

‘VI Interregional Funding Mechanism (IFM)’ Project - Background Note

Contacts: jean-francois.romainville@ideaconsult.be and vincent.duchene@ideaconsult.be

1. The Vanguard Initiative designed its own Interregional Funding Mechanism !

On behalf of the [Vanguard Initiative \(VI\)](#), [IDEA Consult](#), together with the ‘IFM core regions’¹, worked over the last months on designing and preparing the implementation of a new mechanism aimed at enabling the **funding of interregional projects, relevant in the context of its activities, particularly the pilot projects**. This 14-months project, which started in June 2022, investigated the possibilities and conditions to ‘synchronize/align’, ‘mutually open’ and/or ‘pool’ regional funding schemes/instruments into a truly interregional funding mechanism.

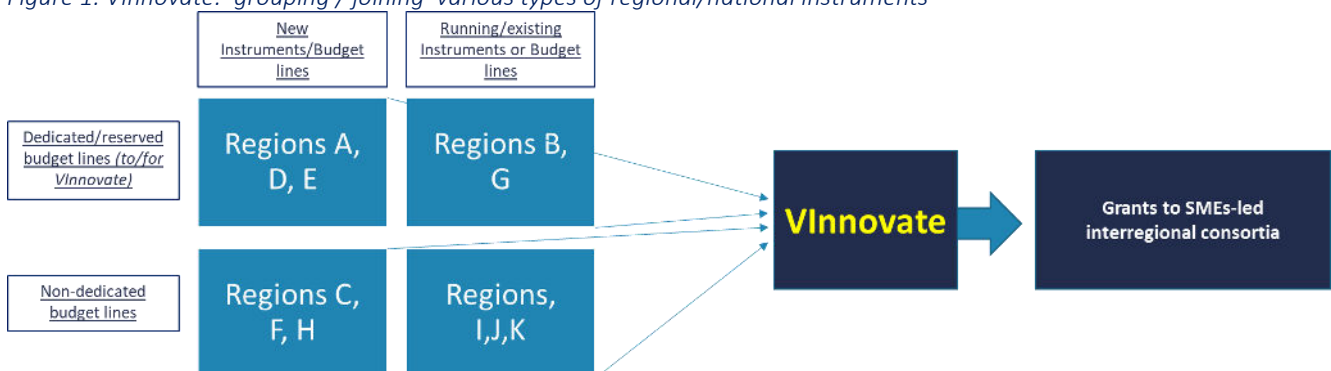
The elaboration of such a mechanism relied key commonly agreed guiding principles² and followed a **process**, that went from analysing Vanguard Funding needs towards the co-design of a possible mechanism complying with conditions, preferences and ambitions of the IFM core regions. Relying upon in-depth consultations and interactions among core regions representatives (which were invited to position themselves with respect to four distinct possible options of mechanism), **consensuses were found and “Vinnovate” was born**. Following the current phase of ‘consolidation’ and upcoming phase of ‘onboarding’ (i.e. Vanguard regions invited to ‘join’ Vinnovate and participate to its actual launch³), a pilot Call is expected to be launched in 2024, **realising Vanguard Initiative’s ambition** of generating industry-led and strategic interregional projects that do meet an appropriate funding landscape, for a timely implementation.

The present background note provides brief information about the recent outcomes of the IFM project. More specifically, the note describes Vinnovate’s main overarching characteristics as well as specific dimensions.

2. Vinnovate, designed as an ‘holistic’ interregional funding mechanism, expected to deliver substantial additionalities / added value

The figure below highlights a first core functioning principle of Vinnovate: Vinnovate will ‘join, group and align’ regional funds/instruments (of various types and natures) towards establishing interregional grants schemes that support cross-regional SMEs-led cross regional demonstration projects.

