

INNOVATION FUND

Driving clean innovative technologies towards the market

Innovation Fund - First call preparation - Frequently Asked Questions (FAQs)

The purpose of these FAQs is to provide potential applicants and other stakeholders with relevant information on the application process for the Innovation Fund first call for proposals.

The information contained herein is subject to change and was last updated on 15/05/2020. In case of discrepancy, the legal acts published in the Official Journal and the official text of the call for proposals prevail. Further information is available on the [Innovation Fund website](#).

Established by the Directive 2003/87/EC¹ (hereafter 'EU ETS Directive'), the **Innovation Fund** aims to support the demonstration of low-carbon technologies in energy-intensive industries, renewable energy, energy storage, carbon capture and storage (CCS) and industrial carbon capture and use (CCU). It will pool together around EUR 10 billion depending on the carbon price for the period 2020 to 2030. The Innovation Fund support will be provided in the form of a grant and the size of the grant awarded to a single project could be up to 60% of the additional costs linked to the innovative low-carbon technology applied. According to the Commission Delegated Regulation (EU) 2019/856² (hereafter 'Innovation Fund Regulation'), projects applying for the Innovation Fund support will undergo a **two-stage application process**. During the first stage, also referred to as 'expression of interest' or 'first phase', the projects will be evaluated based on the following three criteria:

1. Effectiveness in terms of **greenhouse gases (hereafter GHG) emission avoidance** potential, where applicable, compared to the benchmarks referred to in Article 10a(2) of Directive 2003/87/EC;
2. **Degree of innovation** of the projects compared to the state of the art;
3. **Project maturity** in terms of planning, business model, financial and legal structure as well as prospect of reaching the financial close within a pre-defined period of time not exceeding four years after the award decision;

Projects that meet the first two selection criteria, but not the third one, could be offered **Project Development Assistance (PDA)** if such projects have the potential to meet all selection criteria if further developed. Projects that are successful during the first stage will be invited to the second stage, also referred to as 'full application' or 'second phase'. In addition to the above-mentioned three selection criteria, projects will also be evaluated based on:

4. **Scalability**, which is the technical and market potential for widespread application or replication, or for future cost reductions;
5. **Cost efficiency** related to the relevant costs of the project minus any contribution to those costs from the applicant, divided by the total projected amount of GHG emissions avoided/energy produced or stored/CO₂ stored, in the first 10 years of operations.

¹ [Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC](#)

² [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](#)

The detailed methodologies to evaluate projects under the five selection criteria are under development. For more information, please refer to the [discussion papers](#) on the Innovation Fund website.

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1. KEY FEATURES OF THE FIRST CALL

1.1. WHEN WILL THE FIRST CALL BE LAUNCHED?

The Commission plans to launch the first call in mid-2020³ and project applicants can expect to have four months to submit their application for the first stage. The results of the first-stage evaluation can be expected at the latest in Q1 2021. Following the application period for the second stage, the final results can be expected during the second half of 2021.

1.2. WHAT IS THE SIZE OF THE FIRST CALL?

The total planned budget for grants is €1bn.

1.3. WHICH PROJECTS ARE ELIGIBLE IN THE FIRST CALL?

The first call will target projects in all energy intensive industry sectors covered by Annex I to the ETS Directive⁴: renewable energy, energy storage, carbon capture and storage (CCS) and carbon capture and utilisation (CCU). All types of projects related to renewable energy, CCS and energy storage are eligible for the Innovation Fund support, irrespective of whether they take place within the scope of Annex I. Regarding CCU, if the project involves the CCU technology which is meant to capture the CO₂ in the sector covered by Annex I or to use the CO₂ for products substituting carbon intensive ones in one of the sectors listed in this Annex although captured in a non-ETS sector, it will be eligible for funding.

Only large-scale projects with a total capital expenditure (CAPEX) above EUR 7 500 000 will be eligible for the first call.

