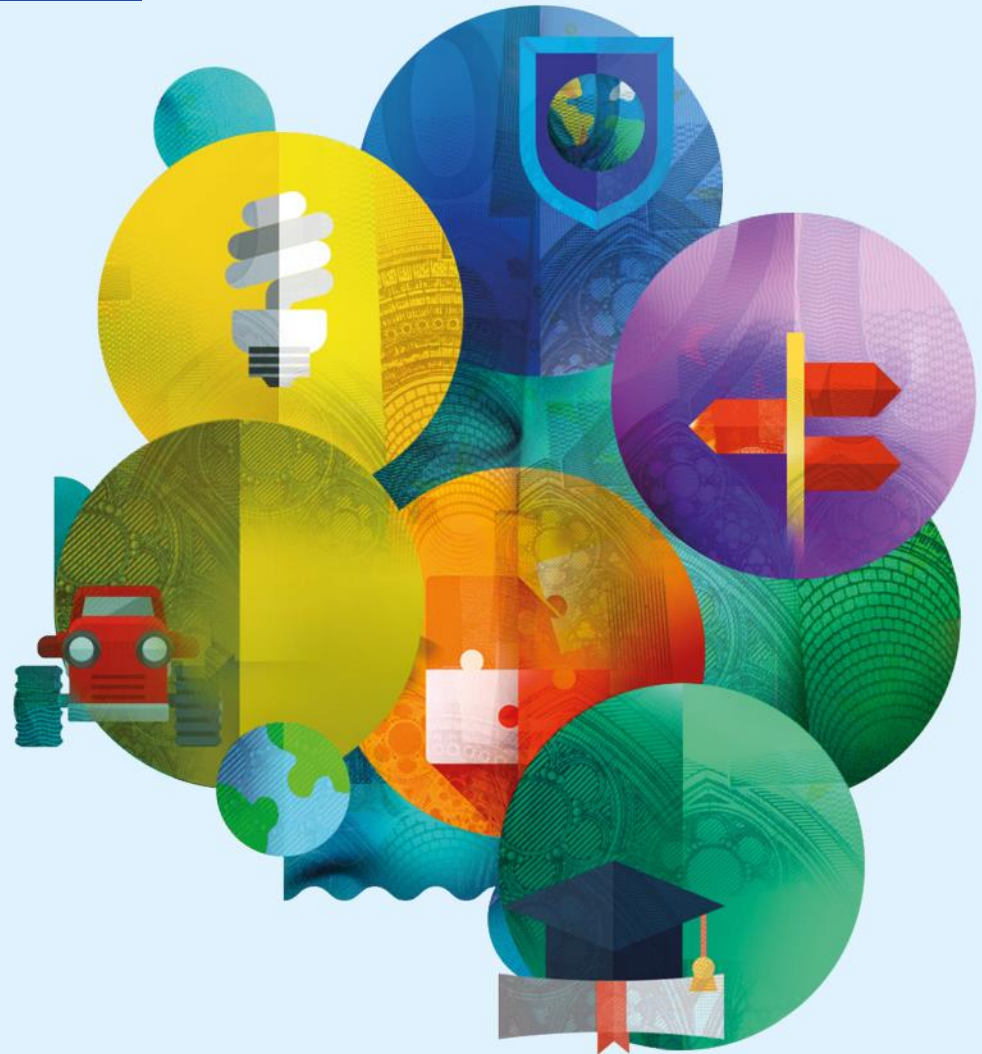European Commission

Cohesion Policy and Smart Specialisation in the EU
Achievements, Challenges, Perspectives