Figure 1: Vinnovate: ‘grouping’/‘joining’ various types of regional/national instruments



Vinnovate is not a centrally managed funding instrument that would be strictly built upon ‘new budget lines’/funds only. But **Vinnovate will channel the generation of dedicated/reserved funds/budget lines in regions**, therefore potentially generating important 1) additionalities in terms of grants available for cross regional demonstration projects and 2) impacts associated to these projects. Vinnovate will not imply financial transfers across regions (‘juste-retour’ principle will hold). The funding of Vinnovate-organisation/coordination activities (at least in its initial phase) will rely on the ‘standard’ VI membership fees as well as on ‘in-kind’ resources/contributions from regions (evaluators, representatives, see next pages).

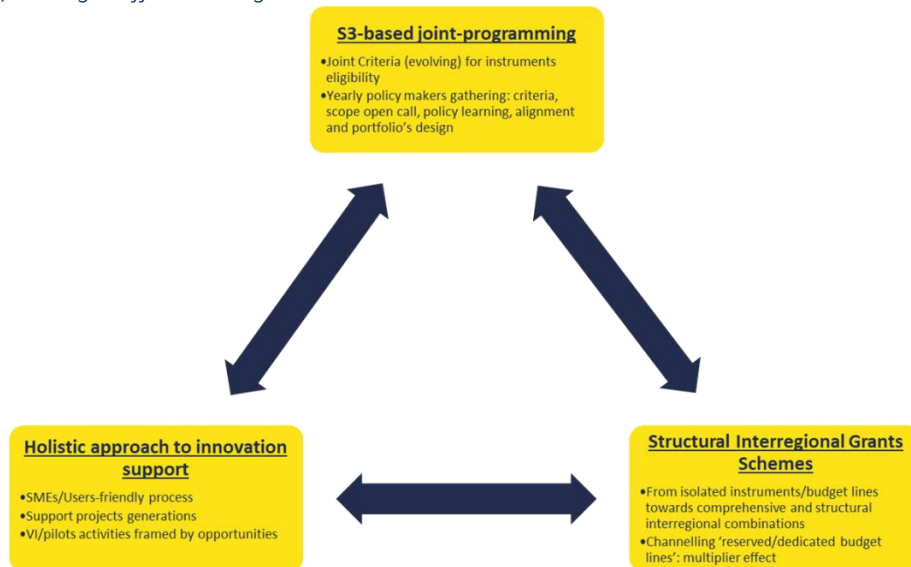
¹ Slovenia, North Brabant, Province of South-Holland, Norte, Wallonia, Basque Country, East NL, Wales, Emilia Romagna, Lower Austria, North-East, Romania, Friula Venezia, Galicia

² 1) The work conducted will not be dependent of ‘centrally managed EU instruments (i.e., synergies with EU funding are not a pre-requisite, even if desirable when possible and appropriate); 2) The mechanism(s) will be compliant with EU and national/regional regulations and will not involve financial transfers between regions (‘juste-retour’ principle). To the extent possible, no ‘ex-ante’ commitment to fund/devote a specific amount (‘earmarked funding’) will be requested. 3) We aim at a pilot funding mechanism (one or more instruments) being implemented in 2024!

³ More information about the steps for ‘onboarding’ will be shared in a near future.

The figure below highlights how VInnovate will **fill a gap in the current EU landscape**. More specifically, VInnovate will combine 3 core characteristics and ambitions, which will differentiate the mechanism from others (in addition to other specific aspects highlighted afterwards).

Figure 2: VInnovate, strategic differentiating characteristics



To our knowledge, VInnovate would be the sole current mechanism in the EU landscape actually combining:

1) The possibility for 'structural/continuous regionally anchored 'cross-regional joint-programming'' (based on a possibly evolving list of selection criteria for regional/national instruments; based on a possible alignment of instruments; based on VI facilitated regional policy makers' gatherings for learnings, portfolio's designs, and open calls specifications, etc.).

And

2) A user-friendly provision of Interregional Grants Schemes, incl. (but not only) funds that would not have been available without VInnovate (i.e. channelling the provision of eventually new dedicated/reserved budget lines, as already foreseen in some participating regions !)

