

Cohesion Policy

**A smarter Europe by
promoting innovative
and smart economic
transformation**

Gregor Čufer
Team leader for Slovenia
European Commission DG REGIO

#CohesionPolicy
#EUinmyRegion



Overview

- ✓ Cohesion policy overview
- ✓ Smarter Europe investment needs and opportunities
- ✓ Transition and its importance
- ✓ The role of cities
- ✓ Interregional innovation investments
- ✓ Synergies with other EU funds



A modern, dynamic policy 331 billion euro (2018 prices)

Modern investment

- Focus on transition to smart, low-carbon economy
- Stronger link to European Semester
- Comprehensive performance data (near real time), open data

Simple, flexible, dynamic

- 7 funds, 1 regulation (50% shorter)
- 80 key administrative simplifications
- Faster implementation (return to n+2)
- Responsive to emerging needs (e.g. migration)

For all regions

- Balanced and fair allocation method
- 75% of financial resources to poorest regions and Member States, where most needed

Risk: new legislation may be delayed



European
Commission

Policy objectives

- develop solutions
- pilot
- demonstrate
- test
- tech transfer



A smarter Europe (innovative & smart economic transformation)



A greener, low-carbon Europe (including energy transition, the circular economy, climate adaptation and risk management)



A more connected Europe (mobility and ICT connectivity)



A more social Europe (the European Pillar of Social Rights)



A Europe closer to citizens (sustainable development of urban, rural and coastal areas and local initiatives)

Deploy solutions
in public & private sector

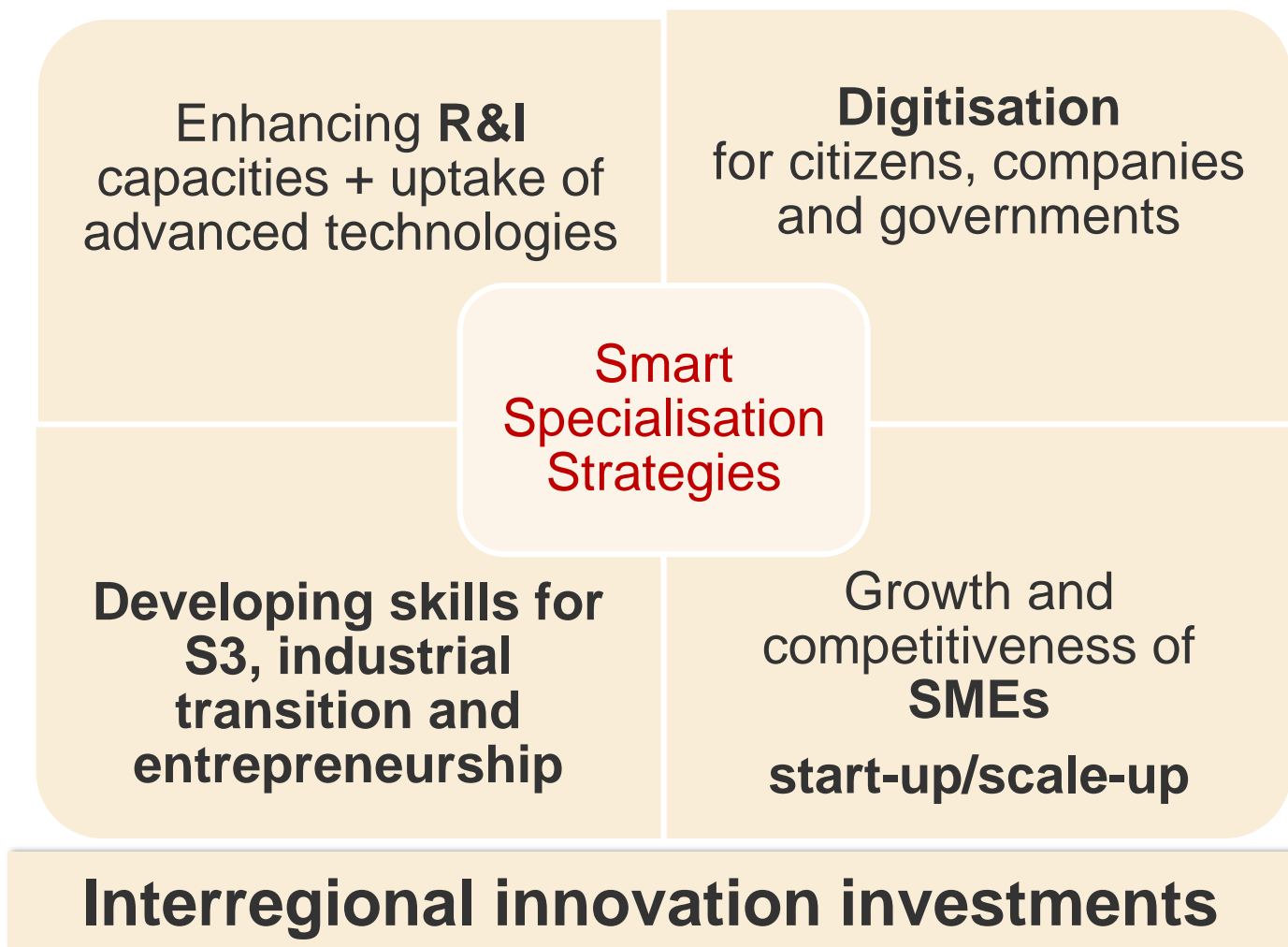
ERDF THEMATIC CONCENTRATION

- Maintaining spending in the key areas for growth and jobs
- At national level based on GNI per head => flexibility

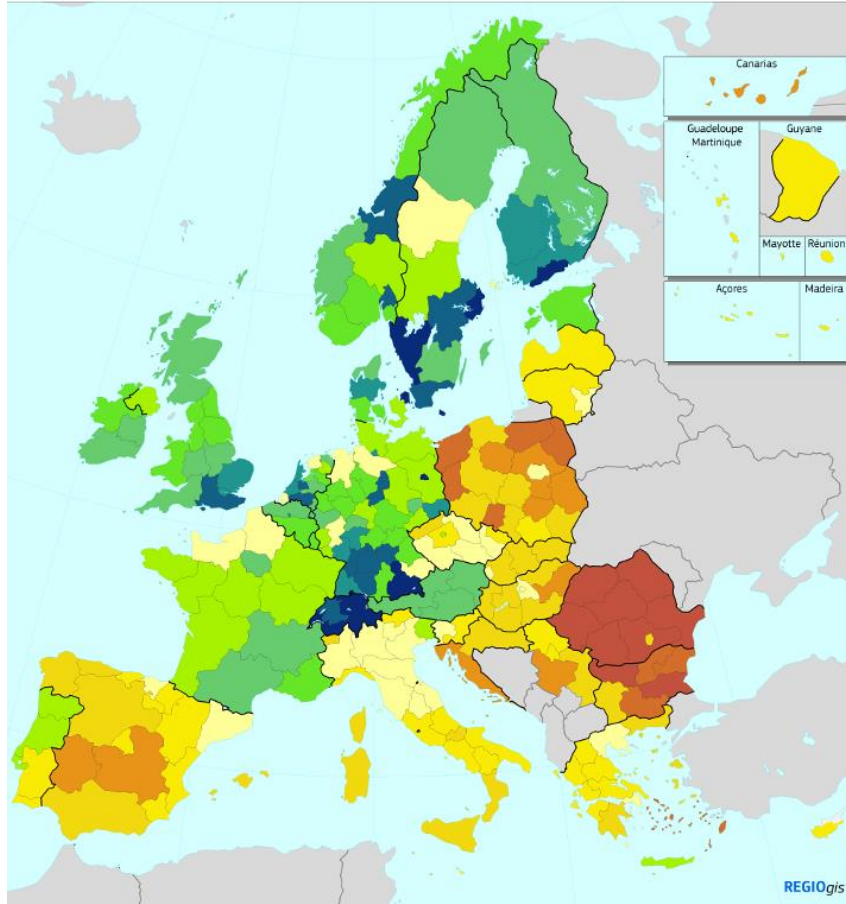
For countries with:	minimum % PO1 ("smarter Europe")	minimum % PO2 ("greener, low carbon Europe")
GNI below 75%	35%	30%
GNI 75-100%	45%	30%
GNI above 100%	60%	PO1 + PO2 min. 85%