**DG Regional and Urban Policy**

#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**

Number of Unicorn start-ups
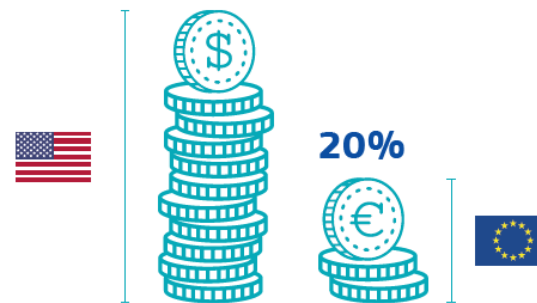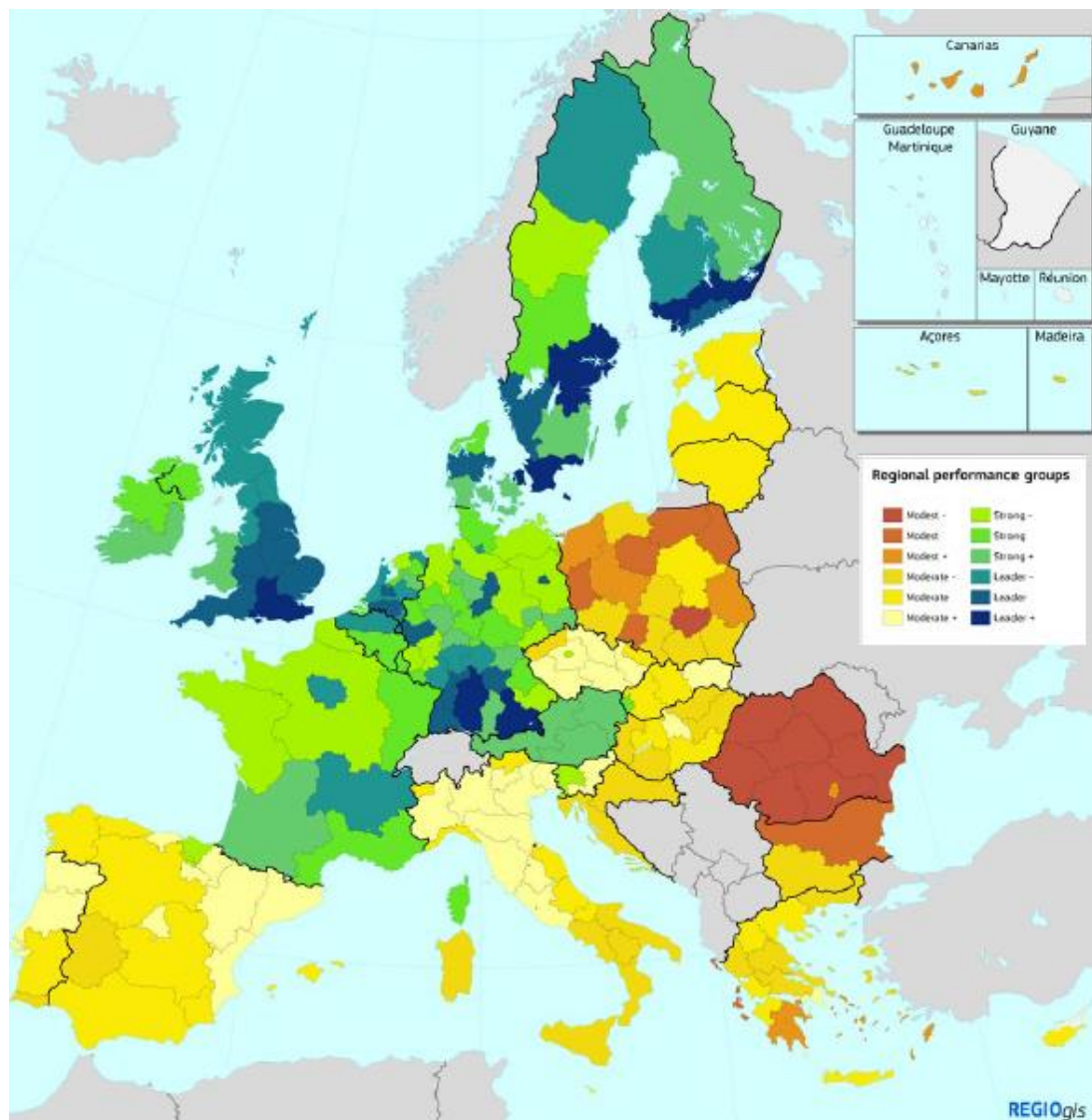
109

