Norway grants

Innovation Norway

Norwegian Financial Mechanism 2014-2021

Programme Business Development, Innovation and SMEs, Bulgaria

Focus Area: Welfare Technology

Second Call for Project Proposals

Individual Projects Scheme

The Programme Business Development, Innovation and SME's, Bulgaria (hereafter referred to as "the Programme") shall contribute to the general objectives of Norway Grants 2014-2021, respectively to the reduction of economic and social disparities in the European Economic Area and to strengthening bilateral relations between Norway and the Norway Grants Beneficiary States. The Programme has the objective to *increase value creation and sustainable growth in the Bulgarian business sector.* The Programme seeks to stimulate and develop long-term business cooperation between Norway (hereafter referred to as "the Donor State") and Bulgaria, based on business development and innovation.

The Memorandum of Understanding on the implementation of Norway Grants 2014 – 2021 between the Kingdom of Norway and the Republic of Bulgaria designates the Financial Mechanisms Office (FMO) as Programme Operator and Innovation Norway as Fund Operator for the said Programme. All communication regarding the Programme shall be addressed to the Fund Operator.

The **expected outcome** of the projects financed by this call is ***increased competitiveness of Bulgarian enterprises within the focus area Welfare Technology (hereafter referred to as WT***).

The Programme will finance projects proposed by Bulgarian enterprises in the Welfare Technology focus area.

Available amount for financing of projects

The total amount available for financing of projects from this call is **EURO 2,553,000**.

Deadline for Applications and Language Requirements

To be eligible, applications must be submitted to Innovation Norway through the electronical application portal no later than **Wednesday, May 12th 2021, 13h00 h Bulgarian time**.

The Programme language is English, i.e. all applications and supporting documents, shall be submitted to Innovation Norway in English. Official certificates and certified annual accounts can be submitted in Bulgarian language. For the list of mandatory attachments, see Annex I to the present Call text, which also are published on the website of the Call.

The applicant shall inform the Fund Operator about any involvement of consultants in the process of preparing the application. The identity of the consultant(s) shall be disclosed in the application.

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1. Projects and project funding

The target group of the Programme are Bulgarian enterprises in the private sector (SMEs and large enterprises), but especially small and medium-sized enterprises (SMEs). It is not mandatory to have partners in the projects, but Partnership Projects are encouraged and will be awarded additional points during the assessment.

A **Donor Partnership Project** is defined as cooperation between a Project Promoter in Bulgaria and at least one legal entity in Norway, implementing a project where all entities are independent of each other and perform substantial and relevant tasks in the completion of the project. Such projects will be awarded additional points during project assessment. To qualify for such points, the Norwegian partner should be actively involved in, and effectively contributing to, the implementation of the project, and it should share with the project promoter a common economic or social goal which is to be realized through the implementation of the project. The simple provision of services does not qualify as a project partnership.

A Partnership Project is defined as cooperation between a Project Promoter in Bulgaria and at least one legal entity in Bulgaria, implementing a project where all entities are independent of each other and perform substantial and relevant tasks in completion of the project. The partner should be actively involved in, and effectively contributing to, the implementation of the project, and it should share with the project promoter a common economic or social goal which is to be realized through the implementation of the project. The simple provision of services does not qualify as a project partnership.

1.1 Eligible applicants and partners

Eligible applicants: SMEs, as defined in the EU Recommendation 2003/361[1], and large enterprises with no more than 25 % public ownership, established as legal persons in Bulgaria.

The Applicant must have been established for at least three fiscal years at the deadline for submission of project proposals.

Eligible partners: Any private or public entity, commercial or non-commercial or NGO established as a legal person in Norway or in Bulgaria.

1.1.1 Additional (eligibility) criteria for applicants and partners

a) the Applicant and Partner(s)) and their legal representatives signing the application have clean criminal and tax records;
b) if the Applicant has one or more Partners, a draft Partnership Agreement defining the roles and responsibilities of the different partners, is attached to the application. A template for the Partnership Agreement is published with this Call.

