This document presents the strategy for Innovation Fund Denmark. The strategy was published on 29 January 2015.

The strategy formulation process commenced after the creation of Innovation Fund Denmark (IFD) on 1 April 2014 from the merging of three existing bodies – the Danish Council for Strategic Research, the Danish Council for Technology and Innovation and the Danish National Advanced Technology Foundation.

The strategy formulation process covered a wide range of topics:
- Formulation of IFD’s mission, vision and objectives
- Definition of new investment types
- Restructuring of IFD’s organisation and governance
- Creation of a model for user-friendly interaction with IFD

In developing the strategy, IFD's management consulted a diverse range of stakeholders in order to create a fund that would accommodate all parties engaged in Danish innovation and catalyse a living ecosystem to sustain Danish growth and employment.

Queries concerning Innovation Fund Denmark’s strategy?
Please contact: Innovation Fund Denmark on (+45) 61905000 or at kontakt@innovationsfonden.dk
Board of Directors and Executive Management

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(Managing Director)

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<table>
<thead>
<tr>
<th>Innovation Fund Denmark's Strategy</th>
<th>4-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission, vision and objectives</td>
<td>8-11</td>
</tr>
<tr>
<td>IFD's investments</td>
<td>12-18</td>
</tr>
<tr>
<td>Organisation and governance</td>
<td>19-22</td>
</tr>
<tr>
<td>Presentation and user access</td>
<td>23-25</td>
</tr>
</tbody>
</table>

| Implementation                       | 26-27     |

| Appendices                           | 28-38     |
| IFD's investments                     | 29-33     |
| Organisation and governance          | 34-38     |
IFD's creation and purpose

IFD's creation

• Innovation Fund Denmark (IFD) was established in April 2014 following a broad party-political agreement to consolidate three existing national funding bodies within a single new entity.

• A new Board of Directors and Executive Management were appointed

IFD's purpose

"Innovation Fund Denmark …"

• "... shall have the purpose of funding advances in science and technology, including advanced technology, in order thereby to boost research and facilitate innovative solutions for the benefit of growth and employment in Denmark."

• "... shall focus on funding solutions to specific societal challenges and strengthen private-sector research and innovation initiatives in small and medium-sized enterprises."

• "... shall establish a flexible model for supervising and evaluating projects that have been awarded funding in order to safeguard the progress of the projects."

• "... funding application procedures shall be straightforward, flexible and reflect the complexity of each individual funding instrument and the size of each grant."

Source: Act on Innovation Fund Denmark (unofficial translation)
Innovation Fund Denmark’s strategy consists of four pillars

**Mission, vision and objectives**

- **Mission**
  - Innovation Fund aims to foster the development of innovative projects and initiatives.

- **Vision**
  - A nation that is highly innovative and competitive.

- **Objectives**
  - Promote innovation in all sectors.
  - Support high-growth businesses.

**IFD’s investments**

- **Store projekter**
  - Large projects

- **Valutaprojekter**
  - Currency projects

**Organisation and governance processes**

- **Innovationsfonden er organiseret i en fondsstruktur**
  - The fund is structured in a way that ensures transparency and accountability.

**Presentation and user access**

- **Fondens web, version 1.0**
  - User-friendly website with clear navigation and access to information.
## The strategy embodies significant innovations

<table>
<thead>
<tr>
<th></th>
<th>From ...</th>
<th>To ...</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mission, vision and objectives</strong></td>
<td>Three separate entities with different target groups and different foci</td>
<td>A single fund with a consolidated mission, vision and objective enacted in national law</td>
</tr>
<tr>
<td><strong>IFD's investments</strong></td>
<td>“Funding”</td>
<td>&quot;Investments&quot;</td>
</tr>
<tr>
<td></td>
<td>14 different funding instruments/funding opportunities</td>
<td>Investments in “Large Scale Projects”, “InnoBooster” and “Talents”</td>
</tr>
<tr>
<td></td>
<td>Strict divides between the target groups for the funding instruments and positioning within the value chain</td>
<td>IFD's investments facilitate partnerships between different target groups and are diversified along the value chain</td>
</tr>
<tr>
<td></td>
<td>More advantageous funding opportunities within certain parts of the value chain for certain institutions</td>
<td>Consistent financing opportunities for every type of institution along the value chain to the greatest possible extent</td>
</tr>
<tr>
<td><strong>Organisation and governance processes</strong></td>
<td>Administrative secretariat</td>
<td>A fund with high level inhouse professional skills in organisation</td>
</tr>
<tr>
<td></td>
<td>Differing decision-making models for processing applications</td>
<td>Decision-making responsibility lodged strictly with the Board</td>
</tr>
<tr>
<td></td>
<td>Diversified governance processes with variable processing times</td>
<td>Efficient, more flexible governance processes lodged with the Board</td>
</tr>
<tr>
<td><strong>Presentation and user access</strong></td>
<td>Different layout on the respective websites</td>
<td>Easily accessible fund with a single website providing an at-a-glance view of application opportunities in Danish and English for all target groups</td>
</tr>
<tr>
<td></td>
<td>Major differences in the formalities of application procedure</td>
<td>Up-to-date, consistent and simplified application materials</td>
</tr>
</tbody>
</table>
### Innovation Fund Denmark's Strategy 4-25

