# LU-CID Funding Programme
## Guidelines for applicants

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# 1. Introduction

*This document provides information about the Cybersecurity Innovation and Development Funding Programme (LU-CID) operated by the National Cybersecurity Competence Center of Luxembourg (NC3), in its quality of National Coordination Center (NCC-LU). These guidelines may be reviewed and updated by the NC3.*

The National Coordination Center of Luxembourg (NCC-LU) is operated by the NC3 and is responsible for fostering the Cybersecurity Competence Community in Luxembourg. As part of its responsibilities, the NCC-LU is empowered to provide Financial Support to Third Parties (FSTP) by managing funds from the Digital Europe Programme (DEP). Financial Support to Third Parties (also known as Cascade Funding) is a European Commission mechanism aiming at distributing European public funding in order to assist beneficiaries, such as start-ups, scale-ups and SMEs, in the uptake and development of digital innovation.

The LU-CID programme is operated in close cooperation with the Ministry of the Economy, and with the participation of Luxinnovation. Project funding will directly arise from the Innovation & Development fund[1]. This call for funding especially aims at strengthening the national cybersecurity ecosystem and fostering cybersecurity capacity building in Luxembourg with the purpose of ensuring the resilience of Luxembourg's economy.

# 2. Programme description

## 2.1. Financing and budget

The LU-CID Programme is part-financed by the European Commission through the Digital Europe Programme (DEP) (50%) – as part of the call topic *Deploying The Network Of National Coordination Centres With Member States* - and part-financed by national R&D funds through the financial aid for research and development. The allocated budget for the LU-CID funding programme is EUR 1,440,000, that is split into two calls for projects. The second call for funding will be open from 1st November 2024 until January 31st 2025.

## 2.2. Maximum grant and aid intensity

For each eligible project, a maximum grant of EUR 60.000 can be awarded. Total project costs will be co-financed at an 80% rate for micro and small companies, and at a 70% rate for medium-sized companies. A maximum of 24 projects will be co-financed through this programme. An entity can only apply for funding once in the framework of a LU-CID call for proposals.

| Company category | Staff headcount | Turnover | Balance sheet total | co-financed |
|---|---|---|---|---|
| Medium-sized | < 250 | ≤ €50 million | ≤ €43 million | 70 % |
| Small | < 50 | ≤ €10 million | ≤ €10 million | 80 % |
| Micro | < 10 | ≤ €2 million | ≤ €2 million | 80 % |

## 2.3. Call for applications

Interested and eligible undertakings will be able to submit their project proposal in the timeframe of open call for funding. Luxinnovation will proceed with the due diligence assessment of applicants. The content of all project proposals will be assessed by the NCC-LU and all applications scoring above the set threshold will be ranked. A maximum of 12 top-ranking projects proposals will be selected for funding and, after official submission through the MyGuichet Platform, instructed by the Ministry of the Economy. The final decision for funding award is at the sole discretion of the Ministry of the Economy.

# 3. Eligibility

## 3.1. Exclusions

The applying entity will be considered ineligible for funding through the LU-CID programme in the following situations:

a) The undertaking is considered an undertaking in difficulty under the terms of article 2, paragraph 18, of the General Block Exemption Regulation (EU 651/2014 of the Commission, of 17 June 2014)[2];

b) The entity is subject to one of the exclusion situations mentioned in Article 136 of the Regulation (EU, Euratom) 2018/1046 of 18 July 2018 on the financial rules applicable to the general budget of the Union[3];

c) The entity or its representative is in one of the exclusion situations mentioned in the general terms and conditions applicable to all financial aid for research, development and innovation[4].

## 3.2. Eligible actions

To be considered as eligible for funding through the LU-CID programme, proposed activities must meet at least one of the following objectives:

**1- Supporting the development of cybersecurity start-ups via the creation of technical and non-technical cybersecurity solutions**

The call seeks to support the development of innovative technical and non-technical cybersecurity start-ups. The assessment of this type of project will be done according to the innovativeness rather than the technicality of the proposed solution, aiming at meeting yet uncovered needs and bringing new types of solutions to the national market.

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[2] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651
[3] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R1046
[4] https://guichet.public.lu/en/entreprises/financement-aides/aides-recherche-developpement/rdi/conditions-generales-aides-rdi.html

**2- Promoting growth of local entities developing affordable cybersecurity assessment or testing tools & services**

The purpose is to increase the offer in cybersecurity testing and assessment tools and services on the national market, both for infrastructure and products, with a specific focus on the accessibility and affordability for SMEs. The innovation of these projects would reside in the fact of creating, or adapting existing solutions to cover the specific needs of SMEs. As an example, the call also supports the development of easily accessible self-assessment tools which will cover key obligations of existing regulations (i.e. Cybersecurity Act, NIS2) or upcoming ones (i.e. Cyber Resilience Act), to facilitate the process or preparation of compliance for SMEs.

Solutions or products developed under this call could be considered for integration in the Cybersecurity Testing Platform operated by the NC3, and their integration is eligible to be funded via this call.