Moreover, applicants are not eligible for funding if:

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32003H0361&from=EN

a) they are undertakings in difficulty (the definition of "undertaking in difficulty" is included in Article 2, paragraph 18 of ***Commission Regulation (EU) No.651/2014*** *declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty*);
b) they are bankrupt, are entered in judicial administration or are under liquidation, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation;
c) they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organization or any other illegal activity of relevance for the application, without evidence of substantial correction measures taken in the past years.

1.2 Areas of support and eligible activities

An Applicant shall submit only one project proposal under this Call.

Support can be provided for project activities with the purpose of developing new products, services and solutions within the Welfare Technology focus area. The development phase is considered to be up to the commercialization stage (TRL 5-8).

Eligible activities
1. Development of innovative WT-technologies and services that help elderly and persons with disabilities to become more independent and reliant;
2. Development of WT-products, services and solutions that help meeting the social and health challenges of the ageing society;
3. Development of technological solutions mainly used by/support staff that deliver or carry out welfare services;

Projects on Welfare Technology must contribute directly to the following output indicator:
a) Innovative welfare products/services/technologies developed.

This output indicator must be selected in the template "Expected outcomes of the implementation of the project".

All projects must in addition directly contribute to the following outcome indicators:

a) Estimated annual growth in turnover[2]
b) Estimated annual growth in net operational profit[3]

Both outcome indicators must be chosen in the "Expected Outcomes Form". In addition, optional indicators like "jobs created" can be chosen.

1.3 Minimum and maximum grant for each project

The minimum amount of grant assistance applied for shall be EUR 200,000
The maximum amount of grant assistance applied for shall be EUR 600,000.

[2] Estimated increase in turnover per fiscal year after implementing the project. This should be estimated for over a period of four years.
[3] Estimated increase in profit per fiscal year after implementing the project. This should be estimated for over a period of four years.

1.4 Grant rates and co-financing

The financial contribution from this Programme shall be determined on a case-by-case basis, taking all relevant factors into account. The project grant rate will be determined based on the applicable provisions of Commission Regulation 651/2014[4] declaring certain categories of aid as compatible with the Internal Market in application of Articles 107 and 108 of the treaty, as amended by Commission Regulation 2017/1084.

The project grant rate will depend on the type of the state aid awarded, size of the applicant entity, profitability of the project, the general financing standing of the Applicant and other elements in the provisions of the Regulation which are relevant for the respective project. The project grant rate awarded will normally vary between 25 and 70 percent.

The Applicant (Project Promoter) shall secure the co-financing of the project. The Project Promoter (and/or the Project Partner(s)) shall provide or obtain the remaining co-financing in the form of cash (own resources or bank loan). All eligible expenditures of a project can form the basis of the required co-financing. In-kind contribution is not accepted as co-financing. The applicable rules on public procurement and on state aid, procedural and substantive, shall be complied with.

The applicant should provide reasoning on how the envisaged project activities and the corresponding costs fulfil the criteria for each of the relevant state aid categories.

For this Call, the following state aid categories will be applicable:

1. **Aid to SMEs**, Articles 18 – 19
   - *Aid for consultancy in favor of SMEs*
   - *Aid to SMEs for participation in fairs*

2. **Research and Development and Innovation**, art. 25
   - Experimental development (TRL 5-8)

Exceptionally, financial support will be awarded as ***de minimis*** support in line with the Commission Regulation (EC) No 1407/2013 (max. EUR 200,000 over three fiscal years).

1.5 Eligible expenditures

IMPORTANT: The assessment of the eligible expenditures for a specific project will be made based on the provisions of this section taking into account also the applicable state aid legal basis. However, in cases where eligibility provisions in the State aid legislation are more extensive than the detailed eligibility provisions below, the text of the Call will prevail.

1.5.1 First and final dates for eligibility of expenditure

Costs within projects may be eligible from the date on which the grant is awarded or later set in the Project Contract. The Project Contract shall set the final date of eligibility of costs, which shall be no later than 30 September 2023. Costs incurred after that final date are not eligible.

[4] Known also as General Block Exemption Regulation [GBER] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN.

