

Excellence needs effective synergies

INESC POSITION PAPER ON SYNERGIES BETWEEN EUROPEAN, NATIONAL AND REGIONAL FUNDS AND PROGRAMMES FOR RESEARCH, DEVELOPMENT AND INNOVATION

Promotion of research, development and innovation (RD&I) excellence across Europe requires synergies at a strategic level (between RD&I agendas and roadmaps at European, national and regional levels), at a programming level (between programmes and instruments) and at the project level (combination of projects addressing different steps of the innovation cycle).

INESC fully supports a RD&I framework programme based on excellence and emphasises the importance of the call already made by many European Research Area (ERA) stakeholder organisations, to further strengthen the framework programme for RD&I in the next programming period (2021-2027). However, we believe this can only be achieved across Europe if:

- All RD&I performing organisations can compete and have access to all parts of the European RD&I budget in equal footing.
- Both the European funds and programmes for cohesion and the national and regional RD&I policy frameworks, programmes and instruments are designed to induce their complementary usage with the European RD&I policies, programmes and instruments. This is particularly important for countries and regions dependent on European structural funds to achieve investment levels in science and technology (S&T) closer to the EU average.
- Synergies between European programmes and instruments are effectively and *de facto* implemented, supported by strong incentives and with a simplified framework.

Context

INESC's experience in aiming to fund the different stages of the research and innovation cycle, demonstrates the importance of well-coordinated policies and instruments across the European, national and regional levels as well as cross-fertilisation of knowledge among thematic areas and sectors.

Policies and funding instruments that can produce the optimal conditions and environment will enable RD&I performing entities to radically improve the knowledge base of an economy and society, support the digitalisation and greening of entire sectors and value-chains, as had happened in the past with INESC's experience in the manufacturing, energy, fisheries, forestry and other RD&I and market sectors.

Synergies between European programmes and funds, namely between Cohesion Policy and the Framework Programme for Research and Innovation (specifically Horizon Europe), as well as Digital Europe and other important RD&I-related programmes, are crucial capacity building tools. They can enable investment levels in research, development and innovation infrastructures, human resources and access to co-funding mechanisms where national state budget does not reach.

If better and more effective synergies are not put in place, less developed countries and regions, hit by financial crisis, and more recently, by the economic impact of coronavirus, will find themselves with increased difficulty accessing key parts of European competitive programmes due to lack of national state budget capacity to fund not only human resources and research and innovation infrastructures, but also participation of national entities in co-funded European programmes and instruments. Therefore, a serious problem of access arises for R&I entities in countries and regions with limited financial resources, when excellence begins to be equated with access (funding) capacity.

In many countries and regions that benefit from European structural funds, the financial resources to allow proper investment in RD&I activities are available but limited by:

- national and regional constraints due to unclear and differing regulations and rules for different but complementary RD&I funding programmes and instruments;
- different timings and cut-off dates between European, national and regional level programmes and instruments;
- an excessive diversity of programmes, overlapping some goals and leaving others unanswered;
- European State-Aid rules.

TYPES OF SYNERGIES

It is possible to typify the main ways in which RD&I institutions across Europe have been, in practice, combining different funding instruments:

1. Successive funding: different funds and instruments used in sequence, usually to address different steps of the innovation cycle. This has been the most impactful model for RD&I organisations, with several examples of success available.
2. Parallel (collaborative) funding: partial funding of one initiative with different sources of funds and instruments. A model mostly used by funding agencies and research councils to co-fund national research and development programmes.
3. Joint funding: different sources of funds making up common pot schemes.

MAIN BARRIERS

Many programmes and initiatives

When an institution or small and medium sized company needs to use different European and national/regional funds and instruments, they are often faced with a number of barriers, beginning with a hard to navigate landscape of funding programmes and instruments.

Increased clarity and visibility over the landscape of programmes and instruments at the regional, national and European levels are needed to allow more RD&I performing entities to take advantage of the funding available.

Different regulations and rules

The complexity of the funding landscape does not encourage the combined use of funds and programmes. On the contrary, different rules and regulations make it increasingly difficult to combine different funds and creates a burdensome bureaucracy.

If an entity is involved in the same type of research projects, for example, collaborative applied R&D, funded by H2020, EUROSTARS or ERANET and National/regional programmes funded with structural funds, which are all supported by EU funding, it's faced with different regulations, rules, evaluation criteria, etc. This is particularly difficult for SME's, who don't have the capacity to deal with this level of complexity, but also for RTO's, universities and other research performing organisations.

Different timings

Different timings between national and European programmes and instruments create funding gaps that are financially and technologically difficult to manage. It becomes very difficult, even impossible in some cases, to maintain the needed research and development teams in place during these gaps. Moreover, the time-to-market of potential innovations are delayed and could potentially become obsolete or be beaten to the market by a competitor, when these funding gaps occur.

State aid rules

State-aid rules are crucial to avoid imbalances of investment across Europe and the creation of market distortions. Nevertheless, these rules are hampering crucial investments at the national and regional level, through the use of structural funds for financing research, development and innovation, even when the goal is to fund initiatives that have been positively evaluated at the European level. Many good examples of the barriers wrongly imposed by state-aid rules can be found in SME instrument and research and innovation infrastructures.

RECOMMENDATIONS

To achieve effective synergies between European, national and regional level programmes and instruments we call upon the European institutions, in particular the European Commission and the European Parliament to:

- Issue regulatory frameworks that are clear about the possibility of using the European Structural and Investment Funds (ESIF) at national and regional level to implement programmes identical to those at European level, eventually with different funding rates and, in all cases, without allowing any type of double funding. This should be possible even without the need to be explicitly mentioned in the Partnership Agreements and, consequently, the national/regional regulations¹.
- Complementary, transnational and regional funding programmes that are implemented with the same rules as the centrally managed European RD&I instruments, should be encouraged through a simple and generous top-up mechanism. Moreover, state-aid rules should not apply if the evaluation is kept at European level.

We call upon the Portuguese national government and regional coordination commissions, as well as intermediate agencies with responsibility in RD&I programme design, funding and management to:

- Promote and ensure the clarity of regulatory frameworks at regional, national and European level in explicitly allowing the replication of centrally managed EU programmes without added constraints.

¹ Such as *Regulamento Específico do Domínio da Competitividade e Inovação (RECI)*, or any other, because it was made clear at European level that replicating instruments for RD&I, using any of the ESIF instruments is possible.

- Promote the goal of a generous top-up to transnational and international transregional RD&I funding initiatives, working as an incentive to replicate centrally managed EU RD&I programmes and, in this way, strongly contributing to a harmonised and simplified overall funding system (without allowing any type of double funding).
- Develop national and regional smart specialisation strategies (S3) based on wide, transparent and inclusive consultation with RD&I stakeholders, mobilising them to create sound strategies based on research and technology informed foresight and existing capacity.
- Align S3 and funding instruments with European-level RD&I policies, in such a way that the existing national and regional RD&I institutional capacity is developed and promoted in a competitive way, more easily finding its relevant place and role in European networks, platforms and knowledge-based value-chains.