1.4. WHAT IF A PROJECT HAS A TOTAL CAPITAL EXPENDITURE BELOW EUR 7 500 000?

A project with a total capital expenditure below EUR 7 500 000 is considered as small-scale and is not eligible for the first call. The Commission aims to publish a dedicated call for small-scale projects.

³ Given the Coronavirus disease 2019 (COVID-19) outbreak, the Commission is striving to maintain its normal operations, however delays linked to the preparations and launch of the first call may occur.

⁴ [Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC](#)

2. APPLICANT PROFILE

2.1. WHO CAN APPLY?

A single legal entity, as well as a consortium of legal entities, can apply for funding under the Innovation Fund.

In case of an application by a consortium of legal entities, the funding is awarded to the consortium, which is responsible for delivering the project. The entities participating in the consortium will have to sign a consortium agreement among themselves – establishing their internal arrangements – before signing the grant agreement.

2.2. IN WHICH COUNTRIES CAN THE PROJECT BE IMPLEMENTED?

The project has to be implemented in one of the EU Member States, Norway or Iceland. This means that projects implemented outside these countries are ineligible. However, the project applicant does not need to be controlled by EU investors.

2.3. DO I HAVE TO BE A REGISTERED COMPANY IN ORDER TO APPLY?

On the day of application, the entity submitting the proposal must be legally registered and able to comply with the rules established in the text of the call for proposals and to interact with the Commission services.

2.4. WHAT KIND OF EXPENDITURE IS ELIGIBLE FOR SUPPORT?

Article 5 of the Innovation Fund Regulation defines the relevant (eligible) costs as the additional costs borne by the applicant as a result of the application of the innovative technology related to the reduction or avoidance of the GHG emissions. The maximum grant for which a project can apply to receive the Innovation Fund support is up to 60% of the relevant costs. Relevant costs are not limited to any specific type of expenditure. For instance, if patenting or land purchasing are part of the relevant costs, these expenditures can be included in the calculation. However, the costs incurred prior the signature of the grant agreement will not be included in the calculation of the relevant costs.

2.5. CAN I APPLY IF MY PROJECT HAS ALREADY STARTED BEING BUILT?

As the Innovation Fund aims to bring projects to the market, projects applying for the Innovation Fund support should not have already started being built or be already in operation. However, once the application is submitted, the applicant might decide to start the construction before the grant will be awarded. This is entirely at the risk of the applicant.

2.6. DOES MY PROJECT NEED TO BE FORMALLY ENDORSED BY THE MEMBER STATE CONCERNED?

No. There is no requirement for a formal endorsement by the Member State concerned when applying to the Innovation Fund. However, regulatory and financial support from a government or local authority will be an important element to be evaluated under the project maturity criterion, and may lead to a higher score under this criterion.

3. APPLICATION AND EVALUATION

3.1. WHERE TO APPLY?

Project applicants will be able to submit an application on the [Funding & Tender Opportunities portal](#) where the call will be published. The relevant link will also be available on the [Innovation Fund webpage](#), upon call publication.

Further documents, including the Model Grant Agreement (MGA) and guidance documents, will be available at the time of the launch of the call. During the application period, project applicants will be able to submit questions to a functional mailbox. The replies will be presented in regular webinars.

3.2. WHAT WILL THE EVALUATION PROCESS LOOK LIKE?

The evaluation process will be carried out by the Innovation and Networks Executive Agency (INEA) assisted by independent external experts. Like the application process, the evaluation process is divided into first stage and second stage evaluation with criteria relevant for each stage. Each project proposal is evaluated by at least three external experts and all proposals within a call will be evaluated during the same evaluation session and following the same procedure. To ensure fair and merit-based selection, projects will be selected based on the same selection criteria.

3.3. IF I AM NOT SUCCESSFUL IN THE FIRST OR SECOND STAGE OF THE FIRST CALL, CAN I APPLY AGAIN?

Yes. You can apply for any of the following Innovation Fund calls, as long as your project is eligible.

