

Recommendation of the Austrian Council for Research and Technology Development regarding ERDF (Structural Funds)

General

In discussions with representatives from a variety of institutions from the RTI system (including federal ministries, provincial governments and agencies) the Austrian Council for Research and Technology Development has become aware of systemic hindrances in the area of European Regional Development Fund¹. At its meeting on 19 September 2012, the Austrian Council therefore decided to make a recommendation regarding the challenges described below.

Background

The Structural Funds (ERDF and ESF²) as elements of European cohesion policy are important instruments for financing regional projects in particular, although only roughly one third of total ERDF resources are budgeted for the innovation system. In the current financing period, Austria has achieved positive implementation rates in the area of bilateral projects and the multinational European Territorial Cooperation (ETC) programmes. Ambitions in terms of technology transfer and knowledge sharing – especially across borders – have been very successfully fulfilled in the ETC projects. However, it is a subject of ongoing discussion that the views of the funding applicants and the second level control by the Federal Chancellery diverge with regard to the eligibility of costs for funding in projects with ERDF cofinancing. Extremely high rates of error have been detected among projects that have been audited and these can be extrapolated to the system as a whole. Overall, the return flow from this funding instrument has so far remained below expectations. For the remainder of the programme until the end of 2013, it is expected that under the prevailing administrative conditions the funds budgeted for Austria can only be used with restrictions, resulting in a correspondingly low return

¹ European Regional Development Fund

² European Social Fund

flow. In the forthcoming period, national participation should be prepared together with the EU framework programme for research and innovation Horizon 2020. The ERDF should in particular provide funding for RTI-relevant infrastructures and investments (Stairways to Excellence), while Horizon 2020 aims to promote excellence and to close the gap between research and innovation up until market maturity. The foundations for this key research, technology and innovation priority are the Federal Government's commitment to achieving a GERD-to-GDP ratio of 3.76 percent by 2020, the measures presented each year by the Federal Government and provinces within the framework of the National Reform Programme for the Europe 2020 strategy and the implementation of the Federal Government's RTI strategy for the period up to 2020.

Planning for the future funding period (from 1 January 2014 to 31 December 2020) has already begun. Responsibility for coordinating the process in Austria has been given to the Austrian Conference on Spatial Planning (ÖROK). Various preparatory activities and expert groups are – with the agreement of the task force that was appointed to implement the Austrian RTI strategy – based at the ministries with the relevant specialist responsibility.

Selected RTI-Relevant Strategy Documents of the European Commission

On 17 July 2012 the European Commission published a document on the “ERA – European Research Area” with the reference number COM (2012) 392. Making reference to the Europe 2020 strategy, the Innovation Union (IU) and the drafts for the framework programme for research Horizon 2020 and the Structural Funds, this document underlines the importance of a strong and well-positioned European research community.

The key demand made in this document for achieving the completion of the European Research Area is the harmonisation of national funding rules and selection processes to remove barriers to scientific work. The document also highlights the need to apply high standards of quality when selecting projects (for example peer review processes) to ensure greater excellence in research.

The document COM (2012) 392 refers several times to the Structural Funds and the smart specialisation strategies. By setting out this political objective the European Commission is encouraging the regions to establish individual profiles. In particular, the document addresses leading regional companies and entrepreneurs, representatives of the regional knowledge, technology and creative sector as well as regional policymakers and planners. The success of the regions measured by the return flows from the Structural Funds will depend to a large extent on the ability of the actors to define joint priorities.

Austrian Council Findings

The Structural Funds constitute an important instrument of European cohesion policy for the RTI system in the forthcoming funding period (2014–2020). However, current national eligibility rules, governance structures and prevailing practices in programme management generate real barriers, which have a negative impact on scientific work. Continuing with current practices would lead to tension between the political objectives of the European Commission and practical implementation in Austria. The fundamentally good chances for the domestic innovation system to generate new impetus in the regions with resources from the Structural Funds must be effected by means of comprehensive changes to the processes and structures. Merging the regional operational programmes (OP) into a joint Austrian OP would be an important first step, and one that is welcomed by the Austrian Council.