- 6% of budget to urban development, delivered through local development partnerships (can overlap with above)

Cohesion Policy Objective 1: 2021-27 A smarter Europe by promoting innovative and smart economic transformation



Regional Innovation performance differences



Regional performance groups



Source: RIS 2019

EIS/RIS:

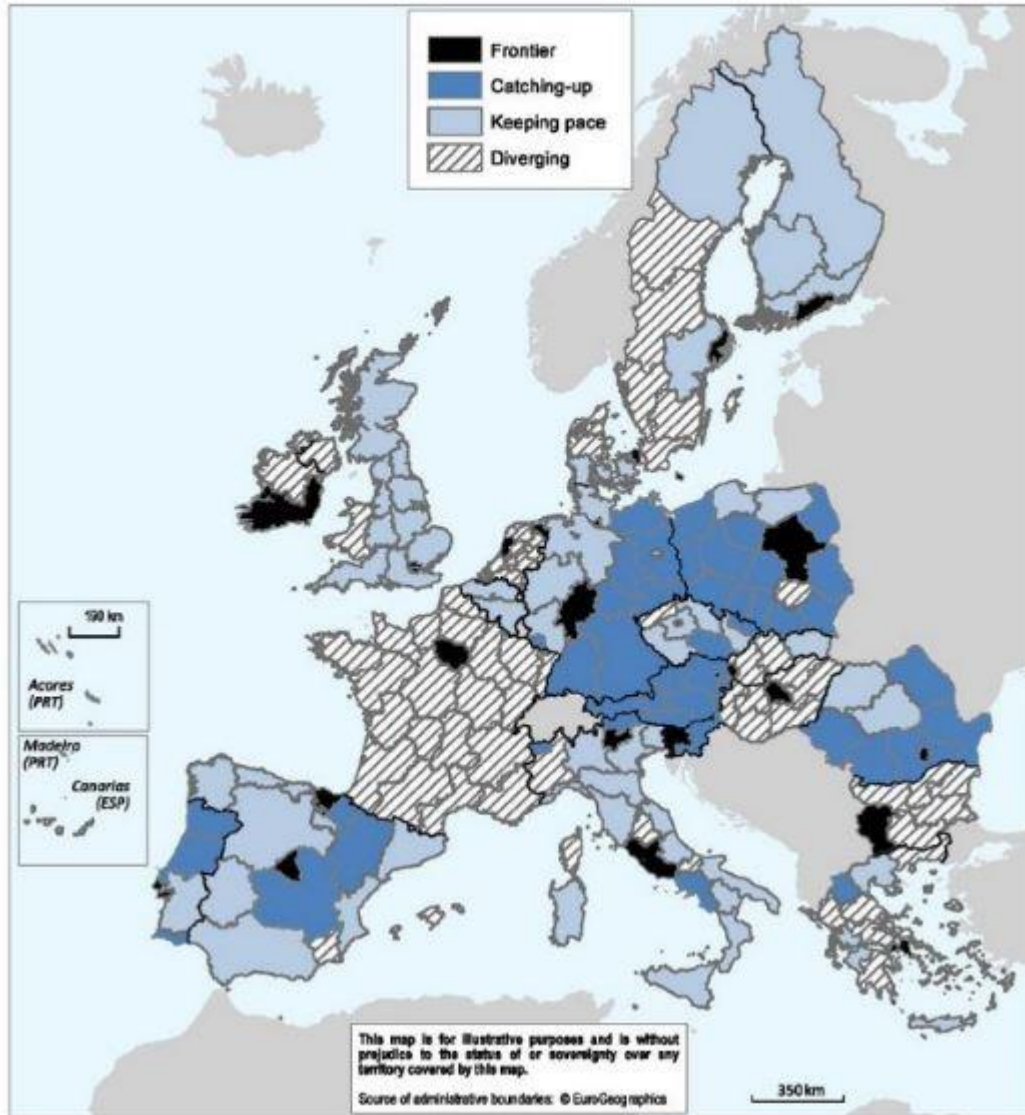
Slovenia as **moderate innovator** (till EIS 2018 strong innovator)

Capital region as best performer.

Persisting within-country differences in productivity

Figure 1.15. Productivity dynamics at the regional level in the EU

Classification of TL2 regions, 2000-14



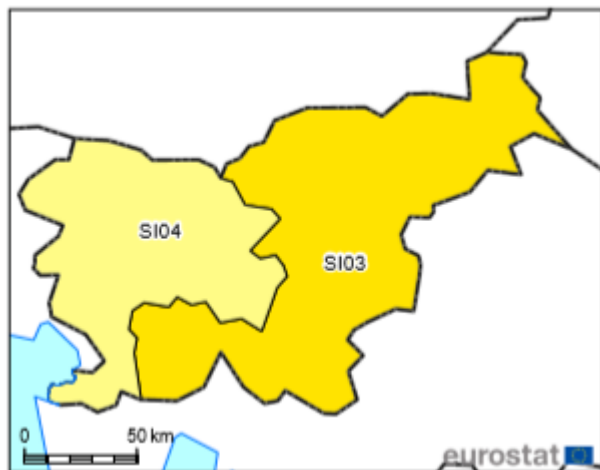
Slovenia

West-East gap in productivity.

