DIW BERLIN

German Institute for Economic Research– DIW Berlin

# Governance of innovation funds award

## Insights for award design

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# 1 Design of innovation funds award: where is it better to have discretion?

- Fund award involves a lot of discretionary choices
  - Clusters for competition
  - Appraisal against award criteria

| Sector | Tech Innovation Roadmaps | | |
|---|---|---|---|
| Steel | Direct reduction (hydrog.) | Energy efficiency | Biomass |
| Cement | Lower clinker | Recycling | Carbon capture |
| Chemicals | Energy efficiency | RES electricity | Recycling |

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# 2 Design elements involve trade-offs

- Narrow vs broad clustering
  - Diversity vs competition
- Single-stage vs multi-stage competition
  - Simplicity vs competition
- Frequency and time distribution of tenders
  - Development timeline vs competition
- Institutional level of award (Regional vs National vs EU level)
  - Administrative capacity and state aid issues at the local level

Thank you for your attention.

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**Editor**