



Synchronizing regional funding programmes for innovative Entrepreneurship

Output: A.T2.6.1 Proposal for synchronization of existing funding programmes

December 2022

Elaborated by: Pöchhacker Innovation Consulting GmbH



EUROPEAN UNION



Content

- About S3 Couple Net 1
- 1. Introduction & Methodology 3
- 2. Regional funding programmes and potentials for synchronization..... 4
- 3. Recommendations for cross-border application, synchronization and coordination of funding schemes..... 7
 - 3.1. *Good Practice: Upper Austrian & South Bohemian Region Cross-Border Idea & Start-up Contest* 7
 - 3.2. *Deepen cross-border cooperation in start-up support*..... 8
 - 3.3. *Facilitate cross-border cooperations in existing funding programmes* 9
 - 3.3.1. *Facilitate cross-border cooperation in funding programmes for international partnerships*..... 9
 - 3.3.2. *Promote cross-border cooperation in national programmes already allowing for participation of international partners* 10
 - 3.4. *Open up support programmes for cross-border service and knowledge providers* .. 11
 - 3.5. *Open up R&D funding programmes for cross-border consortia*..... 12

About S3 Couple Net

Project summary

Project identification

Programme priority	Sustainable networks and institutional cooperation
Programme priority specific objective	4a
DTP Project Code and Acronym	S3 Couple Net
Project title	Cross-border network for activating the S3 strategy of the South Bohemian Region and Upper Austria
eMS Project Number	ATCZ262
Name of the lead partner organisation	Jihočeský vědeckotechnický park, a.s.
Project duration	16 months
Start date	1. 9. 2021
End date	31. 12. 2022

Description of the project

The South Bohemian Region and Upper Austria have long supported the development of innovative entrepreneurship - whether through various support schemes, the development of a regional innovation ecosystem, cooperation with other institutions in the region or the implementation of measures in accordance with its S3 regional strategy. In both regions, these development documents for the coming period have recently been revised and updated (RIS3 Strategy of the South Bohemian Region 2021-2027 / Strategic economic & research programme for Upper Austria "#upperVISION2030").

It is a strategic approach to the economic development of the region in the field of research and innovation, which is a process of identifying opportunities and positive aspects of the region, which can benefit from specialization in a particular field of science or technology. The concept of smart specialization recommends regions or states to create the content and design of their innovation strategy so as to maximize the impact of regional policy together with other EU policies. It is based on the Commission Communication entitled "The

contribution of regional policy to smart growth in the context of the Europe 2020 strategy" of October 2010, which refers to these strategies as Smart Specialization Strategies. In principle, therefore, these strategies address the needs and innovation potential of both regions concerned (South Bohemian Region and Upper Austria). Attention is paid to the existing infrastructure (R & D & I, production and tertiary spheres), specific trends derived from the economic profile of the region and new technological directions (so-called megatrends), which are again based on innovation profiles of the area, but also on current economic challenges.

Thanks to the harmonized RIS3 methodology, it is possible to effectively analyze both documents, create a cross-border network of key actors and find common needs, complementary capacities, specific measures and activities. A unique opportunity is also the upcoming new programming period, which will be prepared by the preparation of potential projects and cooperation potentials of the network members.

On both sides of the border, this project is approached by partners who are directly responsible for the successful implementation of these regional strategies and at the same time represent entities with a region-wide scope. The main goal of the project is to activate an effective cross-border network of actors based on a detailed comparative analysis of S3 strategies in the South Bohemian Region and Upper Austria, which will prepare a set of measures for the development of cooperation in key areas for the regions.

