INTERREG EUROPE PEER REVIEW

SETTING UP SME VOUCHER SCHEME IN UPPER SILESIA

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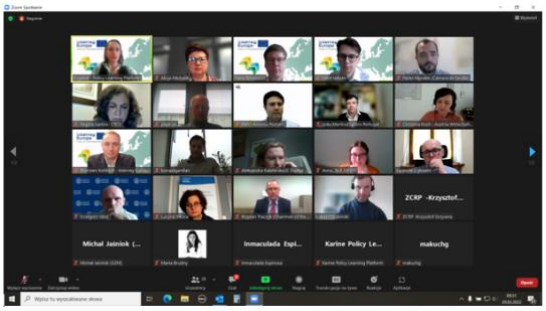

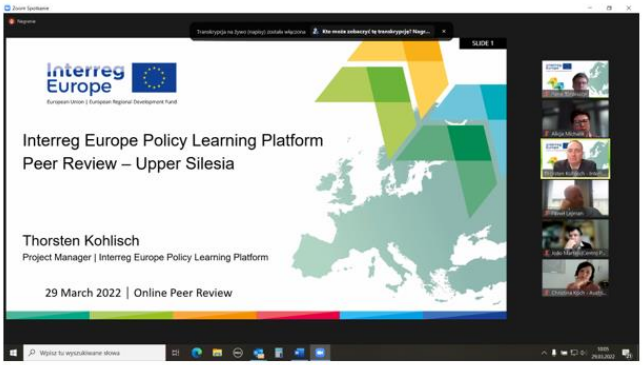

FINAL REPORT

Gliwice, April 2022

Brief presentation of the beneficiary

Poland is one of the countries with the lowest level of innovation in the European Union.

The Silesian Voivodeship is the most urbanised and industrialised region of Poland, with a well-developed transport network and energy infrastructure. Its economic and scientific potential results from the concentration of enterprises from various sectors of the economy, including those belonging to the group of high and medium-high technologies or knowledge-intensive services. The region's advantage is created by many scientific centres with diversified educational, research and development competences. The Silesian Voivodeship is characterised by a high share in the creation of the Gross Domestic Product (GDP), second only to the Mazowieckie Voivodeship.

The Silesian Voivodeship is among moderately innovative regions and is in 202nd place among European regions. In 2016-2018, 28% of industrial enterprises and 16.3% of service enterprises were innovatively active.

Reasons for low innovativeness level of SME

Among the reasons for the low level of innovation (however we define it) are:

- too much bureaucracy involved in obtaining external funding,
- limited internal financial resources,
- lack of investors interested in long-term investments,
- mistrust towards outsiders,
- feeling of insufficient level of intellectual property protection,
- unpreparedness of the organisation for changes related to innovation implementation,
- long period of implementing innovations,
- lack of a reliable implementation partner,
- poor translation of innovation into profitability of the company,
- disturbances in the current functioning of the company during implementation,
- unwillingness to take the risk.

The research indicates that the smaller the company, the lower the interest in innovations and in the group of SME employing up to 50 persons it does not exceed 8%. On the other hand, in the group of medium enterprises with 50-250 employees this percentage reaches even 31%. Industries with the largest number of innovations include chemical industry, pharmacy, production of cosmetics and IT. Companies from the health care and recreation industry are also quite open to changes. Innovations in the field of recycling, clean energy and environmental protection are also very popular, which is caused - apart from rapidly rising energy costs - by the increase in ecological awareness of entrepreneurs and their customers. Being environmentally friendly is no longer just a good marketing ploy, but also an obligatory element of evaluation by potential business partners.

Regional institutional context

In the Voivodship there are also many entities, foundations and companies with public capital whose task is to support business in various forms. Training courses, workshops, conferences, seminars and other events are organised to familiarise entrepreneurs with current economic and legal issues.

Business support is also provided by organisations bringing together entrepreneurs, such as chambers of commerce, industry associations, clusters, associations of entrepreneurs, agencies of city halls, district offices, and the Górnośląsko-Zagłębiowska Metropolia established under a special law, which is an association of 41 local districts and cities in the central part of the region. The population of GZM is around 2.1 million people. Membership of entrepreneurs in chambers, associations or unions is voluntary and for this reason there is no universal platform for communication with entrepreneurs. In the Silesian Voivodeship there are more than 330 thousand companies (as of 30.09.2019), of which more than 90% are micro companies, employing up to 10 employees.

