

## **Guidelines:**

### **Strategic research and innovation centers in defense technology and security**

#### **Phase 1**

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## Strategic research and innovation centers in defense technology and security

### Purpose

The strategic research and innovation centers aim to strengthen national and allied capacity building and accelerate the development of defense and security technologies with the potential for rapid, efficient, and direct application in light of the current security policy situation.

The centers must build on existing Danish strengths and contribute to the development and maturation of solutions that support the operational needs of the Armed Forces, enhance security of supply, and contribute to a competitive Danish ecosystem within defense and security technologies.

The centers are established as mission-driven research and innovation centers based on active portfolio management, where activities are organized into an integrated project portfolio with clear milestones, tipping points, and continuous prioritization, including stop/go decisions.

A more detailed description of the program's background, objectives, application requirements, and evaluation criteria is provided in the call text.

The expression of interest in Phase 1 serves as a prequalification for Phase 2 and must therefore:

- Form the basis for selecting the strongest centers and consortia in terms of expertise and organization, capable of delivering on the task and fulfilling the program's objectives.
- Provide a basis for clarifying potential, relevance, and strategic direction, with a view to adjustments ahead of an invitation to Phase 2 or a future application.

### Application process

The initiative is implemented as a two-phase application process.

In Phase 1, applicants must describe a preliminary, yet operational and well-documented model for governance and portfolio management. The model must clearly explain the interaction between academic priorities, identified needs for solutions, partners, the broader ecosystem, and the Innovation Fund's funding, administrative, and financial functions.

Phase 1 (this application):

- Overall description of the center's vision, activities, and partnership, including a draft roadmap for the center and its associated project portfolio.
- Initial considerations regarding governance, activities, state aid frameworks, and budgets for the center and the project portfolio.

Phase 2 (invited applicants):

- Full center application, including an expanded roadmap and detailed specification of the project portfolio.
- Final definition of governance, activities, state aid frameworks, and budgets for the center and the project portfolio.

Participation in Phase 2 is conditional upon being invited based on the Phase 1 application.

### **Dialogue-based process**

The Innovation Fund applies a flexible approach between Phase 1 and Phase 2, meaning that:

- State aid frameworks, funding rates, and eligible costs are only finalized prior to Phase 2 and are determined through dialogue with the invited applicants.

This implies that:

- Applicants will not be rejected solely based on a preliminary state aid assessment in Phase 1.
- The center's activities and structure may be adjusted between Phase 1 and Phase 2 based on the expert panel's evaluation of the Phase 1 application, as well as the committee's recommendations.

The Phase 2 guidelines will be more detailed and will, among other things, specify:

- The final state aid classification and assessment in accordance with applicable EU State aid rules.
- The specific funding rates.
- Eligible costs.
- Requirements for budgets and financing.
- Conditions for disbursements.
- The process for entering into an investment agreement.
- Requirements for, and governance of, the center's projects and activities.
- The Innovation Fund's follow-up, monitoring, and reporting.

## **Application**

### **Who can apply?**

Relevant legal entities, including companies, research institutions, or public institutions in Denmark or abroad, may participate in the application. Access to funding from the Innovation Fund depends on the specific role within the center, the applicable program rules, and the state aid classification.

The centers must be established as university-anchored centers, with a Danish university acting as the main applicant and administrative host. Applications must be submitted on behalf of a consortium representing broad national collaboration among relevant stakeholders, including universities, companies, GTS institutes, the Armed Forces, and other authorities. The Innovation Fund also encourages that the composition of the consortium reflects diversity in a broad sense.

The main applicant submits the expression of interest on behalf of all consortium participants. It is the responsibility of the main applicant to ensure that the information provided in the electronic application form is correct, that the content of the appendices is accurate, and that the expression of interest is submitted before the application deadline stated in the call. It is also the responsibility of the main applicant to ensure that duly authorized individuals represent the other participants in the expression of interest. Furthermore, the main applicant is responsible for communication with the Innovation Fund throughout the entire application process.

### **How to apply?**

The expression of interest for Phase 1 must be created, completed, and submitted via the electronic application system [www.e-grant.dk](http://www.e-grant.dk) before the application deadline specified in the call. A guide to e-grant is available on the website of the Danish Ministry of Higher Education and Science.

