



Vlaanderen
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Explanatory Document on Research & Development Projects and Feasibility Studies

VERSION JULI 2023

Overview of key changes from the previous version dated July 2022.

Evaluation Criteria

In the scoring grid, the score 'critical' of the Knowledge Building and Challenges (Quality) criterion was completed, and in the SWOT internal (Impact) criterion, more attention is called for Cybersecurity and Freedom to Operate (FTO).

Climate plan

For projects submitted from October 1, 2022 onwards, an **elucidation of the climate plan** should be submitted together with the project proposal in case the company

- Is a big enterprise ([Europese kmo-definitie](#))

OR

- Has a final energy consumption of more than 0,1 PJ (petajoule) in its establishment in Flanders where most of the valorisation will take place.

The applicant will fill in the [template on the VLAIO-website](#).

An application that does not include an elucidation of the climate plan if needed will be declared ineligible. For applications submitted between 1/10/2022.

A specific approach applies to applicants who have joined an EBO for the establishment concerned (only possible for establishments with a final energy consumption of more than 0.1 PJ). If the applicant has joined the EBO-VER, the climate roadmap to be submitted to the Verification Office in that context suffices as a climate plan for VLAIO. When joining the EBO for a non-VER company, the climate plan needs to be submitted to VLAIO by 31/12/2024 at the latest. These companies do complete chapter 1 of the climate plan explanatory notes.

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Situation

This explanatory document deals with the general characteristics of business innovation support projects. Three project types are distinguished according to the intended innovation activities, namely research projects, development projects and feasibility studies. Specific modalities have been defined within these project types.

It is up to the applicant enterprise to determine what project type to submit an application for. The project types and their various modalities are explained further down.

Flanders Innovation & Entrepreneurship (VLAIO) stimulates innovation in Flanders by providing financial support through the Fund for Innovation and Entrepreneurship (FIO) and by providing services to innovative enterprises, research organizations and individuals.

Through business innovation support, Flemish enterprises have access to direct financial support for projects aimed at building knowledge and developing innovative solutions. Priority is given to projects with a higher risk and a greater potential economic and/or societal impact in Flanders.

The main features of business innovation support are:

- All enterprises with current or future offices in Flanders and that carry out operational research and development work in Flanders are eligible for innovation support, provided that the outcome of the projects will, eventually, be valorized in Flanders.
- Partnerships with other Belgian or foreign enterprises and research organizations are possible.
- No preference for particular sectors, application domains or areas of expertise.
- Projects that have potential military applications or results which may have potential military applications are only eligible for support under certain conditions. For more information about these conditions and modalities for projects with possible military applications, please click [here](#).
- Innovations may be technological or non-technological in nature.
- To be eligible to receive support, projects must have carefully defined objectives and a convincing business case.

For a project to be eligible, the activities within the project must also be eligible. For more information, please scroll [down](#).

- Depending on the intended innovation activities, three different project types are possible: research projects, development projects and feasibility studies.
- The support rate ranges between a minimum of 25% and a maximum of 50% (for development projects and feasibility studies) or 60% (for research projects) of the accepted costs specified in the project budget.
- Applications for innovation support can be submitted at any time and are processed individually.
- This process is interactive and relies mainly on communications between the applicant(s) and VLAIO (project advisor and financial advisor).
- Development projects applying for more than 500 kEUR in funding and all research projects are always evaluated with the assistance of external experts, who are consulted in writing. For development projects applying for less than 500 kEUR in funding, third-party experts are not by default involved in the evaluation phase, but oral or written advice from third-party experts may be sought if deemed necessary and in order to maximize the applicant's chances of success.

- The decision to grant or refuse support in the context of business innovation support is made by the Decision Committee at FIO. The processing and follow-up of project applications and supported projects are done by the Agency for Innovation and Entrepreneurship (VLAIO) acting for FIO. Contractor to the grant agreement on a supported innovation support project is FIO.

Granting support by FIO as part of business innovation support is done on the basis of:

- the Decision of the Flemish Government of 12 May 2017 on the regulations for granting research and development aid to enterprises in Flanders (B.S. 20.06.2017) with regard to research projects;
- the Decision of the Flemish Government of 12 May 2017 on the regulations for granting development and innovation aid to enterprises in Flanders (B.S. 20.06.2017) with regard to development projects or feasibility studies;

Granting of support based on the above decrees is in line with the General Block Exemption Regulation¹. These Decisions are known to the EU Commission under the indicated State Aid (SA) reference number. The rules laid down in the General Block Exemption Regulation apply in full to the granting of aid on the basis of one of the aforementioned decrees.

General features of the regulation

Applicants

All companies with legal entity, ranging from SMEs ([definition in Dutch](#)) to Flemish branches of a multinational enterprises, with an operational office in Flanders and operational research and development work in Flanders are eligible for support. Enterprises that plan to set up an operational office and R&D department in Flanders are also eligible to receive funding, whereby the actual granting of support remains dependent on the effective establishment of the enterprise in Flanders.

An enterprise is an entity that carries out an economic activity and has legal entity. In case of an enterprise still in the process of being founded, a start-up or a spin-off in the incubation phase, support shall only be granted on the condition that the applicant can submit proof of incorporation (and therefore of the legal entity of the company), proof of funds, and proof that the company will fulfill all obligations within the context of the project no later than four months after the granting of the support.

Furthermore, the enterprise must be able to put the results of the project into practice in Flanders to a sufficient extent and thus create added value in the form of economic and/or societal impact (and the expansion of a knowledge network). However, this does not mean that companies are barred from taking project results abroad: exporting innovative products is not a problem.

According to European regulations, enterprises must not be undertaking in difficulties at the time the support is granted (i.e. enterprises that are in distress at the time of application may still be eligible). For a definition

¹ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and any subsequent amendments EU (Official Journal of 26 June 2014, L 187/1).

of 'undertaking in difficulties' and [more information about how VLAIO evaluates an Enterprise 'Undertaking in Difficulties' can be found on this webpage.](#)

Enterprises in the non-profit sector:

Private and public organizations from the non-profit sector are eligible to receive support for their research and development activities as part of the innovation aid regulation under the same conditions as all other organizations.

In general, the following guidelines apply:

- Legal entity is required and the organization must demonstrate that it is involved in economic activity (= selling services in a free market) through a Flemish operation office in a way that can be expected to be sustainable.
- Non-profit organizations, like all other enterprises applying for business innovation support, must be able to demonstrate that they have sufficient private funds to finance their share of the project.
- If an organization is eligible to receive funding as an "enterprise", it can claim the SME allowance regardless of its legal form. As with enterprises with shareholders, companies without shareholders can be scrutinized to determine whether they are an independent company or part of a group of affiliated companies. This includes examining the voting rights of members (and the dependence of those members on other companies), the extent to which one or a few companies have control over that company, and the extent to which the company is under central management. Affiliated companies are consolidated in the same manner as is customary for companies with a shareholder structure.

Public companies with legal entity:

Support may be granted to public companies only for projects in which they effectively collaborate with private companies, with the public company bearing no more than 70% of the eligible costs in the project receiving support. In addition to the condition mentioned above, public companies must meet all the same requirements as private companies, and compliance with the requirements will be scrutinized closely. The most important of these requirements are:

- Having sufficient co-financing (with own/private funds) for the project;
- Eligible valorisation scores;
- Prospects for valorisation do not touch upon any publicly funded projects run by the organization.

Business partners, research partners and subcontractors

The main applicant must always be a Flemish enterprise, as described above under 'applicants'. This lead applicant may be the sole partner to submit an application or may do so in collaboration with one or more other companies and/or research organizations.

Each applicant company, whether principal or co-applicant, is considered by VLAIO to be a **business partner** in a project.

When several business partners submit an application together, the applying enterprises jointly bear the risk and costs of the project. Enterprises based outside Flanders that have their own valorization may also be involved as business partners, but cannot receive Flemish subsidy. International cooperation can (but does not have to) take place through participation in projects within international networks or partnerships supported by the European Commission, such as Eureka and ERANET. Before starting an application for support for international projects, the applicant should contact VLAIO.

If several enterprises cooperate in a project and at least one of them is an SME and/or a foreign company, more subsidy can be granted (for further explanation, see "Grant size").

Furthermore, the project may also involve collaboration with research organizations acting as a **research partner**. These research organizations may be based in Flanders or elsewhere, but the business partners shall bear all costs eligible for funding.

The project may also involve collaboration with other enterprises and research organizations acting as a **subcontractor**. The costs of such a subcontractor are for the business partner(s) and are eligible for funding. [Enterprises outside Flanders](#) that do not have their own valorization can also be involved in the project as a subcontractor.

For more information about the differences between collaborating with a research organization as either a research partner or as a subcontractor, [please scroll down to the section 'Collaboration'](#).

Only business partners are eligible to receive support in the innovation aid programs specified here. Organizations that make use of programs that support research organizations in carrying out non-economic activities (independent research and/or dissemination research results) can therefore be funded through the business partner(s) but have no direct access to innovation support themselves. Research organizations include knowledge institutions such as universities and universities of applied sciences, as well as strategic research centres and all other organizations eligible for funding for research organizations involved in non-economic activities.

