Guidelines for InnoBooster - Unofficial translation

This is an unofficial translation of the InnoBooster guidelines. In case of conflict between the Danish and English version of the guidelines, the Danish version takes precedence.

Guidelines published: 02/01-2019
Guidelines for InnoBooster

Contents

1 InnoBooster – in brief ................................................................. 3
  1.1 What is InnoBooster? ................................................................. 3
  1.2 What can InnoBooster invest in? ................................................. 3

2 Application process ................................................................. 4
  2.1 Who can participate? ................................................................. 4
  2.2 How do you apply? ................................................................. 5

3 Assessment criteria ................................................................. 6

4 Processing of applications ...................................................... 7

5 Investment rate and account of expenses ................................ 7
  5.1 InnoBooster investments not exceeding DKK 1,500,000 ........... 7
  5.2 InnoBooster investments exceeding DKK 1,500,000 ............... 8
  5.3 Table of main rules concerning the application process and presentation of expenses ..................... 8

6 During the project ........................................................................ 9
  6.1 Accounts, reporting and payment of funding ......................... 9
  6.2 Changes and flexibility ........................................................... 9

7 Publication of information ........................................................ 9

8 State aid rules for companies .................................................. 10
  8.1 For investments not exceeding DKK 1,500,000 – the de minimis rules ......................................................... 10
  8.2 For investments exceeding DKK 1,500,000 – the Block Exemption Regulation ............................................. 10

This document contains the guidelines for Innovation Fund Denmark’s InnoBooster programme applicable for applications submitted from 1 February 2019 onwards.
1 InnoBooster – in brief

1.1 What is InnoBooster?
Innovation Fund Denmark aims to help transform promising ideas into growth and jobs in Denmark. The InnoBooster programme under Innovation Fund Denmark invests in knowledge-based innovation projects in small and medium-sized enterprises and start-ups.

An InnoBooster project may focus on helping develop and mature a new product or service for the market or on significantly improving a process within the company in an innovative way, significantly improving the company’s competitiveness. To be successful in its efforts the company may require new expert knowledge acquired through cooperation with a knowledge institution and/or a private development centre or through recruitment of new staff with special competences. In such cases, regardless of whether the project is based on new technology or creative ideas, it may be relevant to apply for co-financing from InnoBooster to reduce the company’s risk in carrying out the innovation project.

The InnoBooster programme both contains projects focussing on test and adjustment, e.g. through market maturation or testing of a prototype or service in a real-life situation at a potential customer or end user, and projects holding greater technological risk and novelty value, where it is the technical solution that is developed. InnoBooster is open to projects and companies who in relation to growth focus on fast and extensive scaling of their product or service as well as to companies looking for more organic and gradual growth.

InnoBooster invests between DKK 50,000 and 5 million in innovative product-, service- or process-oriented projects characterised by a strong commercial potential, and which at the same time bring new knowledge into play. The larger the amount applied for, the more you need to substantiate the innovative and commercial potential of the project.

1.2 What can InnoBooster invest in?
What it takes for an innovation project to succeed can vary greatly between projects, depending on whether focus is on developing a new product or service or on introducing significant changes to the company’s existing production or work processes.

InnoBooster can co-finance:

- Man hours that new and existing company staff or company owners spend working on the innovation project.

- Expenses for cooperation with Danish or foreign public and private knowledge suppliers (e.g. universities, GTS institutes, contract research organisations, private development centres etc.).

- Expenses for materials, renting equipment and depreciation on new equipment\(^1\) covering the concrete use of the equipment in the project period. Such expenses must exceed DKK 30,000 per invoice to be included in the project budget and accounts.

Expenses not substantiated specifically in the application cannot be included in the InnoBooster budget or accounts.

Please note that projects involving day-to-day operations and ordinary business development, including e.g. establishment costs, ongoing operation optimisation, strategy development, sales and marketing initiatives, communication etc., fall outside the scope of InnoBooster.

InnoBooster can invest in projects lasting up to two years and can only cover expenses defrayed in the grant period.

\(^1\) New equipment is equipment ordered and received in the project period.
2 Application process

2.1 Who can participate?
A company can apply for an InnoBooster project. A precondition for participating in InnoBooster is that your company falls within the European Commission’s definition of an SME, which means that the company must employ fewer than 250 employees and have an annual turnover of no more than EUR 50 million or an annual balance sheet total of no more than EUR 43 million.