1.5.2 General principles of eligibility

Eligible expenditures of projects are those actually incurred by the Project Promoter or the Project Partner, which meet the following criteria:

a) they are incurred between the first and final dates of eligibility of a project as specified in the project contract;

b) they are connected with the subject of the project contract and they are indicated in the detailed budget of the project;
c) they are proportionate and necessary for the implementation of the project;
d) they are used for the sole purpose of achieving the objective of the project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;
e) they are identifiable and verifiable, in particular through being recorded in the accounting records of the project promoter and determined according to the applicable accounting standards and generally accepted accounting principles; and
f) they comply with the requirements of applicable tax and social legislation.

Expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Exceptionally, costs in respect of which an invoice has been issued in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date of eligibility. Overheads and depreciation of equipment are considered to have been incurred when they are recorded on the accounts of the Project Promoter and/or Project Partner.

The Project Promoter's internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared in respect of the project with the corresponding accounting statements and supporting documents.

1.5.3 Detailed eligibility provisions

1.5.3.1 Eligible direct expenditures

The eligible direct expenditures for a project are those expenditures which are identified by the Project Promoter and/or the Project Partner, in accordance with their accounting principles and usual internal rules, as specific expenditures directly linked to the implementation of the project and which can therefore be booked to it directly. The following direct expenditures are eligible provided that they satisfy the criteria set out in Article 1.5.2:

a) the cost of staff assigned to the project, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provide that this corresponds to the project promoter's and project partner's usual policy on remuneration.
As an alternative, costs of staff may be declared on the basis of unit costs set in accordance with the rules for application of corresponding scales of unit costs applied under schemes for grants funded entirely by Bulgaria for the Project Promoter and/or the Partner, or Norway for the Donor Partner, for similar types of project and entities involved.
b) travel and subsistence allowances for staff and volunteers taking part in the project, provided that they are in line with the project promoter's and project partner's usual practices on travel costs.
c) cost of new or second-hand equipment if it is depreciated in accordance with generally accepted accounting principles applicable to the project promoter and generally accepted for items of the same kind. Only the portion of the depreciation corresponding to the duration of the project and the rate of actual use for the purposes of the project may be considered by the Fund Operator. In case the Fund Operator determines that the equipment is an integral and necessary component for achieving the outcomes of the project, the entire purchase price of that equipment may be eligible.

d) costs of consumables and supplies, if they are identifiable and assigned to the project.
e) costs entailed by other contracts awarded by a project promoter for the purposes of carrying out the project, provided that the awarding complies with the applicable rules on public procurement.
f) costs arising directly from requirements imposed by the project contract for each project.

1.5.3.2 Eligible indirect costs in projects (overheads)

Indirect costs are all eligible costs that cannot be identified by the Project Promoter and/or the Project Partner as being directly attributed to the project, but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs. Indirect costs of the project shall represent a fair apportionment of the overall overheads of the Project Promoter or the Project Partner. They may be identified according to either of the following methods:

a) based on actual indirect costs for those project promoters and project partners that have an analytical accounting system to identify their indirect costs as indicated above.
b) a Project Promoter and Project Partners may opt for a flat rate of up to 25% of total direct eligible costs, excluding direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter or Project Partner, subject to the calculation of the rate on the basis of a fair, equitable and verifiable calculation method or a method applied under schemes for grants funded entirely by the Beneficiary State for similar types of project and project promoter;
c) a Project Promoter and Project Partners may opt for a flat rate of up to 15% of direct eligible staff costs.
d) in case of projects including a research component, indirect eligible costs may be determined by applying a flat rate of 25% of the total direct eligible costs, excluding direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter or Project Partner.

1.5.3.3 Excluded costs

The following costs shall not be considered eligible:

a) interest on debt, debt service charges and late payment charges;
b) charges for financial transactions and other purely financial costs, except costs related to accounts and financial services imposed by the project contract;
c) provisions for losses or potential future liabilities;
d) exchange losses;
e) recoverable VAT;
f) costs that are covered by other sources;
g) fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project; and
h) excessive or reckless expenditure.

