Concept of Testing and Experimentation Facilities

1. What are Testing and Experimentation Facilities?

The large-scale reference testing and experimentation facilities (TEFs) will offer a combination of physical and virtual facilities, in which technology providers can get primarily technical support to test their latest AI-based software and hardware technologies (including AI-powered robotics) in real-world environments.

This will include support for full integration, testing and experimentation of latest AI-based technologies to solve issues/improve solutions in a given application sector, including validation and demonstration. They will focus on testing mature AI-based technologies and solutions that have already been tested in the labs, and have to be tested in real-world environments.

TEFs seek to support technology providers with the necessary expertise to integrate and validate their solutions in the TEFs, but we also expect TEFs to involve end-users of the technologies to maximise its impact (in particular end-users can be involved in defining testing scenarios, protocols and metrics, most relevant and impactful to their sectors).

The Digital Europe Programme foresees 4 sectorial TEFs: agri-food, healthcare, manufacturing as well as smart cities and communities. All 4 will be co-funded by Member States.

2. Why is the European Commission funding TEFs under the Digital Europe Programme?

Testing and experimenting state-of-the art AI-based software and hardware solutions and products in real-world environments, and at scale, is an important step to bring technology to market. To optimise investment, the Commission foresees to co-fund through Digital Europe Programme (DIGITAL) with Member States a limited number of specialised large-scale reference sites to serve the needs of European technology providers.

3. What will be the structure of a TEF? What is a node and what is a satellite? And how do they relate to a sectorial TEF/consortium?

To differentiate between the different layers of TEFs, we use the following terminology:

- 1 sectorial TEF(s), e.g. for manufacturing, is 1 consortium;
- 1 consortium is a network of several nodes and, where relevant, smaller satellites;
- 1 node provides the services and has the infrastructure as set out in the Work Programme and the upcoming call text for the respective sectorial TEFs. 1 node can be one or several (legal) beneficiaries;
- 1 satellite is a smaller testing facility than a node, but that still meets the minimum criteria as set out in the call text. This satellite can offer physical and/or remote access.

Per sector, there will be one grant and therefore only one consortium consisting of different nodes. In case it would be difficult to reach scale from a single node, one or several of the nodes could include one or more satellites to complement their testing services and/or geographical coverage. In those cases, we foresee two different scenarios:

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- Scenario 1: One node working directly with smaller satellites that themselves are smaller than the node, but contribute to the same offering of the node. Together, the node and its satellites will offer a large-scale facility allowing to test at scale beyond what a single node could. Therefore, these satellite(s) complement the node, so that together they reach critical mass.
- Scenario 2: One node consisting of a number of satellites of a size smaller than a node, but together meet the criteria of a node, allowing to test at scale. This would require very strong coordination among the satellites, to provide a
coherent offer together.

Scenario 1 and 2 also imply that one node does not need to be in one location or even in one country. Similarly, not all parties of one node need to offer physical access. However, physical access at node level is required (see below).

4. What is the relationship between the different nodes of a network? Will they offer the same or different expertise? And how will the TEF users navigate the different nodes?

All nodes will have to provide the services and infrastructure as required by the Work Programme and call text. However, they could focus on specific aspects of testing at scale AI solutions as part of the network.

To give an illustrative example, in healthcare, one given node could focus on cancer, and another one on elderly care. This example serves to explain the concept, but does not indicate any preference from the Commission.

TEFs per sector will offer a single digital access point to interested technology providers, guiding them to choose the most appropriate node for them. Each node will also act as a physical access point to the network, helping users to navigate them to the most appropriate counterpart.

5. Why are you going for a network approach? How many nodes do you want to have in each sector?

We prefer a network of nodes, using up the entire budget per call. This would mean one network of approximately 6 nodes in agri-food, healthcare and manufacturing and 4 nodes for smart cities and communities, should there be no satellites.

Such a network will offer the opportunity to consortia to maximise the impact of their TEF, offering a strong and complementary set of services to European innovators, in carefully selecting the nodes and types of services they will offer.

It would also allow the possibility of reaching the expected ‘large-scale’ dimension of the TEF. The network approach ensures greater impact due to the expected economies of scales, efficiencies, complementarities & specialisation because of the built-in coordination, cooperation and collaboration.

We understand this option is more difficult to put together, which is why we are supporting applicants with a matchmaking exercise that started with an infoday on 29 November 2021 (https://digital-strategy.ec.europa.eu/en/events/online-information-and-matchmaking-day-digital-europe-programme-digital-calls-sectorial-tefs). Nevertheless, the network approach represents the greatest added value for Europe as it encourages cross-border collaboration in addition to the already mentioned benefits to offering AI testing services.

We foresee either a node only network model, or, for some sectors, a node & satellite network model with 3-5 core nodes with smaller satellite testing facilities, e.g. testing farms. A node & satellite network model would have a few large central node facilities with the full offering of digital, physical and professional services resources connected to smaller satellite facilities allowing to test in different real-world conditions.

This would increase the regional availability, diversity and quantity of real-world testing conditions, but reduce the numbers of central nodes with a full offering. When proposing a node & satellite approach, it would be important to assess carefully the need, role and number of such satellites.

