

Norway Grants 2014-2021

Business Development, Innovation and SMEs, Bulgaria

Support for start-ups

**Focus Areas: Green Industry Innovation and Welfare
Technology**

Call for Project Proposals

**Launching date:
July 8, 2021**

**Call deadline:
November 18, 2021**

Call for Proposals – Increased Competitiveness of Bulgarian Enterprises

The Programme “Business Development, Innovation and SMEs, 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 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 Bulgaria designates the Financial Mechanisms Office (FMO) as Programme Operator and Innovation Norway as Fund Operator for the Programme. All communication regarding the Programme shall be addressed to the Fund Operator. Information about the Programme can be found at <https://www.innovasjon Norge.no/en/start-page/eea-norway-grants/Programmes/business-development/Bulgaria/>

Available amount for financing of projects

The total amount available for financing of projects from this call is EUR 2,000,000. The amount is divided between the Programme focus areas into the following indicative amounts:

- Green Industry Innovation: EUR 1,500,000
- Welfare Technology: EUR 500,000

Deadline for Applications and Language Requirements

To be admissible, applications must be submitted to Innovation Norway through the electronic application form not later than **November 18, 2021 - 2:00 pm 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 (if

relevant) can be submitted in Bulgarian. 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.

1. Focus Area, projects and project funding

This call will finance projects proposed by Bulgarian start-up companies in one of the two focus areas: Green Industry Innovation and Welfare Technology. The aim is to finance development and application of innovative green or welfare technology/products, processes, and solutions. The expected outcome of projects financed by these Calls is increased competitiveness for Bulgarian enterprises within the mentioned areas, in the form of growth in turnover and net operational profit.

In the focus area Green Industry Innovation, 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

In the focus area Welfare Technology, the projects are expected to contribute to the development and introduction of innovative technologies, services and solutions that help elderly and persons with disabilities to become more independent and self-reliant. The products, services and solutions should help meeting the social and health challenges of the ageing society. The technological solutions are mainly expected to be used by or support staff that deliver or carry out welfare services.

This is further detailed in section 1.2. on eligible activities.

The target group for this Call are Bulgaria startup micro and small enterprises. The start-ups can apply to the Call together with partners. The partners can be entities in Bulgaria or in Norway.

Partnerships with an entity in the Donor State strengthens bilateral cooperation. Donor Partnership Projects are therefore encouraged with additional points during assessment in case the partnership is well justified and contributing to the project objectives.

a) 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 donor state 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.

b) 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 which 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 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 applicant:

Micro and small enterprises as defined in the EU Recommendation 2003/361¹, registered as legal entity in Bulgaria under the Commercial Act.

The applicants:

- must have been established and registered with at least **6 months** and maximum **4 years** of operation at the date of the deadline of the call;
- must be operating within one of the two focus areas of programme (Green Industry Innovation and Welfare Technology and ambient assisted living);
- must be **unlisted small**² enterprises up to four years following their registration, which have not yet distributed profits and have not been formed through a merger.

Eligible partners:

Any private or public entity, commercial or non-commercial, and non-governmental organisations registered in Bulgaria or in Norway.

1.1.1 Additional criteria for applicants and partners

1) If the applicant is registered more than one year ago it should have performed economic activity in the annual financial period prior the year of application.

2) In case a physical person is shareholder in more than one start-up company only one of them could apply under the current call.

Moreover, applicants and partners are not eligible for funding if:

¹ SME Definition: https://ec.europa.eu/growth/smes/sme-definition_en

² Unlisted small enterprises are described under Article 22 – Aid for start-ups (2): <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

- a) 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;
- b) 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;
- c) they are subject to an outstanding recovery order for illegal or incompatible state aid;
- d) they have submitted the same project application under another public supported initiative for which an application has already been financed.

1.2 Areas of support and eligible activities

An Applicant shall submit only one project proposal under this Call for Proposal. This call can provide support for Projects that will develop and implement activities within the enterprise applying for funding, in one of the two following areas. Projects must contribute directly to increased revenues and improved capacity for business development of the enterprise implementing the project.

Green Industry Innovation – eligible activities

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

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

- a) Innovative green technologies/processes/solutions developed
- b) Innovative green technologies/processes/solutions applied (new to the enterprise)
- c) Green products or services commercialized (new to the market)

At least one of these indicators must be selected in the template “Expected outcomes of the implementation of the project”.

