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Briefing document for the first Policy Lab meeting

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1. Introduction

SCREEN is an H2020 coordinating and supporting action participated by 17 European regions, aiming at the definition of a replicable systemic approach towards a transition to Circular Economy in EU regions within the context of the Smart Specialization Strategy.

The first phase of the project is focused on a common methodology that should be used by each Region for the analysis of the existing regional capabilities, in order to prepare a reference framework for the identification of local and cross-regional circular economy value chains.

A second phase of the project deals with the identification of synergies and complementarities among regions, as well as with criteria and means to support the development of such synergies into practical cross-regional initiatives and projects.

The above support implies a common agreement on how assess the “circularity” of a certain value chain respect to another one, as well as on how to finance the selected ones with funds coming from different European regions.

The SCREEN Policy Lab is a table of discussion participated by the project partners, the Advisory Board and those European Commission Services concerned with Circular Economy, Smart Specialisation strategies and synergies between H2020 and Regional funds.

The goal of the policy Lab is two-fold:

- 1) ensure that the analyses and proposals developed within the SCREEN project are discussed with EU and regional policy-makers as well as key stakeholders thereby ensuring their feasibility, relevance and effectiveness;
- 2) ensure regular exchange of information among participants so that state of the art knowledge and existing initiatives are taken into account during the implementation of the project.

The first physical meeting also aims at discussing the working methodology proposed in the reference document already circulated. This briefing document explains the preliminary results achieved by the project, what are the SCREEN proposals, and the items do be discussed by the policy lab, together with a list of questions for discussions in the first meeting.

2. Background

2.1) Assessing the “circularity” of a project/initiative

Even if there are several relevant studies providing analyses and indicators for circular economy, the current knowledge base is rather fragmented and a set of indicators able to be adopted in practice is still missing and far to be achieved: this issue was highlighted during the “Monitoring Framework session” held on 09/03/2017 in Brussels within the Circular Economy Stakeholder Conference¹.

2.1.a) What has been done by the EC

Following the EC document published in December 2015 “Closing the loop – An EU action plan for the circular economy, the European Environmental Agency published a report² that identifies a series of policy questions and the related possible indicators, together with an estimation of the availability of the data; however, for several indicators the document highlights a lack of the needed data.

2.1.b) What SCREEN proposes

As previously explained, supporting cross regional projects needs a common agreement about how to assess their “circularity”: from the point of view of a regional authority dealing with specific funds for financing circular economy projects, the specific need is a set of no more than 10 simple and clear indicators, easy to be handled by proposers and verified by the funders. Screen aims to propose a first simple set based on the above mentioned EEA report, further integrated by social indicators, e.g. the net balance of jobs (jobs created by the new circular initiatives minus jobs loss in the old linear ones)

2.1.c) Current status

At the present SCREEN has already developed guidelines and tools for the local analyses in each region, available in the project web site³; local analyses has been almost completed and the synergy grid among the participating regions is in progress: the final results of these activities will provide a further basis for the definition of the simple set of indicators. The preliminary definition of the social indicators to be proposed is still running. Therefore there are not yet proposals to be discussed during the first Policy Lab meeting.

¹ Presentations available at:

http://ec.europa.eu/environment/circular-economy/pdf/monitoring_framework/CE_monitoring.zip

² EEA Report No 2/2016 - Circular economy in Europe -Developing the knowledge base -

www.eea.europa.eu/publications/circular-economy-in-europe

³ www.screen-lab.eu/deliverables.html

2.2) How to support cross-regional projects dealing with circular economy and smart specialisations

Once synergic cross-regional value chains have been identified, the need of financing their research and innovation activities through different synergic instrument is strategic. Multi-partner projects should be financed through different synergic funds. Horizon 2020 is the European instrument thought to finance research and innovation implemented by international consortia; however its strong competition and the consequent low success rate does not allow a full support. A synergy between Horizon 2020 and regional funds (plus further instruments) is needed for a proper and effective support.

2.2.a) What has been done by the EC

There are two already existing instruments of public-public partnerships: **ERA-NET** and **Article 185**.

