

## CONDITIONS FOR THE INNOVATION FUND'S SMART CITY COMPETITION 2025

### **1. The goal and expected results of the Innovation Fund**

- 1.1. The goal of the Innovation Fund is to increase the development, use and export by technology companies of innovative technologies with a small environmental footprint, which includes:
  - 1.1.1. supporting the ambition of the City of Tallinn to become a human-centred environment and a greener urban space, and a sustainable city;
  - 1.1.2. supporting cooperation between the City of Tallinn and technology companies in testing and introducing new software and hardware products;
  - 1.1.3. supporting businesses in their efforts to grow, their product development, and their entry into foreign markets;
  - 1.1.4. supporting the international competitiveness and capacity to export of the businesses of the City of Tallinn.
- 1.2. The Smart City Innovation Fund set up by Tallinn is managed by Sihtasutus Tallinna Teaduspark Tehnopol, the Tallinn Science and Business Park. The City of Tallinn is represented in running the competition by the city's business services from the Tallinn Strategic Management Office.
- 1.3. Companies that receive support from the Innovation Fund can:
  - 1.3.1. develop their own products or services in the City of Tallinn, or in the region around the capital if they are cross-border services or products;
  - 1.3.2. receive feedback from clients in real time about their products and services;
  - 1.3.3. get from the City of Tallinn the contacts, advice and resources that they need, including access to the infrastructure that they need to execute their projects in the urban environment;
  - 1.3.4. get financial support from the City of Tallinn for their projects to develop innovative products;
  - 1.3.5. get financial support from the city of Tallinn for exporting their products or services and testing them abroad, which can also cover:
    - 1.3.5.1. adapting products or services for foreign markets;
    - 1.3.5.2. creating the partnerships needed for exporting and testing with help from the City of Tallinn and Tehnopol;
    - 1.3.5.3. meeting the costs of transport and storage for testing in foreign markets;
    - 1.3.5.4. making the value package of the product or service more appropriate for export, including through translation services;
    - 1.3.5.5. adapting products or services to comply with the necessary certification, safety standards or trademarking required in foreign markets.

### **2. The support and the conditions for it**

- 2.1. Companies that receive support from the Innovation Fund must:
  - 2.1.1. test the products or services within the city of Tallinn;
  - 2.1.2. present a detailed testing plan for their product or service to the assessment commission of the innovation fund and present an export plan for the next two years if they want to access the support for exporting activities;

- 2.1.3. use the support for achieving the goals agreed for the project in the targeted support contract and its appendixes;
  - 2.1.4. make their own financial contribution to the project to the extent agreed in the support contract;
  - 2.1.5. meet all the deadlines set in the conditions of the competition and the support contract, including the deadline for submitting the final report;
  - 2.1.6. keep all receipts and invoices for expenses made for the project for the durations set in the Accounting Act;
  - 2.1.7. work with the organisers of the competition in their communications and marketing activities;
  - 2.1.8. submit information one year after the end of the project on whether the export plan has been achieved.
- 2.2. The total size of the innovation fund is approved each year in the Tallinn city budget. The ceiling for support is 30,000 euros per applicant per year.
- 2.3. The support can be given for up to 70% of the actual qualifying expenses of the project. The contribution from the applicant is at least 30% of the actual qualifying expenses of the project. The costs of testing the product or service in a foreign market can be up to 30% of the total qualifying costs.

