



2015/2278(INI)

19.1.2016

DRAFT REPORT

on Cohesion Policy and Research and Innovation Strategies for Smart
Specialisation (RIS3)
(2015/2278(INI))

Committee on Regional Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Cohesion Policy and Research and Innovation Strategies for Smart Specialisation (RIS3)

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The European Parliament,

- having regard to the Treaty on the Functioning of the European Union and in particular Articles 4, 162 and 174-178 thereof,
- having regard to Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (hereinafter ‘the Common Provisions Regulation’)¹,
- having regard to Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for Growth and Jobs goal and repealing Regulation (EC) No 1080/2006²,
- having regard to Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006³,
- having regard to Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal⁴,
- having regard to Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings⁵,
- having regard to Regulation (EU) No 1300/2013 of the European Parliament and of the Council of 17 December 2013 on the Cohesion Fund and repealing Council Regulation (EC) No 1084/2006⁶,

¹ OJ L 347, 20.12.2013, p. 320.

² OJ L 347, 20.12.2013, p. 289.

³ OJ L 347, 20.12.2013, p. 470.

⁴ OJ L 347, 20.12.2013, p. 259.

⁵ OJ L 347, 20.12.2013, p. 303.

⁶ OJ L 347, 20.12.2013, p. 281.

- having regard to Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005¹,
 - having regard to its resolution of 14 January 2014 on smart specialisation: networking excellence for a sound Cohesion Policy²,
 - having regard to its resolution of 9 September 2015 on Investment for jobs and growth: promoting economic, social and territorial cohesion in the Union³,
 - having regard to the communication from the Commission of 10 June 2014 entitled ‘Research and innovation as sources of renewed growth’ (COM(2014)0339),
 - having regard to the Commission’s sixth report on economic, social and territorial cohesion entitled ‘Investment for jobs and growth’ of 23 July 2014,
 - having regard to the communication from the Commission of 26 November 2014 entitled ‘An Investment Plan for Europe’ (COM(2014)0903),
 - having regard to the guide from the Commission of 2014, entitled ‘Enabling synergies between European Structural and Investment Funds, Horizon 2020 and other research, innovation and competitiveness-related Union programmes’,
 - having regard to the communication from the Commission of 6 October 2010 entitled ‘Regional Policy contributing to smart growth in Europe 2020’ (COM(2010)0553),
 - having regard to the opinion from the Committee of the Regions of 27 July 2012 entitled ‘Active ageing: innovation smart health – better lives’ (2012/C 225/05),
 - having regard to the opinion from the Committee of the Regions of 30 July 2013 entitled ‘Closing the Innovation Divide’ (2013/C 218/03),
 - having regard to the opinion from the Committee of the Regions of 20 November 2014 entitled ‘Measures to support the creation of high-tech start-up ecosystems’ (2014/C 415/02),
 - having regard to the Pilot Project ‘Cohesion Policy and the synergies with the research and development funds: the stairway to excellence’,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development (A8-0000/2016),
- A. whereas during these times of economic crisis the EU must step up its efforts to create smart and sustainable economic growth;

¹ OJ L 347, 20.12.2013, p. 487.

² Texts adopted, P7_TA (2014)0002.

³ Texts adopted, P8_TA (2015)0308.

- B. whereas supporting research, development and innovation (R&D&I) is one of the objectives of the Cohesion Policy in the framework of the obligatory thematic concentration under the European Regional Development Fund (ERDF) for 2014-2020; whereas the support for innovation differs widely across the EU and within Member States, especially for the exploitation of knowledge and technology in promoting innovation;
- C. whereas for the 2014-2020 programming period, Member States are required, for the first time, to design a research and innovation strategy for smart specialisation (RIS3) to boost regional innovative capacity and to coordinate R&D&I more effectively;
- D. whereas RIS3 should help make the European economy more competitive, create more jobs, take on board new experiences, contribute to the dissemination of good practices and develop a new entrepreneurial spirit, combined with a functioning digital single market and smart specialisation that could lead to new skills, knowledge, innovation and employment in order better to exploit research results and take advantage of all forms of innovation;

Central role of RIS3 in the contribution of the Cohesion Policy to Europe 2020 goals

