Tapping into the potential of the Horizon 2020 Seal of Excellence

A Policy Brief from the Policy Learning Platform on Research and Innovation
Introduction

The **Seal of Excellence (SoE)** initiative was officially launched in October 2015 by Carlos Moedas, European Commissioner for Research, Science and Innovation, and Corina Crețu, European Commissioner for Regional Policy, at the European Week of Regions and Cities in Brussels. The seal is designed to maximise synergies between EU funds available for innovative companies, including under Horizon 2020, the EU's research and innovation funding programme and the European Structural and Investment Funds (ESIF). The SoE certificate is awarded to the applicants of excellent Horizon 2020 proposals that could not be funded under the available call budget. The seal identifies promising project proposals that merit funding from alternative sources (private or public regional, national, European, international).

A holder of the certificate can reach out to other investors and present the certificate as a **label of a high-quality project proposal**. The SoE offers an opportunity for regions and Member States (and any other interested actor) to fully exploit the high-quality Horizon 2020 evaluation process: it makes it possible to easily identify and possibly support high-impact research and innovation proposals coming from promising innovative companies, with an ambition to grow and compete internationally. It thus provides a strong encouragement to develop clear synergies between funding sources (European, National, regional and private).

In the current initial pilot phase, the SoE action concerns only proposals applying for the small and medium sized enterprise (SME) Instrument and in particular all those SME Instrument proposals evaluated above the quality threshold, but not receiving Horizon 2020 funding. Later on, this approach may be extended to cover more areas of Horizon 2020.

The Seal of Excellence approach

The Horizon 2020 "SME Instrument" has been selected for the introduction of the SoE because of its particular relevance to regional and national funders, as the project proposals are mostly led by a single SME and address small-scale research and innovation (R&I) actions close to the market with a clear territorial impact. It also addresses the challenge linked to the success of the SME Instrument call which has succeeded in attracting a high number of excellent submissions from that pass the quality threshold but in the end relatively few projects are being funded by the SME Instrument (see diagram below).

Source: [Directorate-General for Research & Innovation (DG RTD)](https://ec.europa.eu/sga/en) (June) period. The figures represent the numbers and % of projects passing the excellence threshold.
Regions or Member States interested in funding these types of proposals can use ESIF resources (in line with ESIF priorities and in compliance with national and relevant EU rules) or their own national/regional resources to grant funding without carrying out an additional qualitative evaluation. Since its launch in October 2015, more than 3000 SMEs have received the Seal of Excellence.

Commissioner Moedas said: "The Seal of Excellence is a simple concept with a big impact. It connects great ideas with potential investment that can make them come true. Our research and innovation scheme, Horizon 2020, already offers lots of opportunities to innovative companies to get funding. But the Seal enables them to tap into new sources of investment, public and private, beyond Horizon 2020."

Meanwhile Commissioner Crețu said: "European regional policy is strongly committed to helping smart SME proposals get financing. They are clearly contributing to regional growth, competitiveness and employment. The Seal of Excellence and its Community of Practice is the right approach by fostering a close collaboration between the Commission and its partners."

A more detailed analysis of the SoE shows the range of thematic areas covered by the SME Instrument, providing regional authorities opportunities to tailor and target certain priority policies with their own SoE policy support instruments.

The Seal of Excellence implementation experiences

In 2015 SoE “friendly” calls, for phase one of the SME Instrument, were implemented in many countries such as Spain, Ireland, France, Sweden, the Czech Republic and regions such as Catalonia (Spain) and Lombardy region (Italy) with others actively working on the design of schemes. As a pilot initiative, the SoE and its implementation is expected to provide the Commission with valuable learning on its design and implementation modalities.

---

1 Source: https://ec.europa.eu/research/index.cfm?pg=newsalert&year=2016&na=na-121016
The **Lombardy region** in Italy was one of the first regions to put in place a mechanism to implement the SoE concept in 2015. The initiative initially concerned vouchers with the value of EUR 25,000 for those SME applicants that were positively evaluated in phase one of the SME Instrument under Horizon 2020 but not funded for budgetary reasons. The relevant Lombardy SMEs were encouraged to apply under a regional call for SME Voucher research and innovation (R&I) call using a simplified call procedure. This involved re-submitting the same SME Instrument - Horizon 2020 proposal document and the related Evaluation Summary Report provided by the European Commission. Without any further evaluation, the applicants automatically received the funding voucher under the condition that they committed themselves to work on the feasibility study and present the project in phase two of the Horizon 2020 SME Instrument. In the process of drafting the feasibility study, SMEs were also encouraged to use the services of the local European Enterprise Network. The R&I Voucher was funded by ESIF. More information:

In the beginning of July 2016, the Lombardy region revised their approach and published a new call, again dedicated to funding SoE phase one proposals. It consisted of a voucher scheme for SME Instrument phase one proposals which were submitted between September 2015 and September 2016 and which received the SoE. Eligible SMEs are those located in the Lombardy region and these can apply to a EUR 30,000 voucher aimed at supporting the drafting of a feasibility study and a business plan. The overall budget was EUR 450,000 which is meant to support 15 SoE proposals in total. More information.

