



Innovation Fund (INNOVFUND)

Call for proposals

Innovation Fund call for Small-Scale Projects
(INNOVFUND-2022-SSC)

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EUROPEAN CLIMATE, INFRASTRUCTURE AND ENVIRONMENT EXECUTIVE AGENCY (CINEA)

CINEA.C – Green Research and Innovation
CINEA.C.04 – Innovation Fund

CALL FOR PROPOSALS

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0. Introduction

This is a call for proposals for EU **action grants** in the field of demonstration of innovative low-carbon technologies under the **Innovation Fund**.

The regulatory framework for this EU Funding Programme is set out in:

- Regulation 2018/1046 ([EU Financial Regulation](#))
- the basic act (Innovation Fund Regulation [2019/856](#)¹).

The call is launched in accordance with the 2022 Financing Decision² and will be managed by the **European Climate, Infrastructure and Environment Executive Agency (CINEA)** ('Agency').

The call covers the following **topic**:

- **INNOVFUND-2022-SSC — Small Scale Projects**

We invite you to read the **call documentation** carefully, and in particular this Call Document, the [Guidance on the GHG emission avoidance methodology](#), the [Guidance on the relevant cost methodology](#), the Model Grant Agreement, the [EU Funding & Tenders Portal Online Manual](#) and the [EU Grants AGA — Annotated Grant Agreement](#).

These documents provide clarifications and answers to questions you may have when preparing your application:

- the [Call Document](#) outlines the:
 - background, objectives, scope, activities that can be funded and the expected results (sections 1 and 2)
 - timetable and available budget (sections 3 and 4)

¹ Commission Delegated Regulation (EU) 2019/856 of 26 February 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council with regard to the operation of the Innovation Fund (OJ L 140 28.5.2019, p. 6).

² Commission Implementing Decision C(2022)7547 final of 26 October 2022 on the activities related to the Innovation Fund, serving as a financing decision and as a decision launching the third calls for proposals.

- admissibility and eligibility conditions (including mandatory documents; sections 5 and 6)
- criteria for financial and operational capacity and exclusion (section 7)
- evaluation and award procedure (section 8)
- award criteria (section 9)
- legal and financial set-up of the Grant Agreements (section 10)
- how to submit an application (section 11)
- the Online Manual outlines the:
 - procedures to register and submit proposals online via the EU Funding & Tenders Portal ('Portal')
 - recommendations for the preparation of the application
- the AGA — Annotated Grant Agreement contains:
 - detailed annotations on all the provisions in the Grant Agreement you will have to sign in order to obtain the grant (*including payment schedule, accessory obligations, etc*).

You are also encouraged to visit the [Innovation Fund Project Portfolio Dashboard](#) to consult the list of projects funded previously.

1. Background

The Innovation Fund is one of the world's largest funding programmes for the demonstration of innovative low-carbon technologies.

The Innovation Fund provides grants for projects aiming at commercial deployment of innovative low-carbon technologies, with the objective of bringing to the market industrial solutions to decarbonise Europe and support its transition to climate neutrality.

In addition, the Fund has a technical assistance component which allows unsuccessful proposals that meet certain conditions to benefit from project development assistance (PDA) support provided by the European Investment Bank (EIB; *see section 8*).

2. Objectives — Themes and priorities — Activities that can be funded — Expected impact

INNOVFUND-2022-SSC — Small Scale Projects

Objectives

The objectives of this call are to:

- (a) support projects demonstrating highly innovative technologies, processes, business models or products/services, that are sufficiently mature and have a significant potential to reduce greenhouse gas emissions
- (b) offer financial support tailored to market needs and risk profiles of eligible projects, while attracting additional public and private resources.

Activities that can be funded (scope)

The following activities can be funded under this topic:

- activities that support innovation in low-carbon technologies and processes in sectors listed in Annex I to the EU ETS Directive [2003/87³](#), including environmentally safe carbon capture and utilisation (CCU) that contributes substantially to mitigating climate change, as well as products substituting carbon-intensive ones produced in sectors listed in Annex I to the EU ETS Directive
- activities that help stimulate the construction and operation of projects that aim at the environmentally safe capture and geological storage of CO₂ (CCS)
- activities that help stimulate the construction and operation of innovative renewable energy and energy storage technologies.

Carbon capture and utilisation can be funded if the capture of CO₂ occurs within one of the activities listed in Annex I of the EU ETS Directive, or if the utilisation of CO₂ results in products substituting carbon-intensive ones from the sectors listed in Annex I to the EU ETS Directive, even if carbon is captured outside the activities of Annex I.

Only activities carried out by beneficiaries or affiliated entities can receive funding.

Expected impact

Projects to be funded by this Innovation Fund call are expected to contribute to the transition to a climate-neutral economy by 2050 and to the target to reduce emissions by at least 55% by 2030 as defined in the **European Climate Law**⁴ and the **European Green Deal**⁵ and to targets set out in the REPowerEU Plan⁶ on renewables, energy efficiency and renewable hydrogen.

3. Available budget

The available call budget is **EUR 100 000 000** for grants and **EUR 5 000 000** for project development assistance (PDA) support.

We reserve the right not to award all available funds depending on the proposals received and the results of the evaluation.

4. Timetable and deadlines

Timetable and deadlines (indicative)	
Call opening:	30 March 2023
<u>Deadline for submission:</u>	<u>19 September 2023 – 17:00:00 CET</u> (Brussels)

³. Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32)

⁴ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1–17).

⁵ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The European Green Deal (COM (2019) 640 final).

⁶ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, REPowerEU Plan (COM (2022) 230 final).

Evaluation:	October-December 2023
Information on evaluation results:	January 2024
GA signature:	June 2024

5. Admissibility and documents

Proposals must be submitted before the **call deadline** (see *timetable section 4*).

Proposals must be submitted **electronically** via the Funding & Tenders Portal Electronic Submission System (accessible via the Topic page in the [Search Funding & Tenders](#) section). Paper submissions are NOT possible.

Proposals (including annexes and supporting documents) must be submitted using the forms provided *inside* the Submission System (⚠ NOT the documents available on the Topic page — they are only for information).

