



Horizon 2020 & Cohesion Policy: Synergies in the context of Smart Specialisation

HORIZON 2020

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Widening Participation
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EUROPEAN COMMISSION

Structure:

1. Introduction & Background

1. Horizon 2020 vs. Cohesion Policy (ESIF)

2. Synergies (Thematic Concentration, Smart Specialisation)

1. Combining funding from H2020 & ESIF

2. Next Steps

Setting the scene

Europe faces:

- *Lack of growth, weak economic climate;*
- *Increasing imbalances across the continent;*
- *Declining public confidence;*
- *Increased competition from other parts of the world;*
- *Debate on the EU and its future*

Setting the scene in the R&I context: The INNOVATION DIVIDE

- ❑ *National / regional disparities in research excellence and innovation performance, hamper competitiveness, business growth and employment creation.*
- ❑ *Large parts of the EU out of 'sync' in R& I activities*
- ❑ *A number of countries are experiencing low participation in the EU Framework Programmes;*

Investing in R&D pays off!

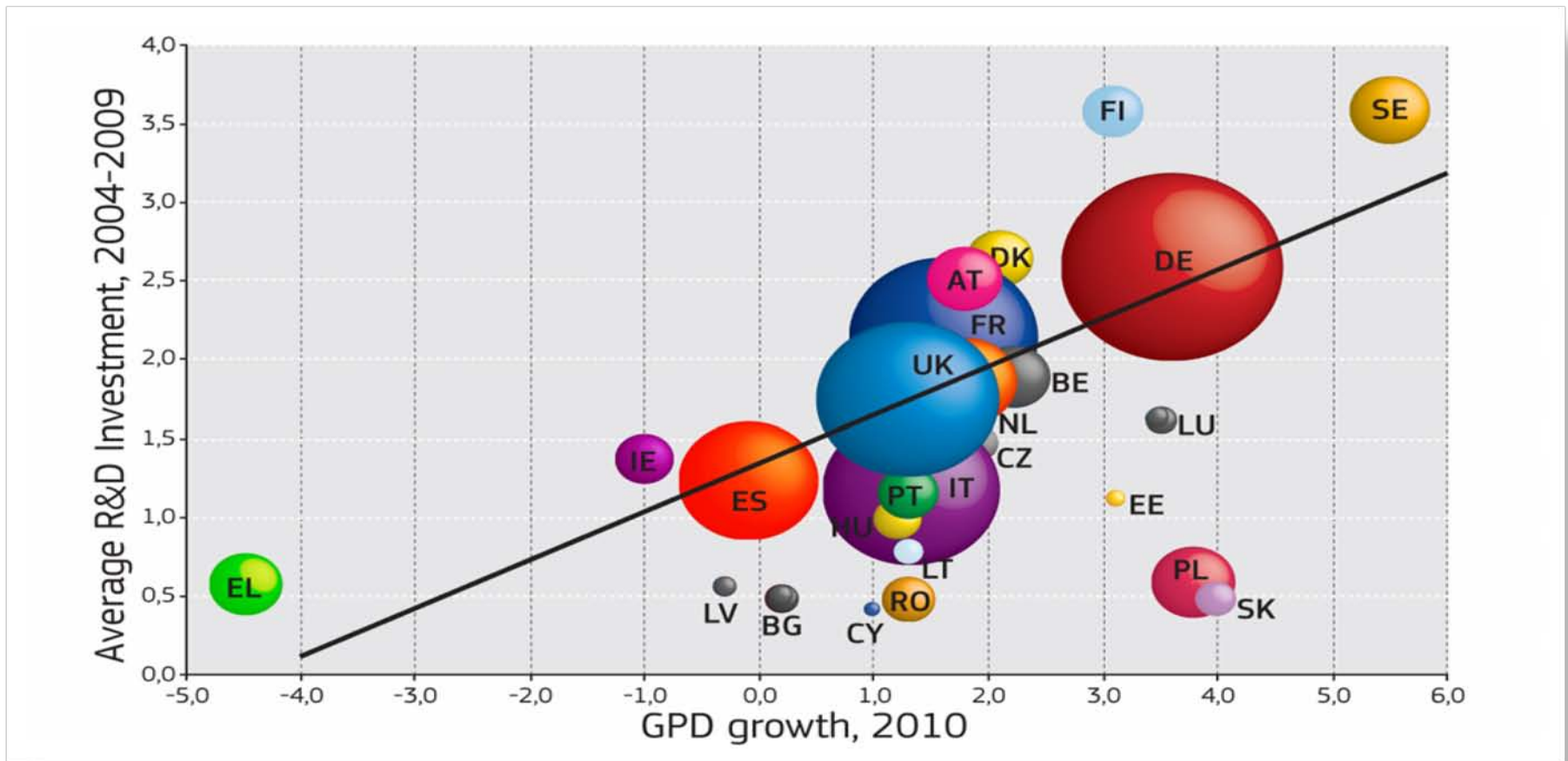
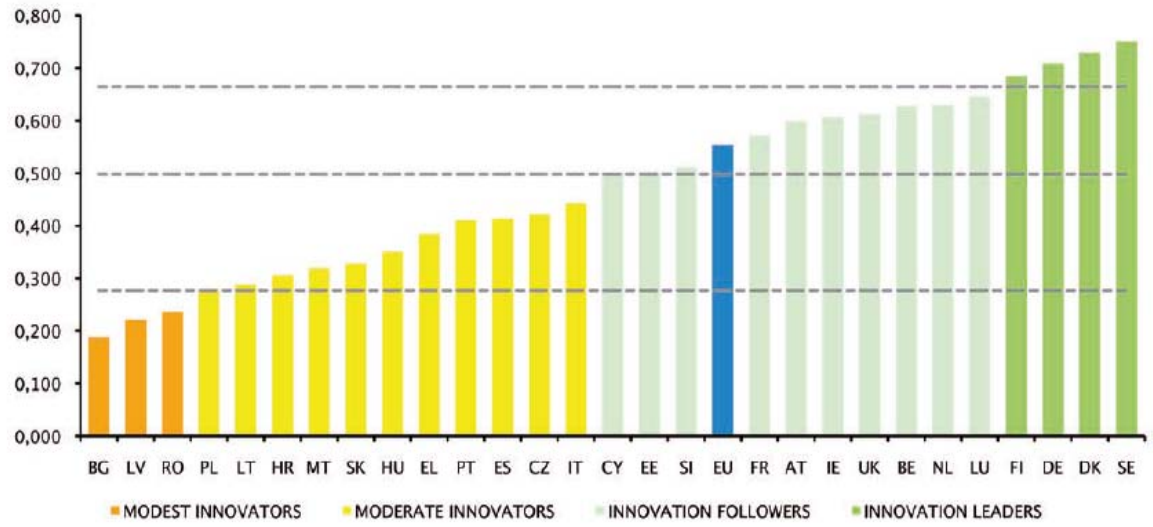
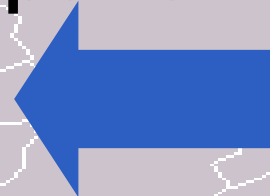




