



# DIAMONDS4IF

DISCOVERY, IDENTIFICATION, APPLICATION, AND MONITORING OF  
DEVELOPED SOLUTIONS FOR INNOVATION FUND

## GUIDELINE – TIMELINE: HOW TO PLAN AN INNOVATION FUND PROJECT



These documents closely reflect the topics explored in our Tutorial Video on “How to Plan an Innovation Fund project” on our YouTube channel. Each guideline breaks down the essential steps of the application process and includes detailed explanations, graphical representations and useful insights into the most relevant topics.

In this guideline we will guide you through the key aspects of planning a successful Innovation Fund project. From application to project completion, you will learn how to navigate through the complexities of the funding process, including the preparation, construction and operation of a new decarbonisation investments.

### What is an Innovation Fund project?

- Innovation Fund supports engineering, construction, and operation of new investments in decarbonization, where the first 10 years of operation are relevant for funding
- Innovation Fund projects may cover more than a decade of years!
- The Innovation Fund grant scheme uses a specific framework for project planning:
  - Preparation
  - Financial Close
  - Construction
  - Entry into operation

Your timelines may be already complex, but now they need to align with a strict funding calculation and payment structure. Generally, you calculate the entire lifetime of your business case, with the first 10 years of operation being relevant for the funding.

The main milestones in Innovation Fund projects are called “Financial Close” and “Entry into operation”. These mark points in the planning when funding conditions change, and major requirements must be met.

### If you plan an Innovation Fund project, consider the following:

1. There **is one call per year** with an application deadline in spring. You'll need more than half a year to prepare the application after deciding to proceed.
2. **After the call deadline**, there's roughly another **6 months for evaluation** and initial preparatory work. Don't start construction or anything that makes the project irreversible.
3. **Validating your application data** in the grant agreement preparation phase until a grant contract is signed will take another 3-4 months.

4. The month after the grant agreement marks the start of your Innovation Fund project. You have **up to 4 years to reach the next step**, but ideally between 1-2 years.
5. The next step is **Financial Close**, which involves not only finance but also offtake contracts, permits, and other relevant agreements. This is different from the Final Investment Decision, which should happen earlier. **Financial Close is the first milestone where you can request a grant payment.**
6. The following construction phase should cover all necessary CAPEX, since no CAPEX is eligible for funding afterward. This phase may last roughly between 1 and 4 years, depending on the project type and size. Yearly payments can be arranged if certain milestones are met, as agreed in the grant agreement.
7. **Starting the operation of the plant or the manufacturing of new products marks the** Entry into operation. From this date, your benefits and revenues from the project need to offset the eligible OPEX. This is also the last major payment milestone.
8. During operation, smaller tranches of the grant will be paid if **GHG emission savings are met**. The corresponding monitoring and reporting may cover another 5 years.

All these parts of the plan need to be detailed and presented in the application documents.

#### ...in a Nutshell:

#### Please consider the following:

1. One call per year.
2. Don't start construction before approval.
3. Up to 4 months of project negotiation.
4. Max. 4 years to Financial Close.
5. All CAPEX in Construction Phase.
6. Major payment at Entry into operation.
7. Yearly payments during Operation Phase.



### Let's summarise:

- Detailed Engineering, permissions, and contracts with suppliers and off takers must be finalized **before** Financial close and are already part of an Innovation Fund project plan.
- The payment regime needs to be adhered, even if this requires some modification of your original plans.

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Let DIAMONDS4IF be your trusted partner in navigating the Innovation Fund and unlocking the full potential of your projects. DIAMONDS4IF has been set up to explain the unique features of the Innovation Fund to you!

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