- **Mission, vision and objectives** 8-11
  - IFD's investments 12-18
  - Organisation and governance 19-22
  - Presentation and user access 23-25

### Implementation 26-27

### Appendices 28-38

- IFD's investments 29-33
- Organisation and governance 34-38
Denmark's economic growth and prosperity are stagnating

GDP trend, index (2005=100)¹

1 Seasonally adjusted quarterly chained volume series
Source: DAMVAD Denmark consultancy based on the Danish Productivity Commission and OECD
Productivity is a precondition for growth and depends on multiple factors.

Innovation Fund Denmark contributes to increased productivity from several angles within IFD's sphere of influence.

The Danish Productivity Commission's analyses indicate that there is no one single cause of the Danish productivity problem. Consequently there is no one single solution to the problem.

Danish Productivity Commission "Det handler om velstand og velfærd - slutrapport" (final report on national prosperity and welfare) p. 12

Source: DAMVAD and Vedel Consulting
# IFD's mission, vision and objectives

<table>
<thead>
<tr>
<th><strong>Mission</strong></th>
<th>Innovation Fund Denmark invests in cultivating and translating ideas, knowledge and technology for the benefit of Danish Society</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vision</strong></td>
<td>Entrepreneurship, partnership and an international outlook thrive so that ideas, knowledge and technologies may be translated into viable businesses and innovative solutions for the benefit of society</td>
</tr>
</tbody>
</table>
| **Objectives** | **Innovation Fund Denmark's investments stimulate:**  
  - Growth and employment  
  - Solutions to key societal challenges  

  The objectives are achieved by means of:  
  - Innovation and technological advances  
  - Interdisciplinary alliances  
  - Thriving entrepreneurship  
  - Research excellence  
  - A dynamic international outlook |

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11
Innovation Fund Denmark's Strategy 4-25

- Mission, vision and objectives 8-11

**IFD's investments** 12-18

- Organisation and governance 19-22
- Presentation and user access 23-25

Implementation 26-27

Appendices 28-38

- IFD's investments 29-33
- Organisation and governance 34-38
Innovation Fund Denmark is an integral part of the Danish innovation system and covers the value chain broadly.

<table>
<thead>
<tr>
<th>Value chain</th>
<th>Basic research</th>
<th>Applied research</th>
<th>Development</th>
<th>Commercialisation &amp; implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public-sector system</strong></td>
<td>The Danish Council for Independent Research</td>
<td>National Research Foundation</td>
<td>Development and demonstration programmes</td>
<td>Market Development Fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Danish Growth Fund</td>
<td>Innovation incubators</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Business development centres</td>
</tr>
<tr>
<td><strong>Private-sector</strong></td>
<td>Private funds</td>
<td></td>
<td>Non-financial enterprises</td>
<td>Financial institutions</td>
</tr>
</tbody>
</table>

- IFD forms part of the Danish Innovation system, which consists of a number of public and private-sector stakeholders.
- IFD investments comprise "applied research", "development" and "commercialisation & implementation". That is to say, from basic research to the market.
**IFD invests in "Large Scale Projects", "InnoBooster" and "Talents"**

