



# DIAMONDS4IF

DISCOVERY, IDENTIFICATION, APPLICATION, AND MONITORING OF  
DEVELOPED SOLUTIONS FOR INNOVATION FUND

## GUIDELINE – GRANT AMOUNT AND COST CALCULATION

### GRANT AMOUNT CALCULATION WITH RELEVANT COST CALCULATION

Do you wonder **HOW** to get funding from the EU Innovation Fund for your innovative project?

THEN, understanding the calculation of the Grant Amount is the **key** to success!

Here you will find some **essentials** about the Grant Amount Calculation!

And will get familiar with the need of calculating the Relevant Costs and how the Grant Amount can be derived, since this guide is designed to assist both: Experienced and First-time applicants for application.

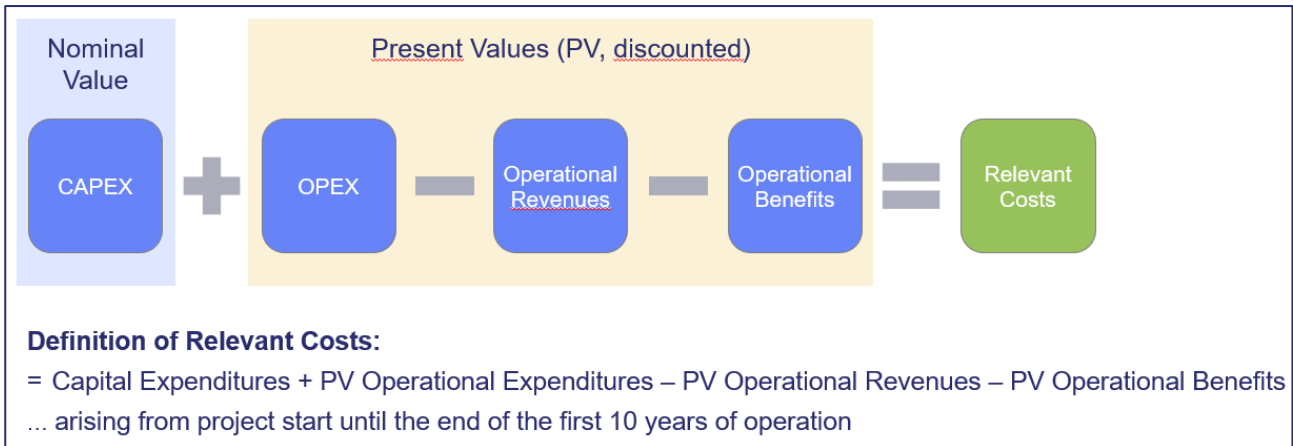
The purpose of this guide is to provide a basic understanding of:

- How the Innovation Fund grant amount is calculated; and
- How your project can become eligible for funding by the European Commission

#### What makes financing via the Innovation Fund so special?

- The Innovation Fund provides **non-repayable** financial support with specific conditions and obligations
- The **European Commission** acts as a **co-investor**, BUT additional financing sources are required.
- With additional for example equity, debt or other grant funding are meant.
- The basis for calculating the Innovation Fund grant amount is the so-called Relevant Cost amount.
- The existence of Relevant Costs is **ESSENTIELL** for your project to be eligible for funding.

