



PRE-**LEAP-RE**

FUNDING CONCEPT



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This Background Paper is part of a series of background papers for the development of the forthcoming African- European joint programme on renewable energies – LEAP-RE. It is a document in progress, like all Background Papers, which will form the basis for the discussion with committed stakeholders, who wants to contribute to the joint programme LEAP-RE and who may want to become even a consortium member or associated partner. Feedback and suggestions for this document are welcome. The intention with the Background Papers is to foster an inclusive process as much as possible. The Background Papers series will be finalized next year after PRE-LEAP-RE #2 Strategic Workshop.

The current Background Papers:

- Research & Innovation and Human & Institutional Capacity Building Agenda
- Funding Concept
- Outcomes from the PRE-LEAP-RE Ecosystem Analysis – Building the PRE-LEAP-RE Research & Capacity Building Agenda
- Management & Implementation Concept
- Private Sector Concept
- Position Paper - Open Philosophy & IRP
- Monitoring & Evaluation

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Summary

In this background paper, several aspects of funding in the joint programme LEAP-RE are addressed. It describes the role of the funders' network, different options for research activities in the frame of LEAP-RE, the potential roles of a Coordination Secretariat (CoS) and a Call Secretariat (CS), the funder's influence on research impact, the role and options of a consortium agreement, the distribution of funds in calls for research proposals and recommendations and discussion points for the development of LEAP-RE regarding the funding for the PRE-LEAP-RE workshops and round tables.

1. INTRODUCTION

This background paper supplements the series of background papers and addresses funding of activities in the future joint programme LEAP-RE and thereafter. This first draft is based on the experiences of the ERA-Net ERAfrica, the ERAfrica¹ Initiative, the ERA-Net Cofund LEAP-Agri² and the EJP Rare Diseases. LEAP-RE, as a joint programme, could adopt some or all of those elements if wished, make changes and add further elements as needed. It is intended to identify a group of experienced funding institutions who will become responsible for the draft of this Background Paper.

2. FUNDER'S NETWORKS

LEAP-RE will become both, a (future) Horizon 2020-funded project supporting collaboration between Africa and Europe in the field of renewable energies (RE), but also a network of funders that will participate in this bi-regional

effort to support research, innovation, and capacity building activities in the field. This network builds on the members and achievements of the ERAfrica network of funders, who have undertaken cooperation in the ERAfrica and LEAP-Agri projects. The members consist mostly of governmental institutions from different countries from Africa and Europe who are investing in thematic fields of research & innovation (R&I). LEAP-RE will be developed by committed network partners.

The LEAP-RE consortium will consist primarily of public funding agencies from Africa and Europe, however as envisaged in the Quadruple Helix approach for promoting innovation other actors in the field of RE will be engaged (research performing organizations, private sector organisations, foundations, philanthropic organisations, and other 'non-traditional' funders, civil society, academia, public authorities).

Such a diverse set of participants supports the implementation of a wider set of activities and will not be relegated to the unique role of implementers. The needs and views of potential partners will be heard via dedicated dialogues undertaken within the project. The improvement of RE-systems by fostering innovations and innovation systems is an strategic element of the long-term implementation approach of LEAP-RE³.

Particular attention should be paid to the inclusion of stakeholders from the private sector. Participation of the private sector in LEAP-RE activities (both internal and external to the consortium) is foreseen, as well as in the funding partnership as e.g. potential donors. Their willingness to invest in research is likely dependent on their accruing benefits from the

¹ <https://www.erafrica.eu/>

² <http://www.leap-agri.com/>

³ Please have a look at the draft Background Paper 'Management & Implementation Concept' about the long-term approach for the network of partners (Theory of Change and Impact Pathway (TCIP), the Programme and Innovation Management Cycle (PIMC) and the AU-EU Knowledge Management and Communication Framework (KMCF)).

research results. Engagement with the private sector should take place early enough in the development of the partnership to ensure their ability to participate in the shaping of the partnership.