First, you must register as a user of the system using either a username and password or MitID. Once registered and logged in, you create an expression of interest by selecting “Application options” in the menu at the top of the welcome page.

You then locate the relevant call and click “Start your application.” Please note that the system automatically registers certain data. When you create a user, e-grant will record your identity information, your IP address, and the time and date when you enter or edit data.

Note that the list of application options is alphabetical, and all calls from the Innovation Fund begin with “IF”.

The application form and appendices must be completed in English.

After the application deadline, it is no longer possible to modify the content of the expression of interest, except for corrections of personal data and obvious errors. It is also not possible to submit additional material or new information through the system or directly to the Innovation Fund after the deadline.

Applications containing classified information covered by the Security Circular on the protection of classified information (including Danish or NATO-classified material) will be rejected in e-grant. If you are unsure whether classified information is included in the application, or whether such information is necessary for its assessment, you must contact the Innovation Fund before submitting the application. The applicant is responsible for ensuring that all submitted information can be legally shared.

## Investment rates and costs

### Financial framework and administrative model

The budget may be divided into:

- Operation of the center (e.g. management, coordination, administration, portfolio management, development activities, knowledge sharing, and activities that bring together and strengthen existing environments)
- The center’s portfolio of projects and activities (including research and innovation projects), where the roadmap serves as the central management tool for the center’s activities and forms the basis for prioritization, follow-up, and decisions on the release of funding tranches
- Any other necessary investments and activities required to realize the center’s roadmap, such as the establishment of research infrastructure or test facilities, including those financed by sources other than this grant

The centers’ activities are organized into two tracks:

1. A consolidated grant for the establishment and operation of the center (4-year period)
2. A project portfolio (4-year period), where project funding beyond Year 1 is reserved within the Innovation Fund’s existing programs and is released in tranches subject to approval

The center composes its project portfolio based on the Innovation Fund’s existing instruments and programs, such as Grand Solutions, Innobooster, and Industrial Researcher. Any participation fees for programs (e.g. Innofounders incubation programs) must be covered by the centers.

The center is responsible for the ongoing prioritization, academic follow-up, and composition of the portfolio in accordance with the approved roadmap and the center’s strategic objectives. This includes

academic prioritization of project initiation, adjustment, and potential termination within the overall funding framework. The center and its portfolio may be supplemented and supported by activities and investments funded from sources other than this grant.

Disbursement of funds for the center's allocated budget for the project portfolio will take place in tranches and will be conditional upon the center demonstrating satisfactory progress, quality, and achievement of objectives in relation to the milestones agreed upon in the investment agreement and roadmap. The release of annual tranches, potentially with conditions, requires approval from the Innovation Fund's Defence Expert Panel.

The center's project portfolio is administered through a clearly defined collaboration between the center and the Innovation Fund, ensuring consistent financial management, compliance, and data foundations. The center is responsible for ongoing academic prioritization, while the Innovation Fund is responsible for administrative and financial management.

Projects within the center are created and administered via the Innovation Fund's application and administration system (e-grant) within the center's reserved funding framework. Projects follow relevant rules and frameworks from the Innovation Fund's existing programs (e.g. Grand Solutions, Inno-booster, and Industrial Researcher). The center is responsible for the academic evaluation, prioritization, and follow-up of the project portfolio, including assessment of progress, goal achievement, and recommendations for stop/go decisions in accordance with the approved roadmap.

The Innovation Fund is responsible for the administrative and financial management of individual projects, including administrative checks, grant issuance, financial controlling, disbursement of funds, and compliance with applicable rules, including state aid regulations. The Innovation Fund makes the formal decision on granting, modifying, or terminating projects.

The model must ensure proper reporting of state aid, as well as consistent and comparable data across projects to support monitoring, documentation of results, and assessment of the program's overall impact. Further conditions will be defined prior to Phase 2 and in the investment agreement.

### **State aid–eligible costs**

The Innovation Fund can support a wide range of activities and projects within a centre. In Phase 1, applicants are expected to provide an overall description of the centre's activities and the associated cost types.

The budget must include all direct costs attributable to the centre's activities and projects, regardless of whether they are financed by Innovation Fund Denmark, the participants themselves, or other sources.

