

# Q&A Session 29.09.2022

Main eligibility criteria  
and eligible project costs



**LUXINNOVATION**

#MakingInnovationHappen

# Joint Call HPC

## Involved Parties



LE GOUVERNEMENT  
DU GRAND-DUCHÉ DE LUXEMBOURG  
Ministère de l'Économie



Luxembourg National  
Research Fund



**LUXINNOVATION**  
#MakingInnovationHappen

# Main eligibility criteria for companies

## Co-funding capacity

- Equity / capital increase
- Bank loans
- Free cash flow

## Economic impact

- Substance
- Exploitation of assets resulting from the project activities

## Innovation

- Competitive advantage on the market
- New or improved product, process, service
- New marketing method/ New organisational method

## Generic criteria

- Incentive effect
- Undertaking **not** in difficulty
- SME analysis

## Call criteria

- Collaboration with public research organisation(s)
- Industrial research projects

# Co-funding capacity

## How to assess the company's co-funding capacity in relation to the project budget



The company must demonstrate its **viability and financial soundness** regarding its contribution to the project.



Co-funding needs to be documented within the application and can consist of:

- Equity / capital increase
- Free Cash Flow
- Loans



Aid intensities:

Large

≤ 65%

Medium

≤ 75%

Small

≤ 80%

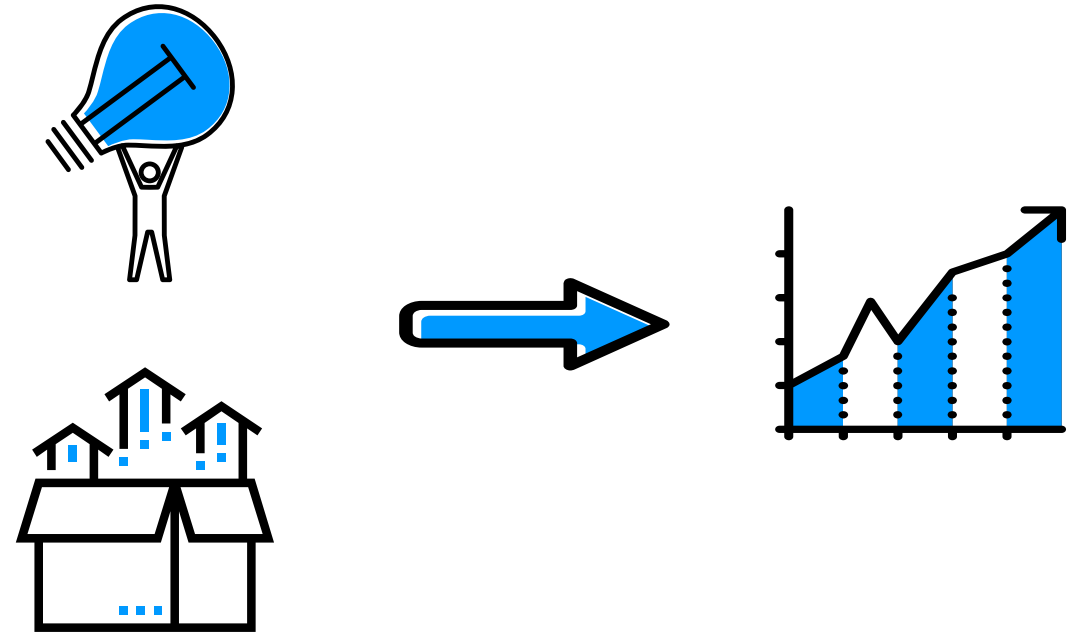
Q&A session regarding  
co-funding  
on the 13<sup>th</sup> of October

# Economic Impact

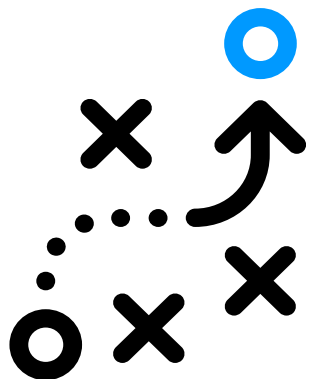
## Illustrating the economic substance and impact of the project

The company must demonstrate its **economic substance** and the **positive impact of the expected project outcome** on its growth and future assets:

- Developing economic substance in Luxembourg
- Implementation and exploitation of the project results
- Go to market strategy and business model
- Strengthening the competitiveness and growth of involved companies (i.e. profit centre)



# Generic criteria – Incentive effect



- **Incentive effect:** the aid must have an effect on the behaviour of the beneficiary company, which could give up carrying out its project, or choose to carry it out differently in the absence of aid.
- Within the scope of this call, **companies need to await the communication of the final funding decision** before starting the project (July 2023).
- No contracts or legally binding agreements regarding the scope of the submitted project should be engaged before the start of the project.
- No retroactivity of costs.
- Large companies need to additionally document the incentive effect (counterfactual budget) to motivate how the aid will change the project scope.

