

# Policy Brief

## European Community-Led Innovation Framework (E-CLIF)

*Empowering grassroots innovation for a more competitive, cohesive, and resilient Europe*

Adopted by the PREPARE's Executive Board on July 21<sup>st</sup>, 2025

### “From Rural Development to Innovation: A New Evolution”

E-CLIF grows from decades of European rural movements that demonstrated the power of bottom-up cooperation, territorial cohesion, and participatory development. By linking this experience to open innovation principles, E-CLIF offers a modern, scalable approach to empowering citizens — rural and urban alike — to shape the future of their communities.

## Executive Summary

As the European Union charts its post-2027 course, enhancing competitiveness through widespread innovation has become a core strategic objective. However, a persistent "implementation gap" prevents EU innovation funding and policy from reaching the grassroots level, leaving the vast potential of Europe's rural and local communities untapped.

The **European Community-Led Innovation Framework (E-CLIF)** is a transformative policy instrument designed to bridge this gap. It provides a dedicated, simplified, and empowering mechanism for communities to identify local challenges and develop, test, and scale their own innovative solutions. E-CLIF is not a replacement for existing programmes but a vital new component of the EU policy toolkit, designed to nurture innovation at its source.

### Key Features of the E-CLIF Framework:

- **Two-Tier Funding Model:** A simple Seed Lump-Sum (€20,000–€60,000) allows local groups to experiment with new ideas with minimal administrative burden. Successful prototypes can then apply for a merit-based Scale Voucher (€100,000–€250,000) to achieve wider impact and market readiness.
- **Multi-Level Governance:** A network of local CLI Cells will act as community innovation labs, supported by national/regional CLI Hubs providing coaching and capacity building. An EU CLI Support Facility will ensure pan-European coordination, knowledge sharing, and monitoring.

**Why is E-CLIF needed now?** The Multiannual Financial Framework (MFF) for 2028-2034 presents a critical window to embed a more effective, citizen-centric approach to innovation into EU policy. E-CLIF directly supports the EU's Green Deal, Digital Decade, and long-term rural development goals by fostering a culture of bottom-up problem-solving.

**Proposed Integration:** E-CLIF can be incorporated into future EU funding frameworks through targeted adjustments to proposed policies.

This policy brief sets out the rationale, framework, and far-reaching benefits of E-CLIF. We call on EU institutions and Member States to seize this timely opportunity to integrate community-led innovation into the next generation of EU policies and funding programmes — empowering all communities to actively contribute to Europe's competitiveness, resilience, and territorial cohesion.

## 1. The Context and Rationale: Closing Europe's Innovation Gap

The European Union has rightly placed innovation at the heart of its strategy for global competitiveness and strategic autonomy. The European Commission's "Competitiveness Compass" emphasizes that future prosperity depends on inventing and marketing new technologies and services across the continent. A central challenge identified is the need to "close the innovation gap" by fostering capacity not just in traditional tech hubs, but in all regions and communities.

Despite these ambitions, significant implementation gaps persist. Most EU innovation funding remains concentrated in complex, highly competitive programmes often inaccessible to smaller, non-specialist actors. Rural areas - covering 80% of EU territory - continue to face barriers to accessing these opportunities, leaving much of Europe's grassroots innovation potential untapped.

However, current instruments have important limitations when it comes to fostering community-driven innovation. While LEADER/CLLD is highly effective in promoting local development and community engagement, it is not designed for the fast-paced, experimental, and risk-tolerant processes that genuine innovation requires. Its structures primarily support well-defined and tested development projects framed within local strategies rather than the prototyping and iteration of new ideas. Similarly, Smart Specialisation Strategies (S3) play a critical role in setting regional innovation priorities but often operate at a strategic level, lacking mechanisms to source, support, and scale grassroots initiatives emerging directly from local communities.

E-CLIF is designed to fill this gap. It creates a structured space for *open, community-led innovation*, shifting the paradigm from a top-down model to one where local actors are empowered as co-creators of solutions. By supporting experimentation, learning, and scaling, E-CLIF complements and reinforces the EU's broader policy landscape - including the *New European Innovation Agenda*, *EU Vision for Agriculture and Food*, the *Rural Pact*, and the *Long-Term Vision for Rural Areas* - while making innovation accessible to all parts of Europe.

## 2. The E-CLIF Framework: A New Engine for Grassroots Innovation

E-CLIF is a carefully designed instrument built on a philosophy of simplicity, empowerment, openness, and results-based support. It consists of an interconnected funding mechanism and governance structure that guides local ideas from conception to scalability.

