



# INNOWIDE – CALL 1

## IMPLEMENTING GUIDELINES



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## Summary

### What is INNOWWIDE?

To compete effectively in new and emerging foreign markets European SMEs need to develop partnerships with strategic partners from countries outside Europe.

The INNOWWIDE pilot call aims to bring innovative European SMEs to the forefront of international markets by funding Viability Assessment Projects (VAPs) in cooperation with local stakeholders around the world, creating the conditions to increase the uptake of European innovative solutions in non-European markets. The programme follows a bottom-up approach, with no specific topics to be addressed.

### What is a VAP?

Viability Assessment Projects (VAPs) are a comprehensive, balanced and coherent set of preliminary technical, market, legal and socioeconomic assessments intended to validate the viability of international, innovative businesses solutions along emerging global value chains.

They should identify and assess key framework conditions that may favour or impede the effective deployment of collaborative solutions and models in target third countries.

VAPs also include a refined and viable definition of such business solutions and models, together with their implementation strategies.

Each VAP must:

- Feature a co-creation<sup>1</sup> partnership with a local partner involved as subcontractor – e.g. a supplier, customer, consultant, legal advisor, research and development provider, collaborator or absorber - from the VAP focus country. See annex for the eligible countries and categories.
- Include a wide variety of activities to explore the practical, technological and commercial viability of an innovative solution and how it needs to meet local conditions and demands.
- Last six months
- Be the first phase of a potential innovative cooperation project with an actor in that country in the short/medium term<sup>2</sup>.
- Have total eligible project costs of at least €86,000, to be funded at a maximum of 70%, with a fixed grant of €60,000
- Be carried out by a SME established in an EU member state or a Horizon 2020 Associated Country, which subcontracts a local entity.

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<sup>1</sup> Co-creation is a management initiative, or form of economic strategy, that brings different parties together (for instance, a company and a group of customers), in order to jointly produce a mutually valued outcome. Co-creation brings a blend of ideas from direct customers or viewers (who are not the direct users of the product) which in turn creates new ideas to the organization. Cf. [Wikipedia](#)

<sup>2</sup> The actor could be the subcontractor or another company/institution with R&D capability and ready to favour the exploitation of the cooperation project results.

## 1. INNOWWIDE Call for applications

### 1.1. Viability Assessment Projects for international market-based innovative solutions.

New and emerging markets outside Europe offer huge opportunities for European industry. To compete effectively in these markets, European companies and especially SMEs need to develop partnerships with strategic innovation partners based in these economies from early on and to develop receptiveness for local success. This is crucial to better understand the specific market context and the consequent needs and demands of emerging users and consumers. The end goal is to bring a new product, service or process to the foreign market, possibly through an innovative application of existing technologies, methodologies, or business processes by means of future innovative cooperation projects with entities in the foreign market.

INNOWWIDE aims to bring European highly innovative SMEs to the forefront of international markets by prototyping and shaping a new and unique financial scheme that will allow them to conduct Viability Assessment Projects (VAPs) in cooperation with local stakeholders, creating the conditions to increase the uptake of European innovative solutions in non-European markets. Two calls will be implemented targeting markets of developing countries, large emerging economies (Brazil, Russia, India, China, Mexico etc.) and non-European developed countries with approximately the same budget allocation envisaged for each of these three country categories.

### 1.2. Scope of the INNOWWIDE Calls for VAPs

The INNOWWIDE calls for VAPs will enhance the evidence base for EU R&I policy through in-depth analyses of the outcomes, experiences and impacts of a critical number of viability assessment projects of innovative solutions for markets outside Europe.

The viability assessment projects will be selected following the procedures described in these guidelines.

Each viability assessment project should include a wide variety of activities to explore the practical, technological and commercial viability of an innovative solution in terms of how it needs to meet local conditions and demands. A complete list is provided below.

The viability assessment projects have a duration of six months.

The project must have eligible costs of at least €86,000, to be funded at up to 70% (a fixed lump sum grant of €60,000)

Proposals will be assessed according to the criteria described in Section 3 below, with only selected projects receiving funding.

