

Norwegian Financial Mechanism 2014-2021

**Innovation, Research, Education and
Competitiveness Programme in
Croatia**

**“Business Development and
Innovation Croatia”**

Calls for Proposals

Focus areas: Green Industry Innovation and Blue Growth

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Call for Proposals – Increased competitiveness of Croatian enterprises

The “Business Development and Innovation Croatia” Programme (hereafter referred to as “the Programme”) shall contribute to the general objectives of EEA and Norway Grants 2014-2021, respectively to the reduction of economic and social disparities in the European Economic Area (EEA) and to strengthening bilateral relations between EEA EFTA States and EEA and Norway Grants Beneficiary States. The Programme has the objective to **increase value creation and sustainable growth in Croatian business sector**. The Programme seeks to stimulate and develop long-term business cooperation between Norway (hereafter referred to as “the Donor State”) and Croatia 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 Croatia 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. Information about the Programme can be found at the Fund Operators official web-site <https://www.innovasjon Norge.no/Croatiainnovation>

Available amount for financing of projects

The total amount available for financing of projects from these Calls are **Euro 19,064,148**.
Individual Project Scheme Euro 16,064,148 and Small Grants Scheme for SMEs Euro 3,000,000.

The budget is divided between two Grant Schemes as follows:

Individual Project Scheme:

Total amount available for financing of projects for this grant scheme is: Euro 16,064,148 which is divided between the two focus areas of the Programme in the following indicative amounts:

- Green Industry Innovation: Euro 8,564,148
- Blue Growth: Euro 7,500,000

Small Grants Scheme for SMEs (SGS) 1:

Total amount available for financing of projects for this grant scheme is: Euro 3,000,000 which is divided between the two focus areas of the Programme in the following indicative amounts:

- Green Industry Innovation: Euro 1,500,000
- Blue Growth: Euro 1,500,000

Deadline for applications and language

To be eligible, applications must be submitted to Innovation Norway through the electronical application portal no later than **17 November 2020, at 14.00 Croatian 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 Croatian language. For the list of mandatory attachments, see Annex I.

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 electronic Application Form.

1. Projects and project funding

This Programme will finance projects proposed by Croatian enterprises in one of the two focus areas: **Green Industry Innovation and Blue Growth**. The aim is to finance development and application of innovative green or blue technologies/products, processes and solutions. The **expected outcome** of projects financed by these Calls is **increased competitiveness for Croatian enterprises within the mentioned areas**, in the form of growth in turnover and net operational profit and job creation. Projects are also expected to contribute to the development and application of innovative technologies, processes and solutions, as well as reduction of CO2 emissions and more energy efficient production processes. This is further detailed in section 1.2. on eligible activities.

The target group for this Programme is Croatian **enterprises in 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) A **Donor Partnership Project** is defined as cooperation between an Applicant (Project Promoter) in Croatia 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 Donor State Partner should be actively involved in, and effectively contributing to, the implementation of the project, and it should share with the Applicant/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 Donor Partnership Project.

b) A **Partnership Project** is defined as cooperation between an Applicant (Project Promoter) in Croatia and at least one legal entity in Croatia, 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 Applicant/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 Partnership Project.

1.1. Eligible applicants and partners

Individual Projects Scheme for focus areas Green Industry Innovation and Blue Growth

Eligible applicants: SMEs, as defined in the Commission Recommendation 2003/361¹, and large enterprises with no more than 25 % public ownership, registered as legal persons in Croatia and functioning in accordance to enforced Croatian legislation on commercial companies, respectively: Law NN 40/2019 (Croatian Companies Act).

The Applicant must have been in operation for at least 3 years at the date of the deadline of these present Calls.

Eligible partners: Any private or public entity, commercial or non-commercial, registered as legal person in the Donor States (Norway) or in Croatia.

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

Small Grant Scheme for SMEs (SGS 1) for focus areas Green Industry Innovation and Blue Growth

Eligible applicants: SMEs, as defined in the Commission Recommendation 2003/361, registered as legal persons in Croatia and functioning in accordance to enforced Croatian legislation on commercial companies, respectively: Law NN 40/2019 (Croatian Companies Act).

The Applicant must have been in operation for at least 1 year at the date of the deadline of these present Calls.

Eligible partners: Any private or public entity, commercial or non-commercial, registered as legal person in the Donor State (Norway) or in Croatia.

