



SME competitiveness and RDI under the European Structural and Investment Funds: Getting prepared for 2014-20

**Erich Unterwurzacher, Director,
DG Regional and Urban Policy
Budapest, 7 November 2013**



Structure of the presentation

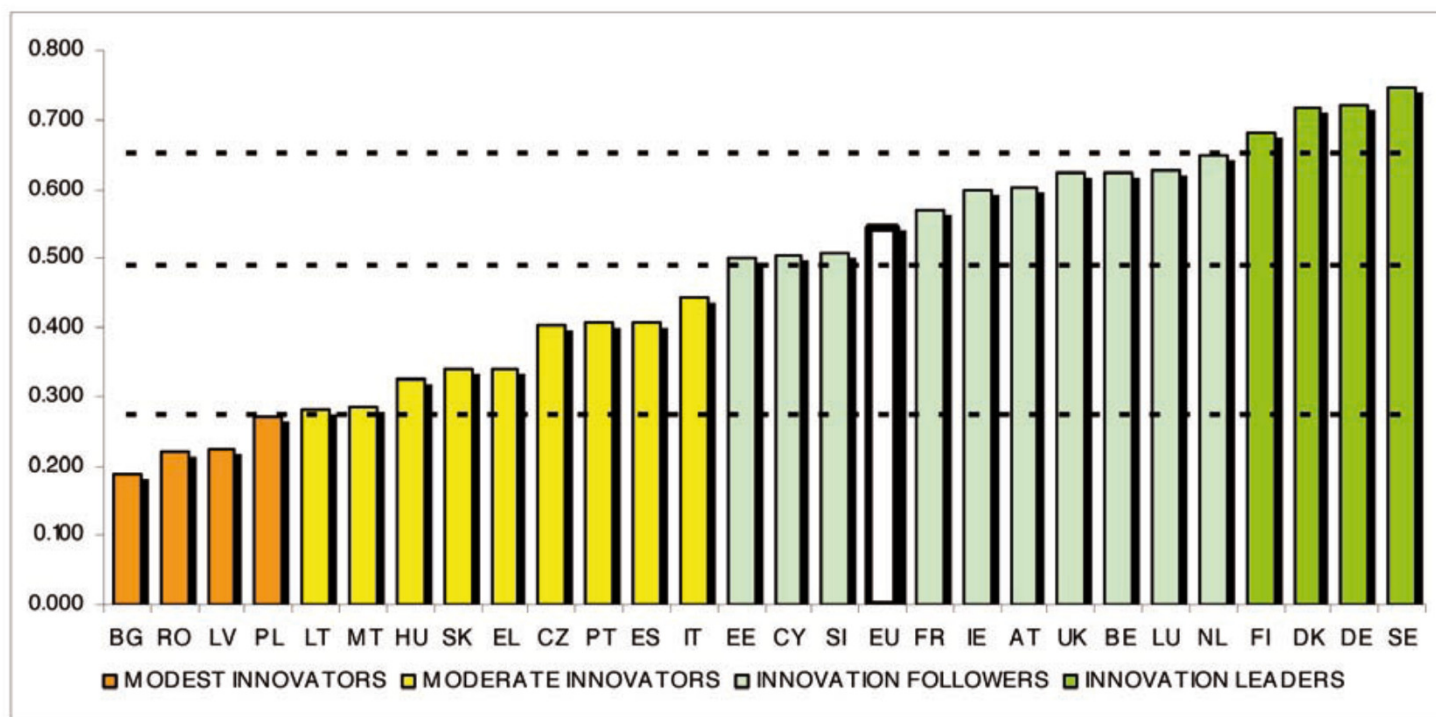
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Draft Regulations for 2014-2020: Commission proposals

- Comprehensive investment strategy: aligned with **Europe 2020** objectives, coherence with National Reform Programmes ... and with Country-specific Recommendations
- **Objectives and indicators** to measure progress towards Europe 2020 targets
- **Coordination**: cohesion policy, rural development, maritime & fisheries funds
- Promotion of the use of innovative **financial instruments** (scope extended to all areas of investment, more flexibility, clearer regulatory framework...)
- **Thematic concentration, thematic objectives, result orientation, ex-ante conditionalities...**

An example for the need to invest: the Innovation Union Scoreboard 2013



→ this illustrates the huge need to invest in innovation in less developed regions



Thematic concentration

- The policy's focus on SMEs and RDI is reflected in ***thematic concentration***, i.e. minimum shares for support through the European Regional Development Fund (ERDF)
- In the less developed regions, at least **50%** of the total ERDF resources at national level shall be allocated to two or more of the thematic objectives 1 (R&I), 2 (ICTs), 3 (SMEs) and 4 (low carbon)



Thematic objectives/Investment priorities

Thematic objectives 1-3

- Strengthening research, technological development and innovation (**RDI**)
- Enhancing access to, and use and quality of, information and communication technologies (**ICTs**)
- Enhancing the competitiveness of small and medium-sized enterprises (**SMEs**)

Investment priorities (example of RDI)

Strengthening research, technological development and innovation through:

- Enhancing R&I infrastructure and capacities to develop R&I excellence...
- Promoting business investment in innovation and research, and developing links and synergies between enterprises, R&D centres and higher education...through smart specialisation...

