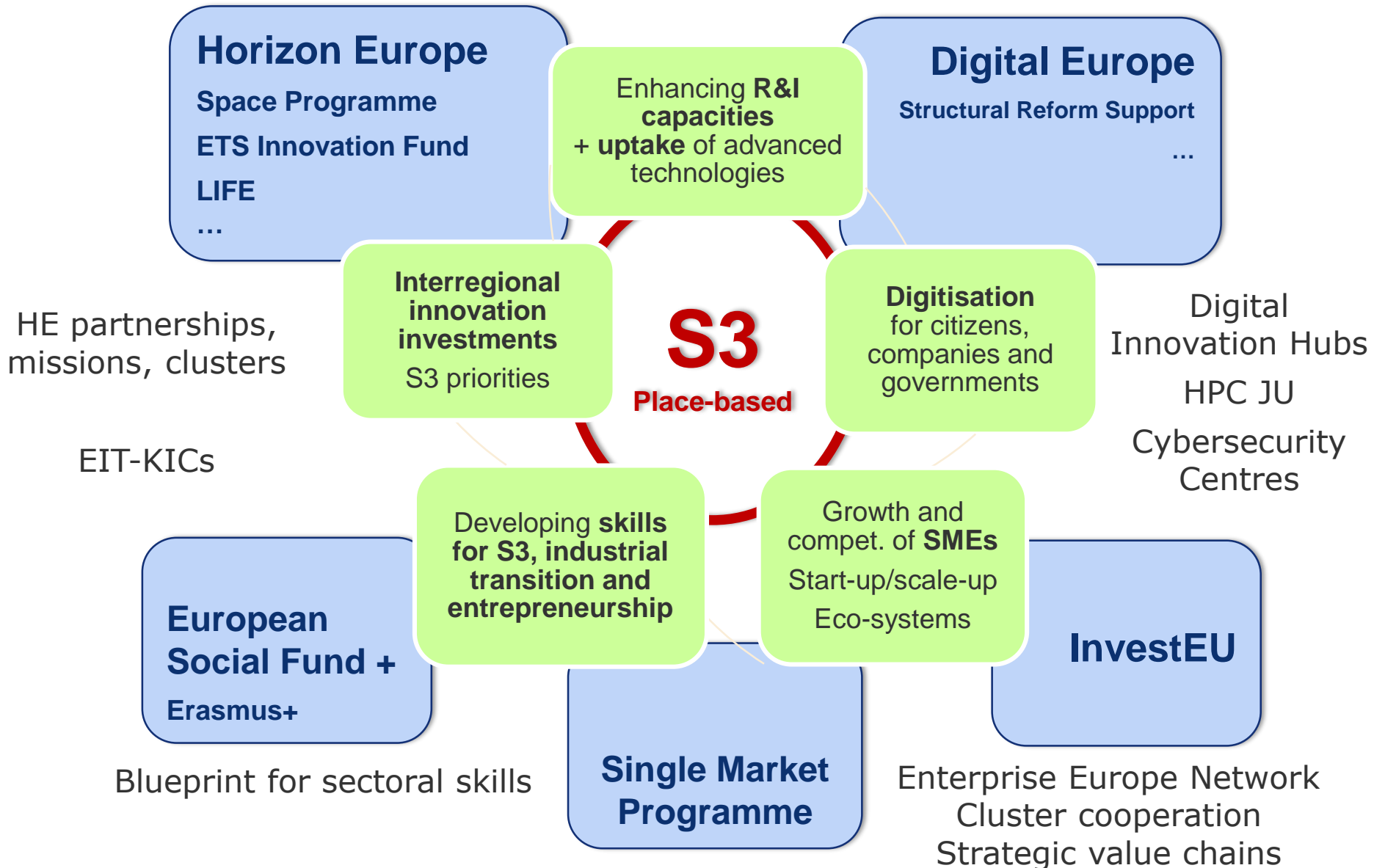
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Complementarities ERDF – other EU programmes



How to implement synergies among EU funds

• Strategic level:

- **Complementarity** of ERDF with Horizon Europe, Digital Europe, Single Market Programme, InvestEU, ETS Innovation fund, etc. Regulations
- **Strategic planning process links Cohesion Policy to European Semester**
- **Partnership Agreements:** set out arrangements for complementarities between the shared managed Funds and other Union instruments
- **Smart Specialisation Strategies:** entrepreneurial discovery process, analysis of bottlenecks for innovation diffusion, including digitalization, improve national or regional research and innovation systems, manage industrial transition, measures for international collaboration

• Financial level:

- **Links and bridges between different programmes:** Sequential funding, voluntary transfers, cumulative funding, redeeming Seals of Excellence
- **Simplified Cost Options:** Unit costs, fixed rates, lump sums, including replicating those in directly managed programmes for similar types of projects
- **New Corporate Model Grant Agreement** will enable synergies between EU funded programmes under direct management

• Management level:

- **Use of same bodies to implement different funds** to facilitate synchronisation and links at governance level (in particular Horizon “co-funds” / partnerships)

Financial & management level synergies

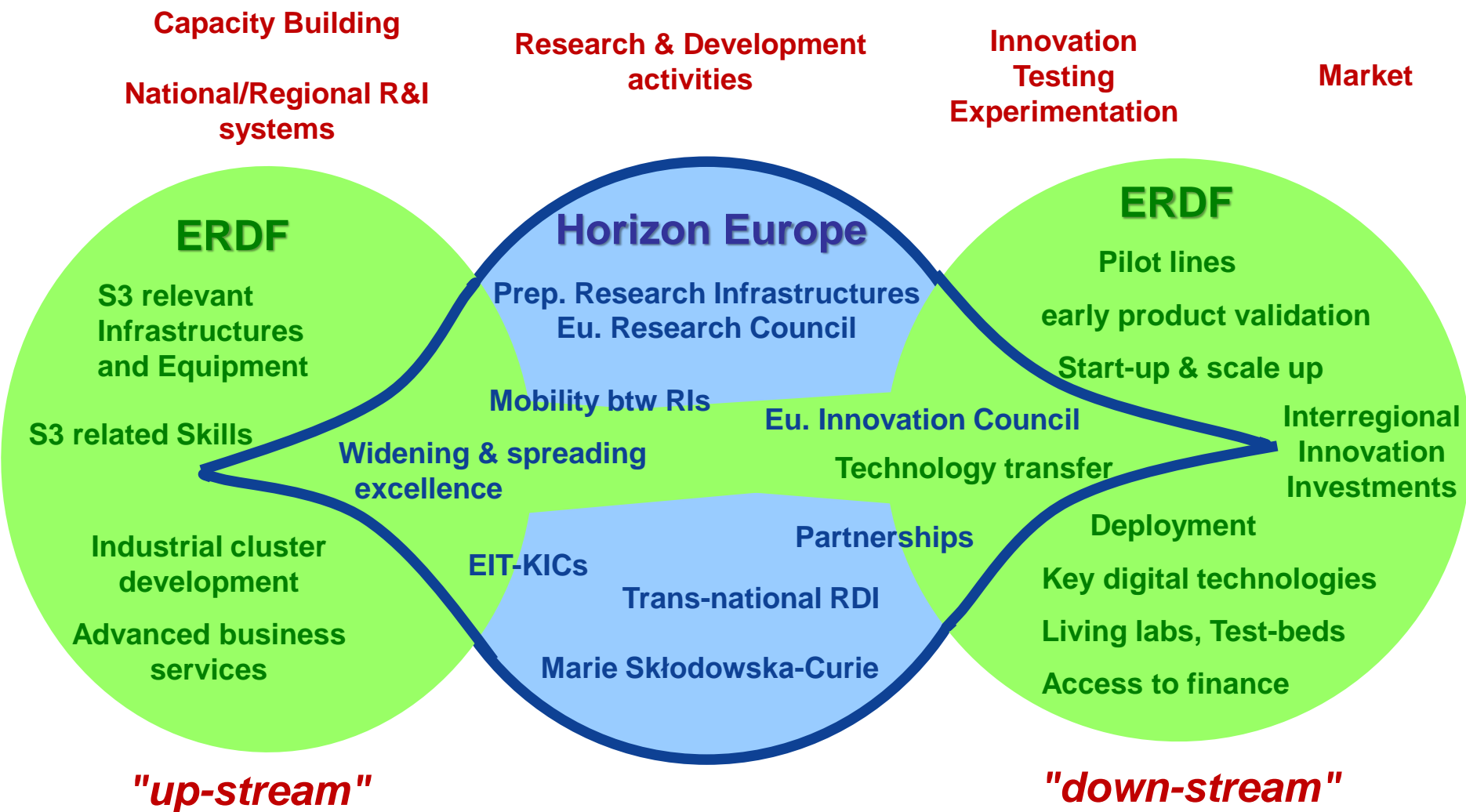
- 1. Sequential funding:** draw on results of previous EU funding for next projects:
 - ✓ better information on projects, e.g. via www.innoradar.eu
 - ✓ mapping of infrastructures, e.g. ERDF supported Digital Innovation Hubs: <http://s3platform.jrc.ec.europa.eu/digital-innovation-hubs-tool>
 - ✓ MoUs with regional bodies (e.g. CleanSky Joint Undertaking), etc. ...
- 2. Alternative funding (Seal of Excellence):** under ERDF rules with less red tape and more possibility to align ERDF funding to other programmes' conditions. 14 programmes may issue SoE.
(Art.67(5), 48(2)c CPR, Art 11, 20(5), 43(6) Horizon Europe Regulation, Art. 22(2) DEP, Art. 14(2) SMP, etc.)
- 3. Transfer** of up to 5% to directly / indirectly managed EU funds, implemented under rules of the receiving fund. All CPR funds and 10 other EU programmes may receive transfers. (Art 21 CPR, Art 9(8) HE Regulation, Art.9(5) DEP, Art.4(6) SMP ...)
- 4. Cumulative funding:** Joint - possibly pro rata - funding for projects, with each part under own fund's rules. Possible for 14 programmes
(Art. 57(9) CPR, Art 9(8) HE Regulation, Art 22(1) DEP, Art 14(1) SMP ..)
- 5. Co-funds** managing jointly Horizon Europe and ERDF / ESF+ funds for research and innovation

