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Case study
**Financial instruments for Research,
technological development and
innovation for Romanian SMEs**

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Cohesion Policy Support for Innovation in Europe's Regions

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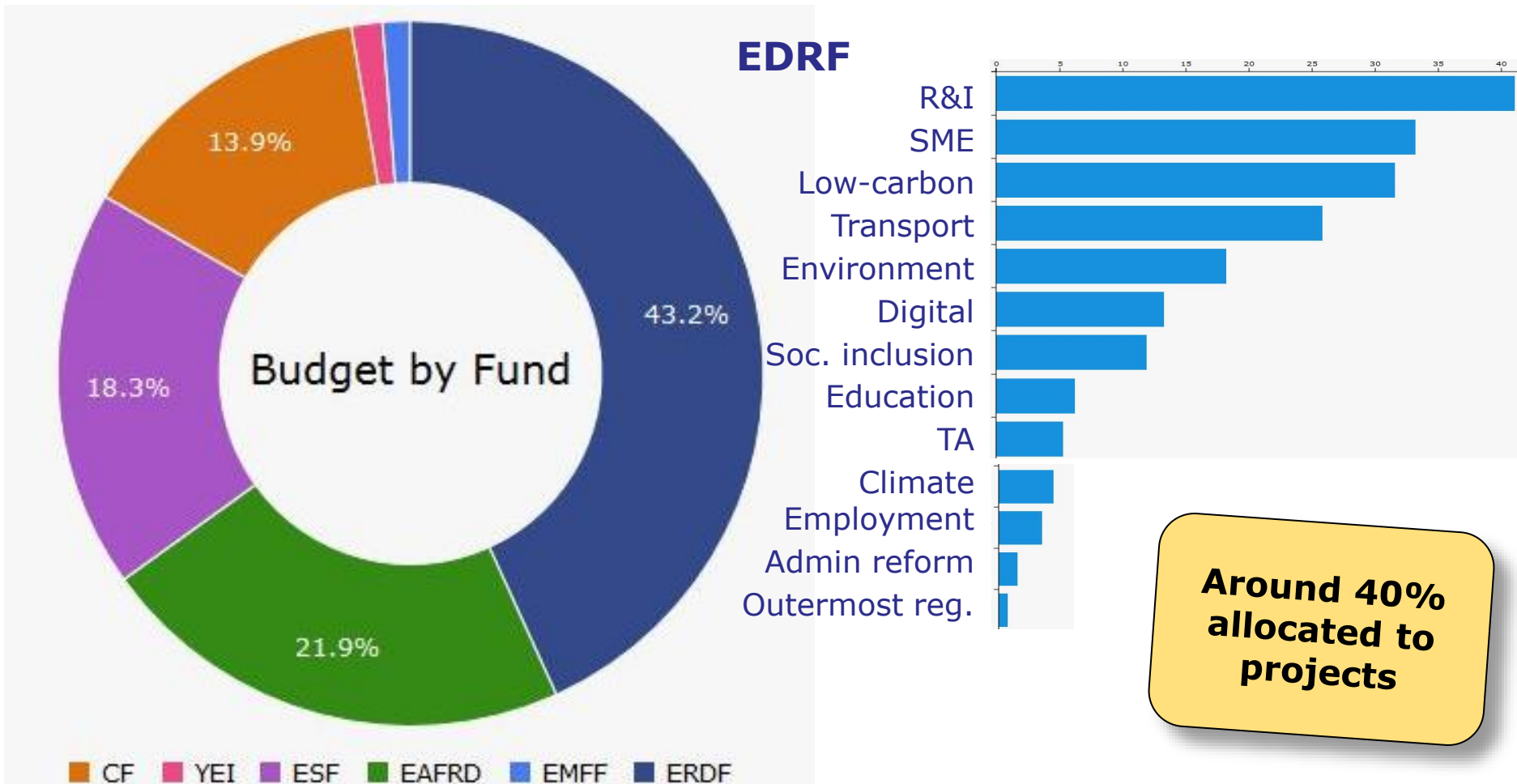


Cohesion Policy Support for Innovation in Europe's Regions

Overview

- *ESIF budget for research and innovation in 2014-2020*
- *Smart Specialisation Strategies as Policy Frameworks for R&I investments*
- *Outlook*

European Structural and Investment Funds 2014-2020



ERDF Financial Instruments for R&I

118 ERDF programmes in 18 countries include use of FIs to support research and innovation in 2014-2020.

Total ERDF amount programmed: **€ 2,1 billion** via:

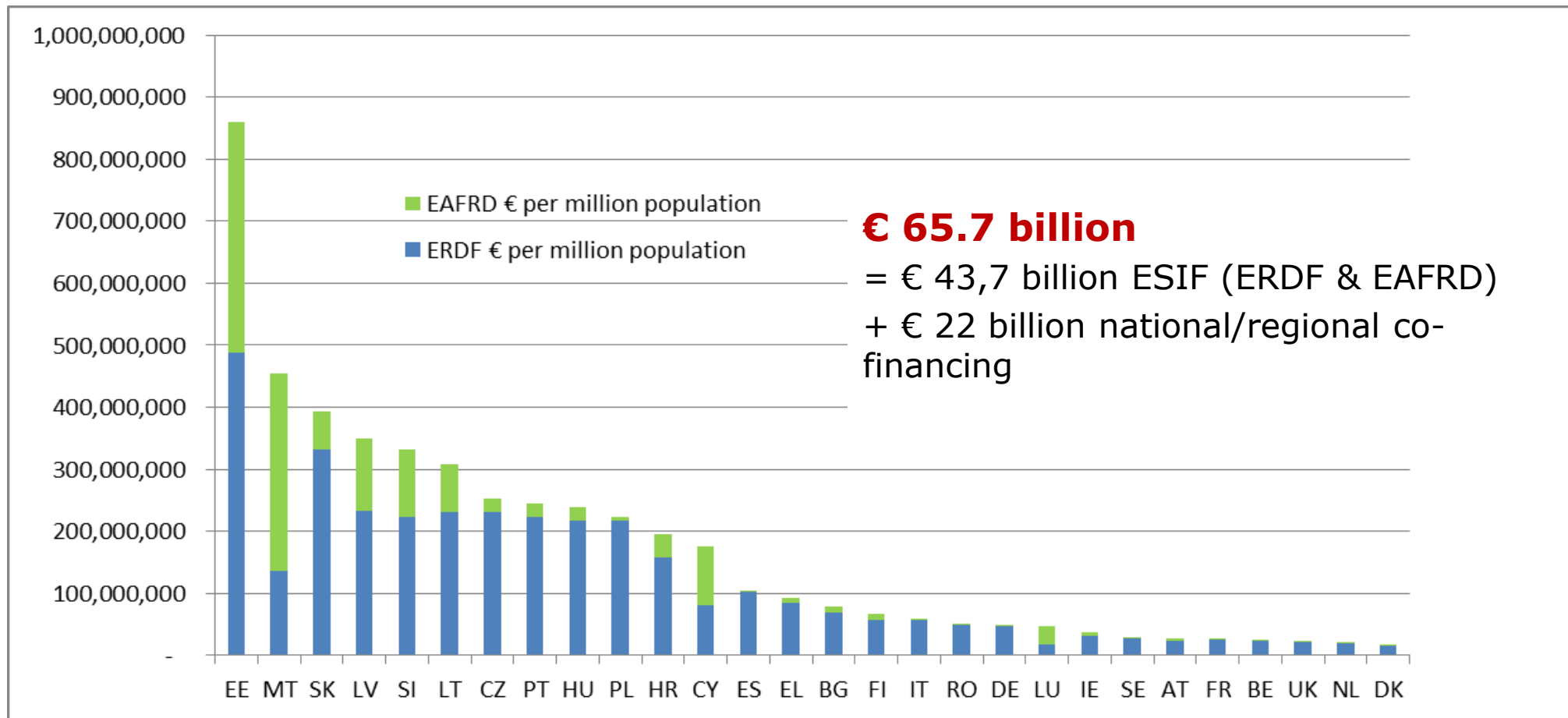
- Venture and equity
- Loan or equivalent
- Interest rate support
- Guarantees

Different types of products depending on the type of operations supported: SME innovation, energy efficiency investment or support for research and development.

Loan, guarantee and equity schemes usually implemented through **different financial intermediaries**. Some evidence of efforts to consolidate and enhance synergies, as several regional or sectoral OPs contribute to the same FI (BG, DE, HU, IT, PT, SK, UK).