- 1. Underlines that smart specialisation strategies (S3s) support thematic concentration and strategic programming of the European Structural and Investment Funds (ESI Funds) and lead to increased performance orientation on the ground, thus contributing to the Europe 2020 objectives; emphasises that the aim of these strategies is to create knowledge-based and sustainable growth, not only in well-developed areas, but also in regions in transition as well as in less developed and rural regions;
- 2. Requests that the new conditionality provisions for the attribution of ESI Funds are fully respected in order to make smart specialisation strategies work;
- 3. Calls on all actors involved to develop RIS3 on the basis of analyses of each region's relative strengths and potential, to focus on productive specialisation to detect emerging niches for smart specialisation, and to enhance a stronger partnership between the public and private sectors;
- 4. Is of the opinion that the S3 platform in Seville plays a key role in advising and benchmarking regions on their innovation strategies, helping lagging regions and enhancing multi-level governance and synergies between regions; stresses that the platform should develop mentoring activities in lagging regions, as well as make a continuous effort to update its database, taking into account the local needs, specificities and priorities of regions and cities;
- 5. Calls on the authorities concerned to put a stronger focus on financial instruments, as innovation should not only be focused on grants, but also be able to find alternative means of finance;

Multi-level governance and its capacity

- 6. Regrets that some Member States have decided to opt for national RIS3 without giving local and regional authorities a chance to develop their own views;

7. Highlights the importance of better coordination between all levels of governance to foster a bottom-up vision of the regional strategies, including all smart specialisation authorities and stakeholders, as well as experts, civil society and end users, in order to break ‘silo mentalities’;
8. Highlights the importance of close coordination throughout the whole implementation phase between the development of the RIS3 and the management of the operational programmes;
9. Calls for continued efforts to encourage a change of mentality and to promote innovative policy approaches to boost intraregional, inter-regional, extra-regional and transnational collaboration;
10. Calls for the development of flexibility and coordination mechanisms linking the S3 platform and the Horizon 2020 programme, and encourages regions to use tools such as the Vanguard Initiative, the Seal of Excellence, the Knowledge Exchange Platform (KEP), as well as strategic cluster partnerships, with a view to boosting investment, enhancing coordination, creating synergies and promoting exchanges of views in order to avoid duplication and inefficient spending of public resources;
11. Calls on authorities to simplify procedures and reduce bottlenecks in the administrative process of the strategies; encourages investments in human capital, including via EU interregional partnerships, to increase administrative capacities and to manage and implement the RIS3 process successfully;
12. Urges regions and Member States to intensify the use of the budget available for technical assistance to ensure effective and efficient implementation of the RIS3;

Better synergies for growth and job creation

13. Criticises the lack of synergies across ESI Funds and other EU financing instruments, which hinders coordination, coherence and integration of EU funding, and reduces their results and impact;
14. Underlines that the integrated use of ESI Funds with Horizon 2020 and the European Fund for Strategic Investments (EFSI) provides excellent options to boost innovation at regional, national and EU level;
15. Calls for the pursuit of adequate information to achieve synergies between the various policies and instruments available in the RIS3, such as the Cohesion Policy for 2014-2020, the smart specialisation platform, the European Cluster Observatory, the European Innovation Partnership, the European Strategies Form, the Key Enabling Technologies (KET) and the research infrastructures;

Smart cities as catalysts for RIS3

16. Reiterates the key role that EU urban areas have to play in the economic and social development of the EU by acting as hubs for various actors and sectors, combining the challenges and opportunities of smart, sustainable and inclusive growth, and by serving as frontrunners in the integrated and place-based policy approach;

17. Welcomes the intention of the Dutch EU Presidency to create a bottom-up approach, empowering cities, in coordination with regional authorities, to develop the EU Urban Agenda, and to evolve from smart to excellent cities; supports, in this context, the preparation of the ‘Pact of Amsterdam’, with its focus on growth and job creation, on fostering connections between all parties, citizens and social organisations, and on promoting sustainable and socially inclusive development;

Monitoring and evaluation

18. Notes that, although most regions have adopted a RIS3, a considerable number of them still need to work on complying with the ex-ante conditionality requirements, the main challenges being the monitoring mechanism, the budgetary framework and the measures to stimulate private research and innovation investments;
19. Welcomes the concentration of these regional strategies on energy, health, information and communications technology, advanced food materials, services, tourism, sustainable innovation, manufacturing systems and cultural and creative industries; regrets that only a few regions have created clusters in fields reflecting popular priorities, such as renewable energy, sustainability, the digital agenda, KETs and public health, and encourages more regions to do so;
20. Calls for periodic monitoring – both quantitative and qualitative – of the implementation of the strategies; criticises the fact that both regions and Member States face similar problems in terms of evaluation of monitoring, and calls on regions to develop strong qualitative and quantitative measures, and to publish regular reports on achievements of their objectives, in order to better analyse the impact of RIS3;
21. Encourages regions and Member States to be proactive in the framework of the action plans, established with the Commission, in view of the target date of December 2016; asks them to set and implement their monitoring mechanism in a continuous review of the RIS3, focused on specifying priorities and strengthening the links between priorities and concrete economic, regional structure and the future development perspectives;
22. Regrets that RIS3 often recognise the need to help enterprises exploit all forms of innovation, but then only support innovation based on technology knowledge;
23. Remembers that a good ‘paper strategy’ will not generate the expected results without the implementation of support services for enterprises;