If the company is part of a group of companies, these requirements apply to the entire group and not just the company.2

More specifically, InnoBooster invests in projects at:
- Small and medium-sized companies with a clear growth potential.
- New, promising start-ups.

You must have a Central Business Register (CVR) number to apply for funding under InnoBooster. The following demands apply to the individual target groups:

**Small and medium-sized companies with a clear growth potential**
It is essential to Innovation Fund Denmark that the participating SMEs have the resources to follow up on Innovation Fund Denmark’s investment. Therefore, the SME must either have:

- An annual turnover of no less than DKK 2 million (last financial year for which the accounts have been closed).

Or

- Attracted a minimum of DKK 500,000 in external capital3 over the past three years.

**Entrepreneurs with promising start-ups**
Start-ups less than three years old may alternatively demonstrate their potential by accounting for having:

- A team with strong and relevant competences in relation to the idea.
- Achieved significant results either in the form of research/development results (patents, analysis results, development of simple prototype etc.) or market validation.

This must be described in the application.

InnoBooster *cannot* invest in:

- Companies under forced liquidation, bankruptcy, voluntary liquidation or suspension of payments.
- Companies of which the state, regions or municipalities own more than 50 %.4
- Companies receiving operating subsidies from public institutions representing more than 50 % of the total turnover.

---

2 A company is part of a group of companies when the company owns more than 25 % of the capital or voting rights in another company. Read more about groups of companies and the European Commission’s definition of an SME at: http://ec.europa.eu/growth/toolsdatabases/newsroom/cf/itemdetail.cfm?item_id=8274&lang=da&title=The-revised-user-guide-to-the-SME-definition

3 External capital is defined as capital provided by external parties without the need for collateral. External capital can come from new investors who put money in the company or from resources invested by public or private parties in specific development activities in the company. External capital does not include equity, capital provided by the company’s main owner(s) or secured loans, e.g. bank loans, overdraft etc.

4 For more information, see https://ec.europa.eu/docsroom/documents/15582/attachments/1/translations/da/renditions/pdf
2.2 How do you apply?

You can apply for InnoBooster funding by completing an application in the electronic application system egrant.dk. Once you have logged in, you select ‘Application possibilities’ (in Danish: ‘Søgemuligheder’) in the menu and then locate the InnoBooster grant matching the funding for which you wish to apply (Innovation Fund Denmark grants of less than DKK 500,000, between DKK 500,000 and DKK 1,500,000 or more than DKK 1,500,000, respectively).

Only persons employed by the company can act as contact person and submit an application, and the person submitting the application must be authorised to sign for and commit the company with regard to the stated information and obligations.

The application consists of an administrative part, where you provide various information and statements and create the project budget, among other things, and a project description of:

- The company
- The idea
- The InnoBooster project
- Activity plan (table)
- The market
- Your commercial gains
- The team
- Results of any previous InnoBooster funding

The project description must be completed in the template available here: [https://innovationsfonden.dk/da/programmer/innobooster#accordion659](https://innovationsfonden.dk/da/programmer/innobooster#accordion659). The project description also allows you to link to a short video (of no more than two minutes) elaborating the application. Applicants are asked to upload the project description to e-grant.dk as a PDF file while making the various statements and providing factual and administrative information.

Because Innovation Fund Denmark processes InnoBooster applications on an ongoing basis, you can submit your application when it fits with the company’s development plans. However, please note that the InnoBooster programme is closed for applications in the following periods:

- From 1 June to 15 August
- From 1 December to 1 February

Innovation Fund Denmark aims to provide an answer to your application within one month. However, it is our experience that we receive a very large number of applications just before the above periods, which increases the processing time. It can therefore be a good idea to apply in good time before these periods.

You may only submit one InnoBooster application for assessment at a time. This applies both to the company and contact person in question. However, if your application is rejected, you are welcome to submit a new application. If a company or contact person submits more than one InnoBooster application for parallel processing, only the first application received by the fund will be processed, while all other applications will be rejected administratively.

Do not submit your application until the budget and any tasks undertaken by subcontractors have been established. However, the application does not have to include the names of any new employees, although it must contain a description of their competence profile.

