

Executive Order on project grants under the programme for user-driven innovation

The following provisions are laid down pursuant to section 2(2) and (3), section 3(2), section 4(1), and section 22(1), (3) and (4) of Danish Act No. 602 of 24 June 2005 on Trade and Industry Promotion, section 1 of Executive Order No. 1283 of 12 December 2005 on the delegation of certain powers under the Danish Trade and Industry Promotion Act to the Danish Enterprise and Construction Authority, and Text Note no. 107 re section 08.33.05 of the Danish Finance Act for 2007:

Programme area and objective

1.-(1) The objective of the programme for user-driven innovation shall be to strengthen user-driven innovation in enterprises and public institutions.

(2) User-driven innovation shall mean a systematic approach to the development of new products, services, processes, forms of organisation etc that is based on the exploration or involvement of users' lives, identity, practice or needs including unrecognised needs which are expected later to materialise as demand from major user segments. Users shall mean consumers, customers, employees, enterprises, collaborating partners, suppliers or citizens in a broad sense. Research and involvement shall, for example, mean observation, conversation or users' active participation during the entire innovation process.

2. Under the programme grants may be made to projects promoting user-driven innovation in Denmark. Grants may be made to projects examining user needs in a way that is different from general practice, e.g. development and testing of new methods and tools. Grants may also be made for competency building, education and training, organisational development, network formation, knowledge dissemination etc.

3.-(1) Grants may be made to legal persons of any kind such as enterprises, companies, foundations, organisations, public authorities, independent private or public institutions, including education, training, research and cultural institutions.

(2) Grants shall only be made to research and education and training institutions if the project for which grants are sought is carried out in cooperation with one or more of the units mentioned in subsection (1), except other research or education and training institutions.

(3) Grants shall not be made to individuals or non-VAT registered enterprises.

4.-(1) Grants shall only be made to projects whose eligible project costs exceed DKK 500,000.

(2) However, the Danish Enterprise and Construction Authority may decide, on the basis of a project application, to make grants of less than DKK 500,000 for feasibility studies if a more detailed application is needed.

Setting up the programme board and its role

5.-(1) A programme board shall be set up by the Danish Minister for Economic and Business Affairs to assist with the processing of applications for grants for the implementation of projects under the programme for user-driven innovation.

(2) The programme board shall be composed of 12 members including a chairman.

(3) The programme board shall be composed of persons possessing knowledge about:

- 1) Innovation in trade and industry,
- 2) Innovation at public institutions
- 3) Innovation in cultural and experience economies
- 4) Employees' involvement in innovation processes
- 5) Methods within user-driven innovation
- 6) Approved Technological Service

(4) The members and the chairman of the programme board shall be appointed as follows:

- 1) Ten members including the chairman shall be appointed by the Minister for Economic and Business Affairs in their personal capacity.
- 2) Two members shall be appointed by the Minister for Economic and Business Affairs upon the recommendation of the Danish Growth Council and the Danish Agency for Science, Technology and Innovation, respectively.

(5) The members shall be appointed for a period of three years and shall be eligible for reappointment. If a member retires before the expiration of the appointment period his or her successor shall be appointed for less than three years.

(6) The programme board's tasks are:

- 1) to determine a strategy for the total programme work under this Executive Order,
- 2) to designate thematic areas prior to each application round, cf. section 8(1) no. 2, relating to the strategic work under the programme,
- 3) to evaluate and prioritise applications, cf., however, section 8(2),
- 4) to ensure broad dissemination of knowledge about programme projects, methods and results
- 5) to ensure evaluation of the effect of the programme and
- 6) once a year to report to the Minister for Economic and Business Affairs on the work performed by the programme board in the past year.

(7) The programme board shall maintain an ongoing dialogue with the programme committee that is responsible for the implementation of the strategic research effort on user-driven innovation under the Danish Ministry of Science, Technology and Innovation.