EIS/RIS:

Slovenia classified in EIS as Moderate Innovator (till 2018 as Strong Innovator),

Challenges for Slovenia



Regional performance groups

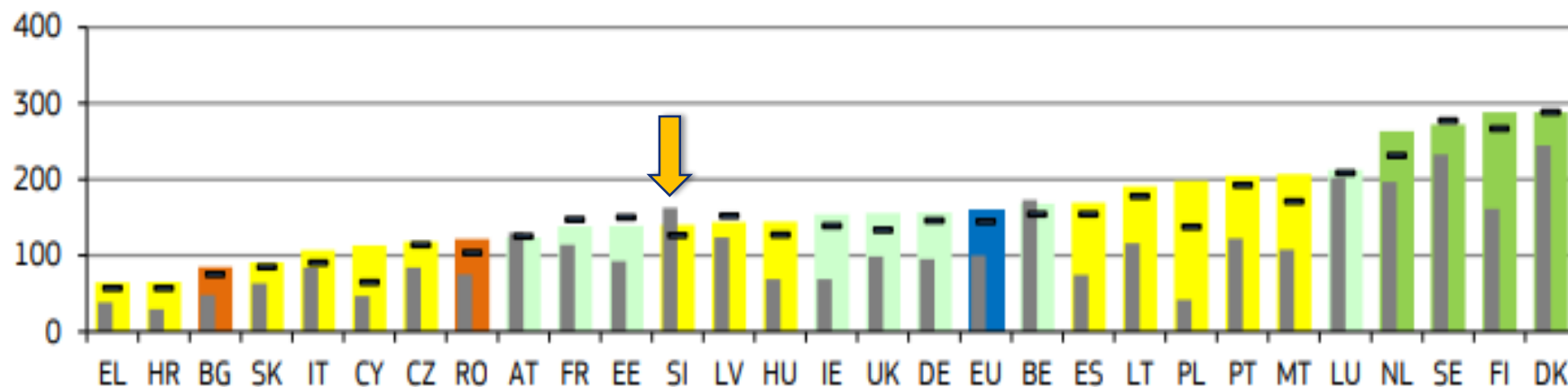


- Strengthen Strong Innovator position (however, since EIS 2019 only Moderate Innovator)
- Enhance R&D capacities (however, declining R&D intensity, notably as regards business R&D)
- Share of innovative enterprises decreasing, (while it needs to increase to maintain former position of strong innovator), low innovation capacity of SMEs
- Weak business-academia cooperation (needs to be strengthened across inter-regional strategies)
- Update of ICT in SMEs

Source: Country report 2019, RIS 2019

Low position as regards Innovation-friendly environment

Innovation-friendly environment



Coloured columns show Member States' performance in 2018, using the most recent data for the indicators in this dimension, relative to that of the EU in 2011. The horizontal hyphens show performance in 2017, using the next most recent data for the indicators in this dimension, relative to that of the EU in 2011. Grey columns show performance in 2011 relative to that of the EU in 2011.

SI below average

R&D expenditure: HR catching up, SI falling

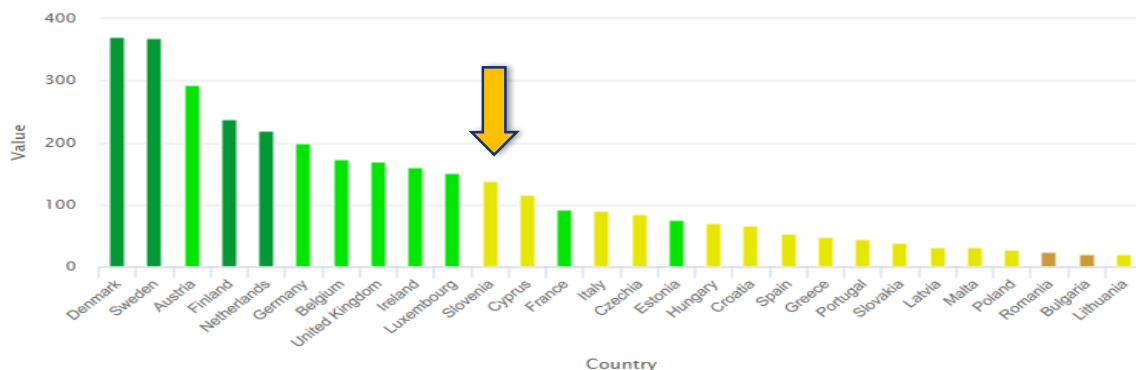
% of GDP	SI		EU	
	2013	2018	2013	2018
R&D Intensity	2.56	1.95	2.01	2.11
Business R&D Intensity	1.96	1.45	1.28	1.41
Public (GOV+HE) R&D Intensity	0.60	0.49	0.72	0.69
Government R&D Intensity	0.33	0.26	0.25	0.23
Higher Education R&D Intensity	0.27	0.23	0.47	0.46
2020 R&D target	3.0		3.0	

R&D intensity high but falling

Academia-business co-operation is moderate

3.2.2 Public-private co-publications

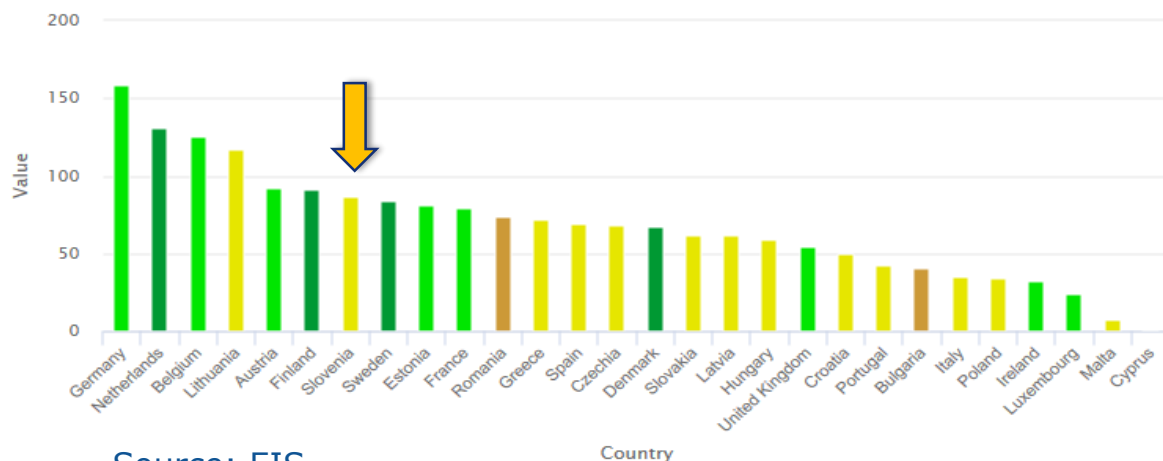
Source: European Innovation Scoreboard 2019



- Medium level of science-business cooperation
- Private co-financing of public research at medium-high

3.2.3 Private co-funding of public R&D expenditures

Source: European Innovation Scoreboard 2019



Source: EIS

Low relative performance of public science base

	SI	EU
Scientific publications among the top 10% most cited	7.8	11.5
International scientific co-publications	1492	1050
Foreign doctorate students, %	8.9	20.3

- Low share of scientific publications within the 10% most cited scientific publications worldwide
- International scientific co-publications high
- Very low share of foreign students/researchers

Source: European Innovation Scoreboard 2019

Innovation rate of SMEs continues to show potential for improvement

	SI	EU
SMEs with product and process innovations, %, 2016	25.9	34.3
SMEs with marketing or organisational innovations, %, 2016	27.0	35.6