Finally, it should be noted that failure to meet the formal requirements to the application material – including submission of additional material and failure to meet requirements regarding the extent of the application – or the programme deadlines for application may cause the fund to reject the application.
3 Assessment criteria

If your company meets the requirements for participation outlined in section 2.1, your application will be assessed on the basis of the following four criteria:

- Novelty
- Value creation and commercial potential
- Completion
- Economic efficiency

In that connection, Innovation Fund Denmark assigns great weight to the following:

**Novelty**
- That the InnoBooster project contributes to initiating new development activities in the company.
- That the project results can be clearly distinguished from existing solutions in the market/industry.

**Value creation and commercial potential**
- That the company will gain a significant competitive advantage and in the long run earn a significant profit on the new solution.
- That the market has been clarified and the demand has been rendered probable.
- That the commercial benefits from the project will result in significant financial growth and/or jobs in Denmark.

**Completion**
- That it is clear which development activities will be conducted as part of the InnoBooster project, which concrete results the company will have obtained at the end of the project and how these will be used.
- That the company has a team with the competences and experience to successfully complete the project, and that the company has involved the right partners and/or new staff.
- That the company has the necessary financial resources to complete the InnoBooster project.

**Economic efficiency**
- That the budget is reasonable and realistic vis-à-vis the outlined activities.
- That the desired funding measures up to the expected commercial benefits and the risks of the project.

The funding granted under the InnoBooster programme varies considerably in size between projects. There is a significant difference between the demands placed on a DKK-100,000 project and a DKK-500,000 project, respectively, as well as between a DKK-500,000 project and a DKK-5 million project, respectively. Therefore, it is important to find the right balance between the size of the investment applied for and the expected commercial benefits and the risks of the project.

It is also important to present a realistic budget, where e.g. the man hours budgeted for the project are consistent with the activities to be undertaken by the company in the project period.

It is possible and often a good idea to divide high-risk projects into smaller projects reducing the risk connected with the investment, both for the sake of the company and Innovation Fund Denmark. A new application may be submitted once an existing project is completed. In such cases, Innovation Fund Denmark will in its assessment of the application also consider the concrete results of the previous InnoBooster project, the commercial value of these results for the company and how this value is demonstrated. If you choose to divide your project into smaller projects, it is important to ensure that the smaller projects produce concrete and significant results that can be documented subsequently.

In connection with larger projects divided into several phases Innovation Fund Denmark expects to see increasing external funding and will in its assessment also place weight on the interest of external investors in the project.
4 Processing of applications

The assessment process and the time frame for reaching a decision on an InnoBooster application depend on whether the funding applied for exceeds or is less than DKK 500,000.

> **DKK 500,000**

As a rule, applications not exceeding DKK 500,000 are assessed on the basis of the submitted application. However, Innovation Fund Denmark may invite applicants with applications not exceeding DKK 500,000 to a panel meeting. For applications not exceeding DKK 500,000 Innovation Fund Denmark aims to make a final decision within one month.

**DKK 500,000-5 million**

If the company is applying for InnoBooster funding exceeding DKK 500,000, Innovation Fund Denmark will start by making a first assessment of the application. If the application is considered sufficiently qualified, the company will be invited to give an oral presentation of its idea and InnoBooster project to an investment panel comprising experts in innovation, technology and business development. The panel will then recommend the project for approval or rejection. Innovation Fund Denmark makes the final decision. The total process for project applications exceeding DKK 500,000 may thus last up to three months.

5 Investment rate and account of expenses

Under InnoBooster Innovation Fund Denmark can co-finance up to 33 % of the company’s relevant expenses in connection with the InnoBooster project or between DKK 50,000 and 5 million.5

All projects that have received funding exceeding DKK 500,000 must produce an accountant’s statement for each project year. The accountant’s statement must document that the submitted accounts are correct and that the funding has been used in accordance with the basis for funding.

Applicants should note that wage expenses, as a result of the EU state aid rules, are calculated differently depending on whether or not the funding applied for exceeds DKK 1,500,000.

5.1 InnoBooster investments not exceeding DKK 1,500,000

The company’s staff expenses in connection with the project are calculated on the basis of a set hourly wage rate of DKK 750, which includes overhead (including rent, travelling expenses, PC equipment, office expenses, running operating costs etc.) and all minor project expenses (see below). The budget may include man hours directly related to the approved development activities of the InnoBooster project. The budget may not include expenses supported by other forms of subsidies, including wage subsidies. The man hours of student workers as well as interns and other voluntary manpower cannot be included in the budget and accounts.