59

26
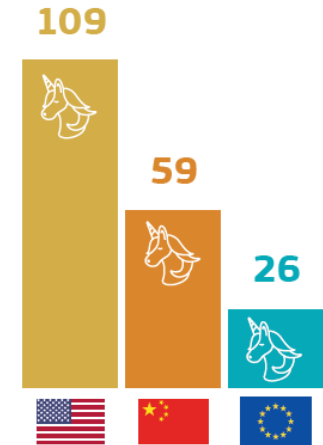
Business R&D investment
in % of GDP

1.3%   2%   2.6%   3.3%

Venture capital

20%
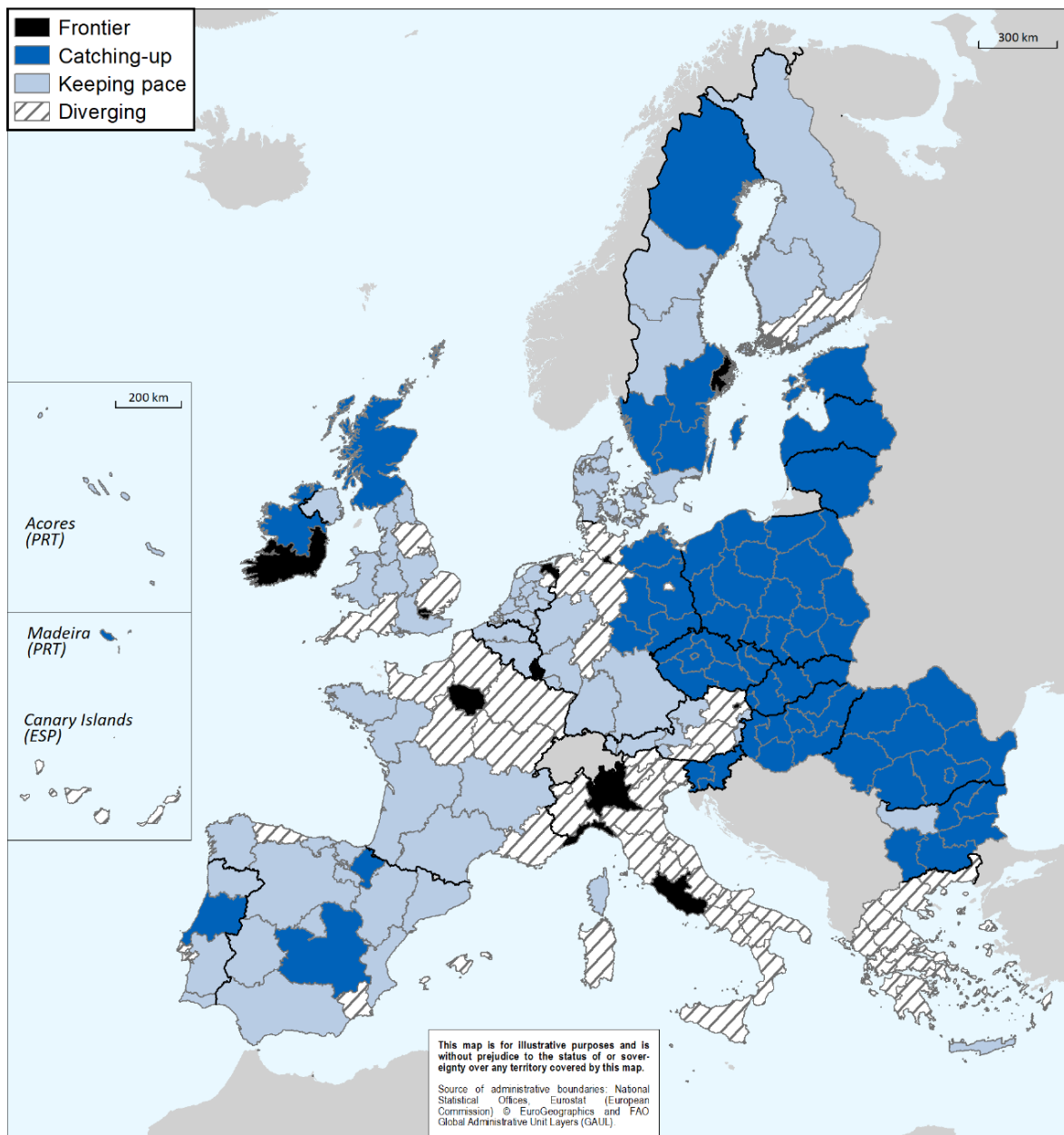
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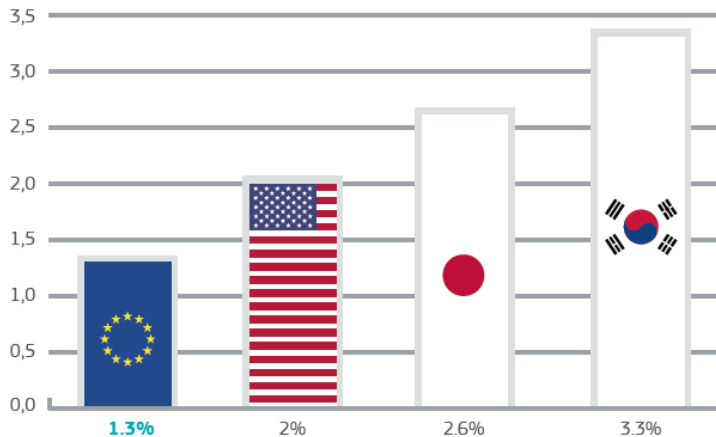
… with significant disparities in innovation capacities ….