# Generic criteria – SME Analysis

## European SME definition and thresholds

According to the European SME definition, (*Grand-Ducal Regulation of 16 March 2005*), it is required to **agglomerate company data of all linked and partner enterprises** (including companies held through holding companies or through physical persons).

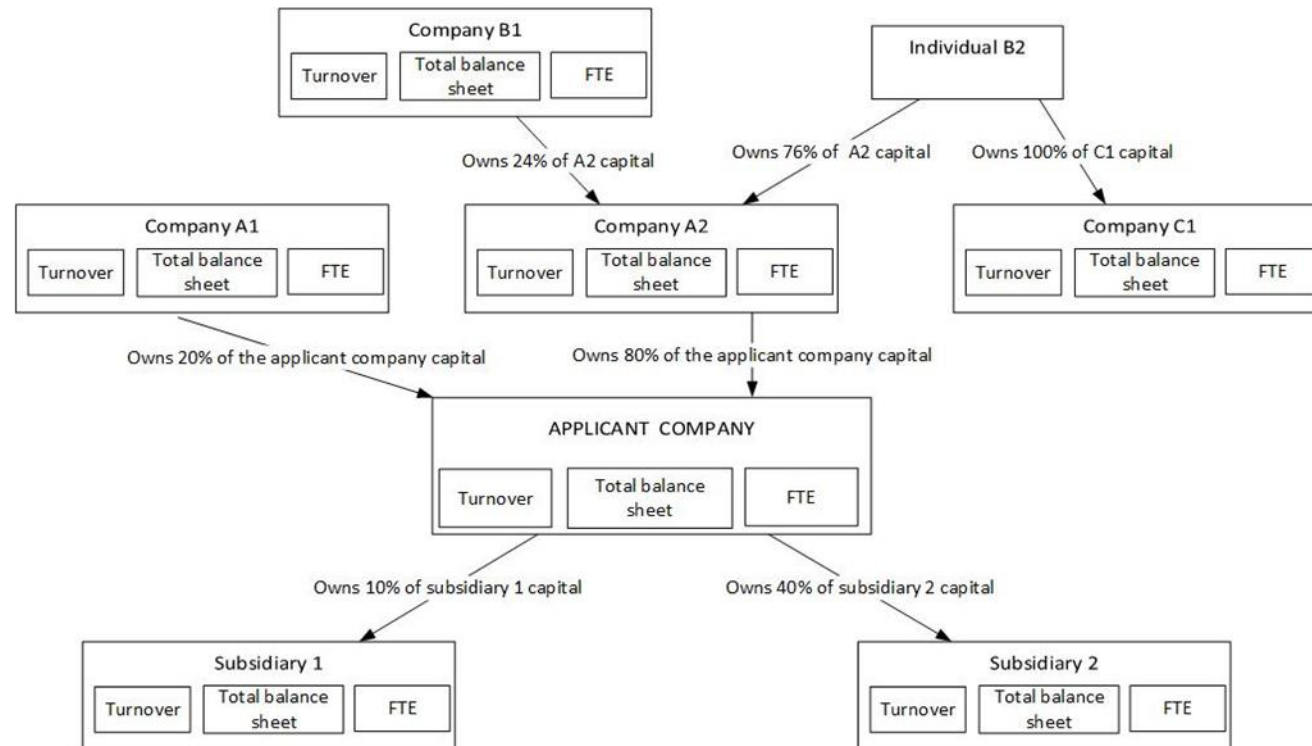
[\(User guide to the SME definition\)](#)

Data of all linked and partner enterprises must add up to:

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

# Generic criteria – SME Analysis

## Example of an organizational chart



**Linked companies:** We need to take into consideration 100% of the FTE, turnover and total balance sheet.

**Partner companies:** We need to take into consideration the pro rata of the FTE, turnover and total balance sheet.

**Ultimate beneficial owners:** Provide information up to the company's UBO.



# Generic criteria – Undertaking in difficulty

## Ineligible companies: undertakings in difficulty

- **For all companies** (excluding SME < 3 years of existence)
  - more than half of subscribed share capital (share premium included) has disappeared as a result of accumulated losses
- **Large enterprises**, if within the last 2 years:
  - book debt to equity ratio > 7.5
  - EBITDA to interest coverage ratio < 1.0
- If restructuring (following a rescue or restructuring aid), subject to collective insolvency proceedings or an outstanding recovery order of a State aid
- Needs to be assessed at the applicant level and Single Economic Unit (SEU) based on the accounts of the last financial year:
  - On the highest consolidated accounts
  - If no consolidated accounts exist this can be done through a simplified aggregation



