

Guidelines for innovation consortiums

1. Background

It is the objective of the Government to create a good framework for companies' research, development and innovation through increased knowledge dissemination in society and a better framework for interplay between companies and knowledge institutions.¹ The innovation consortium scheme is to contribute to fulfilling this objective.

2. Purpose

An innovation consortium is a flexible framework for collaboration between companies, research institutions and non-profit advisory/knowledge dissemination parties.

The consortiums' collaboration should be based on a joint project aimed at developing and bringing research based knowledge to maturity, so that it can form the foundation for Danish companies' innovation in the years to come.

The joint project should result in the completion of high-quality research relevant to Danish companies. Furthermore, the project should ensure that the new knowledge is converted into competences and services specifically aimed at companies, and that the acquired knowledge is subsequently spread widely to the Danish business community – including in particular small and medium-sized companies.

The general purpose of innovation consortiums is:

- That several and more committed collaboration projects between knowledge institutions and the business community are established.
- That several and more committed knowledge collaboration projects between companies are established.
- That the business community increases its research and development efforts and becomes more innovative.
- That more high-level public research is carried out in fields of relevance to Danish companies.

Rådet for Teknologi og
Innovation

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Forsknings- og
Innovationsstyrelsen

Bredgade 40
1260 København K
Telefon 3544 6200
Telefax 3544 6201
E-post fi@fi.dk
Netsted www.fi.dk
CVR-nr. 1991 8440

Sagsbehandler
Britta Vegeberg
Telefon 7226 5505
Telefax 3544 6201
E-post bve@fi.dk

Sagsnr. 07-028235
Dok nr. 748706
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¹ As an example, cf. the Government's 'Globalisation Strategy': Progress, renewal and security – A strategy for Denmark in the global economy, the Government April 2006, and the Government's 'Interplay Action Plan' – New links between research and business – From idea to invoice, the Government, September 2003.

- That research results are more quickly converted into knowledge applicable to Danish companies.
- That new or improved competences and services are developed at the technological service institutes or at other institutions focusing on knowledge development and knowledge dissemination.
- That the new knowledge is subsequently spread widely to the Danish business community, including in particular small and medium-sized companies.

3. Requirements to the composition of the consortiums and their projects

3.1. Requirements to the composition of the consortiums

An innovation consortium must consist of the following parties:

- At least two companies that participate throughout the entire project
- At least one research institution
- At least one advisory and knowledge dissemination party

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Additionally, an innovation consortium may involve or attach the following parties:

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- Companies that only participate in parts of the project (see below)
- Associated groups of companies, networks etc. (see below)
- Business academies, vocational schools and educational institutions offering business-related programmes
- Industry organisations, interest organisations or similar
- Public institutions or authorities
- Associations – e.g. patients' associations, relief organisations or similar
- Other parties deemed relevant to the project

Small and medium-sized companies may form part of minor parts of the project

The consortium should count on the participation of a permanent core of at least two companies that participate throughout the entire project. As a supplement to this, the consortium may involve companies that only participate for parts of the project period. The companies need not be named at the time the application is submitted.

The following applies to all of these companies: they should have less than 250 employees; their contribution to the consortium should be at least 400 hours per company (corresponding to approx. ¼ of a year's work), and their total contribution should constitute a maximum of 10 % of the combined company funding.

The application should state clearly which types of companies the consortium expects to involve, and which roles they are expected to play in the project.

Associated groups of companies

In order to strengthen the knowledge dissemination, company networks (and possibly other parties) with an interest in the project's issues and results may be attached to the consortium. This could either be a network of companies established in connection with the consortium or already existing networks (e.g. the innovation networks established by the Council for Technology and Innovation).

Participants in these networks cannot be a part of the consortium, and they do not contribute directly to the consortium's project. Instead, they are a target group for dissemination of knowledge from the consortium. Such participants need not be named at the time the application is submitted. The companies' work in the network cannot be included in the consortium's budget.

3.2. The parties' roles in the consortium

- *The companies' role*

The participation of companies in the consortiums is to ensure that the joint research and development project is based on relevant development needs within Danish companies. Consequently, the project theme should be of significance to the participating companies' business development. However, it should not take the form of actual product development.

The company participation is also to ensure that the business community's knowledge and competences are utilised in the project. Therefore, the participating companies should contribute knowledge and competences at a high level within the project field.