3.4. HOW IS THE CONFIDENTIALITY OF THE INFORMATION PROVIDED IN THE APPLICATION ENSURED?

The Commission will treat each proposal confidentially, as well as any related information, data and documents received. It will archive submitted proposals under secure conditions at all times. Experts assessing the proposals are also contractually bound to declare possible conflicts of

interests and to confidentiality. The Commission collects and further processes personal data pursuant to Regulation (EU) 2018/1725⁵.

3.5. FIRST STAGE APPLICATION AND EVALUATION

3.5.1. WHAT TYPE OF INFORMATION AND DOCUMENTS SHOULD APPLICANTS SUBMIT IN THE FIRST STAGE?

Once the call is published, applicants will be able to submit via the funding and tender portal the required documentation for the first stage of the application process. This will be done by filling in the templates published together with the call and providing related supporting documents and information, in particular:

- (a) information on the legal status of the applicant;
- (b) a declaration on the applicant's honour in accordance with Article 137(1) of the Financial Regulation and on compliance with the selection criteria;
- (c) information necessary to demonstrate the applicant's financial and operational capacity to carry out the proposed action or work programme and, supporting documents confirming that information, such as the profit and loss account and the balance sheet for up to the three last financial years for which the accounts were closed. Such information and supporting documents shall not be requested from applicants to which the verification of the financial or operational capacity does not apply in accordance with Article 198(5) or 198(6) of the Financial Regulation;
- (d) where the application concerns a grant for a project for which the amount exceeds EUR 750 000, an audit report produced by an approved external auditor, where it is available, and always in cases where a statutory audit is required by Union or national law, certifying the accounts for up to the last three available financial years. In all other cases, the applicant shall provide a self-declaration signed by its authorised representative certifying the validity of its accounts for up to the last three available financial years;
- (e) description of key project characteristics in line with the requirements laid down in the call for proposals, including the description of the project's effectiveness in terms of GHG emission avoidance potential, degree of innovation, and maturity as specified in points (a), (b) and (c) of Article 11(1) of the Innovation Fund Regulation;

⁵ [Regulation \(EU\) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation \(EC\) No 45/2001 and Decision No 1247/2002/EC](#)

- (f) indication of the sources and amounts of the Union funding received or applied for in respect of the same project (action) or part of the project (action) or for the functioning of the applicant during the same financial year;
- (g) The completed application form, all required annexes and supporting documents as specified in the call (e.g. feasibility study, business plan, project implementation plan).

A guide for applicants will be published together with the first call and will help applicants to submit their proposals.

3.5.2. WHICH CRITERIA WILL MY PROPOSAL BE EVALUATED AGAINST IN THE FIRST STAGE?

During the first stage, proposals will be evaluated against three selection criteria: GHG emissions avoidance, degree of innovation and project maturity. Further information regarding how compliance with these different criteria are assessed will be provided in the text of the call.

3.5.3. WHAT ARE THE POSSIBLE OUTCOMES OF THE FIRST STAGE EVALUATION?

In accordance with Article 12 of the Innovation Fund Regulation, independent external experts will evaluate the eligible proposals. This assessment will establish if and which proposals meet the relevant selection criteria – GHG emissions avoidance, degree of innovation and project maturity. Therefore, the possible outcomes are:

- If the project scores sufficiently on those three criteria, the applicant shall be invited to submit a full application.
- If a project scores sufficiently on the first two criteria – effectiveness in terms of GHG emission avoidance potential and degree of innovation – and it is assessed that Project Development Assistance (PDA) can help the project mature and become ready for Innovation Fund support, such project might be considered for PDA in line with Article 12(2) of Innovation Fund Regulation. The Commission will award the PDA after consultation of Member States. See also section 4.
- If a project does not score sufficiently on GHG emission avoidance, degree of innovation, and project maturity, the proposal will be rejected.

3.5.4. WILL I GET ANY FEEDBACK IN CASE MY PROPOSAL FAILS?

The rejected proposals will receive a rejection letter accompanied by the evaluation report comprising all the relevant information on the assessment of that proposal.