### The Core Philosophy: Fusing Open Innovation with Community-Led Development

E-CLIF represents a new synthesis of two powerful traditions: the participatory, place-based approaches of Europe's rural movements and the open innovation model pioneered in the technology and business sectors. By combining these paradigms, E-CLIF creates a framework in which local actors are not just beneficiaries or users of innovation, but co-creators of new knowledge and solutions with broader systemic relevance.

At its core, E-CLIF advances a model of community-led open innovation, enabling local actors to co-create, test, and refine practical solutions in response to their specific needs and circumstances. By mobilising the knowledge, experience, and creativity of citizens, SMEs, civil society, academia and local authorities, E-CLIF supports the development of place-based innovations across diverse sectors, from economic diversification to social services and environmental sustainability.

This structured and inclusive approach allows for the early identification and adaptation of effective solutions, while generating knowledge that can be shared and transferred across regions. In doing so, E-CLIF strengthens both local resilience and Europe's collective capacity to address broader strategic challenges, including the green and digital transitions, demographic change, food security, and global competitiveness.

## The Two-Tier Funding Model: Simple, Fast, and Effective

The funding mechanism is proposed to be agile and minimize administrative bureaucracy, removing barriers for small, local actors.

1. **Seed Lump-Sum** (€20,000 – €60,000): This grant provides initial capital for high-risk, high-potential ideas. Their purpose is to de-risk innovation by allowing communities to test concepts, build prototypes, conduct feasibility studies, or develop new local partnerships. Seed Lump-Sum grants are awarded as a lump sum based on a simple project plan and budget, with payment tied to the delivery of agreed-upon results or milestones. This drastically reduces the reporting burden. They are very accessible and open to a wide range of local actors, including village associations, NGOs, LEADER groups, cooperatives, and micro-SMEs who often struggle to access mainstream EU funding.
2. **Scale Voucher** (€100,000 – €250,000): This is a merit-based grant for projects that have successfully demonstrated their viability and potential through the seed phase or through proven track record by using own funds. Their purpose is to bridge the critical gap—often called the "valley of death"—between a successful prototype and a scalable solution. Funding can be used for business planning, market entry, securing further investment, or expanding the project's reach. The Scale Vouchers are awarded through a merit-based, competitive process that remains accessible to a broad range of local actors, ensuring that the most promising innovations receive the support they need to grow.

## The Governance Ecosystem: Community-Led Open Innovation with Coordinated Support

E-CLIF's governance model combines decentralised action with coordinated support, enabling local actors to take the lead in innovation while ensuring strategic alignment, quality assurance, and knowledge exchange at regional, national, and EU levels.

- **Community-Led Innovation (CLI) Cells:** Serving as the local engines of E-CLIF, CLI Cells are small, flexible partnerships operating at local or sub-regional levels (e.g. LEADER Local Action Group areas). They bring together municipalities, SMEs, civil society organisations, knowledge institutions, and citizens to form local innovation labs. Within these Cells, open innovation processes are applied to identify needs, co-design solutions, and support the early development of prototypes. CLI Cells foster cross-sector collaboration and ensure that a wide diversity of actors are engaged in generating practical, community-driven responses to local challenges.
- **CLI Hubs:** Operating at national or regional levels, CLI Hubs provide structured professional support and oversight to CLI Cells. They act as mentors, capacity builders, and knowledge brokers, offering technical expertise, coaching, and access to thematic networks. Crucially, CLI Hubs play a key role in embedding open innovation principles by facilitating connections between local actors and broader research, academic, and business communities, particularly in the Scale Voucher phase where more advanced scaling and knowledge transfer are required. They also ensure coherence with national innovation strategies and Smart Specialisation priorities.
- **EU CLI Support Facility:** This light coordination structure at the European level ensures the overall consistency, strategic orientation, and learning within the E-CLIF framework. The Facility is responsible for developing common methodologies and standards, providing training for Hubs and Cells, monitoring outcomes, and supporting cross-border knowledge exchange. It nurtures a pan-European community of practice for community-led open innovation, ensuring that local experiences contribute to shared learning and inform wider EU innovation and competitiveness goals.

## 3. Policy and Legal Integration: A Flexible Model for Future EU Frameworks

One of E-CLIF's key strengths is its flexibility to align with future EU funding and policy frameworks. Rather than proposing detailed legal provisions at this stage, E-CLIF is presented as a policy concept and

operational model that can be incorporated into the evolving post-2027 EU architecture through appropriate and minor adjustments to proposed instruments.

The concrete modalities for legal integration would be defined during the upcoming legislative process. Potential elements may include:

- Establishing a clear recognition of **community-led innovation** as an eligible approach within relevant EU policies and funding frameworks, with the option to consider earmarking where appropriate.
- Providing options for Member States to support community-led innovation through simplified funding mechanisms, such as lump sums and results-based payments, adapted to small-scale, local actors.
- Enabling Member States and Managing Authorities to embed E-CLIF principles into national and regional development plans and strategies, rural development programmes, Smart Specialisation Strategies, Smart Villages initiatives, or innovation policies, as appropriate.

