Regional Policy: Investing in Europe’s future through regional innovation strategies for smart specialisation: RIS³

Horizon 2020 and the Cohesion policy
Framing R&I regional strategies (Smart Specialisation Strategy)

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Contribution to R&I in the current programming period 2007-2013

- Cohesion policy is contributing to unlock the growth potential of the EU by promoting research and innovation in all regions.
- For 2007-2013, 86 billion to research and innovation, of which 65 billion come from the ERDF. That is 25% of its total budget. For the less developed regions the ERDF is the most important source to research and innovation and enabler to leveraging national and private funds.
- Our latest figures show that over 50 billion € have already been committed to operations in the R&I field.
Objectives of cohesion policy 2014-2020

• Deliver the Europe 2020 strategy objectives of smart, sustainable and inclusive growth

• Focus on results

• Maximise the impact of EU funding through concentration

• Conditionalities
A fair system for all EU regions

3 categories of regions

- Less developed regions
- Transition regions
- More developed regions

GDP/capita*  
- < 75% of EU average
- 75-90%
- > 90%

*index EU27=100

Regional GDP figures: 2006-07-08
GNI figures: 2007-08-09
© EuroGeographics Association for the administrative boundaries
Concentrating resources to maximise impact

Concentration of ERDF investments on:
- energy efficiency & renewable energy
- research & innovation
- competitiveness of SMEs

• flexibility – different regions have different needs
• special arrangements for ex-convergence regions
How will funding be allocated?

- Less developed regions/MS
- Transition regions
- More developed regions

### Budget allocation (in %)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohesion Fund¹</td>
<td>68.7%</td>
</tr>
<tr>
<td>Less developed regions</td>
<td>16.3%</td>
</tr>
<tr>
<td>Transition regions</td>
<td>11.6%</td>
</tr>
<tr>
<td>More developed regions</td>
<td>53.1%</td>
</tr>
<tr>
<td>European Territorial Cooperation</td>
<td>11.7%</td>
</tr>
<tr>
<td>Outermost regions and sparsely populated areas</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>68.7%</strong></td>
</tr>
</tbody>
</table>

### Population covered (in millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohesion Fund¹</td>
<td>10 billion</td>
</tr>
<tr>
<td>Less developed regions</td>
<td>162.6</td>
</tr>
<tr>
<td>Transition regions</td>
<td>38.9</td>
</tr>
<tr>
<td>More developed regions</td>
<td>53.1</td>
</tr>
<tr>
<td>European Territorial Cooperation</td>
<td>11.7</td>
</tr>
<tr>
<td>Outermost regions and sparsely populated areas</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>336.0</strong></td>
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¹ €10 billion from the Cohesion Fund will be allocated to the Connecting Europe Facility
EU funds

- Comprehensive investment strategy: aligned with Europe 2020 objectives
- Coherence with National Reform Programmes
- Coordination: cohesion policy, rural development, maritime + fisheries funds
- Objectives and indicators to measure progress towards Europe 2020 targets
- Effectiveness: ex-ante conditionalities, performance framework
- Efficiency: reduction of administrative burden for beneficiaries, alignment of eligibility rules of different EU instruments
Future cohesion policy - Research and innovation Investment priorities for ERDF

Strengthening research, technological development and innovation:

• Enhancing research and innovation infrastructure (R&I) and capacities to develop R&I excellence and promoting centres of competence, in particular those of European interest

• Promoting business R&I investment, product and service development, technology transfer, social innovation and public service application, demand simulation, networking, clusters and open innovation through smart specialisation

• Supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production in Key Enabling Technologies and diffusion of general purpose technologies
Future cohesion policy - Ex-ante conditionalities

To ensure that the necessary conditions for effective support are in place.

For research and innovation:

• The existence of a national or regional research and innovation strategy for smart specialisation in line with the National Reform Programme, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional research and innovation systems.
## Horizon 2020 & Regional Policy

<table>
<thead>
<tr>
<th>EU R&amp;I Policy</th>
<th>EU Regional Policy</th>
</tr>
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<tbody>
<tr>
<td><strong>Differences</strong></td>
<td></td>
</tr>
<tr>
<td>Based on <strong>individual R&amp;D Projects</strong> often of a pre-competitive nature aiming at improving leading edge <strong>basic research</strong></td>
<td>Based on <strong>multiannual Programmes</strong> aiming at increased economic competitiveness through close to the market competitive R&amp;D and <strong>innovation</strong> efforts</td>
</tr>
<tr>
<td>Awarded <strong>directly to final beneficiaries</strong> (firms, public and private R&amp;D centers and Universities)</td>
<td>Awarded through shared management to national and regional <strong>public intermediaries</strong></td>
</tr>
<tr>
<td><strong>Competitive calls</strong> addressed to international groupings through peer review <strong>based on excellence</strong> criteria</td>
<td><strong>Non competitive attribution</strong> addressed to regional players <strong>based on strategic planning</strong> negotiation</td>
</tr>
<tr>
<td><strong>Complementarities</strong></td>
<td></td>
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<tr>
<td><strong>Horizon 2020</strong> will focus on tackling major societal challenge, maximising the competitiveness impact of research and innovation and raising and spreading levels of <strong>excellence</strong> in the research base</td>
<td>Cohesion policy will focus on <strong>galvanising smart specialisation that will act as a capacity building instrument, based on learning mechanisms and the creation of critical skills in regions and Member States.</strong></td>
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Innovation Strategies for Smart Specialisation: RIS³