6. Who can apply as TEFs?

Typically, it will be a facility providing access to real/close to real conditions, e.g. hospitals, experimental farms and more, in close collaboration with technology experts, e.g. either in-house expertise or involving a research and technology organization, tech transfer organisation with the necessary expertise in AI and robotics, etc.

However, other organisations can also be involved in the proposal (either as a member of the consortium, or be involved through various mechanisms, such as advisory bodies, subcontracting, etc.) as needed to reach the objectives of the project. This may also include public authorities, trade associations etc. to ensure the right stakeholders are involved to guarantee access to the necessary expertise.
7. Can a node include extra partners later, during project implementation? For example, to include a second hospital, increasing access to data and end-users.

The number of beneficiaries of the consortium should be the final number. It is possible to add or drop beneficiaries during the project, but this should be only for unforeseen reasons as is the case for other Horizon 2020 or Horizon Europe projects.

8. Is it possible to add additional associated nodes/satellites that are not funded but want to be part of the network?

Yes, it is possible to have associated nodes/satellites part of the network. Associated partners will not be funded as per article 9 of the model grant agreement.

9. Can an external organisation (not a node or a satellite) only devoted to the action’s management be envisaged?

The applicants are free to choose the exact composition of the consortium to optimise its efficiency and impact, and this should be guided by the needs of the proposed TEF, but co-funding needs to be ensured for all beneficiaries.

10. Will a TEF be able to update its consortium by adding new nodes and/or satellites after the project started?

No, the composition of the consortium needs to be stable at the proposal and selection stage. There could be some flexibility regarding non-consortium members to be involves via advisory or consulting process for instance, but these are not the core consortium members.

11. Who can use the TEFs?

TEFs will serve technology providers who want to develop their AI/Robotic solution from Technological Readiness Level (TRL) six to eight. In line with state aid, SMEs will be able to use TEFs without paying for the support and services offered by the TEFs. The value of the support provided will be based on the price list drawn up by TEFs. Larger companies can still use TEFs but will have to pay based on the established price list. This income should be included in the budget form under the “income generated by the project” column.

Note also the following requirements set out in the Programme: “Where the call conditions restrict participation or control due to security or EU strategic autonomy reasons (and unless otherwise agreed with the granting authority), the beneficiaries must produce a significant amount of products, services or processes that incorporate results of the action or that are produced through the use of results of the action in the eligible countries or target countries set out in the call conditions. Where the call conditions impose moreover a first exploitation obligation, the first exploitation must also take place in the eligible countries or target countries set out in the call conditions.”

11.b Can also entities established in countries which are not eligible countries benefit from TEF?

TEF must moreover ensure that that any cooperation with entities established in countries which are not eligible countries or target countries set out in the call conditions (or are controlled by such countries or entities from such countries) does not affect the security interests or EU strategic autonomy and avoids potential negative effects over security of supply of inputs critical to the TEFs. Entities established in countries which are not eligible countries can benefit from the TEF as long as it does not contravene any of the purposes of the restricted call (meaning it will not pose a security risk, it will not access confidential information, the IPR will be protected, etc.).

Note also the expected outcomes from the TEFs: Funding & tenders (europa.eu) (https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/topic-details/digital-2022-cloud-ai-02-tef-health;callCode=null;freeTextSearchKeyword=;matchWholeText=true;typeCodes=1,2;statusCodes=31094502;programmePeriod=null;programCcm2Id=null;programDivisionCode=null;focusAreaCode=null;destination=null;mission=null;geographical
Contribution to AI innovation:

Boosting the competitiveness of the European industry, including SMEs in AI, a technology of high strategic relevance;

Contributing to boost European IP and products based on European technology;

Creation of world-class experimentation facilities in Europe, offering a comprehensive support combining the necessary expertise, meeting the needs of European innovators. The organisations running the TEFs and their process will ensure the highest level of trust and security for the users of the TEFs, and highest quality of the testing and validation to guarantee trust and security in the tested solutions, key for their broad diffusion

Contribution to European digital sovereignty and open strategic autonomy in AI, and AI-enabled solutions

12. How can a single physical facility e.g. model factory be easily accessible from many places?

With the network approach, TEF users are more likely to have a facility closer to their location, involving less travelling. We currently expect that nevertheless that TEFs users will take on the travel expenses by themselves and that TEFs are sufficiently attractive to entice them to do so. Every node has to provide both physical and digital/remote virtual access, the latter minimising travel.

13. Will Digital Europe support the establishment of new TEFs or solely already existing, up-scalable TEFs?

The TEF calls under the Digital Europe Programme will focus on supporting already existing facilities that have relevant infrastructure and expertise/technologies, and can be upgraded to become European reference TEFs and building on previous investments to maximise the impact of EU funding and to reach large-scale reference TEFs.

14. How can TEFs support similar efforts at national levels or help to create infrastructure where it does not yet exist at such a level?

The proposed approach of building networks of nodes seeks to improve the coordination among existing national testing facilities as well as to broaden access for European SMEs to European TEFs. In addition, the funding will allow to scale-up the facilities on which TEFs will build.

15. At what TRL levels TEFs will support the testing of AI technologies? Will existing facilities be eligible if they support AI testing at higher or lower TRLs?

