

**Please note:** This document is an unofficial translation of the InnoBooster guidelines and not a legally binding document. In case of conflict between the Danish and English version of the InnoBooster guidelines, the Danish version take precedence over the English version.

## Guidelines for InnoBooster

**Applies to applications received from 15 February 2016 and onwards**

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## 1. InnoBooster – in short

This document contains the guidelines for Innovation Fund Denmark's InnoBooster programme applicable from 15 February 2016.

### 1.1 What is InnoBooster?

The InnoBooster programme under Innovation Fund Denmark invests in knowledge-based innovation projects from small and medium-sized companies, start-ups and researchers demonstrating commercially promising results with a view to helping them transform interesting ideas into growth and jobs.

An InnoBooster project may focus on developing a new product or service not currently available in the market or on markedly 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 or private development centre or through recruitment of new staff with special competences. In such cases, it may be relevant to apply for co-financing from InnoBooster, regardless of whether the project is based on new technology or creative ideas.

InnoBooster invests between DKK 50,000 and 5 million in innovative product- or process-oriented projects characterised by a strong commercial potential bringing 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?

The requirements for developing and utilising a promising idea vary greatly between ideas. InnoBooster can invest in:

- Man hours, which new and existing company staff can use to work on the innovation project.
- Expenses for cooperation with public and private knowledge suppliers.
- Other expenses for the innovation project (e.g. materials) substantiated in the application, and where the individual items of expenditure exceed DKK 60,000.

Other items of expenditure not exceeding DKK 60,000 as well as expenses not substantiated specifically in the application cannot be included in the InnoBooster budget.

Please note that projects on routine activities such as formation, day-to-day operations and operation optimisation, strategy development, marketing initiatives, communication etc. fall outside the scope of InnoBooster.

InnoBooster can invest in projects lasting up to two years.

## 2. Application process

### 2.1 Who can participate?

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 persons

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.<sup>1</sup>

More specifically, InnoBooster invests in projects at the following users:

- 1) Small and medium-sized companies with a clear growth potential.
- 2) New, promising start-ups, including researchers with commercially promising ideas and results.

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 capital 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 dissemination in the market.

This must be described in the application.

Start-ups also comprise researchers' proof-of-concept projects, insofar as the researchers wish to commercialise the idea within the framework of a company and have a CVR number.

InnoBooster *cannot* grant funding for:

- Companies experiencing forced liquidation, bankruptcy, voluntary liquidation or suspension of payments.
- Companies of which the state, regions or municipalities own more than 10 %. Companies owned by the Danish Agency for Science and Innovation, universities or other research and educational institutions are exempted from this limitation.<sup>2</sup>

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<sup>1</sup> 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/>

- Companies receiving operating subsidies from public institutions representing more than 50 % of the total turnover.
- Non-commercial organisations.

## 2.2 How do you participate?

You can apply for InnoBooster funding by completing an application in the electronic application system e-grant.dk. Once you have logged in, you must select 'Application possibilities' (in Danish: 'Søgemuligheder') in the menu and then locate the InnoBooster grant matching the funding for which you wish to apply (more or less than DKK 500,000, respectively).

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

- **The company**
- **The idea**
- **The InnoBooster project**
- **Gains**
- **The team**
- **Pitfalls**
- **Plan of action (table)**
- **Any previous InnoBooster grants**

The project description is completed in the table available here:

<http://innovationsfonden.dk/sites/default/files/innobooster-faglig-beskrivelse-2016-1.docx>

Save the description as a PDF file on your computer and upload it to e-grant.dk when providing the various statements and factual and administrative information.

Because InnoBooster processes applications on an ongoing basis, you can submit your application when it fits with the company's development plans. We aim to provide an answer to your application within one month. However, please note that the InnoBooster programme is closed for applications in the following periods:

- 1 June to 15 August
- 1 December to 15 January

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.

You are also welcome to apply for a new InnoBooster project once the existing project has been completed. It is generally a good idea to divide high-risk innovation projects into smaller subprojects, reducing the risk of both your and Innovation Fund Denmark's investment.

If you are applying for less than DKK 500,000, Innovation Fund Denmark will base its assessment exclusively on the submitted application. However, Innovation Fund Denmark reserves the right at any time to ask for further documentation or an oral presentation by the company.

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<sup>2</sup> However, for a company to meet the definition of an SME, no more than 50 % of the company can be owned by a research or educational institution.

If you are applying for more than DKK 500,000, Innovation Fund Denmark will conduct a preliminary assessment of your application and, if it is considered sufficiently promising, you will be invited to give an oral presentation to Innovation Fund Denmark's panel of experts.

