

Norwegian Financial Mechanism 2014-2021

Innovation, Research, Education and Competitiveness Programme in Croatia

“Business Development and Innovation Croatia”

Small Grants Scheme-2 on Soft Measures - Development of business skills for enterprises in the focus areas Green Industry Innovation and Blue Growth

The Programme “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 and to strengthening bilateral relations between the Donor States and the 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 aim of this Call is to support enterprises to increase their business development capacity through activities like training to fill skill gaps, networking with clients and partners, get new insights about markets or technologies, mentoring for female entrepreneurs etc.

There are many areas and activities for improvement of business skills. It could refer to activities which enable its personnel to develop core competencies to start and/or grow businesses, financial planning and business modelling and product/service development etc. Such activities will normally contribute directly to the Programme Outcome indicator: Increased competitiveness of the Croatian enterprises.

Such activities could contribute to the **expected outcomes** for this Call, which are:

- Increased competitiveness of Croatian enterprises within the focus areas Green Industry Innovation and Blue Growth
- Involvement of entities from the Donor State (Norway) is encouraged, as this will contribute to “Enhanced collaboration between Donor State entities and Croatian entities.

Available amount for financing of projects in this Call

Total amount available for financing of projects for this Small Grant Scheme-2 is **EUR 695, 852**.

Deadline for applications and language requirements

Deadline: Wednesday, May 10th 2023 at 13.00 Croatian local time.

To be eligible, applications must be submitted to the Fund Operator for the “Business Development and Innovation Croatia” Programme, Innovation Norway, via e-mail (see instructions under Article 5: “Procedure for Submission of applications”). 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 to this present Call text.

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 (end beneficiaries) of the Programme is Croatian enterprises in the private sector, mainly SMEs. This Call is expected to contribute to the Programme Output “Enterprises **supported to improve capacity for business development**”. Partnerships are not mandatory, but Donor Partnership Projects are strongly encouraged, as such projects will also contribute to the Bilateral Programme Outcome “**Enhanced collaboration between Beneficiary and Donor State entities**”. Donor Partnership Projects will be awarded additional points during assessment.

1.1 Eligible applicants and partners

Eligible applicants:

- SMEs¹, and large companies with no more than 25% public ownership, established as legal entities in Croatia.
- Not-for profit organisations² (including clusters and business associations) established as legal entities in Croatia.

Eligible partners: Any public or private entity, commercial or non-commercial and non-governmental organisations, established as a legal person in Norway or in Croatia.

1.1.1 Additional 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:

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 as defined in the Commission Recommendation 2003/3611 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32003H0361&from=EN>

² all projects, even those implemented by NGOs, must contribute to “Improving Capacity for Business Development” and (optionally) to “Strengthening bilateral relations in the business sector”) and end beneficiaries of the projects can only be Croatia businesses. However, (part of the) activities could be carried out by NGOs.

1.2 Areas of support and eligible activities

An Applicant shall submit only one project proposal under this Call. The same entity can be a partner in one or more other applications.

All projects must contribute directly to, and report against, one or more of the following **Output indicators**:

Enterprises supported to improve capacity for business development (Project target group):

1. SMEs that have received business skills support³ (training, coaching, mentoring etc.).
2. Large enterprises that have received business skills support (training, coaching, mentoring etc.).
3. Business organizations/clusters that have supported SMEs to increase their business knowledge.
4. Number of professional staff trained (disaggregated by gender, male and female).

At least one of these Output indicators mentioned above must be selected in the template “Expected Outcomes and Outputs of the implementation of the project”.

Eligible Activities are:

- **Training, coaching, mentoring** on topics like strategic business development and business modelling, financial planning, corporate board competence, protection of IPR, international/European/national regulations, green innovations, circular economy, sustainable blue economy, Health Safety and Environment (HSE), Corporate Social Responsibility (CSR) etc.
- **Training, coaching and mentoring specifically targeted to female entrepreneurs⁴** to gain more skills on how to establish or grow businesses within the two focus areas of the Programme;
- **Organising workshops, seminars, experience / good practice sharing events** with the aim of boosting environmental sustainability or related to blue economy.
- **Business matchmaking events** aimed at partnerships for business development and capacity building
- **Study trips, conferences, workshops, seminars, experience / good practice sharing events** with the aim of enhancing the bilateral collaboration, networking and learning contributing to environmental sustainability, or related to blue economy.
- **Participation in fairs organized in the Donor State (Norway)** aimed at bilateral partnerships for business development and capacity building. (The name, location, and time of the fair(s) should be identified in the application).
- **Feasibility studies, data collection, analyses** directly contributing to or exploring environmental sustainability or blue economy related business development and -opportunities.