Regional **Innovation** Scoreboard 2017

… as well as diverging productivity dynamics at EU level…

Legend:
- Frontier
- Catching-up
- Keeping pace
- Diverging

Notes: Frontier region is defined at European level as the aggregation of regions with the highest productivity (GDP per worker) among 25 EU countries and representing 10% of total employment in the EU. Catching-up/diverging regions grew by at least 5 percentage points more/less than the European frontier over the 2000-16 period. Keeping pace regions fall in between. 13 out of 200 regions compose the EU frontier: Burgenland, Vienna (Austria), Brussels region (Belgium), Île-de-France (France), Hamburg (Germany), Southern and Eastern (Ireland), Lazio, Liguria, Lombardy (Italy), Groningen (Netherlands), Stockholm (Sweden), Greater London (United Kingdom), Luxembourg.

Source: OECD Regional Statistics [Database].

COUNCIL CONCLUSIONS ON AN EU INDUSTRIAL POLICY STRATEGY: A VISION FOR 2030, May 2019

"STRESSES the importance of strong European industrial value chains in a global context;"

"EMPHASISES the importance of developing pan-European integrated industrial projects;"

"ENCOURAGES Member States to incentivise national, regional and local efforts towards such purposes;"

We started to address these issue by smart specialisation under regional policy in the 2014-2020 period

- 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

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2014-20 has been a period to put smart specialisation strategies in place

