

Q&A Session 12.12.2023

Main eligibility criteria and
eligible project costs for the Joint call 5G
Communication Technologies 2023



LUXINNOVATION

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Joint Call 5G Communication Technologies Actors



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of State

Department of Media, Telecommunications
and Digital Policy

**Department of Media, Connectivity and Digital Policy
Service**



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

Granting authority for Companies (R&D aid schemes)



Granting authority for Research Organisations (R&D grants)



Research Industry Collaboration Platform Manager

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

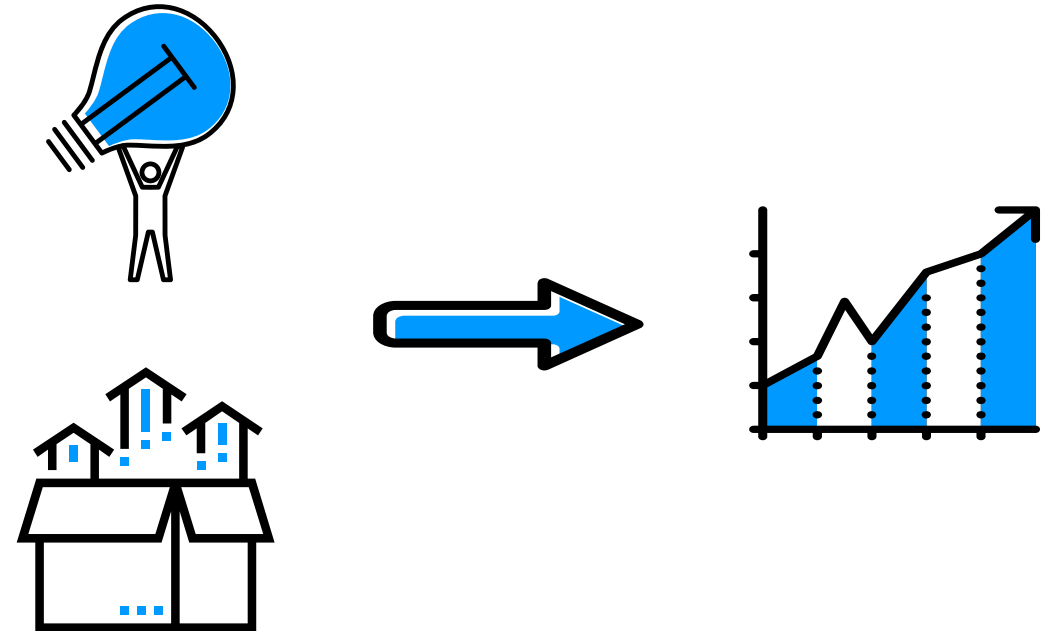
- Collaboration with public research organisation(s)
- Industrial research and/or experimental development projects
- Call topic

Economic Impact

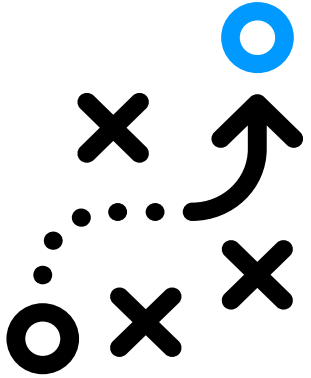
Illustrating the economic substance and impact of the project

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 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 should await the communication of the final funding decision** before starting the project (October 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).

