Funding of Industrial Innovation

GUIDANCE DOCUMENT FOR SUBMITTING AN APPLICATION FOR SME FEASIBILITY STUDIES AND SME INNOVATION PROJECTS

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www.vlaio.be/en

This document explains how to apply for funding of an SME feasibility study/innovation project.

The annexes to this Guidance Document provide additional information on:

- Activities eligible for funding within SME feasibility studies and SME innovation projects,
- The criteria on which the project is assessed, and
- The distribution of intellectual property rights in a cooperation with research partners.

Furthermore, the following documents are also important when preparing an application. These can be found on the website: www.iwt.be/subsidies/kmo-innovatie/documenten or www.iwt.be/subsidies/kmo-hbstudie/documenten:

- **template**: for the application itself, a template is downloadable from our website, which is similar to this Guidance Document, but without the comments. You can use this template or your own layout if you so wish, but the order and content of the questions and the proposed diagrams and tables should be strictly followed;
- **the Handbook for funding of Industrial Innovation** with relevant background information;
- **the cost model** and the corresponding **Excel template** to draw up the project budget.

We recommend that you always check the website to make sure that you have the most current version of these documents and templates.

The application must be submitted **electronically** to Flanders Innovation & Entrepreneurship, acting on behalf of the Hermes Fund, by sending an email to bedrijfsinnovatiesteun@vlaio.be together with the signed statements. This is the version used to determine the submission date. Please note that e-mail attachments may not exceed 15 MB.

Contacts:

Ingrid Serneels (SME programme secretariat)

The **application for an SME feasibility study/innovation project** should include the following documents:

- The fully completed application
- Specific additional documents if requested, for example with regard to sustainable development SD (cf. Section 2.4), annual reports, the business plan, the deed of incorporation (cf. Section 4.1.3), the company's shareholder structure (cf. Section 4.1.4) or the cooperation agreements / letters of intent (cf. Section 5.4).
- The signed declaration for each industrial partner.
- The signed letter of intent for each research partner.

You can add additional supporting information in annex but in principle it will not be forwarded to the external experts. Only the completed application and any additional information related to sustainable development (SD) are forwarded in full to the external experts

When completing the application, adhere to the following **guidelines**:

- The application may be completed in either Dutch or English. However, if English is used, the title of the project and the innovation goal should be accompanied by a Dutch translation.
- The information provided in the application must be complete and sufficiently clear to allow the advisors and external experts to assess the project.
- In the course of assessing the application, a meeting with an advisor is always foreseen. This may result in a request for additional information, which may eventually be incorporated into the original application.

Typically, well-structured applications can be developed on 20 to 25 pages. This includes the bibliography and other references on normal A4 pages with a font size 11 (e.g. "Times New Roman") and reasonable line spacing and margins.
Please note that exceeding 35 pages will result in a request for reworking the application.

Please include a table of contents in the application, indicating any appendices.

1. General information

*The general information includes the **basic data of the application.***

1.1 Project type

Indicate which project type you are applying for

- ❑ **SME feasibility study**
- ❑ **SME innovation project**

If this application is a re-submission of an earlier application, please indicate here the project number of the earlier application:

- ❑ Re-submission of project with number:

1.2 Title of the project

Give the title of the project and preferably also an acronym. Note: The title will be published.

Title of the project:

If the project has an English title, a Dutch translation should also be provided.

Project title (Dutch translation):

1.3 Applicant company and contact

Name of the company:
Business number:
Name of the contact person:
Function:
Address:
Email:
tel.:

1.4 Industrial partner(s)

Industrial partners are other companies participating in the project, having to bear risk and guarantee the financing of their own share in the costs. Accordingly, they also have some ownership and exploitation rights. If such industrial partners are involved, please give their name and their contact below.

Name of the company:
Business number:
Name of the contact person:
Function:

Address:
email:
tel.:

1.5 Research partner(s)

If, for the implementation of this project, you are collaborating with one (or more) research institution(s) please indicate their name(s) below.

Name of research institution:
Department and/or faculty:
Name of contact person:

1.6 Start date and duration

The earliest possible start date is the first day of the month following the submission of an eligible project proposal. If the company is still in formation, the start date cannot be earlier than the final date of incorporation (by deed). Activities undertaken before this start date are not eligible for funding.

The duration of an SME feasibility study is 12 months at most.
For an SME innovation project it is up to 24 months.

Start date:
Duration (in months):

1.7 List of external experts to be avoided

You can list here the external experts to be avoided. This list should be limited, in order to allow us to constitute an expert committee.

The evaluation always calls on the assistance of a few external experts, including industry experts. These experts are bound by confidentiality and neutrality. Applicants do not know the names of the experts. We avoid introducing potential competitors or other interested parties.

The complete application document with the exception of proprietary information (annual accounts, block diagram of shareholder structure) is forwarded to the experts. Any additional information to support the potential for sustainable development (SD) is also supplied to the experts; other appendices are not.

1.8 Guidance for the application

You may seek the guidance of external parties when preparing your project application. Should that be the case, for our internal information we ask you to mention here the name of the person(s) and their organisation.

2. Project information

This part of the application contains the information that is assessed on the basis of the selection criteria for funding SME feasibility studies and SME innovation projects (in this respect please refer to the list of evaluation criteria at the end of this document). This is the part of your application that will be evaluated on its merits with the help of external experts. Here, consequently, try to be as concrete, clear and exhaustive in supplying the information.

If you plan to carry out this project in collaboration with (one or more) industrial partner(s) and/or research partner(s), consult them and seek their assistance in drafting the text.

Depending on whether this is an application for an SME feasibility study or an SME innovation project, the requested information will vary in some sections. This is specifically indicated each time.

2.1 Innovation goal

*The innovation goal must provide **a concise description** (1 page) **of the project,** with the **emphasis** placed on **the objective(s)**.*

When the funding is granted, the innovation goal will be included in the funding agreement and will be used at the end of the project to determine to what extent the established objectives were achieved. This is one of the reasons why it is necessary to delineate the objectives as clearly as possible, to ensure that they are concrete and verifiable, and to define as many quantitative benchmarks as possible, if appropriate. Note that the agreement entails an obligation to provide the required resources and not an obligation to obtain the expected results.

*If the project application is written in English, please also provide a **Dutch version** of this section.*

Describe the innovation goal in such a way that it can be incorporated in the funding agreement (third person, avoid we/our).

Carefully describe the innovation goal in approximately 1 page, using the following structure:

General goal:
Describe in 1 or 2 sentences what the company (and the possible industrial partners) wants to achieve with the proposed project. The general purpose therefore is in essence the product, process and/or service innovation to be achieved.

