



# Exploiting synergies between Smart Specialisation Strategies and Horizon Europe: merits and challenges

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# 1. INTRODUCTION

Synergy is the interaction of two parts working together to create something better than either original component. Obtaining synergies between funding instruments at EU, national and regional levels has been studied extensively over the last decade. Reports and policy documents confirm that cooperating funds can add value and optimise their impacts when working together. The theoretical foundations are widely accepted, yet, conceiving and implementing synergies of different instruments is still loaded with practical difficulties stemming from diverging interests of stakeholders, but also diverse priorities as well as different interpretations of concepts and rules. The European Court of Auditors pointed out that the potential of synergies has not been fully leveraged.

The purpose of this policy brief is to contribute to the understanding of challenges and make suggestions to regional authorities on how to overcome practical difficulties and target synergies between Horizon Europe and ERDF programmes. Smart Specialisation Strategies (S3) play an essential role in fostering these synergies because they can act as the core design mechanism for ERDF and opportunities for interaction with Horizon Europe (HE)

# 2. SYNERGIES BETWEEN S3 AND HORIZON EUROPE

Synergies between ERDF and HE can help address the current lack of innovation capacity in less developed and transition regions and increase the ambitions of S3 actions while at the same time strengthening the European Research Area (ERA) and contributing to the achievement of the Sustainable Development Goals (SDG) at the regional context.

Challenges are subject to different types of synergies. Many taxonomies of synergies have been suggested and a simplified way of presenting them is as follows:

- If the criterion of classicisation is timing one distinguishes between **cumulative** funding (receiving support from both instruments for the same project at the same time) and **sequential funding** (receiving support for related projects in different time periods) **upstream** when ERDF precedes HE, **downstream** when ERDF follows HE.
- If the criterion is the utilisation of ERDF resources for funding EU-initiated instruments, namely for Widening countries and European Partnerships then this is considered as **complementary funding**.
- **Alternative funding** occurs when using HE selection processes of R&I proposals to fund national projects.
- **Direct transfers** from ERDF to Horizon Europe, of up to 5% of MS own resources to any other EU fund(s) or instrument(s) under direct or indirect management.

Over time, as experience with barriers and challenges accumulated, European funding legislation gradually simplified and aligned certain rules across different funding instruments to promote synergies. Specific provisions are adopted with synergies in mind: The Seal of Excellence and the HE - Widening Participation and Spreading Excellence - Pathways to Synergies. But more tensions and inaptness remain. Regional policies need to respect the Common Provision Regulation, the HE regulatory framework, State Aid rules and (27 distinct) national frameworks. Regional policymakers do not see the benefit in entangling into experimenting in complex environments, facing novel challenges for which they have no reward. At implementation level, in particular in less developed regions, which lack administrative capabilities, synergies are often presented “top down,” missing the practical level point of view.

### 3. EMERGING ISSUES AND CHALLENGES

Cases from three very different regions (Silesian Voivodeship, Andalusia and East and North Finland) reaffirmed the conventional wisdom that there is a solid understanding of the value of synergies but also that seeking synergies is overly complex and difficult to be handled by regions with lower institutional capacities. When it comes to implementation in these three regions, the experiences identified are either bottom-up, with individual actors seizing opportunities to secure funding from multiple sources, or the regional authorities adopt initiatives in cases like Seal of Excellence. Systematic, policy-level design of either alternative or complementary funding could not be found. This led to the assumption that ***developing a comprehensive approach for synergies supporting the S3 implementation relies more on the individuals' enthusiasm in the regions or in innovation ecosystems*** rather than a strategic governance approach for pursuing synergies addressing practical implications. Despite these difficulties, a place-based policy should develop the ecosystem with a view of being competitive with other regions and thus can also produce excellence. This aspect requires strategic investments into components of the ecosystem and is a difficult task. Here, regional innovation strategies can help to identify those components, develop objectives and actions and identify the means.

The lack of systematically addressing synergies has several underlying factors: there is no upfront alignment of policy aims and scopes and it is not easy to bring ERDF and HE into line. The two instruments differ in terms of targets, beneficiaries, scales, and focus, so ***intersections and coincidence of goals leading to synergies can only be achieved through meticulous planning on the side of regional policymaking.***

So, the key issue is to understand the challenges that lie behind the reluctance of policymakers to embark on focusing on synergies' strategies and then see if they can be gradually or collectively addressed and how. The main challenges can be categorised into three blocks:

- **Misalignment of policy aims and scopes:** Each programme has its specific objectives and priorities. They usually do not align, so *dedicated efforts are essential to identify common*

*ground* and projects which would benefit from simultaneous or consecutive funding responding, even when responding to different priorities and objectives. For policy makers, this means an additional workload with an uncertain outcome. It is important to realise that *there is a “cost” of planning synergies*: it takes time and effort. If integrating synergies implies additional delays, it could end up doing more harm than good. Good planning includes the attribution of this “cost” to where it belongs.