1.1.1. Additional criteria for applicants and partners

- 1) The Applicant and Partner(s)) and their legal representatives signing the application have clean criminal and tax records.
- 2) The Partner(s) main activity is closely related to the activities in which its contribution is proposed.
- 3) 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 these Calls.

Moreover, applicants are not eligible for funding if:

- 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;
- d) they are subject to an outstanding recovery order for illegal or incompatible state aid.

1.2. Areas of support and eligible activities

Eligible activities are related to the objectives of the Programme’s Result Framework. (For more details about outcomes, outputs and indicators please see the document called “Expected outcomes of the implementation of the project” under Mandatory attachments on the Programme web-site.)

An Applicant shall submit only one proposal under these Calls for Proposals.

An Applicant could be a project partner in another project application.

NOTE: The same criteria apply for both the Individual Project Scheme and for the Small Grants Scheme for SMEs (SGS 1). An Applicant can only apply under one of the schemes.

Support can be provided to projects that will carry out **activities within the enterprise applying for funding** in one of the following areas:

Green Industry Innovation – eligible activities

1. Development, implementation and investment in innovative environmental friendly technologies
2. Development of green products and services
3. Development and implementation of “greener production processes”

In addition, projects on Green Industry Innovation must contribute directly to one or more of these outcome indicators:

- a) Innovative green technologies/processes/solutions developed (new to the market)
- b) Innovative green technologies/processes/solutions applied (new to the enterprise)

At least one of these indicators **must** be selected in the “Expected **Outcomes Form**”.

All projects on Green Industry Innovation **must** directly contribute to the following **outcome** indicators:

- Estimated annual growth in turnover²
- Estimated annual growth in net operational profit³

Both of these outcome indicators must be chosen in the mandatory attachment “Expected **Outcomes Form**”. In addition, optional indicators like “jobs created” can be chosen.

In addition, projects aiming at applying innovative green technologies/processes/solutions are expected to contribute to at least one of the following environmental indicators:

- a) Estimated annual decrease of CO2 emissions/equivalents
- b) Estimated annual decrease of other emissions
- c) Estimated annual decrease in energy consumption

Blue Growth – eligible activities

1. Development and investment in maritime supra-structures
2. Development and investment in coastal and maritime tourism
3. Development and investment in blue biotechnology
4. Development and investment in seabed mining resources
5. Development of products and solutions related to maritime transport
6. Development of solutions on blue energy
7. Development of innovative products and solutions within fisheries and aquaculture
8. Development of innovative solutions related to marine litter and waste
9. Development of innovative technologies for water supply, including desalination

In addition, projects on Blue Growth **must** contribute directly to one or more of these **outcome** indicators:

- a) Blue technologies/processes/solutions developed (new to the market)
- b) Blue technologies/processes/solutions applied (new to the enterprise)

At least one of these indicators **must** be selected in the “Expected **Outcomes Form**”.

All projects on Blue Growth **must** directly contribute to the following **outcome** indicators:

- Estimated annual growth in turnover (see footnote 2)
- Estimated annual growth in net operational profit (see footnote 3)

² Estimated increase in turnover per fiscal year after implementing the project. This should be estimated for 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.

Both of these 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

Individual Project Scheme for focus areas Green Industry Innovation and Blue Growth

The minimum amount of grant assistance applied for shall be Euro 200,000.

The maximum amount of grant assistance applied for shall be Euro 1,500,000.

Small Grant Scheme for SMEs (SGS 1) for focus areas Green Industry Innovation and Blue Growth

The minimum amount of grant assistance applied for shall be Euro 50,000.

The maximum amount of grant assistance applied for shall be Euro 200,000.

1.4. Grant rates and co-financing

This Programme does not have a fixed grant rate. The financial contribution from this Programme shall be determined on a case-by-case basis, taking all relevant factors into account. The grant rate will be determined based on the applicable provisions of Commission Regulation 651/2014⁴ 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 grant rate may vary from 10% to 70%, depending on the type of the state aid awarded, size of the Applicant entity, profitability of the project, the general financial standing of the Applicant and other elements in the provisions of the Regulation which are relevant for the respective project. Applicants should not expect to receive the maximum grant rates possible according to the state aid rules.

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 required 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 these Calls, the following state aid categories will be applicable:

1. Regional Aid, articles 13 and 14 – grant rate according to the Regional Map⁵

Investments made in the following regions:

- HR 03 Adriatic Croatia, 35% grant rate
- HR 04 Continental Croatia, 25% grant rate

SMEs may be awarded with a bonus of 10% or 20% of the eligible costs.

