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WORKING PAPER

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From:	General Secretariat of the Council
To:	ERAC (European Research Area and Innovation Committee)
Subject:	Informal videoconference of ERAC (16/03) - Item 3.1 Strategic debate: Synergies between Horizon Europe, Cohesion Policy and the Recovery and Resilience Facility

Dear ERAC delegates,

Please find enclosed the document from the European Commission on above mentioned subject, with a view to the ERAC videoconference on Tuesday 16 March (agenda item 3.1).

Best regards,

ERAC Secretariat

Delivering a reinforced European Research Area: synergies between Horizon Europe, Cohesion Policy and the Recovery and Resilience Facility

Background paper for the ERAC Plenary Policy Debate

16 March 2021

Background

A reinforced European Research Area (ERA) will be fundamental to ensure Europe's recovery and its green and digital transformation. Europe faces deep societal, ecological and economic challenges, all aggravated by the coronavirus crisis. It is now more necessary than ever before to retool the European Research Area so that it delivers on Europe's recovery. This means, first to accelerate the twin transition and the emergence of new solutions in areas such as the decarbonisation of industry or sustainable mobility. Second, to strengthen resilience and preparedness for future crises, where health, digital, socio-economic and climate R&I are essential. Third, to support Europe's competitive edge in the global race for knowledge and reinforce technological sovereignty in areas such as cybersecurity, space, AI, 5G and e-mobility.

Delivering on ERA's ambitious objectives requires a bold agenda that includes boosting and prioritising R&I investment and reforms and a strong partnership between the European Commission and Member States. As identified in the ERA communication of 30 October 2020 and ratified by the Council conclusions of 1 December 2020, a reinforced ERA will aim at prioritising R&I investments, improving access to excellence throughout Europe, boosting the value creation of R&I results and deepening of the ERA.

Collectively, we will need to mobilise all available resources and the new programmatic period offers renewed opportunities that need to be seized. Joining forces and working together has been the philosophy of the European Research Area since it was launched in 2000. Finding solutions to today's challenges requires a strengthened ambition both at EU and national levels to work together to advance towards a true European Research Area.

The Recovery and Resilience Facility, Horizon Europe and Cohesion Policy: crucial levers to boost R&I investment and reforms

The new Recovery and Resilience Facility, Horizon Europe and Cohesion Policy are important EU funding programmes supporting R&I investment and reforms. The Recovery and Resilience Facility (RRF) will provide large-scale financial support to public investments and reforms addressing the country-specific challenges identified in the European Semester and promoting the green and digital transitions. To access RRF support, Member States must submit Recovery and Resilience Plans (RRP) that set out their reform and investment agenda for the years 2021-2023. Horizon Europe will be the largest ever R&I Framework Programme and will remain the largest public R&I Programme in the world. In addition, Cohesion Policy will continue to support R&I investments as key levers to bridge the innovation divide in Europe and

support stronger economic and social convergence. In the past, more than 40bn euro of cohesion funding was mobilised to support R&I-related investments. The current starting phase of the 2021-2027 Cohesion programming provides a unique opportunity to (1) strengthen further the quantity, direction and impact of R&I-related cohesion investment and reforms and (2) boost the synergies with Horizon Europe.

On 26 February, Research Ministers at a virtual meeting of the Competitiveness Council agreed that the RRF, as well as Horizon Europe and Cohesion Policy, offer a huge opportunity to boost R&I and called for the need to foster synergies across different EU and national funding schemes to maximise their impact. At the Competitiveness Council, Research Ministers emphasised the importance of designing R&I-rich national recovery and resilience plans to support the economic recovery after the pandemic and support the green and digital transition. They also stressed the importance of building strong synergies across different funding programmes, not only across European funding programmes, but also with national and regional initiatives.

To seize the new opportunities, Member States need use these funding schemes to prioritise investments in R&I and engage in the necessary reforms to support stronger R&I performance. This may not always be simple and will require engaging with multiple stakeholders. Prioritising investments and adopting reforms will require actions to convince domestic policy maker beyond the ministries of education and science and innovation of the soundness and appropriateness of R&I investments coupled with reforms. It will also require engaging with a wide range of stakeholders who should see the opportunities and participate actively in achieving the shared objectives.

The European Commission can help in this exercise of prioritisation and reform adoption. The ERA Commission communication called Member States to prioritise R&I investments and bridge the innovation divide in order to boost Europe's competitiveness and inject the much needed directionality to achieve the ecological and digital transformation of our model. The 3% of GDP R&D investment was reaffirmed in the Council Conclusions of 1 December 2020, while taking note of other R&D targets, such as the public funding of R&D to rise to 1.25% of GDP. Showcasing the value and importance of R&I for future prosperity is thus key. In addition, several instruments such as the Policy Support Facility and the Technical Support Instrument are at the disposal of Member States to assist them in the R&I reform efforts to boost the efficiency and effectiveness of their R&I investment.

Building synergies across EU funding schemes and with national and regional funding

The regulations of the RRF, Cohesion Policy and Horizon Europe have been drawn to ensure the possibility to receive support from other EU programmes and instruments. The RRF Regulation provides the possibility that RRF reforms and investment projects receive support from other EU programmes and instruments, on the condition that such support does not cover the same cost. In addition, building on past efforts in designing a R&I friendly Cohesion policy, recent developments that have simplified the rules for operational synergies with mirroring

provisions in all relevant upcoming regulations (Horizon Europe, Cohesion policy, revised State Aid General Block Exemption). This will allow using (1) Horizon Europe eligible costs and funding rates for ERDF/ESF+-supported Seals of Excellence, with favourable state aid treatment, (2) cohesion policy funds as national contribution for European Partnerships, and (3) enabling the option to transfer cohesion policy funds to Horizon Europe (and transfer-back if not fully used)

However and enabling a regulatory framework is only a necessary but not sufficient condition to maximise the synergies potential across funding schemes, including national funding. In order to exploit the full potential of synergies, “Member States need to understand the importance of R&I and act accordingly and strategically¹”. Currently, there are still some bottlenecks that prevent us from benefiting from stronger synergies. In this regard, there is still a lack of critical mass as compared to the size of funding to be spent, the existing approaches to synergies remain underdeveloped. At times, capacity and leadership for developing synergies is not always available at national and regional level and too often resources and skills to do so are insufficient. Moreover, in a multilevel governance structure, proper coordination and ability to connect to other regions is missing.

Actions to raise awareness, analyse, monitor, train and strengthen networks are crucial to maximise the roll-out of these synergies across Member States and with national and regional funding. To address some of the persistent roadblocks, the Commission is proposing a set of activities to raise awareness about the opportunities and value of building stronger synergies, providing information and strengthening the networks and flow of information across national and regional stakeholders in charge of different EU funding schemes.

Questions for discussion:

- 1- What are the levers that Member States are using to ensure that the importance of R&I is properly reflected in the national Recovery and Resilient Plans and the upcoming Cohesion Policy, where relevant? And for building synergies between the different schemes? What lessons can be drawn from the different national experiences?**
- 2- How can the European Commission support these efforts to mobilise and roll out EU and national R&I investment and reforms and maximize the synergies between EU and national schemes?**

¹ Quote from the Portuguese Minister at the HE Launch event