Concrete objectives and criteria:
Indicate explicitly the results to be achieved at the end of the project. This can involve new knowledge/insights to be gained (typically for SME feasibilities studies), as well as the concrete solution to specific problems or concrete equipment, test installations, prototypes, simulations, software, etc. that need to be produced (for SME innovation projects).

In the case of an SME feasibility study, also indicate which will be the determining criteria at the end of the study to decide whether or not to continue the innovation process.

In the case of an SME innovation project, list by (sub) target the main quantitative and qualitative benchmarks, criteria, requirements and standards, enabling the company (and any industrial partners) to determine at the end of the project to what extent the project is a success.

Expected impact:

Based on the assumption that the envisioned project objectives will be achieved, describe briefly how the company (and the industrial partners if any) will exploit the results. Briefly indicate which activities (production, sales and distribution, service, etc.) will take place at the company's own premises, and/or will be outsourced within and/or outside Flanders.

Which impact does the project have on the company (and any industrial partners): retention/expansion of man activity, sub-activity, new activity, etc.? Also indicate the expected impact in terms of employment (e.g. at the start and at the end of the operating period) and investments in the company, industrial partners and possible subcontractors in Flanders.

Keep it brief and concise. You will be requested to provide more information, justifications and explanations in a further section on the valorisation potential.

2.2 Leap in knowledge and challenges

*The purpose of this section is to outline **the broader context** in which **the project** is implemented. Together with the information provided in the innovation goal, the positioning relative to the current state of knowledge at your company (and the project partners) should allow to assess the gain in knowledge (leap in knowledge) and challenges for your company (and industrial partners).*

Referring to the innovation objective described above, please situate here as clearly as possible the concrete motivation leading to this/these objective(s). Which problems, opportunities, innovative ideas, etc. are at the origin of this project?

Which history may already have preceded the project? If concrete activities have already taken place before the project, provide an overview of the results that have been achieved so far. Mention as applicable interfaces with your other (past or current) projects or projects supported by other organisations.

In addition to the above requested general context, also situate the global issues, difficulties and challenges which must be investigated or resolved in this project. In particular, indicate the difficulties for which there is currently no solution or whose solution you do not know yet. In this respect, also indicate the current state of knowledge in your company (and among the partners). In other words, show why you consider this SME feasibility study or this SME innovation project necessary, and where possible knowledge building would happen for you (and the partners).

Also indicate here what you have already undertaken or plan to undertake to establish freedom to operate. If appropriate, list your own patents or other intellectual property in the project field.

2.3 Implementation: approach and work plan

*The **description of the implementation given below** should make it possible to assess the **suitability of the proposed approach and the feasibility of the project results** considering the indicated manpower and resources (incl. large subcontracts). The available expertise and resources are also assessed on this basis.*

Describe as clearly and fully as possible the <u>way in which the project is approached</u> and <u>also justify</u> <u>your chosen approach</u>, especially if alternatives were considered or would qualify.

Based on the approach described, put forward a work plan and describe how you see the different steps in this work plan (the work units). What are they and how do they fit together?

Then repeat for each work unit defined the table below and fill it in. Detail the content of each work unit as clearly and comprehensively as possible using the questions listed below the table.

Work unit number:		**Month started:**		**duration: (month)**		**total person months:**	
Work unit title:							
Partner:	Applicant	Industrial partner	…	Research partner	…		
Person months[1]							
Subcontractor(s) to be involved:							

Objectives and intended result of the work unit:
Give a brief description of the objective and expected concrete results of this work unit. If applicable, indicate which milestone or decision point (go/no go) is linked to that work unit.

Tasks within the work unit, expected difficulties, solution paths, etc.
Describe briefly the difficulties to be expected during the implementation of the work unit. Indicate which solution path(s) you will follow and how you will develop them. Which activities/tasks are you concretely planning in order to reach a solution? Which existing and/or new methods to be studied/developed, techniques, tools, etc. are to be used to that effect?

In the case of the involvement of multiple partners and/or subcontractors, clearly indicate which of them is responsible for which part of the work unit, and which expertise and resources (personnel, infrastructure, access to knowledge, etc.) they are providing.

2.4 Valorisation information

This information will be used to estimate whether the proposed project offers sufficient economic potential.

For SME feasibility studies certain valorisation aspects will remain the subject of the study itself. Nevertheless, for them too you will be requested to describe as much as possible the relevant existing insights.

In SME innovation projects it is expected that the potential business case (and business model) is sufficiently mature and accordingly also explained concretely.

If there are several industrial partners, this information must be given here for each of them

Assuming that the project objectives are achieved:

- *Indicate which steps will still be required for the valorisation of the results subsequent to the execution of the project (e.g. further research, development, scaling, adaptation of the production process, etc.). How much time do you estimate you will still require to the actual market launch?*
- *Briefly describe the business case for the company. Which competitive advantages does the innovation offer (unique features; cost saving; etc.)? Which important assumptions are the basis for the business case (possibly describe using a worst vs. best case scenario). Clearly show the difference with a situation without the intended innovation (without the project therefore).*
- *For the intended innovation, outline the market structure and the relevant competition. Are you focusing on a certain niche in this market? Which market risks may arise? Are there environmental factors (legislation, policies, etc.) which may affect (positively or negatively) the market opportunities?*

[1] Please indicate for each activity the estimated staffing (manpower) necessary in person months (pm). You can use the following conversion: 1 person year = 12 person months = 44 person weeks = 210 person days = 1596 person hours.

- *Is your company already active in the market? If so, give a brief description (with which products/services, market share, alliances, previous successful market launches, etc.). Does your company have other strengths? Also pinpoint the enterprise's weaknesses and how you propose to remedy that.*
- *Are the project results intellectually and commercially protected? In what way (patents, trademarks, 'black box', etc.)?*
- *In case of cooperation in the project (industrial partners, research institutions, large subcontractors), describe the mutual arrangements concerning intellectual property rights and user rights on the project results and the required background knowledge in relation to the proposed valorisation path. If you have already laid this down in a mutual cooperation agreement, you can add this agreement to your application and refer to it there.*
- *Where in the value chain will the activities that your company seeks to expand (further) thanks to the innovation be situated: further research & development, production, assembly, licensing, consulting and support, marketing, distribution and sales, etc.? What can this mean in the long run (considered over the life span of the innovation) to employment and material investments in your Flemish establishment? Please also indicate here the difference with the situation in which the project would not be implemented. Are other Flemish partners also involved in the valorisation? If so, briefly situate these.*
- *Does the project also deliver social advantages (contribution to sustainable development, health, safety, etc.)? If your project contributes to sustainable development (SD), it could benefit from a bonus should your project proposal be selected for funding. This should be motivated in a separate appendix to your application. To that effect, please refer to Annex 2 of this Guidance Document.*

2.5 Intellectual property – information (if applicable)

If you are planning to protect intended project results with an intellectual property right (patent, trademark, drawings and models protection, plant variety right certificates), you are entitled to include in your project budget specific costs to fund this. You will find in Section 3 entitled "Programme-specific modalities in the cost model" of this document which costs exactly are eligible and how you must incorporate them in the cost template (excel).