Article 185 was basically thought for Member States⁴:

PRO: Relevant criteria such as clear definition of the objective, commitment from the Member States, added value at Union level, complying with the purposes of promoting synergies and regional investment for transnational research.

CONTRA: The envisaged critical mass is too large for experimental purposes; need of specific managing board.

SYNERGY ISSUES: regional funds (ESIF) can be used for additional budget at programming level or for different cost items in transnational projects, as shown in the following figure 1

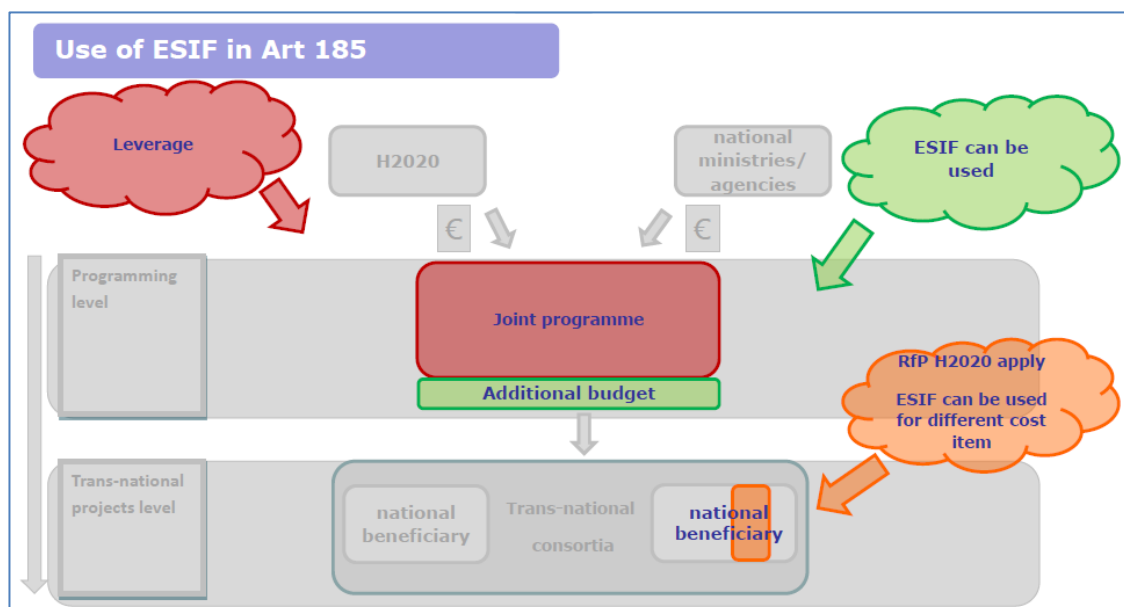


Fig.1 Admissible use of structural funds (ESIF) within Art. 185

Source: http://ec.europa.eu/research/era/pdf/cofund-2014-infoday/7_synergies_p2p.pdf

⁴ Brief explanation of this instrument at http://ec.europa.eu/research/era/pdf/cofund-2014-infoday/1_p2p_horizon_2020.pdf

The **ERA-NET** instrument⁵ uses grant to support public-public partnerships by adopting the following criteria:

Proposals/projects must be transnational with at least two independent entities from two different Member States: they must be selected following a joint transnational call for proposal and be selected against pre-defined evaluation criteria.

PRO: already existing and functioning scheme; topping up by the European Commission

CONTRA: need of a specific Coordinator and management unit that could be difficult to be agreed among the regions

SYNERGY ISSUES: H2020 and ESIF rules allow for the funding of the same action by two different Union funding sources, providing that there is no double funding for the same cost item, as shown in the following figure 2.