**In brief** (further details in the appendices)

| **Large Scale Projects** | Investments in excess of DKK 5m. Comprise projects along the entire value chain from basic research to the market. For these projects, there are three types of calls:  
  • **Thematic calls**: Investments in projects falling under one of IFD's predefined focus areas. The themes are based on political allocations and long-term strategic prioritisations by the board, and are underpinned by investment strategies specifying IFD's focus within the field  
  • **Open calls**: Investments which are not tied to a specific theme but are open to all bright ideas  
  • **Societal innovation partnerships**: Investments targeting specific societal challenges in which 5-10 partners (enterprises, national research institutions and public authorities) form an alliance |
| **InnoBooster** | Investments of up to DKK 5m in SMEs with a viable proposition which have high development potential and which require venture capital and sparring to nurture their innovation capacity |
| **Talents** | Investments to support research and entrepreneurial talents. There are two types of investment:  
  • "Industrial PhD/Postdoc", which, by offering postgraduate research appointments, supports the development of research capacities in promising individuals through their performance of specific R&D projects run jointly by enterprises and research institutions  
  • "Entrepreneurial Pilot" offers financial support and sparring for recent graduates with innovative entrepreneurial propositions |

1 SME: Small and medium-sized enterprises. Enterprises with fewer than 250 employees
Innovation Fund Denmark’s research disciplines and investment strategies ensure the coherence of its investments and objectives

Six research disciplines

- Bioresources, Food and Lifestyle
- Trade, Service and Society
- Energy, Climate and Environment
- Infrastructure, Transport and Construction
- Biotech, Medico and Health
- Production, Materials, Digitisation and ICT

Investment strategies

- Innovation Fund Denmark has defined six research areas. For each research area, it will implement in-house competencies and create associated investment strategies.
- The purpose of the investment strategies is to:
  - Ensure coherence between IFD’s investments and long-term objectives
  - Ensure the depth and breadth of in-house expertise
  - Facilitate dialogue with IFD’s stakeholders concerning IFD focus areas
Innovation Fund Denmark makes both open and thematic calls

<table>
<thead>
<tr>
<th>Investments</th>
<th>Call types</th>
<th>Examples of thematic calls</th>
</tr>
</thead>
</table>
| Large Scale   | **Open calls:** Calls for applications to fund all promising projects without being restricted to a theme | • Innovation Fund Denmark’s investments may be applied for via formal calls for applications. The calls contain:  
  - A description of the purpose of the call  
  - An overall framework budget  
  - Application deadlines |
| Projects      | **Thematic calls:** Calls for applications for investments in a specific theme. The themes are based on:  
  - The Fund's investment strategies  
  - Political "earmarked" funds | • IFD has open calls for all types of investments. In addition, IFD makes thematic calls for “Large Scale Projects"  
  • The thematic calls contain, for each theme, descriptions of IFD’s vision/objective, status quo in Denmark and the focus for IFD investments |
| InnoBooster   | **Call types**                  |                             |
| Talents       |                                 |                             |
**IFD project financing policies**

**IFD’s financing policy is rooted in the prevailing legislation and embraces wide-ranging collaboration and equal opportunities**

1. Equal financing opportunities for all projects regardless of whether they are devoted to applied research, development or commercialisation & implementation¹. This makes it equally attractive for everyone, both public and private-sector participants, to position themselves at any stage along the value chain.

2. Incentivise public-private partnerships on projects between national research institutions and private-sector enterprises.

3. Incentivise active participation by the investment beneficiaries. For this reason, Innovation Fund Denmark finances max. 75% of the project’s total budget².

**The financing policies are elaborated on in the guidance documents for application procedure³**

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¹ With an exception as regards the scale of investment in enterprises, which depends on their position in the value chain pursuant to the EU rules on state aid.

² With the exception of the Entrepreneurial Pilot programme.

³ For more information, see [www.innovationsfonden.dk](http://www.innovationsfonden.dk)
Innovation Fund Denmark follows its investments closely from application to after project close-out

To ensure close supervision and consistent sparring, each project is assigned a dedicated member of staff who monitors the entire process from application until after project close-out.\textsuperscript{1,2}

**During the project**

- IFD engages actively in the investment by, for example, facilitating interactions between the project’s partners
- Predefined milestones and goal attainment are monitored and documented in the interests of ongoing evaluation of the impact of the investment
- During the project, IFD assesses project performance. This might mean that a project is terminated earlier than planned, or that IFD increases its investment in the project

