

Policy brief: Funding the regional bioeconomy transition

Denise Gider, Christian Klar, Ulrich Schurr (Forschungszentrum Jülich, BioökonomieREVIER),
Marco Rupp (Bio-based Industries Consortium), Christin Boldt (BIOCOM Interrelations)

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BIO2REG in a nutshell

A circular bioeconomy is essential for achieving the EU's sustainability goals. However, the implementation of a regional bioeconomy is fraught with challenges. Bioeconomy model regions offer a systemic approach to the transition to sustainable development, based on circular economy concepts. The EU-funded BIO2REG project aims to help greenhouse gas-intensive economies unlock their circular bioeconomy potential by becoming bioeconomy model regions.

The project promotes regional networking, interregional exchange and cooperation, and provides regional stakeholders with a conceptual framework for regionalisation in bioeconomy model regions. This includes mapping best practices in a circular and sustainable bioeconomy, assessing bioeconomy potential, providing mentoring and training, forming transition alliances and making policy recommendations. The project adopts a multi-stakeholder approach, developing tools and guidelines in collaboration with regional stakeholders and engaging with regions through guided exchanges on the ground.

Find out more:

Website: <https://bio2reg.eu>

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Contact Denise Gider (Project coordinator): d.gider@fz-juelich.de

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1 Executive summary and key recommendations

This policy brief supports regional actors who drive the regional bioeconomy transition on the ground. These include, for example, regional policymakers and administrators, regional development agencies, bioeconomy cluster and hub managers, municipal employees, researchers or other actors involved who must navigate a complex and fragmented funding landscape while turning bioeconomy strategies into practical projects¹. Their central question is: **how can regions make effective use of regional, national, EU and private funding to advance their bioeconomy transition?**

There is no single blueprint for success, as each region starts from different strengths and conditions. Nevertheless, experiences from leading European regions show success factors: stable coordination structures, early practitioner involvement, targeted use of funding at different maturity stages, strategies and action plans grounded in regional strengths rather than funding calls. BIO2REG contributes to this understanding by illustrating how successful regions use funding to stimulate action and impact and by making this knowledge accessible to others. This brief builds on insights from a BIO2REG online workshop on funding regional bioeconomy transition in 2024, which gathered 39 funding experts and regional representatives and on the BIO2REG Best Practice Guide for regional bioeconomy transition². The recommendations focus on a targeted number of priority actions that regional decision-maker can directly influence, rather than an exhaustive list for possible funding measures.

Infobox 1: Priority recommendations for regional decision-makers supporting bioeconomy transition

Enabling conditions

1. **Build the bioeconomy on regional strengths** by establishing stable coordination structures and embedding bioeconomy actions in existing regional strategies.
2. **Develop a shared long-term vision** with stakeholders, while keeping strategies adaptable to changing technologies, markets and opportunities.
3. **Engage practitioners early and continuously** through trust-based collaboration, co-creation formats and fast feasibility checks to develop realistic project ideas.

Implementation and scaling

4. **Match funding to project maturity** and combine regional, national, EU and private funding along the transition pathway.
5. **Strengthen access to funding** expertise to improve proposal quality, consortium building and navigation of complex funding frameworks.
6. **Learn from other regions and existing networks** to share practical experience, avoid common pitfalls and accelerate implementation.

2 Funding challenges in transitioning to a regional bioeconomy

More and more European and global regions are exploring the bioeconomy as a pathway to strengthen green growth, competitiveness, resilience and resource efficiency. However, several

¹ See also complementary policy briefs addressing EU-level policymakers, industry and investors, such as Bio-based Industries Consortium (2025), Financing the bio-based revolution: crossing Europe's valleys of death. <https://biconsortium.eu/sites/biconsortium.eu/files/publications/Financing%20the%20bio-based%20revolution.pdf>.

² Further funding examples of projects from best practice regions can be found in the BIO2REG Best Practice Guide for registered network member (Deliverable 1.4) at <https://bio2reg.eu/network/>.

barriers still limit their ability to turn bioeconomy innovations into investments and long-term value creation. The European Commission in its updated Bioeconomy Strategy notes that investment in the bioeconomy remains significantly below what it would be needed to fully exploit potentials, for example in scaling biomanufacturing, advanced bio-based materials and circular bioeconomy infrastructure. This funding gap affects regions, as they are acknowledged as central to the implementation of bioeconomy solutions.