... and will be further developed for 2021-2027
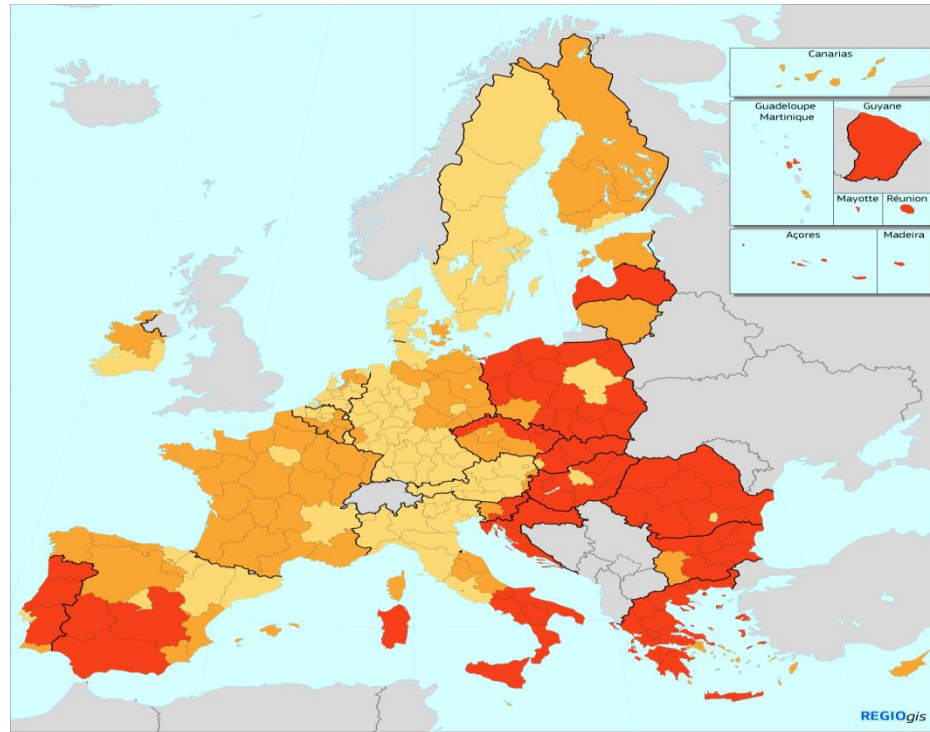
GDP/head (PPS) by NUTS2 region, average 2014-2015-2016

Index, EU-27 = 100

- < 75% (less developed regions)
- 75% – 100% (transition regions)
- >= 100% (more developed regions)

0   500 km

© EuroGeographics Association for the administrative boundaries

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5 policy objectives

1. **A smarter Europe** (innovative & smart economic transformation)

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

3. **A more connected Europe** (mobility and ICT connectivity)