(8) The programme board's annual report, cf. subsection (6) no. 6, shall contain a description of the progress of the programme, including what projects have been implemented during the year and the results and effects of the completed projects where possible.

(9) The Danish Enterprise and Construction Authority shall serve as secretariat for the programme board.

(10) The programme board shall lay down its own rules of procedure for approval by the Danish Enterprise and Construction Authority.

6. Everybody participating in the programme board's work shall comply with the provisions of the Danish Public Administration Act including the provisions on secrecy and disqualification.

Application for grants

7. Applications for grants shall be submitted to the Danish Enterprise and Construction Authority on an application form prepared by the Danish Enterprise and Construction Authority.

8.-(1) Grants shall be awarded within the programme's three target areas:

- 1) A regional effort where each of the regional growth fora gets the opportunity to initiate at least one major project in the region concerned, cf. subsection (2). It shall help to spread user-driven innovation throughout the country. The projects may, for example, be based on the strength positions of the individual regions.
- 2) A strategic effort under thematic areas designated by the programme board, cf. section 5(6) no. 2. The strategic thematic areas can be designated within:
 - a) areas in which Denmark has special commercial competencies. There shall be cultural and experience economy projects,
 - b) interdisciplinary areas with problems in society which are believed to represent a market potential, or
 - c) public welfare areas.
- 3) Other promising areas than those mentioned in 1) and 2) for projects with enterprises and public institutions etc.

(2) Applications for grants under the regional effort, cf. subsection (1) no. 1, shall be submitted by a regional growth forum to the Danish Enterprise and Construction Authority. The application shall be submitted to the programme board, which will evaluate whether the applying project satisfies the provisions of the Executive Order concerning the award of grants, including the award criteria set out in section 12.

(3) Under the strategic effort, cf. subsection (1) no. 2, strategic thematic areas shall be designated one or several times a year. Under these thematic areas, applications may be submitted to the Danish Enterprise and Construction Authority within a specified time-limit.

(4) Applications for grants under other promising areas, cf. subsection (1) no. 3, shall be submitted to the Danish Enterprise and Construction Authority.

9.-(1) The application shall contain, inter alia:

- 1) Information about the project holder and any collaborating partners and about project members responsible for the project and accounts. Project holder shall mean the legal person who is responsible for the implementation and finance of the product. Collaborating partners shall mean participants in the project who get a share of the grant from the programme for user-driven innovation and whose interest in the project is not only that of a subsupplier (financial interest) or who will to some extent benefit from results achieved during the project.

- 2) A description of the objectives, contents, time schedule etc of the project and a plan for the dissemination activities of the project.
 - 3) The project budget broken down into one-year periods with specification of project costs by project holder and the individual collaborating partners as well as the funding of project costs. The total of all sources of funding shall cover the budgeted project costs.
 - 4) A declaration about the size of the de minimis support received by the project holder and any collaborating partners under the EC's State aid rules in the current and the two preceding financial years.
- (2) If the project is co-funded by other public funds or funds from an EU scheme the application shall contain information about this fact as well as information about the amount of co-funding.
- (3) The application shall be signed by the project holder and any collaborating partners.

Award of grants

10. The programme board shall evaluate and prioritise the applications for grants based on the award criteria, cf. section 12, and any expert opinions obtained from the Danish Enterprise and Construction Authority and shall submit a recommendation to the Danish Enterprise and Construction Authority concerning the use of grants under the programme for user-driven innovation.

11. The Danish Enterprise and Construction Authority shall make decisions in cases concerning grants under the programme for user-driven innovation based on the programme board's evaluation and prioritisation.