- Share of SMEs with product or process innovations below EU average
- Share of SMEs with marketing or organisational innovations low

Source: European Innovation Scoreboard 2019

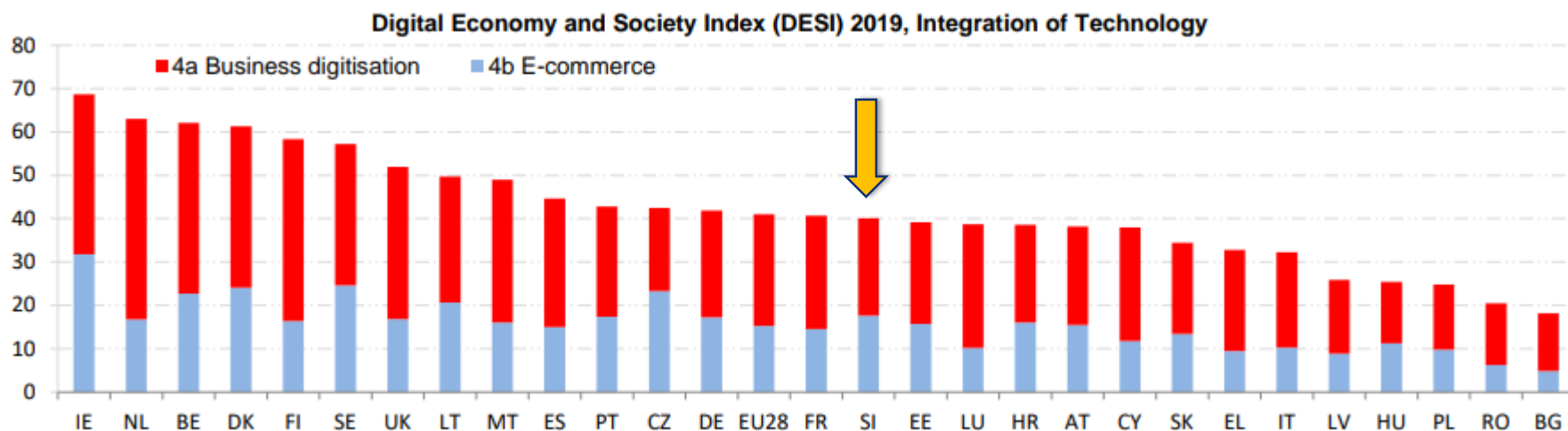
Low level of financing for innovative companies

	SI	EU
Venture capital as a % GDP	0.006	0.149

- Venture capital as a % of GDP below the EU average
- Growth trend of venture capital below EU average

Source: European Innovation Scoreboard 2019

Adoption of digital technologies uneven across sectors



- Business digitisation below EU average
- Low share of small enterprises that are highly digitised