**After project close-out**

- The impact of investments is measured for a number of years following project close-out
- Data on the impacts are collected so that the effect of the investments may be assessed in relation to IFD’s overarching objectives

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1 The scale of supervision depends on the scale of the project
2 In order to achieve independent assessment of applications, different members of staff will be responsible for supervision and evaluation, respectively
<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation Fund Denmark's Strategy</td>
<td>4-25</td>
</tr>
<tr>
<td>• Mission, vision and objectives</td>
<td>8-11</td>
</tr>
<tr>
<td>• IFD's investments</td>
<td>12-18</td>
</tr>
<tr>
<td>• Organisation and governance</td>
<td>19-22</td>
</tr>
<tr>
<td>• Presentation and user access</td>
<td>23-25</td>
</tr>
<tr>
<td>Implementation</td>
<td>26-27</td>
</tr>
<tr>
<td>Appendices</td>
<td>28-38</td>
</tr>
<tr>
<td>• IFD's investments</td>
<td>29-33</td>
</tr>
<tr>
<td>• Organisation and governance</td>
<td>34-38</td>
</tr>
</tbody>
</table>
Innovation Fund Denmark is organised within a classical fund structure

The Board of Directors has supreme decision-making authority. It may delegate certain decisions at its discretion to the Chair of the Board, to Executive Management/individual members of staff or to other bodies such as committees subject to certain constraints. The Board therefore makes all strategic decisions and all decisions concerning Large Scale Projects.

The Chair of the Board meets regularly with the executive management and is kept informed of ongoing operational activities and decisions. The Chair schedules and prepares board meetings and the Board’s involvement jointly with Executive Management.

The Director is responsible for the day-to-day running of IFD and is delegated decision-making powers by the Board in selected governance processes. The Board has access to all applications, evaluations and decisions.

External experts perform peer reviews of applications and contribute professional/academic and commercial sparring as and when required.
IFD's investments governance involves the Board, in-house staff and experts

**Board**
- 9 politically appointed members with research and industry expertise
- Determines the overarching strategic investment priorities
- Defines awards policy and criteria
- Makes all investment decisions regarding "Large Scale Projects"

**Staff/Executive Management**
- Each specialist area is allocated groups of employees, who jointly possess expertise within:
  - Project management
  - Research and innovation disciplines
  - Administration
- Staff/Executive Management are assigned end-to-end responsibility for applications, including:
  - Decision-support documents for the Board’s decisions on “Large Scale Projects”
  - Evaluation and decision-making surrounding other applications

**External experts**
- A corps of experts in research and commerce
- Are paid for each application they review
- Sign agreements with IFD on non-disclosure, remuneration and impartiality
IFD has three overarching governance processes

<table>
<thead>
<tr>
<th>Brief description of the processes (detailed in the appendices)</th>
<th>Throughput time\textsuperscript{1}</th>
<th>Decision-making powers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Large Scale Projects</strong></td>
<td>5-9\textsuperscript{2}</td>
<td>• The Board makes the final decision in both phases 1 and 2</td>
</tr>
<tr>
<td>The application process has two phases:</td>
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<tr>
<td>• \textit{Phase 1}: Concise expression of interest. Based on this, staff and Executive Management prepare decision-support for the Board, which decides whether to extend an invitation to apply for Phase 2</td>
<td></td>
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<tr>
<td>• \textit{Phase 2}: The application proper. Staff and Executive Management prepare decision-support for the Board after procuring inputs from external peer reviewers. The Board then makes the final decision</td>
<td></td>
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</tr>
<tr>
<td><strong>InnoBooster</strong></td>
<td>2-3\textsuperscript{3}</td>
<td>• The Board has delegated decision-making powers to IFD’s Executive Management and staff</td>
</tr>
<tr>
<td>The InnoBooster process depends on the size of the funding amount applied for:</td>
<td></td>
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<tr>
<td>• \textit{Applications for DKK 0.5-5m}: Selected applicants are invited to give a presentation before an interdisciplinary panel of staff and external peer reviewers, who jointly draw up decision-support. Executive Management makes the final decision</td>
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<tr>
<td>• \textit{Applications for less than DKK 0.5m}: Applications are screened and assessed by IFD staff. Executive Management then makes the final decision</td>
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<tr>
<td><strong>Talents</strong></td>
<td>1</td>
<td>• The Board has defined the process and has access to all applications, evaluations and decisions</td>
</tr>
<tr>
<td>Applications are screened by IFD staff who then prepare decision-support based on evaluations by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Industrial PhD Advisory Board (for both Industrial PhDs and postdoctoral candidates)</td>
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<tr>
<td>• A panel of research and industry experts (for Entrepreneurial Pilot) Based on this decision-support, Executive Management makes the final decision</td>
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</tbody>
</table>