2. Assessment of projects and selection procedure

The Fund Operator will check the fulfilment of administrative and eligibility criteria contained in this Call for Proposals. In the case of applications not complying with the administrative and eligibility criteria Innovation Norway may contact the Applicant to clarify the information provided or request the provision of additional information. Applicants will be given 10 working days to submit the information requested. Applications submitted in a language other than English will be automatically rejected.

Following the conclusion of the administrative and eligibility check, all Applicants will be informed in writing about the status of their project.

All applications which fulfil administrative and eligibility criteria will be further assessed by experts from the Fund Operator. The experts shall evaluate the projects against the selection criteria contained in the Call for proposals. The Fund Operator may decide to use external expertise in the assessment process. In such cases that involves making all the submitted information available to the external experts.

The result of the experts' assessment shall be a ranking list that forms the basis of discussion within the Fund Operator's Selection Committee. The Selection Committee will make the final decision to reject or approve the applications.

After the selection procedure is complete, information of the results and the decision on the award of grants will be communicated to the Applicants and published online.

2.1 Assessment criteria

Project applications will be assessed based on a set of selection criteria. The said criteria are based on the objectives and the outcome that the Programme seeks to achieve. The objectives and principles of good governance and good business practice, sustainable development and gender equality, are cross-cutting issues that shall be considered as part of the assessment process.

For the full list of criteria, including on the weighting of criteria, see the document **"Project Assessment Criteria and Methodology"**.

2.2 Selection and Award

The selection criteria above will be scored in a rating from one to six points (1 lowest, 6 highest). The scoring will constitute a basis for an assessment profile. Each of the selection criteria may be a critical success factor since a low score on certain critical factors can jeopardize the whole project. The scoring profile will be the basis for the prioritizing of the project proposals. The main principle will be that those projects with the highest scoring will have the highest probability to be awarded a grant.

After the assessment of the project applications has been performed, Innovation Norway will make the final grant decision. Applicants shall be notified of the decision of Innovation Norway to support or reject their application. Innovation Norway will send a Draft Project Contract/Reasoned Refusal to the Project Applicant with a copy to possible partners.

2.3 The Project Contract

For each approved project a Project Contract shall be concluded between Innovation Norway and the Project Promoter.

The Project Contract will include relevant Special Conditions, the Standard terms and Conditions on the EEA and Norway Grants programmes operated by Innovation Norway, the agreed Project Implementation Plan, the agreed Activity-based Budget and the agreed Disbursement Plan. These documents shall set out the terms and conditions of the grant assistance, as well as the roles and responsibilities of the Parties.

Prior to the signing of the Project Contract, the Project Promoter must submit a binding confirmation of the co-financing of the project to Innovation Norway. The Grant Offer letter will set a deadline for submitting such a confirmation. If the deadline is not met, the Grant Offer is considered to be withdrawn, unless a prolongation of the deadline is granted by Innovation Norway in writing.

The Project Contract sets out the terms and conditions of grant assistance as well as the roles and responsibilities of the parties. The project contract shall contain, as a minimum, provisions on the following:

a) obligations regarding reporting that enable the Fund Operator to comply with its reporting obligations to FMO and the National Focal Point;
b) the project grant rate and maximum amount of the project grant in euro;
c) the list of eligible expenditures;
d) the method of calculating indirect costs and their maximum amount;
e) the first and final dates of eligibility of expenditures;
f) requirements for the submission of proof of expenditure;
g) provision on modifications of the project;
h) provisions that ensure timely access for the purposes of monitoring, audits and evaluations;
i) provisions that ensure that obligations regarding information and communication are complied with;
j) the right of the Fund Operator to suspend payments, make financial corrections and request reimbursement from the project promoter in case decision on such actions is taken by FMO and/or the Fund Operator;
k) resolution of disputes and jurisdiction;
l) waiver of responsibility;
m) a detailed budget;
n) provisions on equipment for which the entire purchase price is eligible, in compliance with section 1.5.3.1 – *Eligible direct expenditures*;
o) provisions regarding the situation of changing the Fund Operator;
p) a reference to partnership agreements or letters of intent, if relevant; and
q) provisions that ensure that obligations regarding record keeping are complied with.