The requested Intellectual Property (IP) funding should be motivated here. This motivation should allow us to obtain sufficient insight if the grant procedure is to be successful. Make sure to deal with the following questions in this respect:

- *Which targeted project results from this project do you want to protect and how (which intellectual property right)? Which arguments are the basis for the specific intellectual property right selected (taking into account the technology domain concerned, market structure, your company profile, marketing strategy, etc.)?*
- *Indicate which steps you will take and/or what you have already done to prepare this protection as well as possible.*
- *If you have already carried out a preliminary investigation, please include a concise report containing the results: method followed in researching the patent literature; an analysis of the search results and a discussion of the patent protection options. For intellectual property rights other than patents, this report shall contain the results and the working method of a search for potentially obstructing rights already registered and held by third parties.*

If several industrial partners are involved in the project, indicate how the intellectual property rights will be divided among the industrial partners.

You can request funding for IP protection only once in an innovation path. An innovation path should be understood as one or more studies and/or projects funded, which lead to the same innovation goal. If, for example, you have already received funding for IP in an SME feasibility study, you cannot apply again for

that support in a subsequent SME innovation project. By filling out this section in the application template you endorse the following statement:

"I declare that I have not previously received funding from the Hermes Fund, nor the agency for Innovation by Science and Technology (IWT) for IP protection within the same innovation path which this project is a part of."

3. Budget and requested funding

Obviously, the project costs indicated here are estimates, but it is nevertheless essential that they are as accurate as possible. The method for calculating project costs is explained in detail in the ***Cost Model (http://www.iwt.be/subsidies/documenten/kostenmodel-pdf).***
In particular, please also read the following programme-specific modalities applicable in the cost model.

Programme-specific modalities in the cost model:

- Large subcontracts at companies outside Flanders which do not have their own valorisation path can be funded. Large subcontracts at companies outside Flanders which provide their own valorisation of the results of the (sub) project are not funded.
- The total share of costs for expenditures outside Flanders may not exceed 50% of the budget.
- Patient studies and preclinical studies can be funded only when they are primarily aimed at collecting the necessary data to control an innovation path. For clarification on this aspect, please refer to the FAQ on the website.
- The total payroll cost of a shareholder/partner in a start-up company (SME that has not been registered for more than 6 years with the Crossroads Bank for Enterprises (CBE)) which is itself paying compensation through billing or through another company, shall be limited to 60,000 euro/person year or 5,000 euro/person month.
- Costs related to the protection of intellectual property (IP) rights on the project's (interim) results, may be funded within the following limits:
    - Funding for obtaining IP rights only applies to external costs associated with taking registered intellectual property rights i.e. intellectual property rights that can only be obtained after completion of a formal grant procedure.
    - IP costs related to activities to protect the project results accumulated in the implementation of the industrial project. By definition here, these are costs associated with the formal application and registration procedure of several intellectual property rights (incl. patents, trademarks, drawings and models protection, plant variety right certificates).
    - Eligible costs include the preparation costs (mainly costs associated with the preparation of the request) and submission costs (including procedural costs). Annual renewal fees are never an acceptable cost, even if the intellectual property right in question is used during the project. Costs incurred in the defence of an intellectual property right in a legal dispute are also excluded.
    - Only SMEs are able to apply for funding for IP costs.
    - The maximum amount that can be earmarked for IP costs is 20,000 euro per innovation path.
    - Since these are external costs, they should be included under the large subcontracts budget heading (clearly indicating that these are IP related costs).
    - For clarification on IP funding, please refer to the FAQ on the website.

The following tables 3A.1 to 3A.4 are primarily intended as a means to visualize the different cost categories and should NOT be completed here in this application document. In the cost model that you will append to your project application, you should therefore use the Excel template downloadable from our website. However, Tables 3A.5, 3A.6, 3B and 3C do have to be completed in the Word application document!

3.1 Budget for the industrial partner (repeat for each industrial partner)

Name:

3.1.1 Own payroll costs (use Excel template)

Payroll costs													
Staff		Annual gross salary or annual costs (€)		Fringe benefits (2) *insert "x" if applicable*						Staff deployment (person months) on the project			**Payroll costs over the project (€)**
Name or staff category	Code (1)	year 1	year 2	Company car	Home work commute	Meal vouchers	Hospitalisation	Group insurance	allowance	year 1	year 2	total	
total													

1. The 'Code' column should be filled in using one of the following codes. Fields which are not relevant to a code will be greyed, which means they do not have to be filled in.
e: for project members with employee status
ev: for project members who have employee status and receive variable pay. This variable pay may be counted in the gross salary and must be explained in the table below.
u: (unpaid) for project members who do not receive any pay.
i: for project members who are invoiced. This category must be clarified in the table below.
2. Other fringe benefits than those specified in this table are not eligible.

Notes to the payroll Costs

3.1.2 Other costs (use Excel template)

Other costs include the direct and indirect costs. The standard calculation for indirect costs is based on a certain percentage of payroll costs. The direct costs consist of the project-related operating costs and the depreciation costs (for equipment used specifically for the project). Combined with the indirect costs, they can be calculated in the budget by taking a maximum percentage of the payroll costs. The limits currently applicable are given in the cost model.