The budget may include third-party funding for activities included in the application. To ensure compliance with EU state aid rules, including cumulation rules, Innovation Fund Denmark will, as a general rule, not fund activities that have already received support from other public funding schemes within the EU or its Member States, including Denmark, unless this has been approved in writing by Innovation Fund Denmark. The applicable budget rules depend on:

- The type of organisation represented by the project participant
- Whether the project participant carries out economic or non-economic activities
- The state aid framework applicable to the cost

### Definition of company size:

	Number of employees	Annual turnover	Annual balance sheet total
<b>Small enterprises</b>	< 50	≤ 10 mio. €	≤ 10 mio. €
<b>Medium-sized enterprises</b>	< 250	≤ 50 mio. €	≤ 43 mio. €
<b>Large enterprises</b>	≥ 250 or exceeds the thresholds for medium-sized enterprises	> 50 mio. €	> 43 mio. €

**Note:** The definition of company size is based on the definition set out in Commission Recommendation 2003/361/EC of 6 May 2003 on the definition of micro, small and medium-sized enterprises:

Investments in private companies, approved national cluster organisations, and other types of organisations—including public institutions and GTS institutes—that carry out economic activities are granted in accordance with EU state aid rules (GBER) and will be classified as either block-exempted aid or de minimis aid under the de minimis Regulation (see section on state aid).

Eligible costs must comply with the relevant state aid frameworks and include, inter alia:

- Personnel costs
- Equipment and materials
- External services
- Investments in facilities and infrastructure
- Overheads

The budget must not include VAT or other indirect taxes, unless otherwise agreed with Innovation Fund Denmark.

Budgettet må ikke indeholde indirekte omkostninger. Disse kan dog dækkes via overhead, hvor det er tilladt.

The budget must not include indirect costs. However, such costs may be covered through overheads where permitted.

#### Personnel costs

Direct personnel costs include salaries for all staff working on the centre's projects and activities, including project management and administration related to those activities.

Direct personnel costs must reflect actual salary expenses calculated on the basis of the annual gross salary, including pension, insurance, and holiday allowance. An annual working time of 1,642 hours for a full-time employee must be used when calculating hourly rates. The calculated hourly rate must not exceed DKK 1,000 per hour.

Personnel costs that receive other public funding (e.g. wage subsidies) cannot be included in the budget. Similarly, working time or any costs related to volunteers are not eligible.

All participants are required to maintain time registration for employees working on the centre's activities. Costs related to overtime, sick leave, parental leave, etc. cannot be included in the salary calculation.

Companies applying for funding under the de minimis Regulation (below EUR 300,000) may choose to apply a fixed hourly rate of DKK 750 instead of calculating actual hourly wages.

If a partner does not receive funding from Innovation Fund Denmark but co-finances its own salary or other costs, a fixed hourly rate of DKK 600 may be applied for personnel costs.

GTS institutes carrying out non-economic activities may apply a salary cost factor in accordance with the rate approved for the institute by the Danish Agency for Higher Education and Science. This factor applies for the entire project period.

#### Overhead

Innovation Fund Denmark calculates overhead as a fixed percentage of the total direct costs related to non-economic activities (excluding external services). Overhead may only be included for certain participants:

- Danish public research institutions (including universities, university colleges, and sector research institutions): up to 44%
- Foreign public universities (including those in Greenland and the Faroe Islands): up to 20%
- Public hospitals and state-recognised museums: up to 3.1%
- Danish approved national cluster organisations: up to 20%

#### **State aid frameworks and aid intensities**

The state aid frameworks outlined below indicate the frameworks that, based on a preliminary assessment, may be relevant for the centre's activities. The final classification and determination of aid intensities will be established prior to Phase 2 in dialogue with Innovation Fund Denmark.

Projects within the centre portfolio will be implemented through Innovation Fund Denmark's existing programmes. For costs related to the project portfolio, the existing state aid frameworks and aid intensities applicable to those programmes will apply.

Depending on the centre's activities, the following frameworks may be relevant:

#### GBER Article 25 – Research and development (R&D)

Used for the centre's research and development projects (industrial research and experimental development).