Projects on Green Industry Innovation must directly contribute to both of the following outcome indicators:

- a) Estimated annual growth in turnover
- b) Estimated annual growth in net operational profit

Both of these outcome indicators must be chosen in the “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 collection of waste from production and operational processes for re-use or recycling
- d) Estimated annual decrease in energy consumption
- e) Estimated annual re-use of processed waste for other operational processes
- f) Estimated annual reduction of fuel consumption

Welfare Technology – eligible activities

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

Mandatory contribution to indicators

Projects on Welfare Technology must contribute directly to the following two output indicator:

- Innovative welfare products/services/technologies developed;

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

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

1. Estimated annual growth in turnover
2. Estimated annual growth in net operational profit

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

IMPORTANT NOTE: Under the current call will be supported development activities corresponding to at least TRL 5³. Additionally, the development activities shall be envisaged to reach TRL 8 at the end of the project implementation.

³ For more information on Technology Readiness Levels please refer to European Association of Research and Technology Organisations (EARTO) Recommendations from April 2014. TRL 5: Technology validated in relevant environment; TRL 6: Technology pilot demonstrated in relevant environment; TRL 7: System prototype demonstration in operational environment; TRL 8: System complete and qualified.

1.3 Minimum and Maximum Grant Amount for each Project

The minimum amount of grant applied for shall be EUR 5,000.

The maximum amount of grant applied for shall be EUR 80,000.

1.4 Grant rates and co-financing

Grants to all projects may be up to 85% of total eligible expenditure of the project. 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 declaring certain categories of aid as compatible with the Internal Market in application of Articles 107 and 108 of the Treaty on the Functioning of the EU, as amended by Commission Regulation 2017/1084.

The Project Promoter shall provide or obtain the remaining co-financing in the form of cash (own resources or bank loan). The Project Partner, if applicable, may also provide co-financing. 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 categories will be applicable and relevant for the Applicant:

- **Aid for start-ups, Article 22⁴.** Support for projects under this call shall take the form of grants – *maximum 85% grant rate*

The following category will be applied and granted for project activities performed by **Project Partners** in case they contribute to the project co-financing and if the results of the project implementation benefits both applicant and partner:

- **Aid for Research and Development and Innovation, Article 25,** Experimental development (TRL 5-8) - *maximum 60% grant rate*

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) *with a maximum grant rate of 85%*.

⁴ GBER Article 22 in accordance with para 3, letter (c) –<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

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 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 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 31 October 2023. 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.

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;

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 EU and/or Bulgaria for the Partner, or Norway, Iceland and Lichtenstein for the Donor Partner, for similar types of project and entities involved;

b. the remuneration costs for the owners of the start-ups not receiving remuneration under a labor contract with the Promoter, including for R&D activities, comprising actual salaries plus social security charges and other statutory costs included in the remuneration are limited to the hourly rate of EUR 23 for the exact number of working hours that will be dedicated to the project;

c. 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. However, business class travels are normally not eligible;

d. purchase of new equipment, provided that it is depreciated in accordance with generally accepted accounting principles. For projects other than investment projects, 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. Cost for second-hand equipment will only be eligible if they are duly justified in the application and explicitly stated in the Project Contract;

e. costs of consumables and supplies, provided that they are identifiable and assigned to the project;

f. costs arising directly from requirements imposed by the project contract (e.g. dissemination of information, specific evaluation of the project, audits, translations, reproduction), including the costs of any financial services;

g. costs of intangible assets, related to copyright, patents, licenses and industrial design rights, provided that they are identifiable and assigned to the project;

h. Cost for consultancy services (Costs related to mentoring services, envisaged to support the development of the particular business idea implemented through the project; Costs related to the participation in fairs reinforcing the commercialization process of new products/ services implemented in the project frameworks; Costs for Legal services; Costs for trainings aimed at certification related to implementation of the project, etc.);

Where the entire purchase price of equipment is eligible in accordance with point (c) of paragraph 1, 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.

The specific means for the implementation of this obligation shall be specified in the project contract.

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. The method of the indirect costs and its maximum amount shall be determined in the Project Contract. A project promoter and project partners will use a flat rate of up to 15% of direct eligible staff costs.