Partners

<i>Name</i>	<i>Type</i>	<i>Country</i>
Jihočeský vědeckotechnický park, a.s.	Lead partner	Czech Republic, South Bohemia
Business Upper Austria - OÖ Wirtschaftsagentur GmbH	Project partner	Austria, Upper Austria

1. Introduction & Methodology

This document presents the results of the evaluation of regional (and national) funding programmes in place in Upper Austria and the South Bohemian Region, with regards to their potentials for cross-border participations and for facilitating cooperation and joint projects between actors on both sides of the border within their innovation activities. The objective of this task was to identify cross-border application and cooperation potentials of programmes that are already open to cross-border cooperation and to search for possible measures to synchronize or coordinate programmes to intensify cross-border cooperation of actors from Upper Austria and South Bohemian Region. Focus was set on support measures for innovating companies and start-ups and on regional support schemes, as they offer enhanced options to influence the respective programmes.

The evaluation is based upon an analysis carried out within the S3CN project, in which current funding and support instruments (eg innovation vouchers, incubator programmes, start-up competitions, funding of R&D activities and project support, etc.) on both sides of the border for "innovative entrepreneurship" with potentials for cross border cooperation were focussed. The results of the analysis of existing regional funding schemes and support instruments can be found in the document "Support and funding instruments for innovative Entrepreneurship in the South Bohemian Region and Upper Austria" (Output: A.T2.4.1 Research of existing funding instruments). Both documents are part of the task „Network Building" (A.T2) of S3CN, whose overall goal is to identify key actors that are beyond the frame of the cooperation partners in both regional innovation systems and to build a network including the definition of roles, competencies and activities.

Regarding the analysis of the potentials of possibilities to synchronize or coordinate programmes in order to intensify cross-border cooperation of actors from Upper Austria and South Bohemian Region, which is the content of the present document, three critical principles had to be applied:

- 1) No new funding programmes have to be developed,
- 2) no new legal frameworks have to be developed and
- 3) no cross regional transfer of funds.

2. Regional funding programmes and potentials for synchronization

In a first step, relevant regional funding and support programmes for innovative entrepreneurship were identified in both Upper Austria and South Bohemia (for a detailed presentation of the programmes please refer to the document "Support and funding instruments for innovative Entrepreneurship in South Bohemian Region and Upper Austria" (Output: A.T2.4.1)).

There is a comprehensive mix of funding and support programmes to facilitate innovation and R&D activities in companies as well as extensive support for innovative start-ups in Upper Austria. In the South Bohemian Region, focus is laid on start-up support. However, there are currently no distinctive regional funding programmes for research projects of companies in place in South Bohemia.

The following regional programmes in Upper Austria were analysed:

- tech2B incubator programme
- easy2innovate
- TIM – Technology and Innovation Management
- Programme to stimulate the first-time cooperation of Upper Austrian companies with an R&D institution
- Programme to stimulate cooperation for the implementation of cooperative R&D projects or of cooperative organisational projects in Upper Austrian companies
- Expanding Horizon Europe – Stimulation of the submission of Upper Austrian EU funding applications in "Horizon Europe"

For the region of South Bohemia, the following four programmes were analysed, however it has to be stated that two of the programmes, the South Bohemian Business Vouchers and JVTP Services – Trend Support are phasing out with the end of 2022 and currently no new calls are planned for the continuation of these support measures.

- South Bohemian Acceleration Programme
- JIHOCZECH – regional business idea contest
- JVTP Services – Trend Support
- South Bohemian Business Vouchers

The main idea behind the cross-regional synchronization of public funding programmes is to align public funding mechanisms in order to allow or facilitate cross-regional cooperation and the creation of cross-regional projects. Thus, a critical mass of innovative strength of actors from industry, research and society in different regions has to be created, leading to common economic growth and solutions for common challenges, e.g. in circular economy or health topics.

For the analysis of synchronization potentials of the regional funding programmes of Upper Austria and the South Bohemian Region, the ARDIA-Net Modular Framework¹ was considered. This framework was designed to develop options for cross-regional cooperation through funding programmes, without changing or developing a legal framework.