An economic transformation agenda based on 4Cs:

- **(Tough) Choices**: select few priorities on the basis of international specialisation and integration on international value chains
- **Competitive (Constructed) Advantage**: mobilize talent by matching RTD + i and business needs & capacities
- **Critical Mass**: provide arenas for related variety/cross-sectorial links which drive specialised technological diversification aiming at increased connectivity inter regions
- **Collaborative Leadership**: efficient innovation systems as a collective endeavour based on public-private partnership (quadruple helix)
New types of specialisation emerging from existing competences: Denmark

Mapping of Mega-Clusters in Denmark (FORA)
Research and innovation strategies for smart specialisation RIS 3

The Guide

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Who runs the S$^3$ Platform?

- The platform is run by a **steering team** gathering representatives of several Commission Services: REGIO, EMPL, RTD, ENTR, EAC, INFSO, SANCO, CLIMA, AGRI and the JRC.

- The steering group started its activity in January to prepare the list of actions and launching of the Platform and meets regularly every month.

- A **mirror group** was set up: for advise and follow-up
  - High-level experts, representatives of Networks and bodies (e.g. EURADA, ERRIN, UEAPME, EBN, OECD, European Cluster Observatory, European Cluster Alliance, ERIS@, etc.) It will meet very three months.
CONNECTING UNIVERSITIES TO REGIONAL GROWTH

• why universities can be important agents in for regional economic, social and cultural development

• need for **strategic coordination** of these mechanisms within a wider policy context to produce the maximum impact

• **practical** methods, tools and frameworks aimed at building university /regional partnership

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Guide to broadband investment
Research infrastructure/centres of competence

Smart Guide to Innovation-Based Incubators (IBI) published by DG REGIO/ENTER based on 25 years of incubation experience in the Union

- Business and Innovation Centres for new entrepreneurs and SMEs that intend to develop innovative ideas.
- European Business Network started by the Commission in 1984 and continuously supported by nearly 15 years: 100 BICs created between 1984 and 1998.
- Support services to entrepreneurs, helping them to transform into reality their innovative business ideas, and the delivery of tailored services to existing SMEs, aimed at modernising and innovating them.

“To achieve a sustainable social market economy, a smarter greener economy...the EU needs to provide more attractive framework conditions for innovation and creativity…we need technical support to promote the incubation and growth of small innovative firms…”

Specialisation and Technopoles in Lower Austria

✓ Lower Austria has gone through extensive prioritisation processes thanks to several strategic exercises since the mid-nineties. In 1998, a project for the continuous improvement of its regional innovation system started.

✓ Three 'Technopols‘ were launched 5 years ago in the areas where the region has a competitive advantage: Biotech and regenerative medicine; Environmental biotechnology and agrobiotechnology; and microsystems engineering, tribology and medical systems technology

✓ Resilience to the crisis and advanced competitiveness

The Economic Impact of Technopols in Lower Austria
(Research Report by ECONOMICA Institute of Economic Research, Vienna
http://www.ecoplus.at/)
Examples: Macro-sectors and focus on education and talent in Navarra

- Navarra's modernisation strategy was launched to maintain and improve not only its regional competitiveness and GDP per capita, but also its human development and its environmental sustainability levels by 2030.

- 'Moderna Navarra' integrates more than 90 pre-existing plans and aims to lead the regional structural transition from an industry-based economy to a knowledge-based economy.

- Navarra's government played a pivotal role in providing the impulse for developing the strategy, in particular by facilitating the coordination of the main academic, business, social and political actors.

- Niche sectors, such as bio-medicine or medical appliances, have been identified as specialisations. Regions with similar sectors were visited, in order to learn from them and to develop niche specializations while trying to avoid duplications.
Examples: Bremerhaven (DE)

- Economy based on shipbuilding & commercial fishing in strong downturn end of 1990’s

- Selection of ‘offshore wind energy’ as new development: clear & integrated industrial strategy and clustering of competencies

- Strong existing synergies between ‘shipyard’ & ‘offshore wind’ sectors

- Now Bremerhaven = major hub of offshore wind in DE, 4 major manufactures, already 1,000 jobs created
Example: Spearhead initiatives and clusters in Flanders

- By 2020 Flanders aims to rank among the top five knowledge-intensive regions in Europe.
- Steps given towards a transformational policy approach. This focuses on value chains, economic clusters, open innovation and ‘grand projects’, which are selective investments in future-oriented domains with a high innovation and growth potential and large societal impact.
- Six clusters in knowledge-intensive fields selected
- 30 high-priority technology domains in which Flanders could be leading by 2015 in Europe and in the world identified by panels of experts from industry and knowledge institutions based on positioning and Delphi analyses.