



Design Options Paper

Peer for Excellence - Peer learning on ways to enhance good practices in SME innovation support using the **Seal of Excellence**

This project has received funding from the European Union's Horizon 2020 research and innovation program under grant agreement no. 730828



Disclaimer

The views expressed in this report are those of the authors and the project team. They do not necessarily reflect the opinion or position of the European Commission and in no way commit the involved organizations.

The goal of this project is not to strive for completeness due to its limited scope and resource constraints. With analysis remaining exploratory, the project partners want to deliver a number of constructive ideas for further debate, study and evaluation, as they believe the challenges for their client SMEs deserve this further attention. Collection for the data ended on October 31st. 2017 and all the comments and observations must be considered relevant as of that date.

Acknowledgement

This project was supported by the European Commission within the H2020 Innosup framework. We thank our colleagues from our respective host organisations who provided insight and expertise that greatly assisted the project research & activities, although they may not agree with all of the interpretations/conclusions of this paper.

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0 Executive Summary

This deliverable addresses a “Peer learning on ways to enhance good practices in SME innovation support using the “Seal of Excellence” (PEER FOR EXCELLENCE)” through the production of a Design Options Paper for the implementation of mechanisms that will help all European, national and regional funding agencies to harness the potential of the distinction provided by the “Seal of Excellence” to successfully fund high impact innovation projects.

Considering that the Seal of Excellence creation was based on the existence of synergies between research and regional development funding, it was made an initial assessment of existing practices in European countries in what regards the creation of synergies between these two types of funds, namely at national and regional level.

Upon this assessment, the main process stakeholders were identified and a generic questionnaire was developed. The questionnaire was then applied to each of the stakeholders, allowing to ascertain their perspective on the subject, the efforts taken so far on the implementation of the Seal of Excellence and the main drawbacks they saw in the process at the time of interview (Spring and Summer 2017).

The process stakeholder perceptions are then framed into a set of challenges associated with the value propositions associated with the Seal of Excellence as of its launching and, together with the analysis of the project team, a set of actions was formulated in order to address the 11 challenges identified with the implementation process of the Seal of Excellence as it stands in Fall 2017.

These 24 actions are set to take place in coordinated time frame, starting with the short term (ST) actions (to take place until 2020, corresponding to the end of the current programs), the medium term (MT) actions (that must ideally be framed in what concerns the discussion of the 9th. EU RTD Framework Program and Regional Development Programs) and the long term (LT) actions (to take place in the period that goes from 2021 thru 2027).

It should be noticed that it was made an effort to align the actions against the current discussion agenda at European level, by framing the actions against the recommendations of the Lamy report and with the actions proposed in the Scale-up Manifesto issued by the Lisbon Council Think Tank. During the project a representative of the consortium was present in most of the Seal of Excellence Community of Practice meetings and all the presentations were carefully evaluated and analysed in order to identify best practices and ideas on the implementation of the SoE.

For the challenges identified, in terms of "Recognition and reputation" of the Seal of Excellence, it is vital to implement, as soon as possible, a set of events where contact can be made between SoE beneficiaries and support agencies such as the ones involved in the Enterprise Europe Network (EEN). This contact can evolve in the medium term to the creation of a Key Account Manager for the Seal of Excellence (KAM SoE), that leverages and blends the existing EEN assets (network, representatives, database, etc.) with the financing mechanisms. The KAM SoE would allow, in the medium term, the creation of a single entry point, so that the companies with a SoE work with a single entity (and contact person) when setting up a project with multiple funding sources, addressing and unfolding the "Synergies and Complementarities" that the SoE enables.

For instance, the role of the KAM SoE could be taken from the role currently played by EASME and the EEN through the Key Account Managers allocated to SME Instrument beneficiaries, with the role of a KAM SoE to be of a different kind and largely targeting the identification of other funding solutions. This work could, in the short term, fall under the COSME supported EEN action, acting as a specific pilot for future actions.

It was found during the development of this work that other synergies can be obtained in the short term in other areas, such as innovative procurement using the SoE as a "pre-accreditation" mechanism that enables the company (*per se* or included in consortia with other companies) to participate in processes of public procurement of innovation. It was also suggested that Science and Technology Parks could be provided with (financial or material) bonuses for allowing SoE companies to use existing state of the art equipment acquired through European initiatives.

In the medium term, and especially during the discussion phase of the 2021-2027 framework programs, it is essential to formalize several mechanisms, especially the ones related to the enablement of the KAM SoE, that will allow them to have a more proactive attitude, especially in the post evaluation process and after SoE attribution to the companies.

This approach is currently prevented due to confidentiality issues surrounding the SoE attribution. To address that problem, it is suggested that future application forms ask applicants if they are willing "to be contacted by a EU representative in order to find alternative forms of support (in money or in kind)?" A positive answer to this question can trigger the access to the SoE beneficiary to a local ecosystem of H2020 advisory network (EEN, clusters, public entities, universities) that can be linked to the SoE and (eventually) SME-Instrument beneficiaries by the KAM SoE.

This officer can also trigger multiple actions such as feeding an EEN Merlin-like database to incorporate beneficiaries in networks of project consortia that are incentivized to "adopt a SoE"

(when the consortium is already existent) or by receiving "bonus points" for their proposal when a consortium applying to a new project has "adopted a SoE" beneficiary.

In what regards financing, most of the work to be done in the medium term is related to the financing agents (EIB and/or commercial banks) in order to create specific loans, distributed by Business Angels or similar venture, benefiting especially the SoE beneficiaries. These funds can be risk funding solutions that combine regional/national solutions and InnovFin instruments to address needs that are complementary to those addressed by commercial banks.

This approach must be framed into a medium term strategy where a national/regional multi-fund integration is achieved so that different dimensions of the projects can be funded regardless of the timings of the managing entities and a synergetic system is in place so that, through successive evaluation rounds, it can be guaranteed the funding of the companies, allowing SME-Instrument Phase 2 winners and SoE beneficiaries to grow along with the market developments and assuring a properly timed availability of the funds with the growth plans of the companies.

In terms of project evaluation, since this effort has implications in legal and financial dimensions, it is fundamental that they are properly prepared in advance for the next framework program so that the streamlining of the funding mechanism, in what public funds is concerned, enables the creation and the use of coherent evaluation matrixes, so that the quality of the projects is evaluated in a concise, straightforward way, leaving room for a local eligibility criterion.

Once the next framework program is in place, it is expected to be possible to implement a continued promotion activity by the KAM SoE, especially in the post evaluation process and after SoE attribution to the companies. These activities should be extended to the financial domain, where it will be possible to frame a set of loans with the support of a professional financial consultancy (for example, Business Angels that can be members of KAM SoE community) that can work on a "milestones voucher" basis, taking the SME from the SoE attribution thru early investment stages.

Finally, in what regards the evaluation of the projects, it is important that in the long term the evaluation procedure of the proposals can be extended so that private financiers agree on a single proposal evaluation matrix, to be technically evaluated based on a common evaluation framework that could then be derived to fit each financing entity objectives and strategies.

With these approaches, we believe that it is possible to address the main difficulties in implementing the "Seal of Excellence", so that it becomes a powerful tool in successfully funding high impact innovation projects.

1 Introduction

The European Commission's decision to rely on a "Seal of Excellence" to recognize Horizon 2020 proposals with outstanding (but non-funded) projects, has been causing significant constraints for national agencies responsible for managing Structural Funds.

To address this issue, this deliverable addresses a "Peer learning on ways to enhance good practices in SME innovation support using the "Seal of Excellence" (PEER FOR EXCELLENCE)" through the production of this Design Options Paper for the implementation of mechanisms, that will help all European, national and regional funding agencies to harness the potential of the distinction provided by the "Seal of Excellence" to successfully fund high impact innovation projects.

PEER FOR EXCELLENCE is based in the sharing of experiences and practices analysis supported by the twinning advanced methodology. This methodology allows the leveraging and systematization of the knowledge, not only of the members of the consortium, but also of all of the relevant European process stakeholders.

1.1 Structure of the Paper

The structure of this DOP (Design Options Paper) was developed based on the recommendations of the Twinning Plus methodology¹.

Considering that this work is supported by **an initial assessment of existing practices in European countries, and compares them with the ones adopted by the national/regional authorities in each of the projects participating countries**, this comparison is made on both the explicit and the tacit knowledge that exists in the participating organizations, thus enabling a process of peer learning among them (and with other interested parties that have similar challenges).

From this analysis, a systematic identification of process stakeholders is made, in order to identify the relevant contact points in each of the participating countries. For each of the process stakeholders

¹ <https://ec.europa.eu/easme/sites/easme-site/files/Paper-Twinning-advanced-methodology.pdf> and <https://ec.europa.eu/easme/sites/easme-site/files/Twinning-Advanced-methodology.pdf>

identified, a generic questionnaire was developed and then customized for each of the stakeholders thus allowing, in each of the participating countries, to ascertain their perspective on the subject.

From this set of interviews and data gathering, a set of challenges is identified and, based on a common procedure, a set of actions is suggested in order to tackle the identified challenge and address the expectations of the involved SME's.

Furthermore, for each challenge the associated actions are framed to be addressed in the short term (ie: until the end of the current 2014-2020 framework programs); in the medium term (ie: during the preparation phase of the next framework programs) and in the long term (during the 2021-2027 framework programs). Each of the challenges and actions are also framed into the recommendations of the "High Level Group" (High Level Group on maximizing the impact of EU Research & Innovation Programmes, 2017) led by former commissioner Pascal Lamy and recommendations of the "Scale Up Manifesto" (Lisbon Council, 2017) issued by the Lisbon Council think tank . During the project a representative of the consortium was present in most of the Seal of Excellence Community of Practice meetings and all the presentations were carefully evaluated and analysed in order to identify best practices and ideas on the implementation of the SoE.

1.2 The project partners

The participant organizations have a relevant stake in the national/regional funding mechanisms in their country, where they also play a significant role as host organizations of the Enterprise Europe Network (EEN), supporting several SMEs that were already distinguished with the "Seal of Excellence". This enables privileged first-hand knowledge of both parties' perspective (funding entities and SMEs) on this subject.

ANI (Agência Nacional de Inovação – National Innovation Agency) performs in Portugal, at national level, key account management of the SME-Instrument (on behalf of Horizon 2020) to companies that have a high level of innovation and internationalization. Also, it is the National Contact Point for Horizon 2020. Furthermore, it is already involved in conversations with different process stakeholders (Managing Authorities and the EEN project members) in order to refine information on funding opportunities at national/regional level.

CCI-BFC (Chambre de Commerce et d'Industrie de Region Bourgogne Franche Comté – regional Chamber of Commerce and Industry) as EEN member is the main regional entry point for Horizon

2020 schemes and in particular for the SME-Instrument. It is working together with the Regional Council of Bourgogne Franche-Comté, the Managing Authority for ESIF to help SMEs benefitting from EU funding. In order to identify relevant innovation projects, they have both launched a stakeholder group on EU funding for innovation projects, gathering other innovation support organizations such as clusters and technical centres, in order to select projects suitable for ESIF or Horizon 2020. CCI BFC also collaborates with the regional office of bpifrance, the French public investment bank both at regional level and at National level where bpifrance leads the H2020 NCP (National Contact Point) for SMEs. CCI BFC has also been involved with the Ministry of Research and the Ministry of Economic affairs in the development of an EEN – NCP modus operandi to streamline the back-office/front-office support to SMEs in particular for the SME-Instrument. “Seal of Excellence” is another issue of mutual work at national level where CCI BFC is involved, while the issue is of lesser relevancy at regional level in terms of volume to date.

VLAIO (Vlaams Gewest Agentschap Innoveren en Ondernemen – Flemish Region Agency for Innovation and Entrepreneurship) is the host organization of the Enterprise Europe Network in Flanders and, in that position, it is also taking care of the key account management of the SME-Instrument on behalf of Horizon 2020. Next to that, VLAIO hosts several Horizon 2020 NCPs, among which the NCP for SMEs and the NCP for Access to Finance. VLAIO is also managing authority for the Structural Funds in Flanders (ESIF and INTERREG). The agency is fully embedded in the business and innovation support system of the region, being in charge of several support instruments and grant schemes and it has privileged contacts with other stakeholders involved in access to finance (both private and public). With regard to the “Seal of Excellence”, VLAIO at present is dealing with SMEs that have been awarded the “Seal of Excellence” on a case-by-case basis, signposting them to the most adequate co-financing schemes, either public or private.

ABP (AGRO BUSINESS PARK AS) is part of the Danish Consortium of the Enterprise Europe Network and it is also taking care of the key account management of the SME-Instrument on behalf of Horizon 2020. Next to that, ABP is involved in a number of Horizon 2020 proposals involving SMEs every year. It collaborates closely with NCPs on the agro-food and innovation topics and is closely linked to other funding bodies nationally and regionally. Danish funding agencies and managing authorities are aware of the “Seal of Excellence”, but have not yet adopted practices to exploit it.

Based on this brief description of the involved parties, the scenario is set to **bring together four entities that are committed to broker the relationship between the EC, the national/regional funding authorities and the enterprises, namely SME’s, that eagerly wait for consistent application of the “Seal of Excellence” at European, national and regional level.**

1.3 Glossary

DOP: The Design Option Paper is the result of a peer reviewing process used to identify, assess and analyse good practices within a certain theme. The results of the peer-review process are then compiled into a design options paper that was supposed to guide an implementing agency in making use of the good practices in designing the addressed program/initiative.

EEN: The Enterprise Europe Network is selected and co-financed by the European Commission so that businesses innovate and grow on an international scale. It is the world's largest support network for small and medium-sized enterprises (SMEs) with international ambitions. The Network is active in more than 60 countries worldwide. It brings together 3,000 experts from more than 600 member organisations – all renowned for their excellence in business support.

EFSI: The European Fund for Strategic Investments is an initiative launched jointly by the EIB Group – the European Investment Bank and European Investment Fund – and the European Commission to help overcome the current investment gap in the EU. EFSI is one of the three pillars of the Investment Plan for Europe that aims to revive investment in strategic projects around the continent to ensure that money reaches the real economy.

EIB: The European Investment Bank is the European Union's bank. This is the only bank owned by and representing the interests of the European Union Member States. It works closely with other EU institutions to implement EU policy.

ERDF: The European Regional Development Fund is one of the five European and Structural Investment Funds and is dedicated to finance projects related to research, innovation, competitiveness, digital, energy transition and environment and also, entrepreneurship.

ESIF: European Structural & Investment Funds (ESIF) consist of five funds including European Regional Development Fund (ERDF) and European Social Fund (ESF). The EU countries administer the funds on a decentralised basis through shared management. These two Funds include European Territorial Cooperation (ETC), better known as INTERREG, and Transnational Cooperation, TNC, respectively.

RIS 3 or S3: Regional Innovation Strategy for a Smart Specialisation or Smart Specialisation Strategies. They set priorities at national and regional level to build competitive advantage by developing and matching research and innovation own strengths with business needs, to address emerging opportunities and market developments in a coherent manner, while avoiding duplication and

fragmentation of efforts. They are also a backbone of national or regional research and innovation strategic policy frameworks in Europe.

SME: Small and Medium Enterprise. According to the European Union definition (article 2 of Recommendation 2003/361/CE), the category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

SoE: The Seal of Excellence (SoE) is the high-quality label awarded to projects submitted to Horizon 2020 which were deemed to deserve funding but did not receive it due to budget limits. It recognises the value of the proposal and supports the search for alternative funding.

2 Approach

Innovation-support agencies play an important, very often catalytic, role in SME innovation, namely in the design and implementation of support programs. Because of that, it is assumed that there exists a learning process every time a new scheme or feature is launched or modified. The learning process must therefore be based on clear methodologies and it has to be demand-driven, launched at the moment agencies themselves recognise the need to revise program formats. The learning process also guarantees that all parties involved have a fluid information flow among them, so that all can benefit. An important element in this learning process is also 'looking over the walls' of the own organisation and exchange experiences with other homologue agencies.

For that purpose, this report is based on the use of the twinning advanced methodology, that combines elements of traditional peer reviews and twinning in small learning groups of interested agencies, thus providing a better innovation support to SMEs in the implementation of the "Seal of Excellence".

2.1 Methodological approach

The proposed challenge is: "Make the SoE work", and for that it is necessary to analyse what is happening and what is working well

The Appreciative Inquiry (AI) method² was used for the brainstorming sessions among the partners. The four steps of the AI generate new ideas to build or rebuild organisations around what works, rather than through problem-solving. The focus is on increasing what is good today rather than on the negative aspects.

Before processing the project findings and formulating conclusions in the design options paper the basic principles of service design³ have considered. Service design is a form of conceptual design aimed at the improvement of the quality of a service according to the needs of the customer and the

² Inspired by David Cooperrider, internationally recognized as the founder, together with Suresh Srivastva, of the theory of Appreciative Inquiry.

³ Inspired by Mark Stickdorn's Service Design: <http://thisisservicedesignthinking.com>.

competences of the service provider, so that the service is user-friendly and relevant to the customer while being sustainable for the service provider.

The **touch points technique**⁴ from service design was used more specifically to discover efficiency and effectiveness of potential services. A touch point is any time a (potential) client or group of clients that comes in contact with the services/actions offered by an organisation before, during or after an interaction between both parties. It is a tool to identify clients' experiences and their perception about the services/actions. Ideally, every touch point should reflect, reinforce and reiterate the organisation's core strategy. In our project it was an interesting exercise to look for touchpoints between the 'clients' (SMEs, stakeholders) and the actions proposed on macro-economic (policy) level.

In this exercise we identified the potential touch points between the clients' perception and two policy initiatives, namely the "Lamy report" on the development of the new framework program for 2027, led by former Commissioner Pascal Lamy and entitled "Investing in the European future we want Report of the independent High Level Group on maximising the impact of EU Research & Innovation Programmes", and the 2016 'Scale Up Europe: A Manifesto for Change and Empowerment in the Digital Age ' and the Start and Scale up Initiative of the European Commission.

An appreciative inquiry must be made following the structure⁵:

1. Define the problem, the "challenge". Already very early in the project we came to the consensus that our challenge could be defined as a "wicked problem"⁶. What Horst Rittel taught us was:

- Simple problems (problems which are already defined) are easy to solve, because defining a problem inherently defines a solution.

⁴ Touch points are mentioned as one of the three pillars of service design in Koivisto, M. (2009). Frameworks for structuring services and customer experiences. In S. Miettinen & M. Koivisto (Eds.), *Designing services with innovative methods* (p. 136-149). Helsinki: Akatemia/UIAH.

⁵ <https://appreciativeinquiry.case.edu> and <http://hbswk.hbs.edu/archive/3684.html>

⁶ As defined by Horst Rittel, in *Dilemmas in a General Theory of Planning* Horst W. J. Rittel and Melvin M. Webber :The search for scientific bases for confronting problems of social policy is bound to fail, because of the nature of these problems. They are "wicked" problems, whereas science has developed to deal with "tame" problems. Policy problems cannot be definitively described. Moreover, in a pluralistic society there is nothing like the undisputable public good; there is no objective definition of equity; policies that respond to social problems cannot be meaningfully correct or false; and it makes no sense to talk about "optimal solutions" to social problems unless severe qualifications are imposed first. Even worse, there are no "solutions" in the sense of definitive and objective answers. "Dilemmas in a General Theory of Planning." *Panel on Policy Sciences, American Association for the Advancement of Science*. 4 (1969): 155–169.

- The definition of a problem is subjective; it comes from a point of view. Thus, when defining problems, all stake-holders, experts, and designers are equally knowledgeable (or unknowledgeable).
- Some problems cannot be solved, because stakeholders cannot agree on the definition. These problems are called wicked, but sometimes they can be tamed.
- Solving simple problems may lead to improvement—but not innovation. For innovation, we need to re-frame wicked problems.
- Because one person cannot possibly remember or keep track of all the variables (of both existing and desired states) in a wicked problem, taming wicked problems requires many people.
- These people have to talk to each other; they have to deliberate; they have to argue.
- To tame a wicked problem, they have to agree on goals and actions for reaching them. This requires knowledge about actions, not just facts.
- Science is concerned with factual knowledge (what-is); design is concerned with instrumental knowledge (how what-is relates to what-ought-to-be), how actions can meet goals.
- The process of argumentation is the key and perhaps the only method of taming wicked problems.
- This process is political.
- Design is political.