Proposals must be **complete** and contain all the requested information and all required annexes and supporting documents:

- Application Form Part A — contains administrative information about the participants (future coordinator, beneficiaries and affiliated entities) and the summarised budget for the project (*to be filled in directly online*)
- Application Form Part B — contains the technical description of the project (*to be downloaded from the Portal Submission System, completed and then assembled and re-uploaded*)
- Part C (*to be filled in directly online*) containing additional project data
- **mandatory annexes and supporting documents** (*templates available to be downloaded from the Portal Submission System, completed, assembled and re-uploaded*):
 - detailed budget table/relevant cost calculator ('financial information file')
 - participant information (including CVs and previous projects, if any)
 - timetable/Gantt chart
 - GHG emissions calculator
 - feasibility study — *including at least: project description (background information, objectives, resource and feedstock availability and yield potential, expected project outputs, innovation); location analysis and strategic overlook (site, site plans, stakeholders involvement and acceptance); technical maturity assessment (technology readiness, technology process, suppliers of technology, feasibility of achieving project outputs; GHG avoidance and key consumptions figures; environmental and socio-economic impacts and mitigation measures; techno-economic feasibility; risks and mitigation measures (including heat map))*
 - business plan — *including at least: executive summary; business proposition (product market, competitive environment, regulatory environment, business model and operating lifetime); main project counterparties (description of who they are and overview of key*

financials; diagram showing the relationship between the different project parties and the project including sponsors, shareholders, lenders, off-takers, suppliers, constructions contractors and other contractors, advisors, and insurers; products and services including assumptions on price, volumes, inflation used to derive project revenues; market analysis (market potential, trends, competitors' overview, market uptake strategy...)); SWOT or Porter 5 Forces analysis; financing plan: table with uses and sources (debt, equity, other), details of financing sources with key terms, projected financial close and main steps to achieve it; allocation of financing including InnovFund grant across the project milestones; budget CAPEX, OPEX underlying assumptions; economical and other assumptions; WACC (with the details) and value creation (comparison WACC with IRR), table of IRR computation; financial Projections (Profit and Loss account, cash flow statement, and ideally balance sheet); risks and mitigation (heat map) including sensitivity analysis; cash flow statements, profit and loss account and balance sheet for the last three years (consolidated or social accounts) of project shareholders


- detailed financial model sheets — *with detailed information on model assumptions and calculations to derive the financial projections*
- audit statement on relevant costs (*during GAP, for projects invited to grant preparation*)
- other Annexes:
 - documents indicating support for the project, including, e.g. heads of terms (if already available), letters of interest, letters of support, letters of approval from funders, shareholders, board of directors, suppliers, off-takers, construction/O&M companies (as available) (if any)
 - main terms of supply, construction and off-take agreements and other key commercial contracts for construction, operation phase and its state of development (if any)
 - due diligence reports (if any)
 - permit, licences, authorisations (if any)


At proposal submission, you will have to confirm that you have the **mandate to act** for all applicants. Moreover, you will have to confirm that the information in the application is correct and complete and that the participants comply with the conditions for receiving EU funding (especially eligibility, financial and operational capacity, exclusion, etc). Before signing the grant, each beneficiary and affiliated entity will have to confirm this again by signing a declaration of honour (DoH). Proposals without full mandate will be rejected.

Your application must be **readable, accessible and printable**.

Proposals are limited to maximum **80 pages** (Part B). Evaluators will not consider any additional pages. Feasibility study and business plan must not exceed 60 pages each.

You may be asked at a later stage for further documents (*for legal entity validation, financial capacity check, bank account validation, etc*).

 For more information about the submission process (including IT aspects), consult the [Online Manual](#).

 Please be aware that, for proposal information (including contact details of coordinators) may be shared with the Member States and national contact points (NCPs) of the country(ies) where the project is located.

6. Eligibility

Eligible participants (eligible countries)

In order to be eligible, the applicants (beneficiaries and affiliated entities) must:

- be legal entities (public or private bodies)
- be established in one of the eligible countries: any country in the world.

Beneficiaries and affiliated entities must register in the [Participant Register](#) — before submitting the proposal — and will have to be validated by the Central Validation Service (REA Validation). For the validation, they will be requested to upload documents showing legal status and origin.

Other entities may participate in other consortium roles, such as associated partners, subcontractors, third parties giving in-kind contributions, etc (*see section 13*).


Specific cases

Natural persons — Natural persons are NOT eligible (with the exception of self-employed persons, i.e. sole traders, where the company does not have legal personality separate from that of the natural person).

International organisations — International organisations are eligible. The rules on eligible countries do not apply to them.

Entities without legal personality — Entities which do not have legal personality under their national law may exceptionally participate, provided that their representatives have the capacity to undertake legal obligations on their behalf, and offer guarantees for the protection of the EU financial interests equivalent to that offered by legal persons⁷.

EU bodies — EU bodies (with the exception of the European Commission Joint Research Centre) can NOT be part of the consortium.

Associations and interest groupings — Entities composed of members may participate as 'sole beneficiaries' or 'beneficiaries without legal personality'⁸.  Please note that if the action will be implemented by the members, they should also participate (either as beneficiaries or as affiliated entities, otherwise they cannot claim part of the grant).

EU restrictive measures — Special rules apply for certain entities (*e.g. entities subject to [EU restrictive measures](#) under Article 29 of the Treaty on the European Union (TEU) and Article 215 of the Treaty on the Functioning of the EU (TFEU)*⁹ and entities

⁷ See Article 197(2)(c) EU Financial Regulation [2018/1046](#).

⁸ For the definitions, see Articles 187(2) and 197(2)(c) EU Financial Regulation [2018/1046](#).

⁹ Please note that the EU Official Journal contains the official list and, in case of conflict, its content prevails over that of the [EU Sanctions Map](#).

covered by Commission Guidelines No [2013/C 205/05](#)¹⁰). Such entities are not eligible to participate in any capacity, including as beneficiaries, affiliated entities, associated partners, subcontractors or recipients of financial support to third parties (if any).

Following the [Council Implementing Decision \(EU\) 2022/2506](#), as of 16th December 2022, no legal commitments (including the grant agreement itself as well as subcontracts, purchase contracts, financial support to third parties etc.) can be signed with Hungarian public interest trusts established under Hungarian Act IX of 2021 or any entity they maintain.

Affected entities may continue to apply to calls for proposals. However, in case the Council measures are not lifted, such entities are not eligible to participate in any funded role (beneficiaries, affiliated entities, subcontractors, recipients of financial support to third parties). In this case, co-applicants will be invited to remove or replace that entity and/or to change its status into associated partner. Tasks and budget may be redistributed accordingly.



For more information, see [Rules for Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment](#).

Consortium composition

n/a

Eligible activities

Eligible activities are the ones set out in section 2 above.

Projects must comply with EU policy interests and priorities (*such as environment, social, security, industrial and trade policy, etc*).

Financial support to third parties is not allowed.

Geographic location (target countries)

Proposals must relate to activities taking place in EU Member States, Norway or Iceland. Projects may also be located in Northern Ireland on the condition that the project concerns the generation, transmission, distribution or supply of electricity.

Duration

The project must:

- reach financial close within four years after grant signature
- operate at least:
 - 3 years after entry into operation.

Project duration (see *glossary*) normally ranges between 3 and 10 years, from grant signature to the final payment. Projects of longer duration may be accepted in duly justified cases. Extensions are possible, if duly justified and through an amendment.

Project budget

¹⁰ Commission guidelines No [2013/C 205/05](#) on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards (OJEU C 205 of 19.07.2013, pp. 9-11).

Project budget (maximum grant amount) must be calculated on the basis of the relevant costs, using the provided relevant cost calculator and respecting the conditions set out in the [Guidance on the relevant cost methodology](#).

