EU Budget for the future
Clusters as a tool in S3 implementation

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#CohesionPolicy
#EUinmyRegion
Europe has world-class research and strong industries, but underperforms in turning excellence into success …

- **EU companies spend less on innovation** than their competitors
- **The EU is home to only 26 "Unicorn start-ups"** (start-ups valued at over $1 billion) compared to 109 in the US and 59 in China
- **The overall amount of venture capital and the average size of funds in Europe** is too small to allow our start-ups to become big companies
- **Research & Development intensity is still uneven among EU regions**
- **40% of the workforce in Europe needs digital upskilling**
... and significant disparities in innovation capacities and cluster organisation....
... as well as diverging productivity dynamics at EU level...
... which means that excellence based research policy needs to be complemented by placed-based innovation policies.
Smart Specialisation 1.0 - 2014-2020

- Place-based transformation embedded in local economy
- Dynamic entrepreneurial discovery process uniting key stakeholders around shared vision
- Evidence-based
- Mobilisation across different departments and governance levels – triple/quadruple helix
- Concentration of resources on priorities

Integrated into Cohesion Policy (2014-2020) as ex-ante conditionality:
- EUR 40 billion from ERDF to finance R&I projects (EUR 65 billion including co-financing)
- Over 120 smart specialisation strategies supported by the S3-Platform

It helped regions and MS in:
- developing a strategic approach to innovation
- prioritising R&I investments
- breaking down silos
Future Challenges: Improving effectiveness

Strengthening innovation in Europe's regions

Four challenges for boosting innovation-led growth

- Reforms of R&I Systems
- Innovation investments across regions
- Less-developed and industrial transition regions
- Synergies and complementarities between EU policies and instruments


Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth

{SWD(2017) 264 final}
Cohesion Policy Post 2020

Modern
- Focus on smart, low carbon
- Enabling conditions, link to Semester

Simple & flexible
- 50% shorter regulations
- 50 key simplifications
- Adapts to emerging needs (migration, economy)

For all regions
- Objective method
- 75% for poorest regions
- Present for emerging needs elsewhere
PO1 Smart Growth specific objectives

In accordance with the policy objectives, the ERDF shall support the specific objectives of "a smarter Europe by promoting innovative and smart economic transformation" by:

1. Enhancing research and innovation capacities and the uptake of advanced technologies;
2. Reaping the benefits of digitisation for citizens, companies and governments;
3. Enhancing growth and competitiveness of SMEs;
4. Developing skills for smart specialisation, industrial transition and entrepreneurship;
Scope of support from the ERDF

The ERDF shall support:

a) investments in infrastructure;

b) investments in access to services;

c) productive investments in SMEs;

d) equipment, software and intangible assets;

e) information, communication, studies, networking, cooperation, exchange of experience and activities involving clusters;

f) technical assistance.

In addition, the ERDF shall also support:

• productive investments in enterprises other than SMEs when they involve cooperation with SMEs research and innovation capacities and the uptake of advanced technologies under PO1 Smart Growth (a) (i)

• **training, life-long learning and education activities under PO1 (a) (iv);**

• sharing of facilities and of human resources, soft investments and other activities linked to PO 4 under the European Social Fund Plus, under the European territorial cooperation goal (Interreg).
Enabling condition for smart specialisation

Fulfilment criteria for the enabling condition

Smart specialisation strategy(ies) shall be supported by:
1. Up-to-date analysis of bottlenecks for innovation diffusion, including digitalisation
2. Existence of competent regional / national institution or body, responsible for the management of the smart specialisation strategy
3. Monitoring and evaluation tools to measure performance towards the objectives of the strategy
4. Effective functioning of entrepreneurial discovery process
5. Actions necessary to improve national or regional research and innovation systems
6. Actions to manage industrial transition
7. Measures for international collaboration
Interregional innovation investments

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)
Thematic S3 Platforms

3 platforms, 1 goal

- Joint EC initiative
  (DG REGIO, GROW, AGRI, ENER, JRC)

- Bottom-up approach
  - > 100 regions involved
  - 29 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)
Moving from networking to investment

Challenge to *accelerate the work done within the thematic platforms*. The focus will be on projects on higher TRLs (>5/6 TRL).
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)
**Interregional innovation investments**

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

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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
Conclusions

• Clusters will continue to play a central role in the implementation of S3
• Need for adaptation to new framework, part of reinforced governance
• Reinforced role of EDP as an ongoing process
• Need to increase cross-sectoral cooperation as part of adaptation to technological change
• Important potential role in interregional cooperation, both at sector and macro-regional level.
Thank you!