For all activities listed above, each project must include at least one communication/publicity activity to promote the project, the results obtained, and the **Norway Grants as the source of funding** for the project.

1.3 Minimum and maximum grant amount per project

- The minimum amount of grant assistance applied for shall be EUR 10,000.
- The maximum amount of grant assistance applied for shall be EUR 200,000.

³ Definition of «business skills support»: activities which enables persons to develop core competencies in fields of relevance for the Programme.

⁴ Definition: An enterprise- owned by a woman, an enterprise- where the legal representative is a woman, an enterprise- where a woman is a partner or an enterprise where a woman is the chairperson of the Board of Directors.

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, as a premise, be determined according to de minimis aid regulations.** If for some reason *de minimis* cannot be applied for the project (or part of the project), then the grant rate will be determined based on Commission Regulation 651/2014⁵, and will depend on the type of the state aid awarded, 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 Applicant 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.

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**:

1. *de minimis aid*

De minimis aid within the meaning of the European Commission's Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis aid* (OJ L 352, 24.12.2013) - (max. EUR 200,000 over three fiscal years). *The maximum grant rate applied for should not exceed 90%.*

2. *Aid to SMEs, Article 18*

Aid for consultancy in favour of SMEs as per the applicable provisions of Commission Regulation 651/2014⁶ 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 Regulations 2017/1084, 2020/972 and 2021/1237.

The maximum grant rate applied for should not exceed 50%.

3. *Participation in Fairs, Article 19*

Aid to SMEs for participation in fairs as per the applicable provisions of Commission Regulation 651/2014⁷ 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 Regulations 2017/1084, 2020/972 and 2021/1237.

The maximum grant rate applied for should not exceed 50%.

⁵ Known also as General Block Exemption Regulation [GBER] <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02014R0651-20210801&from=EN>

⁶ Known also as General Block Exemption Regulation [GBER] <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02014R0651-20210801&from=EN>

⁷ Known also as General Block Exemption Regulation [GBER] <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02014R0651-20210801&from=EN>

4. Training aid, Article 31.

As per the applicable provisions of Commission Regulation 651/2014⁸ 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 Regulations 2017/1084, 2020/972 and 2021/1237.

The maximum grant rate applied for should not exceed 70%.

Grant rate for non-economic operators:

For non-economic operators, proposing projects which do not fall under state aid provisions (Regulation 651/2014) the grant rate will be maximum 90% of the total eligible expenses for the project, without exceeding the maximum amount that may be granted to a project.

1.5 Eligible expenditures

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 a later date set in the Project Contract. The Project Contract shall set the final date of eligibility of costs, which will in no event be later than **30 April 2024**.

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 are considered to have been incurred when they are recorded in 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.

⁸ Known also as General Block Exemption Regulation [GBER] <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02014R0651-20210801&from=EN>

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) 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) costs of consumables and supplies, if they are identifiable and assigned to the project
- d) fees, travel (including subsistence allowances) and accommodation costs related to participation in conferences, seminars, training courses, workshops, study visits and other events envisaged under the project
- e) costs related to conducting studies and analyses.
- f) costs of conferences, seminars and workshops (rent of facilities, catering, interpretation and translation of working materials, etc.)
- g) costs related to promotional and informational activities
- h) 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
- i) costs arising directly from requirements imposed by the project contract (e.g. dissemination of information, specific evaluation of the project, audits, translations, reproduction) for each project.

1.5.3.2 Eligible indirect costs in projects (overheads)

Indirect costs are all eligible costs for projects, 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 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.

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) costs for purchase of a new or second-hand equipment
- i) any other costs incurred before the date of the grant awarded, or, if different, the date set in the project contract; and
- j) operational expenses.

2 Assessment of projects and selection procedure

The Fund Operator will assess the applications based on the selection criteria below. If needed, the Fund Operator may request additional information from the Applicant at any time during the assessment process.

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

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.

After the selection procedure is completed, 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

Below are listed the administrative criteria (1) and the eligibility criteria (2) for applications under this Call. A "no" assessment corresponding to any of the criteria will disqualify the project application from further assessment and will lead to the rejection of the application.

All applicants will be informed in writing once the administrative and eligibility checks have been concluded.

1. Administrative Criteria

- The project application (incl. the annexes and supporting documents) has been submitted in English by the deadline set in this Call.
- The project application (incl. the annexes) has been submitted via e-mail to the e-mail addresses specified by the Fund Operator (see Article 5 "Procedure for submission of application").