2. Discover the "best of what is"—they identified where the company's processes worked perfectly.
3. Dream "what might be —they envisioned processes that would work perfectly all the time.
4. Design "what should be"—they defined and prioritized the elements of perfect processes.
5. Deliver a Destiny based on "what will be"—they participated in the creation of the design.

Given the fact that we had to deal with a “wicked problem” , that this was also to a great extent linked to how people perceive the SoE, and given the fact that we had only limited resources to collect data and evidence, we made also use of the principles of the critical incident technique⁷ because this technique is very flexible and the principles underlying it have many types of applications.

The term critical incident refers to a situation which the participants consider as problematic and confusing, sometimes even amusing. Critical incidents are occasions that stay in mind. The opportunity to think carefully and analytically about a critical incident (in our case the launch of the Seal of

⁷ For more insights into the critical incident technique we used mainly the compilation of Spencer-Oatey, H. (2013) Critical incidents. A compilation of quotations for the intercultural field. GlobalPAD Core Concepts. Available at GlobalPAD Open House. <http://go.warwick.ac.uk/globalpadintercultural>

Excellence by the European Commission) promotes cross-cultural awareness and accelerates learning. In that way critical incidents are an important strategy that can be used to highlight differences and potential misunderstanding.

There are two widely accepted, but overly simplistic explanations for this state of affairs:

Complexity: Problems like these are inherently so complex that we don't understand them anywhere near well enough to develop reasonable methods for making progress in resolving them. Scepticism may extend to the validity or futility of attempting to gather and interpret data, accept working hypotheses, and taking actions intended to ameliorate the problems at hand.

It's politics: these problems resist resolution because stakeholders believe that they have rights to not only to strongly held opinions about proposed solutions, but also about the methods, motivation and meaning of any serious effort to address the problems. For instance, NIMBY (Not In My Back Yard) responses frequently arise from attempts to address nuclear waste, clean generation using wind turbines, and many other Wicked Problems, including their component Problems. Political scepticism may even extend to the desirability or utility of pursuing collaboration among stakeholders.

By applying the matrix mapping we used

'as was'(looking back), framing the origins of the problem (mainly addressed in chapter 3)

'as is'(looking today) (addressed in chapter 3, 4 and 5)

'to be'(looking forward) (addressed in chapter 6)

Through this structured approach we managed to deal with various elements of the wicked problems:

- ✓ Uncertainty and risk;
- ✓ Complexity;
- ✓ Systems interacting with other systems;
- ✓ Competing points of view and values;
- ✓ Different people knowing different parts of the problem (and possible solutions); and
- ✓ Intra- and Inter-organizational politics.

3 Background

The “Seal of Excellence” is an initiative of the European Commission that allows regions to recognise the quality label awarded to promising project proposals submitted under Horizon 2020, which could not secure funding due to budgetary constraints but received high assessment scores in the demanding and independent evaluation process. It results from the fact that potential synergies have been identified between the different Union funds, which might enhance the research and innovation investments and their impact.

These synergies are about obtaining more impact on competitiveness, jobs and growth in the EU by combining ESIF, Horizon 2020 and other EU instruments in a strategic and also cohesion-oriented manner. They are achieved either through bringing together Horizon 2020 and ESIF money in the same project, or through successive projects that build on each other or parallel projects/roadmaps that complement each other. Attention should also go to other ways of creating synergy, like for example with national, regional and local funding schemes, and/or co-financing opportunities provided by both public and private parties.

To achieve synergies, all levels and stages of the programming and implementation need to be addressed in what regards the set-up of the implementation mechanisms, project selection processes, information services, guidance to potential beneficiaries, monitoring of the implementation, etc.

Based on these assumptions, this Design Options Paper provides suggestions of actions that can leverage the opportunities given by this European initiative and proposes to use the twinning advanced methodology for a peer learning action between the partners involved in the support of SME’s, clarifying, for the benefit of their candidate SMEs and for the national and regional entities involved, the flow of communication, the procedures and the implementation methodology of the “Seal of Excellence” in their respective regions.

3.1 Justification for the Seal of Excellence

In 2011 the “Europe 2020 Flagship Initiative Innovation Union”, noted that “the EU research and innovation programs have served the EU well by focusing on excellence at European level”, however

“EU research and innovation funding instruments need to be streamlined and to focus on the objectives of Innovation Union”.

It was noticed that “the whole chain of research and innovation must be strengthened and made more coherent, from blue sky research to market uptake” and that “funding opportunities should meet the needs of different participants, in particular SMEs with the potential to turn the results into new products and services”.

In order to do so “the integration of the research and innovation dimensions should be reflected in EU funding programs, including the Framework Programme, the Competitiveness and Innovation Framework Programme and the Cohesion Funds”. It was also noticed that they “need to be better coordinated in design and implementation so as to maximise impact, user-friendliness and EU added value”.⁸

The next step was achieved in late 2013 when Horizon 2020 and ESIF regulations were adopted, which allowed the creation, in July 2014, of a guidance document for policy makers and implementation bodies entitled “Enabling synergies between European Structural and Investment Funds, Horizon 2020 and other research, innovation and competitiveness-related Union programs”⁹

In this document, the basic principles and concepts for synergies were outlined so that a clear definition on synergies was reached. This definition stated that synergies resulted from combined funding of ESIF programs and Horizon 2020, with synergies among programs meaning “joint or coordinated efforts to achieve greater impact and efficiency, not only combining ESIF and Horizon 2020 money in the same project”.

In the same document it was pointed that there were three separate ways to achieve synergies in bringing together Horizon 2020 and ESIF money in the same project.

The first is based on a single action or a group of coordinated actions/operations, but always provided that there is no double funding of the same expenditure item) in view of achieving greater impact and efficiency (only achievable in H2020);

The second was through successive projects that build on each other or through parallel projects that complement each other.

⁸ https://ec.europa.eu/research/innovation-union/pdf/innovation-union-communication-brochure_en.pdf (Page 14)

⁹ http://ec.europa.eu/regional_policy/sources/docgener/guides/synergy/synergies_en.pdf

Finally, the third one was based on ESIF programs that could also be designed and implemented to take up high quality project proposals from Horizon 2020 or other centrally managed programs, for which there is not enough budget available in the respective programs.

In November 2014, with the new Juncker Commission in place, Commissioners Moedas and Cretu set the mandate to maximize synergies. These synergies were based on the existing differences between R&D Policy and Cohesion Policy.

The first is excellence based, with a non-territorial approach with direct management, being mostly awarded directly to the final beneficiaries. It also has competitive calls, addressed mainly to international groupings, with peer-review based on the excellence criteria being used in the bi-annual work programs.

The second, is awarded through shared management to national and regional public intermediaries, with mostly non-competitive attribution addressed at regional players (single beneficiaries) based on strategic planning negotiation framed by 7-year operational plans.

As for complementarities, the R&D Policy is focused on tackling major societal challenges, maximizing the competitiveness impact of research and innovation. On the other hand, the cohesion policy maximizes the competitiveness impact of research and innovation acting as a capacity building instrument via smart specialization, based on learning mechanisms and critical skills in regions, member states and also in interregional possibilities.

3.2 Implementation pathway

3.2.1 Political reasoning

The Multiannual Financial Framework for 2014 – 2020 of the European Union insists on building synergies between the different programs addressing common policy issues such as innovation. For this purpose, a guide on “Enabling synergies between European Structural and Investment Funds, Horizon 2020 and other research, innovation and competitiveness-related Union programs” was published in 2014 for the purpose of guiding Structural Funds (ESIF) Managing Authorities with implementing bridges between programs.

The basic principle remains that no double funding of the same costs and no substitution to co-funding by Horizon 2020 grants is permitted. Nevertheless, the guides state that synergies can be achieved between ESIF and H2020 either in the same project (but not on the same expenditure) or on successive or parallel projects in order to provide a wider spectrum and achieve a higher impact.

The document also suggests some guidelines on types of expenditure within an innovative project which should rather be in the scope of ESIF or H2020 grants.

Several framework and regulatory differences remain:

- ESIF are subject to State Aid regulations and in the specific field of innovation and R&D is subject to the Regional Smart Specialisation Strategies.
- H2020 grants do not fall under the State Aid regulations and in the case of the SME-Instrument they are limited.

The guide includes a specific chapter dedicated to SME-Instrument, highlighting the fact that the results of the first or second phase of the SME-Instrument grants under Horizon 2020 could be carried further towards the market via ESIF support if they meet the Horizon 2020 excellence standards. Through this, the quality of ESIF research and innovation projects could be raised thanks to the international peer-review of the proposals.

In order to seize these opportunities, the cost and project model in relevant ESIF programs would need to be aligned to the SME-Instrument grant conditions.

On the other way around, excellent projects non funded by Horizon 2020 can be proposals positively evaluated that cannot be funded under Horizon 2020 due to limited availability of budget, could be funded from ESIF (in particular regional, agricultural and maritime funds) with potentially unchanged conditions.

The success of the SME-Instrument led to about 18% of Phase 1 and 33% of Phase 2 projects submitted were evaluated above the quality threshold but between 41% and 76% among them could not be funded by lack of sufficiently available H2020 budget.

The Seal of Excellence addresses this population of projects which are certainly not leftovers but really excellent projects evaluated under objective and qualitative pan-European conditions. The purpose of the SoE was also to offer a second chance but does not mean to provide automatic alternative funding. The SoE was effectively launch on 12 October 2015.

In parallel a Community of Practice was set up by the European Commission gathering National or Regional authorities that have a funding power for research and innovation actions as well as other Funding Agencies for Innovating SMEs (including private banks and investors) committing to a swift implementation. The purpose was to exchange know-how on the best ways to implement the 'seal of excellence' approach through ESIF (ensuring conformity with Cohesion Policy rules, state aid thresholds and the relevant Smart Specialisation priorities) or other sources

The present Peer learning project PEER FOR EXCELLENCE conducted the study with in-depth follow-up of the work carried out by the CoP during the course of the project.

From the beginning several questions were raised which have been sorted out:

- An accompanying letter was modified to include the fact that SoE did not mean automatic funding, would imply a certainly different funding intensity and pinpoint the beneficiary to support structures to assist in the finding of alternative funding;
- It was retroactively made available from early 2015 cut-offs evaluation;
- The seal was made digitally sealed to be used with security upon other funding bodies.

Over the time since late 2015, several schemes have been implemented in different regions / countries (these case studies are presented later in this document).

3.2.2 Legal framework

The legal framework between the Horizon 2020 scheme and the ESIF funding scheme are different mostly because ESIF managed by or within Member States, and follow the State Aid regulations.

Therefore, the actual implementation of the Seal of Excellence through a funding via ESIF instead of H2020 requires some adjustments. In order to help Management Authorities to set up a smooth implementation of Seal of Excellence projects, the European Commission published a detailed but simple explanatory note named "Application of State Aid Rules to national and regional funding schemes that offer alternative support to SME-Instrument project proposals with a Horizon 2020 'Seal of Excellence'"¹⁰.

¹⁰ http://ec.europa.eu/regional_policy/sources/docgener/guidelines/2017/application_of_state_aid_rules.pdf

This note explains how to implement the procedure in full respect of the General Block Exemption Regulation (GBER) and without having to modify the existing Operational Programme of ESIF.

It details how Phase 1 SoE beneficiary project for instance could be still funded through a lump-sum of 50 k€ according to either *de minimis* rules (not more than 200.000 € State Aid over a period of 3 years) or should the later be exceeded through the “Feasibility Study” rules allowing to reach 60 to 70% intensity.

Phase 2 SoE project could be funded under the Research, Development and Innovation rules according to “fundamental research” (in few cases) or most relevant “industrial research” or “experimental research” with an aid intensity including “SME” and “dissemination bonus” reaching 70% to 80%.

The note also recommends Managing Authorities to

- Accept the same cost category and overheads (25%) as for Horizon 2020 which is made possible within GBER and State Aid rule;
- Accept the English proposal and its Evaluation Summary Report as it is.

However, some cautions have to be taken in order to comply with ESIF rules namely:

- Check on the incentive effect of the aid, suggesting to consider as initial date that of the initial H2020 submission, where no work has been carried out;
- Open, transparent and non-discriminatory conditions are already ensured by the SoE procedure in itself;
- Check the actual location of the project and its compliance to Smart Specialisation Strategy of the region;
- Validate the SME status of the company;
- Check the financial viability of the SME;
- Check on no double financing from European funding on the project.

3.3 Challenges and difficulties to be addressed

The launch of the Seal of Excellence by the two European Commission’s DGs in charge of research and innovation policy on the one hand and cohesion and regional policy on the other hand is coherent with the Multi-Annual Framework objectives which aimed at building stronger synergies between the

different policies to achieve the Europe 2020 goals. Nevertheless, these different policies frameworks and priorities do not always offer a compatible environment to simply use one funding source instead of the other.

For this reason, the European Commission launched on 13 October 2015 a Community of Practice gathering different actors involved in both Innovation and Cohesion Policies to foster synergies between Horizon 2020 and European Structural and Investment Funds (ESIF) with the aim of providing alternative support to bring to success high potential innovation projects to generate growth and jobs in the EU.

3.3.1 Challenges in terms of volume of projects

The SoE covers mainly (and only until March 2017, when other scheme like Marie Skłodowska Curie Actions (MSCAs) joined in) the scope of the SME-Instrument. Nevertheless, the figures are quite impressive. According to data provided by the DG R&I, since the launch of the instrument until the June 2017 cut-off, about 7250 projects have been awarded the SoE throughout Europe, among which 5130 projects in Phase 2, which represents about 88% of all Phase 2 above-threshold projects, with roughly another 650 every 4 months.

This represents an important batch of high quality projects that are potential generator of growth and jobs and that the EU cannot let aside or ignore as they stand for mostly individual SMEs that might have a marketable project for which banks do not wish yet to take risks. It is important to stress that most of these projects are close to the market already, with an innate potential capacity to create growth and jobs in sectors where societal challenges, as defined by the European Union, are emergent.

3.3.2 Challenges and limitations viewed from the ESIF side

Innovation support in the ESIF for SMEs is conditioned by the Smart Specialisation Strategy that each EU region/country was required to build as a prerequisite to the negotiation of their Partnership Agreement and Operational Programmes.

The purpose of innovation support in Operational Programs is really to pinpoint the structural funds as a leverage effects to projects fitting with regional priorities.

Although it contributes to identify very promising local projects, the concept of SoE is however not a supplementary budget for a Horizon 2020 scheme from ESIF budget, nor is it designed to provide an automatic entitlement of a grant from ESIF instead of Horizon 2020. Rather, the SoE provides a way to highlight good quality projects from local SME ecosystems which are worth funding by the ESIF Managing authorities.

For this purpose, basic scenarios are proposed, one for beneficiaries and one for Managing Authorities. The rationale behind is to use the SoE as a flagship. Beneficiaries are encouraged to propose their project to ESIF managing authorities (MA) making sure that the project framework follows ESIF local operational program (OP) rules.

Managing Authorities are invited to check how the project could fit within an existing axis of the operational program with the SME's project being adapted (if possible) to the existing framework.

Unsolved questions however remain:

- Can modifications in Horizon 2020 project proposal be made so that they do not put the quality of the project into question, while adjusting the financial set-up?
- Is it acceptable to use English language applications as in H2020 or should it be used local languages as in ESIF?
- What if the project's thematic does not fall under the relevant smart specialisation strategies and OPs of the region of the beneficiary?
- Can they be presented indifferently in convergent and non-convergent regions?
- Can they be presented elsewhere in the country (or even in the EU) while they are performed in the original region of the proposing beneficiary?
- Can the project be changed so that it can include more beneficiaries?
- How can the question of "state aid" be treated, especially in larger Phase 2 projects?

3.3.3 Challenges and limitations from the Horizon 2020 side

Horizon 2020 program also has a thematic approach with 7 societal challenges and Key Enabling Technologies. Although the logic behind the SME-Instrument is a bottom-up cross-sector approach, the scheme is built around budgets made available from the different thematic priorities on Research & Innovation.

For instance, the current SME-Instrument (under Work program 2016-2017) is divided in 13 thematic areas each with its own evaluation panel. Changes have been announced for 2018 on with a full

bottom-up approach and single budget, but this raises another question in terms of balance between thematic areas.

The SME-Instrument is an open call for proposals with 4 cut-offs (for each phase) each year. Each cut-off periods provide a quarterly list of above-threshold projects. Answers are generally available within 2 months and SoE are awarded within the same timeframe.

From this set-up, a series of questions can be raised:

- How the Horizon 2020 thematic approach can be made fitting with the Smart Specialisation Strategies and ESIF operational programs?
- How to design ESIF selection criteria and calls, conduct the evaluation and selection process in a coherent manner?
- How to synchronise the timing of ESIF funding decisions with SME-Instrument call results?
- Does it make sense to align the design application forms and the underlying cost models?
- How the changes in the full bottom-up thematic approach from 2018 on will still guarantee a fair balance between sectors (preventing one sector to concentrate most of the budget as one may fear) ?

3.3.4 Challenges and difficulties generated by Financial Instruments

It is known that the use of financial instruments as a complement to grants provide a better resource efficiency in the support of innovation. They have played a growing role in the last Multiannual Framework programs on the Cohesion Policy side in particular when dealing with SME support.

In the current 2014–2020 framework, Regions and Member States have been encouraged to make an increased use of financial instrument schemes in their OP and the legal framework has been adapted in order to allow it, leading to the creation of a significant number of instruments in member states backed by ESIF funding.

Financial instruments are also widely present in the Community managed EU programs. For instance, in Horizon 2020, with the InnoFin instruments for higher risk innovation projects, or in COSME with equity and guarantees for less risky SME projects.

Several instruments are thus offered to support quality innovation projects, namely by:

- Combining resources from the ESIF program and the financial intermediary to support financing to SMEs as referred in Article 37(4) of Regulation (EU) N° 1303/2013. This allows

offering SMEs more funds at preferential conditions in terms of interest rate reduction and, if relevant, collateral reduction.

- Guarantee for SMEs (partial first loss portfolio, capped guarantee) (Annex III of 2014/964/EU). The Capped Guarantee instrument shall provide credit risk coverage on a loan by loan basis, for the creation of a portfolio of new loans to SMEs up to a maximum loss amount (cap). It aims at providing better access to finance to targeted SMEs, addressing concrete and well identified market gaps.

Other instruments, although not yet fully implemented, could also be:

- Equity fund for SMEs and start-up companies (in the future).
- Co-Investment facility (not yet approved)

The Co-investment Facility shall take the form of an equity fund managed by a financial intermediary investing ESIF program contribution into SMEs. It shall also attract additional investments in SMEs through a partnership approach with private co-investors on a deal by deal basis.

Once again a series of questions remain open:

- How SoE can be used as a rating or a marker for projects in terms of risk level and guarantees?
- Do equity and loans offer the same support and leverage effect to disruptive innovation projects as grant would do?
- Again, how to limit modifications in Horizon 2020 project proposal that could put the quality of the project into question, while adjusting the financial set-up to the instruments to be used?

3.3.5 Challenges and difficulties in the support offered

Since the launch of the SoE, several innovation support schemes have been adapted to the context and target of SoE beneficiary. For instance, the Enterprise Europe Network now has in its contractual obligations to assist SoE beneficiary in accessing alternative funding. SoE beneficiaries are thus explicitly invited in the cover letter of the SoE to contact their EEN local office. However, EEN has seldom the ability to fulfil all the expectations raised by the SoE, thus resulting in a frustrating experience by the SoE beneficiary, and consequently also for the EEN.

SME and Risk Funding National Contact Points network have also launched an initiative called ACCESS4SME (<http://www.access4smes.eu/>) where the SoE beneficiary represents a specific target which will be addressed and advised on how to reach financial instruments.

However once again open questions remain:

- How these different support network, institutions, ecosystems have access to the repository of SoE projects, since not all SMEs are willing to share what they consider as a failure with other institutions?
- How can the existing support mechanisms complement the already used solutions and add value to the company?

