FAQ Funding Prototypes

gamecity:Hamburg

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Updates to the last version

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1 General Principles and Goals of Funding

1.1 Fundamentals and Principles

1.1.1 What can be funded?

The purpose of funding is to develop marketable prototypes of digital games. For the purposes of these guidelines, digital games are interactive electronic works, i.e. software that is based on a game idea, game rules and game objectives, responds to user input, generates moving image content, serves educational or entertainment purposes, and is intended for publication, in particular, computer and video games (Games). Not eligible for funding are digital games that violate the constitution or applicable law and contain content that glorifies violence, incites hatred, pornography or racism.

1.1.2 Can only prototypes be funded

Yes, only the development of marketable prototypes of digital games is eligible. It is not possible to submit the production of digital games or other digital projects under the prototype funding scheme.

1.1.3 Who can be funded?

Developers and developer communities (natural and legal persons) as well as small and medium-sized enterprises (SMEs) that are already resident in Hamburg or can prove that they will relocate their headquarters to Hamburg or open a branch or business premises in Hamburg upon receipt of funding are eligible to apply. The prerequisite for payment of the first instalment is the actual existence of a business premises in Hamburg. For the purposes of these guidelines, an SME is defined as an enterprise which, at the time of application, employs fewer than 250 persons and whose turnover in the preceding year did not exceed EUR 50 million.

1.1.4 What do I have to consider in order to apply for Funding?

- Projects for which prototype development has already begun are not eligible.
- Prior experience in game development is an indispensable prerequisite for developing a prototype with market opportunities.
- The precondition is always that the applicant is already based in Hamburg or can prove that they will relocate their residence to Hamburg or open a subsidiary or branch establishment in Hamburg upon being granted funding.
- A competition analysis and exploitation strategy are required in order to assess the market potential.
- The awarding of Funding is based on various criteria such as the promotion of young talent, feasibility, market potential and location effect, to which the applicant should refer in his application.

1.1.5 What does „high quality“ digital games mean?

A professional approach to high quality digital games is evident and development is aimed at achieving actual publication with commercial exploitation.

1.1.6 What are contents glorifying violence?

Content glorifying violence in digital games is content that violates § 131 StGB (German Criminal Code)\(^1\).

\(^1\)https://www.gesetze-im-internet.de/englisch_stgb/englisch_stgb.html#p1359
2 Purpose of Funding and Criteria

2.1 Prototypes of digital games

2.1.1 What exactly is a prototype?

A prototype is a playable version of the digital game to be developed, which gives a realistic impression of the game mechanics, the USPs and the technical realization.

3 General Conditions and Requirements for Eligibility

3.1 Applying for Prototype Funding

3.1.1 What should I prepare for the consultation appointment?

A consultation appointment with gamecity: Hamburg is mandatory before application. Before making an appointment, it is essential that the applicant has carefully read the guidelines for funding prototypes, the FAQ and the application form (https://airtable.com/shrGxHdlYOWWhYOMm3). The following information from the applicant is also required when making an appointment by e-mail to funding@gamecity-hamburg.de:

a. Short project outline (max. half a page of text or a slide) of the project
b. Aimed funding amount for the project / planned proof of personal contribution
c. Already concrete questions regarding the application / funding of the project

3.1.2 Do I have to have founded a company already at the time of application?

No, in addition to small and medium-sized enterprises (SMEs), developers and developer associations (natural and legal persons) are eligible to apply.

3.1.3 At which point is the development of a prototype considered to have started?

Started projects are not eligible for funding. A project is considered to have started, among other situations, when staff has been recruited for the project or when contractual obligations have been made. Retroactive financing is not possible to prevent deadweight effects. If there is already an outline concept for a project, the stage of development of the project must be clarified in the consultation with gamecity:Hamburg.

3.1.4 What is the definition of a medium-sized enterprise (SME)?

An SME is an enterprise with fewer than 250 employees and a gross turnover not exceeding EUR 50 million.

3.1.5 Can I apply for prototype funding with two projects simultaneously?

In general, each project must be applied for individually. If two projects are submitted that are to be developed in the same period of time, the applicant must provide credible personnel and time planning and contribute the respective personal contribution per project of at least 20 percent of the development costs. Details should be clarified in a consultation appointment with the applicant.
3.2 Awarding of Funding

3.2.1 Why is there an awarding committee?
The funds available for Prototype Funding should be used in the best possible way to contribute to increasing the quality, market opportunities and variety of digital games developed in Hamburg. In addition, the funding is intended to support new founders, start-ups and companies and create new jobs on site. In order to achieve these goals, the experts on the awarding committee will have to make an assessment and decide on all complete and timely submitted applications. This is also necessary if more applications are submitted in a funding round than can be covered by the available budget.

3.2.2 How is the applicant’s project pitched before the awarding committee?
The applicants will be informed by gamecity:Hamburg about the date and necessary preparation for the pitch in front of the awarding committee in time. During the pitches, the contents of the application documents will be presented by the applicants and the awarding committee will have the opportunity for further questions.

