

RESEARCH Funding Program

## **Production in the City 2019**

*Resource-friendly & innovative*

### Open Call

Mag.<sup>a</sup> Dögl

Vienna, November 2018

## 1. Name of Open Call

### **Production in the City 2019**

## 2. Legal Framework

This open call – administered by the "*Vienna Business Agency. A service offered by the City of Vienna.*" (henceforth referred to as: "Vienna Business Agency") – is based on the City of Vienna funding guidelines "Research/18 21+ guidelines" (pursuant to the Vienna municipal council decision of December 20, 2018). These guidelines (henceforth referred to as such) are available for download at: [www.wirtschaftsagentur.at](http://www.wirtschaftsagentur.at). The *Production in the City 2019* open call will be administered from within the framework of the RESEARCH funding program. The funding program will be treated in accordance with the provisions of the General Block Exemption Regulation<sup>1</sup> (henceforth referred to as GBER), section 4 of the European commission and the Treaty on the Functioning of the European Union to *de minimis* aid (in short: "*de minimis* reg.>").

## 3. Background

### ***Production in the City***

The roughly 8,500 production businesses currently situated in Vienna make a sustainable contribution to the prosperity of the city, in particular by providing 140,000 jobs.<sup>2</sup> Although classic industry has experienced a marked decline in recent years, the total number of companies currently in business generate a higher net product than ever before.<sup>3</sup>

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<sup>1</sup> Commission Regulation (EU) no. 651/2014 (GBER 2014: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=FE>) of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, published in the Official Journal of the European Union L 187/1 on 26.06.2014 (in short: "GBER 2014") together with the Commission Regulation (EU) 2017/1084 (regulation 2017: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=DE>) of 14 June 2017 amending Regulation (EU) No 651/2014, published in the Official Journal of the European Union L 156/1 on 20.06.2017 (in short: "AGVO regulation 2017") – together in short: "GBER". The following sections are particularly relevant: article 22 and 25, paragraph 2, sections b and c, 28 as well as 29 of the GBER.

<sup>2</sup> IV-Wien: Industriellenvereinigung Wien, [https://wien.iv.at/media/filer\\_public/fb/13/fb13e89d-ccod-4d93-a848-9949c6ad7482/iv\\_wien\\_folder\\_final.pdf](https://wien.iv.at/media/filer_public/fb/13/fb13e89d-ccod-4d93-a848-9949c6ad7482/iv_wien_folder_final.pdf); as of 11.10.2018

<sup>3</sup> Final study report: "Umfang und Struktur der Industrie Wiens," Industriewissenschaftliches Institut on behalf of Industriellenvereinigung Wien, April 2014, p. 4.

In other words: *Urban production* makes a significant contribution to a city's prosperity.<sup>4</sup>

The city of Vienna's "*Fachkonzept Produktive Stadt*"<sup>5</sup> acknowledges the significance of urban production, securing commercial areas for the long-term and establishing new ones. In the past, the Vienna Business Agency has supported production facilities via two open calls aimed at supporting R&D efforts ("Pro Industry 2015" and "Pro Industry 2017").

One specific challenge confronting urban production addressed by "*Fachkonzept Produktive Stadt*" is limitations in natural and spatial resources, and thus the necessity to and importance of using material resources such as commodities, energy, etc. as efficiently as possible. Production is more effected by these challenges than any other economic sector. The general (global) scarcity of resources, and competition for these, is more pronounced in urban areas where they need to be shared among a larger population than in rural areas.

The city of Vienna acknowledges this circumstance through, among others, the *Smart City Wien Framework Strategy*<sup>6</sup> – The unequivocal objective of this strategy is to increase "*Vienna's quality of life while at the same time protecting resources as far as possible and promoting comprehensive innovations.*"<sup>7</sup>

### 3.2. Production in the City: Resource-friendly & Innovative

In light of the abovementioned challenges, modern urban production can and must embrace the *efficient and optimized use of resources*.