Main lessons and the future of RIS3

24. Points out that RIS3 have to be well implemented if they are to tackle the innovation gap and boost jobs and growth in Europe; stresses that, to this end, it is essential to promote bottom-up strategies and to enhance scrutiny regarding the potential of RIS3 at all governance levels; notes, in this regard, that Member States should involve their office(s) for national statistics to help regions in developing their evaluation and monitoring mechanisms;
25. Calls on the Commission to push for a review of the strategies after 2017 in order to boost their efficiency and effectiveness, taking into account the lessons learned from the

first years of their implementation, and to organise a European-wide conference, prior to the 7th Cohesion Report, with Parliament, the Committee of the Regions and other stakeholders;

26. Asks DG Regio and the S3 platform to draft, and widely disseminate, a short policy paper on the past RIS3 experience, focused on the following areas: a SWOT analysis of the experience; lessons learned by regions and main pitfalls observed for each of the six steps described in the RIS3 guide; recommendations and standardised templates for a continuous improvement of the RIS3 to better design the strategies after 2020; human capacity needed to successfully design and implement a RIS3;
27. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

I. Political background to the report

At a time of economic recession and resulting budget constraints, and in an increasingly competitive global environment, it is crucial that the European Union keep improving its capacity to innovate.

During the last legislative period, the European Regional Development Fund (ERDF) in support of Thematic Objective No 1, established that regions were required to focus their investment on R&D&I via smart specialisation strategies in the 2014-2020 programming period. Therefore, RIS3 is an ex-ante condition for member states and EU regions for receiving European Structural and Investment Funds (ESIF). All European regions have a RIS3 strategy. Those strategies have been shaped and are starting to be implemented during 2014 and 2015.

II. Legal framework for the RIS 3 strategy

In the case of absence of a national or regional innovation strategy for smart specialisation at the time of approval of the Operational Programmes, action plans were set up to ensure the establishment and implementation of such a strategy, as RIS3 are an ex ante conditionality under the 2014-2020 legislation.

Furthermore, the following preconditions must be complied with:

- the strategy has to be designed by a strong governance system;
- the strategy must be based on a SWOT analysis in order to focus resources on a limited number of research and innovation priorities;
- it must include measures to stimulate private investment in research, technology and development (RTD);
- it must include a monitoring and review system;
- Member States will adopt a framework outlining available budgetary resources for R&D&I, including a multiannual plan for budgeting and prioritisation of investments linked to EU priorities (European Strategy Forum on Research Infrastructures – ESFRI).

During the year 2014, regions have started to develop and publish their RIS3 strategies. Now, after the publication and launch of its implementation, there are lessons to be learned and we can try to better focus the actions to be carried out in the coming years to make RIS3 strategies more effective and efficient. This report is focused on the main areas where improvement for RIS3 should be carried out.

III. Key aspects of the strategy from the rapporteur's perspective

Central role of RIS3 for Cohesion Policy's contribution to Europe 2020 goals

Taking into account the current state of play of RIS3 strategies in Europe, some points have to be highlighted in order to better shape strategies.

RIS 3 strategies should be in continuous review. We are talking about innovation, an area that is continuously changing. That is why it is essential that strategies are continuously adapted to the changes in the area of specialisation.

It is also important to highlight the areas where strategies should pay special attention: the analysis of priorities, strengths and potential of each region, the incorporation of the quadruple helix in the definition of the strategies, the use of methodology, the development of quantitative and qualitative periodic monitoring, the development of participatory processes, the invitation of stakeholders with special regard to the private sector, the creation of synergies between public and private actors, the coordination between all levels of governance and departments or the finding of alternative ways to finance.

To help with this, the role of the S3 platform in Seville is very important as it plays a key role in providing information, methodologies, expertise and advice to national and regional policy makers, as well as promoting mutual learning, transnational cooperation and contributes to academic debates on the concept of smart specialisation.

The S3 platform also plays an important role, not only in advising regions on their strategies, but also in helping lagging regions to better shape and focus their strategies.

