Fostering synergies between Horizon 2020 and Cohesion policy

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Europe’s innovation divide undermines competitiveness

- Large parts of the EU out of ‘sync’
- Modest and Moderate Innovators holding back the EU as a whole
- Grand policy designs at risk without a sound and functioning base
- Identification of priorities and strategies of crucial importance – yet still, among the major bottlenecks
- Horizon 2020 and the ESIF among Europe’s most powerful tools for closing the innovation gaps and advance growth and prosperity
ESIF & H2020 are part of the same budget envelope:

Total EU budget 2014 – 2020: 960 billion EU

1. Smart & inclusive growth (€451bn)

2. Sustainable growth, natural resources (€373bn)

3. Security and citizenship (€16bn)

4. Global Europe (€58bn)

5. Administration (€61.6bn)
## Understand specific objectives & features

<table>
<thead>
<tr>
<th>EU R&amp;D Policy – Horizon 2020</th>
<th>EU Cohesion Policy</th>
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<td><strong>Differences</strong></td>
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<td>&gt; Excellence based / Non-territorial approach</td>
<td>&gt; Socio economic development/ Place-based approach</td>
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<td>&gt; Direct management - mostly awarded directly to final beneficiaries</td>
<td>&gt; Awarded through shared management to national and regional public intermediaries</td>
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<td>&gt; Mostly competitive calls addressed mainly to international groupings through peer-review based on excellence criteria</td>
<td>&gt; Mostly non-competitive attribution addressed to regional players (single beneficiaries) based on strategic planning negotiation</td>
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<td>&gt; Bi-annual work programmes</td>
<td>&gt; 7-years OPs</td>
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<td><strong>Complementarities</strong></td>
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<td>&gt; Horizon 2020 focuses on tackling major societal challenges, maximising the competitiveness impact of research and innovation and raising and spreading levels of excellence in the research base (widening) + single beneficiary (SME) + simplification</td>
<td>&gt; Cohesion policy will maximise the competitiveness impact of research and innovation acting as a capacity building instrument via smart specialisation, based on learning mechanisms and critical skills in regions and Member States + interregional possibilities.</td>
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**Smart specialisation**
Why do we foster synergies between Horizon 2020 and ESIF?

Scarce resources:

- Improve efficiency of investment
- Best use of public funds

✓ Synergies between Horizon 2020 and ESIF aim at maximising quantity, quality and impact of research and innovation investments through close interactions between the two policy frameworks
Synergies happen when different processes are at play but they all contribute to the same result.
DG REGIO in cooperation with DG RTD introduced novelties for this purpose in the new ESIF Regulations

- **Possibility to combine H2020 and ESIF money in the same project** via a derogation from the non-cumulative principle of Art. 129 Fin. Regulation that prohibits a beneficiary to receive 2 EU grants for a project (Art. 65(11) CPR*)

- **More ESIF can be spent outside an Operational Programme’s territory** (e.g. to pool funding for technology parks, clusters, research infrastructures abroad, ...) if for the benefit of the programme area: Article 70(2) CPR (also contract research is possible outside OP territory irrespective of Art 70(2)!!)

- **Stronger obligation to work with innovation actors in other regions & Member States** beyond "INTERREG": Art 96(3)d CPR

- **Alignment of similar cost options** possible for easier combining of funds: lump sums, flat rates, standard scales of unit costs under ESIF may use the H2020 rules applicable for similar types of operations and beneficiaries (Art 67(5)b, 68 CPR)

- **Obligation to develop Smart Specialisation Strategies, including seeking synergies and complementarity** with Horizon2020 and other centrally managed EU programmes and involvement of Horizon 2020 stakeholders in RIS3 development process and obligation to foresee up- & down-stream measures to Horizon 2020 in RIS3: Annex 1 to CPR

*) Regulation (EU) No 1303/2013 Common Provisions for all European Structural and Investment Funds
Purpose of Cohesion Policy (a reminder):

**Article 176 of the Treaty on the Functioning of the EU:**
"The European Regional Development Fund is intended to help to **redress the main regional imbalances** in the Union through participation in the **development and structural adjustment** of regions whose development is lagging behind and in the conversion of declining industrial regions."

**Article 2 ERDF regulation:**
"The ERDF shall contribute to the financing of support which aims to **reinforce economic, social and territorial cohesion** by redressing the main regional imbalances through support for the **development and structural adjustment of regional economies**, including the conversion of declining industrial regions and regions lagging behind."