Several other regional schemes have been set up to partly, with various degree of commonality, replace or supplement the SME-Instrument and they are described in this document based on the data gathered from presentations in the Community of Practice.

3.4 Literature on the SME Instrument and similar initiatives at international level

Due to its visibility, the SME-Instrument has received attention from the academic community, where it was the subject of some academic papers, namely the Berkeley University Roundtable on the International Economy (BRIE) Working Paper 2016-4 entitled “SME-Instrument – So far so good”, and also was approached by the generically called “Lamy report” on the development of the new framework program for 2027, led by former Commissioner Pascal Lamy and entitled “Investing in the European future we want Report of the independent High Level Group on maximising the impact of EU Research & Innovation Programmes”. Finally, the “Scale-up Manifesto”¹¹ issued by the Lisbon Council think tank presents the main lines of thought by the industry in what regards what it must be made by the European Union in order to create “the next big thing in Europe”.

The BRIE Working paper makes a systematic overview of what how the SME-Instrument is being implemented, noticing that “the introduction of the SME-Instrument was eagerly expected and widely welcomed by both policymakers and European small companies [...] however, both practitioners and experts have been growing increasingly frustrated with the pace and the rates of implementation of the Instrument.”

With this background, it provides a description and analysis of how “Europe has long been experiencing a paradoxical imbalance between its strength in scientific research and its low capacity in innovation.”, noting that “in essence, the design of the SME-Instrument mimics that of the U.S.

¹¹ <http://ec.europa.eu/DocsRoom/documents/20262>

Small Business Innovation Research (SBIR) Program in its 3-phase structure, amounts of the awards and focus on technology commercialisation.”

Based on this, it notes that “SBIR had multiple unexpected non-financial positive externalities, such as the facilitation of entrepreneurship culture” anticipating that SME-I might have the same effect at European level. Nevertheless, it also notes that “the SME-I, while it is extremely popular, it is way too competitive, [lowering the] probability of funding [and] discouraging future applications”. It also notes that “the variety of firms applying for the SMEI support discloses the variety of strategies and ways of coping with early stage lack of financing that exist in Europe” with severe impact in the way the applicant firms’ set-up their financing roadmap and business models. Finally, it identifies a “gap” between Phase 1 and Phase 2, leading to failing initiatives due to an improper financing pipeline mechanism.

Finally, the paper “provides initial insights into how the SMEI awardee data can be used for the analysis of fast growing firms across sectors, how the applicant and awardee data can be used in the evaluation of the SMEI as a policy tool”, leading to a coherent approach with other entrepreneurship policies on the European and national levels.

The “Lamy report” on the other hand-side promotes a future vision of “Investing in the European future we want”, providing the reader (and the decision-maker) with a set of recommendations. The recommendations that directly impact the SME-Instrument in the field of research and innovation programs are framed with a key action and, according to our interpretation, reside in the following recommendations:

Recommendation 2: “Build a true EU innovation policy that creates future markets” is aligned with the SME-Instrument objective that innovative ideas with rapid scale up potential should be placed in an ecosystem where researchers, innovators, industries and governments support its development and growth. For the creation and development of this ecosystem it is proposed the creation of a European Innovation Council where the players refer to and are coordinated by.

Recommendation 6: “Rationalise the EU funding landscape and achieve synergy with structural funds, argues that cutting the number of R&I funding schemes and instruments is vital, making the remaining ones reinforce each other, making synergy with other programs work.

Recommendation 7: “Simplify further” in order for the European Union to become the most attractive R&I funder in the world, privileging impact over process.

Recommendation 9: “Better align EU and national R&I investment” ensuring EU and national alignment where it adds value to the EU’s R&I ambitions and missions.

Recommendation 11: “Capture and better communicate impact” by branding EU research and innovation and ensure wide communication of its results and impacts.

Finally, the “Scale-up manifesto” presents an action plan where 49 concrete actions are accompanied by with a “to-do” list for each of the key players in the field: European Union policymakers, member-state governments, start-ups and scale ups and other ecosystem players.

The most relevant areas for the development of the recommendations that suit the Seal of Excellence approach are: 2. Mobilize Capital; 4. Power Innovation and 6. Monitor, measure and evaluate.

3.5 Data on the Seal of Excellence (2015-2017 (H1))

In this section, it is analysed and systemized how EU countries are implementing synergistic policies in the financing of projects between Horizon 2020 and ESIF using the “Seal of Excellence” from Horizon 2020.

For that, it is made an inventory on seals awarded until June 30th. 2017 and, based on the cases presented with the Seal of Excellence CoP, a relevant set of projects is analysed.

3.5.1 Number of seals awarded

Latest data available shows that over the period from 2014 to 2016 the following proposals were submitted for evaluation¹²:

2014 – June 2017	Proposals submitted	Proposals awarded SoE	Proposals funded
Phase 1	26.732	2.120	2.170
Phase 2	13.191	5.130	667

¹² According to the data presented in the 6th. Community of Practice Meeting held in October 19th. 2017

Phase 1 projects may be considered separately as it is essentially a feasibility study which is optional and in several cases can be addressed relatively easily by other schemes.

Phase 2 projects however concentrate most of the potential because these are the “real” SME development where a public investment is required.

In terms of country distribution, the number of SoE is very much related to the number of proposal submitted. Spain, Italy and UK are in the top 3 with about a third of the SoE awarded, Germany and France are following with Israel, Finland, Sweden, the Netherlands, Denmark, Hungary, Poland and Portugal.

When regions are considered, most countries have a distribution per regions which is in accordance to the economic development as seen in mapping of EU’s regional policy with clearly the highest number of SoE in the most developed regions, but it is important to note that if this is true for Phase 1, many Phase 2 are concentrated in a relatively fewer number of regions often close to the most developed urban areas.

Sector distribution is also related to the submission rate, with ICT taking a clear lead with about 20% followed by Biotechnology, Nanotechnology, Low Carbon/Energy and Environment/Raw materials. Some areas like Space, Blue Growth, Security or Biotechnology have much more SoE awarded for Phase 2 projects than Phase 1.

3.5.2 Selected case studies at EU level

In this section it is performed a systematized approach of the initiatives taken in the Member States towards the implementation of the Seal of Excellence principles, either at national or at regional level.

3.5.2.1 Cyprus

3.5.2.1.1 National level

Cyprus has launched an initiative called “Restart 2016 – 2020” which aims at bringing research and technological development and innovation to the forefront of the country’s economic development. It holds a specific program allowing to give a second chance to the best Cypriot projects submitted to Horizon 2020 and not funded.

About 5,5 M€ with co-financing from ERDF are used for this program which includes both phases of the SME-Instrument. The program is managed by the Cyprus Research Promotion Foundation. A call is open since 16 September 2016 and will remain open until exhaustion of resources.

For the SME-Instrument, the awarding of a Seal of Excellence is one of the conditions leading to the funding by the national Authorities. Phase 1 projects are granted 50 k€ (as per the EC H2020 funding) while Phase 2 projects may be funded up to 700 k€, the aid intensity heavily depending on the type of organisation, its size and its activities.

The main point to be observed is that Cyprus Authorities (Cyprus Research Promotion Foundation) accept the Evaluation result from the European Commission. CRPF estimates that 10 Phase 1 projects and 2 Phase 2 could be funded through this mean. As per the data available, Cyprus accounts for 2 SoEs in Phase 1 and 5 in Phase 2 over the 2014 – 2016 period. In other words, Phase 2 budget is already potentially exhausted at mid-program.

Information based on presentation of Katia Nicolaidou of Cyprus Research Promotion Foundation at 3rd COP meeting on 23/05/2016 and <https://iris.research.org.cy/file/public/010a37d0-e404-e711-8118-005056ab0fd1>

3.5.2.2 Czech Republic

3.5.2.2.1 National level

On March 20, 2017, the Czech Republic's Technological Agency announced the first public tender for research and experimental development (GAMA) for the Program of Applied Research, Experimental Development and Innovation GAMA, subprogram 2. The competition is focused only to support the projects of the applicants, which are small and medium enterprises based in the Czech Republic, which received the Seal of Excellence of the EC in the SME-Instrument - Phase 1.

The subject of this tender is the selection of proposals for applied research, experimental development and innovation projects supported from public funds of TA CR in order to fulfil the objectives of the GAMA program. The Technology agency of the Czech Republic will finance projects in the frame of the GAMA program with a maximum of 55% of the total costs. Seal of Excellence holders from the 2016 cut-off dates and the first 2017 cut-off date are eligible.

Information source :

<https://tacr.cz/index.php/cz/novinky/925-vyhlaseni-1-verejne-souteze-programu-na-podporu-aplikovaneho-vyzkumu-experimentalniho-vyvoje-a-inovaci-gama-podprogram-2.html>

3.5.2.2.2 Regional level – South Moravia

In June 2017, JIC (South Moravian Innovation Center) has launched call of the SME-Instrument Brno program aiming to support small and medium-sized enterprises from South Moravian region developing innovative products that were positively evaluated and received 12,00 – 12,99 points in the evaluation performed (ie: haven't reached the threshold of 13 points under Phase 1 of the Horizon 2020 SME-Instrument).

The objective is to leverage the European Commission's evaluation process, easily identifying and supporting high-impact proposals coming from promising innovative companies, with an ambition to grow and compete internationally.

These projects will be further assessed by a committee of experts which then makes the final decision about award/non-award. Evaluation will take place within 4 weeks of receipt of the application. The final result evaluation and allocation of support is decided by the Implementing Agency.

Beneficiaries of the SME-Instrument Brno program are awarded with a grant equivalent to €41,000 to fund feasibility study and market validation. Evaluation of the final report and feasibility study, including the business plan, shall be carried out by a project manager who can, if necessary, to use the services of an external expert. There is an implicit requirement that the business plan shall be subject to a SME-Instrument Phase II application.

The program is financed by Brno City Municipality.

Information based on the presentation of Veronika Jurčová @ 3rd CoP meeting in 20160523 "SME-Instrument Brno" <https://www.jic.cz/en/sme-instrument-brno/>

3.5.2.3 Finland

3.5.2.3.1 National level

Finland has a relatively important number of SoE beneficiaries in Phase 2. The National Funding Agency for Innovation TEKES launched an initiative to address those proposals. It has officially recognized the Seal of Excellence as a proof of innovative business venture with high potential.

A case by case scrutiny of each SME project is thus being carried out and alternative funding are being made available in different forms grants, soft loans, market condition loans or venture capital. A joint

initiative with a service package managed by TEKES together with two other national institutions Finnvera, the national promotion bank and Finpro, the Finnish export promotion agency has been set up. This scheme is some ways very close to what the European Commission tends to propose as the so called Phase 3 of the SME-Instrument.

Information based on presentation by Matti Hiltunen of TEKES at 2nd COP meeting 28/01/2016

3.5.2.4 Germany

3.5.2.4.1 National level

In the Spring 2017, the German climate KIC accelerator has opened a specific call for Seal of Excellence holders where SoE start-ups were invited to apply in order to receive support to develop their business. Applying start-ups were supposed to have a commercially viable and scalable business model with a clear and demonstrable climate impact.

Support is provided to high-tech, young start-ups in the fields of renewable energy, resource and energy efficiency, mobility or other green sectors and companies were supposed to be looking to test their business model, find their first customers and get investment ready.

Information source: <http://climate-kic.de/accelerator>

3.5.2.5 Italy

3.5.2.5.1 National level

The Italian Ministry of Economic Affairs published a call for proposals which includes among others funding for Seal of Excellence SME-Instrument Phase 2 proposals.

The funding is reserved to SME-Instrument proposals which have received the Seal of Excellence, i.e. a quality label awarded to project proposals submitted for funding under Horizon 2020, which succeeded in passing all the stringent selection and award criteria but could not be funded under the available Call budget.

The call will only fund the proposals submitted to Phase 2 of the SME-Instrument. Eligible proposals are the ones which have been submitted by SMEs located in less developed regions (Basilicata, Calabria, Campania, Puglia e Sicilia) and regions in transition (Abruzzo, Molise e Sardegna).

The call is launched in the framework of the Operational Programme Competitiveness which is co-funded by the European Structural and Investments Funds (ESIF).

Information based on Carlo Castaldi presentations in the 4th and 5th CoP meetings and in the WIRE (Week of Innovative Regions in Europe) 2016 meeting and <http://www.sviluppoeconomico.gov.it/index.php/it/normativa/decreti-ministeriali/2034942-decreto-ministeriale-1-giugno-2016-bando-horizon-2020-pon>

3.5.2.5.2 Regional level – FVG Region

In the Friuli-Venezia Giulia region support scheme, there is a benefit given to the applicants that hold a Seal of Excellence. The regional scheme supports Seal of Excellence holders within existing calls for proposals by giving SoE SMEs additional marks in the evaluation. The three calls are for:

Innovation: Call for proposals for carrying out innovation activities - specialisation areas: agrifood, strategic industrial clusters, maritime technologies or smart health

Cooperation: Call for proposals for cooperation activities in the field of industrial research and experimental development - specialisation areas: agrifood or strategic industrial clusters

Public & Private partnerships: Call for proposals for standard and strategic RDI projects to be carried out through PPPs – specialisation areas: smart health & Maritime technologies

Information based on presentation Gino Cormon @ 5th CoP meeting in 20170307 “Implementation of the Seal of Excellence (SoE) in the FVG Region”

3.5.2.5.3 Regional level – Lombardy Region

In the Lombardy region, there is a €30 000 voucher scheme for Seal of Excellence holders under Phase I of the SME-Instrument.

These SMEs are encouraged to apply under the regional Research & Innovation Call 2016 (i.e. Bando Ricerca e Innovazione 2016 – Misura C), submitting the same SME-Instrument - Horizon 2020 proposal, and the Seal of Excellence and Evaluation Summary Report provided by the European Commission.

The proposal is not re-evaluated but will have to comply with the criteria set in the call. The voucher is granted to develop the business plan and prepare to submit to Phase 2.

Information based on presentation Armando de Crinito @ 2nd CoP meeting in 20160128 “Synergies: Lombardia region experience”; Presentation Laura Savini @ 4th CoP meeting in 20161010 “SEAL OF EXCELLENCE Lombardia region experience”; Paper European Commission “Regione Lombardia:

Publicato il bando riservato ai possessori del Seal of Excellence”; Presentation Laura Savini @ WIRE 2016 “Strategies and Synergies”; <http://www.bandimpreselombarde.it/>

3.5.2.5.4 Regional level – Marche Region

Funding is available for Seal of Excellence holders in Italian Marche Region SMEs who received the Seal of Excellence for Phase 2 of the Horizon 2020 SME-Instrument and are based in the Italian Marche Region.

The project needs to be in line with the regional Smart Specialisation strategy, has to start 30 days after the funding request and the duration should not exceed 24 months in total.

Information based on <http://www.regione.marche.it/Regione-Utile/Attività-Produttive/Ricerca-e-innovazione#Contributi-FESR-2014---2020>

3.5.2.5.5 Regional level – Piemonte Region

Regione Piemonte published a call for proposals which includes among others funding for Seal of Excellence SME-Instrument Phase 2 proposals. The call is launched in the framework of the Regional Operational Programme co-funded by the European Regional Development Fund and supports experimental development and industrial research projects submitted by companies associated to the Piedmont Innovation Clusters.

Information based on <http://www.regione.piemonte.it/bandipiemonte/cms/finanziamenti/bando-agevolazioni-progetti-di-ricerca-industriale-e-sviluppo-sperimentale-riservate>

3.5.2.6 Norway

3.5.2.6.1 National level

Norway funded 2 SMEs who submitted to SME-Instrument Phase 1. It is expected that 3 to 6 more Seal of Excellence SMEs will be supported and that the scheme will be expanded.

Information based on presentation Geir Ove Hansen @ 2nd CoP meeting in 20160128 “Seal of Excellence: Implementation in Norway”

3.5.2.7 Poland

3.5.2.7.1 National level

The Polish Agency for Enterprise Development (PARP) organized a series of workshops in November and December 2016 for Polish Seal of Excellence holders who submitted to Phase I of the SME-Instrument. This scheme is developed under the Policy Lab which is a part of the inno_LAB project, recently launched in the partnership with the Polish Ministry of Economic Development.

Information based on presentation Magdalena Zaleska @ 4th CoP meeting in 20161010 "Seal of Excellence in Poland: possibilities and challenges"; Presentation Dorota Fraczek @ 4th CoP meeting in 20161010 "Seal of Excellence in Poland Polish Agency for Enterprise Development"; Presentation Dorota Fraczek @ 5th CoP meeting in 20170307 "Developing Seal of Excellence support scheme in Poland" and presentation Piotr Sołowiej @ 5th CoP meeting in 20170307 "Fast track for projects with Seal of Excellence –simplified evaluation"

3.5.2.8 Slovenia

3.5.2.8.1 National level

Seal of Excellence holders in Slovenia SME-Instrument Phase 1 Seal of Excellence holders located in Slovenia can apply for a €35 000 lump sum to co-finance their feasibility study. At least 30 feasibility studies should be co-financed. The first round for applications closed in January and May 2017, followed by two more deadlines in May 2018 and 2019

Information based on presentation Polona Koves @ 4th CoP meeting in 20161010 "Seal of Excellence: Implementation in Slovenia"; Presentation Polona Koves @ 5th CoP meeting in 20170307 "Seal of Excellence: Implementation in Slovenia" and <http://www.spiritslovenia.si/razpisi/2016-12-09-Javni-razpis-DOPOLNJEVANJE-SME-INSTRUMENTA---Faza-1>

3.5.2.9 Spain

3.5.2.9.1 National level

The Spanish Minister of Economy and Competitiveness (MINECO) offers the opportunity to 'seal of excellence' Phase 1 proposals to access alternative funding through the national call "Horizon SME 2016".

136 Seal of Excellence proposals in Phase 1 have already been supported by the Spanish Ministry of Economy and Competitiveness.

Information based on presentation Luis J. Guerra Casanova @ 2nd CoP meeting in 20160128 “Ideas and questions for the SoE implementation: SPAIN”; presentation Luis J. Guerra Casanova @ 3rd CoP meeting in 20160523 “Experience in call design for Soe in Spain: Lessons Learnt “ and paper European Commission “Seal of Excellence implementation continues in Spain!”; <http://www.idi.mineco.gob.es/portal/site/MICINN/menuitem.dbc68b34d11ccbd5d52ffeb801432ea0/?vgnnextoid=07bab4eebad23510VgnVCM1000001d04140aRCRD>

3.5.2.9.2 Regional level – Asturias

Funding is available for Seal of Excellence holders in Asturias. SMEs who received the Seal of Excellence for Phase 1 of the Horizon 2020 SME-Instrument and are based in the Spanish Region of Asturias can now apply for a regional grant. The grant will partially finance the requested budget but no more than €50 000 euros. The ceiling for the co-financing rate on eligible expenditure is 75%.

Information based on <http://www.ficyt.es/pcti/detalleconvplan.asp?conexion=PYMES2017>

3.5.2.9.3 Regional level – Madrid

The Community of Madrid grants financial aid for Seal of Excellence holders from Phase 2 of the Horizon 2020 SME-Instrument. Monobeneficiary Seal of Excellence holders who did not yet receive funding in the regional priority areas i.e. nanotechnology, advanced materials, industrial and space technologies; health, biotechnology, water and agri-food; energy, environment and transport (including aeronautics) and ICT. This aid is funded by the ESI Funds and will be available until funds run out.

Information based on

http://www.madrid.org/cs/Satellite?c=CM_ConvocaPrestac_FA&cid=1354621630991&noMostrarML=true&pageid=1331802501637&pagename=PortalCiudadano%2FCM_ConvocaPrestac_FA%2FPCIU_fichaConvocaPrestac&vest=1331802501621

3.5.2.10 Sweden

3.5.2.10.1 National level

According to VINNOVA (the Swedish national innovation agency) it's very important to encourage Swedish SMEs to apply for EU funding. The subscription rates for the SME-Instrument have been

unexpectedly high under Horizon 2020 and many high quality proposals by Swedish SMEs were not funded due to budgetary constraints.