## 2. The Submission Procedure

### 2.1. Call for INNOWWIDE Viability Assessment Projects

INNOWWIDE will launch two calls for VAP's:

Call 1: 01 April 2019

Call 2: Date to be confirmed (2020)



#### 2.1.1. Call details:

- Call closure: 31 May 2019 at 12:00 (Brussels Time).
- Indicative timetable after call closure:
  - Evaluation: up to 2 months
  - Results communication: up to 3 months
  - Grant signature: up to 4 months
- Submission: using project website [www.innowwide.eu](http://www.innowwide.eu)

#### 2.1.2. Call scope:

- Viability assessment (practical, technical economic) of SME-led innovative solutions for markets outside Europe
- Bottom-up approach (non-specific topic to be addressed)
- Each project must be led by a SME from an EU or H2020 Associated country<sup>3</sup> and involve a subcontractor from one of the following groups of countries:  
The call targets three categories of geographical market: developed countries, large emerging economies and developing countries, with a similar allocation of funds for each of these three groups of countries. The countries in each category are as follows:

<sup>3</sup>A list of associated countries can be found here:

[http://ec.europa.eu/research/participants/data/ref/h2020/grants\\_manual/hi/3cpart/h2020-hi-list-ac\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/3cpart/h2020-hi-list-ac_en.pdf)

- **Developed countries:** Australia, Canada, Japan, New Zealand, Republic of Korea, Singapore, Taiwan, United States of America.
  - **Large Emerging Economies:** Brazil, China, India, Mexico, Russia.
  - **Developing countries:** Afghanistan, Algeria, American Samoa, Angola, Argentina, Azerbaijan, Bangladesh, Belarus, Belize, Benin, Bhutan, Bolivia, Botswana, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Central African Republic, Chad, Chile, Colombia, Comoros, Congo (Democratic People's Republic), Congo (Republic), Costa Rica, Côte d'Ivoire, Cuba, Djibouti, Democratic People's Republic of Korea, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Indonesia, Iran, Iraq, Jamaica, Jordan, Kazakhstan, Kenya, Kiribati, Kosovo, Kyrgyz Republic, Lao, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Malaysia, Maldives, Mali, Marshall Islands, Mauritania, Mauritius, Micronesia, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Palau, Palestine, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Rwanda, Samoa, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Solomon Islands, Somalia, South Africa, South Sudan, Sri Lanka, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tajikistan, Tanzania, Thailand, Timor-Leste, Togo, Tonga, Turkmenistan, Tuvalu, Uganda, Uruguay, Uzbekistan, Vanuatu, Venezuela, Vietnam, Yemen, Zambia, Zimbabwe.
- Country selection must be duly justified to ensure a sound and detailed viability assessment of the country market on account of the available applying SME budget and EC contribution for each selected proposal.
  - VAPs duration: six months.

### 2.1.3. Call indicative budget

- First call for proposals: 3 M€
- Second call for proposals: 4,2 M€

A balanced geographical distribution (1/3 per country group) of funded VAPs is targeted.

### 2.1.4. Information to potential applicants

Potential applicants will be able to get all the relevant information about the call including eligibility and evaluation criteria, funding rules and monitoring rules through the INNOWWIDE Website – [www.innowwide.eu](http://www.innowwide.eu) and through the general enquiries email: [info@innowwide.eu](mailto:info@innowwide.eu)

## 2.2. Registration for potential applicants:

### 2.2.1. Online Registration System

All applicants must register using the INNOWWIDE Registration System. For the applicants, the main objective of this step is to have access to the INNOWWIDE Application Portal, and for the INNOWWIDE team to receive the contact details of the applicants.

Once a potential applicant has registered, an automatic email will be sent with the login details. The INNOWWIDE team is available to provide assistance and further information on the call, any specific eligibility and funding rules or for general advice.

## 2.3. Submission of a project proposal

### 2.3.1. Submission System

The INNOWWIDE Team is automatically informed when an application is received. Please note that all the fields of the application form are mandatory. Complete applications submitted before the deadline are accepted for the eligibility check. Applicants will receive a confirmation email once the form has been successfully submitted.

Only one successful application per applicant SME will be funded under the INNOWWIDE scheme.