Additional requirements for principal/co-applicants:

- Enterprises can not hold a legal monopoly

Enterprises that legally hold an absolute monopoly within Flanders or within a substantial part thereof shall not be eligible for support, unless the project for which they apply for support falls outside the scope of this monopoly. This point may be especially relevant for public organizations or organizations providing one or more services of general interest.

A monopoly exists when there is no competition in the given market and/or there are no substitutes or alternatives for the products and/or services offered by the company in question.

- Enterprises can not hold a dominant position

An enterprise is considered to hold a dominant position if it is able to prevent effective competition and if it is thereby largely able to operate independently of competitors, customers or suppliers. An enterprise also holds a dominant position if it has a market share of more than 50% in the project's valorization market.

In such a case, it will be assessed whether this dominant position within the project's valorization market, and in particular within Flanders or a substantial part thereof, may be sufficiently anti-competitive to constitute a sufficient reason for refusing support, by analogy with a legal monopoly.

Collaboration

Although it is possible for only one enterprise to work on a project, it is more typical for multiple business partners, research partners and subcontractors to be involved. Collaboration can take the following forms:

- Several enterprises can apply for a project together, with each enterprise carrying out part of the project and having its own valorization. In this form of collaboration, all enterprises are business partners, which means that they will all become contractors and sign the grant agreement with the FIO if support is awarded. The following rules apply to companies that are part of a multipartner project:
 - they are responsible for their share of the costs and bear the risk of the project.
 - They each have their share of property rights to the project results and are, in principle, each obliged to sufficiently valorize the project results in Flanders.
 - Business partners must enter into a cooperation agreement that specifies the partners' mutual rights and obligations.
 - Applicants shall appoint a coordinator, whose responsibilities include interacting with VLAIO.
 - General business information (#FTE, turnover) as well as information on the track record and any financial conditions of the business partners can be included in the decision note. This decision note is sent to all business partners.
- Special requirements apply to partnerships with public companies ([cf. above](#)).
- The execution of parts of a project can also be outsourced to third-party companies acting as subcontractors. Subcontractors can carry out various tasks in the context of a project, including knowledge input and routine tasks, such as performing tests, building part of a prototype, or performing part of the coding work. Subcontractors are not strategically involved in the project and are therefore interchangeable. All their costs must be reimbursed by the business partner and are to be accounted for by submitting an invoice to the business partner (who must pay the invoice). These costs are part of the operating costs. Costs incurred for major subcontractors (> 10.000 EUR) must be included as third-party services and must be motivated by a detailed invoice.
- In some cases, projects may involve one or more research organizations acting as a research partner. This concerns close substantive collaboration between an enterprise and a research organization, generating project results that can be protected by IP rights. In this case, the enterprise shall reimburse the real costs of the service provided and enter into agreement with the research organization with regard to the latter's participation in the IP rights on the project results. However, the research partner is not a signatory to the agreement with FIO and shall be paid entirely by the business partner(s). All contractual obligations are the responsibility of the business partner(s). The research partner has no obligation to valorize in Flanders. The business partner(s) and research partner(s) must, however, enter into a cooperation agreement. The research partner must draw up a separate budget and submit separate financial reports.
- In some cases, projects may involve one or more research organizations acting as a subcontractor. The enterprise must pay the research organization a fair market price for its services or reimburse all costs incurred by the research organization, plus a reasonable margin. However, the research

organization is not a signatory to the agreement with FIO and shall be paid in full by the business partner(s). All contractual obligations are the responsibility of the business partner(s). The research organization has no obligation to valorize in Flanders. The cost estimate included in the budget must be motivated by a quote (especially in case of significant costs for large subcontractors). Financial reporting shall consist of invoices and proofs of payment.

Various forms of **cross-border collaboration**, i.e. working with research organizations or enterprises outside of Flanders, are possible:

- Enterprises may engage research organizations or enterprises based outside of Flanders as a subcontractor. In this case, the same rules apply as for Flemish research partners or subcontractors. Note that an enterprise that has its own valorization (evidenced e.g. by its own intellectual property or commercial exploitation of the project results) or bears its own risk is not considered a subcontractor. Invoices received by the business partner for project execution constitute costs eligible for funding. If the business partner is located outside Flanders, but linked to the applying Flemish enterprise, the business partner must submit its costs in the same way as a Flemish enterprise and can not add a profit margin. In any case, **maximally 50% of the support** can be related to **activities outside Flanders**.
- An enterprise can also collaborate with other enterprises outside Flanders in a joint, international project, with each enterprise acting on its own account. This can take place in the context of formal regulations such as EUREKA, ERA networks and other international instruments, but an ad-hoc solution may also be sought if necessary. Enterprises are free to enter into such partnerships, but all costs incurred by foreign parties shall not be considered eligible for VLAIO funding. Non-Flemish enterprises must either cover their own costs or receive support from their government, and the exploitation rights of the Flemish enterprises involved in the project must be guaranteed.

Allocation of intellectual property rights in partnerships with a research organization

There are several options with regard to the allocation of intellectual property rights to research partners. The European regulations on State aid for Research, Development and Innovation define the principles for cooperation between enterprises and research organizations. It is essential that the enterprises do not receive an advantage from the research organizations that disturb the market and can be considered indirect support constituting illegal state aid. Two forms of collaboration with a research organization can be distinguished:

- The first form involves **outsourcing** by an enterprise, with the research organization acting as a subcontractor. The enterprise must pay the research organization a **fair market price** for its services or reimburse all costs incurred by the research organization, plus a reasonable margin.
- The second form involves **substantive collaboration** between an enterprise and a research organization, with the research organization acting as a research partner and generating project results to which intellectual property rights can be allocated. In this case, the enterprise shall reimburse the real costs of the service provided and enter into agreement with the research organization with regard to the allocation of IP rights on the project results. These rights can be allocated in the following ways, among others:
 - all IPR is allocated to the enterprise, with the research organization receiving fair compensation in the event of the commercial exploitation of the project results;

- shared allocation of IPR, with the enterprise and research organization each receiving IPR to distinct components of the project's results and being allocated domains for (autonomous) commercial exploitation. If it proves impossible to split up the project results, domains for autonomous commercial exploitation can also be allocated while both parties jointly hold all IPR;
- all IPR are allocated to the research organization, with the enterprise receiving at least usage rights for the project results;
- the enterprise and research organization jointly hold all IPR.

The options mentioned above are indicative only. Various combinations of the situations described above, as well as other options that involve sharing IPR resulting from activities of the research organization are acceptable, as long as they do not conflict with the objectives of innovation support and as long as arrangements are made to ensure that the enterprise can participate in the project results generated by the research conducted by the research organization. It is essential that the company has at least the necessary freedom to put its planned valorization activities into practice.

The partners should make the basic agreements when submitting the project application to VLAIO. However, it is primarily up to the research organization to ensure that it receives a fair market price for services rendered by the research organization. In case of subcontracting, it is recommended to mention in the tender that the service to be rendered by the research organization will be compensated at a fair market rate.

Eligible activities and support rate

There are always two core aspects to innovation: the actual new idea on one hand and its application on the other. Support is granted to enterprises that execute projects aimed at achieving economical or societal relevant project objectives. These may be new or improved products, processes or services, or a combination thereof.

For an **activity to be eligible for support**, it is essential that knowledge must be built up in order to achieve this goal. In principle, support is granted for activities of structured knowledge building or activities that directly support knowledge building. Eligible activities only form a limited part of the innovation activities undertaken by an enterprise. Low-risk activities shortly prior to the commercial exploitation of an innovation are not eligible for funding. An exception to this applies to IPR-protection costs in the context of a development projects, provided that these costs were made during the project and that the applicant in question is an SME.

Non-eligible activities include activities that take place before the (start date of the) project application or, for start-ups, activities that took place before the official date of incorporation (by notarial deed). The following activities are also not eligible for support, unless they directly support knowledge building:

1. Engineering work, routine improvements and technology implementation.
 - implementing or using existing knowledge/techniques without clear knowledge acquisition or a significant challenge.
 - routine or periodic changes to existing products, processes or services and other ongoing work, even if they constitute improvements.

- activities that do not contribute to a clear increase in knowledge within the company and that are carried out according to common, existing procedures. Even if such activities are at the core of an R&D company project, the project will not be eligible for funding.
2. General auxiliary activities (e.g. personnel management, financial management, logistics, etc.).
 3. Training and general knowledge acquisition not specific to the project.
 4. Activities aimed at making the products, processes or services studied or developed in the project ready for production and bringing them to the market, including the creation of a final design, user interfaces, product documentation, manuals,
 5. Market research and marketing activities that go beyond determining orientation during the research and development process itself.
 6. All activities to comply with standards, labels, accreditations, registrations or other legal obligations; with particular reference to clinical research for registration purposes.
 7. Activities of preparation and implementation of investment for production facilities. Expansion of, and investment in, research facilities needed to carry out the R&D business project are eligible.
 8. By default, the elaboration of a business plan is not eligible for support. An exception is the elaboration of a business plan that supports the development of a new product/service/process in a multi-partner project (involving at least 2 companies). Within such a project, 3 man-months focused on the elaboration of the business plan are eligible for support.