3.6. SECOND STAGE APPLICATION AND EVALUATION

3.6.1. WHICH DOCUMENTS DO I HAVE TO PROVIDE FOR THE SECOND STAGE?

During the full application phase, applicants shall be required to submit, in particular, the following documents and information:

- (a) a detailed description of project's characteristics in line with the requirements laid down in the call for proposals, including the description of the project's effectiveness in terms of GHG emission avoidance potential, degree of innovation, project maturity, scalability and cost efficiency as specified in Article 11(1) of the Innovation Fund Regulation;
- (b) a completed application form, all required annexes and supporting documents as specified in the call (e.g. updates of feasibility study, business plan, project implementation plan; knowledge sharing plan).

3.6.2. HOW DOES THE EVALUATION IN THE SECOND STAGE DIFFER FROM THE EVALUATION IN THE FIRST STAGE?

In the second stage, project proposals will undergo a thorough evaluation against all five selection criteria – GHG emissions avoidance, degree of innovation, project maturity, scalability and cost efficiency.

3.6.3. WHAT WILL BE THE OUTCOME OF THE SECOND STAGE EVALUATION?

In accordance with Article 12 of the Innovation Fund Regulation, the result of the evaluation will allow to draw up a list of pre-selected projects. The Commission will consult Member States on the list of pre-selected projects, before adopting the award decision specifying the support to the selected projects.

INEA will inform applicants of the outcome of the evaluation:

- Unsuccessful proposals will receive a rejection letter accompanied by the evaluation results for their proposal;
- Successful project proposals will be invited for the preparation of the grant agreement. The specific support provided to projects will be subject to successful conclusion of the grant agreement negotiations with INEA (see section 5).

4. PROJECT DEVELOPMENT ASSISTANCE (PDA)

4.1. WHO PROVIDES THE PDA AND WHAT ARE THE MAIN ACTIVITIES COVERED?

The PDA support will be provided by the European Investment Bank (EIB). The projects, which are awarded PDA support by the Commission, will be invited to sign a grant agreement with the EIB.

The PDA support will be tailor-made to the specific projects, based on their needs identified in the first stage evaluation. Possible PDA support may include but is not limited to:

- improvement and development of a project documentation, or of components of the project design, with a view to ensure the sufficient maturity of the project, including support with the permits plan;
- assessment of the feasibility of the project, including technical and economic studies (e.g. terms of references for the FEED study) and due diligence;
- advice on the financial and legal structure of the project;
- capacity building of the applicant.

The Innovation Fund may finance up to 100% of the project development assistance costs.

4.2. CAN I APPLY FOR THE PDA DIRECTLY?

No. Applicants cannot apply directly for the PDA support. The PDA support can only be awarded as an outcome of the first stage evaluation if it is assessed that PDA can help the project mature and become ready for Innovation Fund support.

4.3. IF I HAVE RECEIVED THE PDA SUPPORT, CAN I APPLY DIRECTLY FOR THE SECOND STAGE OF A FOLLOWING INNOVATION FUND CALL?

No. Projects that are awarded PDA support cannot skip the first stage of the application process in a following call. Such projects will have to go through the first stage of the application process of a subsequent Innovation Fund call, provided that they are eligible. However, in line with Article 6(6) of the Innovation Fund Regulation, if you are applying again after having received PDA support, the amount your project received for the PDA will be deducted from any future Innovation Fund grant.

4.4. CAN THE PDA COVER THE COSTS FOR TECHNOLOGY DEVELOPMENT, INCLUDING TESTING PROTOTYPES?

No. The PDA support can only be awarded to improve the project maturity in terms of planning, business model, financial and legal structure, not in its technology advancement. The exploration costs (e.g. geothermal drills, development of CCS storage sites, etc.) may be included in the relevant costs for the Innovation Fund grant, but cannot be covered by the PDA support.

