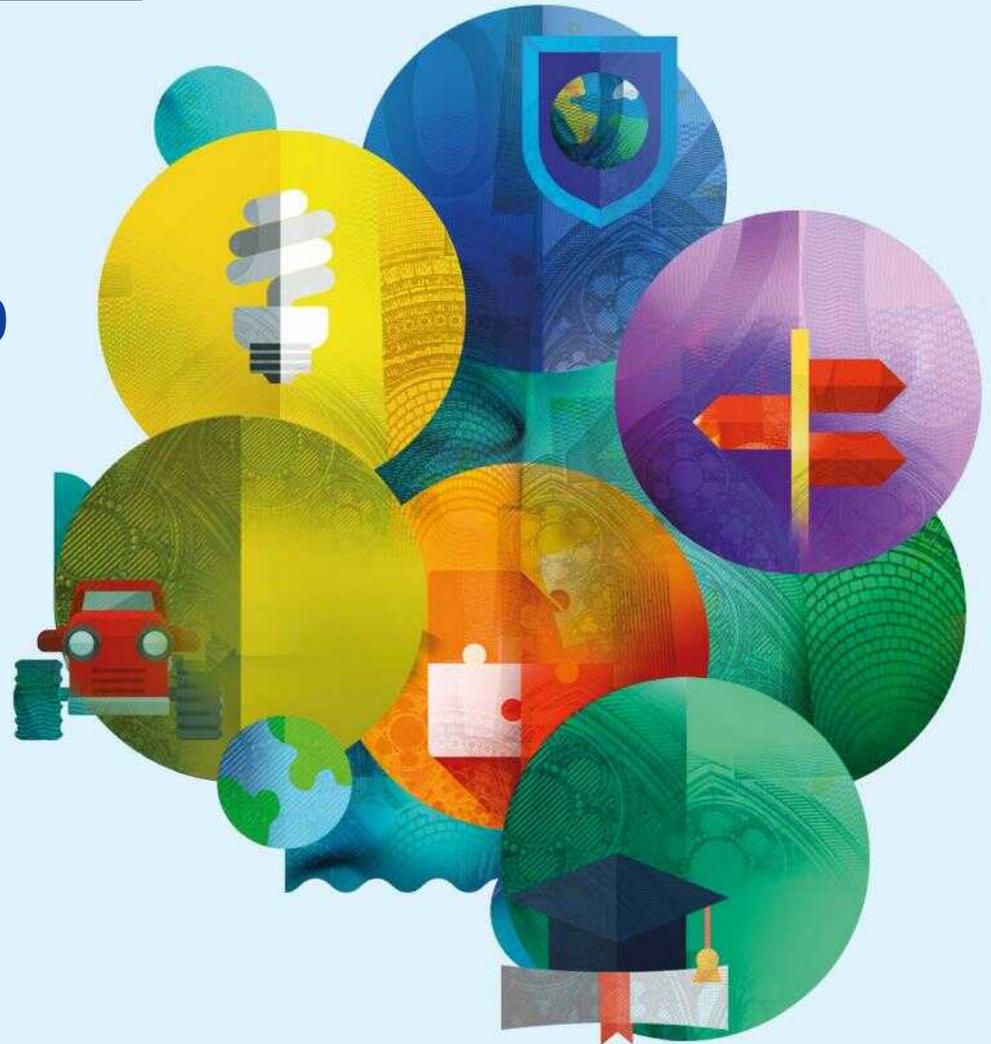


EU Budget for the future Smart Specialisation and Applied Research Post 2020

Peter Berkowitz
DG Regional and Urban Policy
Espoo, 20 March 2019

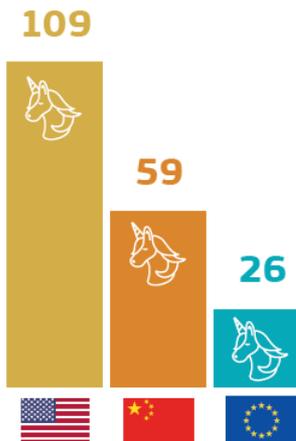


#CohesionPolicy
#EUinmyRegion

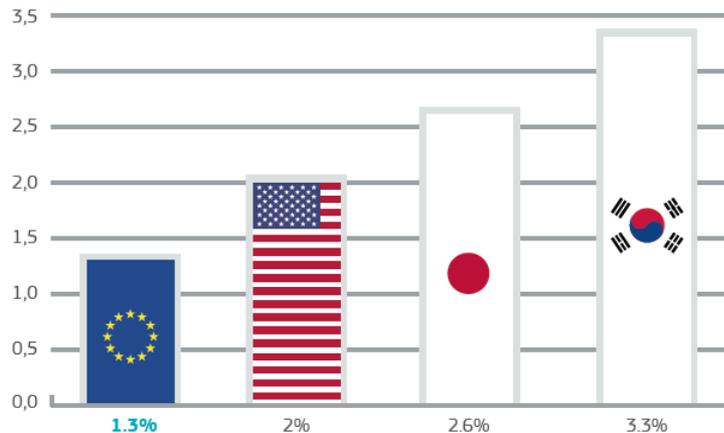
Europe has world-class research and strong industries, but underperforms in turning excellence into success ...