3.2.3 What does funding recommendation mean?
For reasons of awarding law, the committee can only make recommendations. Following the pitches, the awarding committee makes its funding recommendations for projects. Based on the funding recommendation, gamecity:Hamburg concludes a grant agreement with the selected applicants. A funding recommendation by the awarding committee is therefore the prerequisite for funding by gamecity:Hamburg, at the same time gamecity:Hamburg reserves the right to not follow funding recommendations in the case of justified exceptions.

3.2.4 Why does the approval of gamecity:Hamburg have to be obtained to make significant changes to the funded prototype?
The funding recommendation of the awarding committee and the subsequent funding agreement concluded refer to a specific project submitted by the applicant. If, in the course of prototype development, changes occur in the project that lead to significant deviations from the information provided in the funding application, approval from gamecity:Hamburg is required. Further regulations on the information obligation are part of the grant agreement.

3.2.5 What is to be understood by significant changes?
gamecity:Hamburg is aware that the prototype development is an iterative process and changes occur compared to the funding application and original pitch. In a nutshell, approval is required when real, fundamental changes are made, such as when a submitted project for a jump'n'run becomes a flight simulator. At the same time, significant changes may also relate to the financing plan, but no later increase of funding is possible. It is always recommended to consult with gamecity:Hamburg if in doubt.
4 Type and Amount of Funding

4.1 Prototype Funding

4.1.1 How many times can I apply for Funding?

After consultation with gamecity:Hamburg, selected projects or applications can be submitted with improvements in the next funding round. Applicants can submit several projects in each funding round and in different funding rounds as long as they do not exceed the de minimis-defined maximum funding of 200,000 Euros within three years.

4.1.2 When does the next funding round start?

We are offering prototype funding in this form for the first time. In principle, two rounds of funding per year are planned - one from March and one in autumn. At the same time, the number and quality of the applications submitted in the first funding round of each year will determine whether there will be sufficient budget available in the autumn to allow for another funding round. If this is not the case, the next funding round will take place regularly in March of the following year.

4.1.3 Do I have to make a personal financial contribution and what is the amount?

Yes, an own financial contribution of at least 20 percent of the eligible development costs must be budgeted for and evidence of this must be provided. The following possibilities exist, among others, to prove the personal contribution:

- a current bank statement of the applicant/applicant company which shows provides information on own resources
- natural persons need a certified surety, legal persons need a letter of comfort
- an unconditional loan
- in the form of provisions but on a limited scale
- payments in advance out of publisher deals or other contractually guaranteed revenues

4.1.4 Is it possible to place provisions as a personal contribution?

Provisions can be placed in a limited scale. Provisions are not able to cover the entire personal contribution. To generate the personal contribution of 20% of the entire development cost it is required to prove a current bank statement, an unconditional loan or a certified surety/letter of comfort.

4.1.5 How much Funding can I receive per project?

The grant per project amounts to up to 80 percent of the estimated development costs, but no more than 80,000 euros. As a de minimis funding, the total amount of prototype funding may not exceed a total of 200,000 euros over a period of three years. See also answer 6.4.2.

4.1.6 Why is the payment of the last instalment linked to the acceptance of the prototype by gamecity:Hamburg?

The final instalment of 10 percent of the funding will be paid out by gamecity:Hamburg after a proof of use is provided and the prototype is accepted to ensure the Funding has been used as specified in the application.

4.1.7 What do I have to consider regarding the eligibility period?

If the prototype cannot be finished for justifiable reasons within the period of 12 months, an extension can be proposed to gamecity:Hamburg.
4.2 Eligible Expenses

4.2.1 What are eligible expenses?

Eligible expenses are the proven expenses attributable to the project and incurred by the grant recipient when it is used economically and sparingly to develop and implement the project. This could be:

- Personnel expenses for employees in Hamburg.
- Expenses for third-party services procured from Hamburg service providers.
- Expenses for third-party services from third-party service providers, if these cannot be procured in Hamburg in the same quality.
- Expenses for assets, licenses, copyrights, etc.
- Other project-related expenses (e.g. attributable overheads, rent, technical equipment, or representation at trade fairs)

The value added tax attributable to the eligible expenses is not eligible for funding.

4.3 Repayment

4.3.1 Does the Funding have to be repaid?

No, the Funding for the development of a prototype is granted as a non-repayable grant on a de minimis basis. Only under certain specific circumstances must the grant be repaid. Recipients of prototype funding must repay the entire funding if they move their headquarters to another location within three years of payment of the last instalment. This also applies if the recipient is taken over by a third party, and thus involves the relocation of jobs.

4.3.2 What happens if my company has to close down within three years of receiving Funding?

The closure of a funded company is not linked to the repayment of the Funding.