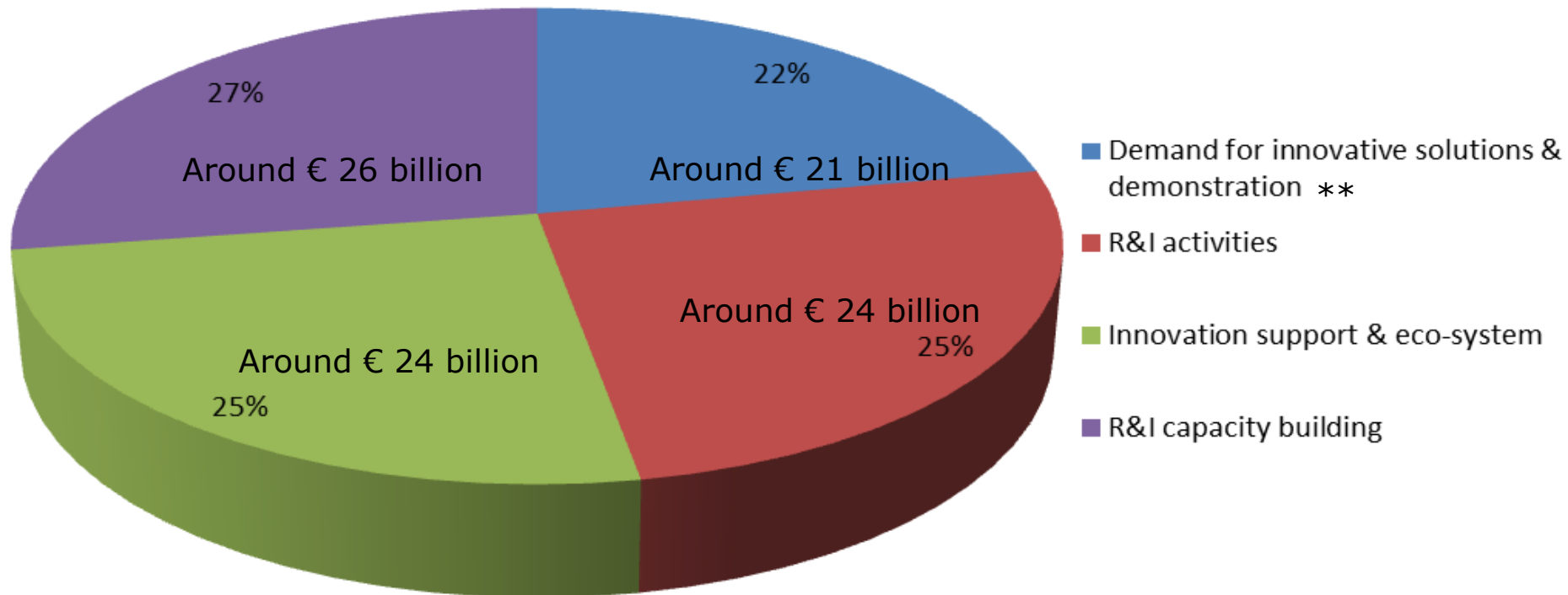
ESIF budget for R&I

Planned investments 2014 – 2020 per million population



ERDF & ESF R&I allocations 2014-2020

Research and innovation in the wide sense*

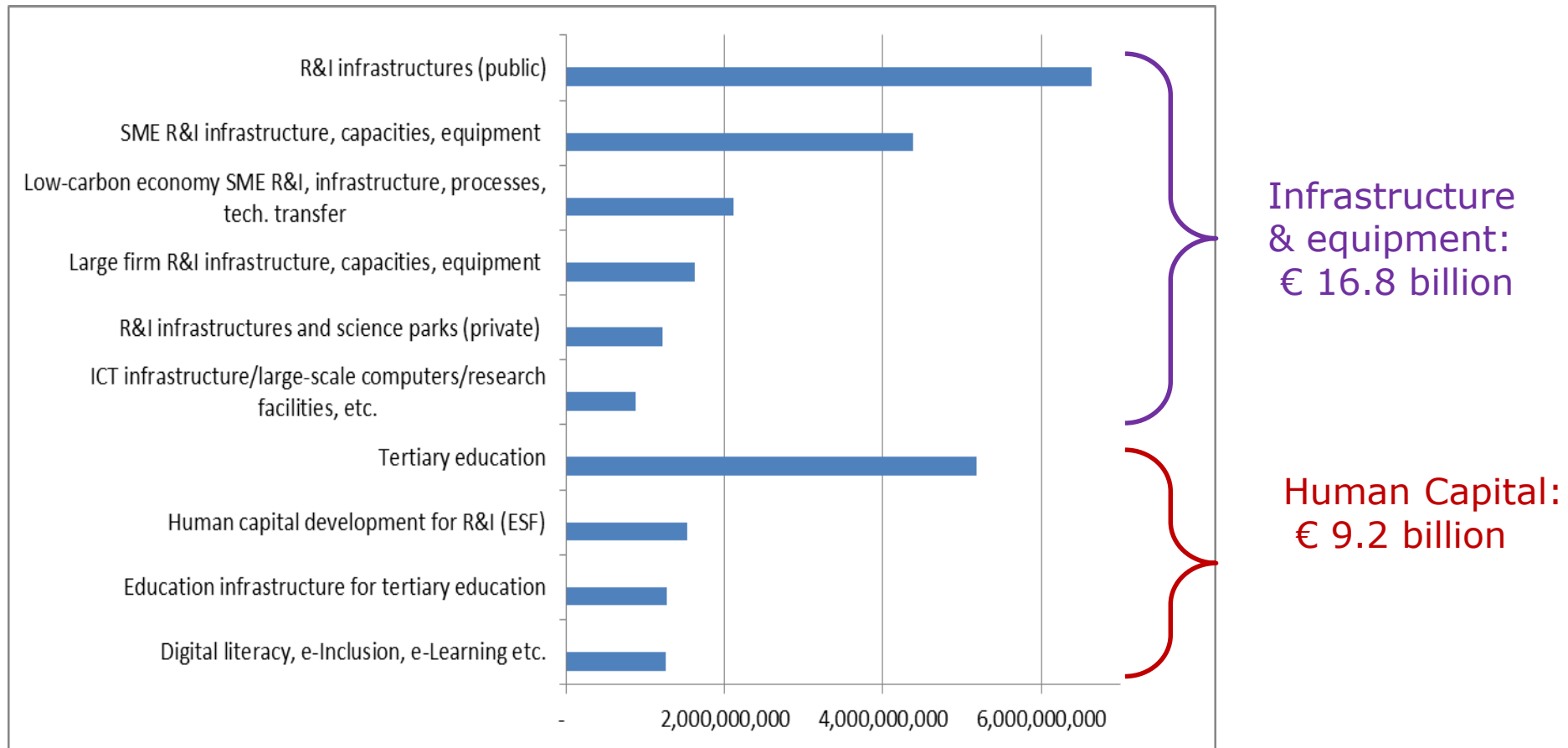


*) Investment categories 002, 003, 013 – 015, 044, 048, 049, 056 – 069, 078, 080 - 082, 104 and 116+ ESF secondary theme 04

**) this is a conservative estimate based on ESIF investment categories linked in particular to deployment of innovative digital solutions and energy efficiency investments. There is probably a higher potential for innovation procurement in ESIF, in particular in the fields of environment, health, transport and civil security.