- **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**

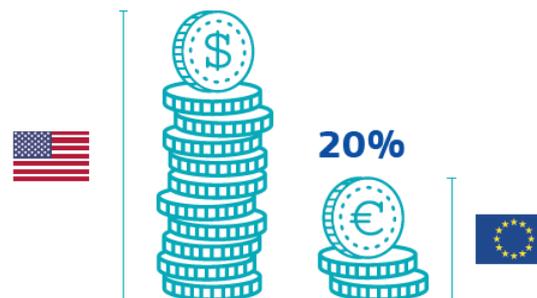
Number of Unicorn start-ups



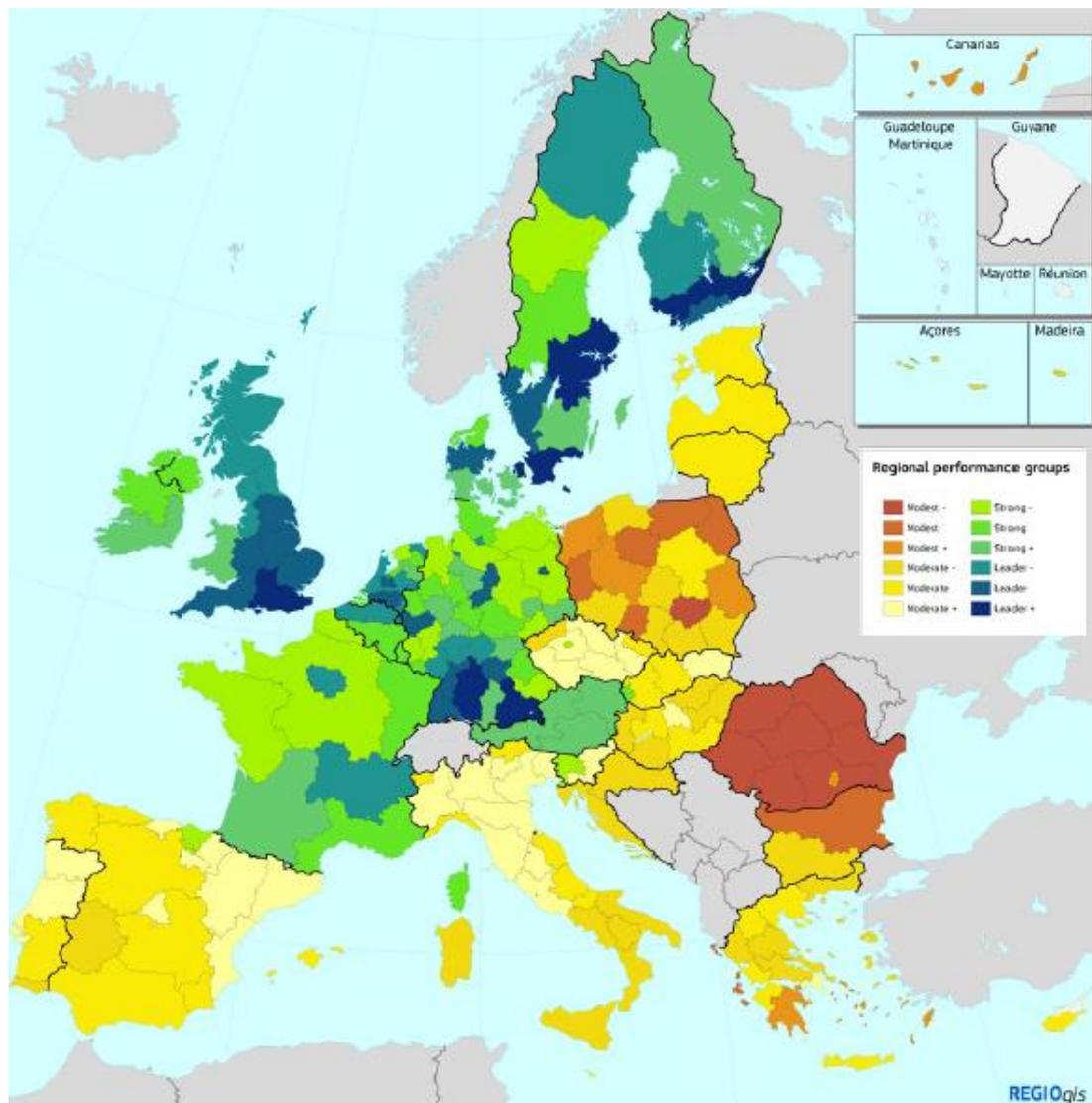
Business R&D investment in % of GDP



Venture capital



... with significant disparities in innovation capacities

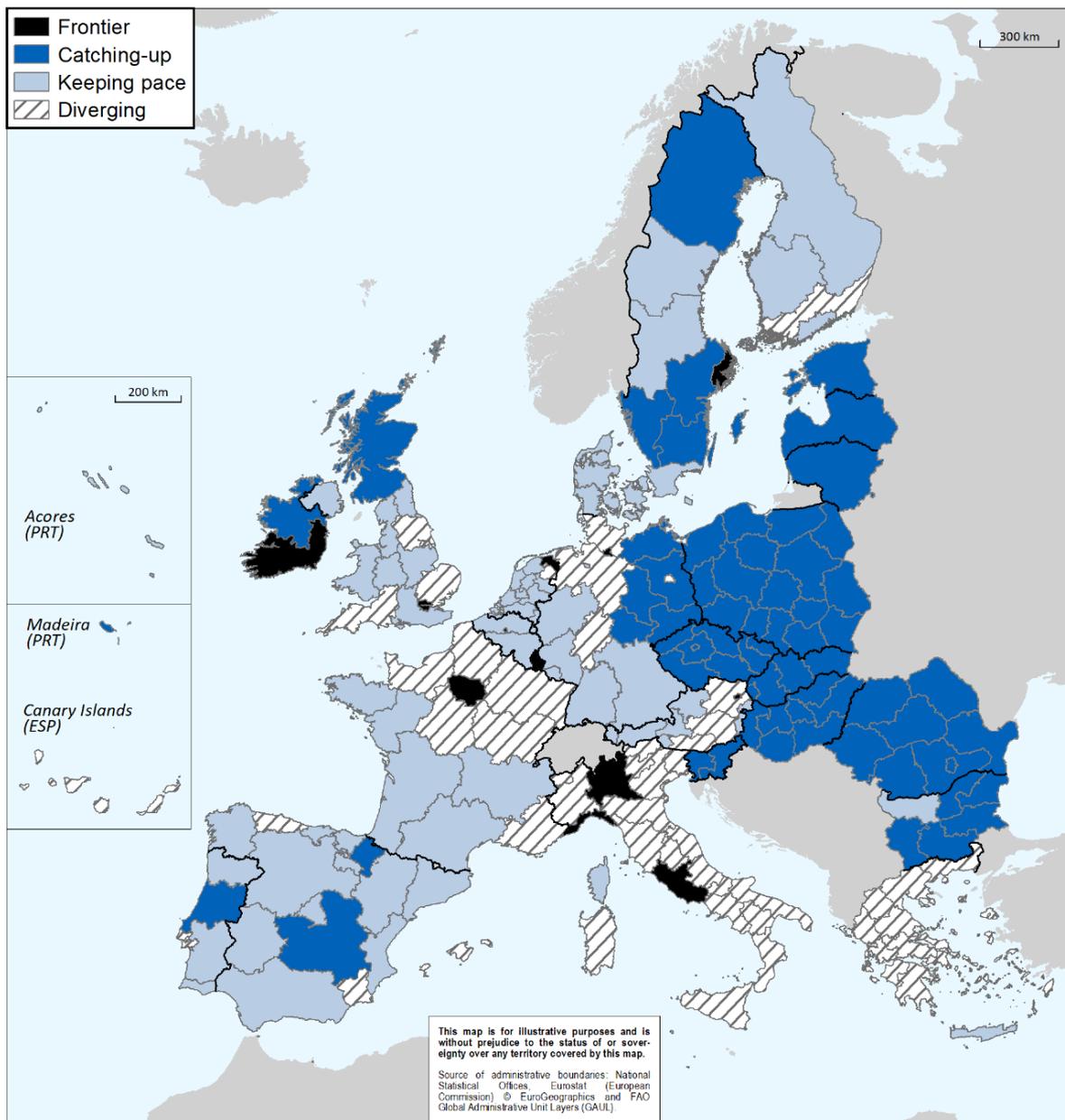


Regional **Innovation** Scoreboard 2017



European
Commission

... as well as diverging productivity dynamics at EU level...



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].

... which has been addressed 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

... but needs to be adapted post 2020 to strengthen links between applied research and firm performance

- Broadening the scope of smart specialisation strategies
 - Innovation, digitalisation of industry, SME competitiveness, skills
- Strengthening accent on complements to physical investment
 - Intangibles: software, IP, firm level skills
- Reinforcing governance of smart specialisation (enabling condition)
 - Focus on addressing bottlenecks to innovation diffusion (role of innovation intermediaries as well as enabling technologies)
 - Clearer roles and responsibilities
 - Ongoing process of identifying key areas for prioritisation (EDP)
 - Stronger links with improvement of national and regional R&I systems
 - Actions to manage industrial transition (dealing with industrial legacy and anticipating the industries of the future)
 - Measures to promote international collaboration
- Will roughly double the resources covered by smart specialisation

... while supporting the development of European value chains.

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)

Conclusions

- RTOs will continue to play a central role in the implementation of smart specialisation
- 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!