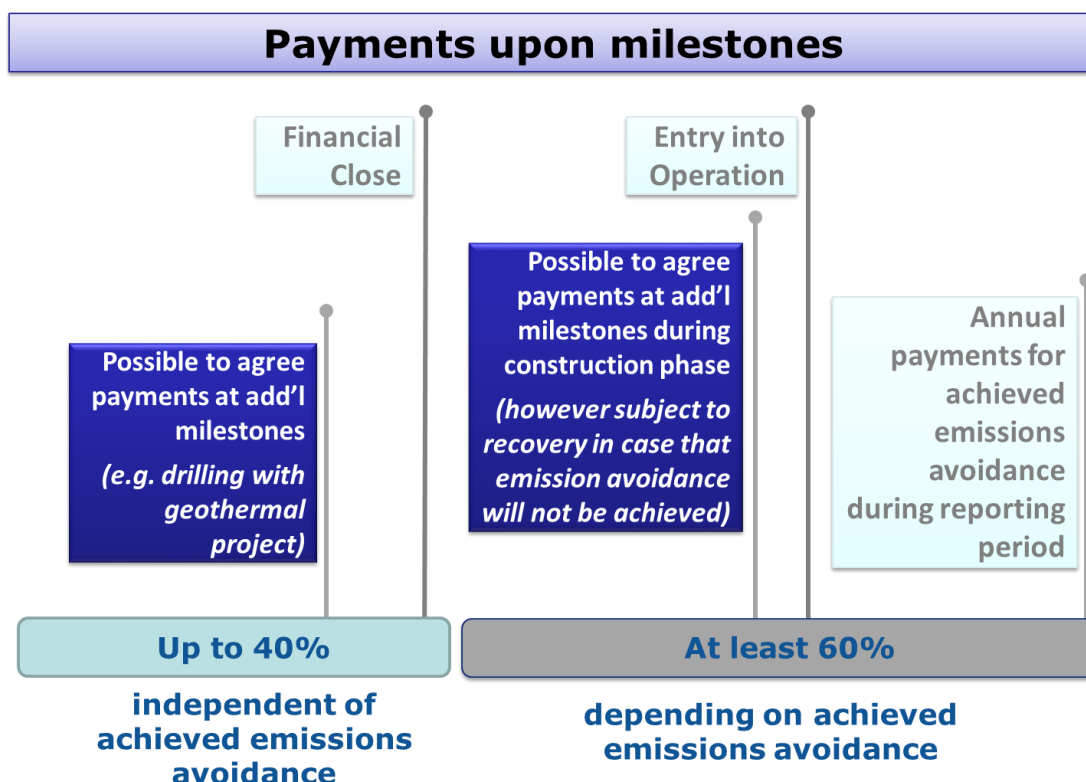
5. GRANT AWARD AND DISBURSEMENT

5.1. WHEN WILL I BE INFORMED IF MY PROPOSAL IS AWARDED AN INNOVATION FUND GRANT?

At the end of the second stage evaluation, following the award decision, successful applicants will receive a letter with in attachment the evaluation report, informing them on the outcome of the evaluation. The preparation of the grant agreement between INEA and the successful applicant will take place over the following months.

5.2. HOW WILL THE GRANT BE DISBURSED?

The grant, in the form of a lump sum, will be disbursed in parts upon reaching the milestones established in the grant agreement. Up to 40% of the total amount of the grant will be disbursed upon financial close or upon reaching specific milestones preceding financial close where such milestones are embedded in the grant agreement. The remaining amount of the grant will be disbursed after the financial close and will depend on the avoidance of GHG emissions verified on the basis of annual reports submitted during the reporting period. That remaining grant amount may be partially disbursed prior to the entry into operation and in annual instalments after the entry into operation. All disbursements will happen in the form of lump-sums when specific milestones are reached. Specific requirements for documentation or other evidence to be provided in order to trigger the payment will be detailed in the grant agreement and the call.



5.3. WHAT WILL BE COVERED IN THE GRANT AGREEMENT?

After a successful grant agreement preparation, the grant agreement is signed. Please note that the grant shall not be considered awarded until the grant agreement is signed by both parties. The grant agreement will be project-specific and will determine, among others, the milestones that the project will have to reach in order to receive the grant, the reporting periods and reporting requirements, as well as the grant disbursement schedule.