Determining the basal support percentage

There are **2 basal subsidy rates for development and research projects**: 25% for development projects and 50% for research projects. **The degree of knowledge acquisition and the extent of the challenges faced** during the project determine the category to which a project belongs. More subsidy can be given to projects that face more important challenges and make a larger leap forward. The subsidy percentage is determined at the start of the project (in the selection phase) and specified in the grant agreement. The subsidy percentage is determined as follows:

- Ineligible activities are eliminated from total activities.
- Development projects are granted a basal subsidy percentage of 25% by default.
- Research projects are carefully analysed to ascertain whether they are to be split up into various sub-activities with different basal subsidy percentages. For such research projects, the basal subsidy percentage is determined according to the ratio of development activities (25%) to research activities (50%).

For **feasibility studies**, the basal subsidy rate is 40%.

Research projects versus development projects

The distinction between research and development projects is based on the degree of **knowledge acquisition** and the extent of the **challenges faced** during the project. These aspects are addressed in the project objectives and work program. Although this is not always the case, the follow-up activities required (i.e. the type of activities required after completion of the project up to the commercial exploitation of the results) can give an indication as to whether a project is a research project or development project.

DESCRIPTION OF RESEARCH PROJECTS (50% BASAL SUPPORT)

Research projects essentially consist of activities that build **new knowledge**, insights, and skills in a critical and systematic way. This knowledge is acquired so that it can be put to use at a later stage in order to develop new products, processes or services or to significantly improve existing ones. It is essential that these elements are reflected in the project objectives. A project or sub-project is considered a research project if both of the following conditions are met:

1. the project or sub-project represents a clear or substantial step forward for the company in terms of knowledge, insights and skills, and at least an identifiable (but possibly limited) advance compared to the current international state-of-the-art in the domain or sector in which the company is active or will valorize the results. The advance of the state-of-the-art should be presented on the level of knowledge, insight and skills, and not only on the level of the intended application.

AND

2. the project or sub-project involves significant challenges and risks. Risks not taken into account here are those of a commercial nature, management risks and uncertainties about manpower, timing and budget.

AND

3. The approach of the project or sub-project is planned and critical, and is aimed a deeper, scientifically based understanding of the underlying phenomena.

In principle, a research project has a maximum duration of 3 years.

Projects that have both research and development aspects can be **submitted as research projects**.

DESCRIPTION OF DEVELOPMENT PROJECTS (25% BASAL SUPPORT)

Development projects include activities of acquiring and using existing knowledge and skills (scientific, technical, business and other) for the purpose of producing plans, designs and prototypes of **new, modified, or improved products, processes or services**. Thus, development projects are essentially comprised of acceptable R&D activities (i.e., there should always be sufficient challenges), but do not meet the requirements for research projects.

For additional clarification on the level of the knowledge step and challenge, please refer to the section below [‘How far into the process can support be granted’](#) regarding TRL levels.

In principle, a development project has a maximum duration of 2 years.

Feasibility studies

Feasibility studies are aimed at preparing an important and ambitious innovative follow-up trajectory (research, development and/or ICON projects of VLAIO, innovative investments and ambitious innovation trajectories outside the VLAIO's support frameworks), without the granting of the feasibility study guaranteeing follow-up subsidy. Small research and development projects aimed at a short-term outcome are not feasibility studies.

The innovation that is intended with the innovative follow-up trajectory must have the potential for sufficient valorization in Flanders. This valorization must at least be qualitatively described, but may still contain uncertainties which are not yet clarified at the start of the feasibility study.

The study should at least and for a significant part experimentally investigate the challenging technical and/or scientific aspects. In addition other topics may be addressed, such as business aspects concerning the testing of innovative business models, service innovation and the possible issue of intellectual property. It must be clearly demonstrated that the feasibility study aims to achieve a knowledge leap that leads to further innovative activities, and that it contributes to knowledge building that allows for a better assessment of the risks and opportunities when considering the investment in a follow-up trajectory.

Projects that merely seek idea generation or a market study or problem solving in the short term are therefore certainly not eligible. The pursued follow-up trajectory must be sufficiently ambitious.

A feasibility study has a maximum duration of 1 year.

An enterprise, as an applicant or business partner, can receive support for a maximum of 1 feasibility study per year (12 months between decisions). If an enterprise belongs to a group of affiliated enterprises, this limitation applies to the entire group.

Total scope of subsidy rate

The subsidy rate consists of a **basal subsidy rate**, possibly augmented by the following **cumulative** allowances:

For regular projects :

- a small enterprise (SE) will receive 20% additional subsidy (for an R&D project);
- a medium enterprise (ME) will receive 10% additional subsidy;
- a development or research project can receive 10% additional subsidy in the event of effective collaboration between several independent beneficiaries (outsourcing to subcontractors is not considered as effective collaboration, nor can this be granted for feasibility studies) where:
 - None of the enterprises bears more than 70% of the cost of the collaborative project AND at least one partner is an SME.
 - Before this allowance is granted, the quality and added value of collaboration within the project will be assessed.

Collaborating enterprises and research organizations are not eligible for extra support due to their collaboration. However, good collaboration with research organizations can be awarded when assessing the criteria of 'additionality' and 'objective feasibility' (i.e. 'expertise and resources' in the application template).

The minimum subsidy rate is therefore 25%. The **maximum subsidy rate** is limited to **50%** for development projects and feasibility studies, and **60%** for research projects.

Please see the summary below.

	Development project	Research project	Feasibility study
Basal subsidy rate	25%	25 to 50% depending on share of research	40%
Extra support depending on business type	20% (SE); 10% (ME)	20% (SE); 10% (ME)	10% (SME)

Extra support for collaboration	10% in case of collaboration between independent companies	10% in case of collaboration between independent companies	none
Total subsidy	Max. 50% per business partner	Max. 60% per business partner	Max. 50% per business partner

For projects submitted in an interregional or international cooperation:

- a small enterprise (SE) will receive 20% additional subsidy (for an R&D project);
- a medium enterprise (ME) will receive 10% additional subsidy;
- 15% bonus for effective collaboration between at least 2 independent companies, of which at least 1 is SME or international.

The minimum subsidy rate is therefore 25%. The **maximum subsidy rate** is limited to **60%** for development projects and **70%** for research projects.

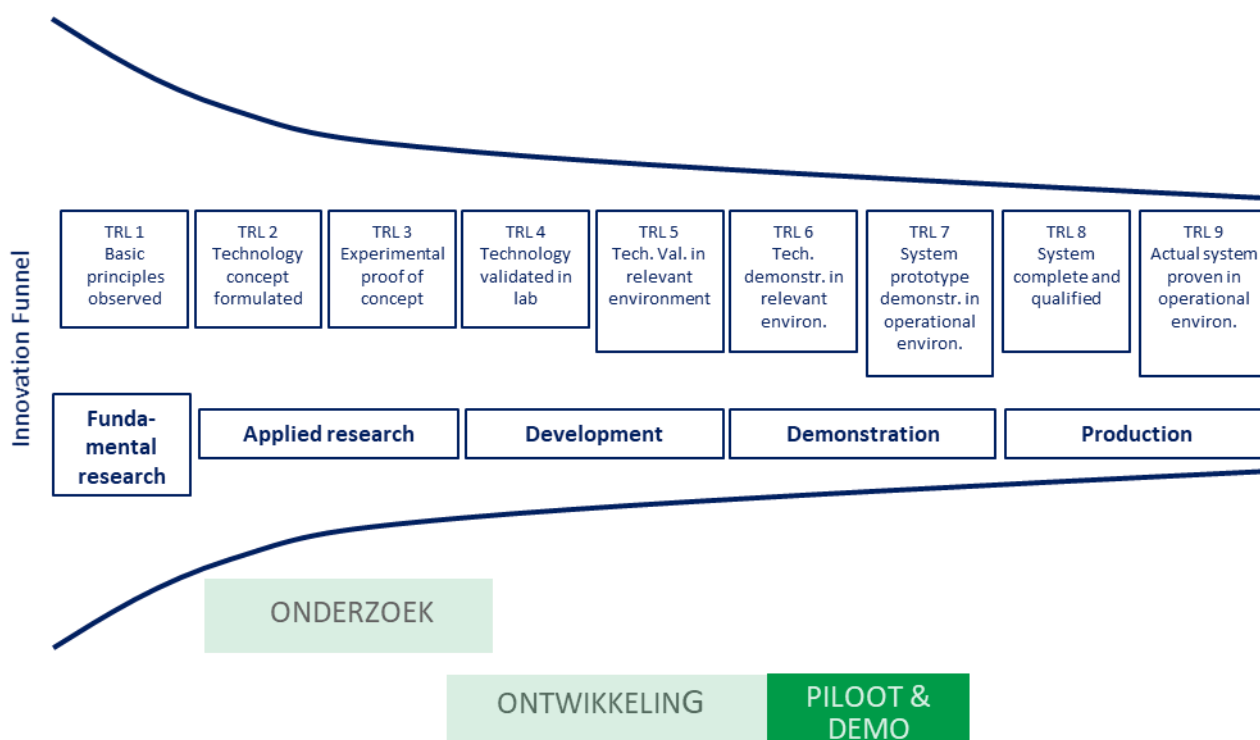
Please see the summary below.

