



Status of the ERDF trilogue, PA, RIS3 & OPs

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*State of play of smart growth in
ESIF Regulations*



State of play of smart growth in ESIF Regulations (1)

- ✓ *ERDF Trilogue finished end of May;*
- ✓ *Four additional blocks endorsed by COREPER in June 2013: major projects, revenue generating operations and PPPs, technical assistance and management and control;*
- ✓ *Although not the whole package will be agreed under the IE Presidency, the aim is still to reach a first reading agreement in October 2013.*



State of play of smart growth in ESIF Regulations (2)

- ✓ *Basic infrastructure (incl. broadband) can be funded in all MS*
- ✓ *Funding possibilities for large firms expanded beyond initial TO1 (research and innovation) to TO 4 (energy efficiency) and – under the condition that large firms cooperate with SMEs - TO2 (ICT take-up and broadband).*
- ✓ *Airport infrastructure can be funded provided it is accompanied by measures to mitigate or reduce its environmental impacts.*



State of play of smart growth in ESIF Regulations (3)

The investment priorities were expanded:

- ✓ **IP1 to "developing links and synergies between enterprises, R&D centres and higher education"**
- ✓ **IP2 to "the adoption of emerging technologies and networks for the digital economy" and "e-culture"**
- ✓ **IP3 to: "business incubators" and new IP 3c "supporting the creation and the extension of advanced capacities for product and service development" and new IP 3 d "supporting the capacity of SMEs to engage in growth and innovation processes"**



A few examples how the contents of the draft PAs are going to be questioned by the EC



The contents of the draft PA s (1)

1. Overall assessment of the draft Partnership Agreement

- Consistency between the topics innovation, research, ICT and SME issues and how they link with energy, environment and other topics;
- Consistency with CPPs (Commission Position Papers)
- Consistency with [country specific recommendations](#) regarding smart growth and for the "programme countries" (Ireland, Greece, Portugal and Romania have currently "Economic Adjustment Programmes")



The contents of the draft PA s (2)

2. Analysis of the relevant territorial imbalances, development needs and bottlenecks

- ✓ *Have regional disparities in terms of innovation been considered?*
- ✓ *Are cross-sectoral, cross-jurisdictional or cross-border coordination issues included?*



The contents of the draft PA s (3)

6. Relation to other relevant EU instruments

***At strategic / programme level:** the authorities involved in designing **RIS3 / PA / OPs** should work together with authorities and bodies involved in designing research policies, e.g. National Roadmaps for research infrastructures (RIs) linked to the **ESFRI Roadmap**, in particular for facilitating access to industrial users and in the context of industrial clusters.*

An EC Working Group – a guide will be published after summer – combined financing



The contents of the draft PA s (4)

7. Partnership Principle

- ✓ *Have participants in the "entrepreneurial discovery process" for the development of smart specialisation strategies been involved in the partnership arrangements and the preparation of the PA?*
- ✓ *Is there a balance in terms of stakeholder representation?*



The RIS³ ex-ante conditionality



What does the RIS³ ex-ante conditionality apply to?

Investment priorities under TO:

1. Research and innovation

2. ICT use (*ICT based innovation & "digital growth"*)

ICT access and quality
(broadband)

3. Competitiveness of SMEs

Ex ante conditionalities:

Possibly applicable also to EAFRD investments in R&I

Smart specialisation strategies

Digital growth strategy can be independent, but for sake of coherence it is **recommended integrate it in RIS3 (by the EC, weakened in the trilogue)**

Small Business Act (weakened by trilogue)

Recommended by the EC:
Include in the RIS3 envisaged support to SME innovation



Who checks the RIS3 ex-ante conditionality?