The Silesian ecosystem for innovation has been consistently developed since 2002 by the Marshal's Office of the Silesian Voivodeship and the partner institutions characterised below, such as: higher education and science entities, business environment institutions, clusters, the Network of Regional Specialised Observatories, institutions financing the development of enterprises and creating other financial support instruments, as well as local government units and their subsidiaries.

APPLICANT/ORGANISER:

Upper Silesian Accelerator for Commercial Enterprises Ltd. (GAPR)

GAPR, as a dynamic Business Support Organisation, is a platform for dialogue and cooperation between Silesian entrepreneurs and state and local government bodies. It is also an ideal place for those looking for innovative solutions. Cooperation with scientists makes it an excellent partner in the process of commercialising the results of scientific and technological research in the economy. GAPR Ltd. focuses on high technology services, which in combination with new transport routes, modern facilities and available land for development makes the company an exceptionally attractive investment.

In addition, the Company makes effective use of EU funds by implementing innovative projects that have the potential to genuinely improve the competitiveness of the region and significantly support entrepreneurial attitudes, paving the way for the creation and implementation of innovations. GAPR is the coordinator of the MedSilesia Cluster – Silesian Network of Medical Devices, which was granted the status of Key National Cluster, which brings together companies from the medical industry, producers of equipment and software for a wide range of healthcare, rehabilitation and elderly facilities. In addition, GAPR cooperates with R&D units which, in the face of shrinking heavy industry, have shifted their interest to researching new materials, clean energy, environmental friendly technologies and recycling. These units are interested in acquiring new business partners and, importantly, their offer of cooperation is also addressed to micro, small and medium-sized enterprises.

Policy challenge encountered

Silesia is the most populated and urbanised region in Poland with over 4.5 million inhabitants. 78% of its population live in cities and its population density is 370 people/km2. The region comprises of eight NUTS-3 subregions, out of which six are notably affected by coal mining and related industries.

Silesia is the most coal-dependent region in Poland where mining plays an important role in the regional economy. High geographical concentration of mining areas means that a number of sub-regions will bear most of the costs of hard coal phase-out.

In 2019, Poland submitted its National Energy and Climate Plan for years 2021-2030 (NECP) in which it stipulate its objectives related to increased energy efficiency and decarbonisation (see next section on KPIs of strategies and plans). The comprehensive analysis of the impact of energy transformation on mining areas (including on society, employment and skills) was not possible within the time required for submission of the NECP. Such analysis will be carried out as part of the restructuring plan for hard coal and lignite mining regions envisaged in 2020.In 2018, Poland has adopted its Strategy for the coal sector in Poland until 2030. The stated main objective of the Program is creating conditions conducive to building a more economic, effective and modern hard coal mining sector, based on cooperation, knowledge and innovation, which allows for more efficient use of resources and social and economic capital.

Silesia dedicates 22% of the funds in the Regional Operational Programme for low-emission economy. Its Strategy of Economic Development, which will include a fair transition context according to the needs of regional economic development, the Regional Revitalisation Policy and Low-carbon economy policy for Silesia are currently being developed. The Regional Innovation Strategy for Silesia for Years 2013-2020 focuses on the areas of: energy, medicine, information and communication technologies, green economy and emerging industries (e.g. eco-industries, creative industries, maritime industry, mobility industries), mobile services, personalized medicine. The Regional Transformation Action Plan was adopted in 2019. It contains a diagnosis of challenges and problems. It has also identified 3 operational goals:

I. **High quality of life in the region:**
- reducing low emissions and the consumption of environmental and energy resources in enterprises, households, facilities and public spaces;
- increasing the quality and attractiveness of degraded buildings;
- support for education offer and infrastructure, development of qualifications and competences necessary for the economy;
- improving the quality of prevention and healthcare.

II. **Competitiveness of the economy based on modern environmental technologies**
- support for raising the capacity of the region's companies to implement innovations and modern technological solutions;
- strengthening the innovative potential of universities and R&D sector entities;
- increasing the efficiency and use of modern technologies in the processes of restructuring of traditional sectors;

- counteracting the effects and limiting the negative impact of mining on the environment and urban space.