Grant conditions

12. In connection with the award of grants an overall evaluation of the projects shall be made based on the following award criteria:

1. *Based on user needs.* The extent to which a project develops, tests and communicates methods to identify users' acknowledged and non-acknowledged needs is considered important. Also the degree of project systematism and interdisciplinarity is considered important.
2. *High novelty value.* The extent to which the project methods or approach differ from general practice, are innovative and think along new and untraditional lines in relation to, for example, a target group, administration, collaborating partners and mindsets is considered important.
3. *Measurable effect.* It is considered important that the project can produce concrete and lasting results. This can be assessed qualitatively or quantitatively, e.g. at employee, company, institutional and societal levels.
4. *Usefulness for others.* The extent to which the knowledge obtained in the project is relevant and can be used by others is considered important.
5. *Dissemination of results to a broader group.* The extent to which the project results are disseminated to actors outside the project's group of participants is considered important.

6. *Additionality.* The extent to which the project comprises activities that would otherwise not be undertaken or would only be undertaken to a very limited extent is considered important.
7. *Collaboration.* It is considered important that there are at least two collaborating partners in a project and that at least one is an enterprise or a public institution which involves or explores users of their own products or services.

Grant rates

13.-(1) Grants to public institutions and authorities may amount to up to 75 per cent of the institution's or the authority's eligible project costs.

(2) Grants to research, education, training and cultural institutions which are not covered by those mentioned in subsection (1) may amount to up to 75 per cent of the institution's eligible project costs.

(3) Grants to Approved Technological Service Institutions may amount to up to 75 per cent of the institution's eligible project costs.

(4) Grants to legal persons other than those mentioned in subsections (1) – (3) may amount to up to 50 per cent of the legal person's eligible project costs.

(5) Grants for projects shall be made in accordance with, inter alia:

- 1) The EC's State aid rules on de minimis (Commission Regulation (EC) No 1998/2006).
- 2) The group exemption for small and medium-sized enterprises (Commission Regulation (EC) No 70/2001 as amended by Commission Regulation No 1976 of 20 December 2006).
- 3) Group exemption for training aid (Commission Regulation (EC) No 68/2001 as amended by Commission Regulation No 1976 of 20 December 2006) or
- 4) The Community framework for state aid for research and development and innovation (Information from the Commission 2006/C 323/01) after notification to the European Commission.

(6) Eligible project costs shall mean direct costs that are necessary to implement a project, cf. section 14.

(7) The Danish Enterprise and Construction Authority may derogate from the provisions of subsections (1) – (4). The evaluation of such decision shall include considerations as to whether

- 1) the general nature of the project contents is such that it can benefit a broad group of enterprises, institutions etc,
- 2) the importance of the project compared with the financial conditions of the project holder and collaborating partners requires a higher grant rate,
- 3) the nature of the project makes it particularly difficult to obtain co-funding from third parties.

Eligible project costs

14.-(1) For the project holder and the collaborating partners the predominant part of a project's eligible project costs may be payroll costs and only to a small extent other costs. Other costs may, for example, be the purchase of analyses, auditing expenses and indirect common expenses needed for the implementation of a project such as

rent, building expenses and administration etc. For a cost to be eligible a given cost must be required for the implementation of the project. As regards payroll costs, the maximum amount that may be included is the actual hourly pay spent on the project.

(2) The following costs shall not be eligible:

- 1) VAT for the project holder or collaborating partners registered for VAT purposes.
- 2) Costs in connection with the preparation of the application for grants.

Project period

15. Projects obtaining grants, cf. section 11, shall be completed within a specified project period, which shall not exceed five years from project start.

Letters of award

16.-(1) The Danish Enterprise and Construction Authority shall grant or refuse the applicant's application.

(2) The project holder and the collaborating partners comprised by an award shall sign an acceptance of the award and send it to the Danish Enterprise and Construction Authority. The acceptance shall be received by the Danish Enterprise and Construction Authority not later than six weeks after the dating of the award. The award will be withdrawn if the Danish Enterprise and Construction Authority has not received the acceptance within this time-limit.

(3) The Danish Enterprise and Construction Authority may derogate from the provision concerning the time-limit set out in subsection (2).

(4) The letter of award shall specify the amount of the maximum grant, the maximum aid percentage for various activities, the grant period and the breakdown of project costs by periods and any collaborating partners, payment of grants, as well as requirements for status reports, audit and information, including requirements for disclosure of relevant evaluation data on the projects. The award may be made conditional upon additional requirements.