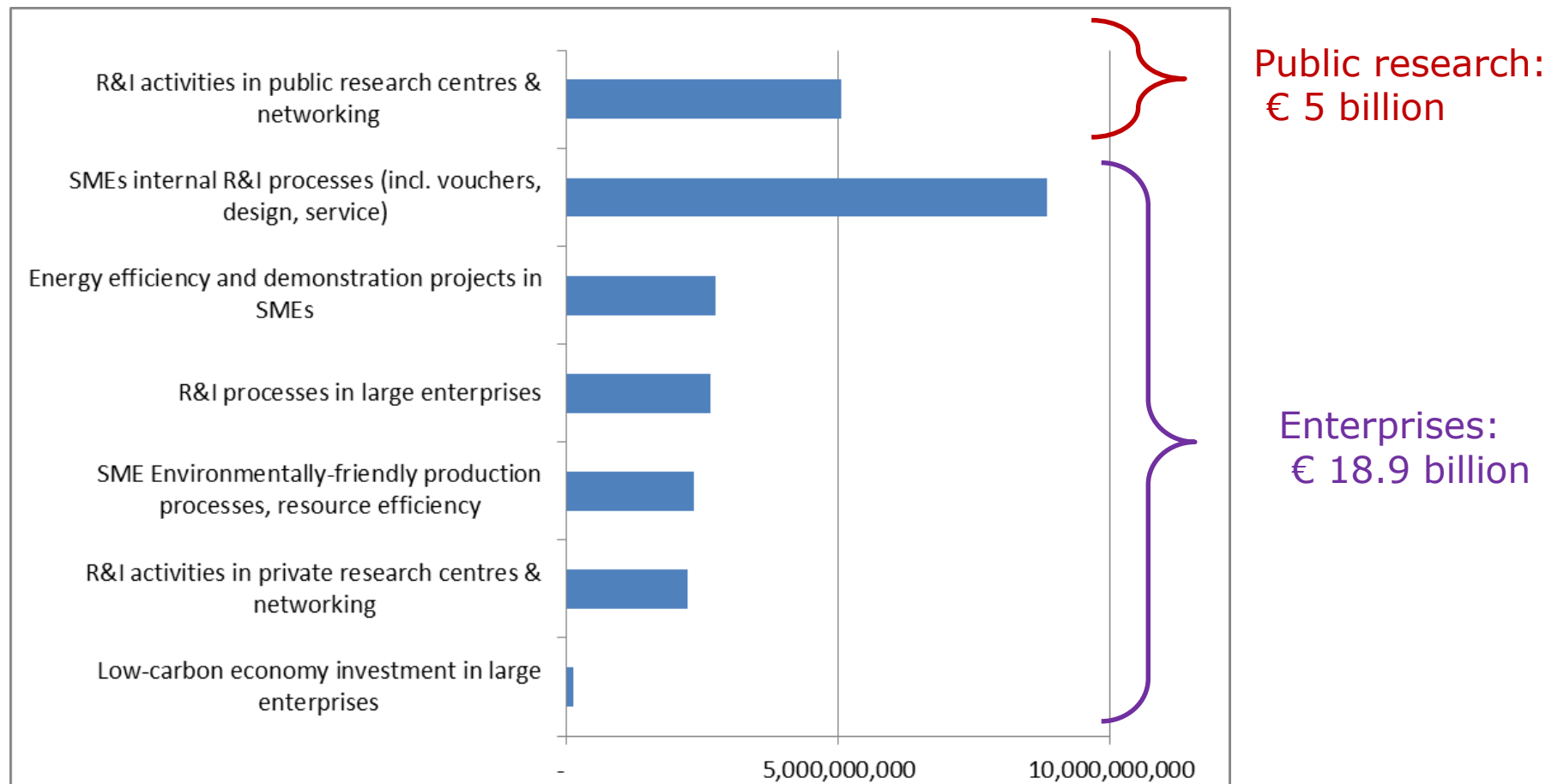
ERDF & ESF R&I allocations 2014-2020

R&I capacity building: around € 26 billion



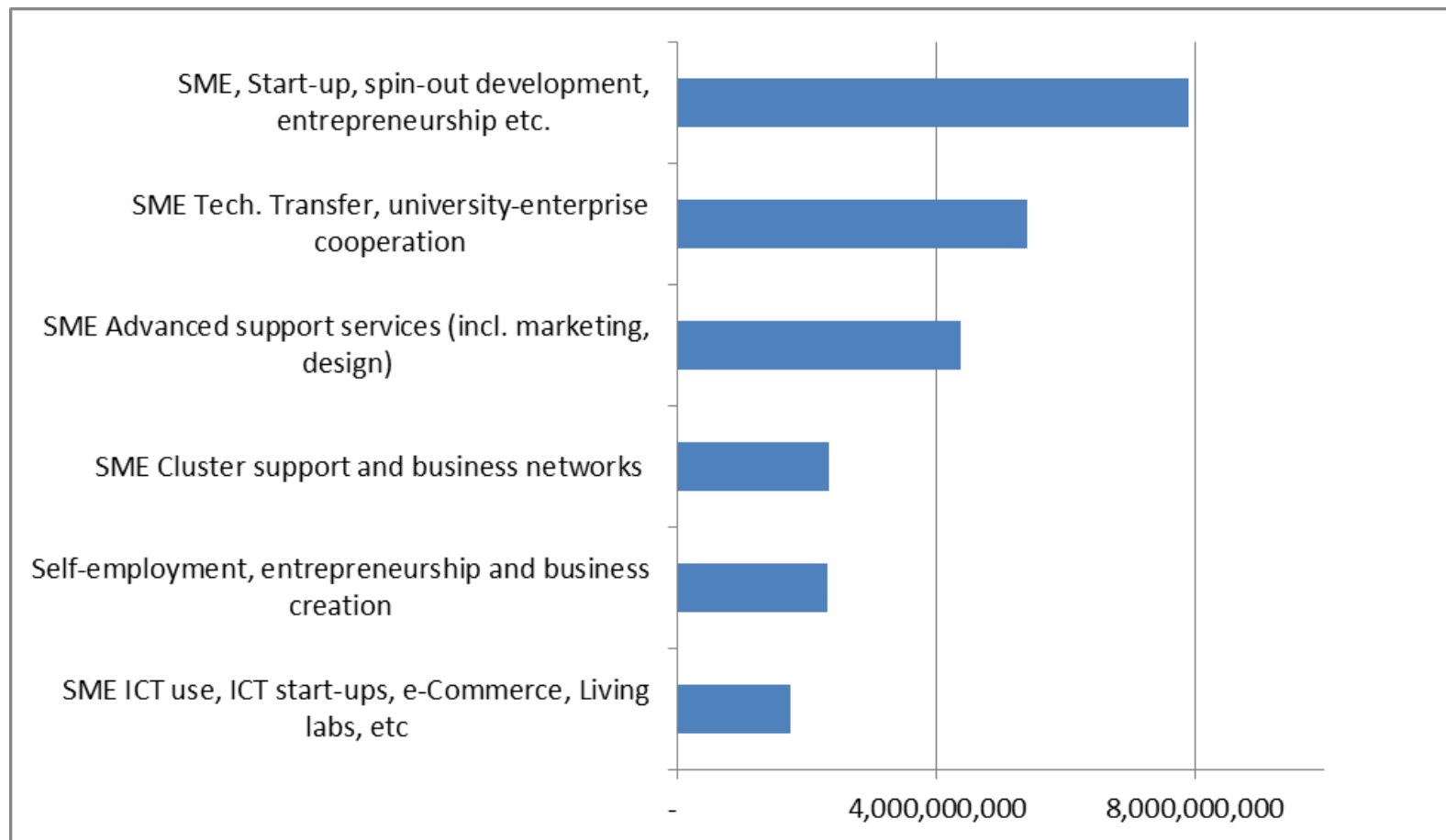
ERDF & ESF R&I allocations 2014-2020

R&I activities: around € 24 billion



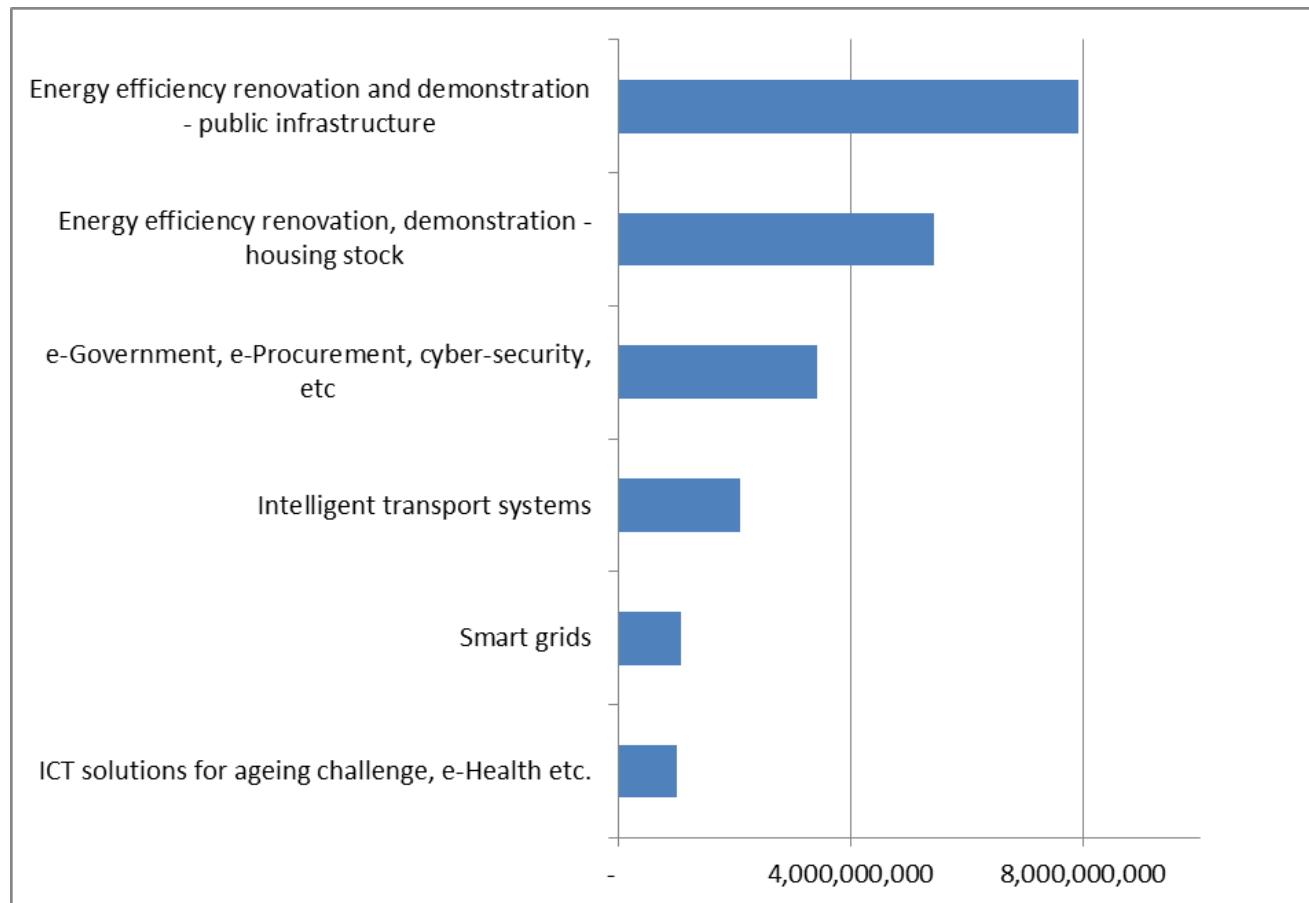
ERDF & ESF R&I allocations 2014-2020

Innovation support & eco-systems: around € 24 billion



ERDF & ESF R&I allocations 2014-2020

Demand for innovative solutions: around € 21 billion



There is probably a higher potential for demand for innovative solutions in ESIF in particular in investments in