Only projects with a total capital expenditure between EUR 2 500 000 and EUR 7 500 000 will be eligible under this call.

The grant awarded may be lower than the amount requested.

7. Financial and operational capacity and exclusion

Financial capacity

Applicants must have **stable and sufficient resources** to successfully implement the projects and contribute their share. Organisations participating in several projects must have sufficient capacity to implement all these projects.

The financial capacity check will be carried out on the basis of the documents you will be requested to upload in the [Participant Register](#) during grant preparation (*e.g. profit and loss account and balance sheet, audit report produced by an approved external auditor, certifying the accounts for the last closed financial year, etc*). The analysis will be based on neutral financial indicators, but will also take into account other aspects, such as dependency on EU funding and deficit and revenue in previous years.

The check will normally be done for all beneficiaries, except:

- public bodies (entities established as public body under national law, including local, regional or national authorities) or international organisations
- if the individual requested grant amount is not more than EUR 60 000.

If needed, it may also be done for affiliated entities.

If we consider that your financial capacity is not satisfactory, we may require:

- further information
- an enhanced financial responsibility regime, i.e. joint and several responsibility for all beneficiaries or joint and several liability of affiliated entities (*see below, section 10*)

or

- request that you are replaced or, if needed, reject the entire proposal.

 For more information, see [Rules for Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment](#).

Operational capacity

Applicants must have the **know-how, qualifications** and **resources** to successfully implement the projects and contribute their share (including sufficient experience in projects of comparable size and nature).

This capacity will be assessed together with the 'Project maturity' award criterion, on the basis of the competence and experience of the applicants and their project teams, including operational resources (human, technical and other) or, exceptionally, the measures proposed to obtain it by the time the task implementation starts.

If the evaluation of the award criterion is positive, the applicants are considered to have sufficient operational capacity.

Applicants will have to show their capacity via the following information:

- general profiles (qualifications and experiences) of the staff responsible for managing and implementing the project (including CVs)
- description of the consortium participants (including previous projects, if any)
-

Additional supporting documents may be requested, if needed to confirm the operational capacity of any applicant.

Exclusion

Applicants which are subject to an **EU exclusion decision** or in one of the following **exclusion situations** that bar them from receiving EU funding can NOT participate¹¹:

- bankruptcy, winding up, affairs administered by the courts, arrangement with creditors, suspended business activities or other similar procedures (including procedures for persons with unlimited liability for the applicant's debts)
- in breach of social security or tax obligations (including if done by persons with unlimited liability for the applicant's debts)
- guilty of grave professional misconduct¹² (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant)
- committed fraud, corruption, links to a criminal organisation, money laundering, terrorism-related crimes (including terrorism financing), child labour or human trafficking (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant)
- shown significant deficiencies in complying with main obligations under an EU procurement contract, grant agreement, prize, expert contract, or similar (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant)
- guilty of irregularities within the meaning of Article 1(2) of Regulation No [2988/95](#) (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant)
- created under a different jurisdiction with the intent to circumvent fiscal, social or other legal obligations in the country of origin or created another entity with this purpose (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant).

Applicants will also be refused if it turns out that¹³:

- during the award procedure they misrepresented information required as a condition for participating or failed to supply that information

¹¹ See Articles 136 and 141 of EU Financial Regulation [2018/1046](#).

¹² Professional misconduct includes: violation of ethical standards of the profession, wrongful conduct with impact on professional credibility, false declarations/misrepresentation of information, participation in a cartel or other agreement distorting competition, violation of IPR, attempting to influence decision-making processes or obtain confidential information from public authorities to gain advantage.

¹³ See Article 141 EU Financial Regulation [2018/1046](#).

- they were previously involved in the preparation of the call and this entails a distortion of competition that cannot be remedied otherwise (conflict of interest).

8. Evaluation and award procedure

The proposals will have to follow the **standard submission and evaluation procedure** (one-stage submission + one-step evaluation).

An **evaluation committee** (assisted by independent outside experts) will assess all applications. Proposals will first be checked for formal requirements (admissibility, and eligibility, *see sections 5 and 6*). Proposals found admissible and eligible will be evaluated against the operational capacity and award criteria (*see sections 7 and 9*) and then ranked according to their scores.

Proposals will be evaluated according to the following cascade:

- 1) 'Degree of innovation'. If a proposal scores less than the minimum threshold under this criterion, the evaluation is stopped (the remaining criteria are neither evaluated nor scored)
- 2) 'GHG emission avoidance potential' and 'Project maturity'. If a proposal scores less than 50% of total points under the Project maturity criterion or if it scores less than the minimum threshold under the GHG emission avoidance potential criterion, the evaluation is stopped (the remaining criteria are neither evaluated nor scored)
- 3) 'Scalability' and 'Cost efficiency'.

For proposals with the same score a **priority order** will be determined according to the following approach:

Successively for every group of *ex aequo* proposals, starting with the highest scored group, and continuing in descending order:

- 1) Proposals located in a country (EU Member State, Norway or Iceland) with a lower number of higher-ranked proposals will be considered to have highest priority.
- 2) If this doesn't allow to determine the priority and if the proposals are from different sectors (*see [Guidance on the GHG emission avoidance methodology](#)*), further prioritisation will be done by considering their ranking (based on the total number of points under all award criteria) within their respective sectors.
- 3) If this also doesn't allow to determine the priority, proposals that have more points for the criterion 'Degree of innovation' will be given priority.
- 4) If this also doesn't suffice, proposals that received more points under the criterion 'Scalability' will be given priority.


All proposals will be informed about the evaluation result (**evaluation result letter**). Successful proposals will be invited for grant preparation; the other ones will be rejected (or put on the reserve list, if any).

Proposals that fail to reach the threshold for any of the project maturity sub-criteria may be proposed for [project development assistance \(PDA\) support](#) to the European Investment Bank (EIB), if they:


- reach at least the minimum threshold for 'GHG emission avoidance', 'Degree of innovation', 'Scalability' and 'Cost efficiency'
 - are awarded at least 50% of total points under the 'Project maturity' criterion
- and
- are considered by the evaluators as having the potential for improving their maturity through specific project development assistance.

CINEA will propose up to 40 proposals for the PDA support to the European Investment Bank (EIB). The EIB will examine the proposals and provide a short-list of up to 20 proposals. The awarded proposals will be invited to sign a project development support agreement with the EIB.

In order to ensure a geographically balanced portfolio, CINEA will give priority in its proposed list to projects in eligible countries (*see section 6*) with a lower number of projects awarded in previous Innovation Fund calls.

 Please be aware that, for proposals that agree to be proposed for PDA, the applications (and project documentation) will be shared with the EIB and will be used by them for their assessment. You may be required to submit additional documents or information for the PDA support.

Grant preparation will involve a dialogue in order to fine-tune technical or financial aspects of the project and may require extra information from your side. It may also include adjustments to the proposal to address recommendations of the evaluation committee or other concerns (such as adaptation of the grant due to additional funding received from other sources). Compliance will be a pre-condition for signing the grant.