The ARDIA-Net Cooperation Scheme is based on three different options to synchronize existing funding programmes and align them with the thematic scope of regional Smart Specialisation Strategies. All three options follow the same three principles, that were also applied in our research: No new funding programmes, no new legal frameworks and no cross regional transfer of funds. The three options of the ARDIA-Net Framework are as follows:

- 1) "Cooperation between Single Projects" (Separate submission in every region – Independent funding programmes – Independent evaluation processes): Potential applicants from different regions are brought together through networking and matchmaking activities and get information on cross-regional cooperation by using existing funding programmes. Participating institutions submit their independent proposals to the respective funding programme of their region. There is knowledge exchange on independently funded projects.
- 2) "Cross-regional Cooperation Projects" (Separate submission in every region – Independent funding programmes – Dependent & synchronized evaluation processes): There is an alignment of the funding programmes, meaning that the consortium is allowed to be constituted by partners from different regions. These partners are considered as full and equal partners of the project consortium. Projects are cross-regional in terms of content and consortium, but regional when it comes to funding regulations. The difference to the first option is that the applicants from the different regions receive a coordinated decision towards the result of the evaluation process, as evaluation processes are synchronized (common deadlines, positive evaluation results of all regions form the condition for being funded).
- 3) "Joint Synchronized Calls & Coordination Office" (Submission coordinated via coordination office – Synchronization of independent programmes – Dependent & synchronized evaluation processes): Regions issue the same calls for proposals across the border, based on common topics of strategic importance. However, regions participate with existing programmes, according to existing rules and no funds are crossing borders. The coordination process, in particular concerning forming project consortia, submitting and evaluating proposals and funding decisions, is supported by a coordination office.

However, the application of the ARDIA-Net Framework in the specific case of Upper Austria and Southern Bohemia is only possible to a very limited extent. The reason for this is that the framework was primarily created for the synchronization of funding programmes for R&D projects and especially programmes with topic-specific calls. In the present case, however, there is no dedicated research funding programme for enterprises in South Bohemia (which

¹ ARDIA – Net (2021): Key Elements of an S3 based Funding Scheme including Target Group Analysis

focuses on start-up support schemes), which makes a synchronization, as developed in the framework with coordinated calls or cross-regional evaluations, hardly possible.

Therefore, only some specific aspects of the ARDIA-Net Framework can be applied in the following recommendations to promote cross-border cooperation between actors from Upper Austria and South Bohemia in innovation projects. These include awareness measures for programmes that already allow or explicitly support the participation of international partners, matchmaking and networking activities or the partial opening of existing regional programmes for actors from the neighbouring region.

3. Recommendations for cross-border application, synchronization and coordination of funding schemes

3.1. *Good Practice: Upper Austrian & South Bohemian Region Cross-Border Idea & Start-up Contest*

The regions of Upper Austria and South Bohemia and the actors of S3CN already have implemented an initiative that can be seen as good practice for cross-border cooperation in support and funding of innovation: The Czech-Austrian competition of business ideas and start-ups, called Cross-Border Start-up & Idea Contest. The contest was launched for the first time in 2022 and is executed in cooperation with the South Bohemian Region and Upper Austria, with the professional support of JVTP Science and Technology Park and the Upper Austrian tech2b incubator.

Within this contest start-ups and ideas from both Upper Austria and South Bohemian Region were scouted, that contribute to the achievement of the UN Sustainable Development Goals and address or use development potentials for communities and regions. The programme offered the opportunity to get support from both by the Upper Austrian and the South Bohemian regional governments for implementing sustainable ideas and topics with high relevance for the future.

Projects had to be implemented in the regions of Upper Austria or South Bohemia and the participants had to be located in one of the two regions (registration of the company's registered office or anticipated place of business in the initial phase of the idea). Admission to the Start-up Contest took place according to the classification of the UN's 17 Sustainable Development Goals. The evaluation criteria focused on the influence of the start-up or the idea on the sustainable development of the regions as well as the likelihood of the implementation of the project.