\textsuperscript{1} From application deadline to notice of funding or letter of rejection. IFD will be making ongoing efforts to reduce the anticipated throughput times, where this is possible without compromising the quality of evaluations

\textsuperscript{2} IFD anticipates a processing time of 9 months in 2015 and from then on down to 5 months

\textsuperscript{3} IFD anticipates a processing time of 3 months in 2015 and from then on down to 2 months
<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation Fund Denmark's Strategy</td>
<td>4-25</td>
</tr>
<tr>
<td>• Mission, vision and objectives</td>
<td>8-11</td>
</tr>
<tr>
<td>• IFD's investments</td>
<td>12-18</td>
</tr>
<tr>
<td>• Organisation and governance</td>
<td>19-22</td>
</tr>
<tr>
<td><strong>Presentation and user access</strong></td>
<td>23-25</td>
</tr>
<tr>
<td>Implementation</td>
<td>26-27</td>
</tr>
<tr>
<td>Appendices</td>
<td>28-38</td>
</tr>
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<td>• IFD's investments</td>
<td>29-33</td>
</tr>
<tr>
<td>• Organisation and governance</td>
<td>34-38</td>
</tr>
</tbody>
</table>
IFD's website provides access to information about the Fund and investment application opportunities.

Innovationsfonden.dk contains, e.g.

- Information about IFD, including:
  - Strategy
  - Mission, vision and objectives
  - Investments
  - Governance structure
  - Board

- Application opportunities, including:
  - Frameworks for investments
  - Applicant requirements
  - Assessment criteria
  - Themes
  - Application deadlines

- Guidelines
- Link to electronic application forms
- Contact details
IFD is readily accessible to users and other stakeholders

**IFD communication policies**

- Proactive interaction with all IFD stakeholders
- Accessibility and transparency
- Professional and personal advice and supervision
- Comprehensible and explicit communication for all types of applicants – both experienced and novices

**Interactions**

**Stakeholders in the form of meetings with:**
- Key representatives of the universities where the focus is on governance and investment types
- The Danish Council for Independent Research, the Development and Demonstration Programmes and the Danish Growth Fund concerning coordination and joint calls
- The business development centres, the Danish regions, the innovation incubators and technological service institutes (GTS institutes)¹ on regional presence ad contact with SMEs
- Trade unions where the focus is on investment types, including new openings for enterprises
- Private funds and banks
- Party spokespersons on allocation of funds

**Interaction with users:**

Applicants
- The opportunity to speak to a member of IFD staff before, during after application concerning application opportunities and frameworks, application contents etc.

Active investments
- A regular contact within IFD’s staff who is responsible for ongoing supervision and advice

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¹ GTS: Godkendt Teknologisk Serviceinstitutter; (Ministry-)accredited Technological Service Institutes
Innovation Fund Denmark's Strategy  4-25

- Mission, vision and objectives     8-11
- IFD's investments                   12-18
- Organisation and governance       19-22
- Presentation and user access      23-25

Implementation  26-27

Appendices  28-38

- IFD's investments                   29-33
- Organisation and governance       34-38
**IFD's new strategic initiatives will be phased in over the course of 2015**

<table>
<thead>
<tr>
<th>IFD's investments</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of IFD's investment types and call texts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publication of IFD's investment strategies</td>
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<tr>
<td>Access to submit applications via the IFD website</td>
<td></td>
<td></td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation and governance processes</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>New governance structure established</td>
<td></td>
<td></td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Presentation and user access</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housewarming with a presentation of the new Fund</td>
<td></td>
<td></td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Stakeholder forum</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Launch of the IFD website</td>
<td></td>
<td></td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Annual meeting</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Innovation Fund Denmark's Strategy  4-25

- Mission, vision and objectives  8-11
- IFD's investments  12-18
- Organisation and governance  19-22
- Presentation and user access  23-25

Implementation  26-27

Appendices  28-38

- IFD's investments  29-33
- Organisation and governance  34-38
Innovation Fund Denmark's Strategy 4-25

