This document is in addition to the PowerPoint presentation from DG Clima (also part of the follow-up document pack)

**The Innovation Fund - one of the world’s largest funding programmes for demonstration of innovative low-carbon technologies**

The Commission is planning to have the first calls out for this funding scheme in Mid 2020 and are now getting feedback from different sectors (e.g. geothermal) on how many and the suitability of existing and future projects. The funds are approximately 10 Billion, with an emphasis moving away from Horizon 2020 (Research) into Demonstration.

The project life cycle is 3 to 10 years with 40% of the funds being 'non dependent on verified emissions reductions (or as they called it ‘no strings attached’) and 60% dependent on verified emissions reductions.

The example given was: If producing energy by using innovative less emission intensive ways costs 33 cents rather than 30 by current (dirty means), than the fund can be used to fund the difference of 3 cents.

So, these funds are a way to reduce the risks for private companies in their investments and they can be used in addition to other funding schemes (e.g. you received another grant from the local authorities covering 30% of your project, you deduct the 30% and apply for funding with the 70% remaining).

All of this information is preliminary (but I would say 95% complete), as the purpose of these information sessions is to determine the final way which the fund will work.

Furthermore, the **Innovation Fund** is a key funding instrument for delivering the EU’s economy-wide commitments under the Paris Agreement and supporting the European Commission’s strategic vision of a climate neutral Europe by 2050, building upon and expanding the funding previously made available by the **NER 300 Programme**.

Its objectives are to:

- Help create the right financial incentives for projects to invest now in the next generation of technologies needed for the EU's low-carbon transition
- Boost growth and competitiveness by empowering EU companies with a first-mover advantage to become global technology leaders
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The new fund will have an approximate budget of €10 Billion and will focus on highly innovative technologies and big flagship projects with European value added that can bring on significant emission reductions. Aiming to share the risk with project promoters and to help with the demonstration of first-of-a-kind highly innovative projects.

At the same time, the projects need to be sufficiently mature in terms of planning, business model and financial and legal structure.
The Fund will also support cross-cutting projects on innovative low-carbon solutions that lead to emission reductions in multiple sectors, for example through industrial symbiosis or business model innovation.

The Fund is also open to small-scale projects with total capital costs under €7.5 million which can benefit from simplified application and selection procedures.

Projects will be selected based on:

- Effectiveness of greenhouse gas emissions avoidance
- Degree of innovation
- Project viability and maturity
- Scalability
- Cost efficiency (cost per unit of performance)

More information about this initiative can be found HERE