The Commission foresees to support only facilities that support AI deployment from Technological Readiness Level (TRL) 6 to 8. Existing facilities that provide innovation advisory support services at higher or lower TRLs will have to be funded for those activities by other funds.

16. Which kind of sustainability does the call foresee for the TEFs? Will they be available for 7 years?

We oblige every applicant to present a sound business plan how the TEFs could continue to operate once the EU funding has been depleted. A solid business strategy and sound methodology to develop the business plan should be part of the proposal, but its concrete implementation can be further elaborated and adapted during the project lifetime. Expression of interest from potential users of the TEFs would be welcome to demonstrate its potential impact the need for such facility.
17. Will the experimentation facilities come with access points to high performance computing? What about other infrastructure capabilities mentioned in the Work Programme such as connectivity?

We expect TEFs to give access to high-performance computing where relevant. To that end, where appropriate, synergies between the various parts of the Digital Europe Programme are strongly encouraged (e.g. between TEFs, the AI-on-demand platform, the cloud-to-edge services, and the Data Spaces) in order to offer a complete service to the TEF users.

The consortia are expected to meet the requirements in the Work Programme, including the infrastructure, but are free to judge how best to do this. In case there will be a need for synchronisation between the various parts of the Digital Europe Programme, interim solutions will have to be found and plans to synchronise with the other parts of the Digital Europe Programme will have to be included in the proposals, as relevant.

18. Are nodes/satellites expected to provide expertise or accreditation in ISO 17025, which lay down the general requirements for the competence of testing laboratories?

TEFs should not be seen as replacing certification bodies, but expertise in ISO 17025 is welcome, if useful for the sector and technology. The TEFs consortium should bring on board the right expertise and the right methodology to ensure that their testing and experimentation processes and services are trusted. They should make the case in their proposal that they include the right expertise and propose the right methodology.

19. It is possible that new intellectual property (IP) is generated as a result of the Tests and Experimentation. How do you see managing ownership or sharing of IP rights (IPR) that may rise?

TEFs will have to set up an IPR policy that ensures that innovators, in particular SME using the TEFs are able to trust that they retain ownership over the IP created as a result of the testing at the TEF’s facilities. This will be key to ensure the attractiveness of the TEFs.

20. Should projects of a TEF consider only technical services or also business aspects?

We expect TEFs to provide to technology providers innovation advisory support for technical aspects directly related to the TEF activities/use-cases. Non-technical aspects should only be covered if necessary.

21. TEFs of different domains have to tackle comparable problems. Should proposal that plan to work together (cross domain) add letter of intents of other consortiums?

TEFs are encouraged to work together where it makes sense. It is up to the TEFs to decide on how to best structure this collaboration.

22. Could the TEF include support for digitalising products?

The focus of TEFs is to support the testing of AI-related solutions. (European) Digital Innovation Hubs already offer support on digitalisation of product, processes or services at regional level.
23. Can a TEF be located in an associated country? In a third country?

In principle yes. Unless there is a specific requirement or restriction in the call document, entities established in associated countries can participate in the programme, and receive funding. It is not planned to fund nodes or satellites established in a third country, which is not associated.

24. Will all nodes in one sector be in one country? Can there be more than one node in one country?

No, we prefer to have TEFs spread around Europe to a certain extent without compromising their impact. Therefore, we do not envisage to fund more than one node for a given sector in one country. The selection of nodes should be based on criteria to optimise the set of services that will be provided by the TEFs and maximise the impact of the investment across Europe. It is possible to have nodes for different sectors in the same country.

25. Is there an expectation in achieving a certain geographical spread throughout the EU for one network of TEFs?

Any specific requirements on geographical spread will be defined in the call text. In principle, impact comes first. Geographical spread can help to address for example covering the diversity of certain sectors, e.g. in agriculture, and maximise uptake of AI in Europe.

26. What is the relationship between digital and physical services provided by the TEFs?

TEFs will have to provide access both physically as well as digitally (i.e. remote virtual access). This hybrid approach will help to extend the reach of the TEF by allowing AI software to be tested remotely, but also test AI hardware in real conditions.

The call text may define further details, as required. All TEFs will always have to offer both digital and physical access at node level. Virtual access (which could also include simulations for instance) could also be useful to prepare an on-site test and minimise the time spent on the facility.

27. Can access be restricted to technology providers that do not come from the Member States funding TEFs?

No. TEFs will have to provide access in an open, transparent and non-discriminatory manner to all technology providers based in any Member State or associated countries. By incorporating their facilities into the TEFs, Member States will help them to become part of the Europe-wide AI ecosystem of excellence, attracting the best talent to their region. It will also help the facilities to reach very high visibility and a greater market. As a result, they are more likely to achieve financial sustainability more quickly.

28. Will TEFs also collect and/or harvest data?

TEFs are required to provide relevant data-sets to its users as is necessary for testing AI at scale. Collecting and harvesting data can contribute to improving the quality of data-sets. Applicants can explain in their proposals why their approach is the most compelling.
29. Can national public authorities participate in consortia?

National Public Authorities (NPAs) may be part, as needed, of the discussion around the project presented by a consortium. Depending on the role envisaged for NPAs, this may be implemented by, e.g., holding specific workshops involving relevant NPAs, or having NPAs as one constituent of an advisory board to the consortium. The same applies for any relevant regional or local authorities.