So, the agency has established the Runner-up program. The program is funded nationally and targeted exclusively at positively evaluated proposals under Horizon 2020. When results of Phase 1 of the SME-Instrument are published on the Horizon 2020 website, VINNOVA invites companies that have scored 13 or above, to apply for the Runner-up program.

Applicants receive a link to a simplified application form, requiring a summary of the project and a budget, supplemented by the original Horizon 2020 SME-Instrument application and its Evaluation Summary Report. Applicants also need a statement confirming they are not above the limits of the *de minimis* rule under State Aid.

VINNOVA accepts the outcome of the Horizon 2020 evaluation and applications are not evaluated for a second time. After the proposal has been granted funding, the project will follow the same rules and reporting as all the other projects supported by VINNOVA.

VINNOVA regards this program as an economical way to synergise with Horizon 2020. The agency has funded good projects, recognised at European level, with a very low indirect cost and shown that it could be done very quickly. From the viewpoint of the Swedish tax-payer, the cost is minimised while the added-value for Europe is maximised.

VINNOVA also has an agreement with the Enterprise Europe Network (co-funded by the COSME program) that SMEs awarded funding from the Runner-up program will receive coaching from the Enhancing Innovation Management Capacity team of the EEN. The goal is to provide SMEs with similar support as offered under the SME-Instrument. A support office is also financed by VINNOVA and Tillväxtverket - the Agency for Swedish Agency for Economic and Regional Growth Finance. The office helps all SMEs that want to participate in an application to Horizon 2020.

Information based on Paper European Commission "Building on the Horizon 2020 SME-Instrument to support its innovation champions" and information on <https://tillvaxtverket.se> and <http://www.vinnova.se/en/>

3.5.2.11 United Kingdom

3.5.2.11.1 National level

United Kingdom has the third highest number of Seal of Excellence awarded SMEs. Similarly, it has a national scheme very similar to the SME-Instrument where the success rate is about 20%. This means

that there is a significant number of SMEs with a sort of SoE situation and therefore, UK don't lack a lot of businesses where national funding could be used. Currently, the ability to fund Phase 2 SoE through existing national schemes is difficult due to State aid rules.

3.5.2.11.2 Regional level – Scotland

Scotland accounts for a smaller part of UK's SoE with about 4 Phase 1 and 5 Phase 2 at mid-2016. The use of existing budget and support scheme was favoured with "Innovation Support" scheme (50% funding rate and *de minimis* rules) for Phase 1 and "R&D Grant Support" scheme (35 to 50 % funding rate and State Aid rules) for Phase 2.

Information based on presentation Camille Moran @ 3rd CoP meeting in 20160523 "SoE progress: Scottish Enterprise"

3.5.3 Selected case studies from participating countries

In this section it will be analysed the current status of implementation of the seal of excellence initiatives in the participating countries, either at national or at regional level, and, whenever possible/available, an implementation case will be studied.

3.5.3.1 Belgium

3.5.3.1.1 National level

In the summer of 2017, an evaluation of the SME-Instrument initiatives was made in order to ascertain Belgian companies' proposals performance vis-à-vis neighbouring countries such as the Netherlands and France.

The results are shown in the table below and demonstrate that the score of Belgian companies are above the overall EU average when it comes to the SoE, especially when considering Phase 2 proposals.

SME-instrument Phase1	Success rate (above threshold/evaluated proposals)	Success rate (funded/Evaluated)
Belgium	15,5%	9,1%
The Netherlands	16%	9,4%
France	17%	9,9%
Overall EU average	15,2%	8,3%
SME-instrument Phase 2		
Belgium	39,8%	1% (of 3%)
The Netherlands	42,2%	5,8%
France	35,4%	5%
Overall EU average	39,7%	5,8%

Belgium companies, of which the majority cases are situated in Flanders, score above the overall EU average when it comes to Seal of Excellence, especially the case in Phase 2 proposals.

One of the explanations why there are not so many SoE, nor applications, from other parts of the country is due to the fact that the access to finance diverges significantly across the three NUTS II regions (Brussels, Flanders and Wallonia).

In the Walloon part of the country the reason might be that there are more suitable alternative financial schemes available in the region due to the ERDF status of the region, and/or the incentives provided by the regional government.

It is clear that SMEs turn to the SME-Instrument initiative when they have exhausted the existing schemes in their own country cq. region, especially in Phase 2.

3.5.3.1.2 Regional level – Flanders

In political terms, in April 2017 the Flemish regional government, issued a parliamentary statement where it acknowledges that “to date, Flemish policy programs do not deal directly with the Seal of Excellence label, but in reality, some SME holders of Seal of Excellence are referred to a potentially suitable Flemish support program (such as growth subsidy, ...)”.

However, this support is hindered by the fact that Horizon 2020 presents more favourable support rates than those at regional level since these must comply with the state aid rules (as opposed to Horizon2020)”.

Nevertheless, although financial instruments are still not implemented, some of the SoE beneficiaries are already proactively using the SoE as a marketing element, using it in correspondence and in their web pages as a "quality signboard".

Finally, the Flemish Government states that “nothing has yet been done in a systematic and coordinated way, neither for the support Phases 1 and 2 nor for the private investment Phase 3 as a possible alternative to grants in order to promote awareness with private investors or banks”.

3.5.3.2 France

3.5.3.2.1 National level

Innovation funding in France is a shared responsibility between the National public investment bank – bpifrance and regional Managing Authorities either through their own budget or via the ERDF.

bpifrance is also the coordinator of the National Contact Point for SMEs of the Horizon 2020 program. In this respect, it has published a technical note on Financing Seal of Excellence SMEs in November 2016. The note analyses an overview of 103 SMEs (27 Phase 1 and 76 Phase 2) awarded with the Seal of Excellence which have been supported by bpifrance.

The note shows that most (97% Phase 1 and 92% Phase 2) of the SoE SMEs have been previously supported under national programs, among these mostly subsidies (for more than 75%) and very few from direct loans (except interest free loans dedicated to innovation). Also, national innovation programs are only used by one third of the panel after the SoE delivery, confirming the availability of alternative funding, with their own rules.

As NCP, bpifrance also takes part in the ACCESS4SMES project, a coordination and support action gathering 12 NCP partners from 12 countries as well as 39 associated partners. The project is led by APRE, the Association for the Promotion of European Research in Italy. One of the goal of the project is to assess the impact of the SME-Instrument on beneficiaries but also to help SMEs with their successful participation in H2020. The issue of Seal of Excellence has been addressed by this coordination and support action from an investment perspective. One of the activity aimed at matching SoE awarded SMEs from several EU countries with equity funding and investors through the bpifrance EuroQuity platform.

EuroQuity (www.euroquity.fr) is a matching platform which has been created by bpifrance to match development projects (mostly from growth SMEs) with funding bodies and investors. A specific SoE community has been created on EuroQuity platform to earmark the best projects to investors present on the platform. At mid-2017, 492 SMEs with SoE were registered with a specific SoE flag on the Community.

Bpifrance also launched the “Bourse French Tech” grant aiming at providing grants up to 45 k€ to high growth potential start-up or scale-up SMEs with breakthrough innovation (also available up to 30 k€ for non-breakthrough SMEs with a co-funding from INPI the National Patent Office). This mechanism

is suitable for Phase 1 SoE providing that they have not used it before which would certainly be expected in most cases.

Poles of competitiveness is another instrument of the innovation policy. They are clusters bringing together large and small firms, research bodies and educational establishments, all working together in a specific region to develop synergies and cooperative efforts around a shared theme. Their goal is to build on synergies and collaborative innovation projects in order to give partner firms the chance to become first in their markets, both in France and abroad. 57 of these so-called “poles de compétitivité” have joined forces into an association (the French Association of Innovation Cluster or AFPC) which recently had a working group on the issue of Seal of Excellence. Indeed, although clusters mostly focus on fostering collaborative projects they also have many of the most innovation SMEs among their numbers. This working group has investigated the alternative funding possibilities. First outcomes concern the initiatives taken in the Ile de France (Paris) region.

The French government and the Regions are about to launch a new scheme through the third generation of the so-called “Programme d’Investissement d’Avenir” (PIA 3) which is a national framework program dedicated to provide funding to projects creating growth through innovation, digital transition, energy transition, competitiveness and so on. The program is composed by call for proposals or instruments managed by different national agencies like bpifrance for most innovation scheme or ADEME (French agency for Environment and Energy) for energy transition for instance.

Within the PIA 3, a joint mechanism with Regions will be implemented to support innovation projects through grants and soft loans (reimbursable advances) depending on the nature and type of projects. This new instrument has already been tested as a pilot in the second generation PIA 2 in 2015 – 2016 in some regions like Grand Est (see below).

This instrument will cover innovation projects managed by a single SME with the aim of boosting new leading SMEs (at least at National level). Projects have to be in coherence with the Regional innovation and economic development strategies and provide a clear vision of the targeted markets and the ability of the SME to reach these markets. The instrument will be managed by bpifrance. A mix between grants and loans from 100 k€ up to 500 k€ are foreseen. Grants for “feasibility projects” with 50% funding rate (projects with a minimum 200 k€ budget), reimbursable advances for “development” projects.

The evaluation will be made by a regional committee (Region + State with a secretariat managed by bpifrance) with a very quick decision mechanism (decision and awarding within 3 months) and a continuous open call for proposals.

Seal of excellence awarded SMEs naturally represent good candidate for this new instrument but it is not yet foreseen to use the European Commission proposal and evaluation *per se*. Discussions are ongoing.

The next paragraphs will look at specific regional cases. It is important to mention the impact which the reform of the Regional and Territorial policy (so called “Loi Nouvelle Organisation Territoriale de la République”) has played on regional policies.

Seven new regions have been formed to reduce the overall number of Regions from 22 to 13 as of January 2016. However, the reform does not yet impact the already negotiated 22 ERDF regional operational programs. This means that some of the new regions have to take several ROP into account.

Information gathered by Laurent Volle, based on interviews and publications in the COP from bpifrance, AFPC, ASCOFI

3.5.3.2.2 Regional level – Ile de France (Paris) Region

The Ile de France (Paris) region has developed synergies between the ERDF and the Seal of Excellence. This region holds a very high number of SME-Instrument candidates due to its specific economic position (highest GDP in Europe, world 3rd concentration of Fortune 500 headquarters, 30% of French GDP). As Managing Authority, the region has earmarked 85 M€ of ERDF funding to competitiveness among which 39 M€ have been reserved for call for proposals for RDI projects, incubators and technology transfer, collective support actions for SMEs.

The Managing Authority have tried to implement as best as possible the recommendations made by the European Commission on the application of State Aid Rules to funding schemes that offer alternative support to SME-Instrument projects proposals with a Horizon2020 ‘Seal of Excellence although the call was launched before the recommendation was published. It is noted that some recommendations cannot be implemented when they are not foreseen in the Regional Operational Programme agreed with the European Commission.

Besides, the Paris region has launched in October 2016 a call for proposal called “Support to RDI projects in line with S3 strategy during feasibility, development and experimentation phases” which closed in January 2017. With 11 M€ available the call aimed at projects either labelled from the regional clusters but it also included in the eligibility criteria projects which had been awarded with the Seal of Excellence for Phase 2. The funding rate available was between 30 and 50% according to the type of activities and entity (SME, mid-caps, research organisations).

66 projects were submitted during the call among which 9 originating from SoE Phase 2 projects. A number of practical questions concerning acceptance of Evaluation Summary reports from the SME-Instrument evaluation and compatibility with ESIF rules remain unsolved

Besides, the amount of budget available is far from the needs if all SoE projects would be funded through this mean. Indeed, it is estimated that the 65 SoE Phase 2 projects (identified through the 2014 – 2016 period) would require about 107 M€ to cover up. This means that ESIF cannot be the only alternative and other schemes (see National level) would be required.

Information based on feedback provided by Lauréline Renault of Region Ile de France at the 5th COP meeting on 07/03/2017.

3.5.3.2.3 Regional level – Bourgogne Franche-Comté region

The Bourgogne Franche-Comté region is one of the 7 newly formed French regions. The Region is the Managing Authority which manages two different ROPs from former Bourgogne (Burgundy) and Franche-Comté regions, the latter being in the so-called Developed region category while the former is in the Transition region category.

The newly formed region is now the second smallest region in terms of GDP per capita with about 3,5% of French GDP (INSEE figures 2015).

Although benefitting from a landscape of innovative clusters, academic and research institutes, dynamic incubators the region only accounts for about 3% of the National R&D effort. The number of breakthrough innovation project is limited and offers a focus for regional and national schemes.

Under these conditions, a relative low number of projects are submitted to the EASME under the SME-Instrument scheme each year (about 10 on average).

So far 4 projects have been awarded SoE (2 Phase 2 for already granted Phase 1 and 2 Phase 1) and 2 projects have been funded through the SME-Instrument both in Phase 1.

The ESIF Managing Authority, the Regional Council, as well as the national investment bank (bpifrance) regional office which manage most of innovation support mechanism at regional level have been concerned by the creation of Seal of Excellence but to a lesser extent than other regions due to the relative small number of potentially concerned SMEs. This does not provide the required conditions to set up a general rule or organisation rather it was favoured to take a case by case approach.

About 67 M€ in former Burgundy and 53 M€ in former Franche-Comté have been budgeted for RDI and competitive projects through the ERDF scheme.

The fewer number of SoE cases have so far allowed to work on a case by case basis with SMEs awarded the Seal. In a couple of cases, ERDF funding associated with a bpifrance zero interest loan have been awarded to SoE beneficiaries for Phase 2 projects. In each case, the project overall budget and scope have been slightly reduced (compared with the initial SME-I proposal) and the State Aid rules on Research & Development & Innovation (RDI) have allowed a maximum 40% funding

In some other cases, where bpifrance instruments had already been used prior to the SME-I project, the Region was able to co-fund ERDF funding on its own support instrument with always the RDI State Aid rule limit of 40% funding.

In the near Future, a new Regional scheme based on the 3rd generation of Programme d'Investissement d'Avenir (PIA 3) (see National) will allow about 10,2 M€ for innovation projects on the 2018 – 2020 period. SoE beneficiary could benefit from the positive impact of the award, but it is not foreseen to use the SME-Instrument proposal *per se*, neither to provide priority to SoE beneficiaries

For the moment, the amount of available funding either through Regional or National schemes seems sufficient to provide an alternative to SoE Phase 2 beneficiaries.

Information gathered by Laurent Volle, CCI Bourgogne Franche-Comté, P4E partner.

3.5.3.2.4 Regional level – Grand Est Region

The Grand Est region is one of the seven new regions formed in 2016 out of the former Alsace, Lorraine and Champagne-Ardenne regions. It now ranks 5th in terms of GDP in France with 7,2 % of French GDP (INSEE figures 2015).

For the 2014 – 2016 period, 11 projects have been awarded with the Seal of Excellence, including two Phase 1 beneficiaries, while 5 SME-Instrument projects have been granted (2 Phase 2)

The region has not yet implemented any specific scheme for the Seal of Excellence, but a new mechanism through an instrument called PRI has been tested in 2015 - 2016. PRI stands for Innovation Regional Partnerships. It is a pilot scheme where 4 regions took part (including Grand Est) formed as partnership between Regions and the French State in the framework of the Programme d'Investissement d'Avenir (PIA) to provide funding for innovation projects through grants for

feasibility projects (which would more or less correspond to Phase 1) or soft loans (reimbursable advances) for development projects which correspond to Phase 2.

This pilot is now becoming available at national level through the 3rd generation of Programme d'Investissement d'Avenir.

3.5.3.3 Portugal

In Portugal, although several companies have already benefited from the Seal of Excellence, there is still very little visible work done in the implementation of the Seal of Excellence provisions to the national/regional funding.

The reflections that have been done until now, point to a significant difficulty that relies on the fact that evaluation criteria between Horizon 2020 and the national and regional initiatives do not present a linear alignment among them, preventing a reuse of the evaluations made in H2020 (which is one of the SoE main features).

These discrepancies would imply profound changes in the way the national/regional financing is made, leading to a significant overhaul in the philosophy underlying the funding distribution and evaluation structures.

In practical terms, due to the complexity of the change, some perspectives defend that the effort should be focused in addressing the regulations that will replace H2020 (and the Seal of Excellence), where SoE must have a preferential treatment when applying to the financing.

In the same line of thought, it is also defended that it should be addressed the possibility of the SoE to give a preferential treatment to applications that involve them, thus providing an incentive to existing consortia to include new partners with the SoE in the field of the competition either at European, national and/or regional level.

Although the implementation of the SoE is still immaturely approached, it is being developed by ANI, together with the national authorities, a proposal for the development of an initiative that can operationalize the SoE in the near future.

This initiative is an Industrial R&D call at European scale, financed by national/regional funds, whereby the participants can apply continuously to finance their research and innovation project and where it is possible to have a pan European consortia. The evaluation matrix of the applications to this call is

based on full compatibility with the H2020 evaluation, thus promoting a correspondence between European, national and regional evaluation criteria.

This approach is scheduled to be implemented until the end of year 2017. As such, it can set a relevant precedent so that the SoE Phase 2 project evaluations can be reused in terms of financing the SoE beneficiaries in the medium term.

3.6 Conclusions

From the data gathered, it is possible to verify that, in spite of the lack of a coordinated top down approach by the European Commission, several countries and regions have been able to develop answers to the challenges posed by the Seal of Excellence.

Most of these solutions fall into the simple financing of the SME's holding the SoE. Nevertheless, several other approaches were linked to the development of "red carpet" solutions for the SoE holders, either in terms of services or in terms of intangible support such as training and guidance in maturing Phase 1 projects into solid Phase 2 proposals.

4 Financial instruments for innovation available

4.1 At European Union level

Innovation is one of the key priority in the Europe 2020 agenda and thus finance for innovation is present in the wide number of instruments existing in the European Union. These are divided mostly into two categories grants and financial instruments based on loans, equity and guarantees.

4.1.1 Grants

Innovation Grants are provided through the Horizon 2020 program through the so-called Innovation actions present in several calls for proposals mostly through the second pillar (Industrial Leadership) and part of the third pillar (Societal Challenges). They are also a significant part of the European Structural and Investment Funds (ESIF) managed by Regional or National authorities.

The rationale behind the Seal of Excellence which is a joint initiative of DG Research & Innovation and DG Regional Policy is to create a continuum between the H2020 and ERDF grants. The Expert Group on Structural Funds (EGESIF) which gathers experts from different Member States which aim at assisting the European Commission in relation to the implementation of existing Union legislation, programs and policies, launched a questionnaire in mid-2015 among Member States and Managing authorities. The purpose of the questionnaire was to map the current status at national/regional level on H2020 / ESIF synergies as well as to identify countries/regions willing to engage with the Seal of Excellence initiative.

14 Member States contributed mostly expressing their interest to at least explore the opportunity to support successful but not funded Horizon 2020 proposals with ESIF. Some countries/regions (6) already have implemented funding schemes for this type of projects but mostly through their own funds (Czech Republic, Hungary, Cyprus, Spain, Sweden and Lombardy region in Italy). 10 countries declared that they were willing to use ESIF (Greece, Hungary, Cyprus, Lithuania, Czech Republic, Slovakia, Latvia, Estonia, Spain and Italy), while Wallonia in Belgium welcomed the idea providing the projects fall under the RIS 3 topics.

Details on those different case studies have been documented in the previous chapters. One can note here that the decisions are also quite related to the categories of regions in the ESIF (less developed,

transition, more developed) where less developed regions have more freedom to use ESIF on innovation projects without the RIS 3 prerequisites.

Finally, grants are also available through intergovernmental European programs like Eureka. In particular, Eurostars is a joint program between EUREKA and the European Commission, co-funded from the national budgets of 36 Eurostars Participating States and Partner Countries and by the European Union through Horizon 2020. In the 2014-2020 period it has a total public budget of €1.14 billion.

Eurostars supports international innovative projects led by research and development- performing small- and medium-sized enterprises (R&D-performing SMEs). With its bottom-up approach, Eurostars supports the development of rapidly marketable innovative products, processes and services that help improve the daily lives of people around the world. Eurostars has been carefully developed to meet the specific needs of SMEs. It is an ideal first step in international cooperation, enabling small businesses to combine and share expertise and benefit from working beyond national borders.