The competition was awarded in two categories: START-UP and IDEA. The category START-UP was awarded to start-ups (max. 5 years) with innovative products or services that have the potential to promote sustainable, regional developments. In the category IDEA, emerging novel business ideas or projects of participants were awarded, which had not yet founded a company but had the potential to establish a company. Moreover, the project with the greatest cross-border impact was awarded (chosen from both categories).

The winners of each category received € 10,000 to start or accelerate their project as well as an additional 5 hours of coaching (by tech2b or JVTP) to develop a proof of concept in a region or community.

After the initial application via mail and a pitch deck, finalists for the contests were selected, followed by workshops for idea development, coaching and pitch training before the finale, in form of the Start-up Contest & final Pitch Event took place.

3.2. *Deepen cross-border cooperation in start-up support*

Continuation and expansion of the cross-border start-up contest

A first recommendation towards the facilitation of cross-border cooperation between Upper Austria and South Bohemia is to deepen cross-border activities within start-up support. With the cross-border Start-up Idea contest, a programme was created that has a best practice character in this respect. It is therefore recommended to continue the competition and to organize the cross-border Idea & Start-up Contest of Upper Austria and South Bohemian Region on a yearly basis in the future.

Furthermore, the concept of the cross-border contest could be expanded or transferred to other relevant areas concerning innovative entrepreneurship. For instance, the concept could also be applied for rewarding R&D results in form of cross-border Innovation Awards, opening the competition not only to start-ups but also SMEs, that are already consolidated on the market and no longer in the start-up phase, or even to large companies. It would either be possible to open the existing contest to these companies by awarding a price for the best Innovation or rewarding R&D activities of a company or also to implement a second, separate competition that is dedicated specifically to innovation.

A second recommendation addresses a similar direction, that is the adaptation of the concept to hackathons with participants from both regions, collaborating to address defined challenges. The challenges could be drawn from the potential priority topics identified within S3CN, for example for challenges and new solution approaches in the circular economy, the digital transformation of businesses or sustainable food systems. Such hackathons could be organized in the context of the start-up competition or could be done as individual events.

Deepen cross-border networks for start-ups

One further proposal to promote cross-border cooperation between entrepreneurs, established companies and institutions or other actors involved in start-up support, is based on the results from the 2nd cross-border workshop of the S3CN project in September 2022, which dealt with the cooperation potential in start-up support between the regions Upper Austria and South Bohemia: To integrate partners from across the border in the networks of incubators and other relevant institutions for start-up support (such as tech2b or JVTP).

Institutions like tech2b often have large networks of partners, who support them in providing their services to entrepreneurs. These partner networks could be specifically expanded to include partners from the respective other region. Thus, cross-border networks of start-up mentors or investors could be established, who consult and support cross border activities or invest in companies from across the border. The network could enable mentors and/or investors to exchange their expertise on the one hand, but also offer trainings for start-ups on the other.

Also, regular (online-) meeting formats and exchange between the different actors engaged in start-up support in Upper Austria and the South Bohemian Region could intensify cooperation in promoting innovative entrepreneurship. This could be done via workshops (online or physical format) to identify the challenges of the two regions, address problems, discuss possible solutions and generate project ideas.

3.3. Facilitate cross-border cooperations in existing funding programmes

Great potentials and various possibilities for cooperation projects between the actors from both regions lie within national support schemes of the big research and innovation promotion agencies. This can be the case in bilateral calls, multinational networks, or framework programmes extending over several years that support international cooperation between companies and/or R&D organisations. Several national programmes also permit foreign partners to participate in project consortia.

Also, on both sides of the border research promotion agencies in Austria and the Czech Republic support research and university institutes, companies and other organisations in establishing and expanding cooperative relationships with partners from abroad. For example, in some national programmes of the FFG (the Austrian Research Promotion Agency), foreign partners can also be brought into the project consortium with a maximum amount of 20 % of total funding.²

3.3.1. Facilitate cross-border cooperation in funding programmes for international partnerships

The first recommendation for stimulating cross-border cooperation between companies and or/research institutions from Upper Austria and the South Bohemian Region is to facilitate cross-border cooperation projects, respectively international consortia involving partners from both regions in international programmes, such as IraSME, ERA-NET or Eurostars, which are co-managed by national funding agencies FFG and TA CR (Technology Agency of the Czech Republic).

