



# InnoImpact

**Funding program for innovative startups in the field of social entrepreneurship**

Valid from 01.10.2023

**Disclaimer:** *This English version of the funding guideline is translated from the original German version. It should only be used for information purposes. For application and all administrative procedures, only the text of the German version of the funding guideline applies.*

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## 1. Purpose and subject of the grant

The InnolImpact funding program is intended to support founders and founding teams of innovative startups in the field of social entrepreneurship in the pre-founding and startup phase by providing a lump-sum personal grant to finance living expenses and costs associated with the startup project. This is done with the aim of supporting the preparation, implementation and further development of promising innovative start-up projects in Hamburg, which, in accordance with the Social Entrepreneurship Strategy of the Free and Hanseatic City of Hamburg, are characterized by three criteria:

1. Social Dimension: "The primary goal of social entrepreneurship is to solve societal challenges in the social or environmental sphere." (Positive impact on at least one of the UN Sustainable Development Goals - SDGs).
2. Entrepreneurial Dimension: "This is achieved through continuous use of entrepreneurial means and results in new and innovative solutions."
3. Governance dimension: "Governance and controlling mechanisms, such as impact analysis and transparent corporate governance, ensure that social goals are lived out internally and externally."

The funding program pursues the following goals:

- Implementation of the Social Entrepreneurship Strategy of the Free and Hanseatic City of Hamburg.
- Promoting innovative ideas and the emergence/development of innovative companies
- Strengthening Hamburg's contribution to achieving the United Nations' Sustainable Development Goals
- Creating new competitive and future-proof jobs and professional training positions in Hamburg
- Increasing the competitiveness and innovative strength of Hamburg as a business location
- Increasing the attractiveness of Hamburg as a location for social entrepreneurship and start-ups.

The funding is approved by the Hamburgische Investitions- und Förderbank (IFB Hamburg for short) on the basis of an evaluation by IFB Innovationsstarter GmbH and a funding recommendation by the awarding committee of the InnolImpact program.

## 2. Eligible applicants

Eligible to apply are:

- Natural persons or partnerships with legal capacity (e.g. GbR), provided they have not yet commenced business activities or these have existed for less than one year, and
- Legal entities (e.g. (g)GmbH, (g)UG, e.V., e.G.) that have normally been in existence for less than two years and normally employ fewer than 10 employees (in full-time equivalents including active founders) and whose annual sales or annual balance sheet total does not exceed €2 million.

The primary aim of the funding program is to support founding teams, but support for individual founders is also possible in principle. Founding teams consisting of natural persons in the pre-founding phase become a partnership under civil law (GbR) at the latest when the application is submitted.

A maximum of 3 founding persons per founding team will be funded.

The transfer of funding from a natural person or a partnership with legal capacity to a newly founded company (legal entity) within the funding period is possible. This is regulated by a written tripartite contract under public law between IFB Hamburg and the grant recipients.

## 3. Conditions for grant provision

Funding is available for innovative startups from all sectors whose primary goal is to solve societal challenges, particularly in the social and environmental fields, and which thus contribute to at least one of the United Nations' Sustainable Development Goals (SDGs).

Eligible start-up projects are characterized by the fact that

- the social problem areas and affected stakeholders are specifically named and addressed with an innovative solution including a comprehensible impact model
- their innovative products or services stand out significantly from previously available solutions,
- they work with entrepreneurial means, but the profit-making intention is secondary to the socially sustainable purpose,
- they have prospects for lasting success (in particular "market potential" for an at least partially revenue-based financing model), and
- there are particular risks in the further conception and market launch due to the novelty of the start-up's approach.

Funding is generally provided without restriction to economic sectors; however, companies in difficulty<sup>1</sup> and companies that are to be excluded within the meaning of European competition law<sup>2</sup> are excluded from funding. The funding applies to the pre-seed phase and the first phase of the company's development/growth. The overriding goal of the funded activities must

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<sup>1</sup> Cf. Art. 2 No. 18 AGVO

<sup>2</sup> In accordance with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (published in OJ 352/1 of 24.12.2013).

therefore be the further establishment of the company. In the funded period, these activities form the so-called start-up project.

In order to be eligible for funding

- the project activities must not have been started by the time the notice of approval (Bewilligungsbescheid) is issued,
- the project activities need essentially to be carried out in Hamburg and the planned or existing company headquarters need to be situated in Hamburg. In the case of natural persons, the primary residence of at least half of the founding persons intended for funding must be in Hamburg,
- the implementation of the start-up project must involve such great economic risks that its implementation would be endangered or impossible without the funding, and
- a concept for a viable business model must be presented in the project outline at the time of application, which must also clearly show the overall financing of the start-up project.

The funding must be used for the intended purpose of the funded start-up project.

## 4. Type, scope and amount of the grant

### 4.1 Type of the grant

The grant is awarded as project funding for the preparation and implementation of the start-up project.

### 4.2 Type of financing

Funding is provided in the form of fixed-amount financing.

### 4.3 Form of the grant and grant period

The grant is awarded as a non-repayable subsidy for a maximum period of 18 months. The maximum amount per start-up project is **€75,000.00 for start-up teams** or **€45,000 for individual founders**.