Many SMEs with innovation projects are hesitating when applying for grant between the SME-Instrument and the Eurostars program. The main differences rely in the more R&D centred approach vs. a more business approach in the SME – I as well as the requirements to build a transnational partnership. Nevertheless, some SoE projects, in particular those involving more than one SME, could be eligible for Eurostars. At present, no studies have been made on the relationship between SoE projects and Eurostars proposal submission

Source : Presentation Mersia PANAGIOTAKOU @ Kick-off meeting of the Seal of Excellence Community of Practitioners 13/10/2015 “Analysis of the EGESIF questionnaire”

4.1.2 Financial instruments

Financial instruments concern loans, equity and guarantees which are now provided in numerous European programs. Several facilities have been created within the single EU debt financial instrument for EU enterprises' growth and research and innovation (R&I) which have been created among the COSME and Horizon 2020 programs and entrusted to the European Investment Fund (EIF) for implementation. In both case financial intermediaries have to apply for one or both according to their business targets.

4.1.2.1 *InnovFin under Horizon 2020*

InnovFin is a joint initiative of the European Investment Bank (EIB), European Investment Fund (EIF) and the European Commission through the Horizon 2020 program. InnovFin aims to facilitate and accelerate access to finance for innovative businesses and other innovative entities in Europe.

One of the key factors constraining the implementation of R&I activities is the lack of available financing at acceptable terms to innovative businesses since these types of companies or projects deal with complex products and technologies, unproven markets and intangible assets.

InnovFin provides different instruments for different project and company sizes. There are specific products dedicated to SMEs:

InnovFin Equity which provides equity investments and co-investments to or alongside funds focusing on early stage financing of enterprises operating in innovative sectors covered by Horizon 2020,

InnovFin SME Guarantee which provides guarantees and counter-guarantees on debt financing between EUR 25 000 and EUR 7.5 million, in order to improve access to loan finance for innovative small and medium-sized enterprises (SMEs), through financial intermediaries, which are guaranteed or counter-guaranteed against a portion of their potential losses by the European Investment Fund (EIF).

But there also other instruments which can be applied to SMEs like InnovFin Emerging Innovators which bridges the research and innovation (R&I) investment gap in EU Member States which are labeled as Moderate Innovators and Modest Innovators in the European Innovation Scoreboard or thematic instruments like those aiming at Energy or infectious diseases.

4.1.2.2 *SME Initiative under COSME*

For less innovative projects, the COSME program has also established tight with both EIB and EIF to provide loans and guarantees to SME projects.

Two main instruments are provided within the so-called SME Initiative:

- A Loan Guarantee Facility (LGF) which provides counter-guarantees and other risk sharing arrangements for guarantee schemes including, where appropriate, co-guarantees; as well as direct guarantees and other risk sharing arrangements for any other financial intermediaries. However, this concerns projects up to an amount of 150 000 € which is certainly too low for

most SME instrument projects or would only intervene on a smaller scale. Projects above this threshold are covered by the InnovFin (see above).

- The Equity Facility for Growth (EFG) aims to cover expansion stage investments into SMEs. Through the EFG risk capital funds can be supported which invest into SMEs at the growth stage, predominantly on a cross-border basis, or which help portfolio companies to grow beyond their national markets with a view to supporting the development of a self-sustainable pan-European risk capital market. EGF is targeting less risky and less R&D driven projects which might not be the case for most SME-Instrument projects.

4.1.2.3 Financial instrument within Regional ERDF

The new Regulations on Cohesion policies provide greater flexibility for Member States and managing authorities when designing programs, both to choose between delivering investments through grants and financial instruments, and to select the most suitable financial instrument. They also give more clarity and certainty in the legal and policy framework for financial instruments.

Some regions have thus included financial instrument within their ERDF regional operational program with different goals

For instance, in the Region of Berlin in Germany, the regional development bank (Investitionsbank Berlin – IBB) has been awarded about a half of the ERDF funds of the region (about 319 million euros over the 2014 – 2020 period) for implementation through revolving financial instruments (loans for debt financing and risk capital financing). This region was pioneer in Europe in the revolving use of ESIF.

The French Regions of Occitanie (formerly Languedoc Roussillon and Midi-Pyrénées) was among the first in Europe to introduce the JEREMIE initiative. JEREMIE for Joint European Resources for Micro to Medium Enterprises, is an initiative of the European Commission developed together with the European Investment Fund. It promotes the use of financial engineering instruments to improve access to finance for SMEs via Structural Funds interventions. Through JEREMIE, EU countries can use part of their European structural fund allocations to invest in revolving instruments such as venture capital, loan or guarantee funds. JEREMIE was introduced in the previous generation of Structural

Funds (2007-2013). The former Languedoc-Roussillon region uses JEREMIE to invest equity on young companies with high potential in particular in the ICT and health sectors. A new generation named FOSTER will now enhance this action.

Source : fi-compass initiative, joint platform for advisory services on financial instruments under the European Structural and Investment funds (ESIF) provided by the European Commission in partnership with the European Investment Bank.

4.1.2.4 The European Investment Project Portal

The new Investment Plan for Europe launched by the European Commission in 2015 aims to increase investment across the EU and boost long-term economic growth. In order to better access investment funding, the European Commission as part of the Investment Plan for Europe has launched the European Investment Project Portal (EIPP) in June 2016.

Its role is to bridge EU project promoters and potential investors worldwide. It is organised according to 5 main sectors of the economy (Digital, Energy, Transport, Social Infrastructure, Resource & Environment) as well as a specific topic on SME financing. As of March 2017, 56 billion euros of investment have been proposed on the platform.

However, the EIPP is also meant to cope with projects of a minimum of 5 million euros which is often beyond the scope of SME-Instrument projects.

Source: Presentation Filipa Ramalho @ 5th CoP meeting in 20170307 "EUROPEAN INVESTMENT PROJECT PORTAL"

4.1.3 European Investment Fund data

European Investment Fund is the corner stone of EU financial instrument for the target of SME and innovation projects. Indeed, its main mission is to support Europe's SMEs by helping them to access finance. It provides an Integrated Risk Finance Product Range of SME finance to financial intermediaries (banks, leasing and microfinance institutions, private equity and venture capital funds among others).

Equity instruments aim to improve the availability of risk capital for high-growth and innovative SMEs, while debt products are offered as many SMEs seek finance through this more traditional route. Therefore, EIF also provide guarantees and credit enhancement through securitization to improve the lending capacity of its financial intermediaries and thus the availability and terms of debt for beneficiary SMEs.

Studies shown that EU Guarantees have had a very positive impact on access to credit for SMEs. A study made in the Central, Eastern and Southeastern EU countries in particular shows that on average, beneficiary firms were able to increase their workforce by 17.3%, compared to non-beneficiary companies, within the first 5 years following the issuance of the guaranteed loan, while by the fifth year their turnover had increased by 19.6%¹³.

Nevertheless, access to finance remains of great concern to SMEs even though the SME business climate tends to improve in the recent years. Growth remains fragile and SMEs not very optimistic about investment opportunities. Traditional bank lending can be complemented (or sometimes even replaced) by additional instruments that help to alleviate SMEs' difficulties in accessing finance, such as loan guarantees and securitisation, microfinance and private equity/venture capital SME securitisation indirectly creates a secondary market for SME loans.

The benefits for banks and investors can feed through to have a positive effect on SMEs' access to finance. However, it is still suffering in terms of issuance¹⁴.

Indeed, several investment barriers remain which slow down or reduce investment. A report made by the EIB has analysed common/typical investment barriers that hold back investment, as observed in the EIB Group's everyday project work. These examples are considered as representative of barriers that the Bank sector encounters. The report also describes some innovative/new solutions to overcome these barriers and suggests that most of them can be overcome when the political will exists to change the framework.

Four main investment barriers have thus been identified: regulatory uncertainties, fragmented markets, constrained public-sector incentives, and access to finance.

¹³ EIF Working Paper 2015/29 - The Economic Impact of EU Guarantees on Credit to SMEs - Evidence from CESEE Countries http://www.eif.org/news_centre/publications/eif_wp_29_economic-impact-guarantees_july15_fv.pdf

¹⁴ Bottlenecks in financing SMEs' competitiveness http://www.eif.org/news_centre/research/investment_and_investment_finance_in_europe_2016_en.pdf

They reduce project visibility, attractiveness with a direct consequence on R&D or innovation investments from SMEs¹⁵.

4.2 At project partners' country and regional level

4.2.1 France

The French government has put in place some fiscal mechanism to indirectly finance innovation. Which essentially work as tax credit on the expenses for research or innovation. The most well-known are the CIR (Research tax credit) on R&D expenses, the JEI label (Young Innovative Enterprise)

In 2015, the French government distributed some 8,5 billion € of financial support, 75% of which as tax credit, 20% as grant, on 4,4% on equity or 2,3% on loans.

New emerging forms of funding like crowdfunding platforms are also to be taken into accounts.

The main actor in France for innovation funding is the National public investment bank (bpifrance) which provides a large panel of financial instruments for innovation through grants, loans, equity, guarantees.

Bpifrance instruments for innovation are:

- Grants for individual projects: mostly grants for feasibility studies, like Technology Partnership Grant (APT) or Innovation Feasibility Grant, which aims at financing the feasibility of a larger scale RDI project.
- Grants for collaborative projects: FUI and PSPC which are government funding for collaborative projects labelled by a competitiveness cluster, PIAVE which are calls for proposals on one the 9 main industrial challenges of the Industry national policy funded through the "Programme d'Investissement d'Avenir" scheme (similar to Horizon 2020 collaborative projects at National level).
- Zero interest Loans for innovation (reimbursable advances) which is the most common innovation support product for individual SMEs

¹⁵ Source : Breaking Down Investment Barriers at Ground Level
http://www.eif.org/news_centre/publications/breaking_down_investment_barriers_en.pdf

- Loans (without guarantees) for longer term risk investment for SMEs and mid-caps: seed loan, fund raising loan (with guarantee from EIF through the InnovFin SME), innovation loan (guarantee from EIF)
- Loans with guarantees for enterprises of all sizes often combined with private bank loans
- Guarantees on private banks loans from 40% up to 70% for SMEs
- Equity innovation in some areas like ecotechnology, digital technology, but also through accelerators or business angels.

The complete list of instrument is available <http://www.bpifrance.fr/>

The European Investment Fund committed to 13 funds and 4 co-investments in 2015 thanks to the European Fund for Strategic Investment (EFSI) which played a significant involvement in France. Overall, on the 2011 – 2015 period, 1,4 billion € for equity and 644 M€ for guarantees and securisation with multiplier effects have been committed. Some significant parts concerns innovation financing.

Since the launch of the EFSI, several agreements have been signed with actors like bpifrance (Prêt Innovation), BPCE group (private bank) (Innov & Plus) for innovation loans.

Other actors are more focused on start-up or business creation with few disruptive innovation. One may mention:

- Réseau Initiative (or Initiative Network): an association of enterprise investors organized in 222 local platforms gathering at local levels, entrepreneurs, service providers like accountant or attorneys, chambers of commerce, and handicraft, local development agencies, ...
- Réseau Entreprendre (Entrepreneurship Network): an association of 14000 enterprise managers in France launched in 1986 by a northern France industry manager based on the concept of: let's create jobs by creating company managers. They are helping individuals in becoming efficient SME managers by providing coaching, knowledge sharing, experience and support for business creation or transmission. They are also providing interest-free loans for company development between 30 to 90 k€ over the 10 employees threshold. A specific program named Ambition in partnership with bpifrance also allows to support further growth (doubling the company's size).

4.2.1.1 At regional level – Bourgogne France Comte region

Beyond the financial instruments available at European or National levels, the Bourgogne Franche Comte region provides several regional tools.

- The Regional Innovation Support Fund (FRI) provides no-interest loans (reimbursable advances) to SMEs. It is supplementing the budget available at National level from bpifrance on its same instrument
- Invest PME is a joint venture between Siparex, a French leading company in capital investment and CIBFC, a regional holding gathering the main public actors of the Region. They are active for business creation, development and transmission but relatively not for breakthrough innovation projects.

4.2.2 Belgium

Due to the highly decentralized nature of the administrative organization of the country, this type of policies relies heavily in the regional authorities.

4.2.3 Portugal

Direct support programs

Portugal has currently running a diverse number direct support programs and sub-programs, that have different objectives and are aimed to target different types of companies and address projects in different maturity stages.

The business sector in Portugal has a diversified range of choices in what concerns direct support programs for R&D&I activities.

The main direct support programs in Portugal are Horizon 2020 (at European level), Compete 2020 (at National level) and several Regional Operational Plans at regional level.

The Compete 2020 Program is part of Portugal 2020 (a partnership agreement between Portugal and the European Commission that brings together the actions of the 5 European Structural and Investment Funds).

This Program has defined 6 priority lines of action within the scope of the "Competitiveness and Internationalization" domain of Portugal 2020. Its purpose is to contribute to the creation of a more competitive economy based on knowledge-intensive activities, relying on marketable or internationalized goods and services, and the strengthening of the qualification and export orientation of Portuguese companies. While also promoting the reduction of costs associated with greater efficiency of public services and the improvement of transport.

With regard to the more specific area related to funding for Research & Development & Innovation, there are available the following main incentives:

A. Business Innovation and Entrepreneurship

- Innovation: Production of new goods and services; new processes or methods of manufacturing, logistics and distribution, marketing; initial investment for the production of marketable and internationalizable innovative goods and services.
- Entrepreneurship: SMEs with less than two years old in sectors with strong growth dynamics; investment related to the establishment of new and innovative businesses;

B. Qualification and Internationalization of SMEs

- Internationalization: Knowledge of foreign markets; Prospecting and presence in international markets; International marketing; Web presence; Development and international promotion of trademarks; Certifications for external markets; Organizational innovation in business practices and external relations.
- Qualification: Organizational innovation and management; Digital economy and ICT; Branding and design; Development and engineering of products, services and processes; Industrial property; Quality, knowledge transfer; Distribution and logistics; Eco innovation.

C. Research and technological development

- Intensification of Research and Technological Development (R&TD) in companies; Cooperation with the other entities of the R&TD system; Development of new products and services, especially in activities of a higher technological and knowledge levels; Reinforcement of economic recovery actions for successful R&D projects; National participation in R&TD international programs and initiatives.

There are a diversified number of programs for direct support of Research and Experimental Development, and Innovation running in Portugal. The features of the programs are in line with its final objectives, making each one in particular more fitted, or directed to comply with the development stage of the project/business and also addressed to the type of company, according to its size.

In the next figure a table was set with the distribution of the current direct support programs according to the company type and the entrepreneurial development stage of the project or business.

According to the coloured area of influence of the diverse programs, we can see that the existing direct support programs in Portugal present a good coverage for the business sector needs, in terms of the nature of the company and business stage of the project.

Company Type	Entrepreneurial development stage		
	Idea/Project	Implementation&Development	Exploration/Commercialization
Large Companies		Horizon 2020 : Societal Challenges & Industrial Leadership	
Mature SME's	COMPETE 2020 : Research and technological development		Norte 2020/Centro 2020
		COMPETE 2020 : Qualification and SME's Internationalization	
New / Innovative SME's	Horizon 2020 : Industrial Leadership - SME Instrument & Access to risk finance		
		Lisboa 2020	
Startups	COMPETE 2020: Business Innovation and Entrepreneurship		
Entrepreneurs	Accelerator Programs (Lisbon Challenge; ASA – ANJE Startup Accelerator; Startup Porto Accelerator; Spin+, Everis Awards, etc.)		
	Erasmus for Young Entrepreneurs		Empreender 45-60

Tax incentive system (SIFIDE)

Portugal has an R&D tax incentive system implemented since 1997, the SIFIDE. This program has passed through several changes over time. The main changes were the progressive increase in:

- base rate value - from 8% to 32.5%;
- incremental rate - from 30% to 50%;
- incremental rate limit - from 250k€ to 1.5M€;
- carry over limit - from 3 to 8 years.

In 2011 the SIFIDE II was implemented with the introduction of some legislation changes to make it more attractive for companies. Special conditions for qualified investigation personnel (PhD's) and exclusive conditions for SME's were implemented.

The last and current version was published in 2014. The current program is a tax credit with a base rate of 32.5 % of the firms R&D eligible expenses. It allows also an extra incremental tax deduction of 50% of the difference between the current expenditure and the simple average of the two previous years, up to a 1.5M€ limit.

For SME's with less than two years, the base tax deduction has an increase of 15%, as they cannot apply to the incremental tax deduction.

If in a given fiscal period the firm's normal calculated tax value is lower than the tax credit obtained, the program allows the carry-over of this difference up to the next eight fiscal periods.

The current conditions of the tax incentive system are expected to run until 2020.

5 Stakeholders perspective

5.1 Process stakeholders' identification

This document is created in order to provide decision makers with options on the implementation of the Seal of Excellence. As such, it is fundamental to have a broad perspective on the entities that implement and manage this measure and the ones that benefit from it.

First and foremost, the main stakeholder of the Seal of Excellence is the **beneficiary SME**. Since it is the final recipient of the distinction, it usually has a relevant point of view, not only on the benefits that a SoE can bring from a financial and marketing perspective, but also it can provide insights on other unmet needs that the SoE can fulfil directly or indirectly.

Another stakeholder is the **public financier**, not only at European level, where the points of view of the decision makers and the officers in charge of implementing the SoE are well known, but at national and regional level, where the Seal of Excellence will have more impact, since its implementation is based in the synergies between European funding and national/regional funding. It is relevant to know what these stakeholders think in terms of implementing these principles and, especially, what difficulties they anticipate, providing possible solutions.

One relevant perspective comes from the **innovation agencies and ministries** that, in each country, are responsible for implementing innovation policies and measuring the results of these policies. They can provide this document with perspectives on how the SoE can potentiate public innovation policies and how it can complement other already established policies.

Finally, **incubators, technology parks and technology transfer offices** can provide insights on how the beneficiary SMEs can interact with the existing innovation structures already in place and can, through their experience, provide insight on the most frequent difficulties in this interaction, helping to design alternative applications for the SoE, especially in granting access to the public innovation infrastructures.

5.2 Structuring the questionnaire

In order to have a common questionnaire that can be reused among all the stakeholders interviewing process, while at the same time it can be adjusted to their specificities, a general questionnaire of 8 questions/themes was created.

The 8 questions/themes to be approached with all the stakeholders are based on the financing, networking, marketing and administrative support needs of the companies.

1. Now that a project has a Seal of Excellence signed by two EU Commissioners, what benefits do you expect from this for the company?
2. Do companies have the information and/or support that they need for success after the SoE is awarded? If not, what kind of additional information and/or support could they benefit from?
3. How can the European Commission improve its support to the companies that are awarded the SoE?
4. Can the evaluation completed to award the SoE be made “transferrable” and integrated across the various sources of financing at the European, national, regional and local level? If so, what challenges exist to make this possible and how could they be overcome?
5. Can the SoE act as a tool that enables rating instruments by the EIB (European Investment Bank) to guarantee (or cross-guarantee) the loans that are given to the beneficiary of the SoE? What would be needed to make this possible?
6. What could private financiers do to ease the SoE beneficiaries’ access to capital and financial advisory services?
7. How could the various stakeholders at the European, national, regional and local level better coordinate their efforts to improve the SoE beneficiaries’ access to support services such as legal, marketing, networking, coaching, mentoring, etc.?
8. How could the SoE beneficiaries use the award to improve their business processes (financing, networking, marketing, etc.)?

It should be noticed that, due to the dynamic nature of the interviewing process, in many cases this matrix was not followed strictly. That is also the reason why the consortium opted for the critical

incident technique as it is a widely used qualitative research method and recognized as an effective and investigative tool.

The critical incident technique allowed us to collect direct observations that helped us to facilitate our reasoning about our “wicked problem” and developing broader insights. It was also a tool to deal with the fact that while running the interviews we were confronted with sometimes emotional associations because the entrepreneur or stakeholder gave a personal interpretation of a salient moment that was of prime importance for him/her, and perceived ‘critical’ because of the emotional content of the SoE for the people concerned.