	Development project	Research project
Basal subsidy rate	25%	25 to 50% depending on share of research
Extra support depending on business type	20% (SE); 10% (ME)	20% (SE); 10% (ME)
Extra support for collaboration	15% in case of collaboration between independent companies of which at least 1 is SME	15% in case of collaboration between independent companies of which at least 1 is SME
Total subsidy	Max. 60% per business partner	Max. 70% per business partner

How far into the process can support be granted?

For regular projects:

Development projects can be supported up to Technology Readiness Level (TRL) 7 (demonstrators, pilots, scale-ups).



- The intensive acquisition of the necessary knowledge and insights is often followed by a costly phase in which the results still need to be scaled-up or demonstrated in more realistic conditions to rule out some final technical risks, before the commercialization phase can begin, which typically involves demonstrators, pilots and upscaling. Although the uncertainties are already much more limited at that point, this stage can be very expensive. If these activities are naturally related to the development activities that served the purpose of building knowledge and are still sufficiently high-risk, they are eligible for development project subsidy.
- Thus, the staffing costs, related indirect and direct costs, and (**amortization** within the project of) material major costs linked to a pilot/demo installation can be funded under the same conditions as the other development activities.
- Any costs incurred by subcontractors for the purpose of performing those later phases are also eligible for funding.
- An extension phase (TRL 6-7) may be part of a broader development project or may be applied for as a separate development project. Regardless of whether such a pilot or demonstrator project is applied for separately or as part of a larger project, **the total amount of subsidy granted for the portion of the project in the later stages (TRL 6-7) is limited to a maximum of 1.000.000 EUR.**
- Projects or sub-projects involving late-stage TRLs (TRL 6-7) can be extended by 1 year, provided there are convincing reasons for doing so.

Are patient studies and clinical trials eligible to receive support?

Clinical trials can be considered pilot projects (as mentioned in the previous section). Thus, the same rules apply with regard to eligibility: the maximum TRL level (TRL7; for Phase 0 - Phase I - Phase IIa clinical studies) and the maximum subsidy rate (including any additions) of 1 MEUR/project. Phase IIb studies are eligible to receive support if it can be demonstrated that clinical trials will follow after the completion of the funded

project. Both conditions must be met. It must be stressed that clinical studies in the final phase before EMA/FDA approval (such as phase-III studies) are not eligible for funding.

For projects submitted in an interregional or international collaboration:

Given that a large number of international and interregional R&D projects focus on the later stages of the development path, activities leading to TRL 8 in international and interregional projects will be co-included as supportable activities, insofar as they are activities whose main objective is to make further technical improvements to products, processes or services that are not largely established. Support for these activities will be awarded in the form of subsidies using the subsidy rate for development projects submitted in interregional or international cooperation.

Project Budget

The [cost model guide](#) on the website describes in detail which costs are eligible for funding in development and research projects and how a budget is to be structured. In essence, this budget must consist of the staffing costs incurred by the business partners and research partners (based on staffing levels and real wage costs), operating costs, third-party services and investments.

To submit these costs, each partner must complete the [excel template](#) that can be downloaded from the website.

Grant size

The grant is calculated as a percentage of the accepted total project budget. To find out which costs are eligible for funding and how to structure this budget, please consult [the cost model guide](#) on the website.

As mentioned [above](#), the subsidy rate consists of a basal support percentage plus extra (one or more) allowances.

Cumulation with other state aid within the same project

When calculating the total grant amount, VLAIO will take other public aid (eg. other grants, etc.) received for the same costs into account, i.e. costs can only be eligible for one type of funding within all programmes succeeded by VLAIO. Subsidy rates can in no case exceed the rules of the General Block Exemption Regulation.

From January 1st 2022 on, personnel from I beneficiaries which make use of partial exemption from withholding tax for Young Innovative Company (YIC)² cannot be included in the budget of an application for

² A Young Innovative Company is a company that meets the following conditions:

- the company is a small enterprise (SE);
- the company was established less than 10 years ago;
- the company was not established in the context of a concentration, restructuring or expansion of a former activity or the acquisition of such activities;
- the company's R&D expenditure represents at least 15% of its total costs in the previous tax year.

a feasibility study, neither for a research or development project. ([For alternatives of partial exemption from withholding taxes see vlaio-website](#)).

General aspects of processing a project application

Guidance and preliminary meeting (optional)

An applicant may seek guidance in preparing the application. VLAIO's business advisors have the specific mission of helping SMEs and offering specialized guidance. You can always contact them to schedule a preliminary meeting about development projects and feasibility studies. More information and webform to contact the VLAIO business advisors :

<https://www.vlaio.be/nl/informatie-begeleiding-advies/groei-professionalisering/advies-en-ondersteuning-op-maat-van-jouw>).

Enterprises already familiar with VLAIO may also contact VLAIO directly at bedrijfsinnovatiesteun@vlaio.be. If desired, a preliminary meeting for research projects can be requested with one of our project advisors.

Submitting an application

Applications can be written in Dutch or English and can be submitted any day of the year.

We recommend looking closely at the [selection criteria for research or development projects](#) en [feasibility studies](#) while preparing the application.

Within 2 business days of reception, a notification of the receipt will be sent.

Eligibility

An initial review will verify that the application meets the following criteria. However, the eligibility criteria must be met throughout the evaluation process:

- The applicant is (i) an enterprise (or has at least a clear incentive to become one), with operational activities in Flanders or (ii) a non-profit or public-law organization with legal entity and operational activities in Flanders (or at least a clear incentive to become one), which carries out economic activities.
- The business partner and research partner statements have been signed correctly.
- All information requested in the application form is present.
- The rules as formulated in the explanatory document to the application have been respected, especially regarding the language and the scope of the application.
 - Rules regarding [start date](#) and [minimum/maximum subsidy](#);
 - The project application contains sufficient information to start the evaluation. This includes a substantiated business case.
 - Maximum number of pages for **development projects**:
 - For a project proposal with requested support < 500.000 EUR the maximum is 30 pages + 5 extra pages per additional business partner (subcontractors do not count);
 - For a project proposal with requested support > 500.000 EUR, the maximum is 40 pages, + 5 extra pages per additional business partner (subcontractors do not count); In exceptional

cases - for very large and complex projects - the limit may be exceeded for adding tables and figures. The proportion of text should be limited to max. 40 pages.

- Maximum number of pages for **research projects**:
 - Project description: maximum 40 pages. In exceptional cases - for very large and complex projects - the limit may be exceeded for adding tables and figures. The proportion of text should be limited to max. 40 pages.
 - Impact: maximum 10 pages + 5 extra pages per additional business partner (subcontractors do not count)
- Maximum project duration of 24 months for development projects, and 36 months for research projects (unless substantial argumentation).
- No military use (unless it meets the exceptional conditions for military use or dual use).
- The application has been written in Dutch *or* English.
- Required appendices including cost model/quotes/financial information are present.
- An '[Enterprise Undertaking in Difficulties \(UID\)](#)' is by default not eligible for funding. There are a few exceptions in which an UID can still be funded (for a detailed description of rules and exemptions, check the same webpage : [Enterprise Undertaking in Difficulties \(UID\)](#)).
- Applicants being a big enterprise or having a final energy consumption of more than 0,1 PJ in the Flemish establishment have added an elucidation of the climate plan to the project application based on [the VLAIO template](#).
Complete chapter 1 with each new aid application. An updated climate plan summary (chapters 2 and 3) is not required if the applicant holds a climate plan summary accepted by VLAIO that is less than 4 years old (support file submission date).
For VER³ companies joining the Energy Policy Agreement (EBO) for the period 2023-2026, the climate roadmap to be submitted to the Verification Office under the EBO suffices as the climate plan for VLAIO. Joining an EBO is only possible for sites with a final energy consumption of more than 0.1 PJ.

An application which at first view contains insufficient challenges and/or which is insufficiently elaborated, may also be considered ineligible for funding.

For feasibility studies, the above eligibility check will also be performed and the following rules will be reinforced or added:

- In the application document we ask for the calculation of the Working Capital (NWC) to guarantee the co-financing capacity (share of the project at own costs). Further explanation of this calculation can be found in the application template for R&D Feasibility Studies. To substantiate the calculation we ask for the latest profit and loss account and balance sheet.
 - If the calculation of the NWC shows that the amount is insufficient, co-financing can additionally be supported by long-term debt and capital, whereby the related agreements and/or deeds will be requested.
- The applicant is not an [Enterprise 'Undertaking in Difficulties \(UID\)'](#) at the time of submission.
- The maximum number of pages is limited to 10 pages + 2 pages per additional business partner.

An application that does not meet these criteria or contains insufficient information to warrant processing will be declared ineligible. This means that the application will not be processed for evaluation in its current state. The applicant will be notified as soon as possible and will have the option to re-apply at a later date.

³ VER companies are those covered by the European Emissions Trading Scheme (ETS).

Maximum subsidy volume

The maximum amount of subsidy to be granted to a project is 3 MEUR. The lower limit is 25 kEUR for development projects and 100 kEUR for research projects.