2. Aid to SMEs, articles 18 – 19

- Aid for Consultancy in favour of SMEs
- Aid to SMEs for participation in fairs

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

⁵For more information, please see regional aid map 2014-2020 https://ec.europa.eu/competition/state_aid/cases/252579/252579_1556436_72_2.pdf

3. Research and Development and Innovation, article 25

- Experimental development (TRL 5 – TRL 8)

4. Innovation aid for SMEs, art. 28

5. Aid for environmental protection, art 36 - 38

- Investment aid enabling undertakings to go beyond Union standards for environmental protection or to increase the level of environmental protection in the absence of Union standards
- Investment aid for early adaptation to future Union standards
- Investment aid for energy efficiency measures.

Exceptionally, financial support could be awarded as *de minimis* support in line with the Commission Regulation (EC) No 1407/2013 (max. EUR 200,000 over three fiscal years). The maximum grant rate applied will be 70 %.

1.5. Eligible expenditures

IMPORTANT: The assessment of the eligible expenditures for a specific project will be made based on 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 these Calls 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 at a later date set in the Project Contract. The Project Contract shall set the final date of eligibility of costs, which shall be no later than 30 April 2024. Costs incurred after that final date are not eligible.

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, provided that this corresponds to the Project Promoter's and Project Partner's usual policy on remuneration;
- b) as an alternative, unit costs (hourly rates) can be set in accordance with the rules for application of corresponding scales of unit costs applied under schemes for grants funded entirely by Croatia for the Project Promoter and/or the Partner, or Norway for the Donor Partner, for similar types of project and entities involved;
- c) travel and subsistence allowances for staff 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;
- d) cost of new or second-hand equipment provided that 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 taken into account 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;
- e) costs of consumables and supplies, provided that they are identifiable and assigned to the project;
- f) 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;
- g) costs arising directly from requirements imposed by the project contract for each project.

Where the entire purchase price of equipment is eligible in accordance with point (d) the Project Promoter shall:

- a) keep the equipment in its ownership for a period of at least five years following the completion of the project and continues to use the equipment for the benefit of the overall objectives of the project for the same period;
- b) keep the equipment properly insured against losses such as fire, theft or other normally insurable incidents both during project implementation and for at least five years following the completion of the project; and
- c) set aside appropriate resources for the maintenance of the equipment for at least five years following the completion of the project.

1.5.3.2 Purchase of real estate and land

The cost of purchase of real estate, meaning buildings constructed or under development and the appropriate rights to the land on which they are built, and land not built on may be eligible under the following conditions, without prejudice to the application of stricter national rules:

- a) there shall be a direct link between the purchase and the objectives of the project;
- b) purchase of real estate and/or land may not represent more than 10% of the total eligible expenditure of the project;
- c) a certificate shall be obtained prior to the purchase from an independent qualified evaluator or duly authorized official entity confirming that the purchase price does not exceed the market value and that it is free of all obligations in terms of mortgage and other liabilities, particularly in respect of damage related to pollution. In case of purchase of real estate the certificate must either confirm that the building in question is in conformity with national regulations, or specify what is not in conformity with national regulations but which is to be rectified by the Project Promoter under the project;
- d) the real estate and/or land shall be used for the purpose and for the period specified in the decision to award the project grant. The ownership must be transferred to the Project Promoter, or those explicitly designated by the Project Promoter in the project application as recipients of the real estate and/or land, prior to the completion of the project. The real estate and/or land cannot be sold, rented or mortgaged within five years of the completion of the project, or longer if stipulated in the Project Contract. The Financial Mechanism Office (FMO) may waive this restriction if it would result in an unforeseen and unreasonable burden on the Project Promoter.
- e) the real estate and/or land may only be used in conformity with the objectives of the project. In particular, buildings may be used to accommodate public administration services only where such use is in conformity with the objective of the project; and
- f) the purchase of real estate and/or land shall be explicitly approved by the Fund Operator prior to the purchase either in the Project Contract or by a later decision.

The restrictions referred to in 1.5.3.1 as regards ownership, insurance and maintenance apply also to buildings that are constructed or reconstructed through a financial contribution from the EEA and/or Norwegian Financial Mechanisms 2014-2021.