The following innovative solutions demonstrate means of efficiently and optimally conserving material and spatial resources in urban production:

- *Research and development* are naturally top on the list of important drivers of innovation, and thus take on an important role in conservation. New technologies allow for the development, improvement, or complete re-imagining of production methods and processes. 3D printing for industrial purposes is an example of the opportunity to radically change production processes. Other empowering concepts for

<sup>4</sup> See also "Wiener Standortabkommen 2018 - Industrie und Wirtschaft in der Stadt"  
<https://wien.iv.at/de/iv/pageflip/92205/#page=1> (13.11.2018).

<sup>5</sup> See also "Fachkonzept Produktive Stadt" <https://www.wien.gv.at/stadtentwicklung/studien/boo8500.html> (13.11.2018)

<sup>6</sup> See also "Smart City Wien Framework Strategy"  
<https://www.wien.gv.at/stadtentwicklung/studien/pdf/boo8384b.pdf> (13.11.2018)

<sup>7</sup> "STEP 2025 – Urban Development Plan Vienna", Stadtentwicklung Wien, Magistratsabteilung 18 – Stadtentwicklung und Stadtplanung, 2017, p. 26.

urban production include the circular economy<sup>8</sup>, open hardware, vertical production and Green Industry 4.0.

- There is also a great potential in the synergy between production and *digitalization*. Businesses that embark upon digitalization projects aimed at conserving resources are particularly attractive in the framework of this open call (keywords: predictive maintenance, digital twins as the digitalization of production processes, digital transformation of extant systems).
- The *material sciences* sector (e.g. renewable raw materials, biothermodynamic material properties, or packaging technologies) and *product design* (e.g. "from cradle to cradle" approaches, modular production) provide yet further opportunity for better resource management.
- *Production-related service providers* that use their expertise to provide a contribution and/or concept for resource conservation stand to make a particular contribution.

In summary, this open call aims to support Vienna-based production companies or production-related service providers in the products, processes, and services sectors that use innovative R&D-based developments to contribute to the preservation and conservation of resources.

### 3. Focus of the Open Call

Working within the framework of Production in the City 2019, this open call aims to fund of research and development projects led by Vienna-based production businesses and production-related service providers.

In order to guarantee continued production in the city, we seek projects aimed at developing more efficient means of using and/or conserving spatial or material resources.<sup>9</sup>

Projects must directly contribute to the conservation of resources, and we are particularly interested in products that endeavor to digitalize production processes.

This open call particularly encourages applications from production businesses working in cooperation with research facilities and/or production-related service providers, as this variety

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<sup>8</sup> See also "Closing the loop: Commission Adopts Ambitious New Circular Economy Package to Boost Competitiveness, Create Jobs and Generate Sustainable Growth" [http://europa.eu/rapid/press-release\\_IP-15-6203\\_en.htm](http://europa.eu/rapid/press-release_IP-15-6203_en.htm) (21.12.2019)

<sup>9</sup> Resources in the sense of this open call are defined as material resources used by industry (raw materials, energy and water) as well as the resource of "space" in the sense of use for urban production.

of knowledge transfer is perceived as heightening the potential for successful implementation of concepts for resource conservation (and could result in higher funding).

#### **4. Formal Criteria for the Open Call**

This open call supports research and development projects by either extant or start-up businesses based in Vienna that

- 1) Are part of the production sector or
- 2) Provide services that are explicitly and directly relevant to production businesses,<sup>10</sup> with
- 3) Their objective being a more efficient use and/or preservation of spatial and/or material resources, thus propagating production in the city.

The end result of the project must demonstrate a (more) resource-saving production method (including services that contribute to facilitating a (more) resource-saving production method) and/or exhibit a direct and immediate resource-saving effect through the developed product/process/service innovation.

Projects focused purely on saving businesses money, time and/or personnel costs, or on economic measures with one-time effects such as CSR practices, are not eligible.

Conceptually speaking, the proposals must surpass the current state of technology and knowledge and directly or indirectly result in new or markedly improved products, procedures/processes or services.

Examples are businesses from the areas of facility planning and construction, industry 4.0, waste management, energy industry, construction industry, logistics, traffic, agriculture, packaging, and food industry, as well as service providers from these economic sectors that contribute to corresponding material and/or spatial resource conservation.