5.3 The beneficiaries’ perspective

Based on the criteria presented above, it was selected a set of SME’s that have already benefited from the SoE. The interviews were then conducted and in the following pages a summary of the interview conclusions are presented.

5.3.1 France

Over the 2014 – 2016 period, 301 SME-Instrument projects have been awarded with Seal of Excellence in France with about 2/3 in three regions, Ile de France (Paris), Auvergne-Rhone Alpes and Provence Alpes Cote d’Azur.

For privacy protection reason, EASME does not publish the list of awarded SMEs which made it more difficult to carry out this study. It was possible to identify 15 beneficiaries in the Eastern France region covered by the Enterprise Europe Network consortium managed by CCI BFC. 14 companies were submitted with the questionnaire. 4 SMEs actually accepted to provide answers for this study:

- A start-up SME specialized in cybersecurity, founded in 2011 and growing fast since its main product has been put on the market. They were awarded an SME-Instrument Phase 1 project in 2015 which was completed early 2016. A Phase 2 project was submitted and awarded with a Seal of Excellence. It was interviewed the CEO.

- A start-up company specialised in the design and development of new products and services for animal inseminations and biotechnologies. They submitted a Phase 2 project in 2015 and was twice awarded a Seal of Excellence. It was interviewed the project manager.
- A pioneer in preclinical imaging by developing and selling in 2011 the first MRI system dedicated for rodent with a superconducting cryogen free magnet. More recently they developed in collaboration with other innovative preclinical imaging solutions. It has been awarded a Seal of Excellence for a Phase 2 project. It was interviewed the project Manager.
- A company that focuses its development on products with high value added. Strategic choices will include both on niche markets and innovative new medical applications in the field of rapid diagnostic test (RDT). It has been awarded a Seal of Excellence for a Phase 2 project. It was interviewed the CEO.

5.3.2 Portugal

For the same reasons presented for France (EASME considers the SoE beneficiaries list as confidential), it was necessary to make use of the contact network provided by EEN, where ANI has a vast network and is recognised as a reliable partner.

For that purpose, a selection was made based on the fact that all the four companies are ANI customers with close contact with the SME-Instrument. Also they are companies where the CEO's are personal acquaintances of the interviewers.

- A company that proposes a unique platform that uses advanced fibre optic multiparameter sensors for inline flow and water quality assessment in real time operation. The company operation is based on an international filed patent licensed from it. The interviewed person was the company CEO.
- A company that designs and develops electric controllers which manage intelligently and autonomously distinct sources of electric energy. It aims to develop technology, products and services which contribute to the sustainability of road transport vehicles, providing reliable, sustainable and efficient solutions which can respond to its customer needs. It was interviewed the CEO.
- A company that was established in 2001 and is a Portuguese biotech SME with 25 employees and a dedicated line of products and services for genetics and genomics. They have an

extensive experience of participating and coordinating in national and European projects. It was interviewed its CEO.

Table summarizing interviews outcomes in France and Portugal

	SME 1	SME 2	SME 3	SME 4	SME 5	SME 6	SME 7
<p>1. Now that a project has a Seal of Excellence signed by two EU Commissioners, what benefits do you expect from this for the company?</p>	<p>Q1. There is no “tutorial” on what to do with the SoE. The SoE could act as a distinguishing feature that could allow its owners to access accelerators and/or could access “closed” private financing initiatives supported (or not) by the EU.</p>	<p>Q1. No bonus for national incentives in having a SoE, however in what concerns international markets the SoE has a significant weight in what concerns attracting investors to the company</p>	<p>Q1. The SoE brings prestige among clients</p>	<p>Q1. They did not know what to do with this Seal of excellence, so they contacted the CCI (EEN partner and the Key Account Manager of their Phase 1 project) which had assist them during Phase 1 to find a solution</p>	<p>Q1. They have applied 3 times to the SME-I with each time a new improvement in the proposal but received 3 SoE. They didn't know what to do next. They already have a sound knowledge of all the public funding organisations but the SoE does not help in any way.</p>	<p>Q1. An alternative and accessible funding scheme should be made available. How many SMEs are concerned in France ? If the number is not very large, national/regional scheme should take over without budget problem ... if Member States/Regions are really concerned about innovation.</p>	<p>Q1. At this stage, we do not expect any benefits</p>
<p>2. Do companies have the information and/or support that they need for success after the SoE is awarded? If not, what kind of additional information and/or support could they benefit from?</p>	<p>Q2. It is sensed that most business angels in PT are broadband investors. As such they are exposed to multiple messages/pitches that usually are not more than “vapourware”, leading to the saturation of the market. The SoE could be worked with investors (BA and/or VC) so that they could have a closer look at the projects, distinguishing from the crowd of “pitching professionals”.</p>	<p>Q2. There is a continuous support by the GPPQ (portuguese NCP and support office for H2020 candidacies), however, apart from this support there is no other support. Since it is related to innovative projects with potential in the international market, it would make sense for them to be leveraged with other EU programs/projects and/or insert them in newly formed or existing consortia where they could be of use.</p>	<p>Q2. There is no info on how to use the SoE</p>	<p>Q2. No, the meaning of SoEs is not very clear. They can't afford spending too much time. If this public grants fail, they have to prioritize private equity (fund raising).</p>	<p>Q2. Yes, SMEs with SoE are left to contact local stakeholders but with no systematic alternative solutions. They have been invited to participate in a workshop organised by the CCI (EEN partner) and the Region (ERDF managing authority) to present the opportunity of ERDF for innovation projects. It was the solution chosen but the scope is much smaller and the rules different.</p>	<p>Q2. No, we did not have ANY information about SoE. SMEs should have a better access to other programs allowing the funding of the project with the contacts able to help them</p>	<p>Q2. No we did not get enough information. SMEs should get more information on the practical advantages of such a Seal if they exist</p>

	SME 1	SME 2	SME 3	SME 4	SME 5	SME 6	SME 7
<p>3. How can the European Commission improve its support to the companies that are awarded the SoE?</p>	<p>Q3. Could associate the support to incubators/accelerators to the preferential admission of SME-Instrument/SoE beneficiaries, thus giving a bonus to its owners when evaluating the admission candidacy. Also, the services offered by the incubators/accelerators could have a preference for SoE. It should be noticed that the incubators/accelerators must be more focused on technology and/or on societal problems and when being structured could have a specific invitation to SME-Instrument/SoE companies so that a critical mass of users and entities could be amassed in a single place, thus achieving economies of scale in what concerns "shared services".</p>	<p>Q3. It can be considered the possibility of having a "special bonus" in what concerns national funding applications</p>	<p>Q3. The EC could organize an event in Brussels gathering the SoE beneficiaries and/or the existing consortia, so that they could be integrated into existing consortia (or in formation consortia)</p>	<p>Q3. The EC should appoint a structure to help the SME. In our case we had the chance to have been supported during Phase 1 and the CCI (EEN partner) was following up our case and kept in touch with us. It created a joint meeting with Regional council (EFSI managing authority) to study an alternative solution.</p>	<p>Q3. Perhaps by aligning the conditions and eligibility of projects to the different instruments between SME- I and ERDF for instance</p>	<p>Q3. SME-I problems is that Southern European and Nordic countries seem to be favoured with 11 to 15% success rates (where they are less national schemes) where France and Germany only have 4% of success rate. Do these countries really have much better innovative SMEs ??</p>	<p>Q3. It should be interesting to create incitative schemes so that banks or funds would invest in priority in SoE projects</p>
<p>4. Can the evaluation completed to award the SoE be made "transferrable" and integrated across the various sources of financing at the European, national, regional and local level? If so, what challenges exist to make this possible and how could they be overcome?</p>	<p>Q4. As mentioned in Q3, the benefit could be direct (aiming at the SoE beneficiaries) or indirect (by giving support to incubators/accelerators that provide services and/or initiatives aimed specifically at SME-Instrument 1 and 2 or SoE beneficiaries.</p>	<p>Q4. It is "unfeasible"</p>	<p>Q4. There is no information that that transfer is taking place</p>	<p>Q4. Yes, it would be ideal if the project proposal as written could be used with the same structure for other fundings. In this case, they have to submit a complete new proposal for ERDF funding. Yet the scope is smaller.</p>	<p>Q4. Their project has been well received by the regional authority, but the fact that it was SoE was not a driving factor. The evaluation is much lighter in ERDF case. Besides the documents to submit are totally different, not mentioning the language</p>	<p>Q4. Of course, it should be made easier to the SMEs rather than having to re-submit multiple times for the same project. SoE validity should perhaps also be limited in time. Why not having a central office gathering all SoEs projects ?</p>	<p>Q4. Yes for instance, it could be transferable to national schemes such as bpifrance (French investment public bank) or ANR (National Research Agency).</p>
<p>5. Can the SoE act as a tool that enables rating instruments by the EIB (European Investment Bank) to guarantee (or cross-guarantee) the loans that are given to the beneficiary of the SoE? What would be needed to make this possible?</p>	<p>Q5. Rating is not an insurmountable difficulty, since the rating process is rather straightforward, although it is usually done by banking professionals with little sensibility to technological problems and market opportunities posed by innovative solutions.</p>	<p>Q5. It could be a good idea, however right now the EIB has no direct contact with the SME's</p>	<p>Q5. It is a good idea, however the EIB does not have direct contact with the SME's/start-ups</p>	<p>Q5. They work with private investors. They don't believe that at this stage, the SoE was meaningful, perhaps because they have not promoted it when dealing with the investors.</p>	<p>Q5. Not addressed</p>	<p>Q5. Not addressed</p>	<p>Q5. Not addressed</p>

	SME 1	SME 2	SME 3	SME 4	SME 5	SME 6	SME 7
6. What could private financiers do to ease the SoE beneficiaries' access to capital and financial advisory services?	Q6. Not addressed	Q6. Could have loans with interests with special spreads or no spread at all, that should be accompanied by clauses such as: "reimbursable loan, with a zero/special spread during X years and a reimbursement grace period of Y years if Z conditions are met"	Q6. It could be of use to have a professional consultancy (or an innovation agency) that, together with the SME, could work on a "milestones voucher" basis, taking the SME from the SoE attribution all the way thru its insertion in other consortia and/or in finding a financing contract.	Q6. Not addressed	Q6. We are not interested for this project by private investors	Q6. Not addressed	Q6. Not addressed
7. How could the various stakeholders at the European, national, regional and local level better coordinate their efforts to improve the SoE beneficiaries' access to support services such as legal, marketing, networking, coaching, mentoring, etc.?	Q7. Not addressed	Q7. SoE (and SME Instrument) beneficiaries could be invited for a number of years after the SoE is granted to an international event where, together with the NCPs and the EU PO could present possible solutions to develop businesses	Q7. A virtual agency dedicated to support the SoE beneficiaries could be created, providing them with specialized services and tutoring	Q7. It would be ideal if the different funding instrument coordinates between them and with a single entry point. Yet in our region the different advisor works together and a joint meeting with the CCI (EEN), the Region (for ERDF) and bpifrance (the French public bank) to build-up a project with joint funding was set-up. The scope of the final project would be reduced and there would have partial repayable advances, but that will do for the company. But at the moment its main challenge is time to manage its fast growth.	Q7. The problem was that the company had already been assisted by bpifrance through different instruments during the creation and scaling-up. It could not pretend to any more such funding and this alternative was thus not possible	Q7. Not addressed	Q7. Not addressed
8. How could the SoE beneficiaries use the award to improve their business processes (e.g. financing, networking and marketing)?	Q8. Not addressed	Q8. The SoE is a plus, especially in international environments. It is also important when investment is taking place.	Q8. Not addressed	Q8. Not addressed	Q8. Not addressed	Q8. For the moment the SoE is too recent, but we will try to use it for our communication purposes.	Q8. The European Union should increase the notoriety of the Seal upon financial institutions such as banks or VC funds

5.3.3 Belgium

In Belgium it was ran an enquiry among the 54 SoE holders in Flanders, of which 44 are SoEs for Phase 2 and 10 for Phase 1; most companies reacted; some of them are holders even of multiple SoEs because of re-submission.

For reasons of privacy, we cannot disclose the names of the companies but these are the main conclusions:

- A great disappointment among the SoE holders because the issue of the label raised expectations which in the end do not result in concrete solutions, i.e. real funding.
- Most of the SoE holders use the label on their website and correspondence and claim that this enhances their visibility among potential clients.
- Some of them have been invited by private investors for private pitches. But none of them have really the impression that the SoE gives them a competitive advantage *vis à vis* the other SMEs. They only confirm that the sole fact of having gone through the applications process and additional guidance of EEN has made them more conscious of their strengths and weaknesses and helped them to improve their pitching skills. But this of course is not directly related to the SoE.
- Financial institutions are not informed about the SME-Instrument or the Seal of Excellence so it has no real impact on their behavior *vis à vis* the SME, nor does it give them a VIP/ red carpet status.
- Some local authorities are more open to receive SoE holders but nonetheless procedures remain the same as for non-holders.

5.4 The public financiers and project officers perspective

5.4.1 France

For this purpose, it was identified the head of European funding at the French public investment bank.

5.4.2 Portugal

It was identified and contacted the former advisor with the ROP Norte 2020 in charge of the RIS3 strategy. He is now the coordinator of the National RIS3 strategy.

Table summarizing interviews outcomes in France and Portugal	Public Financers	Program Officers
<p>1. Now that a project has a Seal of Excellence signed by two EU Commissioners, what benefits do you expect from this for the company?</p>	<p>Q1. SoE is a quality label which should be more explained and promoted to both private and public financiers</p>	<p>Q1. SoE can act as: A safe pass to obtain complementary funds between public and private funding. A potentiation of the branding effect and serve as a company certification in order to increase public perception and value of the brand in the balance sheet. A pre-accreditation process that can incorporate the company in innovative public procurement.</p>
<p>2. Do companies have the information and/or support that they need for success after the SoE is awarded? If not, what kind of additional information and/or support could they benefit from?</p>	<p>Q2. Individual advisory support is required to bring together SMEs needs and funding solutions. The paneuropean Access4smes initiative should be organised with regional support systems. We should reach a common understanding of support solutions : http://www.horizon2020.gouv.fr/cid96566/le-label-d-excellence-dans-le-cadre-de-l-instrument-p.m.e..html</p>	<p>Q2. Not addressed</p>
<p>3. How can the European Commission improve its support to the companies that are awarded the SoE?</p>	<p>Q3. It's not relevant to imagine a single solution that would be the same everywhere in Europe. Some countries already have existing solutions other not. It is important to work closely with the H2020 national/regional ecosystem (NCP, Programme Committee Representatives, EEN). NCPs, members of the Community of Practice SoE and EEN should received the full contact details of SoE beneficiaries</p>	<p>Q3. It can help by tackling the main problem that relies in the lack of an homogeneous evaluation approach to projects. However evaluation matrixes must be made coherent among them, especially in what regards the Part A - Quality of the projects, that can then have a local eligibility criteria in order to complement the evaluation process. However the integration must be broader, using the SoE as a pilot that can be then be applied to all other beneficiaries.</p>
<p>4. Can the evaluation completed to award the SoE be made "transferrable" and integrated across the various sources of financing at the European, national, regional and local level? If so, what challenges exist to make this possible and how could they be overcome?</p>	<p>Q4. The main challenge is to make the SoE principle flexible enough according to the different countries. In some member States (FI, FR, IE for instance), the vast majority of "good" projects have already been evaluated and funded through other means before being submitted to the SME-I. It does not mean that there is nothing to do, but perhaps other sort of support is required.</p>	<p>Q4. The transferring process is not readily achievable. However, with some limitations, the regional funding can be achieved directly. However, all other operators dealing with FEDER funds can benefit from it. As for BA's, the ideal situation could rely on creating hybrid public private financial instruments that could be distributed by them, benefiting especially the SoE beneficiaries, however without excluding proprietary technical evaluations made by the managers of the fund. As for private companies, unless the money they manage is in some way financed/supported by public money, they will keep using their evaluation instruments.</p>

	Public Financers	Program Officers
<p>5. Can the SoE act as a tool that enables rating instruments by the EIB (European Investment Bank) to guarantee (or cross-guarantee) the loans that are given to the beneficiary of the SoE? What would be needed to make this possible?</p>	<p>Q5. Yes on a technological point of view this should be taken into account, but there are many other criteria. Concerning private capital investors, we should promote their participation to the Access4smes platform where many SoE beneficiaries already openly look for funding (fund raising) : https://www.euroquity.com/fr/community/Access4SMEs--Seal-of-Excellence-5bb56459-4f88-4d3c-a2eb-8e4b6e865ea5/</p>	<p>Q5. The SoE is a distinction that can be leveraged and valued in innovating public procurement initiatives. It can also be used by national governments in order to create best practices that can be made the SoE beneficiaries more visible in the market. Also, the EC must firmly and explicitly support innovation public procurement, giving a bonus for companies that have SoE and/or at least benefiting consortia that include SoE beneficiaries. The EIB must be stimulated in order to assume riskier investments in disrupting technologies and in taking longer term commitments with SoE and SME-Instrument (Phase 2) beneficiaries. It is felt by the market that the EIB follows a very conservative non-friendly approach to innovative (i.e.: riskier) ventures. The Junker plan (ESIF) can/must leverage SoE beneficiaries with reimbursable financing lines duly coordinated with the EIB.</p>
<p>6. What could private financers do to ease the SoE beneficiaries' access to capital and financial advisory services?</p>	<p>Q6. We should propose more risk funding solutions by combining national solutions and InnovFin instruments to address needs that are complementary to those addressed by commercial banks. Bpifrance is the only national innovation funding stakeholder in Europe that carries out InnovFin. We should make possible and encourage the use of repayable advances for RDI activities in the EFSI. EFSI regulations allows the provision of loans but not repayable advances (in case of success).</p>	<p>Q6. It must be created a synergetic system that, through successive evaluation rounds can guarantee the funding of the companies, allowing SME-Instrument Phase 2 winners and SoE beneficiaries to grow along with the market developments and assuring a properly timed availability of the funds with the growth plans of the companies. Also a national/regional multi-fund integration must be achieved so that different dimensions of the project can be funded regardless of the timings of the managing entities. Eg: In Portugal the timing to fund production related issues is misaligned with the timing to fund qualifications increase and both are misaligned with the funding for internationalisation. The SME-Instrument Phase 2 SoE beneficiaries can serve as a pilot so that these funding mechanisms can be integrated and coordinated in order to answer companies demands and not the managing entities timings.</p>
<p>7. How could the various stakeholders at the European, national, regional and local level better coordinate their efforts to improve the SoE beneficiaries' access to support services such as legal, marketing, networking, coaching, mentoring, etc.?</p>	<p>Q7. We should establish a double way communication channel : from the national/regional level to the EU level and the other way around, not just for SoE but for the whole SME-I. Most of the SME-I projects have already been evaluated on one way or the other by national instruments. Why not allowing national public institutions to transfer the results to EU institutions to favor real "good" projects. We should also be able to promote them to private financers at both national and EU level (with tools such as Euroquity)</p>	<p>Q7. For Phase 1 SoE beneficiaries, since they are in conceptual Phase, probably it is not suitable. However in Phase 2 they MUST be a part of the benefits provided. There must be a generalised alignment of the competitions at national and regional level with the societal challenges of the EU and with innovation trends and, especially, with the public procurement of innovation. In what regards public procurement of innovation, the EIB can act as a catalyser in order to promote "first buyer" approaches, supporting innovative companies in finding their first buyers, thus guaranteeing a selling pipeline for innovative products based on value (innovation) and not on price (commoditisation).</p>
<p>8. How could the SoE beneficiaries use the award to improve their business processes (e.g. financing, networking and marketing)?</p>	<p>Q8. Using the SoE logo on the SME communication for pitching while explaining what it means. SoE and SME-I in general should be more promoted as a quality label for the business plan of companies vs. Investors and other evaluators</p>	<p>Q8. The dispersion of the support mechanisms creates an entropy in the company management. All services must be integrated in a one-stop-shop approach, making all services available at the company required timing and not the other way around. A functioning mechanism similar to the one provided by the NCP's can be applied, extending to the companies a permanent advisory service and a customer manager/broker that can integrate all the available resources according to the availability of service providers. Usually the role model for this kind of approach is based on the way that big companies manage their customers.</p>

Also, a non-structured interview with other Portuguese stakeholder was made, providing the following comments:

The Portuguese experience with the PME Excelência (Excellent SME) and PME Líder (Leader SME) can be a good model. These distinctions are bound by a clearly the following rules and its assignment is made by the Portuguese SME Support Institute (IAPMEI).