### 2.3.2. Application requirements

The applicant will be required to provide all information requested in order for the application to be considered complete. The project application form must be completed in **English**. The project application should include:

- A complete project proposal form (see Annex)
- SME Self-assessment
- Ethics Self-assessment
- Legal and financial information (see sections 2.6.2 and 2.7.3)
- Financial Information
- Additional Ethics Information (if any)

## 2.4. Completeness check

After call closure it is not possible to submit any information in addition to the application. The INNOWWIDE team may however contact applicants to clarify or correct information.

The project application form will be reviewed to ensure that it is adequately filled out and whether all required documents have been submitted.

Any applications lacking the necessary documentation, including that required for the SME Self-assessment, the Ethics Self-assessment or the Financial Information will be disqualified.

## 2.5. Eligibility check

Project applications must meet all eligibility criteria otherwise they will be disqualified.



### 2.5.1. Project and Participants eligibility criteria

The following criteria must be met, otherwise the application will be disqualified:

1. The applicant must be an independent SME (according to EU definition) from an EU or [H2020 associated country](#). To confirm this, beneficiaries should complete the SME Self Check according to the following steps:
  - **Step 1** – the beneficiary has to be an SME, meeting the following conditions ([Article 2 to the Annex to the SME Definition](#) More details: [User Guide, page 10](#))
    - To employ fewer than 250 persons, and
    - To have an annual turnover not exceeding EUR 50 million and/or
    - To have an annual balance sheet not exceeding EUR 43 million.
    - Self-employed, partnerships and associations will not be eligible.
  - **Step 2** - It is important to establish if the beneficiary is **autonomous** or not in order to decide whether the financial data of other entities have to be added to beneficiary's data ([Article 2 to the Annex to the SME Definition](#) More details: [User Guide, page 10](#))

For this purpose, the following definitions are in place:

- **Autonomous SME** if it is totally independent or does not have any partners or linked entities.
  - **Non-autonomous SME** if it has relationships with other entities (partners or links). In this case, you need to provide the information listed in Step 2 for all of them.
2. The applicant SME must have a subcontractor to collaborate in the implementation of eligible activities, from a legal entity not from an H2020 nor H2020 associated country, independent from the applying SME or H2020/H2020 associated countries subcontractors.  
  
Other EU or H2020 associated country non-SMEs entities (suppliers, research providers, large companies, interface and facilitating organizations etc.) are allowed as minor subcontractors if duly justified.
  3. Six months project duration.
  4. None of the participating organisations have convictions for fraudulent behaviour, other financial irregularities, unethical or illegal business practices.
  5. None of the participating organisations have been or are in the process of being declared bankrupt or are considered to be organisations which are 'Undertakings in Difficulty' according to the EU definition Project eligibility criteria.
  6. The VAP must have a minimum budget of €86,000 Euros.

## 2.5.2. VAP Eligible Activities

### 1. ***Cocreation and Technology uptake facilitation (innovation and TT services)***

- a) Definition of a complementary joint R&D Project for cocreation or technology adaptation with the local subcontractor or other local partner(s)
- b) Analysis of the IP environment: Identification and assessment of the legal (and related technical and financial) IP environment in the target country - legal, technical (certification and alike) and commercial (royalties, duties) constraints / advantages for IP register and defence
- c) Technology scouting and novelty verification: Inventory and study of legal, technical and commercial situation of existing, registered and potentially legally conflictive technologies in the target market
- d) Technology valuation: Technology market value calculation by experts (valuation & pricing through discounted cash flow / market comparison / benchmarking / rating and ranking etc.)
- e) Technology legal situation analysis: Due diligence of the own technology legal situation in the target country (legal evaluation and actions to ensure overall technology Freedom To Operate (FTO) and legal protection in the target country
- f) Technology protection & valorisation strategy design: Design, planning and preliminary implementation of measures to valorise existing technologies (licensing, venturing, partnering)
- g) Certification and homologation compliance verification: Compulsory regulatory technical certification, testing and benchmarking activities
- h) Technology partnership matchmaking
- i) Small scale proof of concept awareness (trial and assimilation, further R&D preparatory work)

### 2. ***Marketing and practical prospection***

#### 2.1 Market research (desk & field studies):

- a) Business opportunities early survey detection (preconceptualisation);
- b) Qualitative analysis (consumer analysis: segments, preferences, patterns, motivations, opinions, attitudes, values, culture, ...);
- c) Product commercial research (local customer experience oriented: concept, design, supply, use...);
- d) Market quantitative analysis (real, potential, tendencies);
- e) Competition analysis (market share, positioning, value propositions, value chains...);
- f) Analysis of potential partners for distribution and marketing;
- g) Analysis of potential suppliers;
- h) PESTLE Analysis (social, economic, environmental, technological and legal issues);