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The companies may be Danish or foreign (or both).

- *The research institution's role*

The participation of research institutions is to ensure that the consortium's project is based on research based knowledge at a high and international level. Participation should also contribute to the development of new research based knowledge in fields of interest to the Danish business community. It is important that the research party is found among the strongest research environments in the relevant field.

The research institutions may be Danish or foreign (or both).

- *The advisory and knowledge dissemination party's role*

The advisory and knowledge dissemination party should contribute knowledge and competence as regards the business community's need for knowledge and consultancy.

The advisory and knowledge dissemination party's participation is to ensure that the knowledge generated by the consortium is converted into services of relevance to the business community. The task of the party is to be the place where the accumulated knowledge is anchored and offered to the business community. The services should be sold on general commercial terms and should be accessible to any company that might be interested.

The advisory and knowledge dissemination party can be one of the approved technological service institutes (ATS institutes), but the task may equally be undertaken by other types of institutions. These may choose to apply for pre-approval as advisory and knowledge dissemination party, prior to submission of the consortium application.

In order to be approved as advisory and knowledge dissemination party, the participant must comply with the following requirements. The party must:

- have a non-profit and wide societal purpose,
- be at a high specialist level within its field,
- have competences and experience in knowledge dissemination and consultancy, and
- have extensive contacts to Danish companies and be able to document activities in Denmark prior to project start-up.

Advisory and knowledge dissemination parties without activities on the Danish market may be included as supplementary advisory and knowledge dissemination parties in the consortiums provided they are of relevance to the consortium's project.

- *Other parties' role*

Apart from companies, research institutions and advisory/knowledge dissemination parties, the consortiums may also include parties that are relevant to the completion of the project. It is a specific requirement to such parties that their work should be necessary for the completion of the project or their participation should supply the project with relevant supplementary input or opportunities (e.g. the possibility of supplementary knowledge dissemination).

3.3. Requirements to the innovation consortiums' projects

Any project initiated by the consortiums must comply with the following:

- The project should have generic content and the results must be of relevance to a wide group of companies.
- The project should be at a high level of innovation and research.
- The project should not have the character of product development for individual companies.
- The project should require close collaboration between the consortium parties.
- The project should have a duration of two to four years. Each project should be planned within a delimited period of time with a clear indication of start and finishing time.

4. Criteria for co-funding

Co-funding is granted to the applications which by the Danish Council for Technology and Innovation are deemed to best comply with the objective of innovation consortiums. In the selection, the following aspects are emphasised:

A. Height of research and innovation

- *Height of innovation*

The Council assesses the potential significance of the consortium's project in innovation in the coming years. In this context, the Council emphasises that the consortium is expected to be of significance to the participating companies' business development in the coming years, but also that the project should not be in the nature of product development for the participating companies.

- *Height of research*

The Council assesses whether the consortium involves relevant and highly qualified research institutions in the project and whether the project contributes to the development of new, high-quality research in the field.

B. Business and social relevance

- *Business relevance*

The Council assesses to what extent the project's themes are relevant to a wide circle of the Danish business community – in particular small and medium-sized companies.

- *Social relevance*

The Council assesses whether the consortium's project has a relevant societal perspective.

C. New services and knowledge dissemination from the consortium

- *New services*

The Council assesses whether the consortium will develop new competences, which will be converted into specific services of relevance to the identified target group. In continuation of this, the Council assesses whether the new services are new to the market.

- *Knowledge dissemination*

The Council assesses whether the consortium presents a clear and visionary plan for knowledge dissemination of the consortium's results to the identified target group – including in particular small and medium-sized companies. The Council also assesses whether the participating advisory and knowledge dissemination parties are expected to be able to accomplish the task in a competent way.

Supplementary plans for knowledge dissemination via the consortium's research parties, companies or other parties are also considered in the assessment.

D. Management and professional cohesion in the consortiums

- *The composition of the consortium*

The Council assesses whether the consortium's parties are relevant in relation to the proposed project.

The Council considers it to be a positive aspect if the consortium includes small and medium-sized companies among its company participants.