This starts with joint or synchronized activities to raise awareness in potential target groups for the funding possibilities and advantages of such international programmes and can be done by joint or synchronized coordinated events such as conferences or workshops eg in advance to the opening of international calls. Calls could be promoted in joint activities and events or via web-presences of regional actors such as JVTP or Business Upper Austria.

² <https://www.ffg.at/Schwerpunkte/Internationales>

Through joint workshops or matchmaking-events, cross-regional cooperation between applicants from Upper Austria and South Bohemia could be facilitated. Other activities could target the support for applicants in building up a network of trust or engaging in knowledge exchange eg by mutual site visits or other networking events to build the ground for future cooperations. Such matchmaking activities can also include screening activities for suitable partners across the border, for which a basic step was already done within the S3CN project through the catalogue of stakeholders of the innovation systems in South Bohemia and Upper Austria. Other support measures can directly support the formation of international consortia with partners from both regions eg, in individually supporting the set-up of cooperations (eg in preparation of consortia contracts between project partners).

One cooperation scheme to potentially address is the IraSME, in which both Austria and the Czech Republic are engaged. It promotes the establishment and expansion of transnational business cooperations with a network character, in the framework of which concrete RDI projects are implemented. On the Austrian side, the FFG conducts transnational calls for proposals together with other European funding agencies within the framework of IraSME through the program COIN SME Innovation Networks. For IraSME projects, applicants have to submit a proposal at the national level to FFG (in addition to the "IraSME Application Form"), minimum is a consortium of 3 companies, with at least 2 SMEs from at least 2 participating countries/regions.

On the other side of the border, the Ministry of Industry and Trade of the Czech Republic (MIT) and the Business and Innovation Agency (API) act as the intermediate body for IraSME in the Czech Republic via the "Operational Programme Technologies and Application for Competitiveness 2021-2027" (OP TAC), which is the flagship programme of the Czech government for supporting entrepreneurs in the 2021–2027 programming period of the European Regional Development Fund (ERDF). Also, OP TAC is the national funding scheme available to Czech applicants for participating in IraSME projects resp. calls with international project partners.

Furthermore, ERA-NET and European partnerships provide opportunities for funding agencies from individual EU Member States to launch joint international calls for proposals under various agreed themes. The Technology Agency of the Czech Republic as well as the FFG on the Austrian side of the border support such ERA-NET calls and participate in open joint calls in various fields such as biodiversity and climate, clean energy transition, water pollution, information and communication technologies (ICT), non-agricultural raw materials and innovative materials.

3.3.2. Promote cross-border cooperation in national programmes already allowing for participation of international partners

Another recommendation for stimulating cross-border cooperation in R&D projects, respectively international consortia with partners from both regions, is to promote involvement of project partners from the other side of the border in national funding

programmes that already allow for participation of international partners. This can be the case eg in the General Programme of the Austrian FFG, in which the participation of international partners can be funded in the context of third-party costs of project applicants from Austria.

To facilitate cooperations via such national funding schemes, the same activities can be listed, as stated above for the facilitation of cross-border cooperation in international programmes, such as matchmaking or screening for project partners (eg cross-border R&D institutions) or individual support for the formation of cross-border partnerships.

3.4. *Open up support programmes for cross-border service and knowledge providers*

Both in Upper Austria and South Bohemian Region, programmes are in place that fund the purchase of services of R&D institutions or other knowledge-providers by SMEs or start-ups. To facilitate cross-border cooperation between innovative SMEs and start-ups with different actors of the innovations system, such as R&D organizations or universities, the corresponding support schemes could support the purchase of expert or R&D-services of SMEs or start-ups from institutions of the other side of the border.