5.4. WHEN CAN I EXPECT TO RECEIVE THE FIRST PART OF THE GRANT?

The first part of the grant will be disbursed upon reaching the first milestone (the financial close or another milestone preceding the financial close) established in the grant agreement (see questions 5.2 and 5.3).

5.5. WHAT MILESTONES THE PROJECT WILL HAVE TO REACH?

All projects will have to reach at least the following milestones:

- The financial close (within 4 years after the signature of the grant agreement),
- The entry into operation.

Taking into account the technology deployed and the specific circumstances of the sectors in which it is being deployed, additional projects-specific milestones may be determined in the grant agreement.

5.6 WHAT WILL BE THE REPORTING OBLIGATIONS?

The project will submit regular progress reports, recording the implementation progress and knowledge sharing activities. Progress reports will be submitted bi-annually before financial close, and annually afterwards.

Furthermore, the project will submit a specific report for each milestone until the milestone of entry into operation (periodic report), recording the relevant documentation and evidence related to the specific milestones. Following review and acceptance, INEA will trigger the milestone payments according to the payment schedule agreed in the grant agreement.

After the milestone of entry into operation, the annual reports will also include information on the avoided annual GHG emissions and serve as basis for the annual payments as agreed in the grant agreement.

5.7. WHAT ABOUT THE GRANT RECOVERY?

The Innovation Fund Regulation establishes general and special recovery rules. First, the disbursed grant may be recovered in order to protect financial interests of the Innovation Fund, for example,

in cases where the beneficiary commits substantial errors, irregularities, fraud, or serious breach of obligations under the grant agreement or the award procedure.

Second, the amount of the grant disbursed after the financial clause which is dependent on the avoidance of GHG emissions verified on the basis of annual reports submitted by the project during the reporting period (3 to 10 years following the entry into operation), may be fully or partially recovered where:

- the real amount of the GHG emissions avoided during the entire reporting period is lower than 75% of the planned amount;
- the project fails to enter into operation by the time determined in the grant agreement.

The grounds for recovery as well as the recovery procedures, including the situations in which the Commission may decide not to apply the recovery mechanisms, shall be further specified in the grant agreement.

6. KNOWLEDGE SHARING

6.1. WHAT IS THE PURPOSE OF KNOWLEDGE SHARING?

The purpose of the knowledge sharing is to de-risk the innovative technologies or 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.

6.2. WHAT ARE THE KNOWLEDGE SHARING REQUIREMENTS LINKED TO THE INNOVATION FUND GRANT?

Projects awarded the Innovation Fund grant will be required to actively share information with the public and other market participants ensuring transparency and knowledge dissemination. The knowledge to be shared will cover the whole project cycle – from preparation to financial close; from entry into operation to operation. The likely areas of relevant knowledge to be shared are project management, procurement, permitting, construction, commissioning, performance, cost level and cost per unit performance, 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 category and with any other project that has agreed to share information with the Commission on the same terms as the Innovation Fund projects while ensuring fair competition. The Commission will also share with the wider community - Member States, researchers, NGOs, international organisations and other projects – more general knowledge on the innovative technologies demonstrated under the Innovation Fund. The exact

requirements on the knowledge to be shared with different participants will be specified in the call for proposals.

6.3. WILL THE COMMISSION REQUIRE CONFIDENTIAL INFORMATION TO BE SHARED BY PROJECTS?

Yes, some of the information that will be shared will be confidential. However, the confidentiality of this information will be ensured. Only anonymised and aggregated information will be shared to the public. In any case, the Commission will not require the disclosure of information that can enable the reverse-engineering of the beneficiaries' technology or prejudice the beneficiaries' ability to obtain patent or other registered intellectual property right protection.

6.4. WHEN WILL I HAVE TO SUBMIT THE KNOWLEDGE SHARING PLAN AND WHAT WILL BE ITS CONTENT?

The applicants will submit a knowledge-sharing plan during the second stage of the application process. The knowledge sharing plan will be assessed under the scalability criterion. The knowledge sharing plan will likely have two parts:

- 1) knowledge sharing and dissemination activities initiated by the project and
- 2) detailed description of the indicators of relevant knowledge to be shared with other Innovation Fund projects and the wider community under the different areas of project preparation, implementation and operation. These areas include project management, procurement, permitting, construction, commissioning, performance, cost level and cost per unit performance, environmental impacts, health and safety, as well as any needs for further research and development.