- Eligible costs:  
Personnel, equipment and materials, external services, and other costs
- Aid intensities:  
As a general rule, the maximum aid intensity is 75% (industrial research) and 50% (experimental development) for SMEs, and 65% (industrial research) and 40% (experimental development) for large enterprises.

Danish approved national cluster organisations and technological service institutes (GTS) are considered enterprises when determining aid intensity.

#### GBER Article 26 – Research infrastructure

Used for the establishment or upgrade of research infrastructure made available to multiple users.

- Eligible costs:

Investments in buildings, facilities, equipment, and intangible assets, as well as establishment costs

- Aid intensities:

As a general rule, the maximum aid intensity is 50%

#### GBER Article 26a – Testing, demonstration and experimentation facilities

Used for facilities that support testing, demonstration, and scaling under realistic conditions, including access for companies.

- Eligible costs:

Funding may be granted for costs related to the establishment of testing and demonstration facilities. Aid is not granted for the subsequent operation of the facilities.

- Purchase and installation of production and testing equipment, including buildings, installations, physical facilities, and machinery
- Acquisition and licensing of intangible assets directly linked to the investment (e.g. licences, patents, and production-related know-how)

- Aid intensities:

As a general rule, the maximum aid intensity is 25% for large enterprises, 35% for medium-sized enterprises, and 45% for small enterprises.

Public research institutions and technological service institutes (GTS) are considered enterprises when determining aid intensity.

The aid intensity may be increased by 5% if at least 80% of the facility's capacity is allocated to small and medium-sized enterprises.

#### De minimis

Investments in the centre's projects and activities may, in certain cases, be granted under the de minimis Regulation where the total aid amount to an enterprise is limited.

De minimis aid may be applied where deemed appropriate and where the activities do not require the use of other state aid frameworks (e.g. GBER Articles 25, 26 or 26a).

The total de minimis aid granted to a single enterprise must not exceed EUR 300,000 over a period of three fiscal years. This ceiling includes all de minimis aid received from public authorities, including funding from Innovation Fund Denmark and other national or European schemes.

For the purpose of calculating the ceiling, the full amount of aid from Innovation Fund Denmark is counted at the time the enterprise receives the offer of funding.

Lower ceilings apply to certain sectors:

- Fisheries and aquaculture: up to EUR 30,000 over three fiscal years
- Primary production of agricultural products: up to EUR 50,000 over three fiscal years

Enterprises are responsible for ensuring and documenting that the total de minimis ceiling is not exceeded.

When applying de minimis, enterprises may choose to use a fixed hourly rate (see section on personnel costs). However, companies operating in the road freight transport sector (for hire or reward)

cannot apply a fixed hourly rate and must budget based on actual personnel costs in accordance with the relevant state aid rules.

### Non-economic activities

Innovation Fund Denmark may, in certain cases, provide funding for activities that do not constitute economic activity and therefore fall outside EU state aid rules. Subject to a specific assessment, such activities may be funded with up to 90 %.<sup>1</sup>

Non-economic activities typically include activities carried out by knowledge institutions (e.g. universities and GTS institutes) as part of their public service obligations, where the results are not commercially exploited. This includes, for example, industrial research or experimental development, as well as the wide dissemination of results through teaching, publications, or knowledge sharing. The specific classification is made in accordance with the European Commission's RDI Framework.

In relation to the operation of a centre, the following activities may, as a general rule, be considered non-economic, provided they are carried out in accordance with applicable practices:

- Centre management and strategic direction, including the definition of objectives, priorities, and development tracks for the centre
- Coordination and governance, including the organisation of collaboration between partners and the overall management of the centre's activities
- Portfolio management, including prioritisation, monitoring, and quality assurance of the centre's projects and activities
- Knowledge building and knowledge dissemination, where this is carried out as part of the institution's non-economic activities
- General capacity building, including the development of research environments and talent development, where this is not directly linked to commercial exploitation

For activities to be classified as non-economic, the following conditions must be met:

- The activities must not involve the provision of goods or services on a market
- Any access to the centre's results must be granted on open and non-discriminatory terms
- No selective advantages may be granted to specific enterprises
- The activities must be clearly separated (both financially and organisationally) from any economic activities

If activities wholly or partly constitute economic activity (e.g. targeted development for a specific company or market-based testing and demonstration), such activities must be funded in accordance with the relevant state aid frameworks.