 No commitment for funding — Invitation to grant preparation does NOT constitute a formal commitment for funding. We will still need to make various legal checks before grant award: *legal entity validation, financial capacity, exclusion check, etc.*

If you believe that the evaluation procedure was flawed, you can submit a **complaint** (following the deadlines and procedures set out in the evaluation result letter). Please note that notifications which have not been opened within 10 days after sending are considered to have been accessed and that deadlines will be counted from opening/access (*see also [Funding & Tenders Portal Terms and Conditions](#)*). Please also be aware that for complaints submitted electronically, there may be character limitations.

9. Award criteria

The **award criteria** for this call are as follows:

- **Degree of innovation**
 - **Innovation in relation to the state of the art (15 points):** degree to which the project goes **beyond incremental innovation** on a scale from intermediate to breakthrough innovation (*see Annex 1 for examples*) taking into account the European or national level as a reference point; quality, soundness and reliability of the information provided in the proposal.
- **GHG emission avoidance potential**

- **Absolute GHG emission avoidance (2 points):** difference between the expected GHG emissions of the project and the GHG emissions in the reference scenario during 10 years after entry into operation (calculation using the GHG emissions calculator and follow the [Guidance on the GHG emission avoidance methodology](#))



In terms of scoring of this sub-criterion: for each sector, the proposals with an absolute emission avoidance equal to the sector's median will be scored 1. All other proposals will be given a score between 0 and 2 (rounded to the nearest half point), according to their absolute GHG emission avoidance proportional to the median. The median value in each sector will be calculated taking into account only proposals that meet all the minimum thresholds for '*Degree of innovation*', '*Project maturity*' and '*Quality of the GHG emission avoidance calculation, minimum requirements*'. In case there is only one proposal in a sector, this proposal will receive 2 points.

- **Relative GHG emission avoidance (5 points):** absolute GHG emission avoidance divided by the GHG emissions in the reference scenario over the same 10 year period (calculation using the GHG emissions calculator and follow the [Guidance on the GHG emission avoidance methodology](#))



The score of this sub-criterion is proportional to the relative GHG emission avoidance, rounded to the nearest half point. The minimum score is 0 (for 0%). The maximum score is 5 (for 100% or above).

- **Quality of the GHG emission avoidance calculation, minimum requirements (5 points):** **quality and credibility** of the calculation of GHG emission avoidance potential; when relevant, whether the proposed action meets or not the **minimum requirements** in terms of:
 - the process emissions of the project per unit of product must be below the **EU ETS benchmark(s)**¹⁴ applicable at the call deadline
 - for **bio-economy** projects: ensure that the used biomass meets the sustainability requirements of the Renewable Energy Directive¹⁵; the biomass feedstock must either be listed in Part A of Annex IX of the Directive or be certified as low indirect land use change (ILUC)-risk as defined by Commission Regulation 2019/807; for a commitment to be considered credible, the applicant should either provide evidence of an agreement in principle to source from one or more producers who are already certified low ILUC-risk, or provide evidence of an agreement in principle to source one or more producers who have a clear plan to apply for low ILUC-risk certification.

¹⁴ Commission Implementing Regulation (EU) 2021/447 of 12 March 2021 determining revised benchmark values for free allocation of emission allowances for the period from 2021 to 2025 pursuant to Article 10a(2) of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 87, 15.3.2021, p. 29).

¹⁵ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).



In case of issues in the quality of the calculation (including reliability and margin of uncertainty of key parameters and/or assumptions), points may be reduced.

In case the calculation methodology is incorrectly applied, in case the Application Form Part B or the GHG emissions calculator have not been filled correctly, or the minimum requirements, where relevant, are not met, the score for this sub-criterion will be below the minimum threshold and the proposal will be rejected.

– **Project maturity**

- **Technical maturity (5 points):** technical feasibility of achieving the GHG emission avoidance within the project's operational environment; understanding of technology and related technical risks and proposed risk mitigation measures; quality, soundness and reliability of the information provided in the proposal
- **Financial maturity (5 points):** credibility of the business model, business plan and financial model; expected project profitability; robustness and credibility of the strategy to secure key contractual framework including supply and off-take contracts; soundness of the financing plan along the project milestones and of the expected sources of financing, including private-sector contributions, Member State support or other types of public support, where relevant; ability to reach financial close within 48 months or faster after signing the Grant Agreement; solidity and level of the commitment of project developers, owners and debt funders and capital structure in line with the project risks and returns; solid evidence of commitment from project owners and other financing parties is also essential for projects that are not commercial or with low profitability; understanding of the project's business and financial risks, and quality of proposed risk mitigation measures; quality, soundness and reliability of the information provided in the proposal
- **Operational maturity (5 points):** credibility and level of detail of the project implementation plan covering all project milestones (which must include at least financial close, entry into operation and annual reporting after the entry into operation) and related deliverables; relevance and track record of the project management/team and soundness of the project organisation; state of play and credibility of the proposed plan for obtaining required permits, intellectual property rights or licences and other regulatory procedures; soundness of the strategy for ensuring public acceptance; ability to reach entry into operation in line with market standards in the sector or faster; understanding of the project's implementation risks, including risks stemming from dependencies on other projects falling outside the boundaries of the project, and credibility of proposed risk mitigation measures; quality, soundness and reliability of the information provided in the proposal
- **Scalability (15 points)**
 - **Scalability in terms of efficiency gains,** such as expected technology cost reductions; efficient use of resources or other ways to address resource constraints notably in terms of reduction of use and

more efficient use of critical raw materials¹⁶, biomass and other scarce resources, and in terms of circularity, recycling and recyclability of such resources

- **Scalability in terms of further technology or solutions deployment**, including plans and evidence of planning for further expansion at the project site and the project's possible technology transfer to other sites; extent to which the technology of the project can be applied within the sector, regionally or across the EU economy or globally where relevant; potential for technology transfer beyond sector; related expected additional emission avoidance; impacts on economic growth and jobs

Potential to create new value chains or reinforce existing ones in Europe, in particular with regard to the contribution to the development of strategic autonomy in industrial supply chains, as defined in the Industrial Strategy for Europe 2021 and the Communication on a Recovery plan for Europe; positive impacts on competitiveness.

For projects to a large degree dependent on subsidies, potential to become cost-competitive and financially viable over time in the absence of subsidies.

- **Quality and extent of the knowledge sharing**, communication and dissemination activities initiated by the project at the various project stages (*see Annex 2*)
- **Quality, soundness and reliability of the information** provided in the proposal
- **Cost efficiency**
 - **Cost efficiency ratio (12 points)**: cost effectiveness (ratio between requested grant and absolute GHG emission avoidance)



The following scoring rules will apply for this sub-criterion:

- The cost efficiency ratio is expressed as follows:

$$\bullet \quad \text{Cost efficiency ratio} = \frac{\text{Requested grant}}{\text{Absolute GHG emission avoidance}}$$

Whereby:

- The maximum Innovation Fund grant that can be requested is limited to 60% of the relevant costs; the applicants can request less, and can take this smaller amount as numerator in the cost efficiency ratio calculation if the reduction is due to their own contribution to the relevant costs. If the applicant considers additional project-specific public support in the project financial model (either from a competitive tendering process or national/regional/local funding to the project), it must be added to the Innovation Fund grant amount in the numerator of the cost efficiency ratio.