*Example: the total cost of a project is 45,000 euros, for which support of 30,000 euros (67%) is given and the applicant's contribution is 15,000 euros (33%). If it is also intended to use the project support for exporting, then 31,500 euros of the 45,000 is intended as support for testing, and 13,500 euros is for exporting. Labour costs of 3000 euros qualify for support.*

- 2.4. Multiple businesses can submit a joint application for a single project, but the application must identify the lead partner that is responsible for the project and that signs the contract and receives the support if it is granted.
- 2.5. Costs that qualify for the support are:
- 2.5.1. direct costs of testing and developing the product or service, such as the costs of physically developing the product or service in the urban environment and abroad;
  - 2.5.2. purchases or rent of the equipment, parts of equipment or software needed to start the innovation project;
  - 2.5.3. the costs of adapting the product or service for use in the city of Tallinn and in foreign markets;
  - 2.5.4. expenses for the translation needed for exports of the product or service;
  - 2.5.5. transport and storage costs in a foreign country during testing;
  - 2.5.6. the costs of applying for the certificates, safety standards, or trademarks required in foreign markets, or other licences;
  - 2.5.7. one-off travel expenses of up to 500 euros, which are intended for entering foreign markets and which must be directly related to the activities in the export plan;
  - 2.5.8. labour costs of the applicant that are directly related to developing and testing the product or service, are recorded in the employment contract of the employee concerned, and total no more than 10% of the support granted;
  - 2.5.9. other necessary and reasonable expenses needed to achieve the goals of the project, including marketing expenses for developing the product or service and promoting exports if these have been discussed in advance with the organisers of the competition;

2.5.10. VAT only in the case where the recipient of the support is not liable for VAT.

2.6. Expenses not listed here are agreed separately in view of the specific nature of the project.

2.7. The support paid out in the application round is de minimis aid granted to entrepreneurs. The applicant must show that it has the right to receive de minimis aid and that the maximum rate for it has not been exceeded. Tehnopol enters de minimis aid into the register of state aid.

### **3. Applying for the support**

3.1. Application rounds for support are generally held once a year.

3.2. Applications should be submitted to the website coordinated by Tehnopol at <https://innovatsioonifond.tehnopol.ee/tallinn/>;

3.3. The deadline for submitting applications to the 2025 application round is 25 May 2025.

### **4. Conditions for getting the support**

4.1. The application round for the innovation fund is intended for startups that have completed the prototype phase and for small and medium-sized enterprises.

4.2. The applicant must meet the following conditions:

4.2.1. the applicant is registered in the commercial register at an address in the territory administered by the City of Tallinn;

4.2.2. the applicant has been operating for at least the past six months;

4.2.3. the applicant has had at least one full-time employee registered in the state register of employment during the past six months (two quarters);

4.2.4. the total turnover of the applicant in the past six months (two quarters) is at least 10,000 euros;

4.2.5. the product or service developed by the applicant supports the strategic goals in the Tallinn 2035 development strategy of being environmentally friendly, sustainable, creative and people-centred;

4.2.6. the applicant has paid all state and local taxes and does not have any other debts to the City of Tallinn, or those debts have been deferred. If the debt has been deferred, payments of it must be made according to the payment schedule. The applicant must have submitted all the tax declarations required under the Taxation Act and other tax law;

4.2.7. no liquidation, restructuring or bankruptcy proceedings have been started against the applicant, and no bankruptcy decision has been taken against it.

4.3. Preconditions on the product or service that the application to the Innovation Fund concerns:

4.3.1. the product or service has been developed by the applicant and has completed the prototype phase;

4.3.2. the product or service is innovative, which can also cover hardware and software solutions, and it has the potential to enter foreign markets;

4.3.3. the product or service has not previously been used in the city of Tallinn, or if it has been used then the new solution is more sustainable, environmentally-friendly, innovative, or socially beneficial, or in some other way creates new and improved opportunities;

4.3.4. the application meets the conditions for the competition that are published together with the invitation to the competition on the website <https://innovatsioonifond.tehnopol.ee/tallinn/>;

- 4.3.5. the project meets the strategic goals of the Tallinn 2035 development strategy;
- 4.3.6. the applicant has carried out initial market research on expanding into export markets and that research is attached to the application (not obligatory);
- 4.3.7. the applicant will remove any products installed at the end of the project unless otherwise agreed with the coordinating authority.