For sub-projects in the later stages of the development trajectory (with results at the level of TRL 6-8: see Annex 3), the maximum subsidy is limited to 1 MEUR.

Per feasibility study, the maximum subsidy per business partner is 50.000 EUR. Smaller studies are also possible, but the budget must be at least 25.000 EUR per business partner. If the feasibility study is carried out by several partners (in a consortium or cluster context), the support amounts to a maximum of 500.000 EUR per study (while maintaining the limit of maximum subsidy per business partner).

An enterprise, as an applicant or business partner, can receive support for up to 1 feasibility study per year (12 months between support decisions). If an enterprise belongs to a group of affiliated enterprises, this limitation applies to the entire group.

Enterprises can be granted up to 8 MEUR in innovation subsidy per (calendar) year, which is subsidy granted for the internal costs and outsourcing costs incurred by the enterprise in question, as well as their share in the costs incurred by research partners (max. 30 FTE's/year). On top of this 8 MEUR, an enterprise can be granted an additional 4 MEUR subsidy annually, provided that it concerns projects in collaboration with SMEs or (international) partnerships.

Start date

The earliest start date is the **1st day of the month after the month in which the project is submitted**.

For projects subjected to a suspensive condition, the start date can not be earlier than the first day of the month following the month in which the condition was met. Of course, the business partner on whom the suspensive condition was imposed does not have unlimited time to resolve the condition. In practice, VLAIO expects such a condition to be resolved within 4 months after the decision. For European cooperation projects, the start date may shift depending on the modalities of the European call.

Evaluation process

For each project, VLAIO will nominate a project advisor and financial advisor who will assess the application.

For development projects with requested subsidy below 500 kEUR and feasibility studies, a lean process is used, in which the interaction between the applicant and VLAIO (project advisor) is central. If relevant, for example in the case of complex projects, important questions about eligibility, little qualitative information provided, ... and to maximize the chance of success for the applicant(s), this basic process can be expanded. This can be done through the targeted and flexible (oral/written) use of third-party experts, requesting additional information on paper, etc.

In the initial phase, development projects with requested subsidy higher than 500 kEUR and research projects are discussed in thorough detail with the applicants, possibly accompanied by a visit to the enterprise. If necessary, additional verbal and possibly written information will be requested during this meeting. The

applicant then has a maximum of 12 business days to provide the additional information and/or the revised application. If they fail to do so, the decision will be made to continue to evaluation process as planned, based on the information provided in the original project application. The (modified) project application will then be assessed in a second phase, possibly in consultation with third-party experts.

Third-party experts are bound by a strict confidentiality with regard to the information provided, and in selecting third-party experts, care will be taken not to involve potential competitors or stakeholders. Applicants may also provide a limited list of experts (mentioned by name) to be avoided (no more than 15 individuals, companies or research groups - not entire research organizations). The names of the experts involved in assessing the application shall not be disclosed to the applicant. In case the applicant comes to present their project proposal in person, it goes without saying that they will be introduced to the experts during the evaluation meeting.

Based on all available information (including advice from third-party experts), a report is prepared after which a final decision is made. The full report will be sent to the applicant or applicants, along with the decision.

Subsidy can be granted conditionally, subject to the fulfilment of specific conditions at the start of or during the project. These conditions may be of organizational, substantive or financial nature.

Projects are always evaluated according to the criteria of the program in which the project was submitted. Projects submitted as a (mixed) research project or feasibility study will be evaluated according to the applicable criteria. If after evaluation the project appears to be satisfactory, but must be considered a development project rather than a research project, the decision can be made to grant development subsidy without the applicant having to submit a new project application. In this case, the modalities applicable to development projects (25% base aid, etc.) logically apply.

Clarification regarding added value for Flanders

Flemish government funds invested in companies to support their R&D efforts must yield sufficient returns for the Flemish society (the Flemish taxpayer who, ultimately, will be co-financing the project). Projects may of course yield positive returns for regions other than Flanders as well, but the returns for Flanders will be front and central during the evaluation process. To assess a project's added value for Flanders, VLAIO considers primarily the economic impact. We expect projects to achieve at least 10x leverage, which means that their total quantified economic impact must be at least 10 times greater than the awarded subsidy. This impact must be achieved within the first 5 years following the completion of the project. In specific case, this may be extended up to 10 years after completion of the project, provided there are convincing reasons for doing so. This will depend on the type of innovation in question and must be sufficiently substantiated in the application. The societal impact is relevant, but not considered in the calculation of the leverage of the subsidy.

A project must always involve an economic activity and present a convincing, substantiated and quantified business case. This economic activity must result in an economic impact, achieving at least 10x leverage (see above).

A feasibility study must also always describe the economic activity in the intended follow-up trajectory on the basis of a qualitatively elaborated and substantiated business case. The market potential must be outlined and should make the ambitious nature of the follow-up trajectory clear, but may still contain some

uncertainties that have not been cleared up at the start of the feasibility study. The demonstration of 10x leverage is not required for feasibility studies.

General rules for impact evaluation

In general, the valorisation period should correspond to the normal life cycle of the results. By default, the valorisation period is set at 5 years, starting after the completion of the project. If there are compelling reasons for doing so, the valorisation period can be extended to 10 years. Hereto argumentation must be explicitly provided in the application document. With the exception of hiring's during the project execution (see above), the added value realized during the project itself is not eligible.

If a project is submitted by multiple business partners, its valorisation potential is considered at the project level. Each business partner should have a substantiated business case and valorisation story, but the overall added value (i.e. achieving 10x leverage) is always assessed at the project level.

The leverage effect is calculated on the basis of the **net grant** received by the enterprise, which means that, in case of cooperation with a Flemish research organization acting as a partner, not a subcontractor, the grant amount awarded for the costs incurred by the Flemish research partner shall not count towards the leverage effect.

If several supported projects are implemented by the same partner and the results create added value together, the total sum of received support will be compared to the total amount of value created in Flanders (cumulative). This is evaluated in criterium 7 of the score grid, 'track record' (see [Appendix 1](#)).

Valorization is an important aspect of the project, and applicants must therefore always notify VLAIO of important updates or changed prospects in reports, even during the valorization period.

CALCULATING ECONOMIC IMPACT

In order structure discussions on economic value creation in Flanders, VLAIO uses 2 indicators for value creation: namely **personnel costs** (in the broad sense) and **(depreciation on) investment costs** for activities in which the project results are put to use.

Personnel costs linked to job retention are valued less, i.e. when calculating value creation, a maximum of 50% of the costs linked to job retention are taken into account. Personnel costs linked to hiring's during the project executions, follow the same rule.

To be considered economic value creation, investment costs must be linked to investments made after the project's completion.

The period within which these costs are accepted as added economic value is, by default, 5 years after the end of the project. This period can be extended up to a maximum of 10 years after completion of the project. The credibility of the provided argumentation will be subjected to evaluation.

A **substantiated estimate** of the added-value potential is requested using credible scenarios. The following elements may also be included in a project's economic impact. Also effects on subcontractors or suppliers in Flanders with whom the applicant(s) has a history of cooperation, can be taken into account.

It is important that the estimates provided are sufficiently substantiated. Furthermore, risk is taken into account (e.g. projects with very high potential, but a low success rate).

A clear way to provide insight into, and substantiate estimates is by including a table, calculating the potential revenue and added value of the product/process/service based on the market and its life cycle. From that table, wages paid and/or investments made in Flanders can be clearly deduced. For an existing company within a more or less known business, maximum use should be made of the publicly available data or historical figures (e.g. ratio of turnover to employment) and, if deviations are made, these should be explained.

CALCULATING SOCIETAL IMPACT

In addition to the economic value creation mentioned above, project results can also create societal value. The societal impact is considered to be an important added value of a project and is evaluated in a specific criterium (see [Appendix 1](#)). For the societal impact, a global impact is considered (i.e. not limited to Flanders) Domains where such an impact can be expected include but are not limited to:

- Environment, biodiversity and water management
- Circularity
- Energy & Climate
- Health & Care
- Education & Competences
- Mobility & Smart Cities
- Sustainable Food & Sustainable Food strategies
- Other

If the project has a societal impact, applicants are requested to indicate one of the above domains in the template and **always** provide a **qualitative evaluation of the societal value created by the project**.

If the societal impact is well substantiated in a quantified/ verifiable way a higher score can be awarded (see [Appendix 1](#), evaluation criteria). Projects with a negative societal impact are excluded from funding.

Evaluation and selection criteria

Grant applications are evaluated as concrete **projects within their specific business context**. Which gives rise to the current demand-driven approach, with projects being proposed bottom-up, initiated by enterprises. Furthermore, it is postulated that the largest possible impact can be achieved by supporting enterprises aiming to undergo a **transformation** (transition, breakthrough, diversification, modernization) through their innovation and thereby striving to secure a sustainable position in the market and increase their **competitiveness**. This includes aspects such as **innovativeness** (new solutions) and **challenges** (risks). The evaluation is based on a **general rating** of how the project contributes to the enterprise's transformation process and of the project's impact on the enterprise in question and the Flemish economy.

In deciding whether to grant support to a project, consideration is given to:

- the **additionality** of the support,
- the **potential impact**: both for the company and for Flanders,
- the **quality** of the project proposal,
- the **knowledge leap** for the enterprise,
- the **risks and challenges** of the intended innovation.

