

Q&A Session 21.02.2023

Main eligibility criteria
and eligible project costs



LUXINNOVATION

#MakingInnovationHappen

Joint Call HealthTech

Involved Parties



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



Luxembourg National
Research Fund



LUXINNOVATION
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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-specific criteria

- Collaboration with public research organisation(s)
- Digital health technologies at prototype stage
- Experimental development 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

≤ 40%

Medium

≤ 50%

Small

≤ 60%

Size of the company

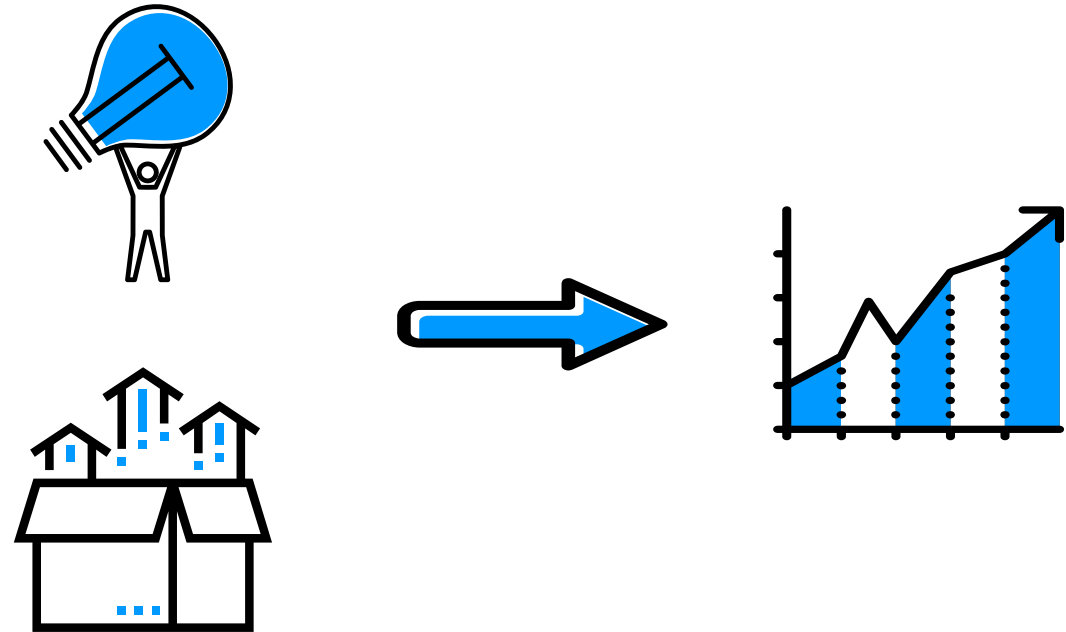
Q&A session regarding
co-funding
on the 7th of March

Economic Impact

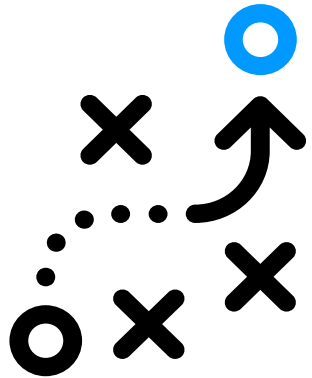
Illustrating the economic substance and impact of the project

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 the 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 would 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 should await the communication of the final funding decision** before starting the project (January / February 2024).
- 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.

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).