## Evaluation

The evaluation process is carried out in two stages in accordance with the two-phase application model.

### Phase 1

- All submitted applications are initially screened by Innovation Fund Denmark's secretariat for compliance with formal requirements. Applications that do not meet these requirements will be rejected without further assessment.

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<sup>1</sup> For technological service institutes (GTS) carrying out non-economic activities, the maximum aid intensity is 60%.

- Eligible applications are then evaluated by Innovation Fund Denmark's Defence Expert Committee based on the established criteria.
- Where deemed relevant, the committee may involve additional assessments from external experts. These will be subject to consultation with the applicant.
- Based on the overall assessment, the Defence Expert Committee decides which centres are invited to proceed to Phase 2.

Applicants will either receive an invitation to Phase 2 or a rejection.

Applicants invited to Phase 2 will receive indicative feedback from the committee to support the strengthening of their subsequent application.

### **Phase 2**

- All submitted applications are initially screened by Innovation Fund Denmark's secretariat for compliance with formal requirements. Applications that do not meet these requirements will be rejected without further assessment.
- Applications are then evaluated by Innovation Fund Denmark's Defence Expert Committee, potentially supplemented by external assessments, which will subsequently be subject to consultation with the applicant.
- Based on the overall assessment, a decision is made on which centres will be offered investment and the conclusion of an investment agreement. The Defence Expert Committee submits recommendations to the Board of Directors of Innovation Fund Denmark, which makes the final decision. Decisions are communicated with a statement of reasons in accordance with the Danish Public Administration Act.

## **Publication of information**

Innovation Fund Denmark publishes an overview of applications that have received funding after Phase 2. With a few exceptions, the overview will typically include the participating organisations, project title, description, granted amount, total budget, and duration.

If requests for access to documents are submitted under the Danish Access to Public Administration Files Act (Offentlighedsloven) concerning expressions of interest, applications, or other case materials, Innovation Fund Denmark will, in dialogue with the applicants, ensure that commercially sensitive information and/or other information that cannot be disclosed under the Act are protected, in accordance with its provisions, including Sections 30–33.

Please refer to Innovation Fund Denmark's privacy policy for further information on how personal data is processed.

## **About these guidelines**

### **Legal basis of the guidelines**

These guidelines are issued pursuant to Section 18(2), first sentence, of the Act on Innovation Fund Denmark (Act No. 306 of 29 March 2014), as amended by Act No. 384 of 26 April 2017 and Act No. 1188 of 8 June 2021, as well as Executive Order No. 1150 of 25 October 2017 on grants, etc. from Innovation Fund Denmark. Investments granted under these guidelines are awarded in accordance with EU rules on state aid and de minimis aid. The guidelines are available in both Danish and English. In the event of any inconsistency between the Danish and English versions, the Danish version

shall prevail. The guidelines must be read in conjunction with the call text, which defines the programme's objectives, structure, and evaluation criteria.

### **Further information and support**

In addition to these guidelines, applicants will need:

- The relevant call text, which describes the framework for applications and deadlines. Applicants are also encouraged to review any materials referenced in the call.

Relevant documents are available to applicants on Innovation Fund Denmark's website: [www.innovationsfonden.dk](http://www.innovationsfonden.dk).

Questions regarding the call and these guidelines may be directed to the contact persons listed on the Innovation Fund Denmark website under the relevant call.

Technical questions regarding the use of the electronic application system, e-grant, should be directed to [support.e-grant@ufm.dk](mailto:support.e-grant@ufm.dk) or by phone at +45 33 92 91 90 (telephone hours: 09:00–12:00 on weekdays).

### **Technical disclaimer**

The Danish Agency for Higher Education and Science is responsible for e-grant and is obliged to inform system users of any errors that render e-grant so inaccessible that it affects the applicant's ability to submit applications within the deadline. Updates regarding system unavailability will be published accordingly.

Innovation Fund Denmark reserves the right to extend the application deadline for all affected applicants. Any such extension will be announced accordingly.

Innovation Fund Denmark and the Danish Agency for Higher Education and Science accept no liability for misinformation resulting from software errors, calculation errors, transmission errors, or similar issues, nor for any claims arising from incorrect use of e-grant.