30. Will TEFs also be able to develop and test its own solutions or is it expected to act purely as service to externals who develop solutions to be tested?

TEFs acts as a service providers to externals; these costs will be eligible under the Digital Europe Programme and Member State funding. To be state aid compliant, TEFs will have to pass on the state aid received to SMEs.

31. Company from country A wants to use a TEF in country B. Country A does not co-fund the TEF. How should the service be billed?

SMEs from the EU should be free to use the TEFs irrespective of their home country’s co-funding commitments to sectorial AI TEFs. TEFs will charge users for its support according to the price list drawn up for its services at node level (see below question on state aid).

32. In the agri-food TEF, are the end-users the final consumers or the people working in the sector?

End-users refers to the final users of the technology, which in most likelihood means the people working in the sector, e.g. farmers, retailers etc. However, depending on the use cases chosen, the final consumer can also be the end-user.

33. Is the healthcare TEF expected to have a specific expertise in medical device certification delivery?

The healthcare TEF is expected to have knowledge of medical device certification delivery and contacts with the relevant public bodies without replacing them. The healthcare TEF’s guidance and assistance with certification to technology providers is important to ensure the tests offered at TEFs are relevant. Furthermore, it will help to accelerate the lab to market process for medical devices.

TEFs and their links with other related EU initiatives

34. Could you clarify further the difference between TEFs and EDIHs and the link between them?

The difference between the TEFs and the European Digital Innovation Hubs (EDIHs) is the following. EDIHs bring together actors of the local economy to support the digital transformation of local actors (build local ecosystems) and connect to other EDIHs across Europe. They also act as the nearest point of entry to all the different EU-funded AI activities in Europe, such as the TEFs.

EDIHs are many in numbers. Their main purpose is to “test before invest”, i.e. to help users of digital technology to assess in
their environment whether they can benefit from the technology before they buy it. Such technology is mature enough to be deployed. This differs from the technologies tested in TEFs, which have not yet reached that level of maturity, as they still need substantial testing and validation in real environments before being deployed, e.g. a robot should be extensively tested in real environment, before deploying it in hospitals.

The TEFs, on the other hand, are central shared resources, a common toolbox offered to all EDIHs, and any user of AI-solutions in general. TEFs are fewer in number. TEFs help technology providers to develop new technological solutions, and bring them closer to the market in validating them in real environments. Once validated, if mature enough, results obtained in this “centralised toolbox” should ideally be distributed (distribution channel) via the EDIHs to the local level to empower all local companies and users. Indeed, after successful validation in TEFs, a given technology should be ready (or increases its readiness level) to be deployed at an end-user site, for instance via the “test before invest” activities of an EDIH. Applicants are encouraged to explore further possible synergies between sectorial TEFs and EDIHs.

35. What is the link between TEFs and data-spaces?

Where relevant, we expect that TEFs will connect with data-spaces, ideally at consortium level. Since TEFs will receiving funding first – there are only coordination and support actions (CSA) foreseen for dataspaces – the links between the two initiatives can only be done once data spaces are up and running. However, in the initial phase, synergies between the TEFs and Data-space CSAs are encouraged, in order to define collaboration mechanisms between TEFs and Data Spaces.

36. What is the link between the TEFs and the AI Act proposed by the European Commission?

Like the proposed AI Act, TEFs support the uptake of trustworthy AI in Europe.

Concretely, TEFs can play a role in supporting regulatory sandboxes that can be established within the existing legislation (e.g. product safety, medical device, car manufacturing, personal data processing under the GDPR) by providing infrastructural and technological environment for testing and experimentation under the close supervision of the competent national authorities. This will only be possible once the AI Act has been adopted by the European Parliament and the Council.

Furthermore, TEFs may provide technical support as well as testing facilities to developers and producers of AI systems who could test in a controlled environment if their innovative AI-based products and services meet the applicable safety requirements and standards.

A collaboration with notified bodies or other organisations involved in AI conformity assessment may be useful in this regard within the TEFs’ specific sector(s). The AI Act foresees voluntary ‘codes of conduct’ which also could be offered by TEFs, or TEFs could support the developments of such codes. In addition, TEFs may contribute to and benefit from the ongoing AI standardisation efforts.

37. What is the link between edge AI TEFs and sectorial AI TEFs?

The edge AI TEF aims, as a European platform, to enable companies of any size to test and experiment innovative edge AI components based on advanced low-power computing technologies, such as neuromorphic computing.

Given EU’s current dependency on computing technologies, the high costs of the necessary semiconductor equipment and need for long-term investments, the edge AI TEF is necessary to close the funding gap so that European companies get access to low-powered AI computing hardware.

Sectorial AI TEFs focus on sectors, not on specific technologies underlying the implementation of AI. Nevertheless, collaboration between the TEFs are encouraged, and solutions developed in the edge on which AI sectorial TEFs could later on be tested in the sectorial TEFs.

38. What is the link between TEFs and Open Innovation Test Beds funded by the EU?

Despite some similarities with Open Innovation Test Beds, TEFs under the Digital Europe Programme focus exclusively on AI-powered solutions and providing access to real-world environment for testing.
39. What is the relationship between TEFs and the Destination Earth Initiative?