Such flexibility ensures that E-CLIF complements and reinforces existing EU instruments, including:

- **LEADER/CLLD**, by creating a pipeline of tested, innovative local projects that can inform wider local development.
- **Smart Villages**, by offering a structured tool for experimentation and scaling of innovative solutions at the community level.
- **Smart Specialisation Strategies (S3)**, by introducing an additional bottom-up channel to identify new sources of regional competitiveness.

Leaving the detailed legal framework open at this stage allows E-CLIF to evolve in line with policy negotiations, ensuring full compatibility with the overall direction of the EU's future financial and policy frameworks.

#### **4. A Critical Window of Opportunity: Why Act Now?**

The timing for introducing E-CLIF is both strategic and urgent. The ongoing negotiations for the next Multiannual Financial Framework (MFF 2028–2034) and the proposed legislative package present a unique, once-in-a-decade opportunity to modernise and broaden the EU's innovation policy. Embedding community-led innovation into the future financial and regulatory architecture would allow the Union to fully mobilise the creative and entrepreneurial potential that exists across all territories.

Europe faces a complex and interconnected policy agenda—delivering on the European Green Deal, advancing the digital transition, addressing rural depopulation, enhancing food security, and improving the competitiveness of agriculture and rural economies.

These challenges cannot be addressed by top-down measures alone. E-CLIF offers a complementary, bottom-up mechanism that empowers local communities to co-create and adapt solutions tailored to their specific needs, capacities, and resources. Integrating E-CLIF into the next MFF would provide citizens, enterprises, and local institutions with a practical and flexible tool to actively contribute to shared EU priorities.

Further delay would risk losing valuable opportunities to activate grassroots innovation, strengthen rural resilience, support food system transformation, and promote balanced territorial development. Now is the moment to close the gap between European strategic ambitions and the untapped innovation capacity of its territories.

## 5. Widespread Impact and Benefits

The E-CLIF framework is designed to deliver broad and lasting benefits across multiple levels of European society, contributing directly to key EU strategic objectives while unlocking the innovation potential of local communities.

### Communities, Citizens, and Local Businesses

- **Empowerment:** Provides direct access to simplified funding mechanisms, giving communities the means and agency to address their own development challenges.
- **Capacity Building:** Strengthens local skills in innovation management, entrepreneurship, digitalisation, and project delivery.
- **Economic Vitality:** Stimulates local entrepreneurship, supports job creation, and increases the attractiveness of rural and small-town areas as places to live, work, and invest.
- **Social Cohesion:** Reinforces social capital by fostering collaboration among diverse community actors working towards shared goals.

### Member States and Managing Authorities

- **Effective Policy Delivery:** Offers a flexible and agile instrument to support national and regional objectives in innovation, rural development, and Smart Specialisation.
- **Diversified, Sustainable Economies:** Enables the discovery and scaling of new areas of competitive advantage, supporting decarbonisation, digitalisation, and talent retention in rural regions.
- **Simplified Management:** The lump-sum approach reduces administrative complexity, easing the management of smaller-scale projects and allowing authorities to focus on quality and impact.

### European Union

- **Achieving Strategic Goals:** Contributes directly to EU priorities such as the European Green Deal, Digital Decade, Territorial Cohesion, and competitiveness targets.
- **Closing the Innovation Gap:** Broadens the innovation base by mobilising capacity across all territories, making the EU more resilient and globally competitive.
- **Strengthening Democratic Legitimacy:** Demonstrates the EU's commitment to a citizen-centred, participatory approach, enhancing trust and engagement in the European project.
- **Aligning sectoral priorities through one framework:** E-CLIF provides a common, cross-sector framework that helps reconcile and align competing priorities—linking agriculture and food systems with wider rural development, entrepreneurship, and community/social innovation—so EU interventions are better coordinated and mutually reinforcing rather than fragmented.

### Wider Innovation Ecosystem

- **New Innovation Pipeline:** Generates a steady flow of de-risked, community-tested solutions that can feed into larger EU research programmes (e.g. Horizon Europe), private investment pipelines, or national innovation systems — helping bridge the gap between grassroots experimentation and broader market or policy deployment.
- **Building on rural movements:** E-CLIF also redefines who is seen as an innovator — moving beyond universities and startups to include local actors, civil society, and rural communities with deep contextual knowledge and experience. By legitimising and resourcing these non-traditional innovators, E-CLIF extends the innovation ecosystem to actors historically involved in rural movements, ensuring their contributions are recognised, supported, and scaled.