Policy context

Current EU policies shape the framework conditions under which regions advance their bioeconomy activities. Under the *Europe's Choice* priorities for 2024-2029, the European Commission focuses on sustainable prosperity and competitiveness. Upcoming initiatives, such as the Circular Economy Act and the Biotech Act, foster circular production, new bio-based processes and improved resource use. The Vision for Agriculture and Food³ also highlights themes closely linked to regional action, including climate resilience, local innovation and generational renewal partnership approaches. The recently updated EU Bioeconomy Strategy (COM(2025) 960 final) further supports this direction by focusing on scaling-up industrial bioeconomy solutions, attracting and mobilising investments and addressing the existing financing gaps. Furthermore, it acknowledges and supports regional clusters by Industrial Symbiosis Valleys coordinating feedstock, infrastructures and investment planning at regional level. Discussions on the next Multiannual Financial Framework (2028-2034) also point to a more coherent funding architecture at EU, the Member States and regional levels. The foreseen National and Regional Partnership Plans⁴ might offer regions a stronger role in setting priorities and aligning investments across different programmes. For regions, this policy context opens up new opportunities to better align their regional strategies with EU priorities and mobilise funding from different sources (regional, national, EU, private funding). At the same time, it also requires stronger coordination and setting clear regional priorities to make effective use of available funding instruments.

Why does regional bioeconomy transition need a tailored funding approach?

Regions can play a central role in translating high-level EU and national circular bioeconomy ambitions into tangible projects, investments and infrastructure. Each region brings its own bioeconomy profile, based on factors such as biomass availability, economic structure, stakeholder constellations, innovation capacity and demographics. These factors determine the type of bioeconomy transition that is feasible in each region. They influence not only what kinds of bio-based activities are possible, but also which types of funding and support are needed. Some regions require resources for awareness-raising, coordination and pilot activities, while others are ready for larger investments, infrastructure and market roll⁵.

Gaps and challenges in the current funding system

Despite the wide range of funding opportunities available for bioeconomy actions, regions face two main issues. Public funding is often fragmented, short-term and weakly linked to private investments. Regions themselves frequently lack the coordination capacities, expertise and long-term planning to combine funding effectively.

The funding landscape is complex and the ability to bring the right instruments together at the right time determines whether regional initiatives can move forward. Funding is **often fragmented and lacks coordination** across programmes that are not aligned at EU, national and regional levels. These instruments rarely form a coherent pathway, nor are they always well connected to private

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025DC0075>.

⁴ https://commission.europa.eu/document/download/3fb8dd83-268e-4e18-b446-cf8963719e0b_en?filename=MFF_National_Regional_Partnership_06.08.pdf.

⁵ More details on specificities of regional bioeconomy transition, please check BIO2REG's regionalization concept (Deliverable 1.1). https://bio2reg.eu/wp-content/uploads/BIO2REG_regionalisation-concept-update.pdf.

investments. For regional actors, gaining an overview is time-consuming and the technical language used in many public calls can be a barrier particularly for practitioners. Most funding programmes allow a one-size-fits-all approach, focusing on individual technologies and topics. They **hardly reflect the diversity of regional bioeconomy profiles**, differences in biomass availability, skills, industrial structures or innovation capacity. This leads to mismatches between regional needs and available instruments. The bioeconomy transition unfolds over many years, yet **most programmes run within short political or budget cycles**. Moving from the pilot stage to demonstration and market introduction requires a sequence of different funding types, especially de-risking instruments, to which regions often have limited access.

Many funding instruments **require cross-sector consortia**, but regions often struggle to bring together the right mix of actors. Even where structures such as hubs or clusters are in place, the **coordination needed to build trust, clarify needs** and shape proposals is often **missing**. Some regions **lack a long-term vision or clear priorities** based on their regional strengths. As a result, activities may be shaped by available calls rather than a strategic regional long-term pathway.

A central challenge is the **need to reduce investment risks and mobilise private investment**, including venture capital. This will be key for regions to overcome both valleys of death, particularly the second one which has also been acknowledged in the updated EC Bioeconomy Strategy (see also Image 1). The first valley is about the funding of early and collaborative Research and Development, to prototype or proof of concept. Early-stage bioeconomy projects often rooted in research sometimes do not sufficiently take into account market demand, mature business models or clear feasibility. This **makes it hard to mobilise private investors** who seek clarity on commercial potential and risk. The second valley is about transforming successful prototypes into commercially viable products and to access the market. Progress requires framework conditions for bio-based solutions that support these steps including access to feedstock, suitable financing instruments and a regulatory framework which supports creating markets for bio-based products.