### 4.4 Amount of the grant

The amount of the grant is a lump sum of 2,500.00 €/month per funded founder person with full-time involvement, or 100% work input in the start-up project. In case of a lower share of work input, the lump sum for this person is reduced accordingly. However, the maximum amount for the start-up project as a whole remains unaffected.

## 5. Progress monitoring and other provisions

Funding is provided in up to three stages, in accordance with an individual timetable set out in the notice of approval (Bewilligungsbescheid), taking into account funding tranches and milestones specified therein. In the case of individual founders, Progress is reviewed in the months in which the total amount paid out exceeds €15,000.00, €30,000.00 and €45,000.00 respectively. In the case of start-up teams, progress will be examined in up to three stages in the months in which the total amount paid out exceeds € 25,000.00, € 50,000.00 and € 75,000.00.

At the end of each stage, a decision is made on the continuation or termination of the funding on the basis of a review of the achievement of predefined milestones. For this purpose, the founding team must report to IFB Innovationsstarter GmbH. The reports must contain the progress and the essential results regarding the respective milestones of the start-up project. After exercising its due discretion, IFB Hamburg decides on the continuation or termination of the funding, taking into account the recommendation of IFB Innovationsstarter GmbH.

Additional reports, e.g. regarding the status of product development, market launch, foundation, partners/contracts, etc. can be requested by IFB Innovationsstarter GmbH and/or IFB Hamburg.

In the event of a discontinuation of funding or a justified abandonment of the start-up project during the approval period, the approval may be partially revoked. Funding approved and disbursed up to that point is not usually revoked for this reason and will not be reclaimed in this case.

In the case of several funded founders in a start-up team, if one person leaves, either the funding amount can be reduced or a new suitable person can be included in the funding. In the case of a reduction, a partial revocation notice is issued while maintaining a reduced funding amount. In this case, as well as in the case of changes in the shareholder structure, IFB Hamburg must be notified in advance. In the event of a resignation and the admission of a new person, i.e. a replacement of a funded team member, this must be applied for with reasons and requires the prior written consent of IFB Hamburg. There must be comprehensible reasons for the change, otherwise the notice of approval may be partially revoked. In the case of natural persons, the prerequisite for approval is that the new team member assumes all rights and obligations of the funding.

## 6. Procedure

### 6.1 Application process

Application forms including attachments are available from IFB Innovationsstarter GmbH ([www.innovationsstarter.com](http://www.innovationsstarter.com)), which also supports the application process. Only application forms issued by IFB Innovationsstarter GmbH will be accepted.

Applications for funding must be signed and submitted to

IFB Innovationsstarter GmbH  
c/o IFB Hamburg  
Besenbinderhof 31, 20097 Hamburg

In addition to the application form completed in text form, the following supplementary documents must be submitted for a complete funding application:

- Project outline with the following contents:
  - Description of the organisation (to be founded, if applicable) including the innovative and entrepreneurial approach (especially product/service, market and revenue perspective, business model, risks).
  - Description of the solution approach pursued to deal with societal challenges, especially in the social and ecological field.
  - Description of mechanisms and measures to ensure that the social goals are lived out internally and externally and that the majority of profits are used for the organisation and its impact goals.
  - Financial plan and staff overview
- Milestone planning
- Description of the founding team with CVs of applicants/founders
- Staffing plan (use of working hours in the founding project)
- De-Minimis Declaration (cf. No. 7)
- For natural persons, legitimisation documents and, if applicable, GbR contract
- In the case of legal entities, excerpt from the register and list of shareholders and, if applicable, current version of the articles of association.

Overall, the application documents must prove that the general and substantive requirements / prerequisites according to No. 2 and No. 3 of this guideline are met.

IFB Innovationsstarter GmbH may request additional documents for review.

### 6.2 Approval procedure

#### 6.2.1 Pre-selection

IFB Innovationsstarter GmbH examines the incoming funding applications and, if necessary, obtains further opinions from experts, whereby the selection of external experts takes into account the legitimate interests of the applicant to protect business secrets.

IFB Innovationsstarter GmbH prepares a decision document for all applications regarding their eligibility for funding. IFB Innovationsstarter GmbH selects suitable applications from the



incoming funding applications according to the requirements stated in these guidelines, whose applicants are given the opportunity to present their start-up project to the funding programme's awarding committee.

### **6.2.2 Approval**

During the award committee meetings, the eligibility of the start-up projects applied for and the amount of funding to be granted are discussed and a recommendation for approval or rejection is made to IFB Hamburg.

The basis for the approval recommendation is the funding application, the preliminary opinion of IFB Innovationsstarter GmbH and, if applicable, the applicant's presentation to the Awards Committee.

Taking into account the recommendation of the awarding committee, IFB Hamburg decides on the basis of its dutiful discretion.

In the event of a positive funding decision, IFB Hamburg issues a notice of approval. The approval may be granted subject to conditions or requirements, which are to be specified in the notice of approval. In particular, the milestones discussed with the start-up are bindingly stipulated in the notice.