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;
- h. excessive or reckless expenditure;

For the purpose of this call the following costs are excluded:

- i. already owed debts and credits to third parties;
- j. any other costs incurred before signing the Project Contract;
- k. operational expenses (office rents, salaries for routine company operations, etc.;
- l. equipment used for purely administrative needs, not directly related with any R&D activities or with the achievement of the project objectives (PCs, mobile phones, office furniture, cars, etc.)

2. Assessment of projects and selection procedure

Innovation Norway will review all applications received within the deadline set out in the Call for Project Proposals for compliance with administrative and eligibility criteria. 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 whose applications are rejected at this stage shall be informed in writing and will have two weeks to appeal that decision to Innovation Norway.

Applications meeting the administrative and eligibility criteria shall be subject to a further assessment against selection criteria organised by Innovation Norway. Innovation Norway may use external experts in the assessment process.

The result of the expert 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 Selection criteria and award

Project applications will be assessed based on a set of technical and financial selection criteria. The said criteria are based on the results 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 essential reading **Project Assessment Criteria and Methodology**).

Shortlisted applicants will be invited for an interview.

The financial and technical assessment criteria presented in the Project Assessment Criteria and Methodology will be scored on a scale from 0 (zero) to 6 (six) points, where 0 is the lowest (a criterion is not fulfilled at all, but the project could still be considered for funding) and 6 is the highest score. The scoring will constitute the basis for an assessment profile and will be used to rank the projects. Each of the assessment criteria may be a critical success factor, i.e. a weak score within one criterion can jeopardize the success of the whole project application and lead to the rejection of the application without further in-depth assessment of other criteria.

The result of the experts' assessment shall be a ranked list that forms the basis for the discussion of the Fund Operator's Selection Committee. In accordance with the provided Methodology and based on a Structured Interview with the shortlisted applicants. Then the Selection Committee will make the decision to reject or approve the applications and decide on the ranking of approved applications. Prior to the Fund Operator's final decision, FMO and the National Focal Point will be provided with the ranked list and reasonable time to give their input to the Fund Operator.

In case of decision to approve the application, the Applicant will first be informed about the decision via e-mail. Thereafter, the Applicant will receive a Project Contract containing the Grant Offer Letter, contractual conditions, approved project budget, maximum grant rate and amount, expected outcomes from the implemented project, Project Implementation Plan and Disbursement Plan. Specific issues may be subject to further formalisation in the Special Conditions of the Grant Offer Letter.

2.2 The project contract

In the case of a positive decision, a Project Contract shall be concluded between Innovation Norway and the Project Promoter.

The Project Contract will include relevant Special Conditions including certain milestones for the project implementation triggering next phases of the project implementation, 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 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 the FMO and/or the Fund Operator;
- k) resolution of disputes and jurisdiction;
 - l) waiver of responsibility of EFTA, its secretariat, including the FMO, its officials or employees;
- 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 of the EEA and 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.

The Project Promoter could apply for an advance payment in line with the Programme requirements.

The advance payment (up to 20% of the project grant) 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 (up to 80% of the project grant) 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.innovasjon Norge.no/en/start-page/eea-norway-grants/>.

Project applications will 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 e-mail address of the Programme bg.business@innovationnorway.no. Queries will normally be replied to within 3-5 working days.

Frequently Asked Questions section (FAQ) will be published on the dedicated website of Innovation Norway based on questions received from potential applicants and partners. The FAQ will be updated on 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 Based Budget in excel format;
3. Disbursement Plan;
4. Project Implementation Plan;
5. Procurement Plan;
6. Letter of Commitment;
7. Draft Partnership Agreement (if relevant);
8. CVs of the project management team;
9. Self-declaration regarding clean tax and criminal record of the Applicant (and Partner(s) - if relevant) and of the legal representative(s);
10. Communication Plan;
11. Relevant Registration Certificates and statutory documents; Applicants: - certificate from the Bulgarian Trade Register.
Partners: - Relevant registration certificate (or similar), issued by the competent authority in Norway / Bulgaria;
12. Certified annual accounts of the Applicant (if relevant) for 2018, 2019 and 2020 and trial balance sheet and profit and loss accounts for the last 6 months of 2021, bearing the Applicant's signature (electronic or handwritten) and fiscal authority registration number (ЕИК).

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.innovasjon Norge.no/en/start-page/eea-norway-grants/Programmes/business-development/Bulgaria/>:

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. Guideline for Detailed Budget and Financial Forecast
7. FAQ - Business Programme - all countries
8. Top Most Common Mistakes