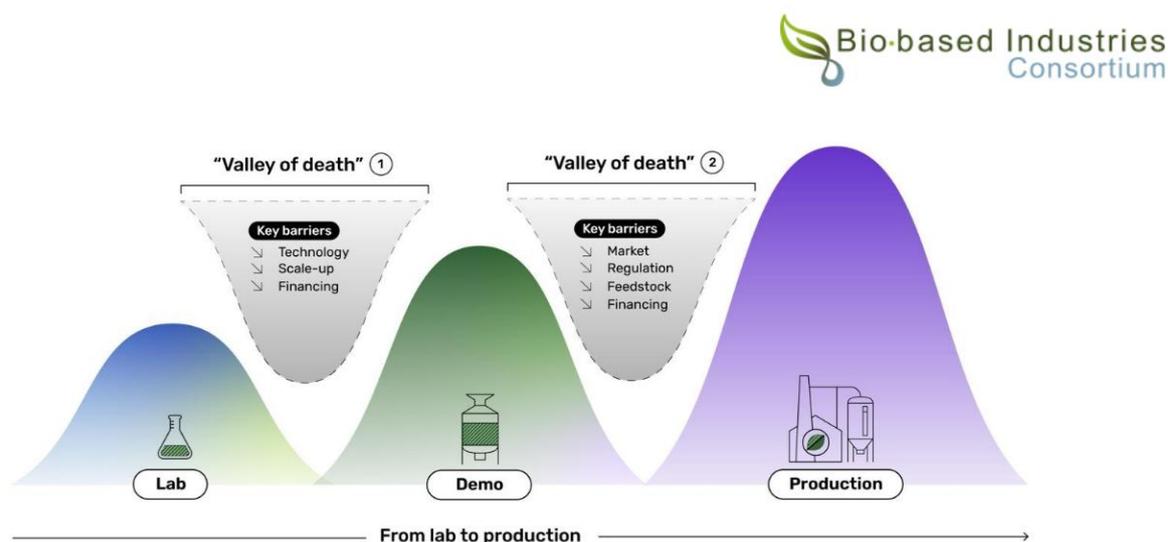


Image 1: Two valleys of death in scaling bioeconomy in Europe⁶

⁶ Bio-based Industries Consortium (2025): The new EU Bioeconomy strategy. BIC policy paper. https://biconsortium.eu/sites/biconsortium.eu/files/publications/Bioeconomy%20Strategy%202025_0.pdf.

3 Best practice and actionable funding guidance for regions

3.1 Long term commitment and regional strengths

Evidence: A bioeconomy transition takes time. Real impact on an industrial scale (new value chains, scale up, job creation) only appears after a decade or more due to high capital needs, technological risks and slow market uptake. Regions progress fastest when they build on their own strengths (e.g. resources, types of biomass, skills, industrial and technological base, mobilised stakeholders) and embed their bioeconomy measures in wider regional development plans and strategies.

Guidance to regional decision-makers and administrations

- **Establish coordination** through a dedicated office, secretariat or clearly mandated coordination function, which maybe hosted by a public authority or an existing bioeconomy-related structure (e.g. cluster, hub or development agency) to ensure political sustainability. As a rule of thumb, this typically requires a dedicated capacity over multiple years ranging from part-time to around one full-time equivalent depending on size and maturity of its bioeconomy transition. This capacity should have a clear mandate and operational budget to activate stakeholders, support strategy development, help preparing bioeconomy projects and monitor progress. Once pilot projects are in place, project-based funding can support team expansion, professionalisation and targeted offers for regional stakeholders (e.g. regional companies testing and applying bio-based technologies and processes).
- **Align** bioeconomy initiatives **with existing regional strategies** (e.g. Smart Specialisation Strategies, climate and sustainability strategies, circular economy plans).
- Start **resource-based planning** with an assessment of regional biomass, industries and innovation capacity rather than basing initiatives solely on available funding opportunities.

3.2 Clear shared vision with room to adapt

Evidence: A clear long-term vision co-developed with regional stakeholders provides direction; however, agility is also important to react to changing conditions. Best practices⁷ highlight the value of having a shared vision, monitoring progress through Key Performance Indicators (KPIs).

Guidance to regional policymakers and public administrations

- Jointly develop a **realistic long-term vision and goals** with regional stakeholders.
- **Maintain adaptability by regularly updating and reviewing KPIs** with key stakeholders (every 1-2 years) and ensure that the strategy is a living document which can be adapted in response to changing conditions, technologies or market developments.

⁷ For more specific guidance, check also chapter 4 in BIO2REG's best practice guide exclusive for network members via <https://bio2reg.eu/network/>.

Infobox 2: Get inspired by regional bioeconomy visions and goals

Examples of successful organisational and governance structures supporting regional bioeconomy development include e.g., [Swedish's Paper Province](#), [French's La Région Grandest](#) and [Bioeconomy for Change](#), [Basque Bioeconomy Alliance](#) and [Catalonia's BIOHUBCAT](#) in Spain, [Germany's BioökonomieREVIER](#) coordinated at [Forschungszentrum Jülich](#) and the [Plant³ Alliance](#) coordinated at [University of Greifswald](#), [Styrian Volcanic Land](#) in Austria, [CluBE \(Cluster Bioeconomy and Environment\)](#) in Western Macedonia in Greece, just to name a few.

