



Innovation Fund (InnovFund)

Call for proposals

Innovation Fund Small Scale Projects

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EUROPEAN COMMISSION

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CALL FOR PROPOSALS

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1. Introduction

1.1. Overall context

This is a call for proposals¹ for EU grants in the field of demonstration of innovative low-carbon technologies under the Innovation Fund (IF). The call is launched in accordance with Commission Delegated Regulation (EU) 2019/856² implementing Article 10a(8) of [EU Directive 2003/87/EC](#)³ (the ETS Directive) and will be managed by the Innovation and Networks Executive Agency (INEA).

The call targets projects in all sectors covered by Article 10a(8) of the ETS Directive as amended by Directive 2009/29/EC.

Projects must have a minimum total capital expenditure of EUR 2 500 000 for this call. In addition projects must have a total capital expenditure below EUR 7 500 000 to be eligible under this call.

The funds set aside for this call are EUR 100 000 000 for grants. The grants will be provided as lump sums. In addition, project development assistance (PDA) will be provided in the form of services to some projects by the European Investment Bank.

This call text describes the process for application, evaluation, selection and award of grants to projects applying for funding under this call.

Applicants are invited to read carefully the full call for proposals text, including the Annexes and the instructions for proposal submission in the Funding & Tenders Portal [Online Manual](#) and [IT How To](#).

1.2. Helpdesk

Applicants should visit the programme page on the [EU Funding & Tenders Portal](#) and the call page where the frequently asked questions (FAQs) are published and regularly updated before the deadline for application. If applicants cannot find answers to their questions there, they can ask questions via the EU Funding and Tenders Portal [Helpdesk](#) page (IT questions and call related questions).

2. Objectives –Activities that can be funded – Expected impact

2.1. Objectives

The objectives of this call are to:

- (a) support small-scale projects demonstrating highly innovative technologies, processes or products, that are sufficiently mature and have a significant potential to reduce greenhouse gas emissions;

¹ Please consult the [Glossary of the Funding and Tenders Portal](#) for explanation of the terms used in this text specific to Regulation (EU, Euratom) [2018/1046](#) of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193, 30.7.2018, p.1 (hereafter the Financial Regulation). Terms specific to the Innovation Fund are explained in Annex A Glossary.

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, OJ L 140, 28.5.2019, p. 6.

³ 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, OJ L 275, 25.10.2003, p. 32.

- (b) offer financial support tailored to market needs and risk profiles of eligible projects, while attracting additional public and private resources;
- (c) complement the large-scale call by targeting smaller-scale projects, thereby offering another opportunity, in particular for small and medium-size companies to have their project supported.

2.2. Activities that can be funded

All following activities can be funded under this call:

- activities that support innovation in low-carbon technologies and processes in sectors listed in Annex I to the [ETS Directive](#), including environmentally-safe carbon capture and utilisation (CCU) that contributes substantially to mitigating climate change, as well as substitute products,
- 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 ETS Directive, or if the utilisation of CO₂ results in products substituting carbon intensive ones from the sectors listed in Annex I to the ETS Directive even if carbon is captured outside the activities of Annex I.

2.3. Expected impact

Projects to be funded by this Innovation Fund call are expected to contribute to the transition to a climate-neutral economy and to achieve the policy objectives as set out in the European Commission's communication - A Clean Planet for All - A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy long-term strategy, also referred to as the **Long-term strategy**⁴, the **European Green Deal**⁵ and **2030 Climate target plan**⁶. Projects are also expected to contribute to achieving the objectives of the Recovery Plan for Europe⁷.

3. Timetable & available budget

3.1. Timetable

Activity	Timing
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⁴ 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 and the European Investment Bank, A Clean Planet for all A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy (COM (2018)773 final)

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 Economic and Social Committee and the Committee of the Regions, Stepping up Europe's 2030 climate ambition, Investing in a climate-neutral future for the benefit of our people (COM (2020)562 final)

⁷ 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, Europe's moment, Repair and Prepare for the Next Generation, (COM(2020)456 final)

Launch of the call	1 December 2020
Deadline for submission of applications	10 March 2021 at 17:00 (CET, Brussels)
Information on evaluation results, and invitation for grant preparation	August 2021 (indicative)
Award of the grants	As of fourth quarter 2021 (indicative)

3.2. Budget

The available budget for this call is **EUR 100 000 000 for grants**. These will be provided as lump sums. In addition, PDA will be provided to some projects (see section 9).

The Commission reserves the right not to award all available funds and adjust the call amounts, depending on the applications received and the results of the evaluation.

4. Admissibility

Applications must be submitted before the **call deadline** (see *timetable section 3.1*).

Applications 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.

Applications (including supporting documents) must be submitted using the forms provided *inside* the Submission System).

Applications must be **complete** and contain:

- Application Form (Part A) (to be filled-in directly online) – containing administrative information about the participants (coordinator and beneficiaries) and the summarised budget for the project
- Application Form (Part B) (to be downloaded from the Portal Submission System, completed and then re-uploaded in the PDF format in the system) – containing the technical description of the project
- Mandatory supporting documents listed in Application Form (Part B); and optional supporting documents listed in Application Form (Part B), if available and relevant (to be uploaded in the format indicated in Application Form (Part B)).

