

Business Development and Innovation

Operational rules (Annex II)

1. Programme summary

This Annex sets out the operational rules for the programme. The programme agreement is based on the MoU, the concept note and comments made by the NMFA. Commitments, statements and guarantees, explicit as well as implicit, made in the concept note, are binding for the Programme Operator (PO) unless otherwise explicitly stipulated in the annexes to this programme agreement.

The Programme Operator is the Polish Agency for Enterprise Development (PARP). Innovation Norway (IN) is the Donor Programme Partner (DPP).

The Programme objective: *“Increased value creation and sustainable growth”* shall be attained through projects to be selected within *one outcome “Increased competitiveness of enterprises within the focus areas of green industry innovation, blue growth and welfare technology”* by way of at least one round of open call for proposals and small grant schemes (SGS). All projects selected within calls for proposals and the SGS shall support a wide range of initiatives aimed at improving the economic performance of SMEs in order to contribute to increased value creation and sustainable growth. Call for proposals and the small grant scheme shall be launched as detailed below:

- Call for proposals in green industry innovation area (*Call 1*) shall support development, commercialisation and application of green innovative products, technologies, processes or solutions that directly or indirectly improve the environment and increases the SME’s competitiveness. Included are innovations in circular economy, investment in innovative green technologies, greener production processes, material efficiency activities, waste management etc.
- Call for proposals in blue growth (*Call 2*) shall support development, commercialisation and application of innovative products, technologies, processes or solutions in the blue sector and will address both marine and inland waters. Supported investments may refer to production optimization, automation, increase of durability and reliability of processes as well as the introduction of new to the market solutions. The environment pollution will be considered through support of innovations that result in environmental protection in the blue sector, as for instance insufficient system of waste collection and processing from ships, investments in environmentally friendly power supply sources on ships, in ports and marines better waste management, as well as improving energy efficiency and pollution reduction.
- Call for proposals in welfare technology development (*Call 3*) shall support the development and commercialisation and application of innovative products (goods or services) or technologies which improve quality of life and better meets the societal challenges, including demographic trends toward an aging society.
- Small grants schemes for female enterprises (*SGS*) shall support female enterprises to increase their competitiveness by innovative development, commercialisation or application in the area of green industry, blue growth or welfare technology. The SGS shall aim to support projects improving knowledge in the area of innovation by way of innovation advisory and/or R&D services and/or mentoring. Investment shall be limited to support development implementation or commercialisation of the innovation.

2. Eligibility

2.1 Eligible applicants:

The rules on eligibility of applicants and partners are set in Article 7.2 of the Regulation. The following limitations shall be placed:

	Eligible applicants (project promoters)	Eligible project partners
Call 1	SME as defined by Commission Regulation (EU) No 651/2014 of 17 June 2014 Annex I (SME definition) conducting business activity for at least one fiscal year by the call deadline and having obtained minimum € 140 000 of sales revenues in one of the last three fiscal years.	Private and public entities established in Norway
Call 2	SME as defined by Commission Regulation (EU) No 651/2014 of 17 June 2014 Annex I (SME definition) conducting business activity for at least one fiscal year by the call deadline and having obtained minimum € 20 000 of sales revenues in one of the last three fiscal years.	
Call 3	SME as defined by Commission Regulation (EU) No 651/2014 of 17 June 2014 Annex I (SME definition) conducting business activity for at least one fiscal year by the call deadline and having obtained minimum € 20 000 of sales revenues in one of the last three fiscal years.	
SGS	Female enterprises to be understood as SME as defined by Commission Regulation (EU) No 651/2014 of 17 June 2014 Annex I (SME definition) which is, according to the entity registration certificate, managed or co-managed by a female person who is engaged in a decision-making process (e.g. as a member of the board) as an owner or a co-owner, No eligibility conditions in terms of annual turnover amount or minimal period of economic activity shall be imposed.	

Cooperation with Polish research institutions shall be encouraged through selection criteria; however these shall not constitute partnership projects.