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

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

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

Enhancing **R&I** capacities + uptake of advanced technologies

Digitisation for citizens, companies and governments

Smart Specialisation Strategies

Developing **skills** for S3, industrial transition and entrepreneurship

Growth and competetitiveness of **SMEs**

start-up/scale-up

Interregional innovation investments

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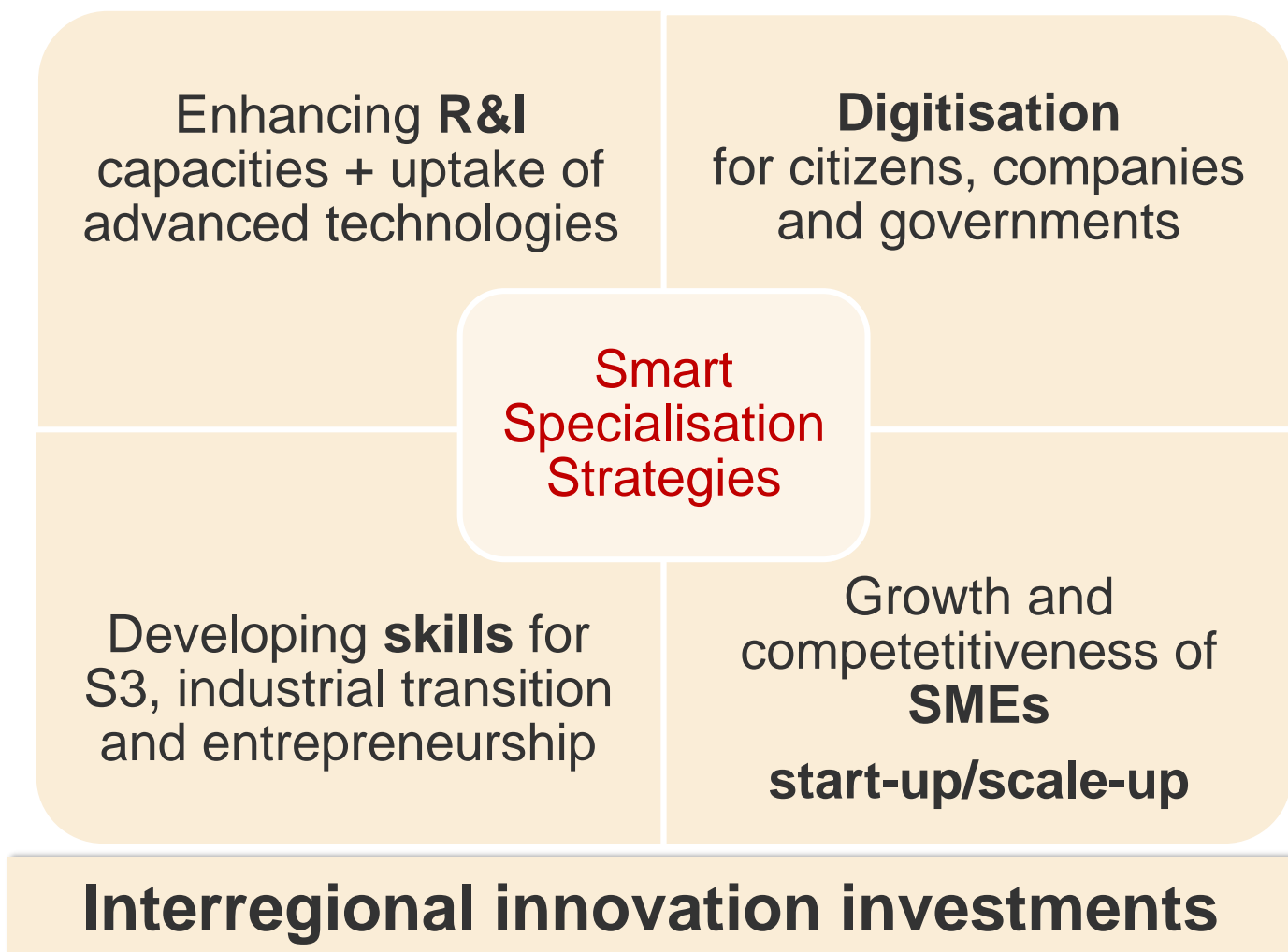
Scope of support from the ERDF

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);

Enabling condition for smart specialisation

Policy objective	Specific objective	Name of enabling condition
1. A smarter Europe by promoting innovative and smart economic transformation	ERDF: All specific objectives under this policy objectives	Good governance of national or regional smart specialisation strategy

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

Industrial transition pilot action

Address obstacles to growth in middle-income regions in industrial transition:

- 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

Broad innovation and inclusive growth building on smart specialisation strategy

- Technical assistance + grant

Pilot projects

BOOSTING INTERREGIONAL COOPERATION IN INNOVATION

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
3D	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), Andalucia (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 (N)
	Sustainable buildings	Thematic Smart Specialisation Platform for Energy	Andalucia (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	Andalucia (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

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)

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Conclusions

- Continue with smart specialisation in the new financial perspective and build on what has been developed by now

- Go beyond simply prioritising innovation investments towards a mechanism of economic transformation that serves broader economic, social and environmental goals

- Broaden the scope of smart specialisation strategies beyond R&I
    - Innovation, digitalisation of industry, SME competitiveness, skills

- Strengthen accent on complements to physical investment
    - Intangibles, software, IP, firm level skills

- Reinforce governance of smart specialisation
    - Accountable body, role of EDP as an ongoing process

- Accelerate innovation diffusion and increase cross-sectoral cooperation as part of adaptation to technological change

- Benefit from being in the EU through interregional innovation investments

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Thank you!

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