For proposals submitted by a consortium of applicants, the project coordinator will have to confirm its **mandate to act** for all applicants, that the information in the application is correct and complete and that all the applicants comply with the conditions for receiving EU funding (especially eligibility, financial and operational capacity, exclusion, etc. as detailed in section 6). Before signing the grant, each applicant will have to confirm this again by signing a declaration of honour.

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

There are specific **page limits** for the application form and its supporting documents. These are specified in Application Form (Part B). Any excess pages will be blanked for evaluators and therefore disregarded.

5. Eligibility

5.1. Applicants

In order to be eligible for funding under this call, the applicants must be:

- legal persons;
- belong to one of the following categories: private entities, public entities, or international organisations;⁸
- be directly responsible for the implementation and management of the project where relevant jointly with other applicants, i.e. not acting as an intermediary.

The minimum number of applicants is one.

Applications may be submitted by a consortium of legal entities acting together. In the 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 and designate a project coordinator – before signing the grant agreement. For further information please check Article 7 of the model grant agreement available on [Portal Reference Documents](#).

Affiliated entities that participate in the project with funding, but do not become beneficiaries, are allowed.

Natural persons are NOT eligible. EU bodies can NOT be part of the consortium.

EU restrictive measures – Special rules apply for entities from certain countries, for example, entities subject to [EU restrictive measures](#) under Article 215 of the Treaty on the Functioning of the EU (TFEU)⁹ and entities 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).

To prove eligibility, applicants and affiliated entities must register in the [Participant Register](#) – before the call deadline – and afterwards will be requested to upload the necessary documents showing their legal status and origin.

5.2. Activities

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

Projects concerning the activities listed in *section 2.2* are eligible for funding. Applicants will specify the sector their project belongs to in the application form part A.

The applicants will be required to demonstrate the eligibility of the projects by providing the required information on the activities in the application forms.

⁸ For the definition, see Article 156 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](#).

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).

Choosing your sector

In Application Form Part A, you will specify the sector your project belongs to. Further guidance on how to select the most appropriate sector is given in the *Methodology for GHG emission avoidance calculation*.

The sectors are displayed in the drop-down menu **Fixed Keyword 1**. It is important to **choose only one sector**. See example below:

The screenshot shows a web application interface with a blue header. The main content area is divided into two sections: '1 - General Information' and '2 - Participants & contacts'. A dropdown menu is open under 'Fixed keyword 1' in the '1 - General' section, displaying a list of sectors. 'Bio-electricity' is highlighted in blue. Other visible sectors include Biofuels and bio-refineries, Cement & lime, Chemicals, CO2 transport and storage, Geothermal energy, Glass, ceramics & construction material, Hydro/Ocean energy, Hydrogen, Intra-day electricity storage, Iron & steel, Non-ferrous Metals, Other, Other energy storage, Pulp & paper, Refineries, Renewable heating/cooling, Solar energy, and Wind energy. The 'Add' button is visible at the bottom right of the dropdown menu.

5.3. Geographical scope

Only actions implemented on the territory of one (or more) of the EU Member States, Norway or Iceland are eligible for funding under this call¹¹.

In the specific case of actions delivering greenhouse gas emission avoidance through the use of the product, e.g. production facilities for renewable energy or energy storage components, both the production and the use of products must take place in one of the EU Member States, Norway or Iceland. Therefore, in the calculation of GHG emission avoidance, applicants should consider only the part of the emission avoidance in the use phase that takes place in the territory of the EU, Norway or Iceland.

Projects located on the territory of the United Kingdom (UK) –please be aware that eligibility criteria must be complied with for the entire duration of the grant. Any project located in the United Kingdom will only be eligible to receive funding from the EU ETS Innovation Fund insofar as this is provided for by an international agreement between the EU and the United Kingdom.

5.4. Duration

Applicants should consider that the following conditions must be fulfilled in relation to the duration of their proposed actions:

- a) the project must reach financial close as soon as possible and no later than four years (48 months) after grant signature;

¹¹ Overseas Countries and Territories are not part of the EU territory and thus projects implemented there are not eligible to receive funding from the Innovation Fund.

- b) the default monitoring and reporting period once the project has entered into operation shall be 3 years; longer periods can be accepted but these must be justified by the applicant and may not exceed 10 years. It is expected that projects enter into operation in a reasonable timeframe after financial close (e.g. 2-3 years).

Only costs incurred after the date of submission of grant application are eligible. Applicants which decide to start construction and incur costs after submitting an application, act on their own risk should the proposal ultimately not be awarded a grant.

6. Other conditions

6.1. Operational capacity

Applicants must have the know-how and qualifications needed to successfully implement the project, including sufficient experience with relevant projects. This know how and qualifications must be in place at the latest on the date when the project starts.

To assess this capacity, applicants (with the exception of public bodies established in the EU, international organisations¹² and affiliated entities) must provide the following documents together with their application:

1. description of the profiles of the people primarily responsible for managing and implementing the project (accompanied by a *curriculum vitae*);
2. a list of relevant recent projects and/or activities carried out by the applicant and relevant to delivery of the project.