## HOW TO CALCULATE YOUR RELEVANT COSTS!

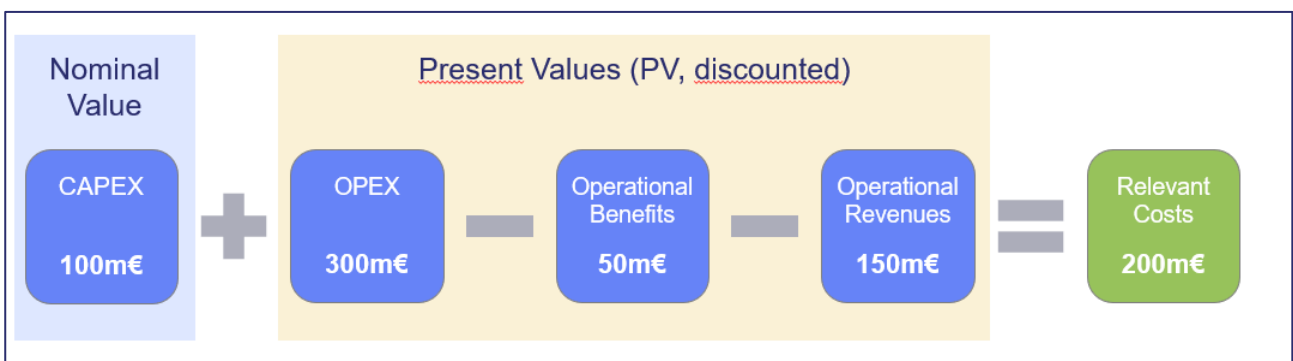


$$\text{CAPEX (undiscounted)} + \text{OPEX (discounted)} - \text{REVENUES (discounted)} - \text{BENEFITS (discounted)} = \text{RELEVANT COSTS}$$

- The **Relevant Costs** are equal to: Capital Expenditures plus Operational Expenditures minus Operational Revenues and minus Operational Benefits
- The calculation uses a **net present value approach**, that means future cash-flows are discounted (OPEX, Revenues and Benefit are discounted by the discount factor)
- The Relevant Costs are calculated for the period **from the start** of the project **until the end of the first 10-years** of plant operation

### Simple numerical Relevant Cost calculation example

100 million Euro CAPEX plus 300 million Euro OPEX minus 50 million Euro Operational Benefits and minus 150 million Euro Operational Revenues → resulting in **200 million Euro relevant costs**.



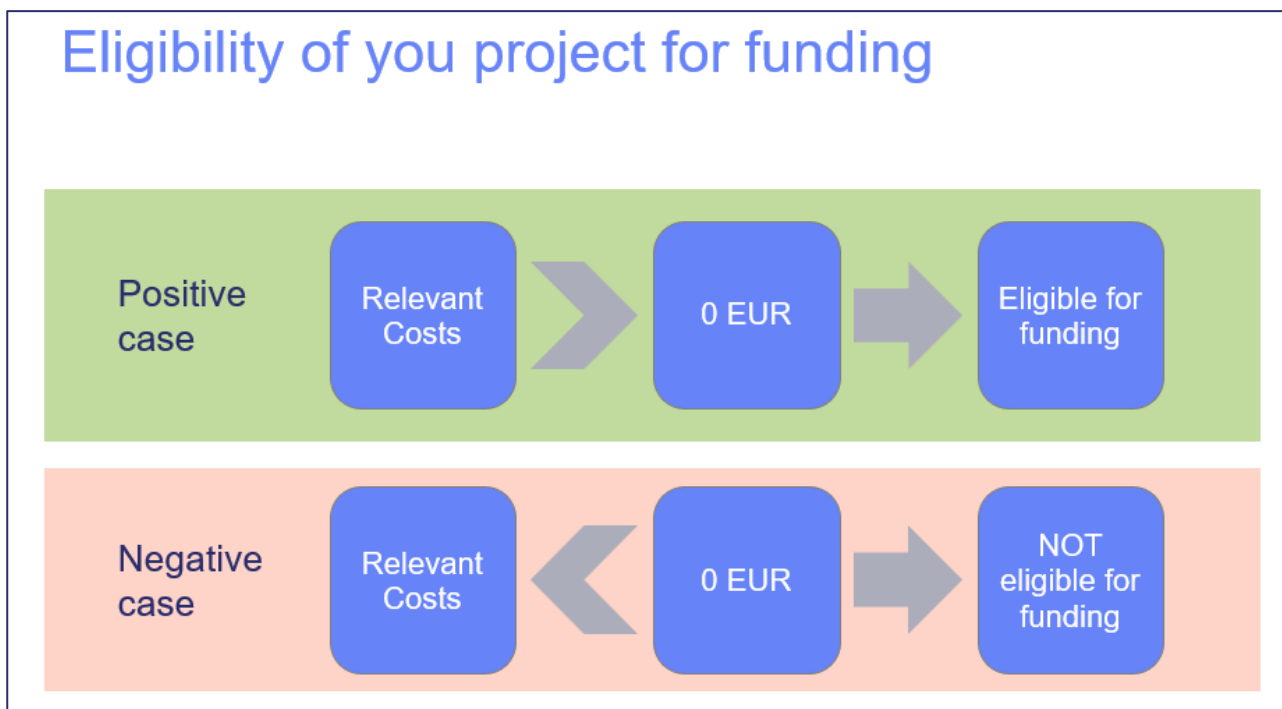
In other words: CAPEX and OPEX are financed less operational benefits and less operational revenues.