## 6. A Phased Implementation Roadmap

The introduction of E-CLIF is envisioned through a phased, flexible approach to ensure smooth preparation, broad stakeholder engagement, and effective integration into the evolving EU policy and funding landscape.

### **Phase 1: Preparatory Phase (2025–2026)**

The first phase focuses on building momentum, generating evidence, and preparing the groundwork for policy and legislative discussions. Two complementary pathways may be pursued:

- **Option A: Demonstrator Pilots**  
Launch a limited number of new E-CLIF pilot projects in interested Member States or regions. These pilots would generate practical evidence, test operational modalities, and demonstrate the model's feasibility and impact through measurable KPIs.
- **Option B: Evidence Harvesting**  
Conduct a systematic review and synthesis of existing EU-funded initiatives (e.g., from Horizon Europe, Living Labs, Smart Villages) that have already applied community-led innovation principles. This approach would consolidate existing knowledge and best practices to further validate the E-CLIF concept.

#### **Key Activities:**

- Stakeholder consultations; policy dialogue; development of governance models and facilitator training curricula; establishment of strategic partnerships and coalitions of support.

### **Phase 2: Integration into Future EU Frameworks (2026–2027)**

This phase aims to ensure that E-CLIF is taken into consideration within the formulation of the EU's post-2027 financial and policy architecture.

#### **Key Activities:**

- Engage with European institutions, Member States, and stakeholders as part of the broader negotiations on the next Multiannual Financial Framework (MFF 2028–2034) and accompanying legislative frameworks.
- Present the case for embedding community-led innovation as a structured component within relevant EU regulations (e.g. cohesion policy, CAP, innovation programmes), while maintaining flexibility for adaptation during the legislative process.
- Align E-CLIF proposals with emerging EU policy priorities related to competitiveness, cohesion, sustainability, rural development, and innovation.

### **Phase 3: Full-Scale Rollout and Operation (2028 onwards)**

Once the legal and financial frameworks are in place, E-CLIF would enter into full operational deployment across Member States and regions.

#### **Key Activities:**

- Member States integrate E-CLIF into national and regional plans and programmes, including CAP Strategic Plans, cohesion funding, or dedicated innovation instruments.
- CLI Hubs and CLI Cells are established and operationalised across territories.
- The EU CLI Support Facility begins its coordination role, training, monitoring, and knowledge-sharing across the network.
- A mid-term review mechanism is established to monitor implementation, assess outcomes, and allow for continuous improvement of the framework.

## **7. Recommendations and Call to Action**

Realising the full potential of E-CLIF will require coordinated engagement across European institutions, Member States, regions, and civil society. The upcoming EU policy cycle offers a timely opportunity to explore the most appropriate pathways for embedding community-led innovation within the Union's future policy and financial architecture.

#### **We call on the European Commission to:**

- Recognise and promote **Community-Led Innovation** as a strategic element contributing to Europe's competitiveness, sustainability, and cohesion in the post-2027 period.

- Facilitate discussions on the potential integration of E-CLIF principles and approaches into relevant future EU funding frameworks, while maintaining flexibility for institutional negotiations and evolving policy priorities.
- Explore options for creating dedicated financial instruments or programming options to support community-led innovation across different policy domains (e.g. cohesion, rural development, innovation, skills).
- Support preparatory actions, pilot projects, or evidence-gathering activities during 2025–2026 to further validate and refine the E-CLIF model.
- Foster cross-sectoral coordination through a **High-Level Forum on Community-Led Innovation**, ensuring alignment across relevant Commission services and policy areas.

**We call on the European Parliament and the Council to:**

- Acknowledge the added value of community-led innovation in strengthening EU competitiveness, social and territorial cohesion, and addressing Europe’s key transitions.
- Support the inclusion of flexible legal and financial provisions that enable Member States and regions to adopt community-led innovation models where appropriate, as part of the post-2027 EU policy framework.

**We call on the Committee of the Regions and the European Economic and Social Committee to:**

- Advocate for the inclusion of community-led innovation as an effective means of empowering local actors, enhancing civil society participation, and fostering territorial development across the EU.

**We call on Member States and Regions to:**

- Actively engage in preparatory discussions, evidence-building, and pilot initiatives, including the identification of potential CLI Hubs and CLI Cells.
- Explore opportunities to incorporate community-led innovation into national and regional development plans and strategies, Smart Specialisation processes, and rural development programming for the post-2027 period.

By working in partnership, Europe can unlock the creative capacity that exists in every community — ensuring that innovation becomes more inclusive, territorially balanced, and responsive to the diverse challenges and opportunities across the Union.