Result orientation

- Current programmes are often designed just to spend → impact of the policy difficult to demonstrate (vague objectives and indicators...)
- **Results** (what does a priority axis or investment priority want to change/achieve?) need to be captured with (result) **indicators**
- Performance framework, review and reserve: aim is to incentivize implementation as planned
- Building blocks of **performance framework**: (1) Milestones (intermediate targets) set to be achieved by the end of 2018 and (2) targets set to be achieved by 2023; (3) indicators (financial, output, result indicators)
- **Performance review**: examines the performance of the OPs at the level of priorities against the milestones set for the end of 2018
- **Performance reserve**: 7% of the resources allocated to the ERDF, ESF and Cohesion Fund (for performing priorities)

Ex-ante conditionalities

For RDI:

- National or regional **smart specialisation strategy (S3)**, based on a SWOT or similar analysis, outlining measures to stimulate private RTD investment, with a monitoring mechanism and a budgetary framework
- A multi-annual plan for budgeting and prioritization of investments for **R&I infrastructure** (→ ESFRI reference if suitable)

For SMEs:

- Specific actions have been carried out to underpin the promotion of **entrepreneurship** taking into account the Small Business Act (**SBA**) (→ time and cost to set up business, time to get licences and permits, SBA monitoring mechanism)



Negotiations of the Commission proposals with Council and European Parliament

- Negotiations on the **ERDF, CF, ETC and EGTC** Regulations were concluded before the summer 2013
- Negotiations of the **ESF** Regulation were concluded at the end of October 2013
- A preliminary agreement was reached on the **Common Provisions Regulation (CPR)** at the trilogue of 23 October
- With the negotiations closed, all the Regulations should normally be adopted by the EP at the EP Plenary session of 19 November and endorsed by the General Affairs Council on 16 December, allowing for the publication and entry into force of the 6 Regulations just before Christmas

Negotiations of PAs and OPs/EACs with the Member States: main challenges (1)

- Challenging to ensure **consistency** between the PA and the OPs, but even more so between the OPs and their underlying strategies (e.g. smart specialisation) → **timing** is crucial, but also the **feedback** mechanisms between those involved in drafting
- Evidence that in many Member States the strategies are more **delayed** than the OPs → problematic!
- In many cases, the S3 elaboration does not comply with the "philosophy" of the process or – if it does – should have started earlier, given the complexity of entrepreneurial discovery
- Major issues: **lack of stakeholder involvement; no real priority setting; lack of budget plan; governance unclear; no monitoring system/indicators**



Negotiations of PAs and OPs/EACs with the Member States: main challenges (2)

- **Demarcation** problems between ERDF, ESF, EAFRD → integrated approach entails need for coordination and "division of labour" between Funds; synergies must be exploited
- No real **concentration** visible → "Christmas tree"/"Gießkannenprinzip" prevails, since all Ministries/sectors want their share
- This applies in particular to **SME support**, where the planned measures are often too generic and not truly enhancing competitiveness, innovation, internationalisation...
- Too generous allocations foreseen for **tourism**...
- Limited scope for support to **capital city** regions (more developed) and **large enterprises**: not easy for many Member States to "digest" → absorption potentially huge, high RDI concentration...

Conclusions (1)

The 2014-20 "Competitiveness OPs" should:

- Increase **synergies** between the ERDF, ESF and EAFRD, but also between ESIF and other EU instruments (Horizon 2020, COSME...)
- Use **financial instruments** more strongly, better and in a more targeted way (based on gap analysis)
- Enhance **concentration** on a limited number of priorities (but also *within* priorities) and truly contribute to innovation, competitiveness, internationalisation...
- Use well-defined **specific objectives and indicators**, in line with the policy's results and performance orientation
- Effectively contribute to the **Europe 2020** agenda (CSRs...)



Conclusions (2)

- Be strongly based on and linked to carefully elaborated underlying **strategies** (e.g. smart specialisation)
- Promote **cooperation** (between SMEs, large firms, universities; in the context of the Danube Strategy...)
- Contribute to enhancing **territorial cohesion** and thereby the catching-up process of the most lagging regions
- Be based on more **transparent delivery** models



Thank you for your attention!

For more information

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