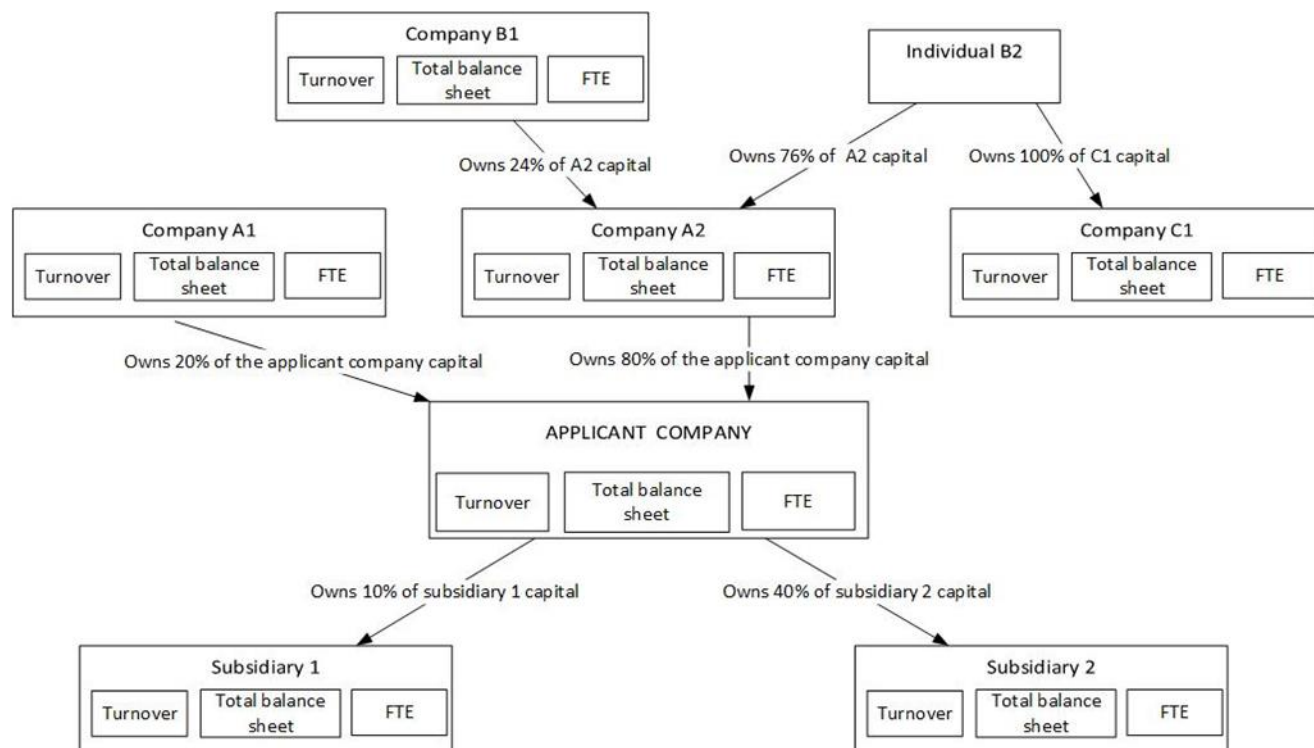
[\(User guide to the SME definition\)](#)

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

3 categories of companies need to be considered



Autonomous companies:

If the company is either completely **independent (no participations)** or has one or more **minority partnerships (each less than 25%)** with other companies.

Partner companies:

If the holdings with other companies rise to **at least 25% but no more than 50%**.