That means for the positive case:

- If the **costs exceeding the revenues and benefits** a project would **be eligible** for funding!

- That implies, the Relevant Costs are **greater than zero Euro** and a funding gap exists

If there is ANY ‘funding gap’, the project would **not be eligible** for funding for the negative case

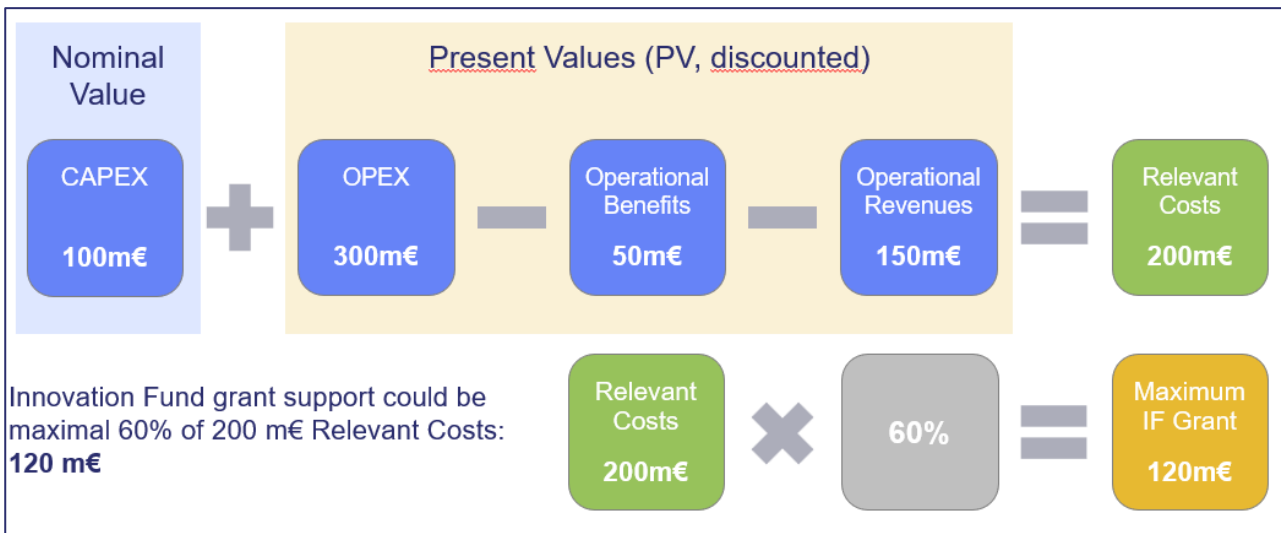


### How is the final Grant Amount calculated?

In principle, **there is no minimum funding amount** and **no fixed maximum funding amount**.

However, **the maximum funding** amount that an applicant can apply for is 60% of the calculated Relevant Costs.

This example shows that the Innovation Fund grant can amount to a maximum of **60% of the relevant costs of 200 million Euro**. This means that the maximum possible grant amount can be 120 million Euros.



However, the **final funding amount** applicants request **depends on other aspects** like the avoidance of Green House Gas emissions.

### Recap - What have you learned with this Guideline?

- Innovation Fund grants provide important **non-repayable financial support** for **innovative** projects
- The IF grant amount is determined by calculating the **Relevant Costs** from the start of the project until the end of the first 10 years of operation
- Your project is **eligible for funding**, if your Relevant Costs are greater than zero Euro, meaning that a funding gap exists
- The **IF grant amount is capped at a maximum of 60% of the Relevant Costs**

### DO YOU WANT TO KNOW MORE?

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Let DIAMONDS4IF be your trusted partner in navigating the Innovation Fund and unlocking the full potential of your projects. DIAMONDS4IF has been set up to explain the unique features of the Innovation Fund to you!

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