

**Study on the synergies between
the 7th Research Framework
Programme, the Competitiveness
and Innovation Programme and
the Structural Funds**

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- Provide **background information and independent advice** on how to improve the coordination and synergy effects between three major EU instruments towards the Lisbon Strategy objectives for Growth and Jobs:
 - The 7th Research Framework Programme (FP7),
 - The Competitiveness and Innovation Programme (CIP);
 - And The Structural Funds (SF)
- 3 main points:
 - Review possible synergies and activity fields where **synergies** can develop between the 3 instruments;
 - Analyse necessary conditions in order to achieve the best **complementarities** possible;
 - Identify possible **gaps and overlaps**, including the degree to which they are successful in bridging the gap between inventions as the fruits of R&D activities and the marketing of new products; assess the impact of such gaps and overlaps, as well as of any rectifying options.

Approach: several levels of analysis

- Comparative overview of the synergies and complementarities expected at the **strategic level**, based on a review of the legislative texts and other key documents
- Appraisal of gaps, overlaps and gaps at the **operational level**, based on analysis of operational work programmes: thematic or 'activity' fields synergies across the programmes
- Analysis of the way the programme targets different **stakeholders and beneficiaries, esp. SMEs**: scenario building on selected cross-programme interactions (research-intensive spin-off, research centre, regional cluster)
- **Regional level aspects**: Cross-cutting issue for each of the three levels of analysis
- **Conclusions and recommendations** on how to improve synergies between FP7, CIP and SF

Complementarities at the strategic level (1)

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- The 3 programmes share the broad Lisbon and Gothenburg objectives but address **different phases** of the innovation process:
 - FP7: supports trans-national research cooperation, technological development, researcher mobility and research activities in particular between enterprises and public research organisations
 - CIP: focuses primarily on innovation as a business process, rather than being limited to technological research
 - SF: focuses on helping regions to build up research and innovation capacity, enabling them to take part to the EU R&D activities as well as to implement regional innovation strategies and action plans
- **Double-funding** from different sources or co-financing with different EU Community funds of the same expenditure is prohibited
- *A way to achieve concrete synergies between the Framework Programme and the Structural Funds would be to establish R&D priorities at the level of the countries and regions that could be considered as complementary with those of the FP7*

Commissioner Potocnik

Complementarities at the strategic level (2)

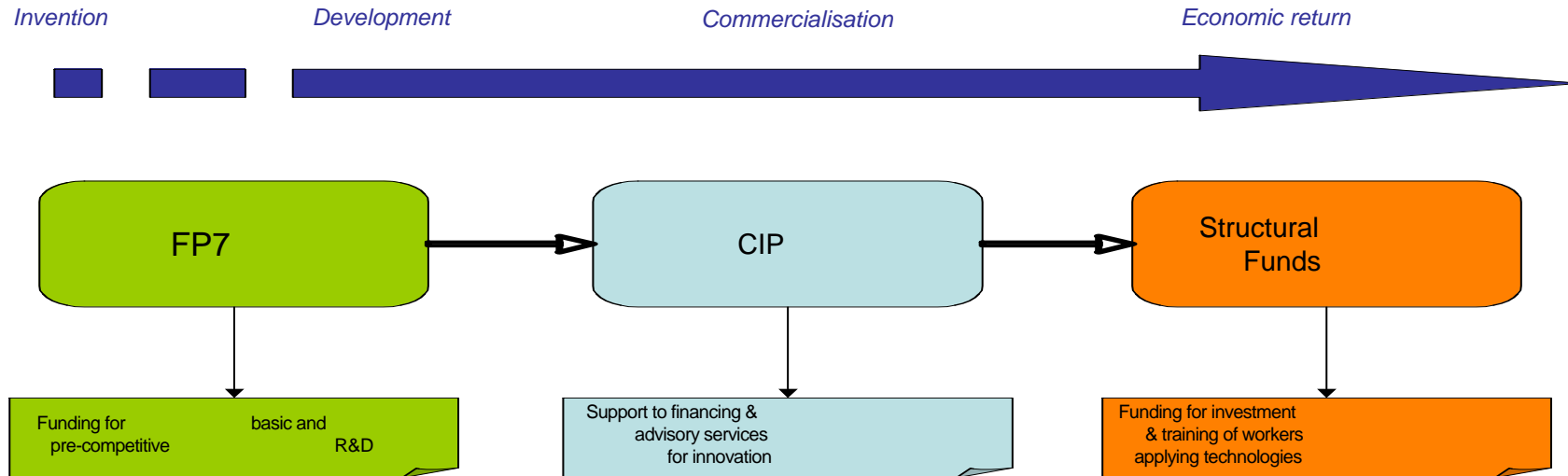
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- **Complementarities expected** at the strategic level:
 - SF: for regions to build up research and innovation capacity, enabling them to take part in EU R&D activities;
 - CIP: focus on innovation and replication phase whereas FP7 focuses on R&D phase; should provide support to networks of intermediaries and national schemes for actions to encourage participation of SMEs in FP7
 - Regions eligible under SF should take part to networking activities and exchanges of good practices promoted by CIP, so that their specific situations are taken into account in the identification of good practices;
 - **Close co-operation between EIB and EIF** should ensure an enhanced support for start-ups and micro-enterprises (technical assistance, grants, loans, equity, venture capital and guarantees).

