



InnoFounder

Funding Programme for innovative and Knowledge-Based Startups

Valid from 1 July 2018

Last change: 1 January, 2024

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. Funding Objectives, Purpose of the Grant

The InnoFounder funding programme aims to support founders and founding teams of innovative startups in the pre-founding and startup phase by providing a flat-rate personal grant to finance living expenses and costs associated with the startup project.

The aim is to pave the way for the preparation and implementation of promising innovative and knowledge-based start-up projects in Hamburg.

The funding programme pursues the following objectives:

- Improvement of the founding climate in Hamburg
- Promotion of innovative ideas and the emergence/development of innovative companies
- Support for Hamburg's contribution to achieving the UN Sustainable Development Goals - SDGs
- Creation of new, competitive and sustainable jobs and training positions in Hamburg
- Increasing the competitiveness and innovative strength of Hamburg as a business location
- Strengthening Hamburg's future fields (Zukunftsfelder)
- Increasing the attractiveness of Hamburg as a start-up location

The funds are approved by the Hamburgische Investitions- und Förderbank (IFB Hamburg) based on an assessment by IFB Innovationsstarter GmbH and a funding recommendation from the InnoFounder programme's awarding committee.

There is no legal entitlement to funding on the part of the applicants. Rather, the approving authority decides at its own discretion within the scope of the available budgetary funds.

2. Eligible Applicants

Eligible applicants 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 that have been in existence for less than one year, generally employ fewer than five people (in full-time equivalents, including active founders) and whose annual turnover or annual balance sheet total does not exceed € 500,000.

The primary aim of the funding program is to support founding teams; however, the funding of individual founders is also possible in principle. Founding teams of natural persons in the pre-founding phase shall form a civil law partnership (GbR) at the latest upon application.

A maximum of three 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 governed by a public law contract between IFB Hamburg and the funding recipients.

3. Grant Prerequisites

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) are eligible for funding.

Eligible start-up projects are characterized by the fact that:

- their innovative products or services stand out significantly from previously available solutions,
- 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.

In principle, funding is provided without restrictions on economic sectors; however, companies in difficulty¹ and companies that are to be excluded within the meaning of European competition law² are excluded from funding.

The funding applies to the pre-founding phase (pre-seed) and the first phase of company development/growth (seed). The overriding goal of the funded activities must therefore be the further company development. During the funding period, these activities form the so-called start-up project.

In order for funding to be considered,

- the project activities must not have commenced prior to the issue of the grant approval notice (Bewilligungsbescheid),
- the project activities are mainly carried out in Hamburg and the planned or existing company headquarters are in Hamburg. In the case of natural persons, the main place of

¹ Cf. Art. 2 No. 18 AGVO

² 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).

residence of at least half of the founding persons intended for funding must be in Hamburg,

- the implementation of the start-up project involves such great economic risks that its implementation would be jeopardised or impossible without the funding, and
- the project outline must include the presentation of a concept for a viable business model at the time of application, in which the overall financing of the start-up project is also presented in a comprehensible manner.

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 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 Funding 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 founding teams** or **€45,000 for individual founders**.

4.4 Amount of the Grant

The amount of the grant is a flat-rate of €2,500/month per funded founder person with full-time involvement, i.e. 100% work input in the start-up project. In case of a lower share of work input, the flat-rate amount 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 Grant Provisions

In addition to the proof of appropriation audit, the success of the funding is monitored in up to two stages in accordance with an individual timetable with corresponding milestones set out in the grant approval notice. In the case of individual founders, the achievement of milestones is checked in the month in which the total payment amount exceeds €15,000 and €30,000 respectively. In the case of two to three persons in the founding team, the check is carried out in the month in which the total payment amount exceeds €25,000 and €50,000 respectively.

The review of the respective milestones is based on a corresponding report by the start-up project to IFB Innovationsstarter GmbH. The reports must contain the progress and the main results with regard to the respective milestones of the start-up project. IFB Hamburg decides on the continuation or termination of the funding, at its own discretion, 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., may 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.

If there are several funded founders in a founding team, if a person leaves, either the funding amount can be reduced or a new suitable person can be included in the funding. In the event of a reduction, a partial revocation notice will be issued while maintaining a reduced level of funding. In this case, as well as in the event of changes in the shareholder structure, IFB Hamburg must be notified in advance.

In the event of a departure and the inclusion of a new person, i.e. an exchange of a funded team member, this must be applied for with justification and requires the prior written consent of IFB Hamburg. There must be comprehensible reasons for the change; otherwise, the grant approval notice may be partially revoked. In the case of natural persons, the prerequisite for approval is that the new team member assumes all the rights and obligations of the funding.