The partnership relationship shall be established between the project promoter and the Norwegian project partner before submitting a project application to the Programme Operator. The project partner contribution to the project could be limited to delivery of the services, works or goods (in this case the Guidelines of the Minister of Investment and Development's for the procurement of the EEA Financial Mechanism 2014-2021 and the Norwegian Financial Mechanism 2014-2021 are not applicable). Nevertheless, The Project Promoter shall prove in the project application that the choice of the project partner has been made in accordance with the best business practices and allow to achieve best economic results from project resources.

Within the SGS, in the case of partnership concerning relation of female entrepreneur with Norwegian mentor, the relation can be established between the project promoter and the project partner after conclusion of the project contract.

2.2 *Special rules on eligibility of costs:*

The rules of eligibility of costs are set in Chapter 8 of the Regulation.

Any public support under the Programme will comply with the procedural and substantive state aid rules applicable at the time when the public aid is granted. Activities planned in the Programme, will be in conformity with the EU and Polish state aid rules, including the General Block Exemption Regulation (Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty), de minimis regulation (Commission 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), state regulation on regional aid map, state act on establishing Polish Agency for Enterprise Development and state regulation on granting aid by Polish Agency for Enterprise Development.

The following types of direct costs meeting the general principles on the eligibility of expenditures specified in Article 8.2 of the Regulation and state aid or de minimis aid regulations shall be eligible:

- costs of implementation of an investment (an initial investment in the sense of Article 2 point 49 of Commission Regulation (EU) No 651/2014), excluding purchase of used tangible assets and land or real estate;
- costs of consultancy services provided by external consultants. The services concerned shall not be a continuous or periodic activity nor relate to the undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or advertising;
- costs of development projects;
- costs of support services such as labelling, testing and certification;
- acquisition of services provided by external consultants and related to creation and implementation of new or significantly improved product, service, technology or new design;
- costs of foreign business trips according to the state regulation on foreign business trips;
- costs of mentoring services aiming at growth of knowledge, social skills and competence improvement and improvement of skills and competence in the field of green technology, blue growth and welfare technology;
- costs of grant contract collateral;
- extra investment costs for environmental protection according to Article 36, 37, 38, 40, 41 or 47 of Commission Regulation (EU) No 651/2014, excluding purchase of used tangible assets and land or real estate;
- costs of investments for the construction, replacement or upgrade of port infrastructures or access infrastructure and costs of dredging according to art. 56b or 56 c of Commission Regulation (EU) No 651/2014, excluding purchase of used tangible assets and land or real estate.

The exact catalogue of eligible costs in each grant scheme will be specified and described in the open call documentation.

3. **Bilateral relations**

3.1 *Bilateral relations*

The Programme shall contribute to strengthening bilateral relations between Poland and Norway.

The Programme shall, as appropriate, facilitate donor partnership projects by carrying out, inter alia, match-making events and activities in conjunction with launching calls for proposals, as well as by encouraging donor partnership projects in call texts.

PARP shall organise a bi-annual Cooperation Committee meeting, to advise on the preparation, implementation and progress of the programme, as well as on the use of the bilateral fund. Parties of the bilateral initiatives might specifically be designated by the Cooperation Committee or selected

through an open call. PARP and Innovation Norway shall constitute the Cooperation Committee. The NFP, the Norwegian Embassy, the Donor States and the FMO shall be invited as observers in the Cooperation Committee.

4. Selection of projects and financial parameters

4.1 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

There shall be at least one round of calls for proposals and SGS launched. In case funds remain uncommitted further to the selection of projects, the Programme Operator may launch additional calls.

In case funds allocated to Call 1 or Call 2 are not sufficient for financing all the projects meeting the requirements of the relevant call, the Programme Operator may propose to shift projects to be financed under the other call in which funds are available during the preparation of the ranking list as described under section 4.2 below. The detailed criteria for such alteration shall be described in the call for proposal.

Call	Estimated timing of the call	Total available amount (EUR)	Minimum grant applied for (EUR)	Maximum grant applied for (EUR)
Call 1	Q4 2019	50,000,000	200,000	1,000,000
Call 2	Q4 2019	10,000,000	200,000	2,000,000
Call 3	Q4 2019	18,700,000	200,000	2,000,000
SGS	Q4 2019	15,000,000	12,000	200,000

4.2 Selection procedures:

The project evaluation and award of grants shall be in accordance with Article 7.4 of the Regulation.