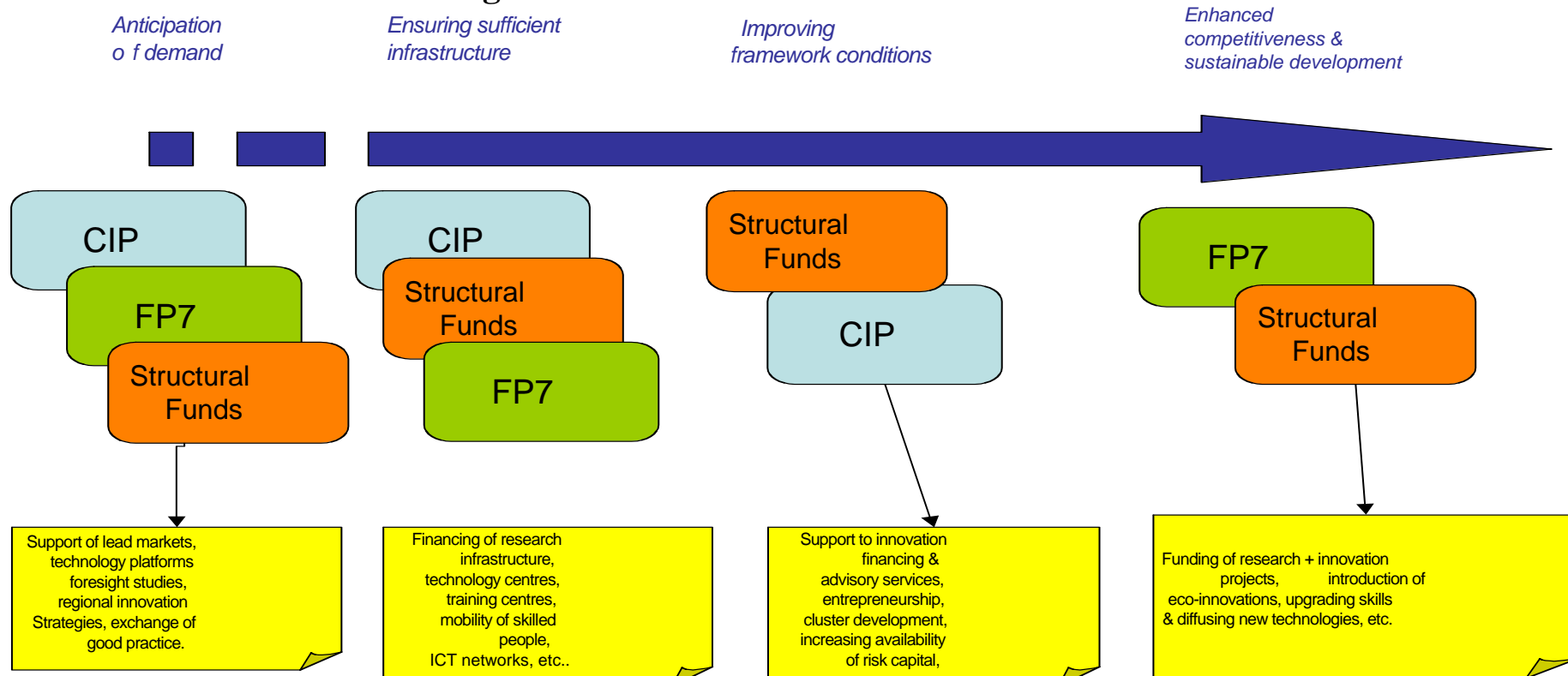


- Multi-programme and multi-stakeholder environment -> adoption of a systems dynamics approach: conceptual framework of **national innovation systems**
- Even if regulatory or operational texts foresee complementary actions between the operations of the 3 instruments:
 - Difficult to go beyond **general statements of intent**
 - **On the ground possibilities** impinge achieving the complementarities and synergies expected in regulatory or operational texts:
 - time lags and delays
 - eligibility or targeting of different types of beneficiaries
 - bottom-up versus top-down strategies
 - formal and actual targeting of the programmes
- -> **scenario-based approach**: explore in more depth the logical and operational possibilities for achieving synergies between the 3 programmes

Linear intervention logic for the 3 programmes



Demand driven intervention logic



- FP:
 - Address mainly **technology pioneers** (3% of SMEs)
 - **Difficulties for SMEs to take part** to FP6 projects: large-scale budget, more fundamental research, duration, complexity of the application...
- CIP:
 - efficiency of CIP SME finance instruments (from loan guarantees to equity finance) will depend of their **integration in regional policy development**
 - Past experience: improved private equity finance could be undermined by regional authorities through SF grants schemes
- SF:
 - Strong focus on support to SMEs and notably on financial engineering instruments
 - But **structural weakness** of the European equity venture capital market
 - Need to provide **integrated package of support** and not only grants (training prior to business start-up or expansion) -> supporting environment for finance promoted but complete latitude given to regional planners

Actions targeting different types of SMEs

| | Structural Funds | FP7 | CIP |
|---------------------------------|--|---|---|
| Technology pioneers | <ul style="list-style-type: none"> • ERDF support for seed capital funds, technology incubators, etc. • Funding for industrial R&D projects, co-operation initiatives with knowledge institutes • Indirectly from research infrastructure investments | <ul style="list-style-type: none"> • Essential beneficiary of SME related financing under FP6 (and likely under FP7) • Indirectly from research infrastructure investments • Involvement in Technology Platforms | <ul style="list-style-type: none"> • High growth innovative SMEs scheme • Indirectly through policy development for business angels, etc. • Clusters networks in fields like biotech, etc. |