The Council considers it a positive aspect if the consortium includes foreign parties or acquires foreign knowledge of relevance to the consortium in other ways, as the Council finds that foreign participation may be beneficial to the Danish business community. However, in continuation of this, the Council assesses to which extent the consortium's knowledge will be anchored in Denmark. Thus, the Council stresses the importance of a plan that shows how foreign knowledge is to be integrated and disseminated in Denmark. The Council also stresses that it is important to ensure – wherever relevant – person-to-person knowledge transfer to Danish universities, e.g. in the form of PhD programmes, visiting researchers' stays or similar.

The Council considers it a positive aspect if the consortium involves public parties, thus establishing so-called 'innovation alliances' through the innovation consortium.

- *Management and professional cohesion in the consortium*

The Council assesses whether the consortium presents a clear and operational work schedule with clearly indicated milestones and professional cohesion between the consortium's subprojects.

The Council assesses whether there is good integration between the parties. This applies both to the relationship between companies and knowledge institutions and to the integration between companies.

The Council assesses whether a clear and realistic plan has been made for the management of the project.

E. Budget and grant applied for

- *Grant applied for and the degree of self-funding*

The Council assesses whether the grant applied for is reasonable in relation to the project's activities and perspectives.

The Council considers it a positive aspect if the advisory and knowledge dissemination party contributes self-funding to the project. Self-funding from the research party, on the other hand, is not a competitive parameter.

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5. Co-funding

Who can receive grants?

Grants are given to parties within the following categories: Research institutions and Advisory and knowledge dissemination parties.

Furthermore, grants may be given to participating business academies, vocational schools and educational institutions offering business-related programmes (under the category 'other parties').

Grants are not given to companies or 'other parties' apart from the above mentioned educational institutions.

Expenses covered by grants

Generally, it is presupposed that all consortium parties contribute manpower to the project, and that the project budget items primarily cover expenses for this. Apart from salaries, grants are given to a lesser extent to cover operation and minor appliances (less than DKK 40,000). As a general rule, expenses for the acquisition of mayor equipment are not approved.

No grants are given to cover expenses incurred or agreed on as binding agreements prior to project start-up.

Grant percentages, requirements regarding self-funding and funding from companies

Research institutions may be awarded up to 100 % of their expenses. As a general rule, the research institutions are expected to apply for grants of 100 %.

Advisory and knowledge dissemination parties may be awarded up to 100 % of their expenses. As a general rule, the advisory and knowledge dissemination party is expected to contribute self-funding. In this connection, a distinction is made between self-funding and external funding. If the advisory and dissemination party is an ATS institute, self-funding should not be result contract funds.

Grants are awarded contingent on the companies' expenses in the consortium corresponding to at least the total expenses of the grant receiving parties. Expenses incurred by other parties, which are private institutions or associations outside public control, may be included in the companies' expenses.

The grant per consortium cannot exceed 20 million Danish kroner.

Guidelines for completion of statement of expenses

- *Expenses at the research institutions*

Expenses at the research institutions are calculated in accordance with government regulations (cf. The Danish Ministry of Finance's budget guidelines on grant funded research activities).

- *Expenses of the advisory and knowledge dissemination party*

The expenses of the advisory and knowledge dissemination parties are calculated in accordance with current regulations depending on the party's status or in accordance with separate agreement with the Danish Agency for Science, Technology and Innovation.

If the party is an ATS institute, a pre-calculated hourly rate is used in the budget statement in accordance with the regulations in 'Guidelines for Approved Technological Service'. At the presentation of financial statements, the accountant approved cost rate is applied.

- *The companies' expenses*

Expenses related to working hours spent in the companies can be calculated either according to a cost rate or by a fixed hourly rate of DKK 600.

- *Other parties' expenses*

Business academies, vocational schools and institutions offering business-related programmes should – if applying for grants in this respect – calculate their expenses on a cost recovery basis.

Other types of 'other parties' should calculate their expenses in accordance with the same regulations as the companies (see above) or in accordance with a separate agreement with the Danish Agency for Science, Technology and Innovation.

Requirements to the budget

The budget should be completed in the budget form indicated in the application guidelines.

Expenses related to project management (including the project manager) are paid by the party who is responsible for the project manager function, and the project manager's use of time etc. is included in the amount of man-years allocated for the project.

The budget statement should take into consideration that no adjustment of the grant size should be expected as a result of unforeseen expenses, price or salary developments etc.

The budget should state the total budget for the innovation consortium, including self-funding and external funding. The budget should also state the amount applied for per participating party.