- **Discrepancy in terms of addressees:** ERDF prioritises regional and local stakeholders, namely SMEs, local government, and community groups; excellence is valued but is not necessarily a selection criterion. In contrast, HE primarily supports excellent research with the goal of achieving (global) competitiveness. ERDF-supported projects are more adaptable to changing regional needs, while ambitious researchers and RDI organisations may be less sensitive to regional needs, preferring collaboration with global research networks that align with their professional interests. ***Only a few pockets of excellence in less developed regions have the skills and resources to pursue both goals simultaneously.***
- **Complexity of coordination:** Implementing synergies between funding programmes is a complex process that requires a significant understanding of the structure and formal requirements of each one of them and any potential updates. This means that ***synergy efforts risk ending up in “over-bureaucracy”***. Even in terms of timing, planning can be challenging: ERDF-supported projects often feature shorter project cycles and less structured timetables, while HE operates on a very formal calendar.

For regional planners, it could be helpful if the different funding instruments could take up “seamlessly” projects from one stage to the next. This kind of design aspects should be further developed by, e.g. Horizon and ERDF, but it could also be helpful if national and regional funding sources would allow such compatibilities (e.g. through providing pre-financing in the early stages before ERDF/Horizon takes over or take projects from ERDF and Horizon up at later stages).

## 4. IDEAS ON MAKING SYNERGIES WORK

What is important, when planning a Smart Specialisation Strategy and trying to systematically take advantage of synergies is to identify good practices and learn how to face challenges. Several ideas are suggested in this direction:

- Complementary funding in the “**Widening participation and spreading excellence**” pillar and alternative funding in the form of “**Seal of Excellence**” (as in the case of Andalusia) represent the more mature cases from which regions can begin. Provisions have been established to align their targets and simplify the complexity of the process by streamlining rules. However, in many member states, there are still overlapping bureaucracies that need to be addressed at the national level to free the regions from unnecessary administrative burdens.

- Navigate the different aims and scopes by developing **Coordinated funding strategies**: Successful implementation of synergies requires alignment between the different funding programmes. This entails identifying shared goals and priorities, discovering compatible methods to support projects, and integrating funding streams to maximise the impact of investments. Such strategies help streamline the application process for researchers and innovators and facilitate the pooling of resources. However, trying to align very different objectives and communities may end up in alienating them from their original goals. Likewise, prioritising synergies may lead to an excess of top-down decisions. Smart Specialisation Strategies can organise specific interventions based on the identification of common goals and priorities in specific topics. A good practice comes from Silesia and its planned dedicated fund to maintain key research infrastructures, supporting projects looking for complementary funding from the HE.
- The discrepancy in terms of addressees and timing is best addressed by **empowering the right agents who can effectively respond to targets of more than one programme and realise the potential for synergy**. Good practices have confirmed that individual agents are in a position to identify opportunities in their areas of influence. Such agents can be intermediaries or outstanding academic scientists who understand both how to undertake research and how to transfer their knowledge. Clusters can also be drivers of success cases. They are crucial in connecting agents, identifying opportunities, and linking the appropriate resources at regional and international levels. S3 can support them by investing in the clear mapping and understanding of each programme eligible for targeting synergies.
- Dealing with complexity can also be addressed by investing time and resources in **capacity-building, including training programmes and knowledge-sharing platforms**. Synergies can be fostered through networking and knowledge exchange activities. Platforms, events, and initiatives that bring together stakeholders facilitate sharing best practices, experiences, and lessons learned. The interregional collaboration grounds (e.g., Thematic Smart Specialisation Partnerships, Smart Cities and Communities initiatives, EIT communities) have improved specific knowledge and several EU-initiated networks and initiatives were enablers for finding collaborators. However, in many cases, understaffed, less developed regions are unable (or unwilling) to dedicate time to profit from capacity-building opportunities. The Catalonian RIS3-MCAT platform is a good practice allowing a clear visualisation by topic, project or entities involved, aiding interested stakeholders in managing the complexity of different programmes

## 5. CONCLUSIONS

Synergies are beneficial and challenging but not a goal in itself. In the case of HE and ESIF, while the two programs have distinct goals that are easier to achieve in isolation, they can reinforce each other when well-planned coordination is in place. The difficulties in coordinating them are the reason why, despite the political and administrative

recognition of their value, their potential is not fully leveraged. Synergies usually occur when individual actors identify opportunities and do not result from synergy-seeking strategies.

S3 can be helpful to enhance broader and more ambitious synergies. This can be done by finding common ground between research and its applications at different levels. Even if this common ground is limited it exists and needs to be discovered, explained, and exploited. Policy makers can benefit from recommendations on how to organise finding such common ground by empowering individual agents but also by mapping programmes and their needs and by training and networking.

Prioritising synergies is a longer-term and challenging process, which needs to be planned carefully. If not well organised, it risks leading to high costs of synergies, excess of top-down decisions, over-bureaucracy, and even undermining the main goal of the one or the other scheme expected to contribute to synergies.