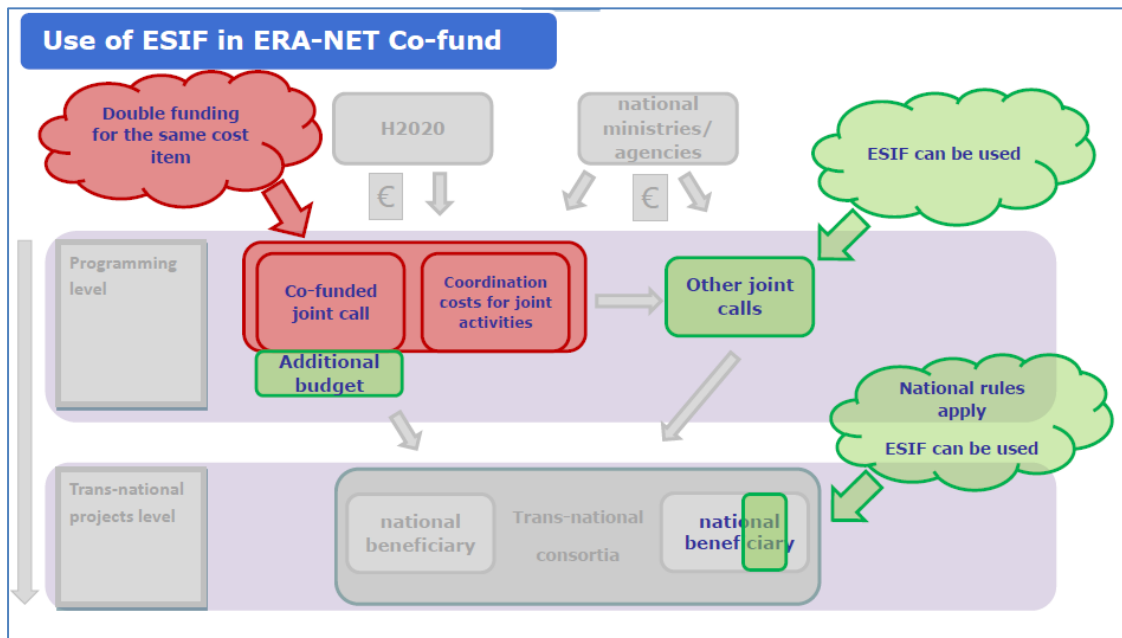


Fig.2 Admissible use of structural funds (ESIF) within ERA-NET

Source: http://ec.europa.eu/research/era/pdf/cofund-2014-infoday/7_synergies_p2p.pdf

A full description of the current possible synergies is provided by the document "**Establishing Synergies between European Structural and Investment Funds, Horizon 2020 and other research, innovation and competitiveness-related Union programmes**"⁶ and particularly in its Annex 2 "**Guidance for generating synergies**".

⁵Brief explanation of this instrument at http://ec.europa.eu/research/era/pdf/cofund-2014-infoday/3_era-net_cofund.pdf

⁶ https://ec.europa.eu/research/regions/pdf/publications/h2020_synergies_201406.pdf

However, even if the proposed solutions are a good step ahead towards synergies, their practical application is still far to being actually achieved, as shown in the following figure 3, where the complexity of the operation is quite high and depends on a strong “ex-ante” cooperation among regions and concerned stakeholders.



Fig.3 Admissible use of structural funds (ESIF) within ERA-NET
Source (page 20 of the above mentioned document –link in footnote 6)

The same document also deals (page 60) with an H2020 proposal well ranked but not financed. The simple suggestion is that a partner may redirect the application to ESIF, without taking into consideration the practical difficulties related to a multi partner RIA/IA (*several European partner belonging to different Member States and regions; the proposal may fit with RIS3 in some regions and not in others; synchronization of ESIF calls, etc.*) that makes “de facto” impossible the suggested solution.

2.2.b) What SCREEN proposes

The already existing instruments come from a “*top-down approach*” not specifically thought for cross-regional projects.

The possibility of adapting the existing instruments should be discussed, together with the possible adoption of new instruments co-designed with a “*bottom-up approach*”, putting together the main advantages of the existing instruments without the current barriers.

2.2.c) Current status

On December 2016 questionnaire was circulated among the regions participating at the SCREEN project: At the date of 28/02/2017 10 regions answered through their offices dealing with Structural Funds, one region sent also answers from its office dealing with Research.