6.2. Financial capacity¹³

Applicants must have stable and sufficient resources to maintain their activity throughout the period for which the grant is awarded.

In order to demonstrate that this criterion is fulfilled, applicants whose proposals are invited for grant preparation will be required to submit the following documents:

1. Profit and loss account for the last two financial years for which the accounts were closed – dated and signed by the management of the entity, clearly indicating the amounts of turnover, operating income, staff cost, depreciation, amortisation costs, net operating result and interest expenses. If this information is not indicated in the profit and loss account or in the explanatory notes it must be provided in the form of a self-declaration, signed by the management;
2. Balance sheet for the last two financial years for which the accounts were closed – dated and signed by the management, clearly indicating the nature and the maturity (i.e. below or above one year) of receivables, provisions and debts. If this information is not indicated in the balance sheet or in the explanatory notes it must be provided in the form of a self-declaration, signed by the management;

¹² For the definition, see Article 156 EU Financial Regulation [2018/1046](#).

¹³ For more information please see EU Financial Regulation 2018/1046 and more specifically articles 198.2 and 196

3. Explanatory notes and/or annexes that form part of the above financial statements (if available), as well as external audit report certifying the accounts for up to the last two available financial years. For entities without closed accounts, a self-declaration, signed by the legal representative of the entity, which certifies the validity of the accounts.

For newly-established entities that have not yet closed accounts the business plan can replace the above documents.

Public bodies established in the EU, international organisations¹⁴ and affiliated entities are exempted.

More detailed information on the documents to submit can be found in [the Rules on legal entity validation, LEAR¹⁵, appointment and financial capacity assessment](#).

6.3. Exclusion

Applicants that are subject to an EU administrative sanction (i.e. exclusion or financial penalty decision)¹⁶ or are in one of the following situations¹⁷ are excluded from receiving EU grants and therefore cannot apply for funding under this call:

- 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 misconduct¹⁸ (including if done by persons having powers of representation, decision-making or control, beneficial owners or natural 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 natural 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 or grant decision (including if done by persons having powers of representation, decision making or control, beneficial owners or natural persons who are essential for the award/implementation of the grant);

¹⁴ Within the meaning of Article 156 of the Financial Regulation.

¹⁵ Legal Entity Appointed Representative

¹⁶ See Article 136(1) of the Financial Regulation

¹⁷ See Articles 136(1) and 141(1) of the Financial Regulation.

¹⁸ 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.

- guilty of irregularities within the meaning of Article 1(2) of Council Regulation [2988/95](#)¹⁹ (including if done by persons having powers of representation, decision making or control, beneficial owners or natural 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 natural persons who are essential for the award/implementation of the grant).

Applicants will also be excluded if it turns out during the grant award procedure that they²⁰:

- misrepresented information required as a condition for participating in the grant award procedure or failed to supply that information;
- were previously involved in the preparation of grant award documents where this entails a breach of the principle of equality of treatment, including distortion of competition that cannot be remedied otherwise.

7. Evaluation and award procedure

INEA checks that proposals received are admissible and eligible (*see sections 4 and 5*). Proposals that fulfil the admissibility and eligibility conditions are evaluated by external evaluators against some or all of the award criteria laid down in *section 8*.

In view of the cross-sectoral differences with regard to GHG emission avoidance potential, applicants will specify a sector when submitting the application (hereinafter 'specified sector'). Even if project activities take place across several sectors, the applicant has to specify a single sector. Further guidance is given in *section 5.2.* and *the Methodology for GHG emission avoidance calculation*.

Proposals will be evaluated based on the following award criteria, 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) Project maturity and greenhouse gas emission avoidance potential. If a proposal scores less than 50% of total points under the project maturity criterion or if it does not meet the minimum requirements or is found to have a manifest error under the greenhouse gas emission avoidance potential criterion, the evaluation is stopped (the remaining criteria are neither evaluated nor scored);
- (3) Scalability and cost efficiency.

The award criteria are explained in more detail in *section 8*.

The scores received for the degree of innovation and project maturity criteria (after normalisation) have a double weight in the overall scoring.

¹⁹ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests, OJ L 312, 23.12.1995, p. 1–4

²⁰ See Article 141(1) of the Financial Regulation.

Proposals are ranked according to the sum of points received for all the award criteria for which the evaluation has been completed.

If proposals have an equal number of points, the following rules are applied in the presented priority order:

- (1) A proposal located in an EU Member State, Iceland or Norway with a lower number of higher-ranked proposals will be ranked higher compared to a proposal with the same total number of points.
- (2) A proposal that received more points under the criterion scalability will be ranked higher compared to a project with the same total number of points.

The outcome of the evaluation will lead either to the rejection of the proposal or to the invitation to start grant preparation which might conclude in a grant award. However, rejected proposals that have the potential to improve their maturity through the provision of project development assistance may be invited for the project development assistance (PDA) support following the procedure in section 9.

The Commission may decide to place projects that pass the thresholds but are not ranked sufficiently high to receive funding on a reserve list if a reserve list is established. The reserve list may be used to select projects if a possibility arises to fund further projects, for example if projects invited to grant preparation fail to sign a grant agreement.