- environment,
- resource efficiency,
- health,
- education,
- research infrastructures and equipment,
- civil security
- digital applications in businesses ...

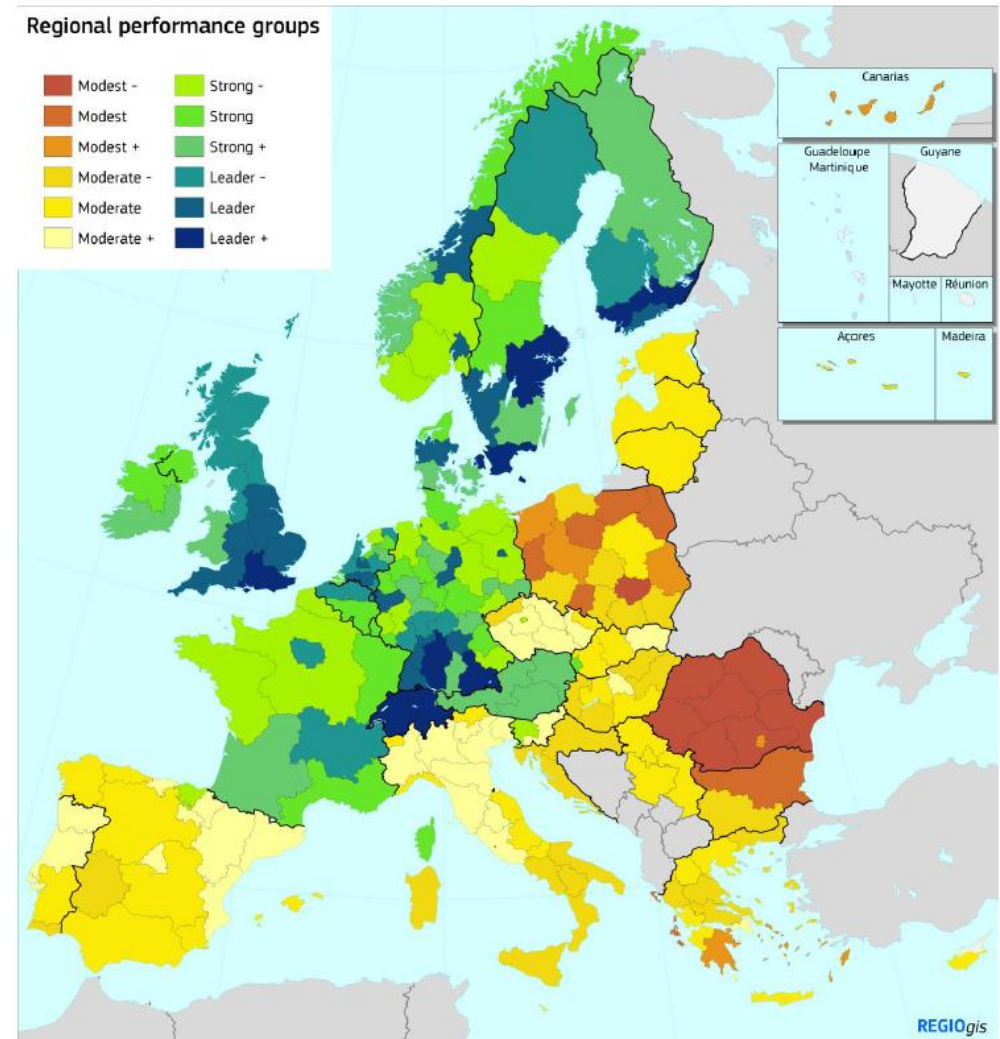
Overview

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Regional Innovation Scoreboard 2017

Significant disparities both
between and within
Member States

- No "One-size-fits-all"
approach possible



For Cyprus, Estonia, Latvia, Lithuania, Luxembourg and Malta, performance group membership is identical to that in the European Innovation Scoreboard 2017 report. For these countries, the corresponding colour codes for middle one-third regions have been used.

Reflection Paper on Harnessing Globalisation



*Europe is experiencing a period of profound changes brought by **globalisation**, new emerging and digital **technologies**, **automation** and **decarbonisation**.*

*The benefits of globalisation are unequally spread. It is indispensable to help Europeans **adapt** to these profound changes and to help the EU economy to **become more resilient**.*

Therefore the EU will need to:

- **activate the innovation potential** of MS and regions
- **adapt its industry to new models**
- **boost competitiveness** and access to **new markets**
- **reduce the gap among regions**
- create **new jobs**

Smart specialisation strategies as tool to harness globalisation in all EU regions

Smart Specialisation Strategies

- ✓ enable regions to turn their industrial and research **strengths and competitive advantages** into **marketable goods and services**
- ✓ prioritise public R&I investments on **key priorities and challenges** through a **bottom-up approach** and stimulate the **private sector investments**
- ✓ aim at **economic transformation of regions**, building on regional competitive advantages and facilitating market opportunities in new inter-regional and European value chains.
- ✓ help regions to **anticipate, plan and accompany** their process of economic modernisation, including incremental innovation in traditional industries



Smart specialisation represents a new way of working together, which ensures stronger local and regional participation in decision-making, and whose potential can be scaled-up for the benefit of the EU as a whole.