External funding

It should be indicated whether the innovation consortium's participants have applied for or already received external funding or project assistance for activities in the present innovation consortium.

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6. Case processing, administration and documentation requirements

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The Danish Council for Technology and Innovation handles the administration of the innovation consortiums together with the Danish Agency for Science, Technology and Innovation

Pursuant to Act no. 419 on technology and innovation of 6 June 2002, the Minister of Science, Technology and Innovation has placed the responsibility for the administration of the activity 'Innovation consortiums' with the Danish Council for Technology and Innovation. The Council is served by the secretariat of the Danish Agency of Science, Technology and Innovation under the Ministry of Science, Technology and Innovation.

Application deadlines and processing of applications

The Council sets 1-2 application deadlines per year. The aim is to announce each deadline at the latest two months prior to the closing date. As a rule, advertisements are aimed at all interested parties. However, the Council may choose to direct all or parts of an advertisement at a particular professional field or at consortiums composed in a specific way.

More explicit requirements to content and extent of the applications can be found in the application guidelines for innovation consortiums.

The Council will assess all received applications based on the criteria listed in item 4.

In connection with the assessment of applications, the Council obtains a specialist research assessment of the research content of the applications from the independent research councils. The applicants will be consulted about the statement from the research councils prior to the Council's processing of the application. The aim is to allow applicants at least 14 days to submit their consultation response.

Applicants may expect a reply to their application within three months of the closing date.

Conditional and definite grant promise

Initially, the applications that the Council deem worthy to receive a grant will receive a conditional grant promise from the Danish Agency of Science, Technology and Innovation. As a minimum, the promise will be contingent on the applicants submitting a mutually binding legal collaboration agreement within three months from the date of the notification. The agreement should specifically clarify the consortium's management structure and the rights to the consortium's knowledge. Once the agreement has been approved by the Danish Agency for Science, Technology and Innovation, the applicants will receive a letter with a binding grant promise.

The grant will then be paid in six-monthly instalments on the basis of a semi-annual report (see below).

The grant is paid in advance. However, 10 % of the grant will be withheld until the consortium's final report has been approved.

The grant will be paid to a project administrator approved by the Danish Agency for Science, Technology and Innovation.

Financial and technical reporting in the course of the project

The innovation consortiums commit themselves to submitting a financial and technical report every six months. The consortiums also commit themselves to elaborating a more extensive internal evaluation of the consortium's results halfway through the project as well as at the end of the consortium.

Furthermore, the consortium is under an obligation to participate to a reasonable extent in press activities, evaluations, performance measurements or other activities initiated by the Danish Agency for Science, Technology and Innovation.

The semi-annual reporting should follow the calendar half-years. The reports should comply with the paradigm for semi-annual and final reports in force at any given time, as established by the Danish Agency for Science, Technology and Innovation. Additionally, the Danish Agency for Science, Technology and Innovation shall be entitled to request a report at any given time without further explanation.

The semi-annual reports should be submitted within five months of the end of the six-monthly period. The consortium may expect to receive its semi-annual grant at the latest one month after the Agency has received a correct semi-annual report.

The final report from the consortium should be received at the latest five months after the project ends. The final grant will be determined after receipt of the final report. However, the final grant can never exceed the amount of the promised grant. Should companies' share of the expenses not comply with the requirements

as they are mentioned in item 5, the grant will be reduced by a corresponding percentage.

Once a year, and at the end of the consortium, the project accounts should be endorsed by an external auditor. The audit report should be submitted along with the rest of the report documentation.

The funding source should always be mentioned

Whenever the consortium's participants mention the consortium or the consortium's results in public, they should mention that the consortium is supported by the Council for Technology and Innovation under the Ministry of Science, Technology and Innovation.

Changes in the consortiums

Should changes take place in terms of consortium participants or the consortium's project, which will be of significance to the course of the consortium, the Agency should be informed immediately. Should the consortium achieve external funding for the consortium's activities in the course of the project period, the Agency should also be informed immediately. The Agency will then assess whether the basis for the grant remains intact.

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Default

Should the consortium seriously default on its obligations in relation to the grant, the Agency shall be entitled to cancel the grant promise. Serious default may be e.g. if the project administrator goes bankrupt; if the consortium repeatedly fails to submit project accounts or if the project administrator uses the grant for a purpose other than that which has been agreed.