| Leading Technology users | <ul style="list-style-type: none"> • Funding for industrial R&D projects, co-operation initiatives with knowledge institutes, technology transfer and IPR actions • Regional technology platforms | <ul style="list-style-type: none"> • Involvement in CRAFT and other SME instruments | <ul style="list-style-type: none"> • Possibly High-Growth Innovative SMEs scheme • SME guarantees (loans) • Technology transfer and IPR advice via IRCs, etc. |
| Technology adopting SMEs | <ul style="list-style-type: none"> • Technology transfer actions, technology and innovation centres providing advisory services, ESF training in advanced technologies, etc. | <ul style="list-style-type: none"> • Limited involvement, mainly beneficiary of dissemination actions. | <ul style="list-style-type: none"> • SME guarantees (loans) • Technology transfer via IRCs • Guarantee and loans |
| Basic SMEs | <ul style="list-style-type: none"> • Business support services and business development grants • Availability of industrial zones and services • ESF training actions, Etc. | <ul style="list-style-type: none"> • Not targeted | <ul style="list-style-type: none"> • Not targeted directly, potentially indirectly via policy development in favour of non-technological innovation |

- **SF:**
 - Cohesion oriented
 - Direct link between Lisbon Agenda and Regional Cohesion Guidelines: Knowledge and Innovation for Growth
 - Territorial cooperation: networking on pan-European scale: exchange of best practice and mainstreaming (risk of overlap with Europe Innova (CIP), ERANET (FP))
- **FP:**
 - Excellence oriented
 - Contracted funds highly related to size of country, less in the new Member-States: SF appear to be more suitable instrument for building up research capacities in regions with weaker starting positions than the FP
 - Mainly 'capacities' programme: aims at effective complementarity with SF -> not so obvious (issue of temporal coherence, research themes...); ROP providing no real justification of the importance of investments in research infrastructure even from a research 'excellence' perspective
- **CIP:**
 - Contribution to policy design and support to implementation: toolbox for authorities, in competition with INTERREG (SF) and ERANET (FP) type projects.