¹⁶ https://ec.europa.eu/growth/sectors/raw-materials/areas-specific-interest/critical-raw-materials_en

- Relevant costs are calculated according to the applicable methodology (see [Guidance on the relevant cost methodology](#)).
- The applicant's own contribution equals the financing sources provided by (i) the shareholders (including equity and shareholder loans) and (ii) the debt providers (including senior and junior lenders), but it does not include the Innovation Fund grant amount, nor project-specific public support (either from a competitive tendering process or national/regional/local funding to the project).
- The absolute GHG emission avoidance used is the same value calculated for the sub-criterion 'Absolute GHG emission avoidance'.
- The score is calculated as follows:
 - if the cost efficiency ratio is lower or equal than 600 EUR/t CO₂-eq, the points are calculated based on the following formula:

$$12 - (12 \times (\text{cost efficiency ratio} / 600))$$

- if the cost efficiency ratio is higher than 600 EUR/t CO₂-eq, the score is zero points.

The result is rounded to the nearest half point. The minimum score under this sub-criterion is 0. The maximum score is 12.

- **Quality and credibility of the cost calculation (3 points):** quality, credibility and soundness of the calculation of the relevant costs



In case of issues in the quality, credibility and soundness of the calculation (including credible justifications on assumptions and key parameters), points may be reduced.

In the case the calculation of relevant costs contains substantial errors or if the Application Form Part B or the relevant costs calculator template have not been filled completely, the score for this sub-criterion will be below the minimum threshold and the proposal will be rejected.

Bonus points:

- **Bonus 1:** The potential to deliver **net carbon removals** (1 point).
- **Bonus 2: Other GHG savings** from emissions sources that go beyond the boundaries established in the Innovation Fund methodology for the given sector, such as emissions due to transportation of raw materials or finished products, waste management, upstream emissions of fuels in the project scenario, etc. (1 point).
- **Bonus 3:** Commitment to use **electricity from additional renewable sources:** projects that propose to use significant amounts of electricity from the grid are encouraged to demonstrate whether they are using additional electricity of renewable origin and whether they are adding to the deployment of renewable energy (1 point).

Award criteria	Minimum pass score	Maximum score
Degree of innovation	9	15
GHG emission avoidance potential		
Absolute GHG emission avoidance	n/a	2
Relative GHG emission avoidance	n/a	5
Quality of the GHG emission avoidance calculation, minimum requirements	3	5
Total GHG emission avoidance potential	n/a	12
Project maturity		
Technical maturity	3	5
Financial maturity	3	5
Operational maturity	3	5
Total Project maturity	n/a	15
Scalability	9	15
Cost efficiency		
Cost efficiency ratio	n/a	12
Quality of the cost calculation	1.5	3
Total Cost efficiency	n/a	15
Total (without bonus)	n/a	72
Bonus point 1	n/a	1
Bonus point 2	n/a	1
Bonus point 3	n/a	1
Total (with bonus)	n/a	75

Maximum points: 75 points.

Individual thresholds (minimum pass scores) per criterion/sub-criterion: see above.

There is no overall threshold.

Proposals that pass the individual thresholds will be considered for funding — within the limits of the available budget (i.e. up to the budget ceiling). Other proposals will be rejected.

10. Legal and financial set-up of the Grant Agreements

If you pass evaluation, your project will be invited for grant preparation, where you will be asked to prepare the Grant Agreement together with the EU Project Officer.

This Grant Agreement will set the framework for your grant and its terms and conditions, in particular concerning deliverables, reporting and payments.

The Model Grant Agreement that will be used (and all other relevant templates and guidance documents) can be found on [Portal Reference Documents](#).

Starting date and project duration

The project starting date and duration will be fixed in the Grant Agreement (*Data Sheet, point 1*). Normally the starting date will be after grant signature. Retroactive application can be granted exceptionally for duly justified reasons — but never earlier than the first day of the month after the proposal submission date.

Project duration: *see section 6 above*

Milestones and deliverables

The milestones and deliverables for each project will be managed through the Portal Grant Management System and will be reflected in Annex 1 of the Grant Agreement.

The following work packages, deliverables and milestones will be required:

- WP 1 — Up to Financial Close
 - Milestone triggering payment (mandatory): financial close
 - Other milestones (indicative): project planning approved; project authorisation granted (including permits); main project contracting closed; project financing means granted and available
 - Deliverables (mandatory): detailed project management plan (month 1); final version of the financial model (month 1); progress reports (every 6 months, except when there is an interim payment); knowledge sharing plan (month 3); knowledge sharing report (at financial close); first update to the detailed project management plan; all key documents necessary verify achievement of financial close (at the latest at financial close)
- WP 2 — From Financial Close to Entry into Operation
 - Milestone triggering payment (mandatory): entry into operation
 - Other milestones (indicative): site preparation, construction, pre-commissioning; signing of operation and maintenance agreements (O&M); commissioning, start-up and testing
 - Deliverables (mandatory): Operational readiness and completion certificate; progress reports (every year, except when there is an interim payment); updated knowledge sharing report (at entry into operation); GHG monitoring plan (at entry into operation); second update to the detailed project management plan (at entry into operation)
- WP 3 — Year 1 of Operation

- Milestone triggering payment (mandatory): end of first year of operation
- Deliverables (mandatory): annual GHG emissions report (at the end of the first year of operation)
- WP 4 —Year 2 of Operation
 - Milestone triggering payment (mandatory): end of second year of operation
 - Deliverables (mandatory): annual GHG emissions report (at the end of the second year of operation)
 - additional work packages (if any)
- WP N – Last Year of Operation
 - Milestone triggering payment (mandatory): end of last year of operation
 - Deliverables (mandatory): annual GHG emission avoidance; verified GHG emissions report; updated knowledge sharing report; final report on the fulfillment of 'Degree of Innovation' and 'Scalability' claims (all at the end of the last year of operation).

Additional work packages (and the corresponding milestones and deliverables) can be added in the phase before financial close or between financial close and entry into operation, if needed to respect the logic of the project.

Form of grant, funding rate and maximum grant amount

The grant parameters (e.g. *maximum grant amount*) will be fixed in the Grant Agreement (*Data Sheet, point 3 and art 5*).

Project budget (maximum grant amount): *see section 6 above*

The grant will be a lump sum grant. This means that it will reimburse a fixed amount, based on a lump sum. The amount will be fixed by the granting authority on the basis of the relevant costs of the project calculated in accordance with the [Guidance on the relevant cost methodology](#) and a fixed funding rate of 60% (or lower requested grant amount, if any).