Expenditure on site preparation and construction which is essential for the implementation of the project may be eligible.

The cost of real estate and/or land already owned, directly or indirectly, by the Project Promoter, or purchase of real estate and/or land, directly or indirectly, by the Project Partner or a public administration, shall not be eligible. Under no circumstances shall real estate and/or land be purchased for speculative purposes. The real estate and/or the land shall not have received a national or external donor grant in the last 10 years which could give rise to a duplication of funding.

1.5.3.3 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.

1.5.4. 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 these Calls for Proposals. In the case of applications not complying with the administrative and eligibility criteria, Innovation Norway will 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 these Calls for Proposals. Innovation Norway may decide to use external experts 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 the Fund Operator's Selection Committee's discussion. 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 positive decisions will be 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, sustainable development and gender equality, as well as Corporate Social Responsibility, are cross-cutting issues that shall be considered as part of the assessment process.

The applicable selection criteria are divided into the following sections:

1. *Formal/administrative criteria*

- The Application Form has been filled in according to the instructions given in these Calls for Proposals, the Field Help in the electronic Application Form, **and** all mandatory supporting documents are attached to the application. (For details see annex I to these Calls.)
- The application and requested supporting documents are submitted and presented in English; certificates issued by national authorities and certified financial annual accounts issued in Croatian language can be submitted and presented in Croatian. For the rest of the documents, free translation in English is required.
- The appropriate electronic Application Form has been used (corresponding to the type of Call / Programme and type of the Applicant).

2. *Eligibility criteria*

a) Applicant (and Partner(s))

- The Applicant is registered as legal person in Croatia and the entity fits in one of the categories of eligible applicants for the relevant grant scheme, as listed in these present Calls. (For details see section 1.1.)
- The Applicant has been established for at least the period of time set out in these Calls, section 1.1

Eligible applicants and partners.

- The Partner(s) is established as legal entity in Croatia or in Norway.
- The Partner(s)' main activity is closely related to the activities in which its contribution is proposed.
- In the case of a Partnership Project, a draft project Partnership Agreement has been attached to the Application Form.
- The Applicant and the legal representative signing the Application have clean criminal and tax record.
- The Applicant is not an undertaking in difficulty.
- The Partner(s) and the legal representative signing the Partnership Agreement have clean criminal and tax record.

b) Project

- The proposed project fits into one of the focus areas of these Calls and within the eligible activities defined in the Call text.
- Compliance with the minimum and maximum grant amounts to be applied for. The project implementation period is no longer than the deadline for cost eligibility mentioned in these Calls for Proposals.
- No overlapping/double funding arises from the applications for a similar project from EU/EEA/International Financial Institution/Bilateral or other sources.
- The project is in compliance with both EU and national legislation of Croatia (in particular state aid, public procurement and environment requirements).
- Compliance with plans -the extent to which the project is in compliance with national, regional and local policies, strategies, plans and programmes in Croatia.
- Incentive effect – work on the project did not start before the submission of the current application for grant.

3. Technical and financial selection criteria

- **Relevance** - The extent to which the project meets the Programme specific expected outcome and the eligible activities set out in these Calls for Proposals.
- **Technical viability and feasibility** - The extent to which the project is mature, i.e. technically viable and feasible in terms of technical solution meets the project objectives and specific outcomes, the Applicant has the technical/technological capacity to implement the project, time schedule.
- **Innovation level** – The extent to which the project includes innovation, either on enterprise level, sector level, national level or international level. (For R&D, activities need to be novel on international level).
- **Releasing effect** - The extent to which the project would not be executed without a grant.
- **Internal factors** - The extent to which the Applicant (and Partner(s)) have the necessary resources to implement the project; internal factors are the factors over which the Applicant may influence with strategic choices (key resources, core activities, production etc.).
- **Financial capacity and operating risk** - The extent to which the Applicant (and possible Partners) have the necessary co- financing and financial capacity to implement the project and support its costs; Operating risk – the assessment of Applicant's financial situation and debt service capabilities.
- **Costs estimates and funding** - The extent to which the project have clear and well documented cost estimates and a financing plan. The budget is correctly elaborated and correlated with project activities, allocated and estimated resources.
- **IPR status (Intellectual Property Rights)** - Immaterial resources available for the proposed project.
- **Market potential and competitiveness** - Quality of market analysis, under the balance of demand and offer of products and services.
- **Project profitability** – The extent to which the project has potential for profitability.