These distinctions provide a set of benefits such as the access to special credit lines, preferential access to service support and activities, as well as executive training initiatives. The access to special lines of credit is made, under optimized conditions, to special lines of credit, with interest rate subsidies and

reduction of the risk of banking operations, with guarantee mechanisms of the National Mutual Guarantee System.

These distinctions are made in partnership with banks and mutual guarantee entities, and they provide a single unified point of contact. There is an excellent perception among the business community of the visibility that it is provided to the involved companies since the generic set of rules that guide its attribution are accepted as “common KPI’s” that are usually measured in all SME’s.

Complementarily to this opinion, it was said that the Portuguese Development Bank (www.ifd.pt) can act as a consolidator of the process. However, for that it would be necessary to rethink its nature and sources of financing and its relationship with the market, since currently is a wholesale bank that leverages other banks commercial network to reach the beneficiaries.

In this case, most of the beneficiaries have a rating made by the commercial banks that is performed once the company starts the commercial relationship and that is permanently updated according to the company performance.

5.4.3 Belgium

The EEN KAMs for Flanders that are also in charge of EIMC services of EEN are involved in a daily follow up of the 54 Seals of Excellence that exist in Flanders. They regret that the SoE has been launched without more thorough reflection from the Commission’s side before the launch. Mainly because many local authorities and also ERDF responsables reacted rather negatively on the SoE launch for reasons of state aid rules.

SMEs that approached the local authorities in an early stage of the SoE were not received well because local authorities were not aware of the existence and did not know how to react. The EEN KAMs try to have ad-hoc meetings with the respective SMEs concerned and assist them in improving their proposals for either re-submission or for re-directing them to other grant schemes (EU/local). They also encourage SMEs to refer to the SoE label when talking to private investors and banking institutions.

In all their own dialogues or communications with private investors and banking institutions they systematically also plead for a ‘red carpet’ treatment for the SoE holders so as to sensibilise the stakeholders about the existence of the label. To date however they need to conclude that very few stakeholders (public and private) are inclined to provide this ‘red carpet’ treatment.

Specifically, also for ERDF in Flanders, one should know that there are some incentives on innovation beyond TRL6 for which maybe the SoE holders might qualify, but then they have to team up in consortia with academia while the majority of SoE holders are mono-beneficiary-applicants for the SME instrument grant that have no intention to step into a consortium with academia. As the operational programs of the ERDF have been set up and the respective calls launched long before the SoE were launched this creates a problem for mono-beneficiaries.

5.5 The innovation agencies and ministries perspective

5.5.1 France

An interview was conducted with a regional delegate from the DRRT (Délégation Régionale à la Recherche et à la Technologie) - regional representative of the Ministry of Research, Higher Education and Innovation upon the Prefet de Region.

	Regional representative of the Ministry of Research, Higher Education and Innovation
1. Now that a project has a Seal of Excellence signed by two EU Commissioners, what benefits do you expect from this for the company?	Q1. If the issue is to select the best innovative SMEs, we should put in place a specific mechanism, and Member States have to engage into some sort of mechanism. Now at regional level, it would depend on the actual number of SoEs
2. Do companies have the information and/or support that they need for success after the SoE is awarded? If not, what kind of additional information and/or support could they benefit from?	Q2. SoE is not very well known in the French Research support ecosystem, but certainly SMEs need more information on the condition that we can provide them with an alternative
3. How can the European Commission improve its support to the companies that are awarded the SoE?	Q3. European Commission should gather from Member States alternative mechanism and propose them to the SME beneficiaries.
4. Can the evaluation completed to award the SoE be made “transferrable” and integrated across the various sources of financing at the European, national, regional and local level? If so, what challenges exist to make this possible and how could they be overcome?	Q4. It's difficult to transfer in extenso an evaluation which has been made on criteria which are specific to one mechanism (instrument) to another with different policy priority. Nevertheless, the evaluation could be a criteria to take a deeper look into the alternative application.

	Regional representative of the Ministry of Research, Higher Education and Innovation
5. Can the SoE act as a tool that enables rating instruments by the EIB (European Investment Bank) to guarantee (or cross-guarantee) the loans that are given to the beneficiary of the SoE? What would be needed to make this possible?	Q5. No real opinion, but it seems unlikely as it is today.
6. What could private financiers do to ease the SoE beneficiaries' access to capital and financial advisory services?	Q6. N/A
7. How could the various stakeholders at the European, national, regional and local level better coordinate their efforts to improve the SoE beneficiaries' access to support services such as legal, marketing, networking, coaching, mentoring, etc.?	Q7. At national level, Member States should really take-up the issue and propose a series of mechanism to take over from H2020 mechanism using existing tools and budget. For instance ERDF funding could perhaps be more dedicated but sometimes blocking State Aid rules prevent from taking SME-I or such projects as they are, although EU general policy rules would certainly allow it. In France, the PIA (Programme d'Investissement d'Avenir) could perhaps plan to have a better coverage of SME-Instrument type of projects
8. How could the SoE beneficiaries use the award to improve their business processes (e.g. financing, networking and marketing)?	Q8. Several collaborative project schemes do exist to tackle the issue of SoE, but they are dedicated to a collaborative R&D approach, not to fast growing single SMEs

5.6 The Incubators, Technology parks and Technology transfer offices perspective

5.6.1 France

A set of interviews were conducted with project managers in diverse so called "pole of competitiveness" in France:

- A pole of competitiveness on mobility, transport and automotive pole.
- A pole of competitiveness on Foodtech / Agrotech industry

5.6.2 Portugal

It was interviewed an operating officer of a Science and Innovation Park, that is also the CEO of an innovative start-up.

Table summarizing interviews outcomes in France and Portugal

	Tech Park 1	Tech Park 2	Tech Park 3
1. Now that a project has a Seal of Excellence signed by two EU Commissioners, what benefits do you expect from this for the company?	<p>Q1. Right now, the entrepreneurial space is crowded not only with "pitching professionals" that have very good presentation skills but have no substantial business ideas nor technological skills that can differentiate them in the market. That fact, together with a lack of sharp focused (i.e.: narrowband) investors with profound vertical business experience and with very deep technological knowledge, usually leads to superfluous presentations with little technological and/or business novelty that, on the other side, are presented to investors with little or no technological and/or business experience. This has led to the decrease in the attractiveness of such events, leading to a saturation of the market. The SoE can act as a distinguishing feature that could allow its owners to access accelerators and/or access "closed" private financing initiatives supported (or not) by the EU.</p>	<p>Q1. Not addressed</p>	<p>Q1. At the moment, we find out that if an EU project fail to get funding (and this is particularly true for the SME-Instrument), it is very difficult to shift to any other instrument because of the "unique" feature of the EC instruments.</p>
2. Do companies have the information and/or support that they need for success after the SoE is awarded? If not, what kind of additional information and/or support could they benefit from?	<p>Q2. The solution that is being implemented in the institution is based on having very sharp focused initiatives, with the first one addressing companies with solutions in the IoT field and that have a twofold approach. The first approach is aimed at European companies (and especially companies from the Centro region of Portugal) that have been granted a SME-Instrument Phase 1 or a SoE from the SME-Instrument Phase 1 application that are active in exploring solutions in the field of IoT. These companies will be subject to an intensive immersion program tutored by experienced entrepreneurs in the field of Electronics and Physics that will advise the involved companies together with BA/VCS specialised in financing early stage start-ups in the field of micro-electronics. All this will take place in a university environment where the companies will have access to very complex and sophisticated equipment in the fields of Integrated circuits ; Networks and Multimedia ; Optical communications and Radio Frequency), where they will be able to develop and test their ideas and come up with working prototypes that can be presented to financiers and/or mentors so that their potential value can be evaluated on a "peer-to-peer" basis, with mentors and mentees having similar technological knowledge and with mentors and financiers having a deeper market and financial knowledge. These results of this first approach will then leverage the second approach. A boot camp for existing companies in the field of IoT that have benefited from the SME-Instrument Phase 2 or from the SoE from the SME-Instrument Phase2. This second approach can also have "winners" from the first approach that suit the strategic objectives of this second approach. In this case the approach will be more focused on applying the prototype to the market needs rather than developing a solution for a problem. This leads to the need of having very close contact with the end users of the prototype, involving multiple iterations and pivoting the prototype to suit user needs. In what regards financing this implies the presence of later stage investors, with larger resources and the presence of mentors with large connection networks that can point to specific market niches, connecting the participants with end-users and/or with companies that can integrate the solution in their portfolio through partnership or acquisition. The winners of this second approach will be granted a (yet to be defined) grace period of permanence in the Park along with a complete toolkit of technological, financial and marketing resources that can push the company to the market within a (short) specific time frame.</p>	<p>Q2. There is not enough information on the volume of SoE in a given territory and it is thus difficult to represent</p>	<p>Q2. SoE projects needs more support. It is essential that local ecosystem of H2020 advisory network (EEN, clusters, bpifrance, universities) is made aware by the EC of any new SoE case.</p>
3. How can the European Commission improve its support to the companies that are awarded the SoE?	<p>Q3. (answered with Q4.) It should be developed a program aimed at technology and science parks where this vision could be nurtured, thus having multiple benefits: Not only the focus is sharper, thus attracting more selective mentors and financiers, but it can also provide a more effective use of equipment and infra-structural resources that can be made available to start-ups on its "spare-time" i.e.: when not in use by the academic researchers.</p>	<p>Q3. There is a lot of support the set to start-ups and very small businesses but not enough support to help them scale-up. There should be more funding on this target and that includes shifting some more of H2020 budget to SMEI</p>	<p>Q3. SoE should be embedded in a process that guarantees some kind of funding perhaps not from a single source in order to motivate the SMEs</p>

	Tech Park 1	Tech Park 2	Tech Park 3
4. Can the evaluation completed to award the SoE be made “transferrable” and integrated across the various sources of financing at the European, national, regional and local level? If so, what challenges exist to make this possible and how could they be overcome?	Q4. (answered with Q3.) It should be developed a program aimed at technology and science parks where this vision could be nurtured, thus having multiple benefits: Not only the focus is sharper, thus attracting more selective mentors and financiers, but it can also provide a more effective use of equipment and infra-structural resources that can be made available to start-ups on its “spare-time” i.e.: when not in use by the academic researchers.	Q4. Why not funding the SoE projects through national means in priority? The independent evaluation made by the the EC are relevant, yet not always fully transparent. It is however difficult to find a single funding instrument at National level to catch up	Q4. There is a clear lack of continuity between national instruments and EU instruments in particular SME-I in particular vs. The time invested by SMEs to prepare the proposal. Proposals written in English and with the structure of H2020 should be accepted by other national schemes./
5. Can the SoE act as a tool that enables rating instruments by the EIB (European Investment Bank) to guarantee (or cross-guarantee) the loans that are given to the beneficiary of the SoE? What would be needed to make this possible?	Q5. (answered with Q7.) The support for this kind of Science and Technology Parks could be aggregated on multiple layers and rounds of financing, providing incentives to a better use of existing state of the art equipment (usually underused and with very little business sustainability in what concerns its use and maintenance, where operations, maintenance and repairs are made with funding from other research projects, thus being highly dependent on institutional dynamics in applying to research funding). This funding could be structured around having the acquisition process based on European initiatives and the operations, maintenance and repair processes financed by regional funding and by utilisation and availability of the equipment by companies that belong to STPs.	Q5. As a cluster, if we know a project, we could also influence regional stakeholders to provide funding in priority, but the project holder will never get the amount he/she could get through the SME-Instrument	Q5. SoE should be used as a lever to help bank guarantee.
6. What could private financiers do to ease the SoE beneficiaries’ access to capital and financial advisory services?	Q6. They could participate actively in this kind of initiatives, not only as mentors/financers, but also as financial services providers to the companies giving, for example, special conditions when accessing financing through the institution and advising companies in what concerns the financial pathway they must pursue.	Q6. It could be interesting to have a sort of automatic continuity between projects funded by the EU (top of the list) and national/regional authorities would take over for the SoE projects. The problem would be that there would be a large increase of the number of project and once again the budgets would not be able to catch up. We have also to be careful to avoid unfair equilibrium between Member states.	Q6. SoE should be used as a lever to help bank guarantee.
7. How could the various stakeholders at the European, national, regional and local level better coordinate their efforts to improve the SoE beneficiaries’ access to support services such as legal, marketing, networking, coaching, mentoring, etc.?	Q7. (answered with Q5) The support for this kind of Science and Technology Parks could be aggregated on multiple layers and rounds of financing, providing incentives to a better use of existing state of the art equipment (usually underused and with very little business sustainability in what concerns its use and maintenance, where operations, maintenance and repairs are made with funding from other research projects, thus being highly dependent on institutional dynamics in applying to research funding). This funding could be structured around having the acquisition process based on European initiatives and the operations, maintenance and repair processes financed by regional funding and by utilisation and availability of the equipment by companies that belong to STPs.	Q7. There should be a regional fund for 10-15 projects in Phase 1 (Note: this is already covered somehow by bpifrance). It could be easy to manage because it's light enough. Phase 1 is really important for start-ups. For Phase 2, if we shift to collaborative projects it requires a complete rewriting/reengineering of the project, so this is another difficulty, time investment without any further guarantee of success. Besides, original SME-I proposal are in English. In practice, national funding will not accept such proposal. There should be more coherence between proposals structures and perhaps only an abstract in the national language could be acceptable from national/regional authorities with the full text in English	Q7. SoE projects could be recycled into small collaborative projects (for instance FUI - national pole of competitiveness project funding) with the same bottom-up approach
8. How could the SoE beneficiaries use the award to improve their business processes (e.g. financing, networking and marketing)?	Q8. The proposed concept is in itself a try to aggregate all these toolkits so that the companies participating the initiatives can have a one stop shop in what regards primary service needs (infrastructure and equipment) and supporting service needs (financing, marketing, networking, etc.)	Q8. The SoE label is not enough known to become a real marketing document. It's a label of excellence for the company not necessarily for its products and services. Doubtful that SoE helps marketing wise. However, bankers could be influenced positively. The Seal of Excellence requires to be more promoted by EC.	Q8. The SoE label is not known at least in France compared with other labels such as JEI (for Young Innovative Enterprise) but it would be worth making it more known on a wide scale. EC should build up a specific communication on this issue. Only then, SoE could become a marketing added value for the beneficiary.

6 Lessons learnt

We will now present the lessons learned that arose from the work developed during this project, that resulted from document analysis, interaction with SoE stakeholders and from internal analysis by the team members.

The lessons learnt will be centred upon the value propositions that were initially presented as the main characteristics of the Seal of Excellence. These value propositions will be analysed with basis on its fulfilment by existing examples and use cases developed since its inception in different EU countries and regions and they will also be matched against the perceptions that the stakeholders (beneficiaries, public financiers and incubators) have and, where suitable, the expectations they had when the SoE was launched and/or awarded. In most cases, due to the significant gap between perceptions and expectations, the discussion will incorporate the stakeholders view on how this gap can be closed and how the SoE can fully met its expectations.

In the final section, as a wrap-up, it will be discussed the measures to be taken not only on a short term (until 2020) but also in the medium term (in what concerns the discussion of the 9th. EU RTD Framework Program) and in the long term (in what regards the period that goes from 2021 thru 2027) in terms of RTD and regional policy.

6.1 SoE Value Propositions

From the analysis of the documentation it was identified a set of five value propositions behind SoE:

1. **Recognition and reputation:** The SoE was created in an attempt to allow regions to recognise the quality label awarded to promising project proposals submitted under Horizon 2020. The seal has as physical existence that indicates the basic info of the proposal, the call and the proposer. Since the SoE is awarded as a result of a competitive and highly professional selection process, where the beneficiaries were considered as having a solid proposal that was not possible to fund, it is considered that the benefiting company has its reputation increased as a result. The seal, as a physical entity, contains the evaluation criteria used.

2. **Commitment:** The SoE displays the signature of the Commissioners, institutionally validating the commitment in the initiative.
3. **Synergies and complementarity:** The SoE arouse due to the identification of potential synergies between the different Union funds (namely between R&D Policy and Cohesion Policy), which might enhance the research and innovation investments and their impact. Bringing together Horizon 2020 and ESIF money in the same project, or through successive projects that build on each other or parallel projects/roadmaps that complement each other.
4. **Streamlining the funding mechanisms:** With the creation of the SoE it was considered that EU research and innovation funding instruments need to be streamlined and to focus on the objectives of Innovation Union and that the whole chain of research and innovation must be strengthened and made more coherent, from blue sky research to market uptake.

6.2 Stakeholder perceptions

As for the perceptions of the SoE use gathered with the stakeholders, we will analyse each of the four value propositions.

6.2.1 Recognition and reputation

The beneficiary SMEs mostly agreed that it is a valuable marketing tool with impact in the way that the company is perceived in the marketplace, especially with its customers, signalling an innovative company with promising products validated in a competitive environment. However, little or no recognition is provided at business level with financiers and support organizations such as accelerators giving little credit to the document. (This perspective is in line with the results of the survey (presented in the Seal of Excellence Community of Practice meeting held in October 19th 2017 with 800 SoE beneficiaries from all over Europe).

Furthermore, it is believed that there could be created a virtual event where SoE and SME-Instrument beneficiaries could be invited, together with the NCPs and the EU PO could present possible solutions to develop businesses, thus leading to the creation of an KAM SoE (Key Account Manager for the Seal

of Excellence) dedicated to support the SoE beneficiaries, providing them with specialized services and tutoring.

The public entities involved (public financiers, project officers and government entities) mentioned that there is a lack of branding on the Seal by itself and that the fact that the company holds a Seal of Excellence carries some symbolic value that, however, is not converted into monetary value.

The technological park and incubators managers perceive that their entrepreneurial space is largely occupied with companies with no substantial business ideas nor technological skills. Since the SoE has an underlying demanding technological evaluation it might serve as a support tool to the market decision makers and to investors.

6.2.2 Commitment

The beneficiary SMEs feel that there is continuous support by EC funded agencies at European, National and Regional level, however, apart from this support, very little knowledge exists on the subject in national governments and/or regional authorities. The SMEs are led to contact local stakeholders, however, the counterparties have little to offer other than workshops to present the ERDF alternatives for innovative projects where the scope is smaller and the rules are different.

It is also observed that, since the SoE is related to innovative projects with potential in the international market, it would make sense to be able to leverage them with other EU programs/projects and/or insert them in newly formed or existing consortia where they could be of use. This could be achieved through the creation of a special mechanism to support the existing consortia (when the project is already existing) or to give "bonus points" when the consortia is applying to a new project.

The public entities involved (financers and officers) believe that individual advisory support is required to bring together SMEs needs and funding solutions. As such, one of the main problem relies in the fact that the lists are confidential, preventing a direct contact and the presentation of suitable tailor made solutions for each case. As a temporary stub for this problem, the existing pan European Access4smes initiative could be used as a model to extend to regional support systems of every one of the SoE receivers.

The technological park and incubators or clusters managers find it hard to understand why there is not enough information on the volume of SoE in a given territory. This leads to the managers of these institutions being unable to know the size of their "potential market" and the specific needs their potential clients have. However, they find it essential that local ecosystem of H2020 advisory network

(EEN, clusters, public entities, universities) are made aware by the EC of any new SoE case in the region and/or sector they address.

6.2.3 Synergies and complementarities

The beneficiary SMEs mention that it would be ideal if the different funding instrument could be coordinated between them and with a single entry point, so that the company works with a single entity when setting up a project with multiple funding sources that evaluate the availability of the public funding sources.