4.4. The application for support must contain:

- 4.4.1. data for the business applying and a short presentation of its activities;
- 4.4.2. a description of the product or service and where it has so far been used;
- 4.4.3. a detailed plan of action until the end of the project period if the project includes export activities and a general export plan for the next two years;
- 4.4.4. a description of the project in cooperation with the City of Tallinn and a review of the activities planned;
- 4.4.5. the budget of the project divided across expenses and sources of funding, including the applicant's own contribution, with a separate budget and timetable for export activities;
- 4.4.6. the expected timetable for the implementation of the project given the final deadline for the project;
- 4.4.7. preliminary market research of potential export markets if relevant;
- 4.4.8. confirmation of the Technology Readiness Level (TRL);
- 4.4.9. confirmation that the applicant has read and understood the conditions of the competition.

**5. Description the application process and decisions of the commission**

- 5.1. The application must be submitted by the deadline through the website <https://innovatsioonifond.tehnopol.ee/tallinn/>.
- 5.2. The preliminary processing of applications is managed by Tehnopol to assess:
  - 5.2.1. whether the applicant has met the conditions;
  - 5.2.2. whether the content of the application and the description of the project meet the requirements.
- 5.3. Tehnopol has the right to request additional information about the applicant and the application if this information is needed for taking a decision in the preliminary round.
- 5.4. Tehnopol uses the decision in the preliminary round as the basis for proposing to the contact person responsible at the City of Tallinn which businesses and projects should advance to the final round.
- 5.5. A maximum of 10 projects or applications may advance to the final round. Tehnopol gives written feedback to each application that did not advance to the final round.
- 5.6. In the final round the applicant presents their project to the Assessment Commission for innovation projects of the city administration.
- 5.7. The Commission is made up of representatives of institutions of the City of Tallinn. The chair and vice-chair of the Commission have the right to invite experts in the field to help with the work of the Commission.
- 5.8. The Commission will make its proposals for which applicants should receive the support by June 2025 at the latest.
- 5.9. Following the decision of the Commission and within 10 days of the Commission reporting, Tehnopol will confirm by decision of its board which applications will receive the support.

## 6. Executing the projects and payment of the support

- 6.1. Tehnopol monitors the execution of the projects in line with the applications submitted for them and their implementation plans.
- 6.2. The City of Tallinn is required to nominate a contact person who will give support from the city to the businesses in implementing their projects, mediate contacts for them, and support the work needed and the related transactions within the agreed time frame.
- 6.3. If there are obstacles to the execution of the project plan, the contact person from the City of Tallinn, the business running the project, and a representative of Tehnopol will decide together on the further plan for executing the project or on whether to terminate it. The regulation of this is described in the support contract signed between the business, Tehnopol and the City of Tallinn.
- 6.4. The support is paid out against an invoice submitted by the business that will receive the support.
- 6.5. The invoice is submitted in accordance with the support contract that describes the execution of the project together with the budget and timetable for it.
- 6.6. The support is paid out in two parts:
  - 6.6.1. 50% of the total amount when the support contract is signed;
  - 6.6.2. 50% of the total amount after the project has been executed and the final report approved.

## 7. Reporting

- 7.1. The recipient of the support submits a final report to Tehnopol within two weeks after the end of the execution period for the project, and in any case no later than 15 June 2026.
- 7.2. The final report must contain a description of all of the main activities of the project, information on the goals of the project and the results achieved, and a report on the expenses of the project.
- 7.3. The business must be prepared to give proof of all the expenses of the project in an audit of its main accounting records or of its bank account statement.
- 7.4. Tehnopol checks all of the data in the final report and assesses whether the support was used for its intended purpose within 14 days after the applicant has submitted the final report, and in any case no later than 30 June 2026.

Tallinn Strategic Management Office

*/signed digitally/*

Sihtasutus Tallinna Teaduspark TEHNOPOL,  
the Tallinn Science and Business Park

*/signed digitally/*

---

Kairi Vaher

City Chancellor

---

Agnes Roos

Member of the management board