6. Procedure

6.1 Application Procedure

Application forms and attachments are available from IFB Innovationsstarter GmbH (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 submitted in signed form 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 content:
 - Description of the company (if applicable, to be founded), including the innovative and entrepreneurial approach (in particular product/service, market and revenue prospects, business model, risks)
 - Financial plan and job overview
- Milestone planning
- Description of the founding team with CVs of applicants/founding persons
- Personnel plan (working time input in the start-up project)
- De-Minimis Declaration (see no. 7.2)
- For natural persons, identification documents and, if applicable, GbR contract
- For legal entities, extract from the commercial 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 further documents for examination

6.2 Approval Procedure

6.2.1 Preliminary Selection

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

For all applications, IFB Innovationsstarter GmbH prepares a decision template regarding the eligibility for funding of the applications. From the incoming funding applications, IFB Innovationsstarter GmbH selects suitable applications in accordance with the requirements specified in this guideline, whose applicants are given the opportunity to present their project to the funding programme's awarding committee.

6.2.2 Approval

During the awarding committee meetings, the eligibility for funding of the proposed start-up projects 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 funding recommendation is the funding application, the preliminary statement of IFB Innovationsstarter GmbH and, if applicable, the presentation of the applicant to the awarding committee.

Taking into account the recommendation of the awarding committee, IFB Hamburg decides at its own discretion.

In the event of a positive funding decision, IFB Hamburg issues a grant approval notice. The approval may be subject to conditions, which must be specified in the grant approval notice. In particular, the milestones discussed with the start-up project are bindingly defined in this notice.

6.3 Disbursement Procedure

After the grant approval notice becomes legally binding, the grant is paid out monthly at the end of the month to the account of the grant recipient specified in the application, without the need for a request for funds.

In the case of natural persons/GbR, the grant is paid to an account specified by the applicant(s); in the case of legal entities, it is paid to the business account of the company/organisation.

6.4 Proof of Appropriation Procedure

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

The proof of appropriation consists of a factual report and a numerical proof:

Factual report:

- Progress of the start-up project
- Results achieved
- Outlook on the further development of the company

Numerical proof:

- List of payments received during the funding period per founding member
- Confirmation that the allocated funds were used properly.

Further proof and information obligations arise from the grant approval notice (Bewilligungsbescheid).

In order to ensure efficient and proper control and evaluation of the funded project, the funding authority, IFB Innovationsstarter GmbH, IFB Hamburg and third parties commissioned by them are entitled to inspect original documents, accounting and other business documents, to carry out on-site surveys and to request all necessary information. These rights also apply to the State Audit Office of the Free and Hanseatic City of Hamburg or parties commissioned by them. In addition, the funding recipient is obliged, in the event that a scientific consulting institute is commissioned by the European Communities, the Federal Republic of Germany or the Ministry for Economic Affairs and Innovation (BWI) for the purpose of scientific support and evaluation of the funding programme, to provide all necessary information for this purpose.

The rights of the State Audit Office 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 on a selection of defined key figures (such as the number of jobs created) over a period of six full financial years after the end of the project.

The funding recipient must keep the project-relevant documents available for a period of six full financial years after the end of the project. The records of information on compliance with the requirements of the de minimis regulation must be kept for ten years from the date of approval. Any longer retention obligations under tax law or other regulations remain unaffected.

6.5 Repayment of the funding

IFB Hamburg may partially or completely revoke the grant awarded in the grant approval notice (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 framework of the start-up project does not establish its registered office in Hamburg or relocates it from Hamburg during the approved funding period,
- if the company (GbR, corporations and other legal entities) founded or further developed within the framework 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 company (GbR, corporations and other legal entities) funded within the framework of the start-up project undergoes significant changes within six full financial years after completion of the project which conflict with the purpose of the funding and the provisions of the grant approval notice (Bewilligungsbescheid).

7. Legal Basis and Regulations to be Observed

7.1 Grant Law Basis

IFB Hamburg grants subsidies in accordance with these funding guidelines and in accordance with the corresponding application of § 46 of the State Budget Code (LHO). There is no legal entitlement to the granting of funding.

The regulations on grants in the budget code of the Free and Hanseatic City of Hamburg apply, in particular the General Supplementary Provisions for Project Funding (ANBestP), unless deviations have been permitted in the funding guidelines or grant approval notice.

7.2 State Aid Law Basis

The granting of the funds is subject to the conditions of the de minimis regulation (EU) No. 2023/2831 of the Commission of 13.12.2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L, 2023/2831, 15.12.2023), as amended, and is subject to the restrictions of state aid law.

7.3 Implementation of the Funding

In 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 of Hamburg is the guideline issuer.

8. Entry into Force

This funding guideline comes into force on 1 July, 2018. The last change to this guideline was made on 1 January, 2024.