5 Application Forms

5.1 Mandatory Forms for Prototype Funding

5.1.1 What documents do I need to submit with my application?

To apply the following documents must be submitted:

- (1) Personal Data (contact details, links to résumés on XING/LinkedIn) and previous games projects by the applicants
- (2) For companies: SME Confirmation
- (3) Executive Summary of the Project (maximum of 3 pages including short description, USPs, and exploitation strategy)
- (4) Convincing Project Description (content, concept, technical data, platform/system, target age classification, schedule with pre-set milestones) also in reference to the funding criteria
- (5) Reference Material – mood board, demo, graphics, or animations
- (6) Cost and Financing Plan including the amount of personal resources and the amount of funding requested as well as the percentage of personal contribution in the financing plan
- (7) Proof of own funds/personal contribution
- (8) De-minimis Declaration
- (9) Exploitation Strategy (business model, target group, and market/competition analysis, etc.)
- (10) Current excerpt from the commercial register, business registration if available or proof of the headquarters in Hamburg
- (11) Data Protection Declaration
Declarations funding application

5.1.2 A signed copy of which documents do I need to submit by mail?

The following application documents are available at https://www.gamecity-hamburg.de/funding and must be signed and sent by mail to the Hamburg Kreativ Gesellschaft:

1. SME Confirmation (required by applying companies)
2. De minimis Declaration
3. Data Protection Declaration
4. Declarations funding application

The documents must be sent shortly after the online application to Hamburg Kreativ Gesellschaft mbH gamecity:Hamburg Hongkongstraße 5 20457 Hamburg

All application information, forms and links can be found here: https://www.gamecity-hamburg.de/funding.

5.1.3 What is a demo?

A demo in the sense of the guidelines for funding prototypes is a demo from the concept stage of a project. This can be a click dummy, for example. A demo is not required for the application, but if available it can be submitted as reference material and help to give a better impression of the planned prototype.

5.1.4 What if I/our company has not worked on any games project so far and therefore cannot provide any references?

Decisive for a funding recommendation by the awarding committee is the submitted application and the plausible presentation of the feasibility of the project by the applicant. If this is convincing, an application for funding without games references can also be successful.

5.1.5 What is to be understood by a cost and financing plan?

The cost plan must show all production costs (all costs for developing the project. The cost plan also includes the services provided by the applicant and in-house work. The cost plan provides an overview of how the project applied for is financed. In addition to the amount of funding applied for, it also includes loans from third parties, own funds, provisions of supplies, provisions of services or funding applied for from other institutions. From the financing plan, the total production costs must be covered.

5.1.6 What are production costs?

Standard administrative and infrastructure costs (fixed percentage share) which are necessary for the production of the project but which have not previously been allocated to the project as direct costs. Typical cases for production costs are office rent, materials, financial accounting or contract management. If production costs are calculated, no further general costs may normally be added, unless they are explicitly incurred within the project.

5.1.7 What are personal resources?

Funds available to the applicant, usually a current cash balance or unconditionally repayable loans.
5.1.8 What is an exploitation strategy?
An exploitation strategy provides information about the business model for a project, which target group is intended to be addressed and contains a market and competition analysis.

5.1.9 Why do I have to submit the exploitation strategy when I apply for Prototype Funding?
Since Prototype Funding is intended to support projects with market potential, applicants should start early on to deal with the commercial exploitation of their planned game and evaluate their market segment and the successful competitive products in it.

6 Other Conditions for Grants

6.1 Acknowledging Funds

6.1.1 Do I also have to label the finished game with the Funding references or just the prototype?
The obligation to indicate the sponsorship "sponsored by gamecity:Hamburg" applies to both the prototype and the finished game. In addition, the funding should be indicated at other points on the loading, start or title screen, in the opening and closing titles, in the credits, on the packaging, in publications for public relations and marketing purposes, on the internet and on social media.

6.2 Archive

6.2.1 Does the regulation for handing over the finished project to gamecity:Hamburg apply to the finished game or the prototype or content produced with Funding?
The rule concerning the archiving of funded projects refers to the completed games.

6.3 Controlling/Monitoring Success

6.3.1 In what form do I, as funding recipient, have to report on the realization of my project?
This will be regulated in the grant agreement with the grant recipients.

6.4 Requirements to be Observed

6.4.1 What are facts relevant to subsidization?
Facts relevant to subsidization is any information which is essential to obtain or maintain a subsidy. All information must be true at the time of application. Unauthorised claiming of subsidies constitutes a criminal offence and will be prosecuted.

6.4.2 What should be considered in connection with a de minimis Funding?

- A Funding recipient may receive a total amount of up to EUR 200,000 without notification within three years from the date of the first de minimis aid.
- Furthermore, the grant recipient is required to disclose all de minimis aid received during the three-year period in relation to the maximum allowable de minimis aid. The recipient is also be obliged to declare any aid granted under this policy when applying for other aid.
- If the aid exceeds the permitted thresholds or the highest possible funding rate, the aid is inadmissible and results in the aid not being able to be granted or, if it has been granted, must be recovered in full.
6.4.3 Can I apply for several subsidies simultaneously?

If de minimis subsidies are involved, yes, but these may not exceed a total volume of 200,000 euros in three years from the first subsidy. Other public subsidies which are not subject to the de minimis regulation can be applied for independently of this. gamecity:Hamburg must be consulted for a planned accumulation of subsidies for a project supported by gamecity:Hamburg.

6.5 Period of Validity

6.5.1 How long do the Guidelines for Prototype Funding apply?

The guidelines enter into force on March 31, 2020 for an indefinite period.