Earth Destination Earth aims to develop a high precision digital model of the Earth to model, monitor and simulate natural phenomena and related human activities. Therefore, such initiative can contribute to some of the TEFs in providing such models, especially the agri-food TEFs, and therefore the same organisation can receive funding from these two funding programmes for its activities. Double funding of the same activity is not possible though.

40. What is the link between TEFs and the H2020 Supercomputing Centres of Excellence?

H2020 funded several Centers of Excellence for supercomputing that included testing/experimentation with AI. If the Centres of Excellence in high-performance computing applications included testing and/or experimentation of relevance to the selected sectors (agri-food, smart cities and communities, manufacturing and healthcare), they would be a relevant partner to contribute to the TEFs. In such instances, collaboration with them could be included in a TEF proposal.

The funding (process)

41. What are the sectors funded under the Digital Europe Programme? Are they fixed or will they change at some point?

The areas of sectorial TEFs – agri-food, healthcare, manufacturing as well as smart cities and communities – as well as the technological focus on edge AI is fixed for the DIGITAL Work Programme 2021-2022. Potential sectors for future work programmes have not been defined yet.

For agri-food, healthcare and manufacturing, a budget of €30 million of EU funding is foreseen for each of these sectors in the WP 21-22. For smart cities and communities, the budget for the call is €20 million of EU funding. Each selected projects is expected to be composed of a network of a number of TEFs. For one node (corresponding in general to one physical location), we foresee indicatively €5 million from the EU, to be topped up by the equal amount at national level (this includes regional or other funding). There is no indicative budget provided for a satellite in the call text. This is up to the applicant to decide.

42. How are the four sectors defined?

The TEF work programme and call texts under the Digital Europe Programme provide more details or illustrative examples for each sector, as relevant. The prioritisation of sectors was developed in cooperation with the Member States in the context of the DEI (Digitisation of European Industry)-AI group.

43. What is the application process for the sectorial TEFs calls under the Digital Europe Programme?

First, applicants have to build a consortium that matches the call criteria, e.g. number of nodes. An individual node can consist of several entities within (or even possibly outside if necessary) the Member State where the facility is located.

Second, applicants will have to secure national funding to match the DIGITAL funding. This has to be done before the consortium applies.

Third, the consortium representing a network of nodes co-funded by the relevant Member States will have to apply to the sectorial DIGITAL TEF call. The consortium will have to include proof that it has secured the necessary co-funding (see more details regarding the corresponding requirements below).

Fourth, the European Commission will evaluate with the help of independent experts the proposals and rank them accordingly. The independent experts will use the criteria (relevance, implementation and impact) spelt out in annex 1 of the Digital Europe Programme. Only the highest-scoring proposals will receive funding.

Fifth, the successful applicants will be notified and asked to prepare and sign a grant agreement with the European Commission. The Commission seeks to support applicants in the first and second step (see below), e.g. with events and matchmaking support. The matchmaking support started with an infoday on 29 November 2021 and continues on a
dedicated matchmaking platform until three months after the infoday. The timing of the calls, including time to grant, will be in the Work Programme.

Note: If a node/satellite includes several beneficiaries from the same country, each of them will have to secure the remaining 50%. So, in case they all want to use the same source of co-funding, they should go together to the MS financing authority and request support for the sum of the co-funding expected from that country for the given proposal.

44. What is the selection process at national level for the co-funding by Member States?

Member States are free to decide on their selection process at national level. The European Commission wants to contribute to make the process transparent and fair by providing information to applicants where appropriate, and matchmaking support, as far as possible. A given country might even support several competing consortia, knowing that only one will be selected for funding.

45. At what level will beneficiaries have to show co-funding?

Each node or satellite, if a node consists of satellites in different countries, will have to show the co-funding commitment for the remaining 50% of the costs by a competent authority from its country in the form of a letter (see below on state aid). The coordinator of the proposal is responsible to collect every commitment letter from the nodes and satellites and to submit them together with the proposal.

46. Co-funding commitment letters are due for public co-funding. What documents are required for the other forms, such as private funding or own resources?

In the case of using private funding from a source other than the applicant, that source of private co-funding should sign the letter. In case it comes from own resources, the applicant should sign the letter itself. The template provided in the call text is “only” a possible one; it can be amended for these other cases, but should always state who gets how much from where for the co-funding.

47. Will there be a 'lead' consortium partner in the submission? If so, will the funds be given to the lead beneficiary who will then disseminate the funding to the other partners?

Yes, this is the process foreseen.

48. Will beneficiaries be asked to go through a financial viability check as done in Horizon Europe?

Yes.

49. Will funds given to consortium members be up front or on a reimbursement basis?

There will be a pre-financing at the start of the project and afterwards payments to reimburse costs at set intervals.

50. *UPDATED QUESTION*: What is the funding model and what costs will be eligible under the Digital Europe Programme?

Updated 4 May 2022:

The Commission follows the same model as in Horizon 2020, it gives a pre-financing and then it reviews the project and pays back the additional costs (no cash-flow problem thanks to the pre-financing model). In addition, the EU financial support of EUR 5 million per node is over the time period of the project, not per year. The figure is indicative.