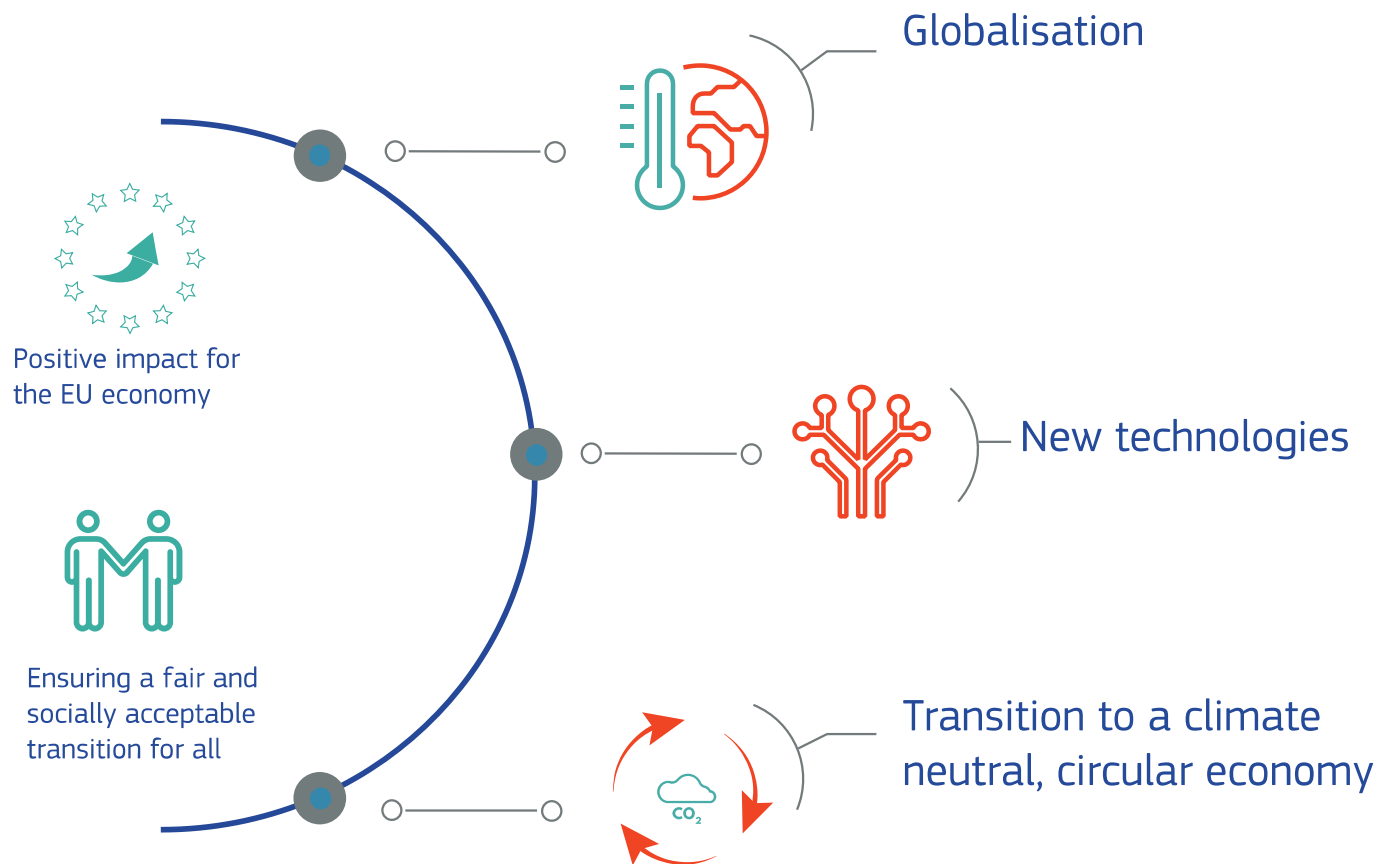
Source: Country Report, DESI

Commission priorities for 2021-2027 Cohesion policy funding in Slovenia

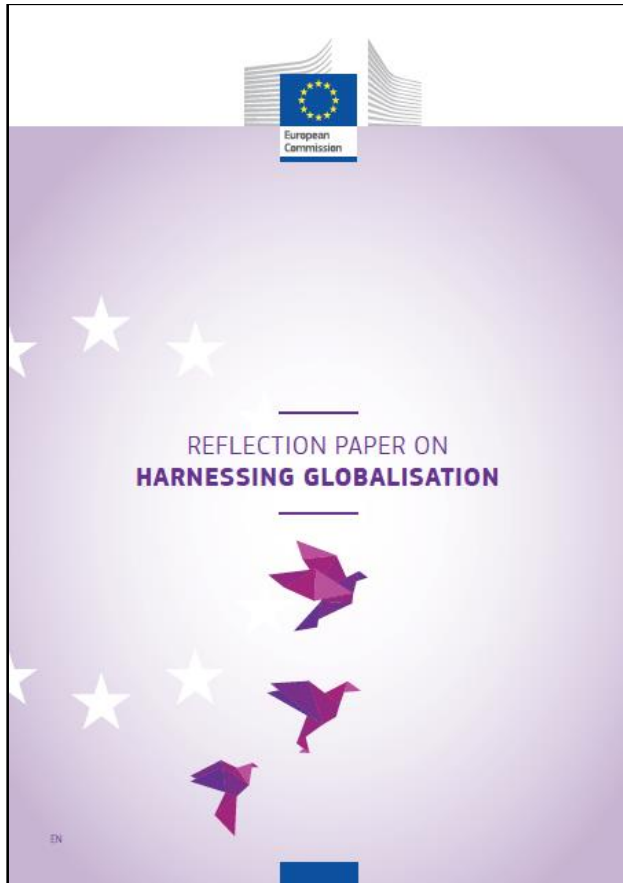
Investment needs under PO1:

- **R&I:** improve innovation performance and cooperation and networking of business and research;
- **SMEs:** bolster scale-up rates and provide a supportive entrepreneurial ecosystem;
- **Digitisation:** increase uptake of ICT in SMEs and use of digital government services overall;
- **Skills mismatch:** address technological change, industrial transition challenges and support internationalization opportunities.

A timely and just transition



Where does the discussion about transition come from?



Building resilience through better sharing of benefits and promoting of long term competitiveness

We need a vision for the future **to modernise our economy** by embracing digitalisation, technological and social innovation, decarbonisation and the circular economy.

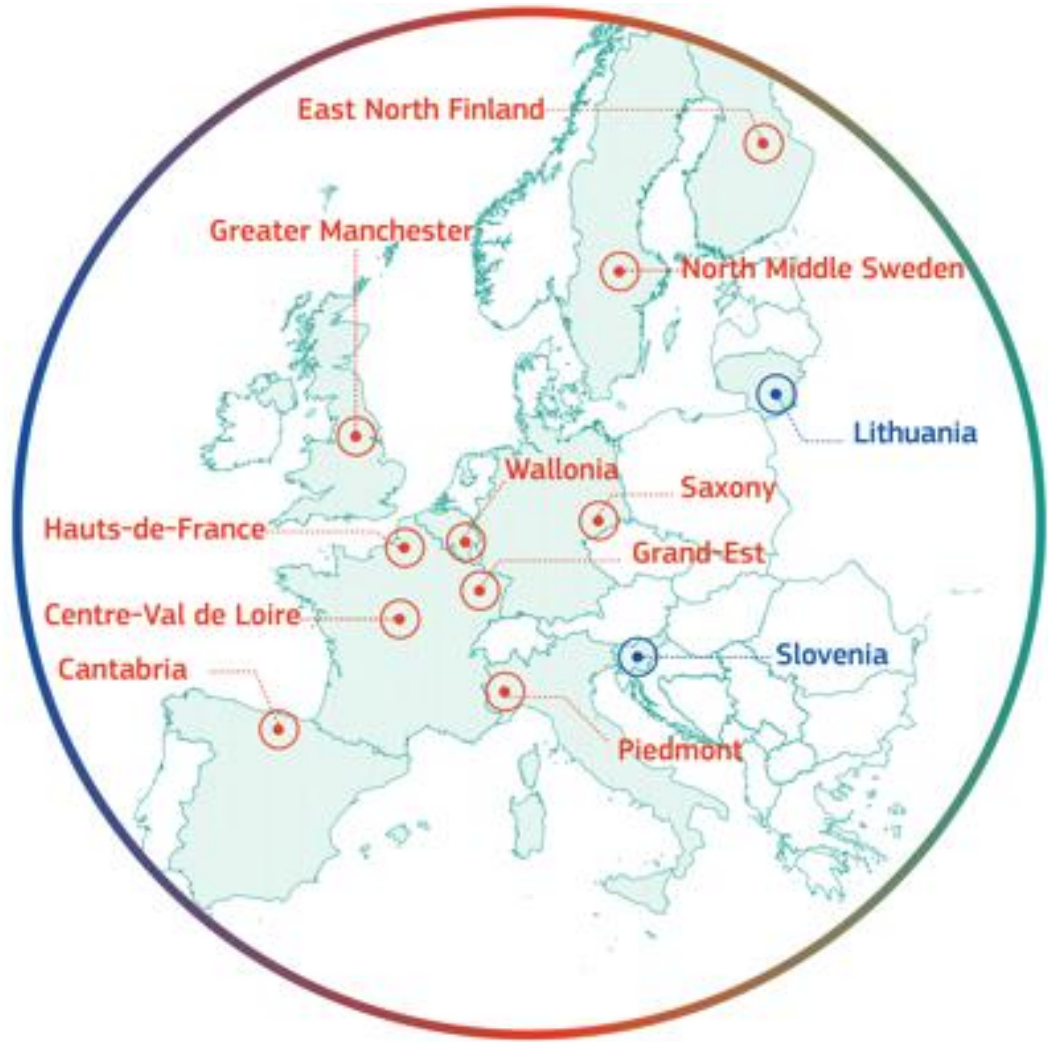
Fundamental economic, social and environmental **transformation happens at the local level**, where business, civil society, administrations and people interact

Testing new approaches



Development of a comprehensive strategy for economic transformation

- 10 regions & 2 countries
- Broad innovation and inclusive growth building on smart specialisation strategy
- Multi-sectoral focus
- automation, decarbonisation, emerging and **digital** technologies, skills and investment