Knowledge sharing activities, according to the knowledge sharing plan, will be reported in the project progress reports.

7. WHO IMPLEMENTS THE INNOVATION FUND

7.1. WHAT IS THE ROLE OF THE EUROPEAN COMMISSION?

The European Commission, assisted by the implementing bodies (INEA and the EIB) is tasked with the overall management of the Innovation Fund. The final responsibility for the selection of projects that will be awarded the Innovation Fund grant or the PDA support lies with the Commission.

7.2. WHAT IS THE ROLE OF THE INNOVATION AND NETWORKS EXECUTIVE AGENCY (INEA)?

INEA is an implementing body of the Innovation Fund in charge of programme and grant management, that is:

- management of the calls for proposals and all related procedures
- guidance and support for applicants
- management of the project proposal submission and evaluation processes including eligibility checks
- signature of grant agreements
- disbursement of the Innovation Fund grants
- monitoring the technical/financial management of projects in the IF portfolio
- providing expert technical support and services to project promoters
- monitoring and ex-post control of projects, including management of recoveries
- ensuring visibility of the programme, available funding, results and achievements via communication actions and products, including events

INEA will report regularly to the Commission, and provide the feedback on general orientations for the further development of the Innovation Fund.

7.3. WHAT IS THE ROLE OF THE EXTERNAL EXPERTS?

Independent external experts with solid technical experience in the eligible sectors, track record in project finance and investment evaluation, and background in related legal matters, will assist INEA in the evaluation process. INEA selects experts from the EU experts' database based on their skills, knowledge and experience. Other aspects such as gender balance and geographical diversity are also taken into account while selecting experts. Experts evaluating Innovation Fund's proposals will sign a contract that defines their rights, obligations, terms and conditions and that they are obliged to act in their own personal capacity and in an impartial way. The contract includes a confidentiality clause and stipulates the rules for handling potential conflicts of interests. The external experts will be remunerated for their services, in line with the applicable rules⁶. On average, external experts can be contracted for 2-3 weeks per year and per call that they are evaluating.

External experts must declare that no conflict of interest exists and that they will inform INEA if any such conflict should arise in the course of their duties. In case of conflict of interests, experts will not be selected to participate in the evaluation or will be requested to discontinue their participation in the evaluation.

⁶ Commission Rules on the reimbursement of expenses incurred by people from outside the Commission invited to attend meetings in an expert capacity (Decision C(2007)5858) available at:
http://ec.europa.eu/research/participants/data/ref/h2020/other/experts_manual/regl_experts_en.pdf

7.4. WHERE CAN I APPLY TO BECOME AN EXTERNAL EXPERT?

You can register to join the [database of external experts](#). When registering, refer to the “Innovation Fund” in the list of pre-established keywords and tick the “other programme” box in the application. Please also send your CV to: INEA-Innovationfund-calls@ec.europa.eu

7.5. WHAT IS THE ROLE OF THE EUROPEAN INVESTMENT BANK (EIB)?

The EIB is an implementing body of the Innovation Fund, responsible for the provision and management of the Project Development Assistance (PDA) support. The EIB will also be in charge of the monetisation of the Innovation Fund allowances and the management of the Innovation Fund revenues.⁷ The EIB will report regularly to the Commission.

7.6. WHAT IS THE ROLE OF MEMBER STATES?

Member States will actively participate in the implementation of the Innovation Fund. In line with Article 21 of the Innovation Fund Regulation, Member States will be consulted on key decisions, including:

- Decision launching the call for proposals,
- Maximum amount of the Innovation Fund support to be made available for the PDA,
- List of pre-selected projects for PDA support and
- List of pre-selected projects for the Innovation Fund grant, prior to the award of grant.