3.3 Early practitioner involvement and trust-based collaboration

Evidence: Successful regions treat stakeholder involvement as a service. Companies, administrators, research partners or other key actors help to shape the project ideas from the beginning, clarify practical needs and contribute real-world experience. This requires trust and suitable engagement formats. Early testing often reveals which ideas are realistic and shows when simple in-kind contributions from actors could be more effective than relying on slow or administratively heavy funding options. Regions that create a trusted environment for open and honest feedback develop stronger, more feasible project concepts.

Guidance to cluster managers, development agencies, innovation intermediaries

- **Strengthen long-term collaboration and involve the right practitioners** among companies, clusters, research organisations, administrative bodies and civil society **from the beginning** by establishing dedicated coordination and co-creation formats.
- **Foster trust-based collaboration** by creating formats for open feedback, quick feasibility checks and co-design of project ideas.
- In early phases, **quick feasibility checks** also using in-kind contributions of companies such as providing material for testing **can sometimes be more effective than** administratively heavy funding in early phases.

3.4 Using the right mix of funding at the right time

Evidence: Successful regions use different types of funding at various stages of their bioeconomy transition: Operational support for coordination and network building, project funding for innovation, pilot schemes and scaling up and private investments once business models have matured. Mature regions combine regional, national, EU and private instruments.

Guidance to regional administrations with implementation support from cluster managers, development agencies, research organisations and bioeconomy intermediaries

- **Match funding** to the **maturity** of bioeconomy activities.
 - **Long-term public operational funding** is needed to keep hubs and clusters running, coordinate the innovation ecosystem and prepare strong project ideas.
 - **Project-specific funding supports** innovation pilots, demonstrations, skills development and scaling up. **Public funds** help to reduce early risks, while **private investments** become crucial when technologies and business models mature.
- For your region, prepare a **simple overview mapping of funding instruments** to project phases and using this overview as a decision tool for prioritising most suitable public support.
- **Reduce early risks for private investors** by using public funding e.g. for feasibility checks and pilots and by supporting the development of investment-ready ventures with convincing business cases and technical validations.
- **Actively connect scalable, bankable projects with private investors** through matchmaking events, pitch formats and cluster network.

Infobox 3: Useful resources for identifying funding opportunities

Helpful tools for navigating funding include the [Circular Bio-based Europe Joint Undertaking Synergy Strategy](#) with an overview on EU, national and regional funding tools, the [Bio-based Industries Consortium \(BIC\) Regional funding platform](#) for regional and national bioeconomy funding options, the [ShapingBio Policy Instruments and Strategies database](#) on country level and EU-level and the [BioRegions Facility overview on updated calls](#).

In addition, European funding instruments such as Horizon Europe (notably Cluster 6, Missions, Partnerships incl. [Circular Bio-based Europe Joint Undertaking](#)), the [European Innovation Council](#), the [Innovation Fund](#), the [LIFE Programme](#), the [European Circular Bioeconomy Fund](#) and financing and loans of the [European Investment Bank](#) to support bio-based primary production or industries. Explore opportunities to benefit from the [Strategic Technologies for Europe Platform \(STEP\) Seal](#) to increase project visibility and investment readiness. Monitor upcoming EU support for Industrial Symbiosis Valleys and bioeconomy hubs, as outlined in the updated EU Bioeconomy strategy. Matchmaking formats such as [BIC matchmaking events](#) and [Horizon Europe Cluster 6 Brokerage event and info days](#) can both support partner search and help regions to identify calls which fit their priorities.

3.5 Accessing the right expertise to navigate funding

Evidence: Regions with access to funding expertise (people, who understand the language of funding instruments both public and private, administrative requirements, consortium building skills) prepare stronger proposals and anticipate changes in funding frameworks early.

Guidance to regional administrations and coordinating organisations (bioeconomy hubs, clusters, development agencies)

- **Secure in-house funding knowledge** or engage consultants, research institutions, National Contact Points or Europe Direct services.
- **Include technical, business and legal expertise**, particularly regarding state aid regulations and include it in the consortium formation to enhance competitiveness and project feasibility.

3.6 Learning from other regions and using existing networks

Evidence: Regions progress faster when they exchange with peers and use existing networks. At the same time, regions often face limited staff and time resources. Participation in multiple networks can lead to networking fatigue, if network activities are not clearly linked to concrete learning or regions' need.

Guidance

- **Actively engage in existing networks** - such as, to just name few, the [Bioregions Facility](#), the [Rural Bioeconomy Alliance](#), the [BIO2REG network](#), or [BIOEAST](#) to exchange experiences with regions facing similar challenges. Focus efforts where clear added value can be achieved.
- **Use peer-learning and matchmaking formats** (e.g. [BIO2REG Exchanges](#), [ToBeReal support services](#), BIC matchmaking events, Horizon Europe Cluster 7 brokerage events) to engage in dialogue with successful regions and identify suitable calls, partners, and funding opportunities.