In addition, there are no specific rules for capital vis-a-vis operating expenditure allocation. Eligible costs for the grant are
hardware/software purchases, personnel costs, other costs and 7% overhead. Note that building costs are not eligible, so cannot be considered as in-kind contribution. However, digital infrastructure and hardware, e.g. robots, are eligible.

For a more detailed overview on cost eligibility, please read article 6 of the model grant agreement. [https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/digital/agr-contr/mga_dep_en.pdf](https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/digital/agr-contr/mga_dep_en.pdf)

It’s recommended to perform cost simulations creating a draft proposal in the [Funding & tenders (europa.eu)](https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home), as the tool includes automatic controls, alerts and calculations for Maximum EU contributions to eligible costs, instead of doing it manually.

In addition, introduction of the information in the Funding Portal should be done portal with sufficient time before the call deadline to be able to correct possible mistakes and avoid any last minute issue.

**51. Can part of the Digital Europe Programme funding be used to upgrade physical and/or digital infrastructure?**

Digital can be used for digital infrastructure, not physical (e.g. a building, a room, etc) infrastructure (see above question on eligible costs).

**52. How to put a value to infrastructure available to the TEF?**

DIGITAL funding can only reimburse costs incurred during the project. In case this is a cost for a digital infrastructure of a value of X, used 50% for TEF activities, the corresponding cost is eligible (applying depreciation, as appropriate), pro-rata its use. For a more detailed overview on cost eligibility, please read article 6 of the model grant agreement. [https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/digital/agr-contr/mga_dep_en.pdf](https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/digital/agr-contr/mga_dep_en.pdf)

**53. Stakeholders foresee preparatory tasks and real implementation of the TEF. Are the tasks eligible?**

More specifically, this question refers to tasks such as upgrading of IT infrastructure for data repatriation, creation of databases, development of software tools, preparation of the testbed, identification, formatting or development of the AI technological bricks necessary for validation.

TEFs are not expected to have their full offering available from the first day, but should build as much as possible on what already exists, allowing them to already offer their services as much as possible as soon as possible. The proposal should include a methodology on how the consortium will build from their current facilities to reaching the objectives in the call. For eligible costs, please see the question & answer on cost eligibility.

**54. What are the requirements for the national co-funding?**

Member States are free to choose which source of funding they will use for co-funding TEFs. Using funding from already ongoing projects for co-funding a node or satellite is possible. However, these funds will only count when the project starts in 2023; previous funding is irrelevant for the co-funding requirement.

The co-funding commitment per beneficiary should be shown by a commitment letter signed by the relevant public body. The letter should also state if the national/regional co-funding comes from another EU funding programme and which one. A possible template is provided in the call document under the “Admissibility and other documents” section.

The use of existing national/regional funds, for in-kind man hours or digital equipment is also possible, as long as it is directly used for the TEF project, and be incurred during the TEF project duration.

There has to be actual public, national/regional money available for the successful TEFs to fill the rest of the gap up to the 50% national co-funding part over the entire project duration. The large majority is expected from MS, but private financial support is acceptable too (e.g. contribution from the organisation hosting the TEF, offering expert support to the TEF from their own budget).
55. What should the co-funding letter say if the budget requires parliamentary approval that will only take place after the end of the call?

The co-funding commitment letter is a mandatory annex for the sectorial AI TEF calls in section “admissibility and documents” and a possible template is proposed in the call text.

In the case of necessary parliamentary approval or similar, this can be changed to an intention to commit co-funding and explain the specific situation why the co-funding is not yet secured. For example, parliamentary approval is still required and it will take place after the call end (specify expected date).

The grant signature is the final point to verify whether the co-funding exists. At that stage, the beneficiary will also have to sign the declaration of honor, declaring it can carry out the planned activity.

It will be the beneficiary’s risk should the co-funding not materialise.

55b. *NEW QUESTION* When do Member States have to give a firm commitment?

Updated 4 May 2022:

For a beneficiary to be able to sign the grant agreement, they need first to sign the Declaration of Honour (DoH) where they declare, among other things, that:

- are committed to participate in the action
- have stable and sufficient sources of funding to maintain the activities throughout the action and to provide any counterpart funding necessary
- have or will have the necessary resources needed to implement the action

With the current calendar of the Digital TEF evaluation, the beneficiaries will need to sign the DoH at mid-October at the latest to be able to sign the GAP in November.

Ideally, if the cofunding is provided by the MS using an EU program (either ERDF or RRF), it should be signed about the same time that the Digital grant. To allow the declaration of the Digital grant contract as EU synergy grant. If this is not possible and, for example the ERDF cofunding is signed later than Digital grant, then the ERDF cofunding should be signed and the Digital grant declared a synergy grant, at the latest, before the first interim payment of the Digital grant, as the cost declaration needs to be sent first to the Managing Authority of the ERDF grant. However even in case of a delay of the co-funding by the MS, the Declaration of Honour will have to be signed by mid-October.

56. What are the underlying rules of participation and funding in regards to TEFs?

The rules of participation and funding are spelt out in the call text as well as in the model grant agreement, including on intellectual property rights. The Work Programme sets out rules on security that apply to the TEF calls, in particular annex 3 on article 12(6) of the Digital Europe Programme Regulation relevant for the sectorial AI TEFs calls (https://ec.europa.eu/newsroom/repository/document/2021-46/C_2021_7914_1_EN_annexe_acte_autonome_cp_part1_v3_x3nlsqH6g4B4y9UatCRC8_81099.pdf) (.pdf)

57. When using funding from already on-going projects for co-funding: if the national project starts previous to the TEF-project, are funds in the “parallel” funding period eligible?