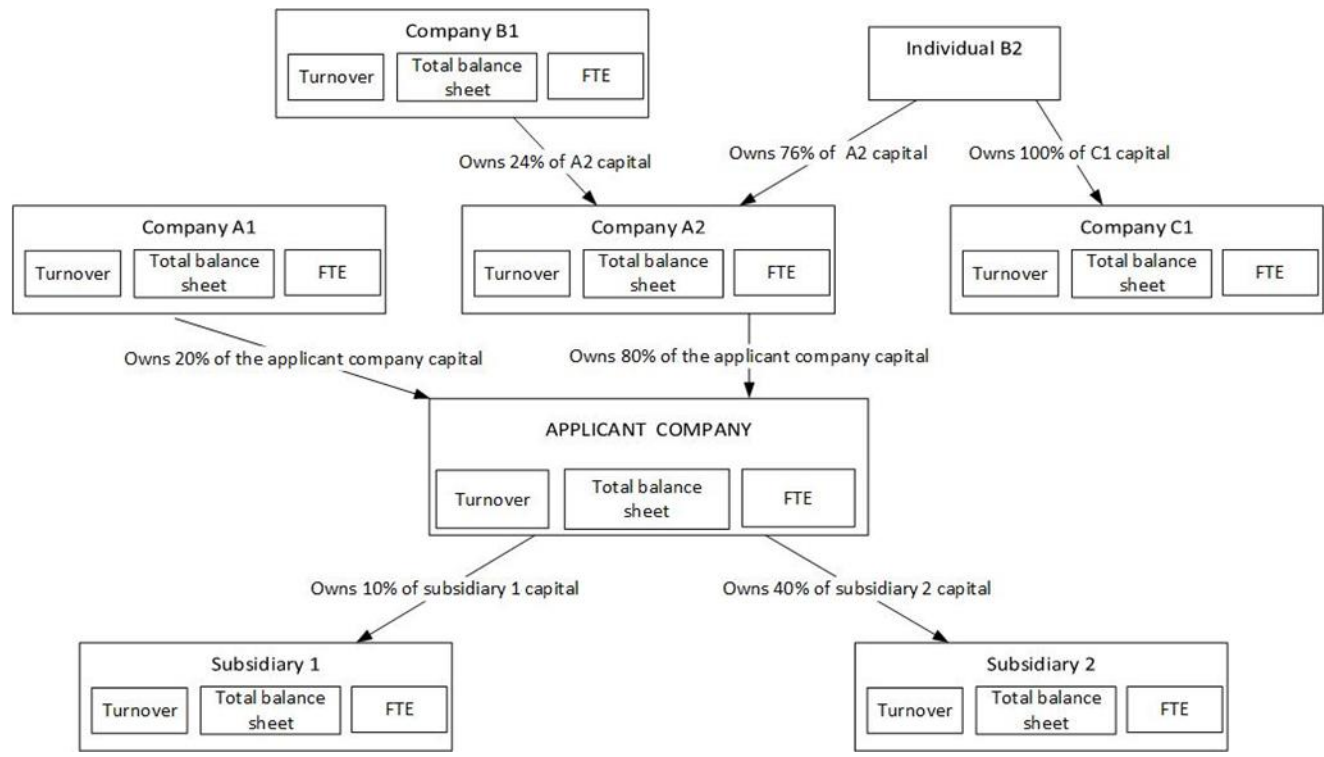
[\(User guide to the SME definition\)](#)

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%**.

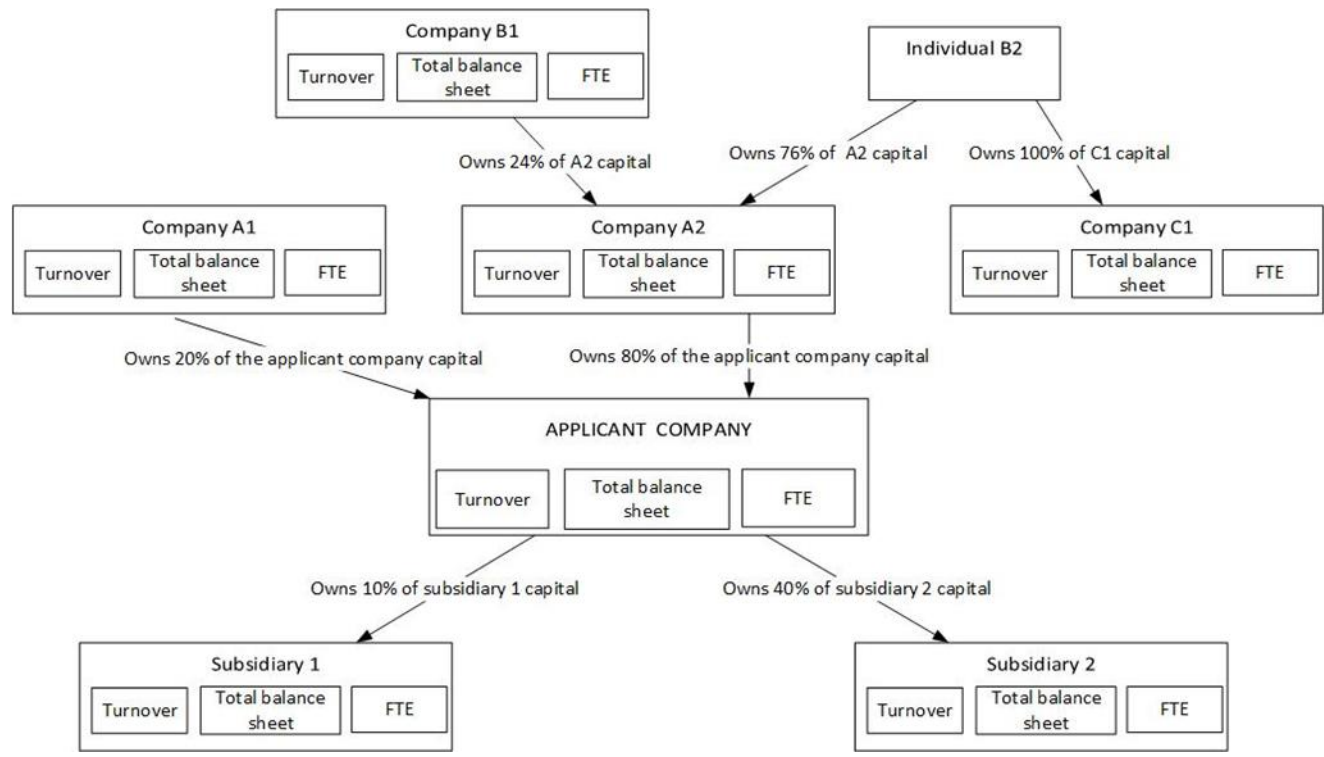
Linked companies:

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. through a recapitalisation

Generic criteria – Undertaking in difficulty

Example of an undertaking in difficulty

	Reference(s)	Current year
A. Capital and reserves		
	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
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 _____

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.



The co-funding needs to be documented within the application and can consist of **different types of financing**:

- Equity / own funds
- Capital increase
- Loans
- Free cash flow

Aid intensities for companies

Depending on the company size and the technological complexity of the project

	Maximum aid intensities <i>(including a bonus of max 15% in case of an effective collaboration)</i>	Large companies	Medium-sized companies	Small companies
R&D aid scheme	Experimental development <ul style="list-style-type: none"> Development of a new or improved solution 	≤ 40%	≤ 50%	≤ 60%
	Industrial research <ul style="list-style-type: none"> Acquisition of new knowledge No direct commercial application 	≤ 65%	≤ 75%	≤ 80%

Possible mix of experimental development and industrial research work packages



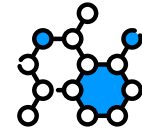


Max. 700k EUR per project

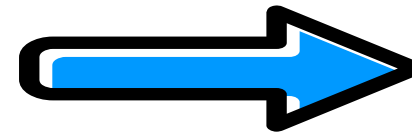


Project budget for companies

How to estimate the company's eligible project costs

Eligible costs

-  Staff costs (gross salaries + social charges)
-  Investments / Equipment (depreciation over project duration)
-  Materials / consumables
-  Subcontracting
-  Overheads (% of the staff costs)



Estimation of the total eligible budget

Ineligible costs

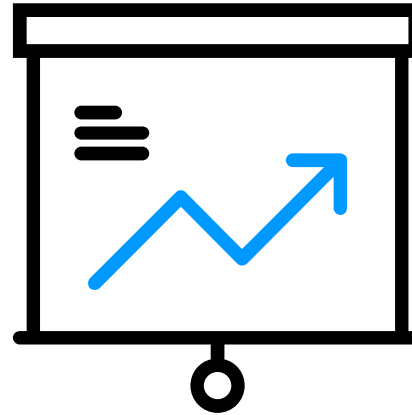
- Operational / marketing expenses
- Administrative and managerial activities
- Leave time and transport costs (overheads)

Cash flow forecast

Mandatory for all companies

Cash flow forecast

- ▀ Mandatory attachment for each applicant company
- ▀ Start-ups (< 3 years): detailed CFF
- ▀ All other companies: simplified CFF



Points to take into consideration

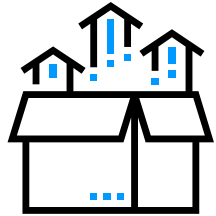
- ▀ Realistic assumptions
- ▀ Demonstration of financial viability
- ▀ Documentation of assumptions
- ▀ Starting latest in February 2024 (end of phase 1)



Both templates can be downloaded on the research-industry-collaboration.lu platform within the “Attachments”-section of the projects

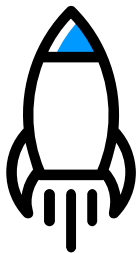
Relevant financial documentation

What does my company need to prepare during phase 1?



Large companies and established SMEs

- 2021 and 2022 accounts
- Simplified cash flow forecast
- Information/documentation of any financing not stemming from own funds (should be annexed on the platform)
- **If in difficulty:** relevant documentation concerning the resolution of the situation



Start-ups (applicant company < 3 years)

- 2021 and 2022 accounts
- Detailed cash flow forecast
- Information/documentation of any financing not stemming from own funds (should be annexed on the platform)
- **If in difficulty:** relevant documentation concerning the resolution of the situation

Tutorial on the grant criteria



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

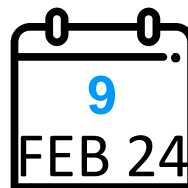
Upcoming Q&A session

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



Q&A session 2: Completeness check of the application before the submission for the first phase of the Joint call 5G Communication Technologies 2023

- Required attachments
- Q&A



**Submission
Deadline Phase-1**

Thank you!



Create your projects on the [research-industry-collaboration platform](#)

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

Questions related to the research organisations:
<https://www.fnr.lu/funding-instruments/5g-bridges/>

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