Expenses for cooperation with public and private knowledge suppliers (e.g. universities, GTS institutes, contract research organisations, private development centres etc.) approved in connection with the application are co-financed on the basis of invoices and included in the budget and accounts without VAT. This is also the case for expenses for equipment and materials.

In connection with the purchase of new equipment, only the depreciation charges6 may be included in the budget. Depreciation charges concerning the company’s existing equipment may not be included in the budget.

---

5 In accordance with the EU state aid rules, certain limitations apply to primary producers of agricultural products as well as to fishery and aquaculture, as described in more detail in section 8.1.

6 Expenses for new equipment are included on the basis of the extent and period in which they are used in the project. If such instruments and equipment have a lifecycle that exceeds the InnoBooster project, only the depreciation charges during the project period may be included; they are calculated on the basis of generally approved accounting policy. If the equipment is used for the InnoBooster project as well as for other purposes, only the part of the depreciation charges corresponding to the use of the equipment during the InnoBooster project may be included.
Invoices not exceeding DKK 30,000 for equipment and materials may not be included in the InnoBooster budget or accounts.

Innovation Fund Denmark’s maximum co-funding rate (33 %) applies to all approved project expenses.

InnoBooster investments not exceeding DKK 1,500,000 are subject to the so-called de minimis rules for state aid, which are described in more detail in section 8.1 of these guidelines.

5.2 InnoBooster investments exceeding DKK 1,500,000
The company’s total staff expenses in connection with the project are calculated on the basis of the employees’ actual wages documentable in connection with the accountant’s statement. Actual wage expenses are calculated on the basis of an annual gross wage including pension payment and holiday pay. Wage calculations must be based on 1,628 hours a year for full-time employees. The calculated hourly wage of each employee must not exceed DKK 1,000. The calculation cannot include expenses in connection with extra hours, sickness, leave or similar.

The budget may only include man hours directly related to the approved development activities of the InnoBooster project. The budget and accounts cannot include expenses supported by other forms of subsidies, including wage subsidies.

Expenses for cooperation with public and private knowledge suppliers approved in connection with the application are co-financed on the basis of invoices and included in the budget and accounts without VAT. This is also the case for expenses for equipment and materials.

In connection with the purchase of new equipment, only the depreciation charges \(^7\) may be included in the budget. Depreciation charges concerning the company’s existing equipment may not be included in the budget.

Invoices not exceeding DKK 30,000 for equipment and materials may not be included in the InnoBooster budget or accounts.

Innovation Fund Denmark’s maximum co-funding rate (33 %) applies to all approved project expenses.

InnoBooster projects in which Innovation Fund Denmark invests more than DKK 1,500,000 must qualify as experimental development or industrial research, as such investments are subject to the EU Block Exemption Regulation for state aid. For more information, see section 8.2.

5.3 Table of main rules concerning the application process and presentation of expenses

<table>
<thead>
<tr>
<th>Amount applied for</th>
<th>Panel process</th>
<th>Hourly wage rate</th>
<th>Annual accountant’s statement</th>
<th>State aid rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than DKK 500,000</td>
<td>Only in connection with repeated investments</td>
<td>Set hourly wage rate of DKK 750</td>
<td>No</td>
<td>De minimis</td>
</tr>
<tr>
<td>DKK 0.5-1.5 million</td>
<td>Yes</td>
<td>Set hourly wage rate of DKK 750</td>
<td>Yes</td>
<td>De minimis</td>
</tr>
</tbody>
</table>

\(^7\) See note 6.
6 During the project

The ongoing administration of your InnoBooster project is done via the e-grant.dk system also used in connection with the application. It is via this system that you receive your grant letter, present your accounts and request any adjustments to the project.

6.1 Accounts, reporting and payment of funding

Accounts may be submitted and project costs are reimbursed every three months once the project period has begun. Costs are reimbursed in arrears based on submitted accounts and documentation of defrayed expenses in the form of invoices. Innovation Fund Denmark aims to process accounts within one month. Once the accounts are approved, the costs will be reimbursed within 10 days.

By the end of the InnoBooster project you are required to submit the final accounts and fill in an evaluation form. In addition, you must make a digital presentation of the project activities, the extent to which the project goals have been met and the results of the project, including commercial results.