Please remember: all research and innovation investments under ERDF have to serve this overarching purpose ...
Main messages on Synergies for policy designers and implementers

- *First think in a strategic & impact-oriented manner, not necessarily project-oriented*
- *BOTH sides (ESIF and Horizon 2020 stakeholders) have to listen, learn, talk to each other, and take steps to complete each other’s actions*
- *Synergies will only work if they are fostered along the entire programming cycle, starting from RIS3 (smart specialisation) development, to programme design and implementation*
A word on cumulative funding (1)

Basic principle 1:
Synergies mean more than combining ESIF and other Union grants in the same project!

Synergies can be also about bringing together Horizon2020 and ESIF money in a same project but:

- Accounting-, synchronisation- and organisation-wise it is easier to use successive projects that build on each other or parallel projects.
- **For all EU centrally managed Union programmes**, the non-cumulative principle applies, i.e. combination of grants in same project for the same cost item is not possible.
A word on cumulative funding (2)

Basic principle 2: **NO double funding**: two Union grants (e.g. Horizon 2020 and ESIF) may not cover the same cost item.

- **Cumulative funding** is the possibility to use different public funding sources, including EU funding sources, within a programme, project or a group of projects (*Art 129 Financial Regulation prohibits giving 2 EU grants to the same beneficiary for the same project, however Art 65(11) CPR and 37 Horizon RfP give a derogation.*)

- It seeks to **enhance complementarities and synergies** while at the same time has to **avoid overlaps and exclude double-financing** (fraud).
A word on cumulative funding (3)

**Basic principle 3:**

**NO substitution of national or regional or private co-funding** to centrally funded EU projects or programmes by ESIF money! (Example: in a 70% funded Innovation Action, the 30% must not come from ESIF but entirely from the partner in question)

- **Synergies** are about obtaining **more impact** on competitiveness, jobs and growth by combining ESIF and Horizon2020,
  - through reinforcement of projects supported by the other fund or
  - through carrying further the projects of the other fund
  - ESIF Managing Authorities should **not** focus on acquisition of additional funding from H2020, but on what are the strategic aims of their smart specialisation strategy & OP, i.e. impacts on place-based socio-economic development and structural adjustment of regional economies, conversion of declining industrial regions ...!
Combining Horizon 2020 & ESIF through funding of successive / parallel / alternative / projects
However beware!

- Combined funding is not a panacea
- What is really important is strategic planning of the relevant actions that should complete each other
- **Complementarity** is a better word than *Synergy* (which is the final outcome of **Complementarity** in the planning process)
Typical synergy actions driven by an ESIF OP include (non-exhaustive list of examples):

- Support for investment of research infrastructure and equipment including competence centres (combination of research and advanced training centres)
- Support to the whole innovation cycle through improving the overall framework conditions for businesses (but also support measures towards social innovation)
- Support to research actions and infrastructure investments in the area of Key Enabling Technologies (KETs)
- Preparation of research and innovation stakeholders towards a better participation in the Horizon 2020 Calls (support via training, raising awareness, networking and partner identification)
- Support to downstream measures like exploitation and commercialisation of finished or about to finish research projects
- Reinforcement of local impact (including additional work packages) of agreed Horizon 2020 projects (that are by definition transnational)
What needs to be done on both sides

Better communication & information exchange:

• Both sides need to improve understanding of the objectives and management principles of the other side (external).
• Use NCPs, EENs, COESIF, MA meetings, etc. to ensure information flow during implementation and strengthen the collaboration of the NCPs with MA and regional structures of support
• Auditors need to be informed & trained on both sides on new synergies possibilities and different accounting systems, terminologies, etc.
What can be done by H2020 stakeholders

**Strategic level:**
- Open **strategic platforms** and **structured cooperation** between R&I programmes and **actors** (EIPs, EIT-KICs, ETPs, JPI, JTI, ...) for **regional level policy actors**. Facilitate access to ESFRI infrastructures for industrial users and integrate ESFRIs in industrial clusters.

**Programme implementation level:**
- Revamp the **transfer of technology and research results** to better target it to MS/regions according to their and OP priorities (Cordis)
- **NCPs:** get familiar with **ESIF rules, RIS3 and MA**
- Explain Horizon 2020 to Managing Authorities and public procurers (cost models, project formats ...)
- Inform Managing Authorities on H2020 participants in their territory
- Communicate more on the issue of synergies
- Provide guidance to beneficiaries on synergies and other funding sources
Who has to act?