This approach may be replicated and used in a broader context as a useful tool to **implement the future EU budget**.

Reflection Paper on the Future of EU Finances

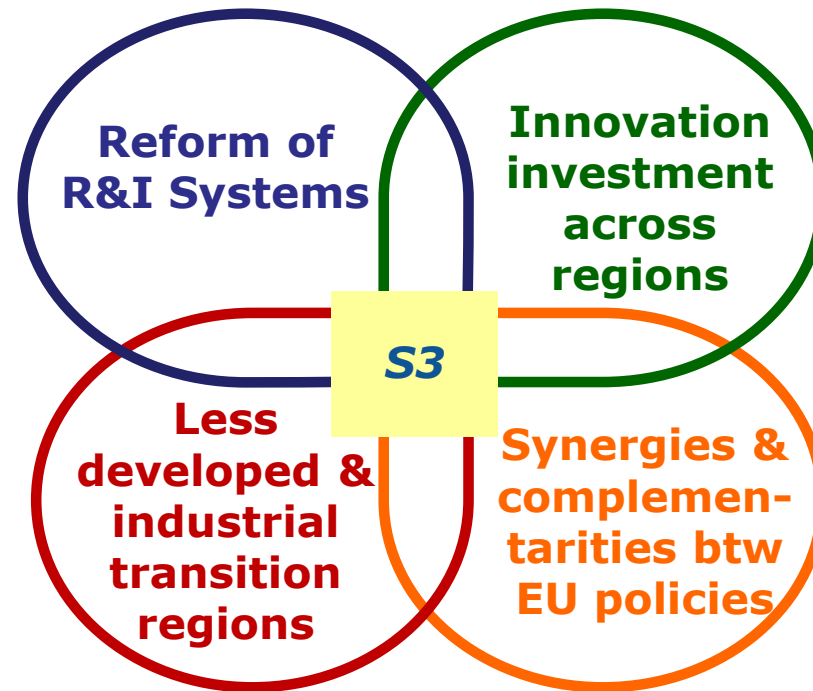
Smart Specialisation Communication:

"Strengthening Innovation in Europe's Regions"

► Step up available policy support:

- Smart Specialisation Platform
- SRSS & H2020 Policy Support Facility
- Digital skills
- European Semester: Dialogue with regions and local authorities.

- ### ► Pilot actions for accelerating innovation uptake, removing investment barriers:
- Lagging regions
 - Regions in industrial transition



► Pilot actions:

- Thematic partnerships to commercialise & scale-up inter-regional projects in value chains; developing bankable projects

► Maximise the impact of different EU funds:

- Facilitate combination of funding instruments, harmonise rules, inter-regional investments
- Mapping of R&I facilities
- Investment envoys

See: [COM\(2017\)376](#) and [SWD\(2017\)264](#)

Pilot Action for innovation investment across regions

Stronger strategic **inter-regional** cooperation and **sustainable** linkages between regional eco-systems along smart specialisation priority areas can increase **competitiveness** and **resilience**.

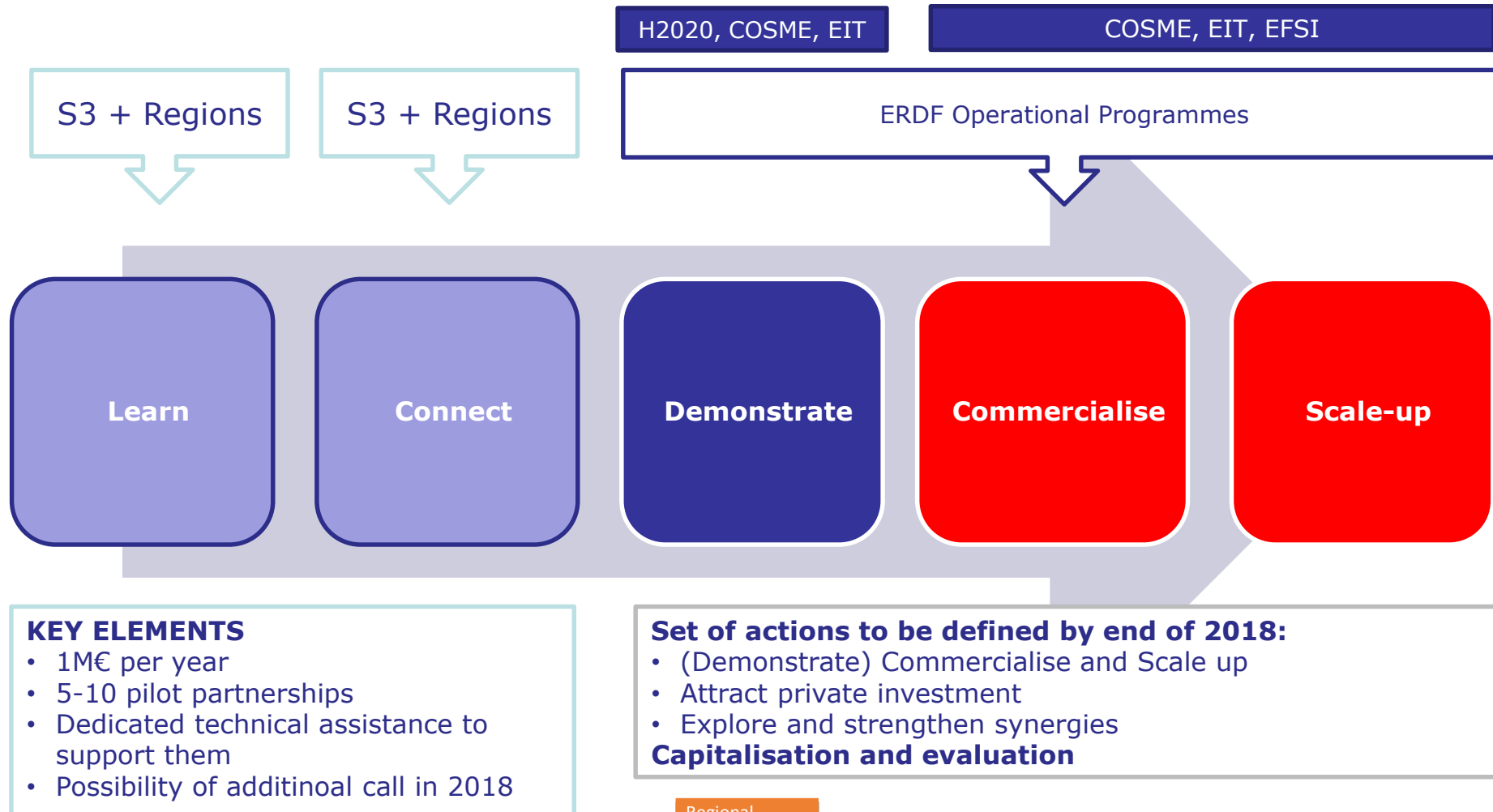
This action aims at:

- **testing approaches** to commercialise and scale-up interregional investment projects
- developing **bankable** projects for support from financial instruments
- attracting **private investments** by backing projects that may need **risk-coverage**
- developing **new value chains**

This work will build on the close working relationship developed between the Commission services and the **partnerships developed in the context of the Thematic Smart Specialisation Platforms** and on **relevant EU innovation initiatives**.

See: http://europa.eu/rapid/attachment/IP-17-1995/en/SmartSpecialisation_PilotActions.pdf

Pilot Action for interregional investment projects



Less-developed & industrial transition regions

Current obstacles:

Less-developed regions:

- R&I infrastructure still very fragmented and not sustainable
- difficulties in building institutional legal environment open to innovation
- lack of appropriate human capital and skill development
- lack of connection with innovation communities and global value chains

Industrial transition regions:

- lack of appropriate skill-base
- high unit labour costs
- de-industrialisation
- unable to attract extra-regional investments
- weakness in the capacity of exploiting funding opportunities (notably, Horizon 2020, COSME)
- less funding than less-developed regions under cohesion policy

EU support so far: TAIEX Peer 2 Peer, S3 Platform, ESF, Horizon 2020 Teaming, Twinning, ERA-Chair, COST actions, Stairway to Excellence and Lagging Regions project, EIT-RIS, Digital Innovation Hubs, etc..



Need for more targeted support

Pilot Action for Industrial Transition Regions

- Need to **work with empowered regions** to ensure that all regions can benefit from the internal market and better prepare themselves for the challenges of globalisation.
- Focus on **more developed and transition regions**
- Current obstacles:
 - 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 (notably, Horizon 2020, COSME)
 - less funding than less-developed regions under cohesion policy
- The Commission has launched a pilot action which will support a limited number of "test regions" expressing their commitment to work on basis of RIS3
- Support will be provided by ERDF with targeted support from the European Observatory for Clusters and Industrial Change.
- Testing new ways of working with regions on the basis of smart specialisation

Pilot Action for Industrial Transition Regions

Objective: Development of a comprehensive strategy for economic transformation

- Key objectives of **broad innovation** and **inclusive growth** building on smart specialisation strategy
- **Multi-sectoral** focusing on jobs, industrial sectors, business models, economy and the society as a whole
- Addressing **globalisation, automation, decarbonisation, emerging and digital technologies, skills and investment**
- **Support mechanisms:**
 - Regional support team led by DG REGIO
 - AMI list expert support for strategy development
 - Deep dives and peer learning on specific challenges (automation, decarbonisation, digitisation, skills and investment etc. (contract with provider)
 - Customised advisory support services from the European Observatory for Clusters and Industrial Change
 - Possible grant of €300.000 for implementation of strategy in 2019



Useful Links

- *Information and documents accompanying [COM\(2017\)376](#) and [SWD\(2017\)264](#)*
- [R&I in Cohesion Policy](#)
- [Smart Specialisation Platform](#)
- *Smart Regions [video](#)*
- *Smart Regions' Stories [video](#)*

Update of the Eye@RIS3 Tool encoding RIS3 priorities



Key NEW features:

- RIS3 priorities categorised & searchable by 3 unique standardised domains:
 - **Economic** (NACE),
 - **Scientific** (NABS) and
 - **EU-Policy objectives**;
- Data coverage/search by EU Macro-Regions;
- Updated by the RIS3 relevant NUTS levels per each country;
- Regions appear by their English names;
- Database reorganised to allow for multiple data categories searches;
- Facilitated data exports.

Update your region's/country RIS3 priorities!