OTHER COSTS (direct and indirect costs)				
INDIRECT other costs				
Staff	Person months	Person years	Indirect costs /Person year (€)	Indirect costs (€)
Total			Max. 20.000	
DIRECT other costs				
Indicate the total direct costs (€):				
Clarification of the other DIRECT costs				

3.1.3 Subcontracting (use Excel template)

*List the large subcontracts in this table **(> 8,500 euro**). If the cost of a large subcontract is shared by several industrial partners, only enter your company's share here. Describe briefly each large subcontract (indicating its place in the work plan). Please also indicate how the cost was calculated. The cost driver may be the number of person months to be deployed if the subcontract consists mainly of human resources or a specific service if it is possible to determine its unit price.*

LARGE SUBCONTRACTORS (above 8.500 euro)				
Name of the subcontractor	Description	Cost driver (number of person months; number of tests; …)	Country	Cost (€)
Total				
Notes to large subcontractors				
Back up the estimates: - *by adding tenders, if available, as an appendix to your application;* - *with invoices of former similar contracts;* - *other evidence.*				

3.1.4 Large costs (use Excel template)

Large costs are allowed exceptionally, subject to thorough motivation. They are clearly identifiable and they are such that they cannot be considered as large subcontracts. The justification must show that the (maximum allowed) amount of 'other costs' in the project budget is not sufficient to cover the 'large cost'. Furthermore, a clearly explained breakdown of the large costs should also be provided (using quotations or audit reports for instance).

Large cost	
Description and motivation of the large cost	**cost (€)**
total	

3.1.5 Research partner(s) (please complete here)

Enter in this table the costs for the research partners. If the costs of the research partners are shared by several industrial partners, only enter your company's share here. If they are no research partners here, remove this information block from your final application document.
! Note that each research partner must justify and budget its costs in the same way as the budget of an industrial partner (see Section 5).

Research partner costs for your company	
Research partner	**cost (€)**
total	

Comments:

3.1.6 Total budget for this industrial partner (please complete here)

Make sure the total cost is included in the table under Section 3.3.

TOTAL BUDGET for your company	
	cost (€)
Own payroll cost	
Other costs	
Large subcontractors	
Large cost	
Research partner(s)	
TOTAL	

Comments:

3.2 Budget overview (please complete here)

Complete the following table based on the budget of each industrial partner as prepared under Section 3.A, or import it from the Excel template.

Important! *The total project budget for an SME innovation project must be at least 50,000 euro and may not exceed 750,000 euro. Applications with a bigger budget result in inadmissibility. For projects with a larger budget, please refer to the possibilities within the industrial R&D projects.*
For SME feasibility studies a lower limit of at least 10,000 euro total project budget applies for the purpose of eligibility.

Totals by partner upon application											
Partner(1)	Person months				Payroll costs (€)	Other costs (€)	Large subcontractors (€)	Large cost (€)	Total (€)	Requested funding %	Requested funding (€)
	year 1	year 2	year 3	Total							
Partner 1				0					0		0
Partner 2				0					0		0
Partner 3				0					0		0
Partner 4				0					0		0
Total (€)				**0**	**0**	**0**	**0**	**0**	**0**		**0**

1 Enter the partner organisation's name

3.3 Requested funding in case of SME feasibility study (delete if not applicable)

The basic funding rate for an SME feasibility study is 50% of the eligible project costs up to a maximum of 25,000 euro.

Additional funding may be awarded in the following cases. Please indicate which additional funding you are requesting.

- ❑ Additional funding because of a relevant, complementary and substantial external knowledge input from independent third parties (research institutions, knowledge centres, independent companies, etc.) which amounts to at least 25% of the budget. The funding ceiling is raised to a maximum of 50,000 euro.
  The project description and the project budget must clearly identify which resources and complementary expertise (provided by said third parties) are deployed for which study component.

In summary: Requested funding for the SME feasibility study:

50% of the study costs = ... euro, up to a maximum of 25,000/50,000 euro *(delete as appropriate)*.

3.3 Requested funding in case of SME innovation project (delete if not applicable)

For an SME innovation project the maximum funding is 250,000 euro.
The basic funding rate is 25%

Indicate which additional funding is requested:

- ❑ *additional* funding of 10% for a midsize enterprise (ME)
- ❑ *additional* funding of 20% for a small enterprise (SE)

Please specify here which industrial partners are small enterprises (SE) or midsize enterprises (ME):

- ❑ 10% additional funding for cooperation (with other independently funded industrial partners or international cooperation, and where none of the participating companies holds more than 70% of the total budget).
  Indicate, if applicable, into which international programme this project fits. Consult the specific handbook for this.

- ❑ PMV has different support measures to invest in my company (see www.pmv.eu). I agree that the information in this proposal is shared with PMV, thereby showing my interest in a possible investment from PMV.

*To be completed by the **Applicant** and **EACH of the industrial partners** in the project*

4. Information on the applicant/industrial partner(s)

4.1 General information on the applicant/industrial partner

The information requested here will allow to create a business profile and verify whether the enterprise generally has sufficient resources at its disposal to implement the project. The intention is to create this profile once and update it with every subsequent project application, if necessary.

If we already have the most recent information, e.g. as part of another project proposal, please refer to the earlier proposal, indicating its project number, and only include major changes and/or more recent data with regard to this older information.

It is definitely allowed to refer to existing sources of information, such as annual reports, websites, etc. but if you do, you must clearly indicate where the advisor can find the requested information.

4.1.1 General information about the company

Official name of company:

Business number:

Address of head office:

Address of place of business:

Indicate here the address of the place of business where the project results will be valorised, if this is different from the head office.

Account number:

Please provide the account number for transferring the funding if granted.

IBAN:
BIC:

Shareholders:

If the company is not listed, please provide for each shareholder: name and – in the case of a legal entity – business number, and the % of the shares.

Specific contact person for financial information:

Name:
Function:
Email:
Telephone:

Legal representative:

Give the name and job title of the legal representative who is authorised to sign the agreement, after approval of the project.

Name:

Function:

Website address (if applicable):

Current number of employees:

Date of incorporation *(for start-ups, the planned incorporation date)*:

4.1.2 Business activities

Please give a brief summary of your company's main current activities, products and/or services. Add any relevant brochures or articles in appendix. If you already gave this information in an earlier project proposal and, since then, there have not been any major changes in the business activities, you can simply refer to it here.

For start-up companies that have not as yet deployed any business activities, the above question does not apply and is replaced by:

- *Please list relevant experiences of the founding partners in their former (and/or current) functions.*
- *Also enclose in appendix a brief curriculum vitae of the founder(s) of the new company.*
- *If, as the founder (or one of the founders), you are currently performing activities other than for the planned/newly established company, please summarise these clearly as well.*

4.1.3 Annual reports

For every application for funding by an enterprise, we perform a financial analysis of this company. This analysis is based on the publicly-filed annual financial statements of your company. If you publish Belgian annual reports, there is NO need to enclose them with this application, unless the most recent one has not yet been filed. In the case of international annual reports, provide the web link or add a copy of the most recent international annual report available.

We draw attention to the fact that most SMEs only file abbreviated annual accounts which however lack a number of data essential for an exhaustive financial analysis. If you apply for funding for SMEs, please complete the following table as these figures are missing in official abridged annual accounts, and this for the past three years. Your accounting department can provide these figures.