**3- Supporting the setup of cybersecurity services with sustainable open-source business models**

Cybersecurity solutions that operate under an open-source business model are key to ensure the resilience of the cybersecurity ecosystem. The focus of the call is on the development of sustainability models for existing, or emerging, open-source cybersecurity projects.

**4- Promoting the development of innovative approaches for enhancing cybersecurity skills for SMEs**

This objective focuses on projects that design, develop and propose innovative trainings and approaches for the development of cybersecurity skills for SMEs and addressing their specific needs. Moreover, approaches covering reskilling, upskilling or talent development capabilities can be supported, including the development of training environments for Cyber Range Platforms[5]. The existing national Cyber Range infrastructure can be provided by the NC3 for the purpose of the call.

Moreover, to be considered as eligible for financial aid, project proposals must meet the following criteria:

- **Economic impact:** The positive economic impact of the project must be foreseeable, through adequate substance of the project proposal and exploitation plans for the assets resulting from the project activities;

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[5] A Cyber Range Platform is a virtual environment that enables organizations to simulate cyber combat training, system/network development, testing and benchmarking.

- **Innovation:** Project proposals must present a competitive and original advantage on the market, a new or improved product, process or service, a new marketing method or new organisational method.
- **Incentive effect:** No aid can be granted if the project can be carried out in the same way without aid. This call does not retroactively finance any project and/or part of a project that is already under development.
- **Submission process:** Only applications submitted during the timeframe of the call opening will be evaluated by the NC3.
- **Soundness of the proposal:** Only proposals presenting complete administrative, financial and technical information in the required format will be considered for evaluation.
- **Project duration:** The duration of funded projects must not exceed 6 months.

### 3.3. Eligible entities

Only SMEs established in Luxembourg[6] are eligible to participate in this call for projects. Applying entities must meet the following eligibility criteria:

- **Generic criteria:** Applying companies need to be in possession of a valid business permit[7] in Luxembourg;
- **Co-financing capacity prior to submission:** Co-financing capacity must be demonstrated through equity capital/capital increase, bank loans or free cash flow statements and evidence thereof. In the case of start-ups, they should prove to have at least a turnover of EUR 100.000 or enough own funds to co-finance the project.
- **Due diligence:** Only entities that meet the due diligence requirements set by Luxinnovation will be considered eligible.

Please note that **companies *in difficulty*[8] are ineligible**.

An entity can only apply for funding once in the framework of a LU-CID call for funding.

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[6] SME Definition as defined per EU Recommendation 2003/361
http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003H0361&locale=en
[7] « autorisation d'établissement » [ADD OFFICIAL REF HERE]
[8] « Undertaking in difficulty" as defined by art.2 point 18 EU regulation 651/2014 (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651)

### 3.4. Eligible project costs

The following costs are eligible for funding:

- **Personnel costs**: costs related to working hours of the staff directly involved on the project;
- **Special costs directly related to the project**: technical know-how, user licenses for software & patents, consulting services used for the project activities, subscription fees, licence fees and managed services;
- **General costs:** general costs of the company (i.e. cost of the infrastructure, basic services, rents, etc.) are considered included into the lump sum of the project cost as overheads.

*For more information on eligible costs, please consult:*

[https://guichet.public.lu/en/entreprises/financement-aides/aides-recherche-developpement/rdi/aides-rdi.html](https://guichet.public.lu/en/entreprises/financement-aides/aides-recherche-developpement/rdi/aides-rdi.html)

## 4. Applications

### 4.1. Application process

**Only applications submitted via the dedicated LU-CID applications platform[9] will be considered for evaluation. No other form of submission will be accepted.**

Applicants can submit a project proposal by competing the following steps:

1. Go to [https://applications.nc3.lu/register](https://applications.nc3.lu/register) and create an account.
2. Go to [https://applications.nc3.lu/login](https://applications.nc3.lu/login) and log in to your account.
3. Access the LU-CID 2nd call form in the "Available Forms" section, fill the required fields and upload required additional documents and annexes. You can save your ongoing application and edit it at a later stage.
4. Once complete, submit your application before the call deadline.

The NCC-LU provides all annexes to be filled and submitted by applicants on the NC3 funding page[10] .

All proposals must be written in English language in their entirety in order to be eligible. English is also the only official language approved throughout the whole duration of the project.

Applications must be submitted during the timeframe of the open calls. Only proposals submitted before the deadline will be considered. To be able to benefit from the support

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[9] https://applications.nc3.lu/
[10] https://www.nc3.lu/pages/ecosystem/funding.html

provided by the NC3 in the drafting of their project proposals, applicants are recommended to submit their proposal as soon as possible after the opening of the call. No changes or additions to proposals will be accepted after the deadline for submission.