Figure 3: EU Member States' innovation performance

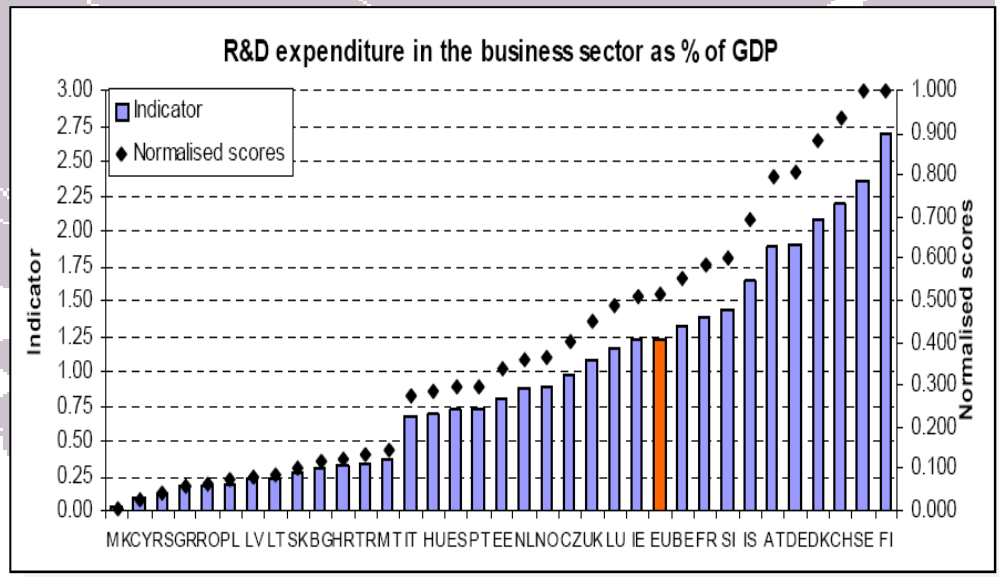


Innovation performance



Note: Average performance is measured using a composite indicator building on data for 25 indicators going from a lowest possible performance of 0 to a maximum possible performance of 1. Average performance reflects performance in 2011/2012 due to a lag in data availability.