- **Good Business Practice** - The extent to which the Applicant (and Partner(s)) adhere to Good Business Practice as defined by the OECD guidelines and UN Guiding Principles on business and human right, including zero-tolerance towards corruption (initiatives on Applicant level).
- **Project risks** - The extent to which the project is adequately supported by a risk management plan.
- **Sustainability** – The project incorporates clear sustainability measures, i.e the durability of the project after the implementation date.
- **Bilateral Partnership’s quality (if applicable)** – The extent to which the Partnership Agreement includes clear division of roles, responsibilities and cash flow have been agreed upon; assessment of Partner’s involvement in the preparation, implementation and sharing the project results; each partner has a significant contribution to the project activities.
- **Cross-cutting issues** - The extent to which the project complies with relevant cross-cutting issues identified in the Application Form: good governance and good business practice, sustainable development and gender equality.
- **Socio-Economic impact** -The extent to which the project has added value, i.e. the socio-economic profitability.

2.2. Selection and award

The selection criteria above will be scored in a rating from zero to six points (0 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 low score on certain critical factors can jeopardize the whole project. The scoring profile will be the basis for the prioritizing for the project proposals.

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 Project Contract/Reasoned Refusal to the Project Promoter with a copy to eventual Partners.

2.3. The Project Contract

For each approved project, a Project Contract shall be concluded between the Fund Operator and the Project Promoter.

The Project Contract will include relevant Special Conditions, the Standard Terms and Conditions on EEA/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 has to submit a binding confirmation of the co-financing of the project to the Fund Operator. 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 the Fund Operator in writing.

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 the FMO and the National Focal Point;
- b) the maximum amount of the project grant in Euro and the maximum project grant rate;
- 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;
- 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 the 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 Project Contract, including the Special Conditions and the Standard Terms and Conditions on EEA/Norway Grants Programmes operated by Innovation Norway.

3. Implementation of projects

All provisions and requirements related to the implementation of projects are set out in the Project Contract with the Special Conditions, as well as the Standard terms and Conditions, published together with these Calls.

4. Payment flows

Grant assistance shall be given as reimbursements of already incurred documented costs according to an agreed Disbursement Plan.

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 supporting attachments which are listed in Annex I of these present Calls text.

The electronic applications and templates for the mandatory attachments are available on Innovation Norway's website <https://www.innovasjon Norge.no/Croatiainnovation>

Project applications shall be submitted via application portal which could be accessed through the above-mentioned website.

6. Queries

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

A Frequently Asked Questions section (FAQ), based on questions received from potential applicants and partners, will be published on Innovation Norway's website mentioned above. 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 of the implementation of the project (template)
2. Project Implementation Plan (template)
3. Detailed Activity Based Budget and financial projections for the project (template)
4. Disbursement Plan (template)
5. Procurement Plan (template)
6. Letter of Commitment (template)
7. Business Plan (template)
8. Draft Partnership Agreement (if relevant) (template)
9. CV's for project team (template)
10. Communication Plan (template)
11. Self-declaration re. undertaking in difficulty (template)
12. Self-declaration regarding clean tax and criminal record of the Applicant (and Partner(s) – if relevant) and of the legal representative(s);
13. Relevant Registration Certificates and statutory documents
 - a) *Applicants - enterprises:*
 - Excerpt from the court register ("*izvadak iz sudskog registra*") issued by the Croatian Court Register (which should include extensive information about enterprise's up to date status)
 - b) *Partners:*
 - registration certificate (or similar), issued by the competent authority in Norway/Croatia
 - 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 financial accounts of the Applicant for 2019, 2018 and 2017 (Croatian) - which bears Applicant's signature (electronic or handwritten) and fiscal authority registration number (index)
15. Applicant's annual report for year 2019 (which includes information such as company activities and results achieved in 2019).

ANNEX II Essential readings

Please find below the list of documents which are important for the present Calls and which are available on our webpage <https://www.innovasjon Norge.no/Croatiainnovation>

1. Standard Terms and Conditions
2. Project Assessment Criteria and Methodology
3. Guidelines Cross-cutting-issues and Good Business Practice
4. Communication Guidelines
5. Conversion Guidelines for Emissions
6. Glossary of Terms
7. Guideline for Detailed budget and Financial Forecast
8. Frequently Asked Questions (FAQ)
9. Top-most common mistakes to avoid