#### 2.2 Compliance verification:

- a) Administrative & legal FTO / due diligence verification;
- b) Social and cultural best practices identification and implementation planning

#### 2.3 Business prospection trips (duly justified):

- a) Trade fairs/ conferences/ info days/ networking and matchmaking events;
- b) Joint workshops/ meetings with potential partners; and

- c) workshops with partners to prepare joint proposals/ projects

#### 2.4 Specific promotional technical material preparation (technology valorisation oriented)

The list presented above constitutes the fixed and exhaustive list of activities to be funded (eligible for funding) in the frame of the “INNOWWIDE Call for proposals”.

In order to be eligible, the proposal must include at least:

- **4 elements from Section 1** – Cocreation and Technology Uptake Facilitation (Innovation and Technology Transfer Services)
- **4 elements from Section 2.1** - Market research (desk & field studies)
- **1 element from Section 2.2** - Compliance verification
- **Sections 2.3 and 2.4 are optional** and should be duly justified for the purposes of the VAP.

## 2.6. Financial Viability Check (FVC)

The financial viability is defined by the capacity to finance the project development, considering the potential access to public funds and, if any, the capacity to reimburse external funding needed to perform the project (public and/or private).

The financial viability check is a simple analysis of the financial capacity of the SME participants based on a given number of financial ratios. It is mandatory for the SMEs granted funding in the INNOWWIDE calls.

If the applicant SME’s proposal is successfully evaluated in the technical evaluation, its financial viability will be checked according to the following criteria:

- Liquidity – is it able to cover its short-term commitments?
- Financial autonomy – is it able to cover the financing costs?
- Solvency – is it able to cover its medium and long-term commitments?
- Profitability - is it generating profits? Does it have the capacity to finance itself?

The self-assessment calculator will be accessible on the application platform for information purposes only, so interested SMEs can perform a pre-check in order to have a preliminary, non-binding result about their financial capacity.

Full details of the financial information required for the Financial Viability Check are available in the application form.

### 2.6.1. Financial viability check (FVC) scope, framework, goals, criteria and conditions

The EU Financial Regulation (recitals 21 and 50 and Art. 137), its Rules of Application (recital 58 and Art.210), H2020 Rules of Participation (Art. 23.7) and subsequently Annex K to the work programme (H2020 WP) and Annex 1 of the Model Grant Agreement (H2020 MGA) allow for cascading funding schemes if so provided in the last and on condition that beneficiaries of EU deploy a non-discretionary, EU agreed and control accessible, sufficient, proven track record appraisal and monitoring procedure of technical excellence and financial capacity verification of third parties to implement their projects/tenders. In addition, contractual arrangements with third parties (i.e. control measures and/or financial support adjustment/safeguard)

The conditions for making a financial capacity assessment depend on the type of procedure, funding programme, participant type, grant amount and guarantee fund provision. The financial capacity is assessed, based on specific, adapted Financial Viability Check (FVC) indicators, during grant preparation/tender evaluation.

In the context of INNOWWIDE project, Applicant SME(s)<sup>4</sup> financial viability will be checked if (and when) its proposal has been successfully evaluated. Financial viability and capacity will be assessed by checking that the applicant SME(s):

- Has sufficient liquidity (it is capable to cover the short-term commitments);
- Is financially autonomous (it is capable to cover the debt costs);
- Is solvent (it is capable to cover its medium and long-term commitments);
- Is profitable (it is generating profits, or at least has self-financing capacity).

FVC will comprise the last two closed financial years, or the last closed and the current provisional one, should they include financial information not older than two years.

This check is based on supporting documents which the applicant will be asked to provide (see below). It is valid for up to 18 months after the closure date of the most recent assessed accounting period. It could be repeated if there appeared in the meantime justified grounds to doubt it, for example (non-exhaustive list), if the applicant SME(s) turned out to:

- Have got indications of weak financial capacity from other sources;
- Have been involved in cases of serious administrative errors or fraud;
- Have been subject to pending legal procedures or judicial proceedings for serious administrative errors or fraud;
- Have been subject to an attachment order or a recovery order for an outstanding amount issued by an EU body on which the payment is significantly overdue;
- Have put in doubt its financial viability as a result of substantial findings in EU audits within the last two years.