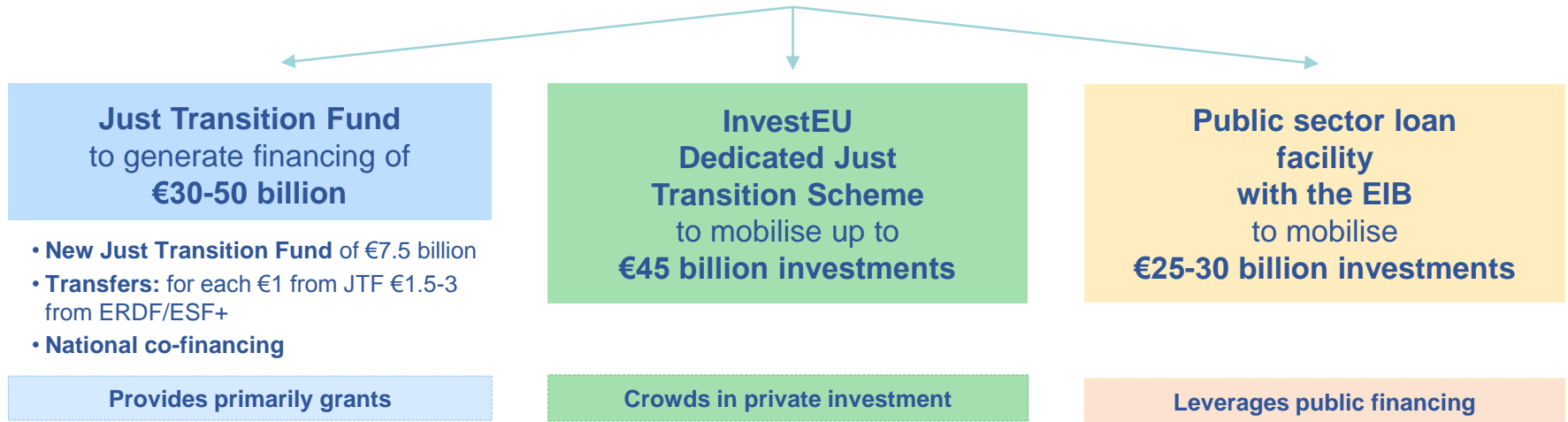
See: [Commission and OECD recommendations to help EU countries and regions achieve industrial transition](#)

All types of region are facing industrial transition challenges and have distinct needs

- **Key features of industrial transition**

- a heritage of traditional (often carbon-intensive) activity in industry and services (from extraction, to production, to distribution and logistics)
- a skills base in traditional occupations (but a lack of future-oriented skills)
- developed knowledge-generation and diffusion systems in established industries
- productivity and investment opportunities largely derived from traditional industry fields
- geographical concentration of problems
- lack of diversification opportunities

Just Transition Mechanism
at least EUR 100 billion investments
to support and finance regions most exposed
to transition challenges in all Member States



- Adoption of a territorial just transition plan enables access to all three pillars of JTM
- Investments under pillars two and three of JTM shall benefit territories identified in the territorial transition plans adopted by COM – without being necessarily located in these territories
- Pillars two and three of JTM have a wider thematic scope than JTF

Just Transition Fund: type of operations

- Actions to support economic diversification, and the modernization of declining or transforming sectors:
 - closure plans,
 - promotion of activities leading to new employment opportunities,
 - consultancy and advisory support for transformation and reconversion of activities;
 - promotion of new technologies (in particular low-carbon technologies to develop and implement carbon neutral production)
 - support to economic activation : start-ups, productive investments in SMEs...;
- Actions for reskilling in transforming sectors and support for new business start-ups among affected workers
- Decontamination and rehabilitation of brownfield sites and surrounding areas (in compliance with polluter pays principle):
 - development of a post-mining sites management system;
 - reconversion of ex-mining areas

Just Transition Mechanism allocation (EUR million)

	<u>Proposed</u> JTF allocation (2018 prices)	Total estimated funding under Pillar 1* (2018 prices)	Estimated expected investments to be mobilized under Pillar 1, 2 and 3** (current prices)
BE	68	311	989
BG	458	1.710	6.205
CZ	581	2.074	7.761
DK	35	217	569
DE	877	4.614	13.387
EE	125	569	1.811
IE	30	187	490
EL	294	1.049	3.923
ES	307	1.397	4.445
FR	402	1.825	5.807
HR	66	235	879
IT	364	1.301	4.868
CY	36	163	518
LV	68	242	906
LT	97	345	1.292
LU	4	23	59
HU	92	330	1.234
MT	8	37	119
NL	220	1.045	3.174
AT	53	331	867
PL	2.000	7.692	27.344
PT	79	283	1.058
RO	757	2.704	10.116
SI	92	327	1.223
SK	162	580	2.170
FI	165	749	2.383
SE	61	380	995
Total	7.500	30.719	104.589

* including the national contribution required under the cohesion policy as well as a minimum transfer of 1.5 EUR from the European Regional Development Fund and/or the Social Fund+ for every 1 EUR drawn from the JTF.

** reflects total minimum funding JTF and expected investment to be mobilised in Pillar 1, 2 and 3 in nominal prices. The split by Member State is an indicative estimate.

Investments in cities under PO1 – legislative framework

- At least **6% of the ERDF resources** at national level shall be allocated to **sustainable urban development**.
- Where PO1 included in 6% SUD: **investments have to be in line with relevant smart specialisation strategy**.
- Possible tools: ITI
- Partnership principle (art. 6 CPR) - coordination during development and implementation of the operational programmes, ITIs, and smart specialisation strategy

One Stop Shop for Cities - Europa web-portal

- ✓ A smart city is a place where traditional networks and services are made **more efficient with use of digital and telecommunication technologies** for the benefit of its inhabitants and business.
- ✓ A smart city goes **beyond the use of ICT** for better resource use and less emissions.
- ✓ It means **smarter transport and energy networks, upgraded water supply and waste disposal facilities**, and more **efficient ways to light and heat buildings**.
- ✓ It also means a **more interactive and responsive city** administration, safer public spaces and meeting the needs of ageing population.

Smart Cities – place based transformation

- Link to smart specialization – Direct support of local innovation economy, innovation clusters & the support of 21st century skills, in particular ICT professional skills
- Supporting sustainable urban development - Cross sectoral, integrated planning at city level and at functional regional level to support the development of smart urban solutions
- Consideration of digital infrastructure as key sector development and enabler (RDI facilities, broadband) and digital technologies (i.e. ICT & mobility, energy infrastructure, water & waste, health ...)