1. Member State (*central governments, Managing Authorities*)

Checks applicability and fulfilment

Results indicated in PA and relevant OPs

2. Commission:

Checks adequacy and consistency of the information

+ checks action plan (if ex ante not completely fulfilled)

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What is key for RIS3 fulfillment? FAQ (1)

- **Strategic policy framework** = *can be several documents, even better if politically endorsed instead of just consultants' study*
- **SWOT or similar analysis** = *Strengths, weaknesses, opportunities and threats are comprehensive, based on recent data, surveys, stakeholder consultations etc. and are seen relative to other countries / global markets.*
 - **Basis to find the good match between the science and technology system with economic activities within a territory and the links with others?**
 - Quantified and identifies the producers of knowledge (universities, labs, research infrastructures ...) the disseminators of knowledge (science parks, clusters, technology transfer ..) and the users of knowledge (industrial structure, public service needs / societal demand) ?
 - **Is it being used for and improved in dialogues with policy-makers in different departments and stakeholders?**



What is key for RIS3 fulfillment? FAQ (2)

- **R & I priorities** = *Specialisation fields fit to trigger knowledge-driven economic transformation in a territory and are differentiating it from others / diversify existing assets (instead of generic sectors or technologies). In line with national reform programme, if relevant. Not only research, but also innovation!*
- **Concentration of resources on limited set of priorities** = *Not trying to please everyone. If relevant: elimination process.*
 - Is there a new vision?
 - You have evidence that the discussions are on-going, the right policy bodies and other stakeholders are involved
 - ... or is it more of the same?

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What is key for "RIS³" fulfillment? FAQ (3)

- **Measures to stimulate private investment** = *merely political target setting or copying from other regions proved to be unfit! Better: conceived in consultation with enterprises + tested in socio-economic context of the region / MS.*
- **Review mechanism** = *keep ball rolling from entrepreneurial discovery process of strategy design to check progress towards objectives; be prepared for adjustments if necessary given the fast technological and market developments*

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What is key for "RIS³" fulfillment? FAQ (4)

- ✓ **Requirement "a framework outlining available budgetary resources for R&I" (for all of IP1 investments) and the "indicative multi-annual plan for budgeting and prioritization ..." (for IP 1a capacity and infrastructure investments)**
 - Multi-annual should mean at least up to 2020. Any plans with less than 3 year perspective are not acceptable, because they are not useful.
 - The two budgetary planning requirements could be treated as a single issue. The importance is that the framework is (1) consistent with the RIS3 content, (2) complete to allow to see which gaps or lack of critical mass the OP will fill

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What if the RIS3 is totally absent? FAQ (5)

- ✓ *The MS shall indicate a body that is responsible to launch and coordinate all actions to ensure the development of all actions and steps to develop these strategies that will need to be ready at the latest by the end of 2016. The actions to be taken, the responsible bodies and timetable, together with the priorities affected, should be indicated within the concerned OPs.*
- ✓ *In case of complete absence of RIS3 or if the proposed actions to ensure the fulfilment of the relevant criteria by the end of 2016 are considered as inadequate, the Commission may decide to suspend payments at the adoption of the programmes;*



OPs and consistency with RIS3



What is in an OP?

- **Strategy** for the OP contribution to smart, sustainable and inclusive growth
- **Priorities** (axis) setting out **specific objectives**
- **Financial appropriations** (ESI Funds and national co-financing), incl. indicative amount of support to be used for climate change objectives
- **Indicators** to assess progress towards achievement of objectives (absorption, output, results)
- Description of the **actions**: guiding principles for the selection of operations, identification of main target groups, specific territories targeted and types of beneficiaries, planned use of financial instruments, major projects
- Etc.



What is the problem?

- **Current programmes are often just designed to spend:**
 - Objectives vague (often deliberately so for maximum freedom)
 - How to recognise success or failure often not clear
 - Evaluations focused on bottlenecks to implementation – not effects
 - Indicators do not express objectives (and never debated)
- **Consequently, it has been difficult to demonstrate the impact of the policy**

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Is a specific objective suitable?