3. OPEN CALLS VERSUS LEAP-RE CONSORTIUM ACTIVITIES

The LEAP-RE consortium could undertake two main types of activities: open calls for research proposals and consortium activities, open only to consortium partners. Open calls should be jointly designed and implemented to support research and other activities in the field of RE. The open calls should be competitive and open to participation from actors outside the consortium, on the basis of the criteria agreed by the participating funding parties. The calls should be funded with research funders' budget of the consortium together with the European Commission's (EC) budget contribution to LEAP-RE. The funding of the projects should be a balanced cooperation between African and European institutions. The participation options of researches from countries who are not involved in the LEAP-RE consortium has to be clarified in detail.

The LEAP-RE consortium will consist of a core group of actors in the field of R&I on RE, particularly with actors from the African Union (AU) and the European Union (EU) member states. This kind of collaboration will result in jointly funded and co-designed activities and research projects. These activities could be based on the identification of common research agendas, needs for capacity building and synergies with consortium members' own

objectives in R&I activities. Funding for these consortium activities would be from the LEAP-RE budget and in-kind contributions without an open call.

A combination of both, open calls and LEAP-RE consortium activities, is possible and foreseen.⁴

4. ONE COORDINATION SECRETARIAT AND CALL SECRETARIATS

The formation of one or more LEAP-RE secretariat(s) is one element of the LEAP-RE approach. The design of the secretariat(s) depends on the formats of research funding, open calls or research by the consortium. One Coordination Secretariat (CoSe) could be considered for managing and coordinating the LEAP-RE network (see the Draft Management and Implementation Concept). Furthermore, if it is not the role of the CoSe to organise calls, specific Call Secretariat(s) (CS) could be considered for designing and implementing open calls for research proposals, depending on the investment level and geographical radius of funders.

A rotating secretariat structure could be envisaged, with periodically changing responsibilities of African and European institutions in co-leadership. The development of revolving funds for R&I on different geographical levels could be considered too. This would mean to establish a fund addressing the need of researchers and innovators for venture capital. This venture capital will have to be re-transferred to the fund at a later stage. This would mean a constant loop for funding.

⁴ Please have a look at the draft Background Paper on the research & Innovation (R&I) and Human & Institutional Capacity Building (HICB) Agenda.

The sustainable funding of a CoSE and perhaps CS is an issue to be discussed with the stakeholders.

5. FUNDER'S INFLUENCE ON RESEARCH IMPACT

One major objective of the future funding of R&I is to ensure a balanced collaboration in the research projects to be funded. A regional balance (equal participation from both African and European partners) is expected, as is a balance in issues such as gender, career development (i.e. between early-career and established researchers), and age. Particular attention will be paid on ethics, in accordance with the EC regulations, and criteria for LEAP-RE funded activities. Other priorities may be identified through the dialogue processes.

The implementation of such priorities should be included in the eligibility requirements of the calls as an addition to the core criteria of scientific excellence.

Eligibility requirements could require a balance in the researchers and other individuals implementing the project, but also in the kind of structure requested, for example, by utilizing an inclusive, gender-oriented or youth-oriented approach.

LEAP-RE will monitor and evaluate its own outputs, together with external support⁵. The evaluations should be conducted in close collaboration by both African and European partners. This would include not only the outputs of the partners from an open call for proposals but also those outputs of the research of the consortium partners, using an M&E framework developed specifically for

LEAP-RE internal activities, and jointly agreed by the consortium members. Particular attention should be paid to communicating research outputs, particularly to end-users and policy makers, for better research uptake. LEAP-RE as a whole will be monitored and evaluated too⁶.

Joint activities and open calls with the AU Research Grants, Belmont Forum, or other relevant initiatives could be considered.

The involvement of relevant stakeholders in the design of a programme's Theory of Change and Impact Pathway (TCIP)⁷ is fundamental. While considering the needs of 'non-funding' stakeholders, like end-users, entrepreneurs and decision makers, the funders will be able to focus their investments much more effectively and efficiently towards a desired impact.