8. Award criteria

8.1. GHG emission avoidance potential

Applicants must carry out two calculations according to the methodology for calculation of GHG emission avoidance provided in *the Methodology for GHG emission avoidance calculation*:

- The **absolute GHG emission avoidance** is calculated as the difference between the expected GHG emissions of the reference and the GHG emissions in the project scenario during the first 10 years after entry into operation. As a minimum requirement, the process emissions of the project per unit of product must be below the EU ETS benchmark(s) applicable at the time of the deadline for submission of the applications.
- The **relative GHG emission avoidance** equals the absolute GHG emission avoidance of the project divided by the GHG emissions in the reference scenario. If the project activities take place across several sectors, the denominator will only include the reference GHG emissions that are related to the activities within the specified sector.

With regard to projects from the **bio-economy**, the used biomass must, as a minimum requirement, at least meet the sustainability requirements of the Renewable Energy Directive²¹ and originate from feedstocks with a low risk of causing indirect land-use change.

This criterion will be scored differently depending on whether or not a proposal meets the minimum threshold for project maturity and the minimum requirements for the GHG emissions avoidance criterion.

(i) For those applications that meet the minimum threshold on project maturity and minimum requirements related to GHG emission avoidance:

²¹ 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. 82–209*

- The score for the sub-criterion absolute GHG emission avoidance is calculated by comparing the absolute GHG emission avoidance for the project to the “best in sector”, i.e. the application amongst those that meet the aforementioned scoring threshold and minimum requirements with the highest value of absolute GHG emission avoidance. The best in each sector gets 5 points, the worst gets 0 points.
- To derive the score for the relative emission avoidance, the result in percent for the relative emission avoidance is normalized across all submitted proposals that meet the aforementioned minimum threshold and minimum requirement. The score given is between 5 and 0. 100% or above of emission avoidance results in 5 points.

(ii) For proposals that do not meet the minimum threshold under project maturity or the minimum requirements for the GHG emissions avoidance criterion, the same procedure as in point (i) will be used except that all the proposals will be used in the comparison. The scores will be given in the range from 0 to 5.

The project can achieve the following points:

Sub-criteria	Points (half points are possible)
Absolute GHG emission avoidance	5-0
Relative GHG emissions avoidance	5-0

The evaluation also takes into account the quality, soundness and reliability of the calculation.

- In the case of manifest errors in the calculation of GHG emission avoidance, the score for this criterion is set at 0 and the proposal will be rejected.
- If errors are of a clerical nature and can be corrected, the evaluators may recalculate and adjust the points according to the result of the corrected calculation. The recalculated GHG emission avoidance will be taken into account for the preparation of the grant agreement.

For the purpose of contributing to the overall ranking, the overall scoring out of 10 points for this criterion is normalised to 5 points.

8.2. Degree of innovation

The evaluation assesses the degree to which the proposed actions (technologies and products) are innovative compared to the state-of-the-art and the extent to which the proposed actions go beyond incremental innovation (see *Annex B Degree of innovation* for examples).

During this assessment, projects that will lead to direct air capture, net carbon removal or use of substitute products will be considered favourably.

The evaluation also takes into account the quality, soundness and reliability of the information provided.

The project can achieve the following points:

Sub-criteria	Points (half points are possible)	Minimum threshold
Innovation in relation to the state of the art	5-0	3

The project can achieve a maximum of 5 points and must achieve 3 points as a minimum threshold to be considered for ranking. Half points are possible.

8.3. Project maturity

The evaluation is performed on the basis of information and evidence provided in the application form and documents listed in Application Form Part B: mandatory documents, including a feasibility study and a business plan; and due diligence reports produced by independent third parties, if available.

The evaluation assesses the proposals in accordance with the following two sub-criteria and also takes into account the quality, soundness and reliability of the information provided in the proposal:

- (1) **Implementation maturity** to assess the degree of feasibility of the technical concept and the prospects for successful commercial deployment or demonstration of the project, including:
 - Degree of technology readiness (TRL) and technical feasibility of achieving the GHG emissions avoidance within the project’s operational environment
 - Credibility and level of detail of implementation planning of the project covering work plan and project milestones (including entry into operation and annual reporting after the entry into operation) and related deliverables
 - Credibility and solidity of the project business model (including the description of construction and operating costs and expected revenues, how the project fits with overall company strategy, closeness to market/commercialisation, targeted markets/customers, the value the innovation will deliver to customers compared to other solutions, and how it addresses market gaps)
 - Relevance, expertise and track record of the project management/team, appropriateness of the management structure and procedures and soundness of the project organisation
 - State of play and credibility of the proposed plan for obtaining required permits, intellectual property rights or licenses and other regulatory procedures
 - Soundness of the strategy for ensuring public acceptance where relevant,
 - Robustness and credibility of the strategy for securing the key supply and construction contracts, off-take contracts (e.g. with pioneer consumers) and quality/track record of key suppliers and off-takers.

- Level of understanding of the project’s technology and related technical, implementation and operational risks and credibility and quality of proposed mitigation measures.