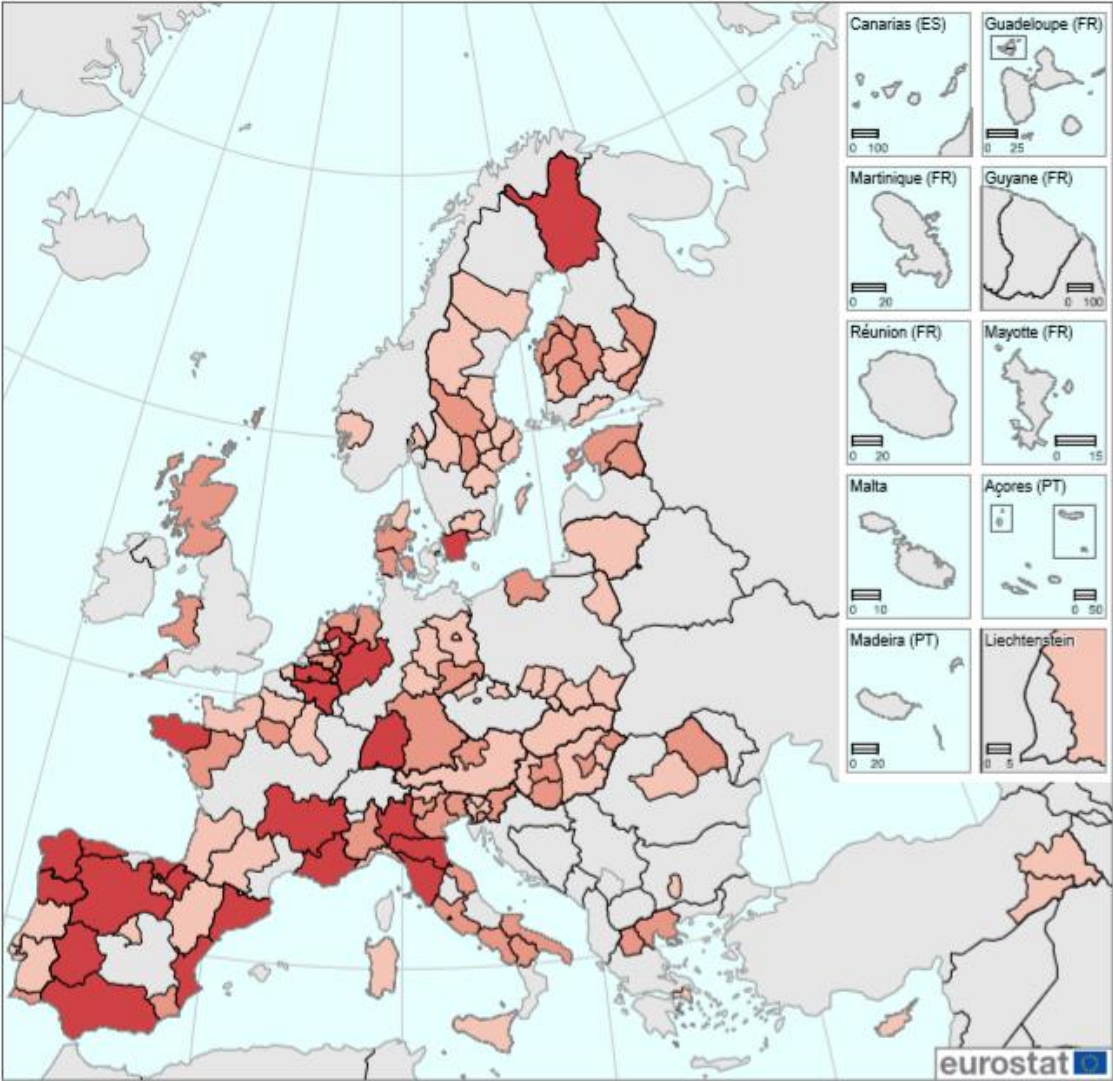
JASPERS is helping cities & regions prepare strategies and investments building on a place-based concept of smart cities with a view to achieving their goals as stated in their development plans as well as support concrete projects.

Investments in cities under PO1 – good practice examples

- **Smart Kalasatama (Helsinki, Finland):** model district for smart living, incorporates digital services, sensors and IoT in the infrastructure, testing of new kind of urban services (waste collection, traffic management, energy management, digital health services, flexible facilities for telework)
- **Climate Street (Cologne, Germany):** testbed for digital and smart solutions in historical city center (traffic and parking management)
- **DansMaRue (Paris, France), Make a suggestion (Stockholm, Sweden):** digital application for citizens to foster resident's participation in city's life and decision-making process
- **Circle City Scan (Amsterdam, Netherlands):** project developing a roadmap for the first circular city, identifying and testing areas where the city can make the most significant and tangible progress in realising a circular economy

All Thematic platforms

Regions are coloured according to their participation in partnerships



Thematic S3 Platforms

3 platforms, 1 goal

- **Joint EC initiative**
(DG REGIO, GROW, AGRI, ENER, JRC)
- **Bottom-up approach**
 - **> 100 regions** involved
 - **30 partnerships** under the 3 platforms
- Using S3 as a coordination principle in strategic EU priority domains
- Alignment of regional S3
- **Creation of interregional value chains → investment projects**
- Alignment of strategic investments (public/ private)

S3P Industrial modernisation - 20 partnerships



**Advanced
manufacturing**



Non-food Biomass



**Efficient and
Sustainable
Manufacturing**

S3P Agri-food - 5 partnerships



High Tech Farming



Traceability & Big Data



**Consumer Involvement
in Agri-Food**

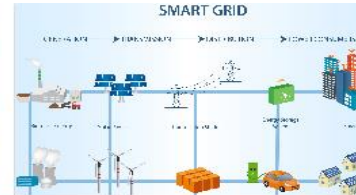
S3P Energy – 5 partnerships



Bioenergy



**Marine Renewable
Energy**



Smart Grids

Moving from networking to investment

Support from S3Platform and
external experts

Challenge to accelerate the work done within the thematic platforms.

The focus will be on projects on **higher TRLs** (>5/6 TRL).

Learn

Connect

Demonstrate

Commercialise

Scale-up

Interregional cooperation pilots



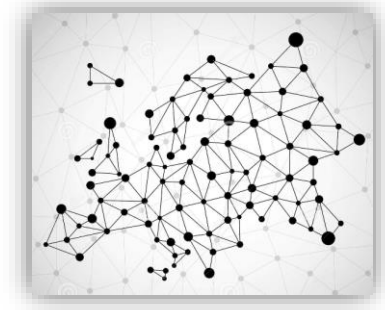
Test new ways to:

- **Commercialize and scale-up interregional innovation projects that can create or reshape European value chains**
- **Attract private investment for promising innovation projects**
- **Explore and strengthen synergies between different EU instruments (ESI funds, the Investment Plan, Horizon 2020, COSME)**

THEMATIC AREA	COORDINATED BY	LEAD REGIONS	PARTICIPATING REGIONS
 3Dprinting	Thematic Smart Specialisation Platform for Industrial modernisation	Flanders (BE), Noord-Brabant (NL), Norte (PT)	Emilia-Romagna (IT), Wallonia (BE), Lombardy (IT), Aragon (ES), Saxony (DE)
 Bio-economy	Thematic Smart Specialisation Platform for Industrial modernisation	Flanders (BE)	Wallonia (BE), Lower-Austria (AT), North Rhine-Westphalia (DE), Emilia-Romagna (IT), Navarra (ES), Noord-Brabant (NL), Helsinki-Uusimaa (FI), Łódzkie (PL)
 Cybersecurity	New thematic area	Brittany (FR)	Estonia, North Rhine Westphalia (DE), Central Finland (FI), Castilla y Leon (ES)
 De- & re-manufacturing for circular economy	Thematic Smart Specialisation Platform for Industrial modernisation	Lombardy (IT)	Tampere (FI), Norte (PT), Scotland (UK), Saxony (DE), Basque Country (ES), Flanders (BE), Emilia Romagna (IT)
 High-tech farming	Thematic Smart Specialisation Platform for Agri-food	Tuscany (IT)	Estonia, Flanders (BE), Weser-Ems (DE), Central Macedonia (EL), West Macedonia (EL), Galicia (ES), Extremadura (ES), South Ostrobothnia (FI), Pays De la Loire (FR), Marche (IT), Veneto (IT), Emilia-Romagna (IT), North-East Romania (RO), East Central Sweden (SE), Northern Netherlands (NL), Gelderland (NL), Noord-Holland (NL), Zuid-Holland (NL), North-Brabant (NL), Limburg (BE), Northern Ireland (UK), Centro (PT)
 Marine renewable energy	Thematic Smart Specialisation Platform for Energy	Basque Country (ES) & Scotland (UK)	Asturias (ES), Andalucía (ES), Navarra (ES), Norte (PT), Flanders (BE), Emilia Romagna (IT), Lombardy (IT), South Denmark (DK), Skåne (SE), Dalarna (SE), Ostrobothnia (FI), Brittany (FR), Cornwall (UK), Sogn og Fjordane (NO)
 Sustainable buildings	Thematic Smart Specialisation Platform for Energy	Andalucía (ES)	Friuli Venezia Giulia Region (IT), Central Slovenia (SI), South Karelia (FI), Provence-Alpes-Côte-d'Azur (FR), Algarve (PT)
 Traceability and big data in agri-food	Thematic Smart Specialisation Platform for Agri-food	Andalucía (ES), Emilia-Romagna (IT)	Pays de la Loire (FR), Friuli Venezia Giulia (IT), Aragon (ES), Extremadura (ES), Pazardzhik (BG), South Ostrobothnia Region (FI), South Savo (FI)