It is important that the information presented in the application proposal allows for the proper assessment of these aspects. In addition to assessing the aspects mentioned above, a **business analysis** and **financial analysis** will also be performed in order to ascertain whether the business partners have sufficient financial capacity and whether they are compliant with all other government and permit requirement, as well as to explore the partners' track record with regard to information provision, reporting and compliance in previous projects.

Research and Development projects

These elements above have been translated into several evaluation criteria (see [appendix 1](#)).

Projects are assessed based on a general rating, which means that each criterion is rated separately, based on 'indications in favour' and 'indications against', which then results in a score 'critical' (= exclusion), sufficient (= score 0), 'good' (= score 1) or excellent (= score 2).

For all projects within the development and research programs, subsidy can only be granted if **criteria** minimum total score is obtained. The selectivity of the support (i.e. the minimal score that is required to be eligible for funding) will be determined based on 1) the overall quality of the project and, 2) the available budget for subsidy. The selectivity that is applicable at the time of submission of the project, will be published on the website.

If multiple enterprises participate in a project, the given ratings can be averaged, if necessary considering the relative importance of the enterprises involved.

Feasibility studies

These elements above have been translated into several evaluation criteria (see [appendix 2](#)).

Projects are assessed based on a general rating, which means that each criterion is rated separately, based on 'indications in favour' and 'indications against'. Here, it is logical that each main criterion in the balancing exercise must score sufficiently well on its own to qualify the project for support.

If multiple enterprises participate in a project, the given ratings can be averaged, if necessary, taking into account the relative importance of the enterprises involved.

The selection criteria for development and research projects are further explained in [Appendix 1](#) and feasibility studies in [Appendix 2](#).

Financial Capacity

In addition to the selection criteria described above, it is important that applicants have sufficient financial capacity for the execution and valorisation of the project. At a minimum, the partners must be able to

execute the project, which means they must have the necessary funds to allow their respective enterprises to continue to function whilst executing the project and to bear their share of the costs. In deciding whether to grant support, any evidence indicating that this may not be the case is explored. This analysis has three possible outcomes:

- there are no indications that the enterprise is not financially capable to co-finance the project.
- the company is clearly not in a position to execute the project.
- specific **financial conditions** are imposed regarding the available financial resources, such as a capital increase or debt rescheduling; the grant and installments will then be paid only if those conditions are met.

For existing enterprises with sufficient historical data, the financial analysis is primarily based on the data in the filed annual accounts and the data available from Graydon. However, this may be supplemented by any information VLAIO deems necessary, such as a current cash flow plan in the case of a cash burner.

For start-ups or enterprises embarking on a major deviation from their current business, the analysis will be based on a general business plan, with attention to financial planning.

Furthermore, partners must have the necessary permits to carry out the activities during the project. In general, this will be based on the applicants' statements, but conditions may also be imposed in specific cases.

Organized appeal

Business partners can lodge an organized appeal against a decision (except for a grant review on formal grounds such as, among others, failure to submit reporting in a timely manner or failure to forward payments from a research partner in a timely manner). The organized appeal must be submitted in writing within a period of 30 working days from the decision and be based on clear and verifiable information. These are concrete elements in the submitted project application and additions before the decision which, according to the applicants, were not correctly appreciated

Business partners can not change the objective of the project when lodging an organized appeal. If the business partners believe that a modified project objective would make the project eligible, they cannot use the organized appeals procedure for this purpose, but should submit a new project application.

Complaint

If an applicant is dissatisfied with the manner in which VLAIO has handled their proposal, they can submit a written, verbal or electronic complaint at any time. These complaints will be addressed within 45 days of receipt.

Complaints about a negative assessment of a project application can be filed only after a 'organized appeal' has been filed and processed.

Confidentiality

VLAIO staff members, as well as all other persons who become aware of an application or follow-up processes in this context, are, with regard to data from or about enterprises, institutions, or individuals about inventions, innovations, or research results, as well as for the advice granted - required to:

1. treat the data with strict confidentiality;

2. communicate these data or have them communicated to third parties only if this is in the direct interest of the enterprise, organization, institution or person applying for support, or if it is a functional part of the processing of the application or of an ongoing case at VLAIO;
3. never to use or distribute these data for their own benefit or for the purpose of personal gain.

These obligations remain in force even after termination of employment with the Flemish government or after appointment as a member of the decision-making committee at FIO or as an external expert, or after the end of any other assignment given by VLAIO.

The above principles are regulated by decree.

VLAIO staff members are also subject to the Staff Regulations and their individual employment contracts. Third-party experts sign a separate non-disclosure agreement for each individual project proposal they work on.

Rights and obligations associated with awarded grants

All information and agreements concerning the execution and follow-up of supported projects can be found in the [Explanatory document: Implementation and monitoring of development and research projects](#), which can be found on our website. Some basic principles are briefly explained below.

Agreement (resource commitment)

The grant agreement between FIO and the business partners as beneficiary, consists of the General Terms and Conditions for Innovation Aid, the Grant Award Decision including the Reference Documents mentioned therein and all Appendices, as well as the amendments to the grant agreement subsequently confirmed in writing by FIO.

The General Terms & Conditions for Innovation Aid, which the applicant accepts when submitting its project application, are available in the document section [on the web page about the follow-up process](#). Essential elements of the agreement are the budget, the grant size, the project objectives and specific conditions.

The grant agreement should be seen as a resource commitment. The business partners as beneficiary hereby undertake to make the necessary efforts to achieve the described project objectives through research and development activities. For this purpose, the beneficiary commits the resources as accepted in the decision. In addition, the beneficiary also commits to apply (valorise) the results, with a goal of achieving maximum added value in Flanders. This commitment is applicable up to 5 years after completion of the project (valorisation period).

Cooperation agreement

If several business partners are collaborating in the project or if there are research partners involved, all parties must sign a cooperation agreement. This obligation follows from the agreement entered into with FIO, and the cooperation agreement may therefore not contradict the grant agreement at any time.

At a minimum, the cooperation agreement should address the following issues⁴:

- the designated coordinator;
- modalities such as services or products to be provided, cost calculations, payment modalities, etc;
- intellectual property agreements (ownership and usage rights, method of protection, exploitation strategy, etc.);
- dispute resolution procedure.

In case of collaboration with research organizations, the cooperation agreement must comply with applicable regulations, in particular those relating to state aid.

If the agreements made between the partners play an essential role in assessing the future applications of the project, VLAIO can request the cooperation agreements to be submitted already during the evaluation process. Except in the case of justified exceptions, the signed cooperation agreement must be sent to VLAIO within 4 months after the decision to award a grant was sent to the beneficiaries.

Disbursement of the grant

Grant payments are typically made in annual instalments. In some cases, specific time-dependent conditions can be imposed, e.g. recruiting employees after 6 months. If those specific conditions do not coincide with the annual reporting, VLAIO can deviate from paying annual advances and work with more (and therefore smaller) advances linked to the specific conditions.

Regardless of the number of payments, the first advance will be paid after the start-up of the project is confirmed online by the applicant and any special conditions are met at the start. At project closure, the final amount of support is determined based on the accepted costs. Taking into account the sum of the advances already paid, the final amount of support will be determined. If the final support amount is less than the sum of the advances already paid, the difference is recovered.

Business partners are paid directly and individually. Since research partners are not direct beneficiaries, business partners shall pay all their invoices. These costs are part of the eligible costs submitted by businesses and are taken into account when determining the grant size.

FIO can, under certain conditions, suspend the payments and even recover support in case the work within the project no longer corresponds to the agreed project objectives or if fraud has occurred. For more information, please consult the General Terms & Conditions for Innovation Aid, which can be found in the document section [on the web page about the follow-up process](#).

Reporting

Project reporting, by default, consists of short follow-up forms and a report at the end of the project. In addition, specific reports may be requested as part of mid-term reviews. To monitor the commitments regarding the valorisation of research and development projects, two subsequent impact reports will be requested: the first one due 2 years after completion of the project, and the second (and last one) 5 years

⁴ See also Art. 4.3 General Conditions for Innovation Aid. For more useful information about drawing up a cooperation agreement between business partners and research partners, please consult chapter 5 of the VLAIO publication entitled "Ons Patent Boekje" and the appendices to chapter 5, see <https://www.vlaio.be/nl/publicaties/ons-patent-boekje-hoofdstuk-5>.

after completion of the project. For feasibility studies, one impact report will be requested, 2 years after completion of the project.

In the event of unforeseen and significant changes during project execution, VLAIO must be notified immediately.