6. FUNDER'S INFLUENCE ON RESEARCH IMPACT

The Grant Agreement (GA) will contain binding statements from the consortium on their own contribution to the LEAP-RE project, including both funding for open calls, internal activities, and in-kind contributions.

The allocation of the available budget and the use of the EC Top-Up will be outlined in the Consortium Agreement (CA). The available budget consists of the total contributions by the consortium partners together with the budget contributed from the EC – the EC Top-Up. The EC's Top-Up is calculated based on

⁵ Please see the Background paper on M&E

⁶ Please have a look with this regards at the draft Background Paper 'Management & Implementation Concept' about the LEAP-Coordination-Approach for the network of partners, including research uptake approaches.

⁷ For more information on the Theory of Change and Impact Pathways (TCIP), please refer to the Background Paper 'Management & Implementation Concept'.

the consortium's contribution with a specific funding quota. The threshold for the EC Top-Up is a max. of 50% of the consortium partners' contribution and limited to a max. of 15 Million €.

Three hypothetical scenarios to explain the calculation of the EC Top-Up principle - other scenarios are possible too:

SCENARIO A: The consortium invests 30 Million €, the EC will contribute 15 Million €, so that 1/3 of LEAP-RE's budget will be from the EC. The total budget of LEAP-RE is in this case 45 Million €. The EC will invest their max. possible investment.

SCENARIO B: The consortium invests 60 Million € and the EC will contribute only 15 Million €, because this is the threshold. The EC will not invest 30 Million € in this Scenario B. 15 Million is less than 1/3 of the LEAP-RE's budget.

SCENARIO C: The consortium invests 10 Million €, the EC will contribute 50 %, which is only 5 Million € Top-Up and 1/3 of the investment of LEAP-RE. In this case the EC will be below their theoretical max. option of investing up to 15 Million € as Top-Up.

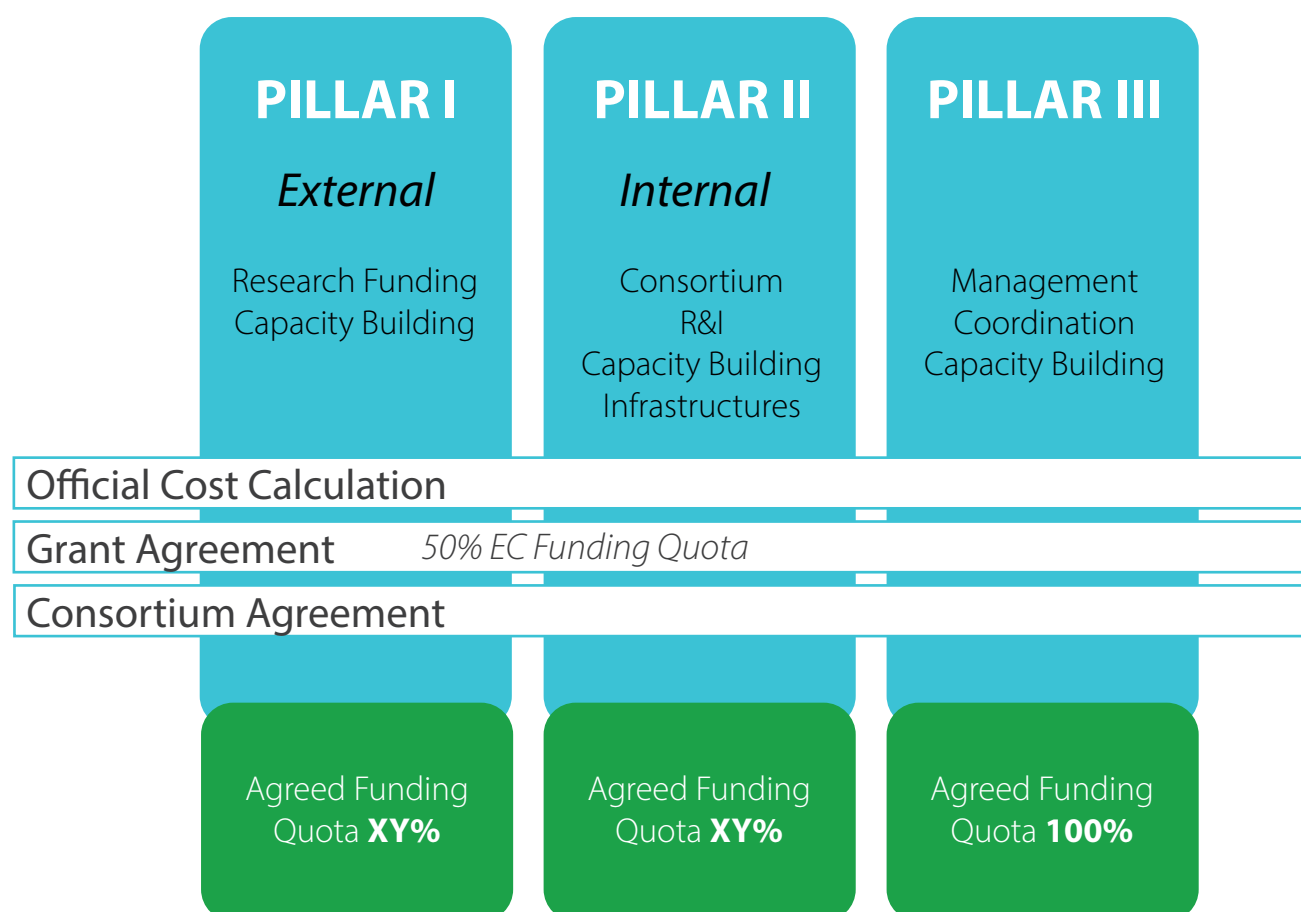
Once the consortium signs the GA and the EC's Top-Up has been calculated, the LEAP-RE partners are free to decide on the allocation of the EC's Top-Up. The consortium could, for example, decide on a three pillar approach as displayed in the figure below.