In what concerns the national level, it is sensed that Member States should propose a series of mechanisms for projects to be able to take over from H2020 mechanism using existing tools and budget. For instance, ERDF funding could be more dedicated but sometimes blocking State Aid rules prevent from taking SME-I or such projects as they are, although EU general policy rules would certainly allow it.

The public entities involved (financers and officers) believe that it should be established a duplex (double way) communication channel: from the national/regional level to the EU level and the other way around, not just for SoE but for the whole SME-Instrument. Most of the SME-I projects have already been evaluated in one way or the other by national instruments, thus allowing national public institutions to transfer the results to EU institutions to favour real "good" projects. Furthermore, the national/regional point of contact should be able to promote the projects to private financers at both national and EU level (with tools such as Euroquity). Also, it should be analysed the possibility of including companies with SoE in the public procurement of innovation mechanisms. In this aspect (public procurement of innovation), the EIB can act as a catalyser in order to promote "first buyer" approaches, supporting innovative companies in finding their first buyers, thus guaranteeing a selling pipeline for innovative products based on value (innovation) and not on price (commoditisation).

The technological park and incubators managers stated that the Science and Technology Parks could select SoE companies, allowing them to use existing state of the art equipment (which is usually underused and with very little business sustainability in what concerns its use and maintenance, and where operations, maintenance and repairs are made with funding from other research projects, thus being highly dependent on institutional dynamics in applying to research funding). This funding could be structured around having the acquisition process based on European initiatives and the operations, maintenance and repair processes financed by regional funding and by utilisation and availability of the equipment by companies that belong to STPs and, if they benefit from SoE, they could have the use of equipment supported by regional funding. This could create STPs with a sharper focus, thus

attracting more selective mentors and financiers, but it can also provide a more effective use of equipment and infra-structural resources that can be made available to start-ups on its “spare-time” i.e.: when not in use by the academic researchers.

On the other hand, it was suggested that the SoE projects could be recycled into small collaborative projects that could benefit from funding from entities such as the FUI - national pole of competitiveness in France, with a bottom-up approach, regionalized approach.

6.2.4 Streamlining the funding mechanism

The beneficiary SMEs feel that most business angel investors are broadband investors, that are exposed to multiple messages/pitches that usually are not more than “vapourware”, leading to the saturation of the market. The SoE could be worked out with investors (BA and/or VC) so that they could have a closer look at the projects, distinguishing the genuine top SMEs from the crowd of “pitching professionals”. From this analysis, a regional funded mechanism could be devised so that incubators/accelerators give preferential admission of SME-Instrument/SoE beneficiaries, thus giving them a bonus when evaluating the admission candidacy. Also, the services offered by the incubators/accelerators could have a preference for SoE. However, it should be noticed that it is necessary for the incubators/accelerators to be more focused on technology and/or on societal problems. This restructuring could lead to specific invitations to SME-Instrument/SoE companies so that a critical mass of users and entities could be amassed in a single place, thus achieving economies of scale in what concerns “shared services” for the specific incubator/accelerator.

As for the use of the SoE by private entities, the rating is not an insurmountable difficulty, since the rating process is rather straightforward, although it is usually done by banking professionals with little sensibility to technological problems and market opportunities posed by innovative solutions. In what concerns the loan concession process, the SoE could enable loans with interests with special spreads or no spread at all, that should be accompanied by clauses such as: “reimbursable loan, with a zero/special spread during X years and a reimbursement grace period of Y years if Z conditions are met”. These conditions could be framed by a professional consultancy (or an innovation agency) that, together with the SME, could work on a “milestones voucher” basis, taking the SME from the SoE attribution all the way thru its insertion in other consortia and/or in finding a financing contract.

The public entities involved (financers and officers) state that it is not adequate to imagine a single “one-size-fits-all” financing solution that would be the same everywhere in Europe. The reason for this is that countries already have very different solutions in particularly different regional development stages and market maturities. They believe that it is important to work closely with the H2020

national/regional ecosystem (NCP, Programme Committee Representatives, EEN) in the design of specific regional initiatives. Also, in order to achieve this objective, the NCPs, the members of the Community of Practice SoE and EEN members should receive the full contact details of SoE beneficiaries.

Also the streamlining of the funding, in what public funds is concerned, should be based on creating coherent evaluation matrixes so that the quality of the projects is evaluated in a concise, straightforward way, leaving room for a local eligibility criterion in order to complement the evaluation process. It is felt that a SoE can serve as a pilot trial, extensive to most RTD projects, and applicable to all other beneficiaries where multiple financing sources could be obtained for a given project based on a single proposal. In the medium term this concept could be further extended so that private financiers agree on a single proposal, to be technically evaluated based on a common evaluation framework that could then be derived to fit each financing entity objectives and strategies.

It is considered that for BA's, the ideal situation could rely on creating hybrid public private financial instruments that could be distributed by them, benefiting especially the SoE beneficiaries, however without excluding proprietary technical evaluations made by the managers of the fund. As for private companies, unless the money they manage is in some way financed/supported by public money, it is believed they will keep using their evaluation instruments.

On a broader scale, it is felt that more risk funding solutions should be created by combining national solutions and InnovFin instruments to address needs that are complementary to those addressed by commercial banks. Bpifrance is the only national innovation funding stakeholder in Europe that carries out InnovFin. We should make possible and encourage the use of repayable advances for RDI activities in the EFSI. EFSI regulations allows the provision of loans but not repayable advances (in case of success).

These solutions should be created a synergetic system that, through successive evaluation rounds can guarantee the funding of the companies, allowing SME-Instrument Phase 2 winners and SoE beneficiaries to grow along with the market developments and assuring a properly timed availability of the funds with the growth plans of the companies. Also a national/regional multi-fund integration must be achieved so that different dimensions of the project can be funded regardless of the timings of the managing entities. E.g.: In Portugal the timing to fund production related issues is misaligned with the timing to fund qualifications increase and both are misaligned with the funding for internationalisation. The SME-Instrument Phase 2 SoE beneficiaries can serve as a pilot so that these funding mechanisms can be integrated and coordinated in order to answer companies demands and not the managing entities timings.

The technological park and incubators managers interviewed think that there is a lot of support the set-up of start-ups and very small businesses but not enough support to help them scale-up. There should be more funding on this target and that includes shifting some of the H2020 budget towards SMEI initiatives.

As for private financiers, it is considered that they could participate actively in financing activities, not only as mentors/financers, but also as financial services providers to the companies giving, for example, special conditions when accessing financing through the institution and advising companies in what concerns the financial pathway they must pursue.

7 Conclusion

As a wrap-up, the stakeholder perceptions and the findings during the project are now framed into a set of challenges associated with the value proposition, resulting from the stakeholders' perceptions and opinions, as well as from the analysis of the project team, a set of actions to take place.

These actions should take place not only in the short term (ST) (until 2020, corresponding to the end of the current programs), but should be framed so that they can be addressed in the medium term (MT) (in what concerns the discussion of the 9th. EU RTD Framework Program and Regional Development Programs) and in the long term (LT) (in what regards the period that goes from 2021 thru 2027) in terms of RTD and regional policy.

In order to benchmark the proposed initiatives, they will be aligned with the recommendations of the Lamy report and/or with the actions proposed in the Scale-up Manifesto.

Value Proposition: Recognition and reputation (RR)

Challenge
Challenge RR1: Lack of recognition of the SoE by the entrepreneurial ecosystem
Proposed Actions
ARR11: Yearly event gathering SME-Instrument and SoE beneficiaries for exchange of experiences and contact with support agencies (ST);
ARR12: Based on the existing EASME – EEN KAM methodology, create the KAM SoE, leveraging the existing EEN assets (network, representatives, database, etc.) and linking them with financial instruments available for SMEs (ST and MT).
Lamy Report Alignment
Recommendation 11: “Capture and better communicate impact” by branding EU research and innovation and ensure wide communication of its results and impacts.
Scale Up Manifesto Alignment
Power Innovation Action 4.1 “Open government data” Action 4.2 “Sandboxes for regulators ” Monitor Measure and Evaluate Action 6.2 “Set up a think tank ” Action 6.3 “Annual meeting of the European Startup Network”

Challenge
Challenge RR2: Lack of value of the SoE perceived by companies
Proposed Actions
ARR21: Development of communication activities promoting the existence and creating awareness on the Seal of Excellence with the stakeholders (ST);
ARR22: Continued promotion activity by the KAM SoE, especially in the post evaluation process and after SoE attribution to the companies (MT and LT).
Lamy Report Alignment
Recommendation 11: “Capture and better communicate impact” by branding EU research and innovation and ensure wide communication of its results and impacts.
Scale Up Manifesto Alignment
Monitor Measure and Evaluate Action 6.3 “Annual meeting of the European Startup Network”

Value Proposition: Commitment (C)

Challenge
Challenge C1: Confidentiality of SoE beneficiaries prevent a suitable support after the SoE is attributed
Proposed Action
AC11: Ask applicants of SME-Instrument: "In case this is project proposal is not directly funded by the H2020/9th. FP, in spite of being considered technically viable, would you like to be contacted by a EU representative in order to find alternative forms of support (in money or in kind)?"(MT)
Lamy Report Alignment
Recommendation 7: "Simplify further" in order for the European Union to become the most attractive R&I funder in the world, privileging impact over process.
Scale Up Manifesto Alignment
Power Innovation Action 4.2 "Sandboxes for regulators" Action 4.5b "Startup corporate collaboration - Governments can assist with data and match-making services"

Challenge
Challenge C2: Continuity of support at national and regional level
Proposed Actions
AC21: Creation of a local ecosystem of H2020 advisory network (EEN, clusters, public entities, universities) that can be contacted in case any new SoE case arises in the region and/or sector they address. Is interconnected through the KAM SoE to the SoE and (eventually) SME-Instrument beneficiaries (MT); AC22: Creation an integrated database of projects (EEN Merlin-like) where the KAM SoE can contact and follow up SoE beneficiaries (MT).
Lamy Report Alignment
Recommendation 6: "Rationalise the EU funding landscape and achieve synergy with structural funds, argues that cutting the number of R&I funding schemes and instruments is vital, making the remaining ones reinforce each other, making synergy with other programs work. Recommendation 9: "Better align EU and national R&I investment" ensuring EU and national alignment where it adds value to the EU's R&I ambitions and missions.
Scale Up Manifesto Alignment
Power Innovation Action 4.2 "Sandboxes for regulators " Action 4.5b "Startup corporate collaboration - Governments can assist with data and match-making services"

Challenge
Challenge C3: Leveraging of the SoE with other EU programs/projects
Proposed Actions
AC31: Creation of an integration mechanism to support the "adopt a SoE" by existing project consortia (when the consortium is already existent) (MT);
AC32: Give "bonus points" to proposals when a consortium applying to a new project has "adopted a SoE" beneficiary (MT)
Lamy Report Alignment
Recommendation 2: "Build a true EU innovation policy that creates future markets" is aligned with the SME Instrument objective that innovative ideas with rapid scale up potential should be placed in an ecosystem where researchers, innovators, industries and governments support its development and growth.
Recommendation 6: "Rationalise the EU funding landscape and achieve synergy with structural funds, argues that cutting the number of R&I funding schemes and instruments is vital, making the remaining ones reinforce each other, making synergy with other programs work.
Recommendation 9: "Better align EU and national R&I investment" ensuring EU and national alignment where it adds value to the EU's R&I ambitions and missions.
Scale Up Manifesto Alignment
Action 4.3a "Open research and innovation funding - Research and innovation funding for wider community"
Action 4.5a "Startup corporate collaboration - Funding for corporate-startup collaboration"
Action 4.5b "Startup corporate collaboration - Governments can assist with data and match-making services"

Value Proposition: Synergies and Complementarities (SC)

Challenge
Challenge SC1: Lack of coordination between the European level and the national/regional level
Proposed Actions
ASC11: Creation of a single contact point (such as the KAM SoE), so that the company works with a single entity (and contact person) when setting up a project with multiple funding sources that need to evaluate the availability of the public funding sources (ST)
ASC12: Establishment of a formal duplex (double way) communication channel : from the national/regional level to the EU level, promoting good regionally funded projects into the and the other way around, not just for SoE but for the whole SME-Instrument (MT)
Lamy Report Alignment
Recommendation 7: “Simplify further” in order for the European Union to become the most attractive R&I funder in the world, privileging impact over process.
Recommendation 9: “Better align EU and national R&I investment” ensuring EU and national alignment where it adds value to the EU’s R&I ambitions and missions.
Recommendation 11: “Capture and better communicate impact” by branding EU research and innovation and ensure wide communication of its results and impacts.
Scale Up Manifesto Alignment
Power Innovation
Action 4.1 “Open government data”
Action 4.2 “Sandboxes for regulators ”
Action 4.3a “Open research and innovation funding - Research and innovation funding for wider community ”
Action 4.3b “Open research and innovation funding - Research funding, risk aversion and applicants turnover”
Action 4.5a “Startup corporate collaboration - Funding for corporate-startup collaboration ”
Action 4.5b “Startup corporate collaboration - Governments can assist with data and match-making services”

Challenge
Challenge SC2: Public procurement of innovation
Proposed Actions
<p>ASC21: Use the technical project evaluation performed at European level as a “pre-accreditation” mechanism that grants the company proposing the project the ability to participate in public procurement of innovation, either as a company <i>per se</i> or included in consortia with other companies (ST);</p> <p>ASC22: Incorporate the KAM SoE in innovation procurement activities at regional and national level, in order to gather knowledge and integrate with procurers that have the SoE (MT)</p> <p>ASC23: Create mechanisms at European, national and regional level that give companies with SoE access to public procurement of innovation mechanisms either on its own or through integration of bidding consortia (MT)</p>
Lamy Report Alignment
<p>Recommendation 2: “Build a true EU innovation policy that creates future markets” is aligned with the SME Instrument objective that innovative ideas with rapid scale up potential should be placed in an ecosystem where researchers, innovators, industries and governments support its development and growth.</p> <p>Recommendation 9: “Better align EU and national R&I investment” ensuring EU and national alignment where it adds value to the EU’s R&I ambitions and missions.</p>
Scale Up Manifesto Alignment
<p>Power Innovation</p> <p>Action 4.2 “Sandboxes for regulators ”</p> <p>Action 4.3a “Open research and innovation funding - Research and innovation funding for wider community ”</p> <p>Action 4.3b “Open research and innovation funding - Research funding, risk aversion and applicants turnover”</p> <p>Action 4.5a “Startup corporate collaboration - Funding for corporate-startup collaboration ”</p> <p>Action 4.5b “Startup corporate collaboration - Governments can assist with data and match-making services”</p>

Challenge
Challenge SC3: Access and use of state of the art equipment bought with European funding
Proposed Actions
<p>ASC31: Provide Science and Technology Parks with (financial or material) bonuses for allowing SoE companies to use existing state of the art equipment acquired through European initiatives (ST)</p> <p>ASC32: Create a financing mechanism where operations, maintenance and repair processes of existing equipment used by (or made available to) SoE companies can be financed by specific regional funding mechanisms (MT)</p>
Lamy Report Alignment
<p>Recommendation 6: “Rationalise the EU funding landscape and achieve synergy with structural funds, argues that cutting the number of R&I funding schemes and instruments is vital, making the remaining ones reinforce each other, making synergy with other programs work.</p> <p>Recommendation 9: “Better align EU and national R&I investment” ensuring EU and national alignment where it adds value to the EU’s R&I ambitions and missions.</p>
Scale Up Manifesto Alignment
<p>Power Innovation</p> <p>Action 4.3a “Open research and innovation funding - Research and innovation funding for wider community ”</p> <p>Action 4.3b “Open research and innovation funding - Research funding, risk aversion and applicants turnover”</p> <p>Action 4.5b “Startup corporate collaboration - Governments can assist with data and match-making services”</p>

Value Proposition: Streamlining the funding mechanism (SF)

Challenge
Challenge SF1: Financial tools to support innovative projects
Proposed Actions
ASF11: Work with financing agents (EIB and/or commercial banks) in order to create specific loans, distributed by Business Angels, benefiting especially the SoE beneficiaries (MT);
ASF12: Create risk funding solutions by combining regional/national solutions and InnovFin instruments to address needs that are complementary to those addressed by commercial banks (MT);
ASF13: Frame the loan with support by a professional financial consultancy (for example, Business Angels that can , together with the KAM SoE, work on a “milestones voucher” basis, taking the SME from the SoE attribution thru early investment stages (LT).
Lamy Report Alignment
Recommendation 6: “Rationalise the EU funding landscape and achieve synergy with structural funds, argues that cutting the number of R&I funding schemes and instruments is vital, making the remaining ones reinforce each other, making synergy with other programs work.
Scale Up Manifesto Alignment
Mobilise Capital Action 2.1c “Complete the capital markets union - Cross-border crowdfunding” Action 2.3a “Crowd in capital - European Fund for Strategic Investments” Action 2.3b “Crowd in capital -Fund of funds” Power Innovation Action 4.3a “Open research and innovation funding - Research and innovation funding for wider community ” Action 4.3b “Open research and innovation funding - Research funding, risk aversion and applicants turnover” Action 4.5a “Startup corporate collaboration - Funding for corporate-startup collaboration ” Action 4.5b “Startup corporate collaboration - Governments can assist with data and match-making services”

Challenge
Challenge SF2: Synchronization between national/regional managing entities calls and European calls
Proposed Actions
<p>ASF21: Develop a medium term strategy where a national/regional multi-fund integration is achieved so that different dimensions of the projects can be funded regardless of the timings of the managing entities (MT)</p> <p>ASF22: Create a synergetic system that, through successive evaluation rounds, can guarantee the funding of the companies, allowing SME-Instrument Phase 2 winners and SoE beneficiaries to grow along with the market developments and assuring a properly timed availability of the funds with the growth plans of the companies (MT)</p>
Lamy Report Alignment
<p>Recommendation 6: “Rationalise the EU funding landscape and achieve synergy with structural funds, argues that cutting the number of R&I funding schemes and instruments is vital, making the remaining ones reinforce each other, making synergy with other programs work.</p> <p>Recommendation 7: “Simplify further” in order for the European Union to become the most attractive R&I funder in the world, privileging impact over process.</p> <p>Recommendation 9: “Better align EU and national R&I investment” ensuring EU and national alignment where it adds value to the EU’s R&I ambitions and missions.</p>
Scale Up Manifesto Alignment
<p>Mobilise Capital</p> <p>Action 2.3a “Crowd in capital - European Fund for Strategic Investments”</p> <p>Action 2.3b “Crowd in capital -Fund of funds”</p> <p>Power Innovation</p> <p>Action 4.3a “Open research and innovation funding - Research and innovation funding for wider community”</p> <p>Action 4.3b “Open research and innovation funding - Research funding, risk aversion and applicants turnover”</p> <p>Action 4.5a “Startup corporate collaboration - Funding for corporate-startup collaboration ”</p> <p>Action 4.5b “Startup corporate collaboration - Governments can assist with data and match-making services”</p>

Challenge
Challenge SF3: Streamline funding from European to national/regional level
Proposed Actions
ASF31: Use the SoE as a pilot trial, extensive to most RTD projects, and applicable to all other beneficiaries, where multiple financing sources could be obtained for a given project based on a single proposal. (MT)
ASF32: Streamline the funding mechanism, in what public funds is concerned, creating coherent evaluation matrixes so that the quality of the projects is evaluated in a concise, straightforward way, leaving room for a local eligibility criterion in order to complement the evaluation process (MT)
ASF33: Extend the procedure so that private financiers agree on a single proposal evaluation matrix, to be technically evaluated based on a common evaluation framework that could then be derived to fit each financing entity objectives and strategies (LT)
Lamy Report Alignment
Recommendation 6: “Rationalise the EU funding landscape and achieve synergy with structural funds, argues that cutting the number of R&I funding schemes and instruments is vital, making the remaining ones reinforce each other, making synergy with other programs work.
Recommendation 7: “Simplify further” in order for the European Union to become the most attractive R&I funder in the world, privileging impact over process.
Recommendation 9: “Better align EU and national R&I investment” ensuring EU and national alignment where it adds value to the EU’s R&I ambitions and missions.
Scale Up Manifesto Alignment
Mobilise Capital
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