Current status reporting

17.-(1) Once a year the project holder shall submit a signed status report to the Danish Enterprise and Construction Authority on a form prepared by the Danish Enterprise and Construction Authority, cf., however, section 21. By agreement with the Danish Enterprise and Construction Authority the project holder may submit status reports on the project every six months. Time-limits for submission of status reports shall appear from the accepted award.

(2) The status report shall contain:

- 1) Status for the implementation of the project and indication of how the project is being implemented in accordance with the accepted award.
- 2) Status on project finance, including:
 - a) a specified accounting statement of eligible project costs actually entered, approved and paid during the period in question, which is in accordance with the specifications of the approved budget,
 - b) the project budget broken down into periods of one year, specifying all project costs by collaborating partners,

c) a total specification of funding.

(3) The status reports, including the final status report, shall be signed by the project holder and the person responsible for project accounts.

(4) The accounts of status reports with a request for payment of DKK 500,000 or more shall be audited and certified by Kommunernes Revision (Local Government Auditing) or by a state authorised or registered public accountant in accordance with the provisions of the auditor's instructions sent together with the award to the project holder, cf. , however, subsection (5).

(5) For the accounts of status reports with a request for payment of DKK 500,000 or more from project holders which are public institutions covered by the audit powers of Rigsrevisionen (National Auditors), the only statement that shall be enclosed is one from the project holder's management.

(6) The statement mentioned in (5) shall state:

- 1) whether the accounts are correct, i.e. without significant misstatement,
- 2) whether the grant conditions have been satisfied,
- 3) whether the grant has been used for its purpose,
- 4) whether the project holder and collaborating partners have practised economy,
- 5) whether the information given by the project holder and the collaborating partners to the Danish Enterprise and Construction Authority concerning compliance with the objectives and the result requirements is supported by evidence, and
- 6) whether the project holder's management maintains the administrative business procedures that are required for documented and reliable satisfaction of the accounting and reporting requirements of the conditions of the letter of award.

(7) The Danish Enterprise and Construction Authority may request the project holder and collaborating partners to provide supplementary information on the progress of the project and require that all accounting vouchers be submitted for review.

18. The project contents and the results of the activities carried out shall be communicated to the public by the project holder or collaborating partners in the form of generally available material such as reports, articles etc.

19. The project holder and any collaborating partners, cf. section 9(1), shall at the request of the Danish Enterprise and Construction Authority give any information that is important to the award, payment of grants and the Danish Enterprise and Construction Authority's check of compliance with the stipulated conditions.

Payment of grants

20.-(1) Payment of the grant may be made when a submitted status report on the project, cf. section 17, has been approved by the Danish Enterprise and Construction Authority.

(2) The payment is equivalent to the eligible project costs actually paid and approved, cf. section 14 and section 16(4), which are set out in the status report, cf. subsection (1).

(3) Grants shall be paid to the project holder's account with a bank. The project holder shall forward grants to the project's collaborating partners in accordance with the approved status report.

21. In special cases grants may be paid in advance subject to the condition that the final settlement of the project costs can subsequently be approved by the Danish Enterprise and Construction Authority. Any advance payment shall be conditional upon the project having submitted a budget for the following six months and upon the project submitting status reports every six months with budgets broken down into six-month periods.

22.-(1) The Danish Enterprise and Construction Authority may withhold 15 per cent of the grant until satisfactory final accounts and reports are available.

(2) The Danish Enterprise and Construction Authority may withhold unpaid grants in case of late or non reporting, cf. section 20.

Conclusion, evaluation and dissemination of results

23.-(1) For use in evaluating the activities and the effect of the supported measures the project holder shall, at the end of the project, submit a signed final report to the Danish Enterprise and Construction Authority on the process compared with the original objectives on a form prepared by the Danish Enterprise and Construction Authority. The final report shall document that the project has been carried out in accordance with the accepted award and shall be received by the Danish Enterprise and Construction Authority not later than three months after the completion of the project.