Annual account			
Year:	**20 . .**	**20 . .**	**20 . .**
70/76A operating income			
70 turnover			
71 stock variation			
72 produced fixed assets			
73 donations (*1)			
74 other operating income			
76A non recurrent operating income			
60 goods, raw and auxilliary materials			
61 services and other goods			
9900 gross margin (*2)			

(*1) only for non-profit associations (in Dutch: VZW's)

(*2) 9900 = 76A + 70/74 - 60/61

If you do not have annual accounts (your company was founded only recently), you should enclose instead a clearly developed financial and cash flow plan with your application, including at least the forecast period which the project period covers, and from which the financing of your company can be clearly deduced. Also add a copy of the incorporation deed. A statement of the profit & loss account at the time of the application should also be appended.

If your company is still in its early stage, add a brief history of the activities already carried out for the establishment of the company, possibly supported by the necessary documents.

4.1.4 Shareholders and participations

So, please add a block diagram of your company and its shareholders and participations (indicating the percentages of the capital/voting rights in the hands of each other's companies). This information is necessary to determine whether your company meets the SME definition. For this block diagram (http://www.iwt.be/subsidies/documenten/blokdiagramma-aandeelhouders-doc), you can use a model illustrated in a number of examples on our website (http://www.iwt.be/subsidies/documenten/vbn-toep-consolidatieregel-kmo-pdf).

4.2 Additionality for the industrial partner

*The European legislation requires that funding for industrial projects may only be granted if there is **clear additionality**. This information should allow us to report correctly on the matter. For all clarity: in reporting to the European Commission the information is grouped and the situation of individual beneficiaries is not discussed.*

Indicate which of the following repercussions the funding will have on the company and the project in comparison with the situation without funding (several options are allowed):

- ❑ The project will not be implemented if the funding is not granted.
- ❑ The funding will lead to an expansion of the total project scope (expressed in person months or in expenditures).
- ❑ With funding, the project will be more ambitious/in-depth than if the project had to take place without funding.
- ❑ With funding, the project will be completed faster than without.
- ❑ The funding will allow the company to acquire more knowledge (e.g. through broader collaboration) than it would without it.
- ❑ The total amount spent by the company on research, development and innovation will increase.
- ❑ Other
  Describe any other impacts of the funding on the project or company.

If possible, give also a very brief (quantitative) explanation with the answers.

4.3 Allocation of intellectual property rights (if collaborating with a research partner)

Indicate the arrangements between the parties concerning Intellectual Property Rights on project results obtained by the research institution. In this respect, please refer to the information and examples in Annex 3 "Distribution of property rights" attached to this Guidance Document.

4.4 Statement by the applicant and the industrial partners

Please append the following statement to your application. Typed on the company's letterhead paper and signed by a person with the authority to bind the legal entity concerned:

"In the name of *<name industrial partner>*, I authorize the Flanders Innovation & Entrepreneurship, acting on behalf of the Hermes Fund, to perform all actions as a result of this funding application for the SME innovation project / SME feasibility study entitled: *<title of project>*.

I declare that I have not received or requested any other government funding for this project.

I declare that on the date of submission of this application, the enterprise has no overdue unpaid taxes and/or employer social security contributions and is up to date with respect to all the required (environmental) permits.

I wish to apply for additional funding for SMEs and declare that I have correctly completed the requested information on the annual reports and shareholders & ownership shares where required (i.e. §4: Additional information about the industrial partner, 4.1.3 Annual reports and 4.1.4 Block diagram).

I declare <to be/not to be> an undertaking in difficulty *(please indicate one of both)* **at the moment of project submission.[2][3]**

I declare to immediately notify Flanders Innovation & Entrepreneurship should I become an undertaking in difficulty between the moment of project submission and decision."

If the second or third clauses are not (entirely) applicable, indicate this and provide a succinct description of the situation.

If this is an application for an SME feasibility study, you should add the following clause:

By submitting this application document I agree with the terms of an SME feasibility study. I subscribe to the General Provisions of Innovation relating to an SME feasibility study (version 2017.1).[4]

[2] The procedure and criteria to be followed are in the FAQ: http://www.vlaio.be/onderneming-in-moeilijkheden

[3] In that case it will to have to be verified if remediating measures can be taken to exit the status of 'undertaking in difficulty' to enable project support

[4] You can view these on our website at: http://www.iwt.be/subsidies/kmo-hbstudie/documenten

Young Innovative Company (YIC)[5] statement (only applicable for small enterprise)

If your company is a Small Enterprise, choose from the three statements below the provision applicable to your company:

I declare that, in the course of the project implementation, the enterprise does not fulfill the criteria to use the partial exemption of tax deducted at source on wages of personnel as Young Innovative Company (YIC). In the event of a change in this situation, I will inform the Agency Flanders Innovation & Entrepreneurship immediately of the fact in writing and will also specify whether or not the enterprise wishes to make use of the partial exemption from withholding tax as a Young Innovative Company (YIC).

Or

I declare that, in the course of the project implementation, the enterprise does not wish to use the partial exemption of tax deducted at source on wages of employees as a Young Innovative Company (YIC). In the event of a change in this situation, I will inform the Agency Flanders Innovation & Entrepreneurship immediately of the fact in writing.

Or

I declare that, in the course of the project implementation, the enterprise will use the partial exemption of tax deducted at source on wages of employees as a Young Innovative Company (YIC). In the event of a change in this situation, I will inform the Agency Flanders Innovation & Entrepreneurship immediately of the fact in writing. The YIC measure will be applied for the following employees:

Please list up all employees (incl. the employees payroll costs cf. cost model) active on the project and for whom partial exemption from withholding tax as a Young Innovative Company is used:

- name of the employee (payroll project cost)

- … (…)

[5] The Young Innovative Company (YIC) measure consists of a partial exemption of tax deducted at source on wages of scientific employees of a YIC. Besides this YIC-measure there also exists other simular tax measures. Compared to this other measures the YIC measure however cannot simply cumulated with the industrial R&D project funding of the Agency Innovation & Entrepreneurship (in some cases the YIC support has to be subtracted from the project funding). More information regarding the YIC measure and the existing other tax exemption measures (that don't have to be taken into account for the calculation of the R&D funding) is available on our website: see FAQ: http://www.iwt.be/faq/welke-mate-kan-bedrijfssteun-het-bijzonder-steun-voor-personeelskosten-gecombineerd-worden-met-d.