III. Development of creative industries and free time.

The transformation of the region requires bold actions that will translate into an increase in the level of innovation. A challenge in the field of regional policy is to build instruments to support knowledge transfer and commercialisation processes and innovations.

Doubts about the effectiveness of Vouchers

Until now, support programmes have adopted a general definition of innovation defined in the Oslo Manual as a new or significantly improved process, product, marketing method or organisational method. Failure to define in individual programmes requirements concerning the scale of innovation meant that applications concerning products and technologies that were new for entrepreneurs but were not new in the region or country qualified for co-financing. On the other hand, failure to define preferred specialisations, technologies, etc. resulted in the fact that co-financing was directed, to a large extent, to undertakings of insignificant importance for the regional or national economy. Such an approach resulted, at the same time, in projects with a high innovative potential not being taken into account.

No measures were taken to verify the applicants' declarations concerning the type and scale of the proposed innovations. Opinions on the innovativeness of the project submitted together with the application for support were not reliably verified. These opinions were based on the content of applications prepared by entrepreneurs and were not critical of statements made by entrepreneurs regarding the scale of a given innovation. The studies also did not contain a reliable analysis of expected economic benefits, and the application assessment procedures were not fully transparent, due to the fact that in some competitions no unambiguous assessment criteria were indicated and descriptive assessments were applied, which resulted in their arbitrariness. The projects examined by the NIK (Supreme Chamber of Control) were characterised by a much lower scale of innovation than it would result from competition documentation, and the vast majority of undertakings had the character of innovation on the scale of an enterprise only.

List of participants

Peers		
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Pablo Morales	Chamber of Commerce of Seville	Spain (Andalusia)
Antonio Romero Navarro	Murcia Region	Spain (Murcia)
Joao Martins	CDC for Centro Region	Portugal
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Upper Silesia		
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GAPR		
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Stakeholders		
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Grzegorz Makuch	Marshal's Office of the Silesian Voivodeship	Coordination and Control Department
Poland		
Anna Stol	Ministry of Development Funds and Regional Policy	National Contact Point

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Laurentiu David	Interreg Europe	Policy Officer

Policy Learning Platform		
Thorsten Kohlisch	Policy Learning Platform	PLP Platform
Rene Tonnisson	Policy Learning Platform	SME Competitiveness
Mart Veliste	Policy Learning Platform	Thematic Manager

Recommendations

I. Activities of the implementing body

1. The implementing authority may be either local government agencies or specialised financial institutions and business environment institutions. **The implementing institution is obliged to monitor the effects of implementation**, possible complaints, protests, etc.
2. It is necessary to use an **Internet platform**, thanks to which it will be possible to initially verify the correctness of applications, to assess whether the application is submitted by an authorised entity and whether the "one entity - one application" principle is not being violated.
3. **Selection of innovation providers - 2 types of approach are used**:
    - According to specific criteria/accreditation:

    An example of the implementation of this approach is Spain (Murcia region), where the selection of suppliers according to specific criteria has been implemented, leading to the creation of a catalogue of services and products of an innovative nature and a list of suppliers. However, the region has allowed the possibility to "add ad hoc" to the accredited list also suppliers indicated by entrepreneurs.
    - No restrictions

    An example is Austria, where the applicant entrepreneur is allowed to choose the supplier (without any restrictions) and the actual value of the innovation is assessed during the evaluation of the application if it is qualified (drawn) for further proceedings. The general tendency is not to limit suppliers to a region, as this is insufficient for the needs of entrepreneurs. It is allowed to use suppliers outside Austria.
    The use of suppliers outside Austria is allowed.
4. Vouchers **as a tool for entrepreneurial discovery**.
    In Spain (Andalusia), so-called thematic axes have been defined for the voucher programme - tourism, environment, agriculture and food production, digitalisation, etc.
    In Austria, so far the programmes have been open to all sectors, the analysis of beneficiary sectors has been carried out post factum.
5. The objectives of the programme should be precisely defined and clearly communicated.
6. **It is worthwhile to interest companies not only from large urban centres** in the programme and to reach them with printed or electronic information materials. The information campaign should also include companies from traditional industries, for which innovation can be an inspiration for development.