To this end, an INNOWWIDE FVC Service (IFVCS) will be deployed, its role being just to carry out the FVC explained below on the basis of a simplified financial information supplied by the applicant SME(s) at the submission stage (first step) and, only in case of serious doubts on the financial situation thereof, upon provision of additional information directly requested to it (second step).

The final decision on financial capacity and guarantee provisions will be taken subsequently by the INNOWWIDE Executive Board (EB).

### 2.6.2. Documents to submit

#### General requirements and principles

The financial assessment is based on documents provided by the participant. As a general rule, all documents must be submitted as scanned versions through the INNOWWIDE electronic exchange system together with a signed Declaration of Honour (DoH) of a duly authorized representative (CEO, CFO, etc.). Documents which are signed electronically will be accepted if

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<sup>4</sup> More than one SME would be the case of partner or linked enterprises being part of a grouping accounting as a whole as an SME (see EC SME definition on EC Recommendation No 2003/361/EC)

there is sufficient evidence that the electronic signature belongs to a representative of the management.

Financial and administrative national official documents will be requested by IFVCS, together with a certified/legal/official English translation thereof (its amount being eligible as a cost) to facilitate the FVC only in the event of serious doubts upon the financial situation of the applicant SME(s) as a result of the first step of the FVC. IFVCS may use any publicly available information to clarify questions about the data or information provided.

In case of submission of incomplete or contradictory information IFVCS will ask the applicant SME(s) to explain or provide missing information within a reasonable time (at least five clear days from notification) especially if:

- IFVCS findings do not match applicant SME(s) declarations
- The documents submitted are outdated
- The provided information is illegible, incomplete, incorrect or unclear

If applicant SME(s) fail to provide the requested data and documents by the requested time, IFVCS will have the right to refuse the assessment or calculating financial viability ratios based on the information already received. If the financial documents do not finally contain information regarding the nature and the maturity of the current assets, provisions and liabilities, the financial assessment will be completed by taking the most prudent approach, e.g. by considering the maturity of the current assets to be after one year, and of the provisions and liabilities to be within one year.

The applicant SME(s) assume the full responsibility for the content of the documents and should it be the case (second step for FVC if doubts arose in the first one) the accuracy of the translation. In case of false declarations or provision of intentionally manipulated information, the EB, at the request of IFVCS may:

- Withdraw and correct the financial assessment
- Terminate the on-going grant (if already allocated) and contract and recover any amounts undue
- Impose financial penalties or administrative sanctions, including default interest disbursement
- Advise the EC to exclude applicant SME (s) from future EU grants
- Inform the European Anti-Fraud Office (OLAF)

### List of documents

Applicant SME(s) will be invited to submit (via the electronic exchange system) a synthesis of the two last available closed balance sheet and profit and loss accounts (or the last closed and the current provisional one), in the simplified accounts' format, together with a signed Declaration of Honour (DoH) of a duly authorized representative (CEO, CFO etc.).

The closed accounts provided may not be older than two years and the most recent year must have been closed within the last 18 months.

These documents, duly approved by the management, should clearly specify the date of approval, as well as the name and the position of the approving individual(s). If this information is not clearly disclosed, IFVCS will require further evidence that the financial documents are approved by the management.

A single financial document containing comparative data of the annual accounts of both years under assessment will be accepted. The same applies to an external audit report covering the two financial years, if already conducted and available in English at the submission stage (non-compulsory but convenient if available).

### Balance sheet

Dated and signed by the management, clearly indicating the nature and the maturity (i.e. below or above one year) of receivables, provisions and debts. If this information is not indicated in the balance sheet or in the explanatory notes it must be provided in the form of a self-declaration, signed by the management.

### Profit and loss account

Dated and signed by the management of the entity, clearly indicating the amounts of turnover, operating income, staff, depreciation, amortization costs, net operating result and interest expenses. If this information is not indicated in the profit and loss account or in the explanatory notes it must be provided in the form of a self-declaration, signed by the management.