Budget categories and cost eligibility rules

The budget categories and cost eligibility rules are fixed in the Grant Agreement (*Data Sheet, point 3, art 6 and Annex 2*).

Budget categories for this call:


- Lump sum contributions¹⁷


Specific cost eligibility rules for this call:

- the lump sum amount must be calculated in accordance with the methodology set out in the lump sum decision and using the detailed budget table/relevant cost calculator (financial information file) provided

¹⁷ [Decision](#) of 02 July 2020 authorising the use of lump sums for projects under the Innovation Fund.

- the lump sum calculation should respect the following conditions:
 - the relevant costs must be calculated in accordance with the [Guidance on the relevant cost methodology](#) and be confirmed at entry into operation
- the lump sum breakdown must comply with the following:
 - the estimated lump sum contribution for each work package must relate to and be proportional to the activities covered by that work package
 - the portion of the grant amount budgeted until the financial close must not exceed 40% of the maximum grant amount
 - the portion of the grant amount budgeted after entry into operation should amount to at least 10% of the maximum grant amount
- other:
 - the maximum grant amount will only be paid out, if over the entire project duration, the project reaches at least 75% of the total amount of GHG emission planned to be avoided and if all other claims made in the application, in particular with regard to the degree of innovation and scalability, are fulfilled.

 Please be aware that during grant agreement preparation, the lump sum contributions may be reallocated between work packages, if, for instance, the shares are not proportional to the activities/expenditure covered by the corresponding work packages.

 The amount of GHG emission avoidance will be checked on the basis of the verified GHG emissions report (required as deliverable at the end of the project; see *above*). If less than 75% of the targeted amount is reached at the end of the project, the amount of the grant paid after the financial close will be proportionally reduced. If the project fails to enter into operation or the beneficiary fails to demonstrate any real avoidance of GHG emissions, we may terminate and the full grant amount after financial close will be recovered.

Reporting and payment arrangements

The reporting and payment arrangements are fixed in the Grant Agreement (*Data Sheet, point 4 and art 21 and 22*).

There is no pre-financing payment. There will be one or more **interim payments**:


- up to 40% of the maximum grant amount for the reporting periods (RPs) until financial close, depending on the value of the work package(s)
- remaining amount of at least 60% for the RP(s) after financial close, depending on the value of the work package(s); generally, at least 10% for the period after Entry into operation.

You will be required to provide periodic reports to request payments, in accordance with the schedule and modalities set out in the grant agreement. After the entry into operation, the periodic reports will be annual.

In addition, you will be expected to submit one or more progress reports not linked to payments.

Payment of the balance: At the end of the project, we will calculate your final grant amount. If the total of earlier payments is higher than the final grant amount, we will ask you (your coordinator) to pay back the difference (recovery).

All payments will be made to the coordinator.

 Please be aware that payments will be automatically lowered if one of your consortium members has outstanding debts towards the EU (granting authority or other EU bodies). Such debts will be offset by us — in line with the conditions set out in the Grant Agreement (*see art 22*).

Please also note that you are responsible for keeping records on all the work done.

Prefinancing guarantees

n/a

Certificates

n/a

Liability regime for recoveries

The liability regime for recoveries will be fixed in the Grant Agreement (*Data Sheet point 4.4 and art 22*).

For beneficiaries, it is one of the following:

- limited joint and several liability with individual ceilings — *each beneficiary up to their maximum grant amount*
 - unconditional joint and several liability — *each beneficiary up to the maximum grant amount for the action*
- or
- individual financial responsibility — *each beneficiary only for their own debts*.

In addition, the granting authority may require joint and several liability of affiliated entities (with their beneficiary).

Provisions concerning the project implementation

IPR rules: *see Model Grant Agreement (art 16 and Annex 5)*:

- list of background: Yes
- rights of use on results: Yes
- knowledge sharing requirements: Yes

Communication, dissemination and visibility of funding: *see Model Grant Agreement (art 17 and Annex 5)*:

- communication and dissemination plan (knowledge sharing plan): Yes
- additional communication and dissemination activities: Yes

Specific rules for carrying out the action: *see Model Grant Agreement (art 18 and Annex 5)*:

- specific rules for blending operations: No

Other specificities

n/a

Non-compliance and breach of contract

The Grant Agreement (chapter 5) provides for the measures we may take in case of breach of contract (and other non-compliance issues).



For more information, see [AGA — Annotated Grant Agreement](#).

11. How to submit an application

All proposals must be submitted directly online via the Funding & Tenders Portal Electronic Submission System. Paper applications are NOT accepted.

Submission is a **2-step process**:

a) create a user account and register your organisation

To use the Submission System (the only way to apply), all participants need to [create an EU Login user account](#).

Once you have an EU Login account, you can [register your organisation](#) in the Participant Register. When your registration is finalised, you will receive a 9-digit participant identification code (PIC).

b) submit the proposal

Access the Electronic Submission System via the Topic page in the [Search Funding & Tenders](#) section (or, for calls sent by invitation to submit a proposal, through the link provided in the invitation letter).

Submit your proposal in 4 parts, as follows:

- Part A includes administrative information about the applicant organisations (future coordinator, beneficiaries, affiliated entities and associated partners) and the summarised budget for the proposal. Fill it in directly online
- Part B (description of the action) covers the technical content of the proposal. Download the mandatory word template from the Submission System, fill it in and upload it as a PDF file
- Part C containing additional project data. To be filled in directly online.
- Annexes (see section 5). Upload them as PDF file (single or multiple depending on the slots). Excel upload is sometimes possible, depending on the file type.
- The proposal must keep to the **page limits** (see section 5); excess pages will be disregarded.

Documents must be uploaded to the **right category** in the Submission System otherwise the proposal might be considered incomplete and thus inadmissible.

The proposal must be submitted **before the call deadline** (see section 4). After this deadline, the system is closed and proposals can no longer be submitted.

Once the proposal is submitted, you will receive a **confirmation e-mail** (with date and time of your application). If you do not receive this confirmation e-mail, it means your proposal has NOT been submitted. If you believe this is due to a fault in the Submission System, you should immediately file a complaint via the [IT Helpdesk webform](#), explaining the circumstances and attaching a copy of the proposal (and, if possible, screenshots to show what happened).

Details on processes and procedures are described in the [Online Manual](#). The Online Manual also contains the links to FAQs and detailed instructions regarding the Portal Electronic Exchange System.

12. Help

As far as possible, ***please try to find the answers you need yourself***, in this and the other documentation (we have limited resources for handling direct enquiries):

- [Online Manual](#)
- FAQs on the Topic page (for call-specific questions in open calls; not applicable for actions by invitation)
- [Portal FAQ](#) (for general questions).

Please also consult the Topic page regularly, since we will use it to publish call updates. (For invitations, we will contact you directly in case of a call update).

Contact

For individual questions on the Portal Submission System, please contact the [IT Helpdesk](#).

Non-IT related questions should be sent to the [Innovation Fund Helpdesk](#).

Please indicate clearly the reference of the call and topic to which your question relates (*see cover page*).