Interregional innovation investments

‘Component 5’ → built on the results of the Pilot action



WHAT

Interregional innovation investments through the commercialisation and scaling up of interregional innovation projects having the potential to encourage the development of European value chains (component 5) (ETC Art 3.5)

HOW MUCH

11.5 % of ETC Resources (i.e. a total of EUR 970m) for interregional innovation investments (component 5) (ETC Art. 9.2)

HOW

It shall be implemented under direct or indirect management. (ETC Art 16.1)

FOR WHOM

At the initiative of the Commission, the ERDF may support interregional innovation investments, as set out in point 5 of Article 3, bringing together researchers, businesses, civil society and public administrations involved in smart specialisation strategies established at national or regional levels (ETC Art 61)

Interregional Innovation Investments

Component 5: next steps

Consultation process:
Launch work with broad consultation on priorities

A dedicated **EXPERT GROUP** will be established

The group would be composed of a mix of representatives from Member States/regions, other EU institutions, relevant stakeholders and representatives of academia.

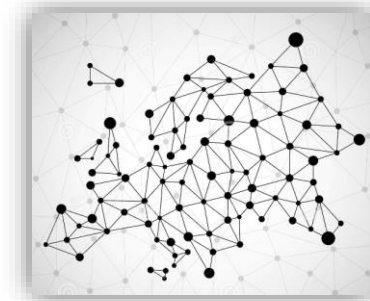
MISSION: to support the Commission in defining a

long-term work programme and

calls matching EU priorities with S3 strategies.

Interregional innovation investments

‘Component 5’ → Support



Strand 1 - Financial and advisory support for investments in interregional innovation projects

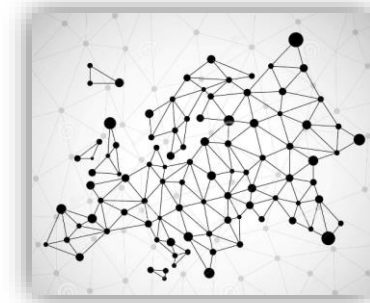
- Supporting partnerships to **develop, connect or make complementary use** of testing and demonstration facilities to **accelerate market uptake and scale up of innovation solutions** in shared smart specialisation priority areas.
- Managed through **support to the development of a portfolio** of projects by selected partnerships.

Strand 2 - Financial and advisory support to the development of value chains in less developed regions

- **Increasing the capacity** of regional **innovation eco-systems** in less developed regions to participate in global value chains as well as the capacity to **participate in partnerships** with other regions.
 - Strong cohesion dimension **creating linkages** between less developed regions with those in lead regions.
 - Focus both on foreign direct investment-driven value chains and other emerging sectors.
- + learning activities, evaluation and capitalisation

Interregional innovation investments

‘Component 5’ → Support → Strand 2

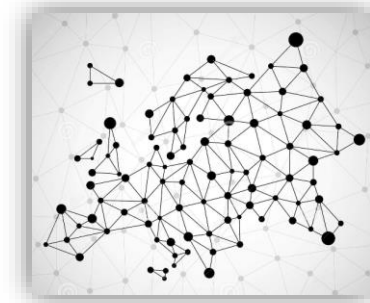


Building preconditions for successful international or interregional collaboration → comprehensive support from Strand 2

- Reinforcing region's **position in global value chains**
- **Strengthening of capacities and opportunities** to integrate local actors in value chains of multinational companies (triple helix approach – SMEs, research institutions, public administration)
- **Building an innovation ecosystem** which promotes collaboration inside and outside the region by:
 - matching business sector with research capacities across borders,
 - capturing value in GVCs,
 - creating conditions for innovation diffusion and
 - internationalising regional and country value chains
- Concrete project implementation to build experience in GVC participation

Interregional innovation investments

‘Component 5’ → Support → Strand 2 Concrete tools



Analytical support

- Analysis of potential growth markets domestically and abroad within value chains
- Benchmarking value chain linkages against other EU countries
- Mapping of innovation support system, intermediaries and policy mix

Capacity building

- Prospection visits in clusters or companies in other regions/MS
- Research infrastructure visits for companies
- Twinning projects including the business sector
- Erasmus for cluster and innovation managers
- Vouchers for SMEs to use foreign research facilities
- Targeted training

Project implementation

- Bilateral interregional projects in S3 thematic areas involving triple helix partners
- Strengthening access to “innovation leaders”
- Collaborative research projects between MNEs and local SMEs

Opportunity to provide inputs for the definition of thematic priorities for Component 5



Save the date
Milan, 4-5 March 2020

**Steering Committee meeting of the
S3 Industrial Modernisation Platform**

Coordination, demarcation and complementarities between the Funds and other Union instruments

Strategic level:

- **European Semester 2019 Country reports Annex D & "Partnership Agreements**
- **Complementarity** of ERDF with Horizon Europe, Digital Europe, Single Market Programme, etc.
- **Enabling conditions:** Smart Specialisation Strategies

Financial level:

1. **Sequential funding:** draw on results of previous EU funding for new projects (e.g. via "Innovation Radar": www.innoradar.eu for H2020, DIHs previously ERDF funded ...)
2. **Alternative funding: Seal of Excellence** under ERDF rules with less red tape and more possibility to align ERDF funding to conditions of directly managed programme ; **13 programmes foresee issuing SoE**
3. **Voluntary transfers** of up to 5% to directly / indirectly managed EU funds; no “money-back-guarantee” if not spent in MS; all CPR Funds and 10 directly managed programmes are open to receive transfers
4. **Cumulative funding:** Joint funding for projects, possibly on pro rata basis, with each part under own fund's rules: 14 programmes foresee cumulative funding

Management level:

- Managing Authorities may identify implementing bodies of other programmes (e.g. Horizon Europe co-fund / partnerships / JUs) as **intermediate bodies for implementing cumulative or alternative funding under ERDF rules.** (Art. 65(3 & 5) CPR)

Questions and Answers