External research funding in open calls could be managed in pillar 1; pillar 2, internal research by the LEAP-RE consortium; and pillar 3, the management and coordination of the LEAP-RE and capacity building measures. Alternatively, capacity building activities could be also integrated in the first two pillars.

In this three pillar's scenario, a calculation should be made about the real costs of each pillar and each consortium member's own financial contribution. Together with the EC's contribution, this should cover the calculated costs. The budgets for each pillar, contributions, and calculations applied would be outlined in the GA and specified in the CA.

In the CA, the consortium partners will agree on their in-kind contribution to LEAP-RE and could then calculate, based on the officially calculated total budget, a new allocation of the EC's Top-Up. By doing so, the consortium could e.g. allocate less of the EU's contribution to pillar 1 but more to pillar 2, or the other way around, while securing that all management costs will be covered by own and EC's contribution. Management costs could also be covered partly as in-kind contribution to allow for a larger budget allocation to the other pillars. As said already, it still has to be figured out, whether e.g. management costs could be covered with the EC's Top-Up.

This will be an internal negotiation process of the consortium independent from the EC.



7. DISTRIBUTION OF FUNDS IN CALLS FOR RESEARCH PROPOSALS

The following information is given from the ERA Learn Platform and addresses a joint call management.⁸ These options should be considered by the Consortium, and a selection made for each of the pillars' budgets in the project.

VIRTUAL COMMON POT

This is the most common funding mode (for non-cofunded calls) since it does not involve cross-border funding. All participating funding organisations will fund their own national/regional applicants. Typically the evaluation of proposals is jointly undertaken by an international expert committee whereas funding decisions are made individually by the national/regional funding organisations in accordance with their own standard rules and procedures.

⁸ Source: <https://www.era-learn.eu/support-for-p2ps/implementing-joint-calls/funding-of-projects/distribution-and-monitoring-of-funds> (30 Oct. 2018 | 20:00 CET)

Suitability:

This funding mode enables national programme owner to retain autonomy and control of their own national budget and of own funding decisions, and does not entail funding of non-nationals and/or non-residents.