(2) **Financial maturity** to assess the financial and business viability of the project, including:

- Viability of the project financial plan and project bankability (taking into account predictability of cash-flows, sensitivity of the cash-flows to regulatory frameworks and market conditions, and robustness of off-take agreements e.g. with pioneer customers) and the credibility of financial close timing
- Soundness and adequacy of the financial model and projections along the project milestones, financing structure and solidity and credibility of expected sources of financing including private funders and investors, Member State support or other types of public support, where relevant
- Level of understanding of the project expected financial risks and quality of proposed mitigation measures.

The project can achieve the following points for each sub-criterion and must achieve the following minimum points for each sub-criterion:

Sub-criteria	Points (half points are possible)	Minimum threshold
Implementation maturity	5-0	3
Financial maturity	5-0	3

For the purpose of contributing to the overall ranking, the overall scoring out of 10 points for this criterion is normalised to 5 points.

8.4. Scalability

The evaluation assesses the proposals in accordance with the following three sub-criteria and also takes into account the quality, soundness and reliability of the information provided in the application:

- (1) Scalability at the level of the project and the regional economy, including:
 - Plans for further expansion at project site and possible project’s technology transfer to other sites,
 - Cooperation with other actors of the regional economy,
 - Quality and extent of the knowledge sharing, communication and dissemination activities initiated by the project at the various project stages. See also *section 10.7.* on knowledge-sharing obligations.
- (2) Scalability at the level of the sector, including:
 - Extent to which the technology of the project can be applied within the sector and the expected emissions avoidance,

- Expected cost reductions and resource constraints.
- (3) Economy-wide scalability, including:
- Extent to which the technology of the project can be applied across the economy
 - Potential to create new value chains or reinforce existing ones.

Impacts on competitiveness, economic growth and jobs are assessed.

The project can achieve the following points for each sub-criterion:

Sub-criteria	Points (half points are possible)	Minimum threshold
Scalability at the level of the project and the regional economy	5-0	3 (overall before normalisation)
Scalability at the level of the sector	5-0	
Economy-wide scalability	5-0	

For the purpose to contributing to the overall ranking, the overall scoring out of 15 points for this criterion is normalised to 5 points in order to contribute with the same weight as the other award criteria to an overall scoring for the proposal.

8.5. Cost efficiency

The cost efficiency ratio is expressed as follows:

$$\text{Cost efficiency ratio} = \frac{\text{Relevant costs minus contribution by applicant}}{\text{Absolute GHG emission avoidance}}$$

Where:

- The *relevant costs* under the Small-Scale Call are equal to the total capital expenditure of the project;
- For the purposes of calculating capital expenditure the following types of costs can be included²²:
 - Construction cost : all cost linked to the design, engineering, procurement, construction, commissioning and testing of the project;
 - Site infrastructure (if not included in Construction cost);
 - Development Costs;

²² CAPEX inclusions should be consistent with IFRS IAS16 with respect to what can qualify as CAPEX under plant and equipment.

- Intangible assets – for example, licensing of patents/intellectual property from a third party by the project developer in order to introduce innovation into Member State for demonstration²³.

Capital expenditure (even if disbursed over a period longer than one year), are committed at financial close and therefore are not discounted;

- The *contribution by the applicant* is any contribution from private resources or through public support (any public support that is project specific will be counted as a contribution by the project applicant). In line with the Article 10a(8) of the EU ETS Directive, the maximum amount of the grant cannot exceed 60% of the relevant costs. The contribution by the applicant must, therefore, be at least 40% of the relevant costs;

The points are calculated as follows:

- If the cost efficiency ratio is higher than 600 EUR / t CO₂-eq, the project is awarded zero points in this criterion.
- If the cost efficiency ratio is lower than or equal to 600 EUR / t CO₂-eq, the points are calculated based on the following formula (rounded to half points):

$$5 - (5 \times (\text{cost efficiency ratio} / 600))$$

- In the case of manifest errors, the score for this criterion is set at 0 and the proposal will be rejected.
- In the case of errors of a clerical nature, the evaluators may recalculate and adjust the points according to the result of the corrected calculation for the purpose of the evaluation and the selection of the proposal. This amount will be taken into account for the preparation of the grant agreement.

9. Project development assistance support (PDA)

Out of the proposals that are not invited for grant preparation, those proposals are considered for project development assistance that:

- (a) meet the minimum requirements under greenhouse gas emissions avoidance and degree of innovation criteria; and
- (b) are awarded at least 50% of total points under the project maturity criterion; and
- (c) are considered by evaluators as having the potential for improving their maturity through specific project development assistance.

INEA will communicate a list of up to 40 proposals eligible for the project development assistance to the European Investment Bank (the EIB). These proposals will be the highest ranked proposals that meet criteria a, b and c above. In case of equal scores the prioritization of proposals will be done according to the call text specification in section 7. The EIB will provide the Commission with a short-list of up to 20 proposals that could be awarded the project development assistance. The Commission will consult the Member States on the award of the project development assistance before it takes

²³ However, such licensing is unlikely to be that relevant at a project level. Equipment manufacturers might license IP to incorporate technology into their products, but this would be incorporated within the Capital Equipment cost at the project level. With respect to consistency with IAS 38, Intangible assets are permitted if reflected at cost and not upon revaluation.

the final decision. The awarded proposals will be invited to sign a project development support agreement with the EIB.