How to show such co-funding and how to prevent double funding?

Projects can be co-financed by funding sources existing already before that start of the project. In addition to the co-funding letter, the co-funding will have to be indicated in the budget table as “financial contribution”. The DIGITAL grant pays 50% of the eligible costs; Beneficiaries are responsible to ensure that the same cost is not paid twice by various funding sources. Financial audits will also check for double funding.

58. How can applicants find partners to build a consortium? How can they ask for funding
support from Member States?

We are currently working with Member States to facilitate the process for applicants by offering a matchmaking exercise even before the call launch. It started with an infoday on 29 November 2021.


59. How can Member States communicate their intention to co-fund the sectorial TEF calls under the Digital Europe Programme?

The European Commission organised an event supported by a matchmaking tool, in order to support consortia to develop, and local organisations to get in touch with their national representatives. The starting point was the infoday on 29 November 2021 (//digital-strategy.ec.europa.eu/en/library/online-info-day-digital-europe-programme-calls-sectorial-tefs). You can also view the table with the Member States’ initial expression of interest to co-fund sectorial AI TEFs (.pdf) (https://ec.europa.eu/newsroom/dae/redirection/document/81402)

The second infoday after the call publication will take place on 28 February.


60. What is the exact process to show in-kind-contributions, e.g. from national projects?

In kind contribution from third parties for free are allowed but are cost-neutral, i.e. they cannot be declared as costs They should be described in the relevant section of the application form and budget table (e.g. section 4.2 work packages and activities).

If you have seconded personnel which is against a payment to the third party (similar case as in H2020 under “in kind contributions against payment”), this costs can be covered by Article 6.2.A.3 seconded persons. Furthermore, the salary of an employee on the permanent employee payroll, but allocated to the TEF to provide services can be reimbursed 50% by DIGITAL funding. The co-financing in this sense falls under own resources.

61. Can private sector provide some part of the co-funding at national level and, if so, when?

Private funding is possible and should be secured before the consortium applies to the call. This may be for instance the beneficiaries’ own resources. In case the private co-funding is from another organisation, e.g. investor, the co-funding letter should be signed the source of the private funding. This approach should be explained in the proposal, including with evidence that the funding is secured to make the consortium financially viable.

If there is any income generated by the project due to services provided to third parties it should also be declared along with the costs.

62. When will the call for TEFs will open, more or less?

The sectorial TEFs will be included in call 2, which is planned to be launch on 22 February 2022 and will close on 17 May 2022. The complete timetable for call 2 is available in the Work Programme.

63. *UPDATED QUESTION* Can Digital Europe Programme be combined with other EU funding sources?

Updated 4 May 2022:

Funding of the same action from the Recovery and Resilience Facility (RRF) and Digital Europe is possible provided it is justified in light of the relevant provisions applying to both programmes and that avoidance of double funding of the same costs is ensured. Crucially, TEFs need to be included in the national plans approved by the Commission. Appropriate
coordination is needed. The absence of double funding is ensured in view of the different ways of establishing the Union contribution across the Union instruments from which funding is combined (result based and actual costs), avoiding any doubt that costs may be financed more than once from the Union budget.

Combining DIGITAL and the European Regional Development Fund (ERDF) is also possible. The Member State(s), including the relevant Managing Authority for the ERDF grant, and the European Commission need to coordinate as soon as possible to clarify how to comply with the applicable rules.

Digital Europe programme cannot be combined with Horizon Europe funds or within different Digital Europe calls.

64. Is EAFRD (European Agricultural Fund for Rural Development) eligible for co-funding the agri-food TEF?

We are investigating this possibility. Please contact us in case you have specific questions based on your project.

65. When using equipment’s funded by ERDF on previous operational program, can this be considered as public cofunding for the 50%?

For equipment please the see annotated grant agreement (https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/aga_en.pdf) Article 6.2.C.2 in general and following paragraph in particular:

Equipment bought before the action starting date — Depreciation costs for equipment used for the action, but bought before the action starting date are eligible if they fulfill the general eligibility conditions of Article 6.1(a). The remaining depreciation costs (the equipment has not been fully depreciated before the action’s start) may be eligible for the portion corresponding to the action duration and to the rate of actual use for the purposes of the action.

66. Is it planned to use European Digital Infrastructure Consortium (EDIC) for TEFs? If yes, how can it be open to Member States not represented in the selected TEF?

The Commission does not intend to use EDIC for sectorial AI TEFs at this stage.

67. Will the financial support be granted solely to the facilitator organisation and/or also to the consortium partners directly?

All beneficiaries of the consortium will be eligible to receive funding from the Digital Europe Programme, and the co-funding should also be provided at beneficiary level.

68. Is the 50% funded at consortium level or at partner level? For example, can one partner get 30% co-funding and another get 70%?

The 50% reimbursed is based on total eligible costs is at beneficiary level. The funding rate is calculated on total eligible costs per beneficiary.