- Key role for national and regional authorities as they plan future investments on research and innovation, including from the ESIF
- Research stakeholders (Public/ private): they should be better informed about the above mentioned investment plans and operational measures
- Horizon 2020 National Contact Points
- Commission services
Introducing the Seal of Excellence

A concrete example of operational synergies between Horizon 2020 and the ESIF
Declaration on Seal of Excellence

Declarations of the Commission (Framework Programme)
2013/C 373/02 of 20.12.2013

‘Union level intervention enables EU-wide competition to select the best proposals, thereby raising levels of excellence and providing visibility for leading research and innovation.

The Commission considers that positively evaluated European Research Council, Marie Sklodowska-Curie, teaming actions, phase-2 SME instrument or collaborative project proposals that could not be funded for budgetary reasons, have still met the Horizon 2020 criterion of excellence.

Upon approval of the participants, this information can be shared with the responsible authorities.

The Commission therefore welcomes any initiatives to fund such projects by national, regional or private sources. In this context, cohesion policy also has a key role to play through building capacity.’
Seal of Excellence launched!

- **Seal of Excellence** action launched jointly by Commissioners Moedas and Crețu during the opening session of the Open Days 2015 (12/10/15) in Brussels; Letters sent to all MS
- Scheme started in the context of the SME Instrument as of November 2015 and applied now retroactively to all Horizon 2020 relevant Calls
- Read the [official press release of the Commission](http://ec.europa.eu/research/regions/index.cfm?pg=home)
Excellent proposals receive the SEAL OF EXCELLENCE certificate

Regions/MS taking-up 'seal of excellence' proposals:
- Benefit from pre-screening by H2020
- Make the most of a unique, high quality evaluation process
- Better use the resources
- Invest on high local impact proposals

Pilot using the SME Instrument
- Close to intervention logic of ESIF authorities:
- Single company
- Small scale R&I actions
- Close to market

Horizon 2020 evaluation:
- Funding threshold due to H2020 budget availability
- Quality threshold: Meriting funding
- Rejected: not ready for funding
The SEAL OF EXCELLENCE:

- **Awarded** to ALL qualifying SME instrument PROPOSALS
- **Downloadable** only by the SME/s from 'My area' in Participants Portal
- **Informs**
- **Builds reputation**
- **Explains**
- **Shows Political committment**
- **Fraud-proof**
- **Accompanying letter**
The SME INSTRUMENT AND THE SEAL:
Who - When

EU Grant of €50,000 (lump sum)
EU Grant of €500,000 to 2.5 million (indicative amount)

- No grant, but...
- Training support
- Market and Investment Readiness support
- Promotion / networking with financiers & clients
- ... and more indirect support!

Source: RTD B3
Almost 19,500 proposals submitted
Almost 1,500 proposals funded

Between 45% and 84% of proposals above threshold NOT funded out of the all above threshold
KEY MESSAGES TO SMEs ABOUT THE SEAL

SMEs usually welcome the seal, understand its value and were asking for it

Expectations have to be managed:

> A great opportunity, but process just starting: be patient!

> No guarantee of 'automatic' alternative funding and/or to the funding intensity of H2020 / No to be used for DOUBLE FUNDING

> Search pro-actively: only you (SMEs) receive the seal and can use it....

> ...if you wish so (no obligation!)

> Make available to the funder ALL documents at your disposal (Full Proposal, Evaluation Summary Report,...)

> DIVERSIFY your search for funding, in terms of sources (public (ESIF or own resources) / private) and type (grants / financial instruments)
KEY MESSAGES TO ALTERNATIVE FUNDING SOURCES

(i.e: Managing authorities, nat/reg agencies, private foundations, banks, VCs, bus.angels)

> SoE are excellent projects, not left-overs from Horizon 2020 (strict criteria, international panel, transparent and competitive evaluation)

> Great opportunity to exploit H2020 first-class evaluation system: leading to gain time, use resources efficiently in a period of scarce resources and increase R&I performance and impact at local level

> Keep the process as simple as possible: no need to re-evaluate the content

> Different support can be provided: grants/loans/guarantee/... general support

> 'Seal'- under-performing MSs: consider the learning curve!

> The Commission services support funding bodies interested in taking up these projects, through a COMMUNITY OF PRACTICE and promoting relevant schemes!
CURRENT 'seal'-friendly actions:

- **Targeted calls for 'seal proposals' Phase 1**
  (very soon: Lombardy, Spain, Vinnova-Sweden; Norway, ...)

- **Support service package for 'seal proposals'**
  (Tekes-Finland, Norway, ...)

- **Calls to support Phase 2 (grant/financial instruments)**
  (Italy nat. OP Southern regions, Lombardy, Poland, Cyprus...)

- **Private Investors platforms** (access to InvestHorizon, ...)