It is therefore suitable for national/regional funding organisations which wish to engage in a transnational joint call with an agreed research theme and agreed evaluation procedures but which also wish to retain control of funding decisions and funding in accordance with own standard rules and procedures.

Commitment:

National funds will have to be earmarked to guarantee effective participation in joint calls. Even if the contribution of a guaranteed budget is essential for the virtual common pot, national funds may be selectively increased according to the national/regional demand of the evaluation result.

Administrative efforts and benefits:

Administrative efforts will be necessary for coordination of national/regional funding decisions and funding, in accordance with own standard rules and procedures.

REAL COMMON POT

The real common pot requires the commitment of program owners for cross-border funding and thus requires an effective system to administer the distribution of funds at the network level. A central unit would manage and distribute the funds which were provided by individual funding organisations to the common pot.

Suitability:

This funding mode is suitable if the participating funding organisation accepts funding decisions made by the designated joint decision-making body, to ensure funding of the best quality proposals, in accordance with joint standard rules and procedures, and irrespective of nationality or place of residence.

Commitment:

National/regional funding organisations commit their funds to a jointly agreed common budget. They will, depending on the funding decisions, potentially be funding non-national and non-resident researchers according to the committed budget.

Administrative efforts and benefits:

Administrative efforts are needed in order to ensure efficient operation of joint call decisions and joint funding, in accordance with standard rules and procedures. Cross-border funding is essentially involved. Since the funding decision will only depend on the ranking of the proposal this is a way to fund the proposals with the highest quality.

MIXED FUNDING MODE

In a mixed funding mode a part of the call budget is spent as a real common pot while the other part is spent as a virtual common pot. This is the most frequently used mode for cofunded calls with EC top-up funding. The network must agree on a way how to share the EC top-up funding among selected proposals; this is usually described in a Consortium Agreement. A template for **ERA-NET COFUND Consortium Agreements** is available.

Suitability:

This funding mode enables national programme owner to retain substantial autonomy and control of their own national budget and their own funding decisions while a part of the budget (e.g. the EC top-up funding) is dedicated to funding the proposals with the highest quality despite of gaps in available national/regional budgets. The national/regional funding organisations must agree on a joint ranking list of proposals and must formally commit to financing the successful projects.

Commitment:

National programme owner must formally commit funds to finance the successful projects of the agreed joint ranking list according the funding committed to this call.

National funding organisations will, through their contribution to the P2P call, fund the national/regional participants of the best quality proposals, where international peer review evaluation and subsequent joint funding decisions by a designated joint decision-making body retain these proposals for funding. In addition, the top-up funding can be used to close the gaps of funding within the ranking list (i.e. project participants for which no more national/regional funding is available). An agreed share of top-up funding is to be allocated to fill these funding gaps irrespective of nationality. Moreover, funding organisations may also commit to fund non-national and non-resident researchers.

Administrative efforts and benefits:

Administrative effort is necessary for operation of joint call decisions and funding, in accordance with joint standard rules and procedures.

8. RECOMMENDATIONS AND DISCUSSION POINTS IN A NUTSHELL

How to mobilise private sector funders?

- How funding of R&I together with the private sector?
- How to address different scales of funding capacity and geographical regions?
- Open calls and/or consortium activities?
- Do we set up different way to fund R&I actions and H&CB actions?
- A Virtual or a Real Common Pot, or a Mixed Funding Mode for an open call management?
- For the development of the R&I and HICB Agenda, all actors of the quadruple helix approach have to be included.⁹

⁹The Quadruple Helix approach intends to involve appropriately academia, businesses, policy makers and civil society. Please have a look with this regards at the draft LEAP-RE Background Paper 'Management & Implementation Concept' about the inclusion of all actors in Dialogues for Action – the PRE-LEAP-RE #1 Strategic Workshop is an element of this inclusive process, round tables will follow for that purpose.

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