Member States, if requested by the Commission, will also advise and assist the Commission in setting general orientations for the Innovation Fund, as well as in addressing project implementation problems. Finally, as explained in question 2.7, regulatory and financial support from a government or local authority will be an important element to be evaluated under the project maturity criterion, and may lead to a higher score under this criterion.

8. STATE AID, CO-FINANCING AND SYNERGIES

8.1. CAN I COMBINE THE INNOVATION FUND GRANT WITH FURTHER PUBLIC SUPPORT?

The Innovation Fund may cover up to 60% of the additional costs, which means that only part of the total project costs will be covered by the Innovation Fund grant. To finance the remaining project costs, projects may cumulate this support with any other public support in line with the applicable rules.

⁷ Commission decision of 25.3.2020 entrusting the EIB with the management of the revenues of the Innovation Fund C(2020) 1892/2

8.2. WILL IT BE POSSIBLE TO COMBINE THE INNOVATION FUND GRANT WITH STATE AID?

The Innovation Fund grant is not considered to be State aid. To cover the remaining 40% of relevant costs and all other costs, a project applicant can combine the Innovation Fund grant with public support by a Member State. However, a project will not necessarily be able to cover the full amount of the remaining costs with public support by a Member States because this will depend on the cumulation thresholds for public support of the applicable State aid rules. Possible State aid measures that could facilitate the combination of the Innovation Fund grant and public support by a Member State include:

- the Guidelines on State aid for environmental protection and energy – EEAG ([2014/C 200/01](#));
- the General Block Exemption Regulation – GBER ([651/2014](#));
- and the State aid rules applying to the Important Projects of Common European Interest – IPCEI ([2014/C 188/02](#)).

The above-mentioned State aid measures are currently under review and possibly subject to update.

8.3. IS CO-FINANCING FROM OTHER UNION PROGRAMMES POSSIBLE?

8.3.1. COMBINATION WITH GRANT FINANCING FROM OTHER UNION PROGRAMMES

According to Article 19(4) of the Innovation Fund Regulation, a project that has received the Innovation Fund support may also receive a contribution from any other Union programme, including funds under shared management, provided that the contributions do not cover the same costs. The cumulative financing shall not exceed the total eligible costs of the project and the support from different Union programmes may be calculated on a pro-rata basis.

The specific applicable rules of other Union programmes will be subject to the adoption of the next multi-annual programmes of the Union for the years 2021-2027. These programmes may include:

- [European Innovation Council](#) – grants and business acceleration services mainly targeted to innovative SMEs or their consortia
- [Horizon Europe](#) – grants and advisory services
- [Connecting Europe Facility](#) (CEF) – grants
- [Just Transition Fund](#) – grants

8.3.2. COMBINATION WITH SUPPORT PROVIDED BY OTHER UNION PROGRAMMES IN OTHER FORMS THAN GRANTS (E.G. DEBT FINANCING, EQUITY OR GUARANTEES)

Yes, the support by financial instruments – such as the InvestEU programme – can top-up the Innovation Fund grant, provided the cumulative support does not exceed the total project costs.

For example, the support (e.g. loan) provided for investment or financing operations under the InvestEU Programme may cover up to e.g. 50% of total project costs. The specific applicable rules will be subject to the adoption of the next multi-annual programmes of the EU for the years 2021-2027. Such possible additional support could be provided by:

- [InvestEU](#) Programme – debt and equity financing
- [Breakthrough Energy Ventures Europe](#) – fund to support innovations on climate mitigation to be launched in Q1 2020
- [European Innovation Council](#) – equity financing mainly targeted to SMEs or their consortia

8.3.3. AS A BENEFICIARY OF AN INNOVATION FUND GRANT, AM I AUTOMATICALLY ELIGIBLE TO ANOTHER EU PROGRAMME OR WOULD I NEED TO APPLY SEPARATELY AND GO THROUGH ANOTHER SELECTION PROCESS?

A beneficiary of an Innovation Fund grant will have to apply separately for different programmes, and vice versa.