In particular, in south Bohemia, the programme JVTP Services – Trend Support (Služby JVTP – Podpora Trendů – PoTr) supports companies with discounted expert consultancy services from external knowledge providers. The aim of the support scheme is to intensify the innovative activities of enterprises in the implementation of strategic changes, optimization of company processes and their gradual digitalisation and introduction of Industry 4.0 elements into company practice. Eligible for support are small and medium-sized enterprises from the South Bohemian Region. However, currently, only actors from the Czech Republic are part of the expert network/database that is available for the discounted expert consultancy services.

With the programme “easy2innovate” Upper Austria promotes the competitiveness of SMEs in Upper Austria through research and innovation funding. In particular, the programme funds cooperations between Upper Austrian SMEs and research institutes via the programme line “easy2research”. Upper Austria also has a dedicated support scheme to stimulate the first-time cooperation of Upper Austrian companies with an R&D institution (carried out via the TIM – Technology and Innovation Management programme), which gives SMEs financial support to establish cooperations with R&D institutions to foster and support knowledge and technology transfer. Eligible are first-time cooperations in fields of consultations or contractual research eg for the preparation of R&D projects or carrying out small R&D projects.

However, in both support schemes, only research institutions are accepted, which are listed at the Austrian FFG. If the selected research institution does not appear on this list,

suitable proof of the status of a research institution must be submitted to the Department of Economics and Research of the Office of the Upper Austrian provincial government.

Thus, to facilitate cross-border cooperation of SME and R&D institutions or knowledge for consultancy services for innovation, the programmes in both regions could be made more open to actively integrate research institutions or experts on the other side of the border. The opening respectively facilitating the funding and offering easy access to companies for the services of actors across the border would still meet the criteria that no new programs would have to be implemented or that no cross-border funding would occur. In fact, funding would still be available only for actors from the respective own region, but service providers could be from across the border (eg SME from UA purchasing services from Czech research institution and vice versa).

3.5. *Open up R&D funding programmes for cross-border consortia*

Another option to facilitate cross-border cooperation of actors from Upper Austria and South Bohemia in fields of joint innovation activities, is to open R&D funding programmes for cooperation with partners from across the border. However, it must be pointed out here that regarding the current funding landscapes of the two regions, this proposal only concerns Upper Austria, as there is currently no regional funding programme of its own in South Bohemia to support (cooperative) R&D projects of companies.

However, in Upper Austria, there are dedicated funding schemes for the cooperation of SMEs with other companies or R&D institutions in place, that support cooperative R&D projects. Besides the already mentioned easy2research and the Upper Austrian programme to stimulate the first-time cooperation of Upper Austrian companies with an R&D institution, the regional government also supports joint R&D projects between company partners and/or R&D institutions within the "Programme to stimulate cooperation for the implementation of cooperative R&D projects or for cooperative organisational projects in Upper Austrian companies" (SKU programme).

The aim of the SKU programme is the initiation and implementation of cooperative research and development projects or the implementation of cooperative organizational projects of Upper Austrian companies, in which at least 3 cooperation partners are involved. Eligible for the consortia are only companies located in Upper Austria, or SMEs that operate a site in Upper Austria, which are a member of an Upper Austrian cluster and network initiative. Also, projects with two companies and a R&D institution listed in the FFG Database (as seen for example in the programme easy2research) are eligible.

Partners from other federal provinces of Austria may be considered as project partners under certain circumstances, provided that the other criteria of the programme document are fulfilled. However, they do not receive funding from Upper Austria. International partners are currently not foreseen as eligible members of the consortia.

To open up the programme for partners from South Bohemia, facilitating cross-border innovation projects between actors from both regions, a change in criteria for building of consortia could be considered, so that international partners might have the same role as partners from other Austrian provinces. In that way, partners from across the border could be eligible as project partners in a consortium but would not receive direct funding of the regional government.