The Programme Operator shall be responsible for project evaluation and the award of grants.

The details of the selection criteria together with the text of the open call for proposals shall be discussed and agreed in the Cooperation Committee. Notwithstanding the above, it shall be ensured that the administrative and general eligibility criteria shall not include any criteria requiring scoring.

The Programme Operator shall be responsible for reviewing the applications for compliance with administrative and general eligibility criteria.

At the first stage, automatic validation of applications shall be carried out through the IT system used for receiving the applications.

Following the automatic validation, the Programme Operator shall assess all applications for compliance with the administrative and eligibility criteria published in the call text. The applicants shall be provided with the possibility to provide additional information or documents to determine the compliance with these criteria.

The applicants whose applications are rejected at this stage shall be informed of the reasons of rejection in writing and given reasonable time to appeal that decision to the National Focal Point.

Each application that meets the administrative and eligibility criteria shall be reviewed by at least two impartial experts appointed by the Programme Operator, at least one of which shall be independent of and external to the Programme Operator. The experts shall separately score the project according to the selection criteria published with the call for proposals. Each criterion shall be assessed by at least one expert of the Programme Operator and one external expert. For the purposes of ranking the

projects, the experts shall discuss and agree by consensus in panel discussion on the final score awarded by the experts. The original scores and justification by the experts and any changes to the original assessment shall be duly documented. Applicants may be requested additional information and documents at this stage.

The Donor Programme Partner shall provide assessment of the Norwegian partners, the quality and content of their partnerships including compliance with the partnership requirements as described under section 2.1 of this Annex II.

The Programme Operator shall establish one Selection Committee. The Selection Committee shall consist of a Chair and a Secretary – representatives of the Programme Operator – without voting rights, and at least three voting members, including three representatives appointed by the Programme Operator. Representatives of the National Focal Point, NMFA, and the DPP shall be invited to participate in the Selection Committee as observers.

The Programme Operator shall provide the Selection Committee with a list of the ranked projects. The Selection Committee shall review the ranked list of projects. The Selection Committee may modify the ranking of the projects in justified cases. The justification for modifications shall be detailed in the minutes of the meeting of the Selection Committee. The minutes shall be signed by all members of the Selection Committee. The Chairman of the Selection Committee shall submit the minutes and the list of the recommended projects, together with a reserve list and the list of rejected project applications and the reason for their rejection, to the Programme Operator.

The Programme Operator shall verify that the selection process has been conducted in accordance with the Regulation and that the grant award recommendations of the Selection Committee comply with the rules and objectives of the Programme. Following such verification, the Programme Operator shall decide which projects shall be supported.

The Programme Operator shall notify the applicants about the results of the selection process within reasonable time and publicise the results. All unsuccessful applicants shall be provided with a brief description of the reasons for the decision

4.3 *Project grant rate:*

The project grant rate shall in all cases be set at a level that complies with the State Aid rules in force and take into account any and all other forms of public support granted to projects. Any remaining costs of the project shall be provided or obtained by the Project Promoter.

The maximum grant amount and overall project grant rate shall be determined as below. During the project implementation, interim payments will be calculated on the basis of the accepted eligible expenditure and the corresponding grant rates. However, the maximum grant amount awarded shall not be exceeded.

Call	Maximum project grant rate (%)
Call 1	<ul style="list-style-type: none"> - up to 70% regional investment aid (initial investment) - up to 80% on investment for environment protection - up to 50% advisory services and support services such as labelling, testing and certification - up to 45% experimental development

	- up to 100% de minimis.
Call 2	- up to 70% regional investment aid (initial investment) - up to 80% on investment for environment protection - up to 80% of eligible costs in case of aid for maritime or inland ports; - up to 50% advisory services and support services such as labelling, testing and certification - up to 45% experimental development; - up to 100% de minimis.
Call 3	up to 70% regional investment aid (initial investment); - up to 50% advisory services and support services such as labelling, testing and certification - up to 45% experimental development - up to 100% <i>de minimis</i> .
SGS	- up to 70% regional investment aid (initial investment) - up to 80% on investment for environment protection - up to 100% de minimis. In case of lack of limit for <i>de minimis</i> aid, grant rates on advisory services or experimental development will be used.

