

**The European Union offers a wide range of financial support for companies. In addition to structural and investment funds such as the ERDF, the European Commission also provides centralised EU direct subsidies such as Horizon 2020, LIFE or the COSME. These grants are characterised by high amounts and require correspondingly high commitment from the applicants. For example, at least three partners from three countries are usually required. This report uses a representative survey of over 1,800 companies to examine the awareness and use of these subsidies in the South Tyrolean economy. Which factors inhibit the use of these subsidies? How satisfied are the users with the administrative handling?**

The EU's innovation support programs are not as well-known and used as local (e.g. LG 14/2006) or state support programs (e.g. innovative start-ups). For example, half of the South Tyrolean companies surveyed are familiar with the funding programs of the South Tyrolean provincial administration and one in five have even applied. On the other hand, only 16.3 percent of companies are aware of EU direct funding, and only very few (0.7 percent) have applied for it.

The awareness and use of EU direct subsidies increases significantly with the size of the companies. More than half of the companies with at least 250 employees are familiar with these funding programmes and 9 percent have even applied for subsidies, while only 14.4 percent of microenterprises (up to 5 employees) are aware of them.

One reason for this difference may be that larger companies are better internationally networked than smaller companies and that they are more likely to employ staff with fluent English and research and development skills. Exactly these skills meet the high requirements of the EU direct subsidies in the preparation and processing of the application.

The majority (60 percent) of companies that are familiar with EU direct funding but have not yet used it are generally not interested in using this funding channel. On the one hand, these companies do not feel competent enough, on the other hand they do not expect any benefit. But even those companies that are generally interested in this kind of funding feel discouraged by the high level of bureaucracy involved in application, processing and reporting.

It is striking that this (expected) effort is not only the greatest obstacle to possible eligibility but also the greatest difficulty for the (few) companies that have actually applied. The preparation of the desired financial reporting is perceived as extremely burdensome. These companies also consider the comprehensibility of the valuation mechanisms applied to be very critical. Their opinion on the opportunities offered by EU direct subsidies is therefore inconsistent: Half of them believe that an application does not pay off because the chances of successful project approval are too low, and/or the effort is too big. For the other half, the chances predominate, especially if there is a clear project concept and good project partners have been found.

The results of the survey clearly show that the awareness and in particular the use of EU direct subsidies by South Tyrolean companies is still very modest and scepticism is widespread. These statements are especially true for smaller enterprises. Larger companies are in a better position to prepare and manage the complex applications due to their international experience and higher financial and human resources. It can be assumed that in fact only a few companies in South Tyrol can act as lead partners for a leading project management. Nevertheless, as concrete examples show, opportunities are also opening up for smaller companies that can join the project as partners. In addition, it can be assumed that EU funding will shift more from indirect to direct funding in the future. Several challenges arise from these findings:

- > On the one hand, a focused communication strategy is needed to significantly increase awareness of these subsidies among those companies that do not yet know them or know them too little. In the same way, the benefits and possibilities of the EU direct funding programs for all companies in South Tyrol, regardless of their size, need to be elaborated and communicated even more clearly.
- > On the other hand, efforts should be made to support and qualify the companies even more in applying and managing the funding project. One suggestion could be the creation of a contact point in South Tyrol that offers concrete assistance. Especially small companies need particular support in the search or mediation of international project partners and in solving linguistic and administrative difficulties in the course of application and processing.