Recommendation

Based on its findings, the Austrian Council makes the following recommendations regarding the Structural Funds (ERDF) in Austria:

- The European Commission accords great importance to innovation in its strategic documents and in the prioritisation of the objectives in the Structural Funds. The Austrian Council recommends that the same level of importance should be accorded at the national level and that framework conditions and structures that are conducive to innovation should be created.
- The governance of the administration of structural funds in Austria must be critically questioned. The Austrian Council recommends that alternative models should be developed in consultation with all involved institutions and is of the opinion that a functional separation of the areas of responsibility, in particular in the necessary agency structures (certifying authorities, managing authority and audit authority), is necessary.
- The processes during the administration of projects currently focus strongly on auditing and are less than satisfactory. The Austrian Council recommends a service orientation and complementarity³ with other European and national funding instruments as a central element of a reorientation of governance by the Federal Government and provinces. This requires a clear joint commitment on the part of the Federal Government and the provincial governments.
- An absence of uniform advisory structures in the Structural Funds has been identified in the current programme period. The most significant obstacles in terms of project implementation were the lack of adequate advice from European and national funding

³ Austrian negotiating position; cabinet presentation on 14 February 2012; Item #41.

programmes to help applicants select the optimal funding instrument during the application process as well as ambiguously formulated framework conditions. The Austrian Council recommends that information geared to the requirements of RTI institutions and based on the model of the EU framework programmes should be provided for ERDF co-financed programmes by the start of the next funding period at the latest. In future, uniform Austria-wide rules (funding eligibility directive) must be introduced to simplify the advisory and management processes for the different programmes. In the interests of the innovation system, it would be desirable to align these processes with those of complementary funding instruments – in particular Horizon 2020. The formulation of an easy-to-understand guideline for funding applications with the active involvement of the audit authority is considered to be a key support measure.

- The expertise of the unit based at the BMWF that coordinates the topic of smart specialisation in consultation with the actors from the Austrian research community, makes an important contribution to preparing the framework conditions for the next funding period. With a view to promoting science, research and innovation-driven structural change by means of intelligent specialisation on the part of the regions, policymakers, business, universities and research centres as leading regional institutions should be actively involved in the formulation of regional development priorities and the development of the operational programmes. The Austrian Council recommends that the RTI community should be involved to a greater extent in the preparation of the partnership agreements to ensure optimal networking between central government, the provinces and other actors. In this context, the Austrian Council draws attention to the important role played by the task force that was appointed to implement the RTI strategy.
- Austria performs well in the current bilateral and multinational programme lines and targets have been exceeded, not least of all due to severe structural weaknesses in other states. The Austrian Council recommends bringing in Austrian expertise as a contribution to the bilateral programmes to support other regions as well as the adoption of the lead principle for administrative issues in the operational programmes. This will enable Austria to obtain a strong mandate in the programmes and also to build up partnerships with cross-border regional development – for example the Danube region strategy.
- The at present barely coordinated interfaces between the individual instruments at the European, national and regional levels as well as differing eligibility rules act as hindrances in collaborative projects and larger project families. With regard to the planning of the national operational programmes and for negotiations with the EU, the Austrian Council recommends adopting an Austrian position which will make it possible to open up structures for goal-orientated

funding from a variety of European, national and regional initiatives – for example ESFRI or the KIC s of the EIT.

- At present, the processes in the Structural Funds for selecting and evaluating project applications as well as for the monitoring of the results are not explicitly optimised for projects with a scientific focus, as the Structural Funds are geared to regional development. It is not always possible to foresee the specific results of innovative projects in detail, quality in science and research is not a region-specific characteristic. The Austrian Council recommends generating measures in accordance with the ERA objectives, which will support the selection of high-calibre research projects in the application process while taking into account the requirements in a region with a view to smart specialisation. Appropriate modifications to the guidelines should be made to enable a more flexible approach to be taken when implementing scientific projects.