R&D expenditure in the business sector as % of GDP



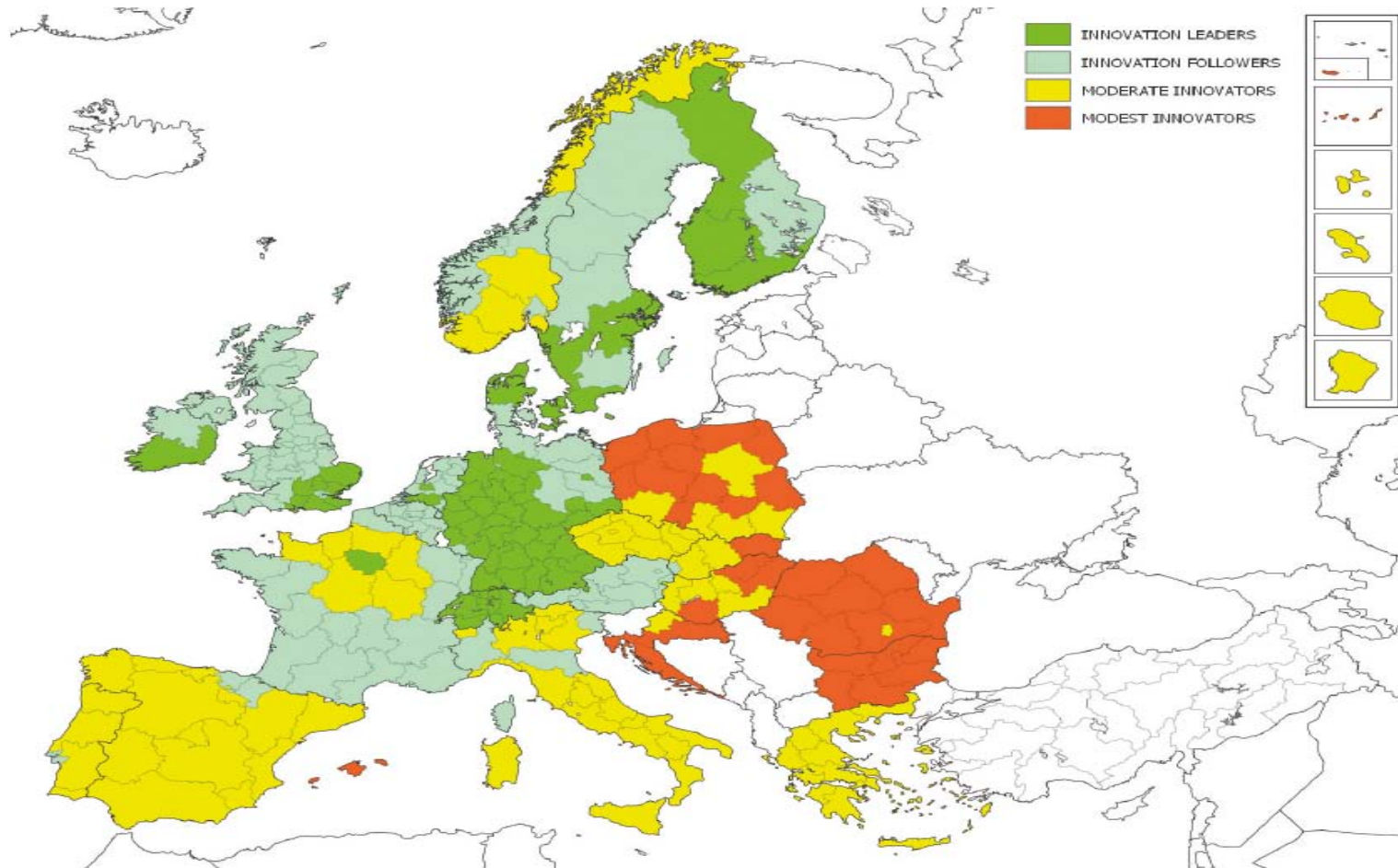
How European regions invest in R&D

- ❑ Out of more than 260 regions in the EU, only 30 had in 2010 an R&D intensity (R&D investment as a % of their GDP) above 3%
- ❑ Taken together these 30 regions accounted for 38.4% of all R&D expenditure in the EU
- ❑ 10 of the most R&D intensive regions in 2010 were located in Germany, 9 in the Nordic Member States & 5 in the UK

source: EUROSTAT regional yearbook 2013

The Innovation Divide

Figure 2: Regional performance groups RIS 2014



Map created with Region Map Generator

What will Europe do to alleviate the Innovation Divide ?

- Work through **Horizon 2020** to support ***excellent R&I projects***
- Mobilise **Cohesion policy** to build a ***Stairway to Excellence*** in regions
- Deploy significant ***synergies*** between Horizon 2020 and Cohesion policy

Why synergies between EU funding programmes?

- ◇ *To maximise impact and efficiency of public funding*
- ◇ *To spend less and achieve more*
- ◇ *To reap synergies from the world's largest Single Market and restore European competitiveness*

HORIZON 2020 VS COHESION POLICY



EU R&D POLICY – HORIZON 2020	EU COHESION POLICY (ESIF)
DIFFERENCES	
<p>non-territorial approach; mainly transnational based on excellence; no pre-defined geographical distribution of funding</p>	<p>place-based approach; defined financial envelope for different eligible categories of regions</p>
<p>Focus on individual R&D Projects (to a certain extent also co-funding activities of programmes are supported) tackling the whole innovation cycle</p>	<p>Based on multiannual Programmes largely focused on R&I capacity building aiming at regional competitiveness and growth and place-based economic transformation</p>