• Mission, vision and objectives 8-11
• IFD's investments 12-18
• Organisation and governance 19-22
• Presentation and user access 23-25

Implementation 26-27

Appendices 28-38

• IFD's investments 29-33
• Organisation and governance 34-38
Description of IFD's investments

Large Scale Projects

<table>
<thead>
<tr>
<th>Coverage of the value chain</th>
<th>Applied research</th>
<th>Development</th>
<th>Commercialisation &amp; implementation</th>
</tr>
</thead>
</table>

Applications are invited for investments for projects along the entire value chain, whether for research projects devoted to scientific advances or competence building or to development of products or services.

**Target group**

*Large Scale Projects* may be applied for by public research institutions, SMEs and other public-sector institutions alike, both in Denmark and abroad. Innovation Fund Denmark prioritise collaborations i.e., public-private partnerships along the entire value chain.

**Societal benefit**

Investments in major projects are drivers for innovation in Denmark by generating knowledge, growth and employment. Projects focusing on applied research serve to build capabilities as the basis for new products and services, while projects further along in the value chain focus on the actual development of products and services.

**Call types**

There are three types of calls for Large Scale Projects

- *Thematic calls*: Investments in projects falling under one of IFD's predefined focus areas.
- *Open calls*: Investments which are not tied to a given theme but are open to all bright ideas.
- *Societal innovation partnerships*: Calls targeting specific societal challenges in which 5-10 partners (enterprises, national research institutions and public authorities) form an alliance.

**IFD's role during the investment programme**

All approved projects are assigned a dedicated member of IFD staff who provides ongoing assistance and sparring for the project's participants in order to enable the project to achieve its objectives.
Description of IFD's investments

**InnoBooster**

<table>
<thead>
<tr>
<th>Coverage of the value chain</th>
<th>Covered</th>
<th>Not covered</th>
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<tr>
<td>Applied research</td>
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<tr>
<td>Development</td>
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<tr>
<td>Commercialisation &amp; implementation</td>
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Investments in InnoBooster projects comprise development and commercialisation & implementation.

**Target group**
The InnoBooster investment programme is open to SMEs who require venture capital and sparring to nurture their innovation capacity.

**Societal benefit**
Venture capital investments in SME propositions highlight growth and innovation, thereby improving the prospects of more SMEs evolving into large enterprises.

**Call types**
There are two types of calls under InnoBooster
- *InnoBooster (DKK 0.5-5m)*: Investments of between DKK 0.5m and DKK 5m with 2 annual application deadlines.
- *InnoBooster (<DKK 0.5m)*: Investments of less than DKK 0.5m may be applied for at any time.

**IFD's role during the investment programme**
IFD assists the enterprise in drawing up an innovation plan to enable the enterprise to realise its ambitions for growth.
# Description of IFD's investments

## Talents

### Coverage of the value chain

<table>
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Talent investments may be applied for along the entire value chain. The Industrial PhD/Postdoc programme typically covers applied research and development, while the Entrepreneurial Pilot programme covers development and commercialisation & implementation.

### Target group

The target group for *Entrepreneurial Pilot* consists of university graduates or undergraduates with an innovative entrepreneurial idea. For *Industrial PhD/Postdoc* the target group comprises graduates or PhDs and postdoctoral researchers capable of conducting a research project in collaboration with one or more enterprises and research institutions. The enterprise is responsible for co-financing.

### Societal benefit

The *Entrepreneurial Pilot* programme serves to produce successful entrepreneurs, who have had the opportunity to have their ideas realised as businesses, which boosts the dynamism of business and industry. The *Industrial PhD* programme serves to forge close links between research institutions and enterprises, and facilitates the training of industrially-oriented researchers at an advanced level in industry.

### Call types

There are three types of calls for Talents:

- **Entrepreneurial Pilot**: An investment of DKK 14,473 per month for up to 1 year, and the opportunity for a lump sum grant to cover special expenses such as equipment hire and access to physical facilities. Two annual application deadlines.
- **Industrial PhD**: Investment of approx. DKK 1m to cover half of a PhD researcher's salary. Three annual application deadlines.
- **Industrial Postdoc**: Investment of DKK 0.5-1.5m depending on project duration. Two annual application deadlines.