One of the many successful cases is of an Italian company developing organic fire extinguishers. Thanks to the SoE awarded for its proposed eco-innovation project, the region of Lombardy supported this idea with EUR 25,000. Subsequently the advanced business plan developed with this support was then successfully awarded a grant for full deployment from Horizon 2020.
Meanwhile, another SoE initiative has been developed in the **Czech region of South Moravia** and known as the “SME Instrument Brno programme”. The programme is managed by Brno City Municipality and it seeks to support SoE holders from phase one of the Horizon 2020 SME Instrument which are located in the South Moravian region. Successful applicants receive a grant of EUR 50,000 in addition to business coaching in order to prepare feasibility studies and create a market validation plan. The eligibility criteria include:

- the Seal of Excellence cannot be older than one year;
- the SME must be based in Brno or in South Moravian Region;
- obligation to apply for phase two of the H2020 SME Instrument, if the feasibility study results point in this direction.

This first call targets SoE holders who submitted to phase one of the SME Instrument is open until 30 April 2017. This call is open to SoE holders from the cut-offs from 1 September 2015 until 15 February 2017.

These two regional level examples show how a “simple and automatic” procedure has been developed to avoid SMEs having to participate in additional and complex submission and evaluation processes.

Several Member States have also put in place SoE implementation mechanisms via their national innovation funding agencies, for example TEKES in Finland and BPI in France.

**Cluster organisations** have also recognised the potential of this approach to support the innovation and research actions of their SMEs members. For example, the French Association of Innovative Clusters (AFPC) recently launched a working group on the SoE concept. The AFPC represents the interests of more than 50 clusters and their members to French and European authorities. The SoE working group will investigate alternative funding possibilities for their SME members, help them navigate the funding landscape and stay involved in European projects. For more information on [AFPC](#).

**Sharing Experiences**

**Policy learning and exchanging good practices** is an essential element of the SoE pilot phase. To date, more than 180 national and regional funding bodies, including many Interreg Europe Managing Authorities, have been exploring ways of implementing the SoE initiative across Europe. The Commission (Directorate-General for Research and Innovation (DG RTD) and Directorate-General for Regional and Urban Policy (DG REGIO)) has set up a 'Community of Practice' (CoP) for the exchange of know-how and experiences in order to identify the best ways to implement funding schemes in support of high-quality research and innovation projects with the SoE through ESIF or other sources.
The CoP is reserved for national or regional authorities that are able to fund research and innovation actions. It is also open to other funding agencies for innovating SMEs (including private banks and investors). The first CoP meeting took place on 13 October 2015. The CoP members come together in Brussels quarterly to exchange good practices, bring new ideas to the table and discuss future possibilities.

The CoP members are actively exploring the best possible ways to implement funding schemes in support of high-quality projects with the SoE through ESIF or other sources. Membership of the CoP increased from 52 members in October 2015 to 187 in March 2017. Also, a leaflet was published and dedicated pages on the CoP website were developed to explain the main concept and provide concrete examples. For further information on the CoP and on interesting case studies and the experiences of other regions please [click here](#).

**Conclusions**

The **SoE represents a great opportunity** to exploit Horizon 2020 highly sophisticated evaluation techniques, leading to a gain in time, a focused and efficient use of resources in a period of scarce resources and to increase research and innovation performance and impact in the territory and to support regional SMEs.

The SoE is therefore an interesting and relatively simple tool for regional authorities interested in supporting research and innovation excellence in their SMEs and promoting regional competitiveness. Not only does it provide a clear and additional incentive for regional SMEs to participate in the H2020 SME Instrument but it also enables regional authorities to benefit from “pre-screening services” and demonstrates clear linkages and continuity between European and regional funding sources.

The discussions within the CoP community demonstrate that regional authorities and Member States are actively considering using the SoE to support research and innovation support to lever other (i.e. not ESIF) public and private funding sources to diversify the funding opportunities for dynamic SMEs. Furthermore, the SoE concept is currently being implemented with other sources of Horizon 2020 R&I funding such as Marie Skłodowska-Currie, Teaming and perhaps in the future ERA Chairs and ERC grants.

---

2 On 23 November 2016 Carlos Moedas, the Commissioner for Research & Innovation, announced the expansion of the Seal of Excellence to Teaming Phase 2 in Horizon 2020. More good news was announced during the 20th anniversary celebrations of the Marie Skłodowska-Curie Actions (MSCA) by Tibor Navracsics, Commissioner for Education, Culture, Youth and Sport. MSCA proposals which passed the quality threshold and missed out on funding, will now also receive the Seal of Excellence certificate! This quality label will assist these proposals in the path to finding alternative funding.