<p>Centrally managed (EC) & awarded directly to final beneficiaries like firms, public and private R&D centers, universities, individuals or research funding organisations (for ERA-NET activities, Joint Programming etc.).</p>	<p>Awarded through shared management to national and regional public intermediaries</p>
<p>Competitive calls for proposals addressed to international groupings (exception ERC and MSCA that also address individuals) through peer-review based on excellence criteria</p>	<p>Mostly non-competitive attribution to regional players within the EU only; prioritisation based on cohesion considerations and S3 priorities (however increasingly competitive processes at national or regional level)</p>
COMPLEMENTARITIES	
<p>Horizon 2020 will focus on tackling major societal challenges, maximising the competitiveness impact of research and innovation and raising and spreading levels of excellence</p>	<p>Cohesion policy through S3 will act as a capacity building instrument for R&I. One of the expected results will be a better ability to participate in Horizon 2020.</p>

Synergies: H2020 & Cohesion Policy

Key to Synergies between EU R&I Policy and Cohesion Policy in 2014-2020:

- ✓ *Thematic Concentration*
- ✓ *Smart Specialisation - ex-ante conditionality*

Thematic concentration in ESIF

- Significant funding from European Regional Development Fund must be **concentrated on 4 of 11** Thematic Objectives:
 - research, technological development and innovation;
 - access to, and use and quality of, ICT;
 - competitiveness of SMEs;
 - shift towards a low-carbon economy in all sectors.
- The **level of concentration** in the 4 Thematic Objectives:
 - 50% in less developed regions (GDP per capita < 75% of EU average);
 - 60% in transitional regions (GDP per capita 75-90%);
 - 80% in more developed regions (GDP per capita > 90%).