The full report is available in the project web page at the link www.screen-lab.eu/SCREEN-Quest1-Results.pdf; the main results are summarized hereinafter:

1. *There is a good knowledge of the EC “seal of excellence” initiative, that is generally well appreciated. However, there were only few practical results; an action is needed to ensure that such initiative is better connected to the possibility of having advantages for SMEs, that at the present seems jeopardized. A more pro-active dialogue between regions and Commission (R&I, EASME) should be initiated.*
2. *The majority of the target is available “in principle” to use their structural funds to finance their own partners in well ranked, but not financed H2020 projects. Such availability is also extended to the 30% of Innovation Actions non financed by H2020 (just “in principle”, because it is not currently allowed). Such opening, even if “in principle” could lead to an effective synergy between different funds, if properly supported by a continuous dialogue among the concerned actors*
3. *There are no tools available for looking at the results of H2020 that can be used for innovation purposes by SMEs and other applicants for regional funds: this means that the majority of innovation results provided by the European Research Programme do not find a proper exploitation way by industries and SMEs. There is a clear need of a proper tool allowing entrepreneurs to easily surf among the H2020 results, that should be co-designed by the Commission (R&I) and the regions.*
4. *The large majority of the regions’ structural funds does not foresee any “shortcuts” for funding proposals that are a follow-up of H2020 projects. Different comments about advantages/disadvantages of such a shortcut were provided, almost equally divided in negative and positive ones (the latter with a little plus). This results appears to be contradictory respect to the stated appreciation of the “Seal of Excellence” initiative and need to be better investigated.*

Results 3 and 4 need to be further investigated and a more detailed questionnaire will be circulated to better define the characteristics of the tool indicated under the above point 3 and analyse the actual expectations on the “shortcuts” described under the point 4.

Results 1 and 2 are strongly connected and lead to the first questions the Policy Lab should analyse: How to promote an effective synergy between Horizon 2020 and regional funds?

With reference to the above mentioned “*bottom-up approach*”, a preliminary idea called “Pilot Pot” raises from a past experience of Lazio Region, briefly described hereinafter.

Pilot Pot scheme:

Each participating region puts, on a voluntary basis, a certain amount of money⁷, coming from structural funds, in a specific “pot”.

European Commission “tops up” the pot (*% to be defined, feasibility to be checked*)

The “pot” will be used in H2020 (societal challenges, SME instrument and LEIT) and/or the future FP9 for those proposals complying with the following conditions:

- *Proposals with an evaluation score at least = 12/15.*
- *Proposals’ partners should belong to those regions that filled-in the pot.*
- *The amount put by each region should be enough to finance its own proposal partner(s).*
- *Proposals should comply with circular economy principle: such a compliance will be ranked against the simple set of indicators that will be provided by SCREEN.*

Common advantages:

- *Each region finances only its own participants and encourages them to have an international approach.*
- *H2020 and/or the new FP9 will have more funds.*
- *Regional stakeholders will have more opportunities in H2020/future FP9.*
- *Money put in the pot by each region will result automatically and correctly spent within its structural funds.*
- *No efforts spent for selection and evaluation: the four above criteria will be simply applied to the ranking list issued by the Commission after the normal evaluation of the proposals.*
- *No double funding.*

⁷ *Each region is free to decide its own amount*

3. List of questions for discussion

A) How to promote an effective synergy between Horizon 2020 and regional funds?

The discussion should be focused on:

- A.1) Opportunities and barriers of the existing instruments
- A.2) Possible modification of the existing instruments to comply with the synergy needs and Circular Economy
- A.3) New instruments (*bottom-up approach*). Discussion about the Pilot Pot and further proposal may arise during the meeting.

B) How to enhance the effective application of the “Seal of Excellence” and extend it beyond the SMEs instrument?

- B.1) It is clear that the “Seal of Excellence” is related to a project proposal and not to the proposer; however, a proposal well ranked by the Commission should be taken into the due consideration by the regional funds administrators if submitted exactly in the same terms it was submitted under H2020.
- B.2) B.2) Given the interest raised by the seal of excellence, the same approach should be investigated for multi-partner projects.