**Undertakings in difficulty need to demonstrate that they are in the process of resolving the issue, e.g. recapitalisation**

# Generic criteria – Undertaking in difficulty

## Example of an undertaking in difficulty

	Reference(s)	Current year
<b>A. Capital and reserves</b>		
	1301 _____	301 <u>-96.714,35</u>
I. Subscribed capital	1303 _____	303 <u>70.000,00</u>
II. Share premium account	1305 _____	305 <u>7.500,00</u>
III. Revaluation reserve	1307 _____	307 _____
IV. Reserves	1309 _____	309 _____
V. Profit or loss brought forward	1319 _____	319 <u>-114.043,41</u>
VI. Profit or loss for the financial year	1321 _____	321 <u>-60.170,94</u>
VII. Interim dividends	1323 _____	323 _____
VIII. Capital investment subsidies	1325 _____	325 _____

# Generic criteria – Undertaking in difficulty

## Example of an undertaking in difficulty

	Reference(s)	Current year
<b>A. Capital and reserves</b>		
I. Subscribed capital	1301 _____	301 <u>5.699.203,69</u>
II. Share premium account	1303 _____	303 <u>15.140.701,00</u>
III. Revaluation reserve	1305 _____	305 _____
IV. Reserves	1307 _____	307 <u>-760,24</u>
1. Legal reserve	1309 _____	309 _____
2. Reserve for own shares	1311 _____	311 _____
3. Reserves provided for by the articles of association	1313 _____	313 _____
4. Other reserves, including the fair value reserve	1315 _____	315 _____
a) other available reserves	1429 _____	429 _____
b) other non available reserves	1431 _____	431 _____
V. Profit or loss brought forward	1433 _____	433 _____
VI. Profit or loss for the financial year	1319 _____	319 <u>-6.185.954,47</u>
VII. Interim dividends	1321 _____	321 <u>-3.254.782,60</u>
VIII. Capital investment subsidies	1323 _____	323 _____
	1325 _____	325 _____

# Tutorial on the grant criteria



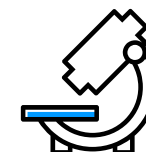
[Grant criteria for Luxembourg state aids for R&D and innovation](#)

# Public Research: Eligibility Criteria and Financials

## R&D grants for public research organisations

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- Public institutions performing research in Luxembourg
- Non-profit associations, societal impact companies ([SIS](#)), and foundations engaged in research in Luxembourg and accredited by the Ministry of Higher Education and Research



The PI must be employed by one of the public research institutions in Luxembourg with a work contract covering the full duration of the project

In general, FNR BRIDGES General guidelines to be followed – [Link](#) (section 2)



Aid rates up to 100%

**24 months to 36 months**

Project eligible costs –  
[FNR financial regulations](#)

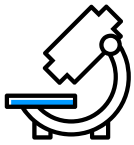


# Eligible project costs for companies

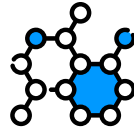
## Eligible costs



Staff costs (gross salaries + 20% for social charges)



Investments / Equipment (depreciation over project duration)



Materials / consumables



Subcontracting



Overheads (25% of the staff costs)

## Industrial research

- Acquisition of new knowledge
- No direct commercial application

## Aid intensities

Large

≤ 65%

Medium

≤ 75%

Small

≤ 80%

Size of the company



## Ineligible costs

- Operational / marketing expenses
- Administrative and managerial activities
- Leave time and transport costs (already accounted in the overheads)

# Upcoming Q&A sessions

Regular update of the FAQ section on [research-industry-collaboration.lu/faq](https://research-industry-collaboration.lu/faq)



## Q&A session 2: Cofunding capacity for projects within the Joint Call HPC

- Cofunding capacity – how to assess own capacity with regards to total project costs?
- Cash-flow forecast – what to prepare?
- Q&A



## Q&A session 3: Completeness check before the submission for the first phase of the Joint Call HPC

- Required attachments
- Q&A



**Submission  
Deadline Phase-1**

# Thank you!



Create your projects on the [research-industry-collaboration platform](https://www.fnr.lu/funding-instruments/joint-call-HPC/)

Questions on the joint call to be addressed to [contact@research-industry-collaboration.lu](mailto:contact@research-industry-collaboration.lu)

Questions related to research organisations:  
<https://www.fnr.lu/funding-instruments/joint-call-HPC/>



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