And

3) A structural and holistic approach to innovation support, integrating VInnovate in the (adapted and existing) Vanguard Initiative activities (including the pilots activities). The 'integrated offer' would include:

- Structural services for productive matchmaking, i.e. generating connections and projects that do have clear implementation potentials. The connections and projects generations-activities of the Vanguard Initiative will therefore be framed taking into account the upcoming existence of identified and activable funding support. For examples, specific Pilot's workshops in strategic fields can be framed according to the actual yearly VInnovate funding opportunities (fundable combinations actors-regions-activities, etc.): offering a clear implementation avenue for involved actors, and SME's in particular (incl. SMEs not used to activate/rely on interregional funding !).
- Services for VInnovate proposals generations and design (relying upon VI pilot activities). Pilot leads and clusters representatives can offer adequate support in actual proposals generations, facilitating the generation of interregional proposals, for which such facilitation can be crucial.
- Feedback loops, from industry needs towards joint-programming (channelled, among others, through Pilot activities or others)
- Etc.

VInnovate would therefore bridge two (very often fragmented) key pillars in Innovation Support, i.e. the support for projects generations/developments (matchmaking) and the actual financial support !

3. VInnovate, the proposed yearly sequence implemented (based on a stable pool of regional instruments)

The figure below illustrates the VInnovate 'standard sequence'. Most important steps are then described in the subsequent pages. As highlighted in the figure, while VInnovate would be 'designed to evolve' (especially towards more interregional integration/driving forces, through e.g. an adaptation of the eligibility criteria and alignment efforts of instruments), the mechanism will rely on a stable (timeframe of around 4 years) basis of regional funding sources as well as a yearly sequence

Figure 3: Vinnovate, the yearly sequence implemented based on a stable pool of regional / national instruments



Relying upon intense co-creation with the core regions, a list of key criteria has been established. We provide below an incomplete overview of some of these criteria, which help in understanding the conceptual framework in which Vinnovate would actually operate.

Eligibility criteria – Eligibility criteria for regional/national instruments
<p>The <u>'nature'</u> of regional/national funds connected/pooled:</p> <ul style="list-style-type: none"> - Vinnovate will pool/connect either: <ul style="list-style-type: none"> o New 'instruments'/budget lines, specifically established in the context of Vinnovate or o Running/existing instruments. - In addition, the regionals funds made available for Innovate will be either: <ul style="list-style-type: none"> o Dedicated/reserved for Vinnovate or o Not dedicated/not reserved (i.e. also activable by other instruments).
<p>The source of regional/national funding is open (e.g. ERDF, 'strictly' regional funding, etc.).</p>
<p>The <u>type</u> of regional funding instrument:</p> <ul style="list-style-type: none"> - Each regional or national instrument will provide grants, supporting activities from TRL5 and/or beyond (i.e. each regional/national instrument will support at least TRL5 activities). The main targeted TRLs will be TR6 to TRL 8.⁴ - Each regional/national instrument will support at least activities made by SMEs and/or Facility Centres (including universities, research centres, etc.) and/or larger companies. Such instrument might in addition support activities of NGO's or public bodies (but not only). - The minimum funding rate of such regional/national instruments is min. 50% for SMEs, min. 50% for RTOs, and undefined for large companies. - The maximum funding rate is left at the discrepancy/possibility of each region
<p>The <u>scale</u> of the regional funding instrument:</p> <ul style="list-style-type: none"> - Each regional instrument will have a budget of at least <u>potentially</u> 250k€ activable per yearly Call.

⁴ The exact formulation of this criteria still needs to be validated.

- After the pilot Call, new regions will be offered the possibility to join VInnovate with a lower limit/amount, for a period of one year only.

N.B.: Such a minimum amount does not reflect a binding commitment to provide such a min. budget, but it is instead a mean to ensure that VInnovate has some kind of critical mass, in case of various high quality proposals are submitted.

Each regional funding instrument should cover (in terms of technology/applications fields) at least some fields that are under the scope of VI Pilots, and therefore, shared S3 priorities among VI regions. This implies VInnovate will connect/pool 'bottom up' instruments or instrument that have a thematic coverage well aligned with a substantial part of VI pilots scope.