If you are applying for more than DKK 500,000 you should also be aware that the InnoBooster project must as a minimum qualify as experimental development, since these grants, fall under the EU Block Exemption Regulation for State Aid. Read more about this in section 8.2 of these guidelines.

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

In addition to the ongoing deadline for applications under the InnoBooster programme, Innovation Fund Denmark may launch time-limited calls with a specific focus. You can stay up-to-date on calls via Innovation Fund Denmark's website and newsletter.

### 3. Investment rate and account of expenses

Innovation Fund Denmark can via InnoBooster invest between DKK 50,000 and 5 million in your development idea. 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 of these guidelines.

Under InnoBooster, Innovation Fund Denmark can co-finance up to 33 % of the company's relevant expenses for the InnoBooster project. Applications for more than 33 % co-financing from Innovation Fund Denmark will be rejected administratively.

The company's staff expenses in connection with the project is calculated on the basis of a set hourly wage rate of DKK 750, which includes overhead and all minor project expenses (see below). The budget may only include man hours directly related to the approved development activities of the InnoBooster project. The budget may not include man hours 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 without VAT. This is also the case for 'other relevant expenses' which are only excepted if they exceed DKK 60,000. In connection with the purchase of equipment, only the depreciation charges may be included in the budget and only insofar as these exceed DKK 60,000.<sup>3</sup>

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

### 4. Assessment criteria

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

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<sup>3</sup> Instrument and equipment expenses are calculated on the basis of the extent and period in which they are used in the project. If such instruments and equipment are not used throughout the project life cycle, only the depreciation charges during the project period are calculated on the basis of generally approved accounting policy for eligible expenses.

**Novelty**

- Does the company obtain outside knowledge via the InnoBooster project?
- Does the InnoBooster project contribute to initiating new development activities in the company?
- Is it clear how the idea differs from competing products/solutions?

**Commercial potential and gains**

- Is it clear how the InnoBooster project elevates the company's idea?
- Is it clear how the company will profit from the solution, and has the demand been rendered probable?
- Is the company likely to gain a significant competitive advantage over the competition?

**Economic efficiency and completion**

- Have the activities and goal of the project been clarified?
- Does the company have a team with the competences and experience to successfully implement the project? Does the company have the right collaborators and/or new staff?
- Is the budget reasonable and realistic in proportion to the outlined activities?
- Does the desired funding measure up to the expected commercial gains, the risks and the maturity of the project?

Funding granted under the InnoBooster programme varies considerably 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, respectively. Therefore, it is important to find the right balance between the size of the investment applied for and the expected commercial gains, the risks and the maturity of the project.

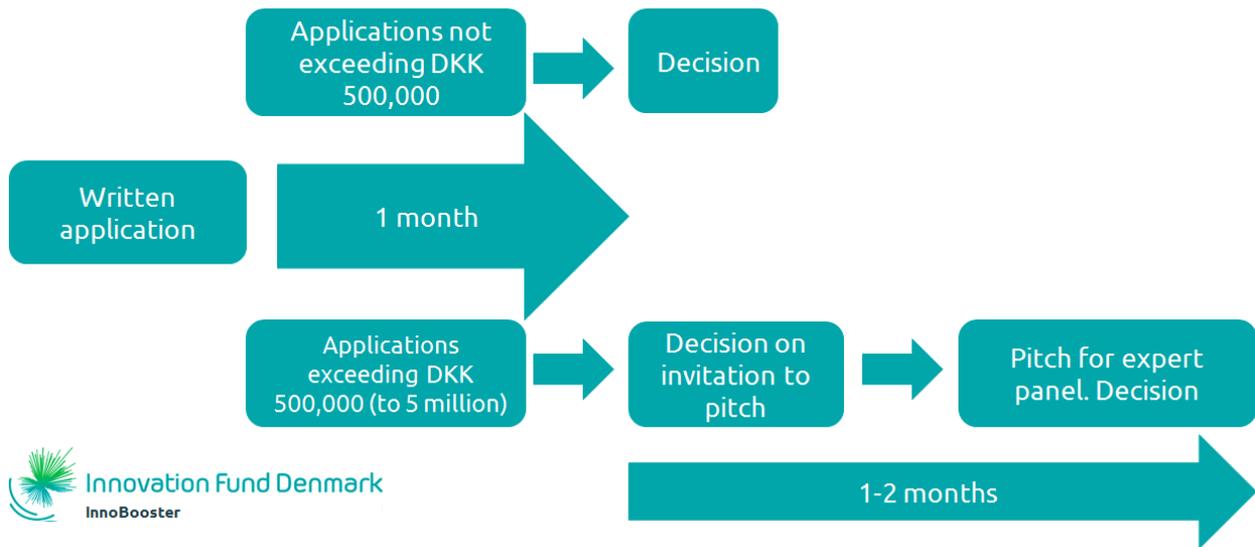
It is also important to present a realistic budget, where the man hours budgeted for the project, clearly correspond to the activities undertaken by the company in the project period. If Innovation Fund Denmark finds the budget to be unreasonable and unrealistic, the project will be rejected.