### Explanatory notes

Those that form part of the above financial statements must also be provided (non-compulsory but convenient, only if applicable by national law and available in English at the submission stage). Failure to do so will result in a financial capacity check according to the most prudent approach.

### Statutory audit report

(Non-compulsory but convenient, if already conducted and available in English at the submission stage). Issued by an approved/certified external auditor upon the two above financial statements (unless exempt from such audit report under national law; eligible cost if not already issued). The audit report must include:

- The clear mandate and scope of the audit
- The responsibilities of the management and the auditor
- The way through the audit is carried out
- The auditor's opinion, including a reasonable assurance that the financial statements are free of material misstatement.

Exceptions will be allowed for:

#### • **Start-up companies**

Without closed annual accounts: They shall provide IFVCS with a two-year estimated financial prospective detailed data projection (i.e. a summary business financial plan or alike including financial projections on current and non-current assets, own capital, current and non-current liabilities, turnover, operating and financial income and charges). The financial data should correspond either to the minimum reporting requirements set out in the national accounting law or to Annexes III, IV, V and VI of EU Directive 2013/34 (for the balance sheet, aggregate information limited to the headings preceded by letters and roman numerals is sufficient).

### • SMEs with just one year closed annual accounts

They will be assessed upon the documents for the sole closed financial year. Should the latter be deemed inadequate or insufficient by IFVCS they will always be considered as 'weak' (or insufficient, if that is the result of the financial viability ratio; see below).

### • Specific cases

SMEs subsidiaries of a parent company that assumes joint liability for their debts (downstream enterprise) being exempt from a statutory audit under national legislation and having only consolidated statements available, will have their FVC based on a copy of the parent company's official summary consolidated reports (and the related audit reports if already conducted and available in English at the submission stage; non-compulsory but convenient). If these consolidated accounts don't clearly mention the joint liability for the subsidiary debts, the applicant SME(s) must also provide a statutory list of subsidiaries.

SMEs parent companies (upstream enterprises) of a group of companies being exempt under national law from publishing non-consolidated financial statements will be requested to provide a dated and management signed synthesis of the non-consolidated financial statements ('simplified accounts'). The simplified accounts must respect either the minimum reporting requirements set out in the national accounting law or Annexes III, IV, V and VI of EU Directive 2013/34 (for the balance sheet, aggregate information limited to the headings preceded by letters and roman numerals is sufficient). SMEs fully covered by a guarantor, will have FVC conducted for the full financial guaranteeing legal entity (i.e. through the guarantor financial statements). This entity must assume full joint liability for all debts. Ad hoc guarantees (covering, for instance, only participation in INNOWWIDE calls) cannot be accepted.

For other non-autonomous entities (i.e. entities with linked or partner enterprises), only non-consolidated financial statements will be accepted.

If the provided financial information is not sufficiently explicit as a result of the FVC first step or even for carrying it out, IFVCS will contact the applicant SME(s) for further clarifications.

A summary of the financial statements to be provided is illustrated in this table:

**Table 1. Financial statements**

Applicant SME(s) situation	Statements to submit
<b>Most applicants</b> (standard case)	Two years non-consolidated summary financial statements (even if being part of a grouping).
<b>Start-ups without closed annual accounts</b>	Two-year projected summary business plan according to National Accounting law or EC Directive 2013/34
<b>SMEs with one year closed annual accounts</b>	Summary financial statements for the sole closed financial year and a synthesis of the last available provisional balance sheet and profit and loss account, in the 'simplified accounts' format



<b>SME parent company</b> (exempt under national law from publishing non-consolidated financial statements)	Consolidated summary balance sheet and a 'simplified accounts' summary of non-consolidated financial statements
<b>SME Subsidiary</b> (exempt under national law from statutory audits, for which only consolidated statements are available and with a parent company that assumes joint liability for all its debts).	A copy of parent company's official consolidated summary financial reports and the related audit reports.

### 2.6.3. Calculation of the financial viability ratios

Prior to the implementation of the FVC itself and based on the financial data submitted and other relevant public official financial and administrative information available, a preliminary check for non-applicability verification of the provisions on aid to undertakings in difficulty included in the Block Exemption Regulations for State aid (Arts. 1.4.c, 2.18 and 14 of Council Regulation 651/2014) will be carried out. Applicant SME(s) meeting the criteria to be branded as undertakings in difficulty will be automatically excluded from granting.