II. Grant award mechanism

1. **Analysis of the resources** on the part of the implementing authority to carry out the evaluation of applications and selection of an appropriate method:
    - in Portugal, in the Central Region, a minimum points requirement was used as a way of pre-selection,
    - in Spain and Austria, the first-come, first-served method was used initially, but **in recent editions a lottery in the presence of a notary was used**.

    Participants in the peer review indicated that scoring systems in proposal evaluations do not add value.

2. **Parameters of voucher programmes** recommended by peer review participants and proven in practice:

    - Vouchers dedicated to cooperation with R&D sector - **it is recommended to test (pilot) their implementation**. In Austria (Salzburg Region) their implementation was tested on a small number of vouchers. 20 grants were awarded in the first edition and the number was gradually increased following the results of the pilot call.
    - The amounts awarded per application vary from € 5,000 to € 20,000 (in Spain, in the technology voucher project), but the **average grant value is around € 7,000**. The average value of the programme is between €1 and €2 million, which makes it possible to reach several hundred companies.
    - **The average duration of a programme is 12 months**, but there are also longer programmes with a cyclical call for applications. The principle is to maximise the number of beneficiaries and minimise the amounts granted.
    - The applied levels of companies' own participation are 10-30%.

III. Communication in voucher programmes

1. **Organisation of communication.**
   Voucher programmes are always very successful and there is no need to spend more than 5-10% of the budget on communication, depending on the target group. **Especially in the first days of the programme, it is important to set up a hotline for entrepreneurs, who will be very active during this first period**. There is no need to involve local governments and authorities in the information activities, but it is worth using networking, associations and organisations of entrepreneurs, local press, media and the Internet.
2. The process of informing about the opening of a call for proposals should start at least 1 month before the date of accepting applications, while the preparation of the programme itself, including the selection of suppliers, is a process that takes about 7-8 months. **It is worth preparing a "light" website for communication within the programme**, which will also serve for current information, it can also be a platform of knowledge and communication for the participants themselves and a tool for submitting applications.
3. **It is important to have direct contact with participants and show them good examples of companies, which have made progress thanks to innovations**. It is worth organizing online demonstrations, engaging bloggers, youtubers and influencers. If the project budget allows it, it is worth creating promotional materials in the form of videos, blog entries.
4. it is worth supporting the campaign of suppliers, as they will try to reach a potentially wide audience. A synergy effect is ensured.
5. **An important role is played by the campaign showing the effects, companies that thanks to the programme have modernized, increased employment, improved financial results**.

Possible calendar of implementation

The launch of the voucher programme is strictly dependent on the outcome of ongoing negotiations with the European Commission related to the approval of the Regional Operational Programme.

According to the documents presented to the European Commission, the Marshal's Office of the Silesia Voivodeship has planned to implement a project related to the design and implementation of a system of support and grants in the form of vouchers for companies, which can be used according to their individual needs - for all kinds of pro-innovation and development services**.**

The proposed project scope includes:

- creation, testing, distribution and monitoring of the use of vouchers for pro-innovative services (for the first time in the Silesia Voivodeship for pro-innovative and development services),
- a fast and non-cash system of support for enterprises, their creation, development of their activities in the field of innovations and research and development processes.

The voucher, depending on needs, will be able to be used for pre-incubation services, incubation, advisory support, renting office space, support in financing research and development activities.

It is currently assumed that preparations will start from September 2022, and until then public consultations will be carried out and recommendations from stakeholders will be accepted.

Conclusions

The Peer Review experts drew attention to many details which may significantly influence the final assessment of the programme's effectiveness and its evaluation by all participants. These aspects are broader than just technical and affect, among other things, the construction of the planned internet platform which will support the programme.

An effective voucher programme does not only mean obtaining investment goods, but also an opportunity to establish contacts between entrepreneurs, experts, employees of business environment institutions, universities and R&D units. A voucher programme can also activate entrepreneurs from outside large urban centres.

It is worth organising cyclical voucher programmes and in subsequent editions expand the range of both suppliers and beneficiaries. It is very important to conduct an information campaign after the grant has been awarded, during which the beneficiaries and the purchases they have made will be presented. This is also a good way to promote innovators. Transparent qualification process and speed of decision-making are very important for all participants. In this respect, equipment, personnel resources and the value of the programme should be selected.