The obligations of the Project Promoter under the project contract shall be valid and enforceable under the law applicable to the Project Contract.

The grant will be subject to the acceptance of the Standard Terms and Conditions on EEA/Norway Grants programmes operated by Innovation Norway and the Special Conditions of the Project Contract.

3. Implementation of projects

All provisions and requirements related to the implementation of projects are set out in the Standard Terms and Conditions, published together with this call.

4. Payment flows

Grant assistance shall be given as reimbursements of already incurred documented costs according to an agreed Disbursement Plan (see template for Disbursement Plan and Essential Readings: Standard Terms and Conditions).

The Project Promoter has the opportunity to apply for an advance payment in line with Programme requirements.

The advance payment shall be paid following the signature of the project contract, within one month of the submission of a request by the Project promoter. Subsequent payments shall be paid following the approval of project interim reports and no later than one month from the date of approval. The final payment, if applicable, will be paid following approval of the final report and no later than one month from the date of approval.

The approval of project interim and final reports shall take place within three months from the submission of the required information.
Commitments and payments will be carried out in Euro (€). Payment claims (incl. advance payment) forwarded from the Project Promoter to Innovation Norway shall be in Euro (€).

5. Procedure for submission of application

Only electronic applications submitted via Innovation Norway's Application Portal, in English, will be accepted. The application form must be accompanied by the mandatory attachments which are listed in Annex II of the present call text.

The electronic applications and templates for the mandatory attachments are available on Innovation Norway's website https://www.innovasjonnorge.no/en/start-page/eea-norway-grants/and.
Project applications will be submitted via an application portal which can be accessed through the above-mentioned website.

The Guidelines and Essential Readings are also available on the Programme website.

6. Queries

Questions or further need for clarifications shall be sent in writing – in English – to the Programme e-mail address bg.business@innovationnorway.no. Queries will normally be replied to within 3-5 working days.

A Frequently Asked Questions section (FAQ) will be published on the dedicated Innovation Norway's website based on questions received from potential applicants and partners. The FAQ will be updated on a regular basis.

More background information about the EEA and Norwegian Financial Mechanisms is available at: www.eeagrants.org.

ANNEX I – List of Mandatory Documents

1. Expected outcomes and outputs of the implementation of the project;
2. Detailed Activity Budget in excel format;
3. Disbursement Plan;
4. Project Implementation Plan;
5. Procurement Plan;
6. Letter of Commitment;
7. Business plan;
8. Draft Partnership Agreement;
9. CVs of the project management team;
10. Self-declaration regarding undertaking in difficulty;
11. Self-declaration regarding clean tax and criminal record of the Applicant (and Partner(s) - if relevant) and of the legal representative(s);
12. Communication Plan;
13. Relevant Registration Certificates and statutory documents;

    Applicants:

- Relevant registration certificate (Bulgarian), i.e. Good Standing Certificate, valid at the date of application form submission;

    Partners:

- Relevant registration certificate (or similar), issued by the competent authority in the Donor State/Beneficiary State;
- latest approved statute (or similar), which proves that Partner's main activity is closely related to the activities in which its contribution is proposed;

14. Certified annual accounts of the Applicant for 2018 and 2019, and the trial balance sheet/profit & loss statement as per 31 December 2020 (in Bulgarian);

15. Applicant's Annual report (year 2019).

The template for preparing the Mandatory Documents are available on each call page at https://www.innovasjonnorge.no/en/start-page/eea-norway-grants/

ANNEX II – Essential Readings

Please find below the list of documents which are relevant for the present Call and are available on our webpage https://www.innovasjonnorge.no/en/start-page/eea-norway-grants/:

1. Standard Terms and Conditions
2. Project Assessment Criteria and Methodology
3. Guidelines on Cross-Cutting Issues
4. Communication Guidelines
5. Glossary of Terms
6. Conversion Guidelines Emissions
7. Guideline for Detailed Budget and Financial Forecast
8. FAQ - Business Programme - all countries
9. Top Most Common Mistakes