(2) In the final report, a description shall also be given of the implemented knowledge dissemination activities, cf. section 18.

(3) Not later than three months after the completion of the project the project holder shall submit signed accounts for the whole project to the Danish Enterprise and Construction Authority. The accounts shall be audited and certified by Kommunernes Revision, a state authorised or registered public accountant in accordance with the rules of the auditing instructions sent together with the award of grants, cf., however, subsection (4).

(4) For the final accounts from project holders, which are public institutions comprised by the auditing powers of Rigsrevisionen, the only statement that shall be enclosed is one from the project holder's management.

(5) The statement mentioned in subsection (4) shall state:

- 1) whether the accounts are correct, i.e. without significant misstatement,
- 2) whether the grant conditions have been satisfied,
- 3) whether the grant has been used for its purpose,
- 4) whether the project holder and collaborating partners have practised economy,
- 5) whether the information given by the project holder and the collaborating partners to the Danish Enterprise and Construction Authority concerning compliance with the objectives and the result requirements is supported by evidence, and
- 6) whether the project holder's management has maintained the administrative business procedures that are required for documented and reliable satisfaction of the accounting and reporting requirements of the award conditions.

(6) In special cases, the Danish Enterprise and Construction Authority may decide based on a specific evaluation that the final report and the final accounts shall be submitted later.

(7) The project holder and collaborating partners shall make themselves available to researchers and advisers collecting experience and results from the completed projects for the Danish Enterprise and Construction Authority.

24. The final payment of the project grants shall be made after the Danish Enterprise and Construction Authority's approval of the final report and the final certified accounts, cf. section 23(3).

25. If a project is interrupted for reasons not attributable to the project holder or the collaborating partners, accounts shall be prepared for the project's approved eligible costs in the completed part of the project, after which grants can be paid for that part.

Withdrawal of awards and repayment of grants

26.-(1) The project holder shall forthwith inform the Danish Enterprise and Construction Authority in the event of any material changes in the assumptions underlying the award of grants, or if the conditions on which the grant was made cannot be satisfied.

(2) The Danish Enterprise and Construction Authority shall decide whether the changes of the project are so material that the grant shall be withdrawn in whole or in part, that a new application shall be submitted or that the project may continue with or without changes.

27. The project holder may at any time during the project period request the Danish Enterprise and Construction Authority to withdraw the award to the project holder in whole or in part for the remaining project period. In that connection the Danish Enterprise and Construction Authority shall decide whether any grant already paid shall be repaid in whole or in part.

28. The Danish Enterprise and Construction Authority may decide that awards of grants shall be withdrawn in whole or in part or demand repayment in whole or in part of a grant already paid if:

- 1) applicants have made false or misleading representations or failed to disclose information of importance to the application,
- 2) the conditions for making an award are no longer present. This includes situations where the project holder or collaborating partners have grossly neglected their duties to ensure proper implementation of the project,
- 3) grants have otherwise been unjustifiably received against the applicant's better judgment,
- 4) no status reports have been submitted, including the final status report, or the final report within the prescribed time,
- 5) the conditions of the accepted award have not been satisfied, or
- 6) the conditions for the award of a grant have changed materially, for example in connection with the termination, insolvency or disposal of an enterprise or if execution or attachment is levied against the property of the project holder or collaborating partners.

Complaints, penalty provisions and commencement.

29. Decisions made by the Danish Enterprise and Construction Authority in pursuance of this Executive Order cannot be brought before any other administrative authority.

30. For punishment see section 22 of the Danish Trade and Industry Promotion Act.

31. The Executive Order shall enter into force on 23 March 2007.

Minister for Economic and Business Affairs, 20 March 2007

BENDT BENTSEN

/Dorte Nøhr Andersen

Ministry of Economic and Business Affairs
Danish Enterprise and Construction Authority, file no. 07/04931