Appendix 1: Selection criteria for research and development projects

I. QUALITY (project implementation)			
1. Clarity and feasibility of innovation goal			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> The innovation goal is too unclear/incomplete or insufficiently verifiable OR The success rate of the innovation goal is almost non-existent. 	<ul style="list-style-type: none"> The description of the innovation goal is acceptable, but it has shortcomings in terms of clarity and/or completeness and/or verifiability. AND The innovation goal has a real chance of success. 	<ul style="list-style-type: none"> The innovation goal is clear, complete and verifiable. Where possible, the goals were quantified. AND The innovation goal has a real chance of success. 	
2. Accumulation of knowledge/challenges			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> The project lags behind the state-of-practice in the industry. OR The project consists mainly of engineering or routine improvements. OR The knowledge is commercially available and can easily be applied/adopted. OR The development is already at an advanced stage (TRL 8-9). OR 	<p>For research project (incl. mixed)</p> <ul style="list-style-type: none"> Limited contribution to the international state-of-the-art in the industry OR limited scientific challenges OR (if applicable) only activities in the higher TRL levels (5-7). <p>For development project</p> <ul style="list-style-type: none"> The knowledge absorption among the Flemish companies is rather limited. 	<p>For research project (incl. mixed)</p> <ul style="list-style-type: none"> The project makes a clear and significant contribution to the international state-of-the-art in the industry. It contributes to increased knowledge for the Flemish enterprise and is accompanied by significant scientific challenges. The activities are not limited to the higher TRL levels (5-7). <p>For development project</p> <ul style="list-style-type: none"> The project contributes to a significant knowledge increase 	<p>For research project (incl. mixed)</p> <ul style="list-style-type: none"> Like neutral + The project has a distinct innovative character (compared to other projects in the industry).

I. QUALITY (project implementation)			
<ul style="list-style-type: none"> The project is based on pseudoscience or focuses purely on placebo effects, OR The project is built on products/services that are not sufficiently scientifically proven and this project does not add sufficient scientific evidence. The knowledge absorption among the Flemish companies is insufficient. 	<p>OR</p> <ul style="list-style-type: none"> The challenges (technological, technical, or scientific) are limited. <p>OR (if applicable) a significant proportion of the activities are in a too advanced stage (TRL>7)</p>	<p>and absorption for the Flemish applicant(s) and is accompanied by sufficient challenges (technological, technical, or scientific). The knowledge is not commercially available. The activities are not in a too advanced stage (i.e. not later than TRL 7).</p>	
3. Relevance and quality of the project to achieve the innovation goal (including the valorisation goal)			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> There are major shortcomings in the approach (e.g. the overall approach is not sufficiently clear, the challenges are not sufficiently identified, the approach is not sufficiently aligned with the challenges) that clearly hamper the success of the scientific goals. OR There is a clear mismatch between the project implementation and the valorisation goal. The project does not (or only to a very limited extent) contribute to the valorisation goal. OR 	<ul style="list-style-type: none"> There are some shortcomings in the approach (e.g. in clarity, identification and challenge management, quality of the work programme), but this poses only a limited risk to the success of the scientific goals. OR A significant part of the project contributes to the intended valorisation, but there are also partial aspects that do not, or contribute less to the valorisation goal. OR The proposed timing is too optimistic and poses a limited risk 	<ul style="list-style-type: none"> The project approach was described clearly. AND The approach is well aligned with the achievement of the scientific goals (e.g. addressing challenges). AND The approach is geared towards achieving the (long-term) valorisation goal. AND The proposed timing is sufficiently realistic. 	

I. QUALITY (project implementation)			
<ul style="list-style-type: none"> The proposed timing is unrealistic AND hinders the success of the valorisation. 	to the success rate of the valorisation.		
4. Expertise and resources required			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> The key expertise, resources or infrastructure required to execute the project are not present and there is no prospect of fulfilment. OR Negative financial analysis of the company (including co-financing capacity). 	<ul style="list-style-type: none"> The most crucial expertise and resources are in place but there are some shortcomings in the expertise/resources available and no feasible remedial plan was presented, which means the project cannot be implemented optimally. 	<ul style="list-style-type: none"> The most crucial expertise and resources are in place. Any shortcomings in expertise/resources were identified and a feasible plan for timely remediation was presented. Established R&D actor - The consortium has all the necessary expertise, resources (including financial resources) and infrastructure to carry out the project properly. 	<ul style="list-style-type: none"> The consortium has all the necessary expertise, resources (including financial resources) and infrastructure to carry out the project properly. This happened thanks to recent efforts (recruitment, financial resources) that are substantial in relation to the company's R&D capacity.
5. Budget			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> The resources deployed are clearly not proportionate to the intended activities. 	<ul style="list-style-type: none"> The resources deployed are poorly justified or disproportionate to the intended activities. 	<ul style="list-style-type: none"> The resources deployed (manpower, equipment, facilities) are properly justified and in proportion to the tasks to be carried out. 	

I. QUALITY (project implementation)			
6. Track record project implementation			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> Manifested weaknesses in the track record of the implementation of VLAIO projects among business partners. 	<ul style="list-style-type: none"> At least one of the business partners has a poorer track record when it comes to implementing VLAIO projects. 	<ul style="list-style-type: none"> The business partners have a good track record of implementing VLAIO projects. OR N/A: First project submission to VLAIO 	
II. IMPACT			
1. Strategic importance of the project for business partners			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> The strategic importance is unclear, insufficiently substantiated or unrealistic. 	<ul style="list-style-type: none"> The project will only result in a limited increase in competitiveness or sustainability for the company (or the majority of the business partners in a multi-partner project). OR The strategic importance is presented too optimistically. 	<ul style="list-style-type: none"> With this project, the company (or the majority of business partners in a multi-partner project) can achieve a significant increase in competitiveness or sustainability*. The project fits within the roadmap of each business partner involved. This was clearly and convincingly substantiated. <p>* responding to wider social expectations.</p>	<ul style="list-style-type: none"> As neutral + the company (or at least one of the business partners in a multi-partner project) can realise an <u>important</u> strategic step forward with this project, such as a new technology platform with broad application possibilities, an important diversification, a substantial sustainable increase, or an important increase in the ambition level in terms of innovation maturity (e.g. first time structurally doing R&D*). <p>* is not the same as asking VLAIO for innovation aid for the first time.</p>
2. SWOT: Opportunities/Threats (external):			

II. IMPACT

CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> No or limited market prospects: due to the market being too insignificant, increasingly shrinking market, unattainable competition, impeding (expected) regulation that hinders valorisation and for which no realistic action plan was submitted to remedy, important negative social effects that hinder valorisation.... 	<ul style="list-style-type: none"> Limited market prospects (due to a shrinking market, a saturated market, a large amount of competition, unclear regulations or regulations changing with a certain risk for valorisation, (negative) social effects with a certain risk for valorisation...). 	<ul style="list-style-type: none"> There is a real market or niche of sufficient size accessible to the company. Normal competitive environment. Regulations and possible social effects do not pose a risk to valorisation. 	<ul style="list-style-type: none"> Like neutral + <ul style="list-style-type: none"> a clearly sizeable market, OR clear advantages (USP) over competition, OR stimulating preconditions such as (expected) regulations and policy. OR clear positive social effects that create valorisation opportunities

3. SWOT: Strengths/Weaknesses of the business partners in relation to the project (internal):

CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> The company (or the majority of the business partners in the case of multi-partner project) has virtually no prospects of gaining a position in that market, due to, among other things: <ul style="list-style-type: none"> insufficient prospects of sufficient capital OR not having the necessary competences (or no prospect of them), OR 	<ul style="list-style-type: none"> The company (or at least one of the business partners) has a low probability of achieving a normal/good position in the target market (taking into account existing competences, knowledge of the market, feasibility of a scientific follow-up, feasibility of raising the required capital, feasibility of strategic alliances, FTO and IPR aspects, cybersecurity, data security,...). 	<ul style="list-style-type: none"> The business partners have a good chance of achieving a normal/good position in the target market (taking into account the available competences, knowledge of the market, feasibility of a scientific follow-up, feasibility of raising the required capital, feasibility of strategic alliances, FTO and IPR aspects, cybersecurity, data security,...). 	<ul style="list-style-type: none"> The business partners have a good chance of achieving a strong position in the target market (taking into account the available competences, knowledge of the market, feasibility of a scientific follow-up, feasibility of raising the required capital, feasibility of strategic alliances, FTO and IPR aspects, cybersecurity, data security,...).

II. IMPACT

<ul style="list-style-type: none"> an inadequate plan of action for valorisation or insufficient market knowledge, OR the unfeasibility of a scientific follow-up, OR the unfeasibility of required strategic alliances, OR a lack of freedom to operate insufficient focus on cybersecurity and data security. 			
4. Leverage for Flanders (= ratio of the expected monetised economic added value for Flanders to the grant, over the valorisation period)			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> The expected economic added value for Flanders is insufficient: there is little chance of filling a leverage of 10. OR The business case on which the leverage was calculated is either unsubstantiated or completely unrealistic. 	<ul style="list-style-type: none"> The business case on which the leverage was calculated is <u>substantiated and credible</u> AND a leverage of 10 is achievable. OR The business case on which the leverage was calculated is rather limited or too optimistic (though acceptable), but a leverage of 10 is feasible. 	<ul style="list-style-type: none"> The business case on which the leverage was calculated is <u>substantiated and credible</u> AND a leverage of 15 is feasible. 	<ul style="list-style-type: none"> The business case on which the leverage was calculated is <u>substantiated and credible</u> AND a leverage of 25 (or more) is feasible.