A *Young Innovative Company* (YIC) is based on the following criteria:

- it is a small enterprise ;
- it exists for less than 10 years (before January 1st of the year in which the exemption is granted);
- it is not generated from concentration, restructuring re-start or extension of activity;
- it is involved in R&D to the extent that at least 15 % of the company's total costs of the previous taxable period are R&D expenditure.

Should your company outsource the implementation of the project to a research institution, please add the following clause:

I declare that, if the company subcontracts a task to a research institution, it pays the service provided against market price *or* compensates the costs entirely, with a reasonable margin in addition.

Read and approved,   **Dated and signed by a legal representative of the company**

*To be completed by **each research partner** in the project*

5. Information about the research partner[6]

*Enter the **basic information** and **budget** for the research partner.*

5.1 General information

Name of research institution:

Name of lab or service directly involved:

Name of person in charge of project implementation at the research partner:

Website:

Address (only for non-Flemish research partners):

5.2 Main expertise (only for non-flemish research partners)

Give a short overview of the relevant expertise for this project contributed by the research partner.

5.3 Total budget for research partner

Enter the budget overview of the research partner.

The budget for the research partner should be prepared in the same way as the industrial partner's budget (see Section 3 of the application document). For that purpose research partners also use the same Excel template (available on the website). For organisations (such as research institutions) which work with reference to government pay scales, this template presents a specific layout table for payroll costs.

[6] If no research partners are involved, you should remove this information block from your final application document.

5.4 Letter of intent of the research partner (only for an SME innovation project)

Add, if already available, the agreement between the research partner and industrial partner(s). If not yet available, then append the following letter of intent for cooperation, signed by a person with the authority to bind the legal entity:

LETTER OF INTENT FOR COOPERATION

As representative with the authority to bind the legal entity *<name research institute, (faculty), dept/research Group>* I authorize the Flanders Innovation & Entrepreneurship, acting on behalf of the Hermes Fund to perform all actions as a result of this funding application for the SME innovation project/SME feasibility study entitled: *<title of project>*.

I declare to have knowledge of the programme characteristics, the content of the project and that I will deploy the necessary resources for the implementation of the project. More specifically, I confirm the basic principles concerning the participation in the research results as described in the project.

I also declare that I have so far not received any government funding for this project.

The agreements between the project partners concerning the project are clear. These agreements are described in the application and will be elaborated in a cooperation agreement if the project is funded.

Read and approved,

Date and signature of legal representative of the research institute

Annex 1: activities eligible and not eligible for funding

The following is a list of activities eligible for funding in feasibility studies and innovation projects. Individually, it should be difficult or impossible for the proposed activities to render a project proposal eligible for funding. In contrast, the whole must be considered as multiple activities to be combined and scheduled, which lead to **sufficient knowledge development** and **contribute substantially to the innovation goal.**

The **activities eligible for funding** in **a feasibility study** include among others:

- identifying, analysing, studying the possible technical problems, impact parameters or obstacles;
- performing initial calculations, exploratory (laboratory) tests and simulations;
- further defining in detail the objectives, tasks, deadlines, financial planning, etc. of the innovation;
- collecting additional basic information in specialist literature, patent banks, etc.;
- conducting LCA (Life Cycle Analysis) studies;
- research into the market aspects and user aspects of the proposed innovation;
- the study of relevant standards and regulations;
- studying aspects of intellectual property; checking the necessary freedom to operate;
- obtaining assurance on the collaboration from all the partners required for a successful project;
- specific training for the staff who will have to carry out the study.

In the case of an **innovation project**, the above list can be expanded to include:

- all design activities (calculations, simulations, drawings, etc.) and functional design activities in the context of the product, process or service to be developed;
- providing a proof of concept (POC), building a prototype or test set-ups of the product, process or service;
- all tests and checks necessary to verify the proper functioning of the design proposal (prototype or test set-up);
- all the necessary adaptations to the design as a result of these checks.

By way of clarification of what is or is not eligible for funding, the following is a non-exhaustive list of activities which **are not eligible for funding**:

- activities traditionally classified as engineering (i.e. application of existing knowledge tailored to a specific customer or market);
- routine improvements/alterations to existing products, processes or services and other operations in progress;
- general support activities in a company, such as personnel management, financial management, logistics, etc.;
- implementing the business plan;
- marketing campaigns, promotional activities, etc.;
- demonstrations which exceed the level of showing the 'proof of principle';
- usual consultancy pathways, as well as business advice in the broad sense for the purpose of a diagnostic and adjustment of the industrial organisation (possibility to turn to the Enterprise Agency for that);
- preparing and writing out an administrative file (licence, standard, necessary label, etc.);
- the mere outsourcing of routine tests;
- activities in the context of quality assurance systems; accreditation activities; approval tests; etc.;
- search for investors to meet the financing needs of the company;
- training and general knowledge acquisition that is not specific to the project.
- labour market mediation;
- investment and licensing (the further knowledge acquisition on that basis is eligible).

Annex 2: explanatory notes on the criteria for SME feasibility studies and SME innovation projects

General

When deciding on funding for a project, the quality of the project and its potential impact are taken into account.

The quality is assessed on the basis of 3 criteria. A project which fails to meet one of these quality criteria will not be funded.

The impact is assessed on the basis of 6 criteria. A score of "very good" (2), "good/neutral" (1), "rather poor" (0) or "poor/critical" is assigned for each criterion. A project that gets one or more "poor/critical" scores will not be funded. Other scores give a total score for the project between 0 and 12. Every year a decision is made as to which minimum final score a project requires to obtain immediate funding and under which final score projects will not be funded. SME innovation projects with an intermediate score can be placed on a waiting list; in the course of the year, a decision will be made as to the cut-off final score projects on this list need to receive funding, taking into account the resources available. There is no waiting list for SME feasibility studies.

Quality

LEAP IN KNOWLEDGE AND CHALLENGES

The leap in knowledge and challenges are considered good if the following conditions are fulfilled as a minimum:

- The objectives of the project are clear. An innovation goal has been defined that clearly indicates what the project is targeting. This innovation goal is also specific enough to make it possible to determine at the end of the project whether the objectives were achieved or to what extent.
- In relation to the industrial activities, the project concerns research or development, implementation or creative engineering which involves deviating from the usual working method in the company (typical for innovation projects). The products, processes, services or concepts which the project is targeting are innovative for the company. The project involves a relevant leap in knowledge for the applicant company, industrial partners and/or Flemish subcontractors. Real challenges are associated with achieving the innovation goal.
- For feasibility studies: the innovation goal and the activities proposed to achieve it are as a whole focused on relevant knowledge building in preparation for a possible continued innovation path. *If this is not the case and the proposal covers an implementation process earlier, it may still be eligible for funding as an innovation project.*

QUALITY OF THE IMPLEMENTATION

The quality of the implementation is considered good if the following conditions are fulfilled as a minimum:

- The executants have sufficient insight into the potential problems during the implementation of the project. No important risks were overlooked or misjudged.
- The overall structure of the project is clear and logical, takes the risks into account and does not create any additional implementation risks, due to unnecessary complexity, for example (effectiveness).
- The work plan, which was broadly developed based on this approach, is sufficiently clear and realistic. It allows a reasonable estimation of the deployed resources. It involves realistic solution paths for the major challenges. A positive track record on the implementation and results of previous similar projects (with or without funding) is a positive indicator here.