Synergies in the implementation phase

State aid simplifications

- ***Fitness check of RDI Framework, de minimis, regional aid, etc.:***
https://ec.europa.eu/competition/state_aid/modernisation/fitness_check_en.html
- ***GBER revision (1st round of public consultation closed on 27 September):***
https://ec.europa.eu/competition/consultations/2019_gber/index_en.html
 - **Aid for Seal of Excellence SME R&D- projects** (new Article 25a): Horizon rules apply re. eligible costs. Horizon maximum aid intensities apply: up to 100% for fundamental research or industrial research and 70% for experimental development (up to maximum EUR 2.5 million per undertaking per project).
 - **SoE Marie Skłodowska-Curie actions** (new Article 25a): Horizon rules apply re. eligible costs. Aid intensity up to 100%
 - **Aid for co-funded R&D-projects under Horizon Europe** (new Article 25b): Horizon rules on eligible costs apply. Total public funding (EU + State aid) up to 100% for fundamental research and industrial research, 70% for experimental development. Provided HE funding at least 35 - 30%
 - **Aid for 'Teaming' actions, including for Teaming-related infrastructure investments** (new Article 25b): Horizon rules on eligible costs apply; in addition, investments costs in project-related tangible and intangible assets shall be eligible. Total public funding (EU + State aid) up to 100% for fundamental research and industrial research, 70% for experimental development; for Teaming-related infrastructure up to 70% of the investment costs.

Complementarities ERDF – Horizon Europe



"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: Regulation (EU) No 1303/2013 of 17 December 2013, Annex I – Common Strategic Framework)

Main points for PO1 & Smart Specialisation:

- Continue with smart specialisation in the new financial perspective and build on what has been developed by now
- Go beyond simply prioritising innovation investments towards a mechanism of economic transformation that serves broader economic, social and environmental goals
- Broaden the scope of smart specialisation strategies beyond R&I
 - Innovation, digitalisation of industry, SME competitiveness, skills
- Strengthen accent on complements to physical investment
 - Intangibles, software, IP, firm level skills
- Reinforce governance of smart specialisation
 - Accountable body, role of EDP as an ongoing process
 - Involve actors from other EU programmes & ministries
- Accelerate innovation diffusion and increase cross-sectoral cooperation as part of adaptation to technological change
- Benefit from being in the EU through interregional innovation investments

Questions and Answers