Together with the S3 platform, the promotion of national observatories of intelligent strategies can help to build stronger indicator systems for monitoring RIS3 to improve through its technical assistance the conception of the strategies focused in a concrete area, with special regards to methodology and training, to detect progress in entrepreneurial discovery in regions and avoid traditional and generalist strategies.

Last but not least, the simplification and reduction of bottlenecks in the administrative process is also vital. In this regard it is important to underline that the administrative capacity of public authorities and stability in the civil service is essential for the effective implementation of the strategies. It is also important to highlight that weak policy coordination may undermine a successful implementation of the strategies and pose a threat to effective policy management.

Innovative knowledge can be used to bolster the administrative capacity of public authorities in a significant way, especially at local and regional levels, including through greater use of new technologies and a drive for more streamlined procedures, so that their ability to offer quality services to the public is improved.

Multi-Level Governance

Taking into account the number of programmes and the necessity for an efficient use of resources, a change of mentality that will lead to a boost in inter-regional collaboration and a bottom-up approach is essential. There should be more flexibility and coordination mechanisms between the S3 platform and the H2020 programme in order to better align objectives and avoid dysfunctionalities. It is also essential to give the chance to regional and local authorities to develop their own views, as well as to enhance improved participation from civil society and a wider inter-regional cooperation, so as to avoid duplication of efforts and inefficient spending of public resources. It is of utmost importance that regions cooperate and create strong links to boost ambitious and well targeted strategies. To that end, tools such as the Vanguard Initiative, the Knowledge Exchange Platform (KEP), or the development of strategic cluster partnerships for boosting investment, enhanced coordination, creation of synergies and exchange of views, are essential.

Better synergies for growth and job creation

There are several instruments for boosting research and innovation at the EU level: Cohesion Policy 2014-2020, the Smart Specialisation Platform, the European Cluster Observatory, the European Innovation Partnership, the European Strategies Form, the Key Enabling Technologies (KETs) and the research infrastructures.

European authorities should make every effort to boost synergies between those instruments, and use the resources in the most efficient way.

Smart cities as catalysts for RIS 3

As the EU Urban Agenda is a priority for the Dutch presidency, it is important to make institutions aware of the fact that the Urban Agenda should also be taken into account to create synergies and strong links for an efficient use of resources.

Monitoring and Evaluation

Evaluation is one of the most important issues on which to focus. At this stage we cannot produce final tangible results concerning the implementation of the strategies, but we do have access to some information concerning the status of the RIS3 strategies in the EU regions. In general terms, we can see that the ex-ante conditionality has been an important step forward, as most of the regions have already adopted a RIS3 strategy. However, some regions still need to work to comply with the RIS3 ex-ante conditionality requirements, the main gaps being the monitoring mechanism, the budget framework, and the measures to stimulate private research and innovation investments.

Another important issue is specialisation. Although each region has developed its own combination of priorities, there are clusters of popular priorities such as renewable energy, sustainability, digital agenda, KETs or public health. It is important that there is no duplication of projects, and that there is enhanced cooperation through the existing platforms, in order to avoid an inefficient spending of resources. It is also important to note that the initial priorities should change with the development of the strategy itself, as they are required to become more specific and application-oriented in the coming years.

It is also very important that strategies develop appropriate result indicators to measure expected changes. For good evaluation, it is key to develop strong qualitative and quantitative measures, and to publish regular reports on the achievements of their objectives, in order to better analyse the impact of RIS3 strategies.

Main lessons

The rapporteur is of the opinion that RIS3 strategies are a valuable tool to tackle the innovation gap, and boost jobs and growth in Europe. For the time being, we can see that creation of the strategies still leaves room for changes to be made. Public authorities should try to pay special attention to the monitoring and review of the strategies in order to maximise its output on the one hand, and interregional cooperation on the other hand, in order to develop ambitious projects that create added value for the economy. Simplification, as well as coordination of the existing programmes, is also essential in contributing to a good implementation of those strategies in the years to come.

For this, a review of the strategies after 2017 seems mandatory in order to boost the efficiency

and effectiveness of RIS3 strategies, taking into account the lessons learned from the initial years of their implementation. The organisation of a Europe-wide conference prior to the creation of the 7th Cohesion Report with the European Parliament, Committee of the Regions and other stakeholders in 2016, seems to be a good forum for dialogue on these issues.

The development of a policy paper, which incorporates the main lessons from the already-existing experience in this area, would also be a very useful tool for continued improvement.