13. Important



IMPORTANT

- **Don't wait until the end** — Complete your application sufficiently in advance of the deadline to avoid any last minute **technical problems**. Problems due to last minute submissions (*e.g. congestion, etc*) will be entirely at your risk. Call deadlines can NOT be extended.
- **Consult** the Portal Topic page regularly. We will use it to publish updates and additional information on the call (call and topic updates).
- **Funding & Tenders Portal Electronic Exchange System** — By submitting the application, all participants **accept** to use the electronic exchange system in accordance with the [Portal Terms & Conditions](#).
- **Registration** — Before submitting the application, all beneficiaries, affiliated entities and associated partners must be registered in the [Participant Register](#). The participant identification code (PIC) (one per participant) is mandatory for the Application Form.
- **Consortium roles** — When setting up your consortium, you should think of organisations that help you reach objectives and solve problems.

The roles should be attributed according to the level of participation in the project. Main participants should participate as **beneficiaries** or **affiliated entities**; other entities can participate as associated partners, subcontractors, third parties giving in-kind contributions. **Associated partners** and third parties giving in-kind contributions should bear their own costs (they will not become formal recipients of EU funding). **Subcontracting** should normally constitute a limited part and must be performed by third parties (not by one of the beneficiaries/affiliated entities).
- **Coordinator** — In multi-beneficiary grants, the beneficiaries participate as consortium (group of beneficiaries). They will have to choose a coordinator, who will take care of the project management and coordination and will represent the consortium towards the granting authority. In mono-beneficiary grants, the single beneficiary will automatically be coordinator.
- **Affiliated entities** — Applicants may participate with affiliated entities (i.e. entities linked to a beneficiary which participate in the action with similar rights and obligations as the beneficiaries, but do not sign the grant and therefore do not become beneficiaries themselves). They will get a part of the grant money and must therefore comply with all the call conditions and be validated (just like beneficiaries); but they do not count towards the minimum eligibility criteria for consortium composition (if any).
- **Associated partners** — Applicants may participate with associated partners (i.e. partner organisations which participate in the action but without the right to get grant money). They participate without funding and therefore do not need to be validated.
- **Consortium agreement** — For practical and legal reasons it is recommended in all cases to set up internal arrangements that allow you to deal with exceptional or unforeseen circumstances. The consortium agreement also gives you the possibility to redistribute the grant money according to your own consortium-internal principles and parameters (for instance, one beneficiary can reattribute its grant money to another beneficiary). The consortium agreement thus allows you to customise the EU grant to the needs inside your consortium and can also help to protect you in case of disputes. For successful proposals, the consortium agreement should be signed before the signature of the grant agreement.

- **Balanced project budget** — Grant applications must ensure a balanced project budget and sufficient other resources to implement the project successfully (*e.g. own contributions, income generated by the action, financial contributions from third parties, etc*). You may be requested to lower your estimated costs, if they are ineligible (including excessive).
- **No double funding** — There is a strict prohibition of double funding from the EU budget (except under EU Synergies actions, *see Article 6.3 of the Grant Agreement*). Outside such Synergies actions, any given action may receive only ONE grant from the EU budget and cost items may under NO circumstances be declared to two different EU actions.
- **Completed/ongoing projects** — Proposals for projects that have already been completed will be rejected; proposals for projects that have already started will be assessed on a case-by-case basis (in this case, no costs can be reimbursed for activities that took place before the project starting date/proposal submission).
- **Combination with EU operating grants** — Combination with EU operating grants is possible, if the project remains outside the operating grant work programme and you make sure that cost items are clearly separated in your accounting and NOT declared twice (*see [AGA — Annotated Model Grant Agreement, art 6.2.E](#)*).
- **Multiple proposals** — Applicants may submit more than one proposal for *different* projects under the same call (and be awarded a funding for them).
Organisations may participate in several proposals.
BUT: if there are several proposals for *very similar* projects, only one application will be accepted and evaluated; the applicants will be asked to withdraw one of them (or it will be rejected).
- **Resubmission** — Proposals may be changed and re-submitted until the deadline for submission.
- **Rejection** — By submitting the application, all applicants accept the call conditions set out in this Call Document (and the documents it refers to). Proposals that do not comply with all the call conditions will be **rejected**. This applies also to applicants: All applicants need to fulfil the criteria; if any one of them doesn't, they must be replaced or the entire proposal will be rejected.
- **Cancellation** — There may be circumstances which may require the cancellation of the call. In this case, you will be informed via a call or topic update. Please note that cancellations are without entitlement to compensation.
- **Language** — You can submit your proposal in any official EU language (project abstract/summary should however always be in English). For reasons of efficiency, we strongly advise you to use English for the entire application. If you need the call documentation in another official EU language, please submit a request within 10 days after call publication (for the contact information, *see section 12*).

- **Transparency** — In accordance with Article 38 of the [EU Financial Regulation](#), information about EU grants awarded is published each year on the [Europa website](#).

This includes:

- beneficiary names
- beneficiary addresses
- the purpose for which the grant was awarded
- the maximum amount awarded.

The publication can exceptionally be waived (on reasoned and duly substantiated request), if there is a risk that the disclosure could jeopardise your rights and freedoms under the EU Charter of Fundamental Rights or harm your commercial interests.

- **Data protection** — The submission of a proposal under this call involves the collection, use and processing of personal data. This data will be processed in accordance with the applicable legal framework. It will be processed solely for the purpose of evaluating your proposal, subsequent management of your grant and, if needed, programme monitoring, evaluation and communication. Details are explained in the [Funding & Tenders Portal Privacy Statement](#).

Glossary

Action	Global term for beneficiary activities funded by the Innovation Fund. Used interchangeably with project.
Consortium	Beneficiaries and other participants which cooperate together to implement the project.
Detailed financial model	Applicant's detailed financial model with information on model assumptions and projections, including (as indicative content): <ul style="list-style-type: none"> – input sheet(s) with detailed assumptions – funding sources and uses – projected financial statements – calculation sheet(s) – sensitivity analysis.
Detailed table/relevant calculator budget costs	Usually called Financial Information File (FIF). Mandatory excel file with the following information: <ul style="list-style-type: none"> – relevant cost calculator – cost efficiency calculator – financial model summary sheet – table with Innovation Fund grant breakdown per work package and beneficiary/affiliated entity
Entry into operation	The moment in the project development cycle where all elements and systems required for operation of the project have been tested and activities resulting in effective avoidance of greenhouse gas emissions have commenced.
Financial close	The moment in the project development cycle where all the project and financing agreements have been signed and all the required conditions contained in them have been met.
Monitoring and reporting period	The monitoring and reporting period is the period of time after entry into operation during which the GHG emission avoidance is monitored and reported yearly and linked to the Innovation Fund support. For small-scale projects the standard monitoring and reporting period is 3 years. However, the GHG emission avoidance and the relevant costs calculation have to be based on 10 years of operation, except if the project is planned to operate for a shorter period.
Operating costs	Operating expenses borne by the project proponent.
Project duration	Period of time during which the project benefits from Innovation Fund support. The project duration must not be confused with the monitoring and reporting period (see above) and the project lifetime (see below).
Project lifetime	The project lifetime refers to the period of time from the start to the end of a project and is not limited to the period of time during which the project benefits from Innovation Fund support. The feasibility study, business plan, the detailed financial model and the financial projections must be based on the project lifetime.
Subcontractor	Economic operator that is proposed by a beneficiary/affiliated entity to perform part of the action tasks.