The PDA support will be tailor-made to the specific projects, based on their needs identified in the 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.

Applicants cannot apply directly for the PDA support. The PDA support can only be awarded as an outcome of the evaluation, in line with the call text. The projects awarded PDA support will be invited by the EIB to sign a PDA agreement. Thus, there are no eligible costs to be defined for the PDA support.

10. Legal & financial set-up of the grants

The grants will be awarded subject to the availability of the Innovation Fund revenues.

Applicants awarded funding will be invited to sign a grant agreement. The preparation of the grant agreement between INEA and the successful applicants will be based on the model grant agreement available on [Portal Reference Documents](#). The provisions of the model grant agreement are not negotiable and will be signed in English.

Grant preparation will involve a dialogue between INEA and the applicant in order to fine-tune technical and financial aspects of the project. It may include adjustments or corrections to the proposal to address recommendations of the evaluation committee, such as changes to the grant amount and its scheduling over the project milestones, or other changes. The failure to comply with the requirements by the applicant may lead to the non-signature of the grant agreement.

The submission of the application implies the acceptance of the terms and conditions of the model grant agreement and this call for proposals. Applicants are invited to carefully read the model grant agreement, including the annexes, before submitting an application.

Successful grant agreement preparation leads to a signature of the grant agreement. The grant will not be considered awarded until the grant agreement is signed by both parties.

The following points of *section 10* summarise the main obligations of the beneficiaries that will be further specified in the grant agreement.

10.1. Starting date & project duration

The starting date of the project, as well as its duration, will be established in the grant agreement. They are based on the project planning information submitted by the applicants.

10.2. Maximum grant amount

The maximum grant amount is fixed for each project on the basis of the relevant costs calculation done according to the methodology described in *section 8.5* and covers up to 60% of the relevant costs of projects.

The grant will be paid in lump sums. Payments will not depend on the costs actually incurred but on the proper implementation of the action, achievement of the results and completion of the work packages in accordance with Annex 1 to the grant agreement during the project duration.

Applicants will indicate the requested maximum grant amount and the estimated lump-sum contributions broken down by participant and work package as part of the application. The applicants must ensure that the portion of the grant amount requested to be paid upon the financial close or upon reaching a specific milestone preceding financial close does not exceed 40% of the total grant amount requested. The lump sum breakdown will become Annex 2 to the grant agreement.

During the grant agreement preparation INEA checks, *inter alia*, whether the project receives additional Union funding, and may adjust the grant accordingly.

In addition, during grant agreement preparation, applicants must submit a statement by an independent certified auditor confirming the correctness of the provided relevant costs calculation. The costs may not be higher than stated in the application. If the costs differ from those stated in the application, INEA may adjust the grant accordingly.

Applicants must describe, for each work package, the activities that are covered by the grant share and the milestones concerned. The applicants must ensure that the budget for each work package is proportional to the activities covered by the work package. The annual payment schedule, for the period after the entry into operation, must be linked to the expected emission avoidance.

10.3. Reporting & payment arrangements

The reporting and payment arrangements and relevant time-limits will be fixed in the grant agreement.

The lump sums will be paid by INEA if the corresponding work packages have been properly implemented in accordance with Annex 1 to the grant agreement and provided that all other obligations under the grant agreement and the text of the call have been fulfilled.

The reporting will consist of continuous and periodic reporting.

Continuous reporting

The beneficiaries will be required to continuously report on the progress of the project (e.g. milestones, deliverables, critical risks, indicators, etc), in the Portal Continuous Reporting tool and in accordance with the timing and conditions set out in the grant.

The beneficiaries will be required to submit progress reports on a bi-annual basis before financial close and on an annual basis after financial close. These progress reports will cover at least the following areas:

- Progress of the project in terms of delivery of work packages, activities and project management milestones (compared to the project implementation plan and timetable);
- Challenges encountered in relation to project technical, financial and operational aspects and how they are addressed.

In addition, the beneficiaries will be required to submit knowledge-sharing reports, including communication and dissemination activities, three times: at financial close; at entry into operation; and before the final payment.

Periodic reports

The beneficiaries 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.

The periodic reports will consist of a technical and a financial part. The technical part includes an overview of the implementation of the action during the reporting period. The financial part includes the financial statement (consolidated statement for the consortium) containing the lump-sum instalments for the work packages that were completed during the reporting period. The beneficiaries are required to prepare the reports using the template available in the Portal Periodic Reporting tool.

Payments

Payments will be disbursed upon reaching the milestones established in the grant agreement. The payment of the lump sum instalments will be subject to the proper implementation of the action or the achievement of the results, and the completion of the work packages in accordance with Annex 1 to the grant agreement during the reporting period.

Payments prior to entry into operation

Up to 40% of the total grant amount awarded may be disbursed upon financial close or upon reaching a specific milestone preceding financial close, if such a milestone has been fixed in the grant agreement.