- Overall, the extent of resources deployed and the duration are acceptable in relation to the project plan and the innovation goal (value for money).
- The division of tasks between the partners and key subcontractors is clear and in line with their share of the project.

EXPERTISE & RESOURCES

The available expertise and resources are considered good if the following conditions are fulfilled as a minimum:

- The partners in the project have the necessary expertise, resources and infrastructure to properly carry out the project.
- Where expertise, resources or infrastructure are lacking, suitable subcontractors are involved in the project or it is at least possible to assume that they will get them involved in the project.
- Previous projects of the executants concerned were implemented properly.

Potential impact

STRATEGIC IMPORTANCE OF THE PROJECT FOR THE INDUSTRIAL PARTNER

How much of a positive impact the project can have on the company in the long term is assessed in this criterion. The following aspects are assessed here:

- The companies involved have identified a business case which is sufficiently developed and realistic. For SME feasibility studies, it is possible to accept to a certain extent that the study should provide more elements to develop the business case in depth.
- The companies involved take a real step forward with the project, for example:
    - develop a totally new product/process/service/concept
    - set up a new value chain or become part of it
    - have an impact on the higher innovation capacity of the companies
    - contribute to a new technology platform with extensive application potential
    - constitute the start of an important diversification
- and this step has a sufficiently significant impact on the company, such as:
    - contribute to the maintenance of a key existing activity (e.g. through increased efficiency, by producing in a more environmentally friendly or energy efficient way, etc.)
    - imply a clear growth path (possibly to compensate for declining sales in the existing field)
    - involve a major expansion into the international market.
- Furthermore, the strategic importance is also determined by:
    - the extent to which the project contributes to the intended valorisation
    - the success rate of the project and its valorisation process (vs. the normal expectations in the field/sector).

OPPORTUNITIES/THREATS

The extent to which the market situation and market developments can influence positively or negatively the project's valorisation potential is assessed in this criterion. The market is viewed as the relevant market for the company (e.g. only the international market if the company will also be active on this market). The following aspects are examined here:

- The size of the market (niche) accessible to the company. The evolution of this market (niche) (shrinking, stable or growing). In particular, projects that can contribute to solving major societal challenges are given a positive evaluation.
- The competitive situation (market occupied by major players or with limited competition);
- Framework such as regulations and policy (restrictive or stimulating for the valorisation).

The score for this criterion is therefore an appraisal that from neutral, can turn into a plus or a minus. A critical score is possible, especially if the project totally ignores existing or future regulations.

STRENGTHS/WEAKNESS OF THE INDUSTRIAL PARTNERS IN RELATION TO THE PROJECT

Whether the valorisation will be successful for the industrial partners partly depends on their own strengths and weaknesses. The following aspects are examined here:

- The starting position in the market (market share, alliances, etc.);
- The resources available within the company for the development of the valorisation;
- Track record in the successful market launches of innovations;
- Intellectual property (freedom to operate vs. own protection of intellectual property);

The score for this criterion is therefore an appraisal that can be either neutral, a plus or a minus.

Specific approach for start-up companies:

The familiarity of the initiator(s) with the market and the motivation and quality of the entrepreneurial team (a healthy mix of skills required to turn project results into business activities) are important elements for start-ups. Possible gaps should be identified by the entrepreneurs and steps taken to bridge them.

ECONOMIC LEVERAGE

Whether the project contributes to employment and/or investments in Flanders, at the applicant companies or at suppliers is assessed in this criterion. The following aspects are examined here, always taking into account the scope of the funding:

- Projects which predict substantial job creation and/or investments in Flanders get a "very good" score.
- Projects that are important for the preservation of a significant number of jobs in the activities concerned get a "good" score.
- Projects with limited potential for employment and new investments get a “rather poor” score. Indications include phasing out the industrial activities, recurrent application for funding without growth, limited ambitions for growth at the company, valorisation trough labour rationalisation, etc.
- Projects with insufficient potential for employment and investments in Flanders in relation to the funding get a "critical" score. The same indications as the above-mentioned ‘poor’ score apply here too[7].

ANCHORING OF THE ECONOMIC LEVERAGE

The probability that the proposed impact on employment and investment will also be effectively achieved in Flanders is assessed in this criterion. The following aspects are taken into consideration here:

- Projects in which the valorisation activities are firmly anchored in Flanders get a "very good" score.
- Indications for a "poor" score include the fact that limited parts of the value chain are carried out in Flanders, evidence that relocation is considered, strong dependence on upcoming choices, etc.
- If almost the entire value chain is taking place abroad or there are serious doubts as to the continuity of the activities concerned, the result is a "critical" score.

SOCIAL IMPACT

On top of economic effects, the project can contribute to positive societal effects. What is assessed here, in particular, is the project’s potential contribution to sustainable development (SD). The following conditions must be met for this criterion:

[7] In this case, additional information can be obtained by the applicant to quantify the economic added value leverage in Flanders (employment and investment associated with the project) in relation to the funding. To that end, please refer to the applicable principles in the General Provisions for R&D projects.

- If the project clearly displays negative aspects with regard to sustainable development (e.g. it involves using a technology which is worse than the best available technology) it will score as "critical" here and will not receive funding.
- Projects which do not present specific concerns about sustainable development will obtain a neutral score.
- Projects involving a substantial contribution to sustainable development (see relevant specific criteria in appendix) will get a "very good" score.

Financial capacity

The partners should at least be able to carry out the project. This means that they must have the financial capacity to carry out their industrial activities as usual during the project period while being able to bear their share of the costs.

For this reason, funding approval will be subject to determining whether there are obstacles in this respect. This analysis has three possible outcomes:

- There are no contraindications regarding the financial capacity of the company;
- The company is clearly not able to bear the burden of the project;
- Specific financial conditions are imposed with respect to the available financial resources, such as an increase in capital or debt rescheduling; the funding and the advances will only be paid if these conditions are met.