Annex 1**Innovation****Innovation in relation to the state of the art***Types of innovative actions*

The Innovation Fund aims to support technologies, business models and processes that are not yet commercially available, but represent breakthrough solutions or are sufficiently mature to be ready for demonstration at pre-commercial scale.

Thus a project may consist of a first-of-a-kind commercialisation or commercial size demonstration of technologies, processes or business models previously proven at pilot or smaller scale demonstration plant.

A second or more of a kind commercialisation can also be considered innovative under certain conditions. In particular, where the relevant costs remain a significant share of total costs that prohibit commercialisation without further public support.

Smaller demonstrations or pilot plants are also eligible for support, especially if this is the right scale at which technology needs to be proven before moving to a larger scale demonstration.

State-of-the-art: commercial and technological

The state-of-the-art for a proposed production process, product or service or business model comprises *both* the characteristics of the commercially available process, product or service that is most similar to the proposed one (commercial state-of-the-art) and the already proved characteristics of the proposed technological solution at the highest technological readiness level (technological state-of-the-art). Hence, a proposed project activity or product may be considered as innovative compared to the state-of-the-art if:

- it differs from that normally offered by existing vendors/technology suppliers with respect to key characteristics, such as quality of service, carbon footprint, resource use, etc
- it is not currently offered in the EU or national markets by multiple vendors or it is not offered as a standard product or service from a single vendor
- its expected outcomes go well beyond existing solutions
- it is further advanced from previously conducted demonstrations for instance in terms of technology readiness level (TRL) or more generally system readiness level (SRL¹⁸), covering also integration of various technologies
- optimally, but not necessarily, it also outperforms competing innovations.

The following list presents examples for activities or products that may be considered innovative compared to commercial state-of-the-art:

- a new product/service that requires more than incremental technical adjustments in production facilities/supply chain or a new production set up/plants

¹⁸ System Readiness Level (SRL) adds a consideration of the integration readiness of the different elements of a system. For further information, you can refer to <https://www.etv4innovation.eu/images/Module%202.pdf>

- a product service, process or business model substitution i.e. a new product, service, process or business model that eliminates the need for existing products, processes or business model.
- a new technology that can substitute an existing technology, or that allows the novel integrated use of existing technology
- more than incremental adjustments in production facilities/supply chain that enable intrinsically cleaner production, for instance making it possible to substitute (totally or to a large extent) fossil fuel energy with renewable energy
- an existing technical solution or use applied in one sector is applied and more incrementally adapted for a new sector or a different use
- system integration, i.e. an integration of existing technologies with lower system integration readiness today.



Please consult the list of Innovation Fund projects ([Innovation Fund Project Portfolio Dashboard](#)). If the production process, product or service or business model that applicant proposes has been already awarded, please justify where the new proposal's innovative elements lie (scale, type of application, difference in some elements).

Innovation at national level

In case the reference point of your innovation is at national level, the geographical reference of the state of the art must be the country where the project will be implemented. The proposal should then demonstrate how the solution you propose is going beyond this national state of the art.

Proposals going beyond state-of-the-art at national level can meet the minimum threshold, however if a proposal is also going beyond the state-of-the-art at European level, it may receive a higher score.

Going beyond incremental innovation

The Innovation Fund aims to support projects that go beyond incremental innovation. A more than incremental innovation requires overcoming major technological and/or economic barriers, for instance by upscaling production processes or reducing production costs by an order of magnitude.

In incremental innovation, the degree of innovation is very low since only minor changes or improvements are made to existing products, processes or business models (*which result in e.g. reduction of costs or functional improvements in existing products, services or processes at low levels of uncertainty*). Incremental innovation does not imply substantially new knowledge or technology. Since the Innovation Fund aims to support projects with at least intermediate, possibly even higher degree of innovation, projects which are likely to deliver only incremental innovation will not be retained.

Intermediate or strong degree of innovation is likely to be present in new or considerably changed technologies or processes or business models for the production or delivery of existing or new products or services. Furthermore, novel combinations of mature technologies, the scale-up of innovative technologies and second (or more) commercialisations may also fall under this category, if technological and/or economic barriers need to be overcome to ensure the realisation of the project. Examples could include, for instance, a lack of interoperability between mature technologies, a required increase of the commercial readiness level, an adaptation of existing

solutions to fundamentally different markets. A strong degree of innovation is usually accompanied by an increase of the overall TRL or SRL of key technologies.

Very strong or breakthrough degree of innovation is likely to be present in completely new technologies or processes or business models or completely new products or services, which substitute existing products or business models. Such innovation is likely to lead to significant change that transforms entire markets or industries or creates new ones and is characterised by high uncertainty. For such a level of innovation, the projects usually overcome substantial technological and/or economical barriers, for instance well-known technological limitations or unexpected cost decreases, and are accompanied by a strong increase of the TRL of key technologies or the SRL. A breakthrough innovation entails that the project is a first-of-a-kind commercialisation.

Annex 2

Knowledge Sharing

The purpose of the knowledge sharing is to de-risk innovative technologies and solutions with regard to scaling up to a commercial size, to accelerate their deployment, to increase the undertaking of and confidence in these technologies or solutions by the investment community and wider public, as well as to maintain a competitive market for their post-demonstration deployment.

Projects that receive an InnovFund grant will be required to actively share information with the public and other market participants to ensure transparency and knowledge dissemination. Beneficiaries must present the project on their organisation websites and social media accounts.

The knowledge to be shared, for example through the Knowledge Sharing reports or through the GHG emissions reports, as well as communication and dissemination activities, must cover the whole project cycle: reaching financial close; getting to entry into operation; and operation. The areas of relevant knowledge to be shared cover project management, financial engineering, permitting, procurement, construction, commissioning, performance, cost level and cost per unit performance, stakeholder engagement, environmental impacts, health and safety, as well as needs for further research and development.

More in-depth knowledge will be shared with all Innovation Fund projects of the same sector or category and with any other project (from the specific sector or category) that has agreed to share information on the same terms. Fair competition will be safeguarded during knowledge-sharing activities.

More general knowledge on the innovative technologies demonstrated under the Innovation Fund will also be shared with a wider community — Member States, researchers, NGOs, international organisations and other projects.

Confidential (sensitive) information shared by the beneficiaries will be fully preserved. Only anonymised and aggregated information will be shared with the public. Moreover, no information will be disclosed which could lead to the reverse-engineering of the beneficiaries' technology or prejudice their ability to obtain patent or other registered intellectual property right protection.