Smart Specialisation Strategies (S3)

Smart Specialisation Strategies are:

- A tool to set out national or regional priorities for investments in R&I for growth and jobs, which **take account of the current or emerging strengths**;
- A required element for planning future ESIF investments through role as '**ex ante conditionality**' for R&I funding.

Smart Specialisation in detail

- A place-based, strategic approach to economic development through targeted support to Research and Innovation;
- Leads to a process of developing a vision, identifying competitive advantage, setting strategic priorities and making use of smart policies to maximise the knowledge-based development potential of any region (strong or weak, high-tech or low-tech);
- Concentrates resources on a small number of thematic priorities
- Stresses role for all regions in the knowledge economy, through identification of comparative advantages in specific R&I domains/clusters (not just winning sectors);



Combining Funding – H2020 & ESIF

What is combined funding?

Combined funding is the possibility **to use different public funding sources, including EU funding sources**, within a programme, project or a group of projects. It seeks to exploit complementarities and synergies while at the same time needs to avoid overlaps and exclude double-financing.

Combining EU funding sources Horizon 2020 and ESIF – Legal basis:

The **H2020 Rules for Participation** (Article 37) and for the **Common Provisions Regulation of the ESIF** (Article 65(11)) both deviate from the Financial Regulation (Art. 129) as they allow for the funding of the same action by two different instruments, subject to the absence of double funding.

Potential cases of combining Horizon 2020 & ESIF

Two potential cases of combined funding for the same project

- 1. Simultaneous/Joint use of funds for the same project:** the simultaneous use of different public funding sources in the same project
e.g. H2020 money and ESIF that are used together to fund different cost items within a single project
- 2. Sequential funding for the same project:** the sequential use (in time) of different public funding sources in separate successive subprojects of the same project
e.g. first ESIF for R&I infrastructure, then Horizon 2020 for innovation activities ("**Upstream**") or
first H2020 for funding a research project, then ESIF to support exploitation of the H2020 project results ("**Downstream**")

Basic budgetary principles

1. "non-substitution principle"

The use of a Union funding instrument to substitute the non-Union contribution to another Union instrument is not allowed: ESIF cannot be used to substitute the national or private contribution to H2020 projects.

Substitution of a non-Union contribution (eg. to a Horizon 2020 project) with Union funding (eg. ESIF) is not possible

2. "no double funding principle"

It will be possible to award a grant under Horizon 2020 for an industrial project which is also funded by an ESIF grant but the absence of double funding should be ensured.