2. Eligibility Criteria

- Applicants are eligible for this Call (ref. item 1.1., page 4 of this Call text).
- The requested grant amount is within the limits set in this Call for proposals.
- The proposed implementation period is within the permissible limits set in the Call for Proposals.

2.2 Evaluation Criteria

The financial and technical assessment criteria presented below 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) and 6 is the highest score. After

each criterion below, the weighted average in the overall ranking is provided as a percentage. The weighted average for each criterion will constitute the basis for ranking the project applications.

To what extent does the project fulfil the following criteria:

- **Capacity** of the Applicant (including human resources, sound financial management and technical feasibility) is appropriate to carry out the project successfully;
weighted average: 30 %.
- **Relevance** of the application (the need for the project is clearly demonstrated):
 - all activities should be implemented in Croatia and/or the Donor State;
 - the project is directly contributing to increasing the target group's (end beneficiaries) business development skills;
 - the project contributes to the bilateral outcome, and the Donor Project Partner has a clear role and contribution;
 - the end beneficiaries have been identified and are committed to participate in the proposed activities;
 - eligible activities are in line with those set for this Call;
 - the cost-benefit-ratio is clearly demonstrated, risks are assessed, and relevant responses have been outlined);
weighted average: 40%.
- **Transparency** (full and honest accounting of all facts, information, and context regarding expenditure and activities of the project, as well as applicant and partners to enable the Fund Operator to take a justified and fair assessment decision);
weighted average: 15 %.
- **Sustainability** (the project commits to, and includes measure to ensure economic, environmental and social sustainability of the project);
weighted average: 15 %.

2.3 The Project Contract

For each approved project a Project Contract shall be concluded between the Fund Operator (Innovation Norway) and the Project Promoter (applicant).

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 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 maximum amount of the project grant in euro and the maximum project grant rate.
- c) the list of eligible expenditures.
- d) the first and final dates of eligibility of expenditures.
- e) requirements for the submission of proof of expenditure.
- f) provision on modifications of the project.
- g) provisions that ensure timely access for the purposes of monitoring, audits and evaluations.
- h) provisions that ensure that obligations regarding information and communication are complied with.
- i) the right of the Fund Operator to suspend payments, make financial corrections and request reimbursement from the project promoter.
- j) resolution of disputes and jurisdiction.
- k) waiver of responsibility.
- l) a detailed budget, with itemised costs and unit prices.
- m) provisions concerning termination, compensation and damages in case of termination of the project.
- n) when applicable, reference to the donor partnership agreement.
- o) provisions that ensure that obligations regarding record keeping.

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 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.

However, the Project Promoter has the opportunity to apply for an advance payment in line with the following table:

Advance payment	Interim payments (reimbursement of actual costs)	Final balance payment
10% -20%	70% - 80%	Up to 10%

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, if applicable, and no later than one month from the date of approval. The final payment will be paid following approval of the final report and no later than one month from the date of approval.

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

To be eligible, applications must be submitted to the Fund Operator for the “Business Development and Innovation Croatia” Programme, Innovation Norway, via email to:

CRO.innovation@innovationnorway.no

Please use the subject title: “CRO-INNO – SGS-2 Soft Measures – *Name of applicant entity*”

The Application Form must be accompanied by the mandatory attachments which are listed in Annex II of this present Call text.

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

The Guidelines for Application 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’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) 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. Application form (template)
2. Detailed Activity Based Budget (template).
3. Relevant Registration Certificates and statutory documents

a) Applicants:

SMEs and large 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)

Not-for-profit organisations

- law court decision for the establishment of the organisation
- latest approved statute
- law court decision regarding the latest version of the statute (if the case).

b) Partners:

- Relevant registration certificate (or similar), issued by the competent authority in the Donor State/Beneficiary State.

4. Self-declaration of the Applicant (and Partner(s) – if relevant) (template).
5. CV’s for project management team (template).
6. Letter of Commitment (template).
7. Draft Partnership Agreement (if relevant) (template).
8. Expected outcomes of the implementation of the project (template).
9. Balance sheet and profit and loss accounts of the Applicant (latest available), which bears Applicant’s signature (electronic or handwritten) and fiscal authority registration number (index).

ANNEX II – Essential reading

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/Croatiainnovation>

1. Standard Terms and Conditions
2. Guidelines on Cross-Cutting Issues
3. Communication Guidelines
4. Glossary of Terms
5. Guidelines for Detailed Budget