- **NCPs** – actions in favour of seal
Since 2015, Spanish companies that have scored 12 or more on the SME instrument phase 1 can bid in the call, “Horizonte PYME”, issued by the Spanish Ministry of Economy and Competitiveness with the Spanish Innovation Agency.

The grants allow the SMEs to conduct the full SME instrument phase 1 based on the *de minimis* regime. SMEs have the possibility to request the help of a business coach. The call had a budget of 8.6 M€. Since its opening, the call has attracted a very positive response from the SME community. More than 220 SMEs presented the proposal in the two weeks following the call opening in July 2015. Out of those 220 SMEs, 135 SMEs were selected for funding. By the end of 2015, all the SME’s selected received their pre-financing.
• **CONTINUE STRONG COMMUNICATION CAMPAIGN:**
  - Latest: EEN 8/02; SME NCPs 17/02; thematic NCPs.
  - EURADA, ERRIN, Business Europe, UEAPME, ... - other stakeholders

• **SUPPORT AND PROMOTION:** of 'seal-friendly' actions on web

• **MONITORING PROGRESS:** maximising feedback from SMEs & MAs

• **FIRST STOCK TAKING – June 2016 – WIRE CONFERENCE**

• **EXPAND TO OTHER ACTIONS:** Widening (TEAMING, ERA CHAIR), MSC, ERC proof of concept, .....
Seal of Excellence

Maximizing impact: how to make the most out of Horizon 2020 for the benefit of regions and their stakeholders

In a period of scarce resources, our impact in investments in Research and Innovation needs to be maximized by creating synergies between Horizon 2020 and other funding sources (such as, but not exclusively, the European structural and investment funds (ESIF)) in a way that is achievable.

This was a clear mandate from member states to the European Commission.

We fully support the ‘Seal of Excellence’ as an important first step in a longer term process of building synergies between Horizon 2020 and the European Structural and Investment Funds. It will help innovative companies to access and enhance the knowledge economy in their regions, contributing therefore to the implementation of smart specialisation strategies.

Why a ‘Seal of Excellence’?

Every year, thousands of organisations in Europe apply to the Horizon 2020 Programme investing precious resources and time. The European Commission runs one of the most complete evaluation systems in the world, using international independent experts. The evaluation screens against three defined criteria ( excellence, impact and quality & efficiency of implementation) and identifies those proposals that are mature enough to receive funding (above quality threshold) and those that are considered as not meeting funding criteria that are clearly defined.

The ‘Seal of Excellence’ certificate will be awarded to the applicants of those proposals that are selected by the Horizon 2020 Programme under the ‘Seal of Excellence’ initiative.

So far, the ‘Seal of Excellence’ initiative has delivered over 1,000 projects funded with national and EU funds.

How to Apply

The European Commission will call for tenders in 2014.

For more information, contact: sealofexcellence@ec.europa.eu
How NCPs can help:

NCPs:

- **Can exercise** a multiplier function: spread information on opportunities towards both funders and SMEs

- **May identify funding opportunities** through a better collaboration link with ESIF Managing Authorities and other funding bodies

- **Have to inform/invite** ESIF Managing Authorities – other funding bodies when organising relevant H2020 information events

- **Give feedback to the Commission services** on concrete examples of synergies cases and relevant funding schemes they learned about
Links and documents

- **SYNERGIES and SEAL OF EXCELLENCE WEBSITE:** [http://ec.europa.eu/research/regions/](http://ec.europa.eu/research/regions/)

- **MORE INFO:** email to: RTD-seal-of-excellence@ec.europa.eu

- **Guide for authorities on synergies between ESIF and Horizon2020 and other EU programmes:**

- **Horizon 2020 regulations & rules for participation,**

- **Evaluation procedure of the SME Instrument**
Question you asked:

- **Call requirements**: In the case of the Teaming Call: can we consider as national support/funding the case were a Government or National Authority is the Third Party that provides in-kind contribution (the Third Party does not sign the GA)? Can the Government act as the Third Party providing in-kind contribution?

In principle it remains at the discretion of the consortium, according to their own specificities / requirements, to recommend in the project proposal, the use of in-kind contributions for the complementary investment (from national/regional/ESIF/private sources) needed outside H2020 to cover infrastructure costs (e.g. buildings) of the Centre of Excellence. However, in-kind contributions should be clearly explained and expressed in a monetary value both in the proposal and more importantly through the letter of commitment.
Thank you!

Credits:
- Katja Reppel, Deputy Head of Unit, Smart Growth, DG REGIO
- Magda de Carli, Deputy Head of Unit, Spreading Excellence and Widening Participation, DG RTD