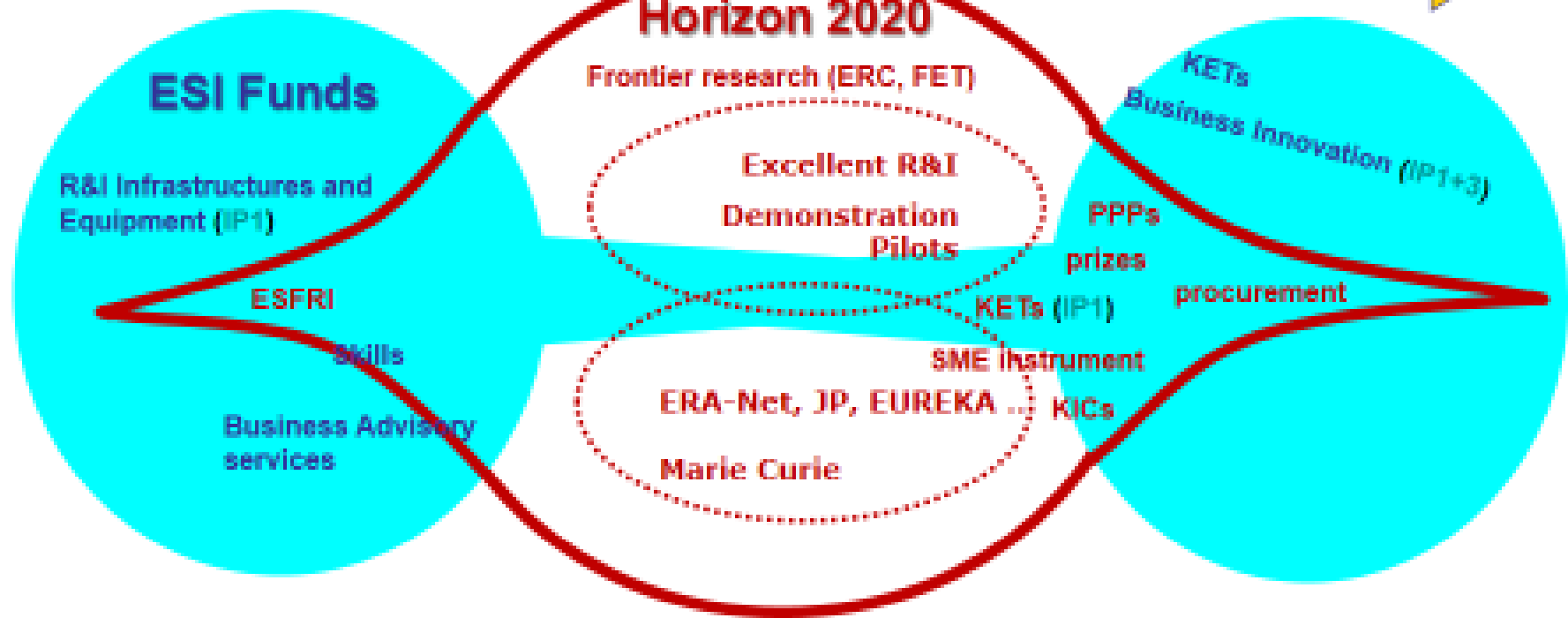
The two Union grants (Horizon 2020 and ESIF) may not cover the same cost item.

Example: Combining Horizon 2020 & ESIF for a project

Example of regular simultaneous funding under Horizon 2020

Company X member of consortium in receipt of grant under Horizon 2020 for an innovation action (70% reimbursement rate)

- 80% of working time of personnel assigned to Horizon 2020 action
 - ⇒ Remaining 20% working time of personnel can be assigned to ESIF action and may be declared as eligible for ESIF grant
No double funding principle
- Beneficiary will declare as eligible 80% of personnel costs and will receive only 70% of those personnel costs (70% reimbursement rate for innovation action)
 - ⇒ Remaining 30% of eligible costs not covered by the Horizon2020 grant may not be reimbursed by a grant under ESIF and have to be covered by the beneficiary
No substitution principle



"Staircase to Excellence"

"Research Excellence"

Hopefully also excellence, but **"Innovation Excellence"**

National/Regional R&I systems

Capacity Building

R&D

Innovation

Market

IP: Investment Priorities under the R&I thematic objective of the ERDF Regulation





Greece: FP7 Performance & ESIF funding

FP7 Performance:

- ◆ **≈ 1 billion** absorbed by participants from Greece:
- ◆ ranks 11th out of EU28 in budget share

ESIF for Greece 2014-20:

- ◆ Total of 13 Greek regions (5 less developed regions, 6 transition regions, 2 more developed regions)
- ◆ Total ESIF in 2014-20: **≈ 20 billion**
- ◆ Total for R&I under ESIF (provisional): **≈ 1.2 billion**

Timing/Next Steps

- **Horizon 2020** - Calls published on 11 December 2013
 - **ESIF**: Partnership Agreements (PA) under negotiations
Greek draft PA submitted to the Commission in December 2013 (Observations by the EC have been sent)
Operational Programmes will follow soon
 - **Guide on synergies** between EU Funds currently being prepared by Commission services
- Responsibility lies now with the Member States and regions' planning authorities => need to create the appropriate "space" in the ESIF Operational Programmes for synergy actions with Horizon 2020



Learn more:

Horizon 2020:

<http://ec.europa.eu/programmes/horizon2020/>
<http://ec.europa.eu/research/participants/portal/desktop/en/home.html>

Cohesion policy (2014-20)

http://ec.europa.eu/regional_policy/what/future/index_en.cfm

Smart Specialisation Platform

<http://s3platform.jrc.ec.europa.eu/home>



**Thank you for your
attention!**