The remaining amount of the grant will be disbursed after financial close. It may be partially disbursed prior to the entry into operation upon reaching the milestones fixed in the grant agreement.

Payments during operation

The payments after entry into operation depend on the avoidance of the greenhouse gas emissions. The payments will be made in annual instalments based on verified emission avoidance.

The maximum grant amount will be only paid out, if over the entire project duration, the project reaches at least 75% of the total amount of greenhouse gas emissions planned to be avoided. The beneficiary must submit a verified report on the GHG emission avoidance before the request for the final payment. Whenever the total or part of emission avoidance takes place outside the project, the beneficiary must present the contracts signed with the suppliers or users, on which the emission avoidance depends, along with a verified report on the performance of the installation or components of the suppliers or users.

In addition, beneficiaries will have to prove that all other claims made during the application, in particular with regard to degree of innovation and scalability, are fulfilled. Otherwise, this may be considered as improper implementation and the grant may be reduced or recovered, see next section.

10.4. Grant reductions and recovery

The grounds for grant reduction and recovery as well as the procedures will be specified in the grant agreement.

In particular, the amount of the grant disbursed after the financial close will be proportionally reduced or recovered where the total amount of greenhouse gas emissions avoided during the entire reporting period is lower than 75 % of the total amount of greenhouse gas emissions planned to be avoided. The amount will be fully recovered where the project fails to enter into operation by the pre-determined time or

the beneficiary fails to demonstrate any real avoidance of greenhouse gas emissions.

10.5. Liability regime for recoveries

The liability regime for recoveries will be established in the grant agreement.

10.6. Deliverables

The applicants are requested to define the deliverables in their application. Deliverables must include the standard deliverables listed in Article 21 of the model grant agreement and project-specific deliverables.

10.7. Special provisions

Visibility of EU funding

The beneficiaries are required to include an explicit reference to the Union support received. The beneficiaries must ensure the provision of coherent, effective and targeted information, including visual content, on the Union support received to multiple audiences, including the media and the public.

Knowledge sharing, communication and dissemination

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 are 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, 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 as the Innovation Fund projects. 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.

Subject to the agreement of applicants, general information on the background and rationale of the project, its objectives, impacts and contribution to EU policy objectives can be communicated in a summarised and anonymised way before the signature of the grant agreement.

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.

Beneficiaries will report on the knowledge gained in accordance with section 10.3 (Continuous reporting). In addition, beneficiaries are expected to participate in and contribute to Innovation Fund knowledge-sharing activities.

Each year, information about EU grants awarded is published on the [Europa website](#). Furthermore, the grant agreement allows EU services to use project material, documents, information and results to communicate widely on the project (including beneficiary names, the purpose for which the grant was awarded, the maximum amount awarded, etc).

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

11. Instruction to applicants

Detailed instructions on how to submit the application are provided in the [Portal Online Manual and IT How To](#). By submitting an application, all applicants accept:

- the terms and conditions of this call (as described in this call text and the documents it refers to); and
- to use the Portal Electronic Exchange System in accordance with the Portal Terms and Conditions.

Once the application is submitted, applicants will receive a confirmation e-mail (with date and time of your application). Should it not be the case, this means that the application has not been submitted.

11.1. Preparing the submission of an application

Before submitting their application, applicants must:

- Read carefully the present call text and its annexes;
- Create an EULogin user account; and
- Register their organisation in the Participant Register.

When registration is finalised, applicants will receive a 9-digit participant identification code (PIC). They will need the PIC numbers to complete Part A of the application. For more information on the registration and validation of an entity applicants can refer to the [Rules on Legal Entity Validation](#).

Applicants do not need to complete the registration process in a single session. They can enter some information, save it and continue later.

It is strongly advised to submit proposals sufficiently in advance of the deadline, to avoid any last minute problems. Any technical problems due to last minute submissions will be at applicants' risk.

11.2. Changes to the call

Should there be any change at any time to the call, information will be published on the Innovation Fund page of the [Funding and Tenders Portal](#). All interested parties are advised to regularly check the Portal website.

INEA reserves the right to change or cancel the call. Please note that changes and cancellations are without entitlement to compensation.

11.3. Costs and expenses of application

All costs and expenses incurred by the applicant in preparing their application will be borne by the applicant. There will be no recourse for the recovering of these costs, regardless of the outcome of the evaluation. All applications relating to this call for proposals are made under the sole responsibility of the applicants and at their own risk.

11.4. Notification of changes to application

INEA must be informed of any change to the application, consortium composition, regulatory framework or market conditions before starting grant preparation. INEA will decide how to handle such changes. The grant may be signed only if such changes do not call into question the outcome of the evaluation. The Innovation Fund contribution may be adapted or cancelled if necessary. All changes must be notified at the following e-mail address: INEA-Innovationfund-calls@ec.europa.eu.

11.5. Language of application

In order to ensure a swift and expedient evaluation, applicants are strongly advised to submit their applications and supporting documents in English.

The grant agreement, project management, formal reporting, key deliverables and all communication with INEA will be in English.

11.6. Request of information after submission

Where an applicant wishes to seek further information or clarification in relation to a submitted application, they are requested to submit a written request to INEA electronically.