### IFD's role during the investment programme

On the *Entrepreneurial Pilot* programme, the entrepreneur receives regular advice and sparring from the Pluss consultancy and one of the five regional development centres. On the *Industrial PhD/Postdoc* programme, participants attend a start-up meeting and annual status meetings. In addition, the researcher has a dedicated IFD contact to answer practical questions. Industrial PhDs/Postdocs also attend a course on management and research in industry. The course is offered by DTU - Technical University of Denmark.
## Examples of Innovation Fund Denmark’s investments

### Pioneering bridge technology saves time and resources

- A three-year project is developing a new ‘Pearl-Chain’ bridge construction principle, which has been successfully demonstrated in a 6-metre-long test bridge.
- The vision is to reduce motorway bridge construction time from months to a single weekend, and to build bridges with reduced maintenance costs and also huge CO₂ efficiencies.
- IFD has invested DKK 10m in the project which has a total budget of DKK 18.5m.

### Sustainable Biodiesel

- An enzymatic product converts waste oils into biodiesel. This successful research project involved Danish universities and enterprises.
- IFD (the then Danish National Advanced Technology Foundation) invested DKK 17m in the project in 2008, which had a total budget of DKK 33m.
- In December 2014, the industrial biotech firm Novozymes launched the first commercially available enzymatic solution for biodiesel production from waste oils – Eversa®.

### NEXT

- NEXT (National Experimental Therapy Partnership) is a public-private partnership allying clinical research, the public health service and industry.
- The vision is to develop and improve the frameworks for early clinical research in Denmark – and thereby to make Denmark a country of choice for conducting phase I and II clinical trials.
- IFD has invested DKK 50m in the project, which has a total budget of DKK 124m.
Innovation Fund Denmark's Strategy 4-25

- Mission, vision and objectives 8-11
- IFD's investments 12-18
- Organisation and governance 19-22
- Presentation and user access 23-25

Implementation 26-27

Appendices 28-38

- IFD's investments 29-33
- Organisation and governance 34-38
Governance processes for investments

Large Scale Projects

Applicant
- Submits Phase 1 application

Staff/Executive Management
- Application screened. Decision-support prepared for Board

Board
- Processes and approves/rejects Phase 1 application
- Processes and approves/rejects Phase 2 application

Phase 1
- Processes and approves/rejects Phase 1 application

Phase transition
- Prepares Phase 2 application
- Identification of peer reviewers

Phase 2
- Submits Phase 2 application
- Application processed, incl. peer review. Decision-support prepared for Board
**Governance processes for investments**

**InnoBooster: DKK 0.5-5m**

- **Applicant**: Submits application
- **Staff/Executive Management**: Application screened. An interdisciplinary IFD staff panel discusses and ranks applications and prepares decision-support.
- **Invited applicants give a presentation before an interdisciplinary panel of staff and external peer reviewers, who jointly draw up decision-support for the Board.**
- **Based on the initial decision-support, Executive Management invites applicants to deliver a presentation.**
- **Executive Management makes its decision based on the decision-support.**
- **The Board has delegated evaluation and decision-making to Executive Management and staff, but has on-demand access to all applications, decision-making data and decisions. In addition, the Board is notified of decisions at portfolio level.**
Governance processes for investments

InnoBooster: < DKK 0.5m

Applicant

Submits application

Staff/Executive Management

Application screened. An interdisciplinary IFD staff panel discusses and ranks applications and prepares decision-support

Executive Management makes its decision based on the decision-support

Board

The Board has delegated evaluation and decision-making to Executive Management and staff, but has on-demand access to all applications, decision-making data and decisions. In addition, the Board is notified of decisions at portfolio level.
Governance processes for investments

Talents (Industrial PhD/Postdoc and Entrepreneurial Pilot)

- **Applicant**
  - Submits application

- **Staff/Executive Management**
  - Application is processed and fulfilment of formal requirements is verified
  - A member of IFD staff compiles decision-support based on assessments from the Industrial PhD Advisory Board (*Industrial PhD/Postdoc*) or a panel of research and industry professionals (*Entrepreneurial Pilot*)

- **Board**

- **Executive Management**
  - Makes its decision based on the decision-support from IFD staff

The Board has delegated evaluation and decision-making to Executive Management and staff, but has on-demand access to all applications, decision-making data and decisions. In addition, the Board is notified of decisions at portfolio level.