5. Additional mechanisms within the Programme

5.1 Pre-defined projects

Not applicable.

5.2 Financial Instruments

Not applicable.

6. Programme Management

6.1 Payment flows

The Programme Operator shall ensure timely transfer of an advance payment, interim payment(s) and a payment of the final balance to the Project Promoter. Advance and interim payments are made up to 90% of the total project grant amount.

Advance payment

The advance payment will be transferred to the Project Promoter after the signature of the project contract and within 21 days of the approval of the advance payment request. The full amount of advance payment needs to be secured by the guarantee except for the Project Promoters in Small grant schemes.

Interim payment(s)

The interim payment(s) can take the form of pre-financing instalment(s) where the request for such payment is accompanied by the interim report and secured by the advance payment guarantee, or reimbursement of incurred expenditure.

The total amount of advance and interim payment(s) released in pre-financing instalments shall not exceed 40% of the total project grant amount and may be paid when at least 70% of the previous pre-financing (advance and interim) instalment(s) has been settled.

The interim payment(s) shall be paid within 21 days of the approval of the project interim report(s).

The Project Promoters in Small Grant Scheme shall receive the advance payment and interim payments in the form of pre-financing instalment(s) each up to 20% of the total project grant amount. The total amount of advance and interim payment(s) released in pre-financing instalments shall not exceed 80% of the total project grant amount and may be paid when at least 70% of the previous pre-financing instalment(s) has been settled. The remaining funds will be transferred in form of reimbursement of incurred expenditure.

Final payment

Upon approval of the final project report, a final balance, if applicable, shall be made within 21 days. Where the total amount of earlier payment(s) is higher than the final amount of the grant, the payment of the balance will take the form of recovery.

An individual schedule of forms of payments and reporting periods for each project shall be annexed to the project contract.

6.2 Verification of payment claims

Project Promoters shall submit interim and final project reports containing information on project progress and incurred expenditure.

In line with point i) of Article 5.6.2 of the Regulation, incurred expenditure reported through the interim, or final reports will be subject to administrative verifications before the report is approved. Verifications to be carried out shall cover administrative, financial, technical and physical aspects of projects, as appropriate, and be in accordance with the principle of proportionality.

The provisions of Article 8.12 on the proof of expenditure apply. The expenditure related to the donor project partner's contribution where limited to delivery of service, works or goods will be proofed by an invoice issued by the donor project partner towards the Project Promoter and submitted by the Project Promoter to the Programme Operator.

Additionally, in line with point ii) of Article 5.6.2 of the Regulation, on-the-spot verifications of projects, which may be carried out on a sample basis, shall be carried out by the Programme Operator.

The procedure for verification of expenditure will be further detailed in the description of the Programme Operator's management and control systems.

6.3 Monitoring and reporting

The Programme Operator shall monitor, record and report on progress towards the programme's outcomes in accordance with the provisions contained in this Agreement. The Programme Operator shall ensure that suitable and sufficient monitoring and reporting arrangements are made with the project promoters in order to enable the Programme Operator to meet its obligations to the FMO and the Donor States.

When reporting on progress achieved in Annual and Final Programme Reports, the Programme Operator shall disaggregate results achieved as appropriate and in accordance with instructions and templates received from the FMO, this may include results relating to cooperation with research institutions and Polish enterprises

6.4 Programme administrative structures

Not applicable.

7. Communication

The Programme Operator shall comply with Chapter 3 of the main text of this Agreement, the Information and Communication Requirements in Annex 3 of the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 and the Communication plan for the programme.

8. Miscellaneous

Notwithstanding Article 6.9 of the Regulation, and pursuant to section 4.1 of Annex II, the NMFA shall aim to provide feedback to any proposal regarding reallocation of funds between the funds allocated between the calls as specified in section 1 of Annex II, within two weeks following the receipt of the proposal.