For questions that may arise prior to the submission of an application, see *section 1.2*.

11.7. Confidentiality of the application

Applications will be treated as confidential (sensitive). Applications recommended for PDA will be shared with the EIB unless applicants declare they do not wish to be considered for PDA in the relevant section of Application Form part B .

11.8. Personal data protection

Personal data will be processed pursuant to EU Regulation 2018/1725²⁴. Detailed information on the object and scope of processing is available in the [Portal Privacy Statement](#).

LIST OF ANNEXES

Annex A	Glossary – List of abbreviations
Annex B	Degree of Innovation

²⁴ 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

Annex A Glossary

Terms related to the general process of application, evaluation and grant management are explained in the on-line [Glossary](#) of the Funding and Tenders Portal. Terms specific to this call are included in the present Glossary.

Term	Meaning
Action	Beneficiary activities (proposed to be) funded by the Innovation Fund. Used interchangeably with "project".
Applicant	Person or organisation (or group of them) that requests EU funding. Also referred to as project proponent in the Innovation Fund Regulation.
Application	Documentation that sets out the detail of the proposed project consisting of the completed Application Forms and all supporting documents (submitted by the applicant in the Funding and Tenders Portal).
Deliverable	A specific output of the project, meaningful in terms of the project's overall objectives in the form of a report, document, technical diagram, piece of software, etc.
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.
Funding	The funding awarded to successful projects in the context of the present call.
<u>EU Funding & Tenders Portal</u>	The electronic portal and exchange system managed by the European Commission and used by itself and other EU institutions, bodies, offices or agencies for the management of their funding programmes (grants, procurements, prizes, etc).
Grant	A type of EU funding: direct financial contribution donated from the EU budget in order to finance activities that are in line with EU policies.
Lump-sum	A Union contribution which covers in global terms all or certain specific categories of eligible costs which are clearly identified in advance.
Member State (MS)	A Member State of the European Union
Milestones	Control points in the project that help to chart progress. They may correspond to the completion of a key deliverable or work package (financial reporting milestone), allowing the next phase of the work to begin. But may also be needed at interim stages, to enable corrective measures to be taken for any problems that have arisen (project management milestone).

Operating costs	Operating expenses borne by the project proponent.
Participants	Entities participating in the project/action as applicants, beneficiaries, affiliated entities, associated partners, third parties giving in-kind contributions, sub-contractor recipients of financial support to third parties.
Permits	Any consents, permissions, licences, authorisations, or approvals necessary for a project to be planned, constructed and enter into operation under relevant applicable national or EU law.
Project	The activities covered by the application, also referred to as “action”.
Proposal	Application for EU funding, submitted in response to the call.
Work package	A major sub-division of the project. Upon its completion the beneficiary may request payment of the respective lump sum contribution share. Equivalent to the term milestone of the Innovation Fund Regulation.

Annex B Degree of innovation

Innovation Fund aims to support technologies 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 processes previously proven at pilot or smaller demonstration plants. A second or more of a kind commercialisation can also be considered innovative in case that the relevant costs remain a significant share of total costs that prohibit commercialisation without further public support. Projects that combine the demonstration of the technology together with the market through 'pioneer customer(s)' could be considered innovative business case solutions.

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;
- it is not currently offered by multiple vendors or it is not offered as a standard product or service from a single vendor;
- its expected outcomes are innovative or distinctive compared to existing solutions e.g. it has properties not yet commercial anywhere else or it offers better performance and/or features significantly different to any existing alternative;
- it is further advanced from previously conducted demonstrations;
- it offers a new product/service that requires technical adjustments in production facilities/supply chain or a new production set up/plants;
- it offers a new technology that can substitute an existing technology, or that allows the novel integrated use of existing technology;
- existing technical solution or use applied in one sector is applied and adapted for a new sector or a different use;
- system integration, i.e. a combination of existing technologies not integrated today.

As mentioned in the call text, the following list activities or products will be considered favourably:

- a substitute products or materials i.e. a new product/material that eliminates the need for existing carbon intensive products/materials currently produced in sectors of Annex I of the EU ETS Directive;
- projects involving direct air capture, followed by use or storage of the CO₂ either with the Innovation Fund application or outside it;
- projects having the potential to deliver net carbon removals as evidenced with the GHG emissions avoidance calculation.

However, for the avoidance of doubt, all other innovative actions remain equally eligible.

In incremental innovation, the degree of innovation is very low as only minor changes 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 breakthrough innovation and projects bringing significant emission reductions, projects which are likely to deliver only incremental innovation will not be retained.

Projects that contribute to reaching the SET-Plan implementation targets identified under the 10 actions are likely to deliver more than incremental innovation.

Intermediate or strong degree of innovation is likely to be present in new or considerably changed technologies or processes for the production or delivery of existing or new products or services.

Very strong or breakthrough degree of innovation is likely to be present in completely new technologies or processes or completely new products or services, which substitute existing products. 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.

Due to the simplification of the GHG avoidance methodology, some emission avoidance potential may not be accounted for. Projects may therefore provide additional estimate of any further emission avoidance that their project may be bringing. This potential for further GHG emission reductions will be considered under Degree of Innovation criterion.