## **6.3 Disbursement procedure**

Once the approval decision has become effective, the grant will be paid monthly at the end of the month to the business account of the grant recipient(s) specified in the application, without the need for a request for funds (Mittelabruf).

In the case of natural persons/GbR, the grant will be paid to an account to be specified by the applicant(s); in the case of corporations, it will be paid to the business account of the company (legal entity).

## **6.4 Proof of disposition procedure**

After completion of the funding, a proof of disposition document (Verwendungsnachweis) must be submitted to IFB Hamburg within six months.

The proof of disposition document consists of a factual report and numerical evidence:

### ***Factual report:***

- Course of the start-up project
- Results achieved
- Outlook on the further development of the enterprise
- Development of the impact model

### ***Numerical evidence:***

- List of payments received during the funding period per founding member
- Confirmation that the disbursed funds have been properly used.

Further obligations to provide evidence and information result from the notice of approval (Bewilligungsbescheid).

In order to ensure efficient and proper control and evaluation of the funded project, the Ministry providing the funds, IFB Innovationsstarter GmbH, IFB Hamburg and third parties commissioned by them are entitled to inspect original receipts, accounting and other business documents, to conduct local surveys and to demand all necessary information. The Court of Audit of the Free and Hanseatic City of Hamburg or its authorised representatives are also entitled to these rights. Furthermore, in the event that a scientific consulting institute is commissioned by the European Communities, the Federal Republic of Germany or the Authority for Economic Affairs and Innovation (BWI), the funding recipient is obliged to provide all information required for the purpose of scientific monitoring and evaluation of the funding programme.

The rights of the Court of Audit of the Free and Hanseatic City of Hamburg arise from Section 84 and Section 81 (1) of the State Budget Code (LHO) for the commissioned audit offices.

As part of the evaluation of the funding programme, the funding recipient must report annually to IFB Hamburg for a period of six full financial years after project completion a selection of key figures on the further use of the project results and impact of the funded project.

The funding recipient must keep the project-relevant documents available for a period of six full financial years after project completion. Any longer retention obligations under tax law or other regulations remain unaffected of this guideline.

## **6.5 Repayment of the grant**

IFB Hamburg may partially or completely revoke the grant awarded in the notice of approval (Bewilligungsbescheid) if the grant recipient violates essential provisions of this guideline or other requirements or conditions attached to the award of the grant in the implementation of the start-up project.

This applies in particular,

- if the company (GbR, corporations and other legal entities) founded or further developed within the scope of the start-up project does not establish its registered office in Hamburg or should relocate it from Hamburg during the approved funding period,
- if the company (GbR, corporations and other legal entities) established or further developed within the scope of the start-up project relocates its registered office from Hamburg within six full financial years after the end of the funding, and
- if the enterprise (GbR, corporations and other legal entities) funded within the scope of the start-up project undergoes significant changes within six full financial years after completion of the project that conflict with the purpose of the funding and the provisions of the notification of approval.

## **7. Legal basis and regulations to be observed**

The regulations on grants of the Budget Code of the Free and Hanseatic City of Hamburg apply, in particular the General Auxiliary Terms and Conditions for Project Funding, unless deviations have been permitted in the funding guideline or notice of approval.

The funding is provided as de minimis funding pursuant to Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the EU to de minimis aid, Official Journal of the EU No L 352/1-8 of 24 December 2013, as last amended by Commission Regulation (EU) No 2020/972 of 02. 07.2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments, Official Journal of the EU No L 215/3 of 07.07.2020 (hereinafter the de minimis Regulation) and is subject to the rules of European State aid law.

The total amount of de minimis aid granted to a single undertaking in any period of the current fiscal year and in the two preceding fiscal years shall not exceed 200,000.00 (in the commercial road haulage sector, with the exception of the passenger road haulage sector, up to € 100,000.00).

In order to verify the maximum permissible amounts, the grant recipient is obliged to disclose all de minimis aid received within the current calendar year as well as in the previous two calendar years. The maximum amount applies to aid of any kind and for any purpose and regardless of whether the aid granted by the Member State is financed in whole or in part from Community funds (e.g. Land funds, federal funds, EU funds, loans, guarantees and other benefits from State resources).

De minimis aid may not be cumulated with other aid in respect of the same eligible expenditure (costs) if the aid intensity resulting from such cumulation would exceed that laid down in a block exemption regulation or decision adopted by the Commission regarding the specific features of each case (see Article 5 (2) of the de minimis Regulation).

For this funding programme, no administrative fee is charged for the approval and official acts within the scope of the administration of the funding in accordance with the Hamburgische Investitions- und Förderbank Fee Schedule (No. 1 of the Annex to the Fee Schedule). All other fees in the Schedule of Fees are charged.

The Ministry for Economic Affairs and Innovation (BWI) is the guideline issuer.

## **8. Entry into force**

This funding guideline comes into force on 01.10.2023 and is valid until 31.12.2023.

Note: From 01.01.2024, this guideline will be replaced by a guideline in accordance with the new, then applicable, de minimis regulation.