Selected cases of cross-programmes interactions

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- **A research spin-off: from idea to market**
 - Proof of concept and proof of principle: mainly SF, indirect support from FP and CIP
 - Incubation phase: CIP and SF
 - Spin-off launch: SF and CIP
 - Post spin-off support: mainly SF, FP (research projects), slightly CIP
- **A regional cluster in renewable energies**
 - From idea to action plan: mainly SF (INTERREG) and FP (Regions of Knowledge), CIP for clusters mapping and cluster network projects
 - Implementation: SF and FP
 - Research projects: FP and SF
 - Policy learning: SF and CIP, FP to a smaller extend
- **An ICT research centre: competing in the ERA**
 - Learning and knowledge sharing: mainly FP, limited SF funding
 - Capacity building: SF and FP
 - Research activities: SF and FP
 - Commercialisation, internationalisation: SF and FP
 - CIP does not provide much support to research bodies



- Most important potential synergies may appear **between SF and FP7 and SF and CIP**, and to a lesser extent between CIP and FP7 (only one WP published when finalizing the report)
- Appearance of synergies on the operational level -“on the ground”- will depend on the type, needs and capacities of the potential beneficiary as well as on the regional and local context
- Main opportunities for synergies are based on the **strong thematic complementarities** between the programmes with a stronger ‘technology’ or ‘sectoral’ focus
 - The potential for linking up lead-market initiatives of CIP with technology platforms under FP7 and regional technology road mapping and related RTDI initiatives under the Structural Funds is one example

- A major overlap appears to concern the **support for research infrastructure** under both SF and FP7:
 - Challenges for the 2 instruments concern a more effective co-ordination of R&D infrastructure investments, support to regional innovation strategies, etc. that balance the cohesion vs excellence issues
- Risk of overlapping of actions in favour of **inter-regional networking** funded under all 3 programmes in the broad field of research and innovation policies and notably clusters:
 - All of which tend to target both the same type of target group and the themes leading to a significant risk of duplication of effort;
 - Risk of 'overlap' with CIP initiatives such as Europe Innova and FP7 funding for ERANET and Regions for Knowledge initiatives needs to be considered.

- Main gaps appear as regards issues related to **support measures for those SMEs**, which while not being the 'top technology pioneers' could benefit from greater integration in trans-regional co-operation on technology development:
 - FP7 focuses on the technology pioneers;
 - CIP gives greater emphasis to supporting networks of practitioners supporting SMEs- directly addresses this issue;
 - While in principle the Structural Funds could support such actions, subsidy instruments tend to be rather inward looking and mono-regional.

- Coordination of such major EU instruments is a challenge of policy coherence, esp. on the ground where they mix with regional and national policies: requires existence of an **efficient multi-level governance system**
- Implementing bodies of EU instruments exist on different levels (supranational, national and sub national), are governed by different logics (cohesion/excellence)
- Misleading to analyse policy synergies in isolation from regional and national context: have to be assessed on the level of the individual region, type of company or other type of beneficiaries



- Actual synergies will depend on **organisational capability** and **strategic need** of the direct beneficiary to combine support from different EU instruments: long term planning necessary (FP7) as well as preparatory activities for large infrastructural investments (SF)
- -> Potential synergies will depend on a **bottom-up process** of selecting strategic objectives reflected in the policy mix of SF Operational Programmes at national and regional level
- -> Key role of decision makers in large firms and large public research institutions: in SF, non-specific encouragement towards **consultation of RTD stakeholders by policy makers** throughout programming and implementation period

- DG REGIO should ensure that the SF ROPs allocate sufficient resources to sustaining and further **developing 'regional research and innovation strategic frameworks'**:
 - A reserve funding pool could be included in ROPs with a view to its release based on the strategic framework analysis of needs.
- The European Parliament could request that the Commission services commission a major **cross-cutting evaluation of inter-regional network funding** covering all activities under 3 programmes:
 - should be done before continuing to fund, parallel, overlapping networks of regional policy makers and practitioners with outputs of often doubtful value added without fully understanding their impact on regional competitiveness

- **Evaluation studies** on either of 3 instruments should include analysis of inter-relations with other instruments taking into account time lags and time inter-dependencies in achieving synergies:
 - As an example, the recent ERA-NET Review 2006 considers 'the gap ERA-NETs filled' without looking at either of the other two programmes
- **Assessment of spatial coverage** of possible synergies is required.
 - Requires strengthening regional level analysis of research and innovation potential and needs, notably by improving the statistical and qualitative data available
 - Through, for instance, EU level initiatives such as the Regional Key Figures database, or the TrendChart and ERAWATCH policy monitoring exercises, which are being extended to the regional level