II. IMPACT			
5. Social impact			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> Socially unacceptable (in terms of environment, health, etc.) OR <ul style="list-style-type: none"> Ethically unacceptable 		<ul style="list-style-type: none"> N/A OR Positive social impact is not substantial and/or insufficiently substantiated and/or not verifiable. 	<ul style="list-style-type: none"> Valorisation of this project will be accompanied by a <u>significant verifiable positive</u> social impact (not overshadowed by a significant negative social impact); this impact has been well substantiated in the application. OR Valorisation of this project makes a substantial verifiable positive contribution to the Flemish social policy goals (not overshadowed by a significant negative social impact); this contribution was well substantiated in the application.
6. Anchoring in Flanders (incl. integration in the Flemish innovation ecosystem)			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> There are solid indications that the economic added value will not be realised in Flanders. 	<ul style="list-style-type: none"> The company (or a significant proportion of the business partners in a multi-partner project) only has a limited anchorage in Flanders and the project will only have a limited positive effect on this anchorage. 	<ul style="list-style-type: none"> The business partners are well established in Flanders. The business partners are currently only marginally anchored in Flanders but the project will contribute substantially to a better anchoring of employment and investments in Flanders (e.g. new cooperation(s) within Flanders, strengthening of the internal competitive position compared to other business locations, the project is decisive for whether or not an 	<ul style="list-style-type: none"> The business partners are well-established in Flanders AND the project will substantially contribute to a further embedding of employment and investment in Flanders (e.g. new cooperation(s) within Flanders, strengthening of the internal competitive position compared to other business locations, the project is decisive for whether or not an important new research project will be carried out in Flanders,...).

II. IMPACT			
		important new research project will be carried out in Flanders,...).	
7. Valorisation track record Flanders			
CRITICAL	REASONABLE	GOOD	VERY GOOD
<ul style="list-style-type: none"> Despite positive project results of the previous VLAIO projects (scientific/commercial), the company (or at least 1 important business partner in case of a multi-partner project) realised the valorisation intentions for Flanders only to a very limited extent. 	<ul style="list-style-type: none"> Despite positive project results of the previous VLAIO projects (scientific/commercial), the company (or at least one of the business partners in the case of a multi-partner project) only partially realised the valorisation intentions for Flanders. 	<ul style="list-style-type: none"> The business partners have largely or fully achieved their earlier valorisation intentions for Flanders (cf. previous projects) OR The business partners are new customers or the valorisation period of the first application has not yet started OR The previous valorisation intentions for Flanders could not be fulfilled because of disappointing (scientific/commercial) results or clearly unfavourable environmental conditions (e.g. extreme shortage in the labour market). The applicants' arguments are credible. 	<ul style="list-style-type: none"> As GOOD + for at least 1 business partner, the realised valorisation in Flanders clearly exceeds the valorisation intentions for Flanders.

III. ADDITIONALITY			
1. Incentive effect of the aid			
CRITICAL	REASONABLE	GOOD	VERY GOOD

III. ADDITIONALITY

- No incentive effect of the aid. Not even one of Europe's minimum requirements has been met:
 - Kmo
 - OR
 - project cannot be implemented without aid
 - OR
 - aid leads to more extensive research
 - OR
 - aid leads to faster completion of project
 - OR
 - aid leads to more R&D at company level *or* to a larger project
 - OR
 - aid leads to an increased collaboration

- For each of the business partners, at least one of the minimum European requirements regarding the incentive effect of the aid has been met:
 - Kmo
 - OR
 - project cannot be implemented without aid
 - OR
 - aid leads to more extensive research
 - OR
 - aid leads to faster completion of project
 - OR
 - aid leads to more R&D at company level *or* to a larger project
 - OR
 - aid leads to an increased collaboration

Appendix 2: Selection criteria for feasibility studies

The indications given in the tables below are not exhaustive. A critical evaluation of one of the criteria or three previously-weak evaluations always lead to a negative evaluation of the project.

I. ADDITIONALITY <input type="checkbox"/> CANNOT BE FUNDED <input type="checkbox"/> CAN BE FUNDED	
Incentive effect of SUPPORT. This criterion revolves around the extent to which the aid effectively provides an incentive effect and is necessary for the company to carry out the project.	
Negative indications	Positive indications
<ul style="list-style-type: none"> The support does not have an incentive effect. Failure to comply with at least one of the minimum European requirements. 	<p>Complies with at least one of the minimum European requirements with regard to the incentive effect of support:</p> <ul style="list-style-type: none"> submitted by SME OR aid deepens, accelerates or broadens the study. OR study triggers increase in innovation spending and/or innovation capacity building. OR project will not be executed without support under current conditions.

II. IMPACT		
Critical	Weak	Good
<ul style="list-style-type: none"> The business case is not up to par, is unclear or does not include a USP, contains gaps, is insufficiently substantiated, or is overly optimistic. OR 	<ul style="list-style-type: none"> One or more criteria for the 'GOOD' score are not met. 	<ul style="list-style-type: none"> The business case for the envisioned follow-up process is clearly developed. AND the USP of the intended innovation has sufficient potential. AND the market potential was substantiated. AND

II. IMPACT		
<ul style="list-style-type: none"> the main focus of the innovation is to phase out current practices. OR the project is not expected to create sufficient added value for Flanders (i.e. it does not achieve 10x leverage). OR the project is societally unacceptable or involves the development of military applications that are not eligible for support. OR the extent to which the added value will be anchored in Flanders is insufficient. 		<ul style="list-style-type: none"> the intended innovation has a significant impact on the applicant's position in the market. AND there is a clear potential growth (additional employment/investment) thanks to the follow-up trajectory. AND the anchoring of the added value in Flanders is clear.

III. POTENTIAL TO HAVE AN IMPACT		
Critical	Weak	Good
<ul style="list-style-type: none"> Market prospects too limited (e.g. due to small or severely shrinking market, strong competition, prohibitive or unclear regulations, insufficient FTO, ...). OR insufficient knowledge of the market, regulations, customer expectations, competition, barriers. OR the enterprise has a weak starting position in the market and does not have a strong action plan or track record in bringing innovations to market to compensate. OR 	<ul style="list-style-type: none"> One or more criteria for the 'GOOD' score are not met. 	<p>For the envisioned innovative development in the follow-up trajectory, the following applies:</p> <ul style="list-style-type: none"> The actual accessible market for the company is substantiated, and is of sufficient size. AND there are no restrictive regulations or they are clearly explained. AND the starting position and the competitive landscape are clearly explained. AND the starting position in the target market is favorable and is substantiated.

III. POTENTIAL TO HAVE AN IMPACT		
<ul style="list-style-type: none"> it is insufficiently likely that the enterprise will have the right expertise and resources to carry out the follow-up trajectory successfully. 		

IV. OBJECTIVES		
Critical	Weak	Good
<ul style="list-style-type: none"> The study's objectives are unclear or unfeasible. OR the study is insufficiently directed at defining a follow-up trajectory that can be funded. OR the objectives of the project are not in line with the business case to be realized. OR the objective is not sufficiently innovative or the TRL level is too high (TRL 8-9). OR the new knowledge obtained or challenges faced are too limited for the enterprise or the knowledge set to be acquired during the process is already commercially available and easy to tap into. OR new knowledge is gained but not sufficiently absorbed by the company so that the follow-up trajectory and subsequent marketing are made more difficult. OR 	<ul style="list-style-type: none"> One or more criteria for the 'GOOD' score are not met. 	<ul style="list-style-type: none"> The objectives of the study are clear, concrete and verifiable. AND the study is aimed at defining and exposing the knowledge gaps and the technological and/or scientific risks and challenges of the follow-up trajectory. These risks and challenges are clearly explained. AND the objectives are aimed at studying the feasibility of a supportable follow-up trajectory. AND the knowledge that the enterprise is building is briefly described.

IV. OBJECTIVES		
<ul style="list-style-type: none"> the study consists mainly of activities other than the investigation of the challenging technical and/or scientific aspects of the intended follow-up trajectory. OR the study does not deviate sufficiently from normal business operations. 		

V. POTENTIAL TO ACHIEVE OBJECTIVES		
Critical	Weak	Good
<ul style="list-style-type: none"> There are shortcomings in the work plan (e.g. inadequate alignment with challenges, quality of work program jeopardizes success, certain risks have not been identified, etc.) and the enterprise does not have a good track record to inspire confidence that the study will be well-executed. OR the company does not have enough expertise, (financial) resources or infrastructure to execute the study. This is not compensated for by partnerships, nor are there signs that the enterprise will seek to solve these shortcomings in any other way. OR there is insufficient capacity in the enterprise to carry out the study while generating the necessary ongoing revenue. OR 	<ul style="list-style-type: none"> One or more criteria for the 'GOOD' score are not met. 	<ul style="list-style-type: none"> The approach is clearly described, is linked to the objectives and is logically constructed. AND the deployment of people and resources is substantiated and realistic. AND the division of tasks between the partners is explained in concrete terms. AND the capacity and internal expertise of the company are described and shows how the applicants secure the new knowledge internally.

V. POTENTIAL TO ACHIEVE OBJECTIVES

- there is a mismatch between study execution and valorization objective. Study does not (or only to a very limited extent) contribute to preparing an innovative, ambitious and follow-up trajectory that can be funded, and to the valorization objective.

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