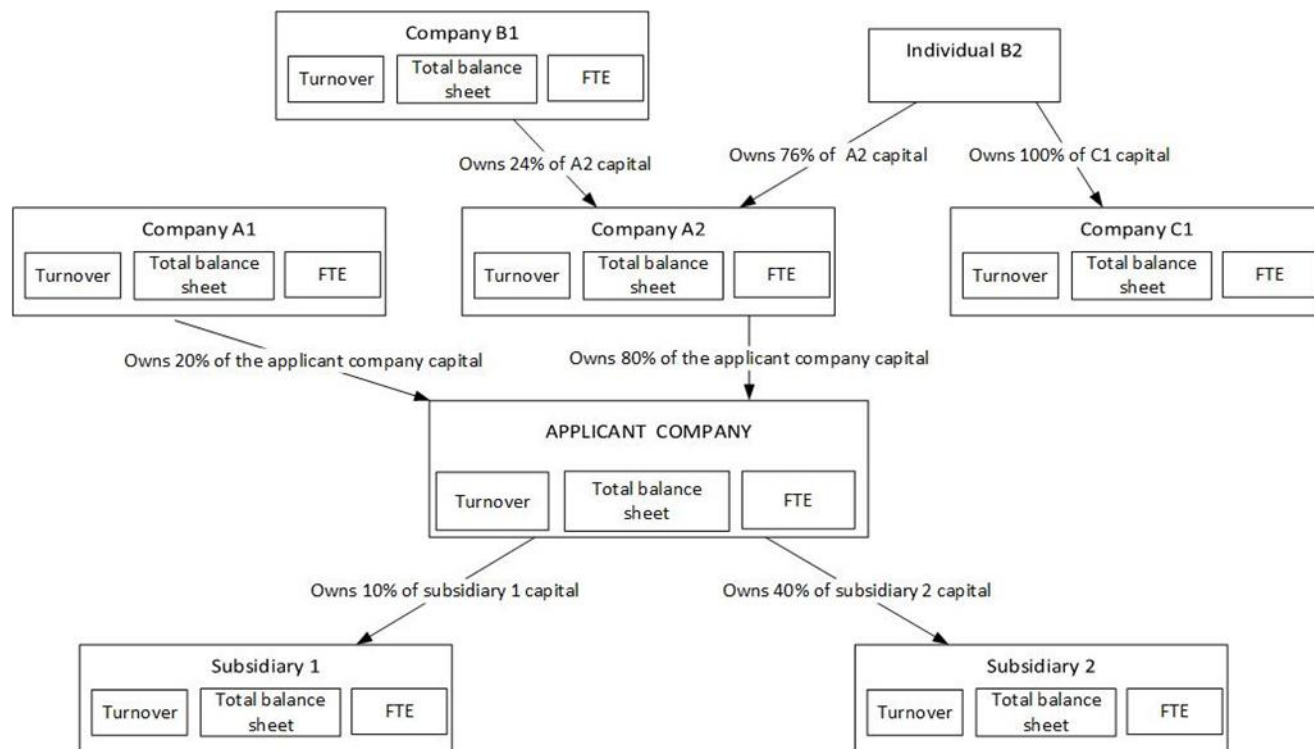
Linked companies:

If the holdings with other companies **exceed the 50% threshold**.

Links can also arise through the **direct or indirect control of the majority of voting rights** or through the ability to exercise a **dominant influence**.

Generic criteria – SME Analysis

How to calculate the size of the group?



Autonomous companies:

Consideration of **100%** of the FTEs, turnover, and total balance sheet.

Partner companies:

Consideration of the **pro rata** of the FTEs, turnover, and total balance sheet.

Linked companies:

Consideration of **100%** of the FTEs, turnover, and total balance sheet.

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

Generic criteria – Undertaking in difficulty

Example of an undertaking in difficulty

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

Tutorial on the grant criteria



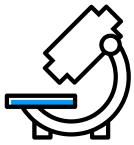
[Grant criteria for Luxembourg state aids for R&D and innovation](#)

Eligible project costs for companies

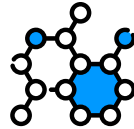
Eligible costs



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



Investments / Equipment (depreciation over project duration)



Materials / consumables



Subcontracting



Overheads (25% of the staff costs)

Experimental development

- *Development of new or improved products, processes, or services*

Aid intensities

Large

≤ 40%

Medium

≤ 50%

Small

≤ 60%

Size of the company



Ineligible costs

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

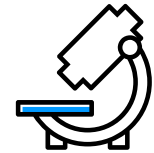
Public Research: Eligibility Criteria and Financials

R&D grants for public research organisations

- **Public institutions** performing research in Luxembourg
- Research engaged **non-profit associations, societal impact companies (SIS)** and **foundations** must be accredited by the [Ministry of Higher Education and Research](#)
- → **Check eligibility status**

- **Employment** of the **PI** for the **full** project **duration**
- **Consortium agreement** is mandatory

- [FNR BRIDGES](#) General guidelines to be followed (section 2)



Aid rates up to 100%

24 months to 30 months
(+ 6 months upon request)

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



Upcoming Q&A sessions

Regular update of the FAQ section on research-industry-collaboration.lu/faq



Q&A session 2: Co-funding capacity for projects within the Joint Call HealthTech

- Co-funding 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 of the application for the first phase of the Joint Call HealthTech

- 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/meco-fnr-luxinnovation/)

Questions on the joint call to be addressed to contact@research-industry-collaboration.lu

Questions related to research organisations:
<https://www.fnr.lu/funding-instruments/meco-fnr-luxinnovation/>

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