If the investment exceeds DKK 500,000, Innovation Fund Denmark must be informed during the project period of the progression of the project and whether the project is progressing as planned and in accordance with the activity plan and milestones presented by the company at the panel meeting. The project participants must submit a brief progress presentation which will form a basis for a progress meeting with the fund staff. If Innovation Fund Denmark finds that the project is not experiencing sufficient progress, the fund may discontinue the quarterly payments until it finds that the project has caught up with the agreed milestones.

The conditions concerning presentation of accounts, use of funding, reporting and payment of funding are described in more detail in the grant letter.

6.2 Changes and flexibility

It is possible to make adjustments during the project period, e.g. concerning milestones, collaborators, end time or the allocation of the budget. Changes must be approved by Innovation Fund Denmark. Approval requires that the changes are reasonably substantiated. Requests for changes must be submitted via e-grant.dk.

7 Publication of information

Applicants should be aware not to include business sensitive information in the title of the application, as Innovation Fund Denmark may publish or pass on lists containing the name of the company, the title of the project and the funding applied for.

Applicants should also be aware that other parties may request subject access to any submitted InnoBooster applications. In such events, Innovation Fund Denmark, in dialogue with the applicant, will ensure not to disclose any business sensitive information or other information which, in accordance with the law, cannot be disclosed.
8 State aid rules for companies

8.1 For investments not exceeding DKK 1,500,000 – the de minimis rules

Investments not exceeding DKK 1,500,000 are subject to the EU de minimis rules for state aid. This means that the application must state the amount of any previous de minimis aid received by the company in the present and two past financial years and who provided the funding.

The company must have received no more than EUR 200,000 or approximately DKK 1,500,000 in de minimis aid over three financial years. If the InnoBooster investment entails that the company exceeds this limit, the company cannot receive funding from InnoBooster.

How do you know whether previously received aid is de minimis aid?

Companies can receive aid under a series of schemes, and within some of these schemes the aid is subject to the de minimis rules. If a scheme is subject to the de minimis rules, according to EU law, this must as a rule be evident from the aid scheme regulations and from the grant letter to the company. In case of doubt, the company may contact the authority responsible for the given scheme.

Managing de minimis rules in connection with mergers, business transfers and demergers

In the event of mergers and business transfers, assessment of whether new de minimis aid to the new or acquiring company exceeds the relevant limit must take into account all the de minimis aid previously awarded to the merging companies (see article 3, section 8 of the general de minimis regulation).

If a company is demerged into two or more independent companies, the de minimis aid provided previous to the demerger must be included under the company which it benefitted, which as a rule is the company that takes over the activities for which the de minimis aid was used (see article 3, section 9 of the general de minimis regulation).

Special rules for primary producers of agricultural products, fishery and aquaculture

For primary producers of agricultural products, the company must endorse that it has not over a three-year period received more than EUR 15,000 (or approximately DKK 110,000) in de minimis aid, which is the maximum amount for which such companies may apply. If the InnoBooster grant entails that the company exceeds this limit, the company cannot receive funding.

For companies in the fishery and aquaculture sectors, this limit for allowed state aid under the de minimis rules is EUR 30,000 (or approximately DKK 220,000).

8.2 For investments exceeding DKK 1,500,000 – the Block Exemption Regulation

Grants exceeding DKK 1,500,000 are subject to the EU Block Exemption Regulation. It is in this connection a requirement that projects receiving funding from Innovation Fund Denmark must either qualify as experimental development or industrial research.

The scope of industrial research and experimental development is explained in more detail in the excerpt from the EU Block Exemption Regulation below.

Experimental development

Acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include e.g. activities aiming at the conceptual definition, planning and documentation of new products, processes or services.

---


Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real-life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements.

**Industrial research**
Industrial research means planned research or critical investigation aimed at the acquisition of new knowledge and new skills with a view to developing new products, production methods or services or with a view to bringing about a significant improvement in existing products, developing new production methods or services. It comprises the creation of components of complex systems and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation.

Innovation Fund Denmark grants exceeding DKK 1,500,000 are awarded within the framework of the general EU Block Exemption Regulation (Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty) chapters 1 (articles 1-12) and 3 (articles 25 and 30). Aid awarded to companies must contribute to the establishment of further research and development activities in the company (incentive effect), e.g. by increasing the company’s total research expenses or the number of employees undertaking research activities.

*These guidelines are in accordance with section 18, article 2(1) of Act no. 306 of 29 March 2014 on the Innovation Fund Denmark and Consolidation Act no. 1150 of 25 October 2017 on Funding etc. under the Innovation Fund Denmark.*