**4.1 Processing of applications**

Innovation Fund Denmark aims to process all applications within one month.

If Innovation Fund Denmark finds that the application meets the outlined assessment criteria, the process is as follows (also outlined in the figure below):

- If the amount applied for does not exceed DKK 500,000, the company will receive the funding.
- If the amount applied for exceeds DKK 500,000, the company will be invited to give an oral presentation of its idea and InnoBooster project to a panel of experts comprising external innovation experts and staff from Innovation Fund Denmark. The panel will then recommend the project for approval or rejection. The total process for project applications exceeding DKK 500,000 will thus take 2-3 months (see the figure below).



## 5. During the project

Costs are reimbursed every three months based on the submitted accounts and documentation of defrayed expenses in the form of invoices. By the end of the innovation process you are required to report the final results and be available for project evaluation. This is a precondition for receiving the final payment. In addition, you must present and share your experiences with others. This may take the form of a presentation on your experiences from the project at a given event or a digital presentation uploaded to Innovation Fund Denmark's website. The conditions are described in more detail in the grant notification letter.

### 5.1 Changes and flexibility

It is possible to make adjustments during the project period, e.g. concerning milestones, collaborators or distribution of the budget. In connection with major changes, Innovation Fund Denmark must approve adjustments to the budget, before the changes can be made.

### 5.2 Payment of funding

Granted funding will be paid out to the applicant on a quarterly basis based on accounts and relevant documentation of defrayed expenses. Projects with funding exceeding DKK 500,000 are evaluated on the basis of a midterm report and progress meetings. If Innovation Fund Denmark finds that the project is not experiencing sufficient progress, Innovation Fund Denmark may discontinue the quarterly payments until it finds that the project has caught up with the agreed milestones (see also section 5.1).

The recipient of the grant is responsible to Innovation Fund Denmark in all matters concerning the grant. The conditions concerning payment of funding are described in more detail in the grant notification letter.

## 6. Publication of information

Upon approval of the application, Innovation Fund Denmark will publish the name of the applicant and title of the project in a list of grants on the fund's website. Applicants should therefore be aware not to include business sensitive information in the title of the application.

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 (including companies etc.), will ensure not to disclose any business sensitive information or other information which, in accordance with the law, cannot be disclosed.

## 7. International cooperation

Through InnoBooster, it is possible for companies to work at an international level and for obtaining knowledge from international collaborators. If the best knowledge is found outside Denmark, Innovation Fund Denmark encourages applicants to involve a foreign collaborator. In such cases, the conditions for applying the funds remain unchanged.

If your idea is connected more directly to the ideas and projects of international collaborators, it may be possible to establish a collaboration where all or parts of the international collaborators' activities are financed by the countries in question, e.g. through the so-called EUREKA network. If you would like to learn more about your and your collaborators' opportunities for applying for additional funding from other countries, please send this form (<http://www.eurekanetwork.org/propose-project-idea>) with a brief description of your idea and collaborators to Innovation Fund Denmark at [innobooster@innofond.dk](mailto:innobooster@innofond.dk). We will then contact you to assist you in this effort.

## 8. State aid rules for companies

### 8.1 For grants not exceeding DKK 500,000 – the *de minimis* rules

Grants not exceeding DKK 500,000 are subject to the EU *de minimis* rules for state aid.<sup>4</sup> 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 grant entails that the company exceeds this limit, the company cannot receive funding.

#### *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 notification 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).

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<sup>4</sup> Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (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.<sup>5</sup>

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 grants exceeding DKK 500,000 – the Block Exemption Regulation**

Grants exceeding DKK 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 and at <http://eur-lex.europa.eu/legal-content/DA/TXT/PDF/?uri=CELEX:32014R0651&from=EN> (especially definitions 85 and 86 in article 2 on page 25 of the document).

#### ***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, for example, 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 the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts 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.*

<sup>5</sup> Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector.

Innovation Fund Denmark grants exceeding DKK 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), chapter 1 (definitions in articles 1-12) and 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.

Innovation Fund Denmark does not provide support for companies that have failed to meet a demand for repayment of aid which the EU Commission in a previous ruling has found illegal and incompatible with the internal market.