#### **Participation**

Please review pt. 4 of the prevailing Research/18 – 21+ guidelines to determine if you are eligible to apply. In accordance with pt. 4.1. and pt. 4.2. of the prevailing Research/18 – 21+ guidelines, only Vienna-based business and founders are eligible to apply as lead partners.

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<sup>10</sup> with the exception of pure consulting services or not clearly defined services

## 6. Open Call Criteria

### 6.1. Basic Criteria

In accordance with the framework of the *Production in the City 2019* open call, the following R&D projects administered by Vienna-based businesses are eligible for funding:<sup>11</sup>

- Projects that also address current research questions and thus reach beyond pure product development and the current state of technology;
- Projects that demonstrate a basic strategy for economic implementation from which the city of Vienna has the potential for future economic gain;
- Projects that directly or indirectly result in product, service or process innovations.

In accordance with EU definitions, eligible projects must fall within the fields of either "industrial research" (IR) or "experimental development" (ED).<sup>12</sup>

Applicant businesses must come up with significant parts of the project-related R&D in-house and must also shoulder the majority of the risk associated with the realization of the project, in particular the risk associated with the economic implementation of the obtained R&D results.

### 6.2. Eligible Costs

All project-related costs such as project-related personnel, such as R&D-related personnel costs, that the business (or business partners in case of a joint application) may incur as internal or external personnel expenses<sup>13</sup> (and/or project-related material costs or investment expenses are eligible. A detailed list of these can be found under pt. 6 of the Research/18 – 21+ guidelines.

All expenses must naturally stand in direct relation with the project.

Expenses incurred by small and mid-sized businesses related to the protection of proprietary research and development results are also subject to funding.<sup>14</sup>

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<sup>11</sup> The eligible minimum project duration is 1 year, the maximum is 5 years.

<sup>12</sup> See article 2, clause 84-86 of the GBER or appendix VII of the Research/18 – 21+ guideline.

<sup>13</sup> *Personnel costs* are defined as the costs necessary to maintain employees for the applying business that are in direct relationship to R&D work. In the case of small businesses, the value of work performances by business owners and shareholders that are actively working on a project can be taken into consideration.

*Expenses for external services*: see pt. 6 of the Research/18 – 21+ guidelines.

<sup>14</sup> Costs in connection with the attainment, validation, or defense of patents and other immaterial assets are subject to a funding rate of 50%. See pt. 8 of the Research/18 – 21+ guidelines.

### 6.3. Funding Rate

Funding rates are dependent on research-grade classification as defined by EU provisions: Project elements (working packages) that are classified as experimental development (ED), are subject to a funding rate of 25% for large businesses, 35% for mid-sized businesses and 45% for small businesses. All project elements (working packages) classified as industrial research (IR) are subject to a funding rate of 50% for large businesses, 60% for mid-sized businesses, and 70% for small businesses.

Endeavors should cause applying businesses to adopt maximum sustainability practices. Projects should furthermore be conducted using largely in-house research and development work, with the understanding that the applying business shall shoulder all associated technical and economic risks. Research facilities are thus only eligible as project partners. As knowledge transfer partners, research facilities are only eligible for a standard funding rate of 80%. Additional bonuses are not available to research facilities (see also pt. 8 of the Research/18 – 21+ guidelines).

### 6.4. Cooperation Projects

In the case of cooperation projects, businesses may receive a bonus of up to 15%<sup>15</sup>, provided they fulfill the following criteria:

Unlike contractual relationships, *cooperation projects* are not defined by the principal of paid service and service in return, but rather by *mutual interest*, whereby the *rights and obligations* assumed by each party are predefined by each partner within the framework of a cooperation contract. All partners of a jointly conducted research endeavor thus share the *costs of* and *rights* to all research results.

In instances of cooperation between at least two (independent) businesses, none of the individual businesses may bare more than 70% of the eligible costs.

The endeavor must furthermore either include cooperation with at least one SME or be international in nature or. In instances of cooperation between a business and a research facility, the research facility must shoulder at least 10% of eligible costs and, given that the investigation has been carried out in their facility, must be granted the right to publish results.