- ✓ Consistency with the **RIS³ vision / ambition** regarding economic transformation of a region / MS and the identified **specialisation fields / priorities**
- ✓ What were the **main issues** in these fields that need to be addressed according to the RIS³?
... and which were selected for ERDF support?
Is the **specific objective relevant** for these issues?



Stronger Result Focus in Programme Design

- **New Focus on Results:**

- What do you want to change (specific objective)?
- What indicator can capture this change?
- What is the baseline (the situation before the programme)?
- How will the outputs of the programme contribute to change?

- **Results relate to change in the region/sector – not just for supported entities**

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Role of Result Indicators

- **Result Indicators:**

- Capture what you want to change – the specific objective
- Should be close to policy – so that the policy will be reflected in the evolution of the result indicator
- Targets quantitative or qualitative
- Regular monitoring to prompt policy debate (not sanctions)
- Selected by programmes – not imposed top down – recognising the different "journeys" to EU2020
- Evaluation to disentangle the contribution of the policy to change from the influence of other factors (impact)

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The Structure of the OPs

- ✓ *When Regional Operational Programmes and Cross-country thematic OP s exist they have to be consistent regarding the TO 1, 2 and*



How structure the OP: by actions or by specialisation fields?

Depends:

- ✓ *If a type of action can support several specialisation fields: structure OP by type of action, but with principles for the selection in line with RIS³ specialisation fields*
- ✓ *If actions are specialisation specific: structure OP by specialisation field*



Which types of actions are recommended?

Enhancing private R&I investment might be achieved by incentivising innovation investments by:

- **Endogenous enterprises** in the OP territory:
 - **Existing firms:** provide for attractive R&I support offers, with private co-funding, equipment for R&D activities ...
 - **Start-ups / spin-offs:** incubators, seed capital, entrepreneurship skills ...
- **Foreign Direct Investment (FDI)** when endogenous capacity is scarce:
 - ✓ **Attract it** (*be aware of rules for EU internal relocation, attract not only the basis of cheap labour and low tax! ... and anyhow: only R&I related investments can go to large firms*)
 - ✓ **Retain it** (*skills, talent, SME and innovation eco-system to anchor the large firm*)
 - ✓ **Evolve from it!!!** (*help SMEs access new markets & clients ...*)



Which types of actions are recommended?

Clusters

- **Using critical mass** – when there are lots of employment and SMEs in or around a sector - but push for evolving the cluster in the value chain by involving the knowledge producers in the region and/or outside
- **Linking different types of activities (cross sectoral)** that start to emerge in several SMEs and/or large enterprises betting on emerging fields and markets
- **Watch it:**
 - Purely politically driven cluster initiatives won't work!
 - A proliferation of microscopic cluster initiatives means losing focus and impact!



Research infrastructures

- ✓ **Integral part of strategies, not "cathedrals in the desert" & large-scale budget absorbers**
- Does an **ESFRI project** in the OP "**absolve**" from going through the RIS3 entrepreneurial discovery process etc.? NO!!!
- ✓ **Research excellence *per se* is no objective for Cohesion Policy, but just a tool for competitiveness and growth**
- ✓ **Key RI should be designed / transformed into crystallisation points for economic change and growth: clusters, technology parks, incubators, firm cooperation**
- ✓ **Cost-benefit-analysis in particular for major projects!**

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Information

- **Proposals for the Structural Funds 2014-2020:**
http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm
- Amended proposal for the Common Provisions Regulation (11/9/2012): <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52012PC0496:EN:NOT>
- **RIS3 factsheet:**
http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/smart_specialisation_en.pdf
- **S3 Platform:** <http://ipts.jrc.ec.europa.eu/activities/research-and-innovation/s3platform.cfm>
- **RIS3 guide:** <http://s3platform.jrc.ec.europa.eu/s3pguide>
- **Thematic guides:** <http://s3platform.jrc.ec.europa.eu/guides>
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