In addition to the aforementioned criteria (which are applying at the level of a single regional instrument), the VInnovate 'pool of funds' will comply with the following criteria, at 'mechanism' level.

Criteria for the 'pool' of instruments

The overall 'interregional'/VInnovate time to grant (from the moment of submission up to the start of the project, i.e. time to inform + time to start project) will be maximum 6 months. In the official VInnovate text, an explicit indication will be made with respect to this criteria, specifying that the intention is to shorten it further in the future, with regular assessment regarding the min. period that can be targeted.

There will be one formal VInnovate Call per year. The exact scope of the yearly VInnovate Calls might potentially differ from one year to another (see 'joint-programming' activities). However the following criteria will hold:

- The scope of first/pilot VInnovate Call must potentially offer opportunities to all VI Pilots.

The eligibility criteria for the targeted VInnovate projects will include the following:

- The VInnovate beneficiaries will all be located in a VInnovate member region (i.e. Vanguard Initiatives regions participating in the yearly VInnovate Call). The consortium can be complemented with additional partners (associated partners) not funded through VInnovate instruments.
- Each consortium will be composed of 1) at least 2 organisations located in at least 2 'VInnovate countries' (i.e. cross border cooperation among VInnovate regions) and 2) at least one SME.
- The demonstration activities funded must include activities at least at TRL6 (main TRLs targeted by VInnovate are TRL6-8). Projects might also include activities at TRL4-5, if such projects also include TRL6 and beyond activities⁵.
- The total project costs will be of min 100k € per project.

Finally, Innovate will rely upon a user-friendly submission and evaluation process, with a regionally sourced decision making process. The submission and evaluation process was being framed by key principles⁶, which were agreed upon during the IFM project and the workshops. Taking these constraints into account, three main options for the 'submission and evaluation' process were assessed by the core regions, leading to a process being selected.

Principles/criteria for the submission and evaluation process

VInnovate will rely on the submission, evaluation and decision making process described below (i.e. one stage process). However, the official VInnovate document will include an explicit reference stating that a '2-stage' procedure (defined in VInnovate Concept Note) will be considered/investigated for future VInnovate Calls, especially taking into account the number of proposals received and the characteristics of the instruments that will be pooled under VInnovate.

The VInnovate Process – A one stage procedure, with full evaluation at regional level, then consensus at VInnovate level and funding decision (regional).

The main steps:

- Support from VI in terms of proposal design (incl. non-binding eligibility support and check)
- Submission of full proposal in regional/national agencies
 - o To the extent possible, alignments between instruments will be investigated (e.g. alignment of proposal forms, evaluation criteria, timing, etc.)
- Consensus meeting of VInnovate (organised by central office, but with regional representatives of the regional/national agencies):
 - o Compilation of regionally/nationally evaluated proposals
 - o Joint selection list of projects to be funded

Funding decisions/confirmations by regional/national bodies and feedback to applicants

⁵ The exact formulation of this criteria still needs to be validated.

⁶ All evaluators will be regionally appointed evaluators (i.e. as a result of the workshops, the option to have a central office 'hiring' evaluators was excluded, at least in the first years of VInnovate); All proposals (incl. parts submitted at regional level) will be in written in English (at least technical annexes); A Fully centralised (and centrally sourced) submission, evaluation and decision-making process is excluded.

5. Next steps in the IFM project

The figure below provides a brief description of the proposed four main phases of the operationalisation plan, which still needs to be validated by the Steering Committee and the IFM core regions. Some activities (e.g. investigations of possible synergies with EU funding) were kicked-off already (in particular, discussions on possible synergies with EIE Calls). In general, more information will be communicated to all Vanguard Regions regarding the next steps. In particular, detailed procedures regarding the ‘onboarding’ phase (i.e. Vanguard Regions not part of the group of core regions will be invited to join Vinnovate and participate to its launch), will be shared in a very near future.

Figure 4: Main steps in the upcoming operationalisation plan