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<sup>15</sup> Eligible up to a maximum of 80%. See also pt. 8 of the Research/18 – 21+ guidelines.

## **6.5. Joint Application / Partner Application**

If the proposed project is to be undertaken in cooperation with one or more partners, it is generally permissible to choose partners from all sectors and all geographic regions. It is, however, only possible to include the project costs of said cooperation partners in the joint funding application if the eligible partner is Vienna-based (for an exact definition see pt. 4.2 of the Research/12 – 21+ guidelines).

## **7. Maximum Funding**

Maximum funding per project is € 500,000.

## **8. Available Budget**

The total budget available for this open call is € 2,000,000.

## **9. Contracting Party**

This open call is administered by the Vienna Business Agency, 1070, Mariahilfer Strasse 20. The funds available were provided by the City of Vienna.

## **10. Application Period**

Applications for this call can be submitted from Tuesday, December 11, 2018, 12am until Wednesday, April 10, 2018, 12am at <https://cockpit.wirtschaftsagentur.at>.

Applications can be completed in German or English and must be submitted online to the Vienna Business Agency within the period mentioned above. Application materials will be supplied upon successful registration at <https://cockpit.wirtschaftsagentur.at> from the time that this call is announced until the end of the application deadline. The original copy of the "Certificate of Application Authenticity" (located on the last page of the online form), which must be signed by an authorized member of your business, is due by the application deadline and should either be sent by registered mail (date of postage stamp) or hand delivered to the Vienna Business Agency, 1070 Vienna, Mariahilfer Strasse 20.

## **11. Evaluation**

Applications must comply with the abovementioned objectives and requirements for submission. Applications will be evaluated according to evaluation criteria stated in pt. 14 of the Research/18 – 21+ guidelines, and according to a standardized evaluation system that can be found at [www.wirtschaftsagentur.at](http://www.wirtschaftsagentur.at). The evaluation will be made by an expert jury. Should there be doubts on behalf of an applicant regarding the impartiality of potential evaluators they have the option to exclude a maximum of two individuals or institutions by submitting the names and addresses of the same. The contents of the applications and the detailed evaluations will be accessible solely by the contracting party (i.e. Vienna Business Agency) and the jury members. The contracting party reserves the right to publish the names of applicants who receive a positive grant decision. The project title, a short project description, the grant amount, and the jury's statement may likewise be published.

## **12. Further Procedure**

Following the completion of the evaluations of applications that have met the open call requirements, applications will be ranked according to quality and recommended by the Vienna Business Agency committee for funding in accordance with the stipulations of the budgetary framework. In accordance with EU regulations maximum aid intensities are hereby taken into consideration.

The municipal administration of the City of Vienna will award grants on the basis of these recommendations. The specified subsidies are all maximum amounts.

## **13. Funds**

### a) Cash subsidies for R&D

Cash subsidies will be awarded for the realization of the best R&D projects. The allocation of funds will follow the rank assigned to the evaluated applications. Subsidies will be provided in the following amount until the budget for those subsidies has been depleted.

The subsidy amount will be calculated according to project type and the eligibility of project costs as determined during the evaluation process and pursuant to the Research/18 – 21+ guidelines.

## b) Bonuses

In the case of a positive funding decision, projects that can be proven to be led by qualified females<sup>16</sup> who are employed by the Vienna-based applicant businesses or their eligible partners<sup>17</sup> will receive a € 10,000 bonus.

## 14. Further Information

Information about this open call as well as supporting documents (in particular the Research/18 – 22 guidelines and the evaluation system) can be found at [www.wirtschaftsagentur.at](http://www.wirtschaftsagentur.at). For additional information please contact Karin Dögl by email [doegl@wirtschaftsagentur.at](mailto:doegl@wirtschaftsagentur.at) or telephone +43-1-4000-86161.

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<sup>16</sup> The eligible person must be an employee of the applying business or, in the case of a partnership applications, of an eligible partner pursuant to pt. 4 of the Research/18 – 21+ guidelines.

<sup>17</sup> Pursuant to pt. 4 of the Research/18 – 21+ guidelines.