### 4.2. Documents to be submitted with the application

The applicant has to fill, sign and submit all required annexes available on the LU-CID webpage (https://www.nc3.lu/pages/ecosystem/funding.html). These annexes include:

- Annex 1 – Financial and administrative information, filled with all requested information (*financial summary, balance sheet, profit and loss statement, organigram and Gantt chart*)
- Annex 2 – Affidavit
- Annex 3 – Data protection

Other documents that have to be included in the application include:

- Copy of the business permit (*in case of a first application for State Aid or in case of an update*)
- Bank account identification document
- Certificate as to the number of employees engaged (*available on demand from:* http://www.ccss.lu/certificats/)
- Quotes from suppliers (*if available*)
- Applicant's annual financial statements for the most recently ended financial year
- Group's consolidated accounts, if available, or the annual financial statements of the companies belonging to the group for the most recently ended financial year
- Copy of the applicant's articles of association (*current or consolidated version*)
- Any other document deemed useful.

## 5. Assessment and selection

The technical assessment of proposed projects will be carried out by the NC3 after the closing of each open call. Applications will be assessed according to a set of gateway criteria and a set of technical assessment criteria (as detailed in the call documentation).

All projects that will be selected by the NC3 will be invited to submit their proposal and request for funding to the Ministry of the Economy via the MyGuichet platform. Applications will then be instructed by the Ministry of the Economy, which will make the final decision regarding the awarding of funds.

## 5.1. Submission of proposals and evaluation process

To initiate a request for funding, applicants must submit their project proposal via the LU-CID application platform[11] during the timeframe of the open call. The NCC-LU will then operate a first assessment of the proposal based on a set of gateway criteria. Proposals that will meet all the gateway criteria will be assessed on a set of technical criteria. Projects that score above the set threshold will be ranked and a maximum of 24 projects will be selected to apply for funding in the framework of the LU-CID Funding Programme. In parallel, Luxinnovation will conduct a due diligence check of applicants.

Projects that have been selected by the NCC-LU will then be invited to submit their project proposal and request for funding to the Ministry of the Economy via the MyGuichet platform. The final decision regarding the award of funds is at the sole discretion of the Ministry of the Economy.

## 5.2. Gateway criteria

Gateway criteria represent a first level of filtration to ensure that only potentially eligible proposals will access the technical evaluation phase. Proposals must thus meet all gateway criteria to be considered for technical evaluation.

Each proposal will be assessed according to the following set of gateway criteria:

- The application form is duly completed and all required annexes and additional documents were provided;
- The applying entity is established in Luxembourg and has a valid business permit;
- The applying entity is an SME, according to the EU definition;
- The applying entity has expertise in cybersecurity;
- The proposal addresses at least one of the objectives stated in the call documentation;
- The entity has submitted only one application in the framework of the LU-CID funding program;
- The proposed project is foreseen to have a maximum duration of 6 months;
- The requested funding does not exceed EUR 60,000.

Additionally, all entities that meet gateway criteria will undergo a due diligence check carried out by Luxinnovation. Luxinnovation will verify namely that the entity is capable to co-finance the project and that the company is not in difficulty.

Applicants that will be considered ineligible at this stage will be notified in writing by the NC3.

## 5.3. Selection criteria

Applications that meet all gateway criteria will be assessed according to the following set of technical assessment criteria:

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[11] https://applications.nc3.lu/

**Criterion 1: Project Excellence and Relevance**

This criterion aims at assessing the alignment of the project with the objectives set out by the call for projects and its alignment to the Luxembourg National Cybersecurity Strategy. The innovativeness of the proposed project, as well as the clarity, coherence and adequacy of the application will also be taken into account.

**Criterion 2: Implementation, quality and efficiency of the project plan**

Through this criterion, the maturity of the project (market maturity, business maturity and Technology Readiness Level if relevant), the capacity of applicants to carry out the proposed work and the soundness of the implementation plan and efficient use of resources will be assessed. The project risk assessment will as well be considered. If relevant, development processes should be based on security by design principles.

**Criterion 3: Impact and sustainability**

This criterion aims at assessing the extent to which the proposed project will achieve the expected outcomes, strengthen competitiveness and bring benefits for society and especially the SMEs segment of the economy, bring benefits to the national and European Cybersecurity Community and actively support the European Cybersecurity Strategy[12]. The effectiveness of the planned measures to sustainably exploit and disseminate the project outcomes beyond the co-funding period will also be considered.

## 5.4. Scoring system

Project proposal will be scored according to the following system:

| Criterion | Maximum score | Threshold |
|---|---|---|
| Project excellence and relevance | 40 points | 20 points |
| Implementation, quality and efficiency of the project plan | 30 points | 15 points |
| Impact and sustainability | 30 points | 15 points |
| **Total score** | **100 points** | **50 points** |

If a project's score falls under the set threshold for one or several criteria, or if the overall score of a project proposal falls under the general threshold of 50 points, the project will be considered of inadequate quality and will be discarded.

Unsuccessful applicants will be notified in writing by the NC3 and will receive appropriate feedback documenting reasons for rejection.

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[12] https://digital-strategy.ec.europa.eu/en/policies/cybersecurity-strategy