69. Are there any requirements for participants of TEFs such as publication of findings?

The requirements for participation will be defined in the model grant agreement (MGA). Additional requirements for participants may be included in the call text. Both documents will be available at the call launch.

70. What are the relevant state aid rules that apply to the TEFs?

We intend to use the same state aid approach as the European Digital Innovation Hubs, which is spelled out in the annexes of the Work Programme (.pdf)
71. *UPDATED QUESTION*: Will applicants have to provide a price list in the proposal to be compliant with the chosen state aid approach?

Updated 4 May 2022:

As a result of the state aid approach chosen under General block exemption Regulation (GBER), state aid to TEFs will be passed on to its SME users. As a result, the consortia will have to provide a price list for the services it offers at country level. Since the price list will be drawn up at country level, there will be different costs within a consortium, reflecting the different costs realities between the different countries involved in the consortium. The node/satellite delivering the innovation advisory/support service will also issue the attestation of state aid received. The consortium needs to keep records of the state aid disbursed.

The proposal will need to contain a general commitment to develop a price list based on objective criteria. It may include a sample price list subject to amendments.

The price list is necessary to evaluate, in terms of State Aid rules, the value of the services provided to SMEs. It represents the value the customer receives, even if the service is given for a lower amount or for free. The difference between the actually paid price by the SME and the value of the service according to the price list is the amount of aid the SME has received. For every grant, the amount of the aid received should be passed on integrally to the customers of the TEF.

72. Will applicants have to provide letters of commitment by industry to support their application?

This is not required in the application, however expression of interest from potential TEF users could help making the case for the usefulness and potential impact of the proposed TEF.

73. Will the Commission review the project at mid-stage? Will this be an audit? Are costs to be checked also by Member States (or automatically based on the Commission’s evaluation)?

The Commission will review the project after every reporting period, which will still be defined. They are likely to follow the 18 months rhythm of other Horizon Europe projects. An audit is possible at the end of the project. Member States will follow their applicable rules for the review of the project.

74. Is it possible to subcontract activities, such as different testing farms for greater flexibility and diversity in its testing services?

Yes, subcontracting is possible under the Digital Europe Programme. However, subcontracting shouldn’t exceed 30% of total eligible costs. Subcontracting should constitute only a limited part. If the contribution of an entity is substantial, it should become a beneficiary. Note that subcontracting will be only covered at 50% by DIGITAL and there is no guarantee that other half can be covered by Member State funding, as they might have different conditions for the eligibility of subcontracting costs. The part not covered by public funding will have to be covered by the beneficiary using another financial source.

75. Can the same entity be part of different TEF consortia, e.g. once in healthcare and manufacturing at the same time?

Yes, this is possible in principle. However, double-funding of the same activity is prohibited. In the respective applications, the entity needs to clearly explain why and how its involvement in the two different consortia are not overlapping.

76. When the TEF is up & running, is there any indication that there will be sufficient demand
for their services?

This is part of the proposal development, to focus on the areas where a TEF is the most needed. Proposals could already gather expression of interest from potential users to assess the needs and make the case in their proposal that the risk of low demand is minimized.

77. If services are to be provided for free for SME’s, how to be financially sustainable? (EG. RTO real cost is typically at least 2*salary)

Services for free are only provided during the lifetime of the funded project. Long-term sustainability plan should be developed by the projects.

78. How is it possible to include additional funding to make a TEF financially sustainable (e.g. Private) or to reach a funding rate of maybe 200% salary and not only 100%?

The sustainability plan might include profit, as this is after the funding period, but this profit should ideally be re-invested in further developing the TEF and its services.

79. How to include the annex letters of support, MoU, etc. in the proposal when they are not mandatory annexes?

If there is no section for additional documents of this type, then they can be just mentioned in the proposal’s Part B.

They can be uploaded as Other annexes.

In proposal’s part B previous projects table, should it include all members of the consortium or per partner, or only the coordinator?

According to the Digital Application form template (https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/digital/temp-form/af/af_dep_en.pdf) previous project must be indicated for each of the participants in the proposal.

80. Do public bodies need to submit Ownership control information? If not, will this be indicated through the PIC of the legal entity.

Public entities are considered not controlled by foreign entity. This condition is indicated in the Digital Application form, in the Specific Legal Status section within Organisation Data.

81. Are prospection activities (finding users) covered as eligible costs?

The services offered by the TEFs will have been designed to be attractive for a large number of users, therefore “finding users” should not become a major activity to compensate the lack of strategic focus of the TEF. But some dissemination/outreach activities are eligible.

82. In the context of TEF SCC, can cities and their IT teams be partners or clients of TEF?

TEFs are to support technology providers to test and validate advanced AI-based and AI-powered technologies in real-world scenarios. For SCC TEF local administrations (e.g. municipalities) or provider of public services (energy management, waste collection, inspection and maintenance of infrastructures) and their respective IT teams could offer data and infrastructure to technology providers for the testing and validation of their technologies. They could as well provide support for the testing and experimentation activities. As such they can be part of the TEFs (beneficiaries).
83. How does synergy funding work?

Grants from different EU funding programs need to be linked with each other and coordination with the other grant authority is needed to ensure that the limit of covering 100% of estimated cost is not breached.


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