For existing companies with sufficient history, the financial analysis is initially performed on the basis of the information in the annual accounts filed and the data available through Graydon. However, this can be supplemented with all the information that reaches us.

For start-ups or if there is a strong deviation from the current industrial operations, the analysis will be based on an overall business plan.

In general, this financial analysis does not deal with the post-project stages.

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

Clarification: sustainable development

Projects with an SD (sustainable development) label are projects with additional public benefits through a significant positive impact on one or more of the following objectives:

1. raw material savings
2. energy savings
3. emissions reduction
4. reduction of waste and other environmental nuisances
5. increased use of renewable resources (materials and energy)
6. reuse of recycling of raw materials
7. extension of the life span of products and process technology
8. occupational safety and health

Such projects receive a selection bonus. Moreover, this contribution may offset a lower expected economic leverage (please refer to "Economic leverage" criterion).

On the other hand, projects will not be considered for funding if problems are likely to arise with the current or future standards during the valorisation or an obvious negative impact on the environment or the occupational safety and health is expected.

To determine whether a project contributes (sufficiently), there are several possible criteria. The following projects get an SD label:

1. The project is primarily aimed at the development/application of renewable energy or raw materials.
2. The project pursues a feasible and significant improvement according to BAT (Best Available Technology).
3. Using the Ecolizer 2.0 method, the project is able to demonstrate adequate environmental impact by calculating eco-points.

If previous methods are insufficient, other arguments may be accepted, especially if there are core issues in the project objectives, such as meeting future stricter standards (energy performance standards, emission standards, recycling targets, etc.), which are applicable after completion of the project, or if the project's main goal is to have a significant impact on occupational health and safety. However, the motivation should transcend the qualitative criterion and allow an estimate of potential profits in relation to the funding.

Furthermore, an appraisal of the positive and negative effects should always be performed and where possible the (environmental) advantages over the current market situation should be quantified. In determining the environmental impact, all the life stages of a product will be considered (production, transport, use, and disposal).

Further clarification concerning the Ecolizer 2.0 method

For the quantification of environmental benefits, we use the Ecolizer 2.0 ecodesign tool, available online through the OVAM website in Dutch and English (for more info about the Ecolizer go to: www.ecolizer.be).

When applied to innovation projects, the following reasoning can be applied for a rapid screening of the innovation's potential environmental benefits:

1. The first step consists in determining the baseline and the technologies or activities to substitute. The effects of an innovation should always be interpreted in relation to a given baseline. This is BAT or the most current technology or service in the market or, if not applicable, the company's current technology or service provision. The term 'functional unit' indicates that products or services are assessed per quantity of output performance, and therefore not per product quantity. This is particularly important for comparisons, for example between two product alternatives or when comparing products with product/service systems. For example, two different types of paint are compared on the basis of the painted surface, and not per litre of paint. The quality of the paint may also vary. As a result, the lifespan of the paint coat should also be included in the assessment. This is also what happens in the functional unit (see www.rivm.nl).
2. Then, all relevant environmental aspects which can be influenced by the innovation of a product or service should be analysed, taking into account the total life cycle. This can be done by generating a schematic overview of the life cycle of a product with a focus on production, use and disposal, possible transport and recycling.
3. In a next step, it is possible to form an idea of the overall environmental benefits of the innovation by recording all necessary materials and processes for each (functional) unit and producing estimates for the missing data. The eco-indicator values can be searched via the Ecolizer 2.0 tool and should be multiplied by the required amounts. The Ecolizer matrix can be downloaded as a worksheet (Excel or Calc) from the OVAM website. Only the differences between the baseline and innovation are important and should be calculated. This data can also be used to redirect the innovation path by highlighting the major environmental impact of a technology or service. For example, in the case of many electrical appliances, it is clear that the electricity consumption in the usage stage will be decisive for the total environment impact of the product.

4. Finally, the environmental benefits per unit expressed in eco-points must be multiplied by the average number of commercialized units per year and the valorisation period (the same as for determining the economic added value). Because of this, it is also apparent that the scope of the valorisation plays an important role in the calculation of the environmental benefits.

In order to obtain the SD label, the number of eco-points (Ptn) must be greater than twice the total project grant.

SD study activities
For many projects, the environmental benefits of the innovation will be assessed gradually, as the research results become available, and at the start of the project and in the context of an funding application, only a limited SD analysis will be feasible. In that case, the applicants may choose to carry out SD study activities within the work plan which may lead to a review of the innovation process. These are acceptable costs for the project.

Annex 3: Distribution of property rights in a cooperation with a research partner

The European legislation on State Aid to Research, Development and Innovation establishes the principles for cooperation between companies and research organisations. In this respect, it is essential that the recipient companies should not get indirect support and that there should not be any market distortion. Two forms of cooperation with a research organisation can be distinguished.

In the first form, the company is **outsourcing**, and the research organisation therefore acts as a subcontractor. The company pays the market price, or has to cover the full costs incurred plus a reasonable margin in exchange for the service delivered by the research organisation.

In the second form, the **cooperation** between the company and the research organisation is substantive and the research organisation acts as a research partner; the project results stemming from the research carried out by the latter are subject to intellectual property rights. In this case, the company covers the actual cost of the service provided and, on top of that, an arrangement is made as to the participation in the ownership of these project results.

This participation may take the following forms, for instance:

- all ownership rights are held by the company with a fair compensation to the research organisation if/when the project results are exploited;
- division of the property rights whereby the company and the research organisation each hold property rights to a different group of partial results with the granting of domains for (autonomous) exploitation. Should it prove impossible to divide the project results, this granting of domains for (autonomous) exploitation is also possible within a regime of shared ownership rights;
- the property rights to the project results are held by the research institution, with at least one user right on the required project results for the company;
- there is an arrangement of undivided joint property rights to the project results held by the company and the research institution.

The above-mentioned options are only examples. Various combinations of the sample situations and other options where the property rights to the project results from activities performed by the research institution are shared are acceptable, as long as these are not inconsistent with the goals of the funding of Industrial Innovation and provided that any participation in the project results stemming from the research of the research organisation is regulated. It is essential that the company should have at least the necessary freedom to carry out the planned valorisation.

The cooperation partners must inform the Flanders Innovation & Entrepreneurship of the basic agreements on the subject upon submitting the project application. Initially, however, it is up to the research organisation to ensure that the correct market price is applied for a service provided by this research organisation. In the case of outsourcing, it is recommended to indicate in the tender if necessary that the service to be supplied by the research institution will be remunerated at the market price.

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