FVC will be based on five financial ratios stemming from the mentioned financial and administrative information provided:

**Table 2. Financial viability ratios**

Purpose	Indicator	Ratios
Liquidity	Quick Ratio	Current assets – Stocks – Debtors > 1 year / Short term debt (bank and non-bank)
Financial Autonomy	GOP Profit ratio	Interest / GOP
Profitability	Profitability (1)	GOP/Turnover
	Profitability (2)	NOP/Turnover
Solvency	Solvency	Total Debt / Equity (*)

(\*) *Equity = Capital and reserves - 50 % of intangible assets*

Based on the results obtained for each of the above-mentioned ratios, the following scores will be given:



**Table 3. Financial viability scores**

Purpose	Indicator	Weak/Insufficient	Acceptable	Good
		0 points	1 point	2 points
Liquidity	Quick Ratio	$i < 0,5$	$0,5 \leq i \leq 1$	$i > 1$
<b>Financial Autonomy</b>	GOP Profit ratio	$i > 0,4$ or $< 0$	$0,40 \geq i \geq 0,30$	$0 \leq i < 0,30$
<b>Profitability</b>	Profitability (1)	$i < 0,05$	$0,05 \leq i \leq 0,15$	$i > 0,15$
	Profitability (2)	$i < 0,02$	$0,02 \leq i \leq 0,04$	$i > 0,04$
Solvency	Solvency	$i > 6,00$ or $< 0$	$6,00 \geq i \geq 4,00$	$0 \leq i < 4,00$

**Notes:**

For liquidity:

The value {Current assets – Stock – Debtors after one year} cannot be negative.

If {Current assets – Stock – Debtors after one year} = 0, the result will be 0 ('weak').

If the short-term debt (bank and non-bank) = 0, and the above (i.e. {Current Assets – Stock – Debtors after one year}) is not 0, the result will be 2 ('good').

For financial autonomy:

The interest paid cannot be negative.

If  $GOP \leq 0$ , the result will be -1 ('weak').

For profitability (1):

Turnover cannot be negative

If  $GOP \leq 0$ , the result will be 0 ('weak').

If Turnover = 0, the Operating income will be used for the calculation.

If Operating Income = 0 or negative, the result will be 0 ('weak').

For profitability (2):

Turnover cannot be negative.

If  $NOP \leq 0$ , the result will be 0 ('weak').

If Turnover = 0, the Operating income will be used for the calculation.

If Operating Income = 0 or negative, the result will be 0 ('weak').

For solvency:

If Equity = 0, the result will be -1 ('weak').

If Total debt = 0 and Equity is positive, the result will be 0 ('good').

If Total debt = 0 and Equity is negative, the result will be -1 ('weak').

Financial viability will normally be considered **positive** (i.e. 'good' or 'acceptable'), if applicant SME(s) obtain a minimum of **4 points**.

**Table 4. Financial viability overall results**

	Insufficient	Weak	Acceptable	Good
Result of financial viability check	0	1-3	4-5	6-10

#### Exceptions:

Irrespective of the above results, FVC will always be considered 'weak' if:

- An audit report on applicant SME(s) accounts was issued with serious qualifications
- There were substantial financial findings relating to applicant SME(s) financial capacity in an audit of an EU body within the last two years
- Applicant SME(s) have been involved in serious administrative errors or fraud
- Applicant SME(s) subject to pending legal procedures or judicial proceedings for serious administrative errors or fraud
- Applicant SME(s) have been subject to an attachment order
- Applicant SME(s) have been subject to a significant recovery order for an outstanding amount issued by an EU body, on which the payment is significantly overdue.

The result of the financial viability check calculation is then entered in the Beneficiary Register.

#### 2.6.4. Modification of the assessment

In case of disagreement with the FVC, the applicant SME(s) may contact IFVCS within five clear days by sending additional justifications, clearly labelled as related to FVC claim, through the electronic exchange system. IFVC will then carry out a re-assessment based on the additional documents provided. No more than one interaction in the revision exercise will be allowed, the final decision stemming out from it will be the definitive one.

#### 2.6.5. After FVC

Based on FVC, EB, in consultation with IFVCS will assess on a case-by-case basis the applicant SME(s) financial capacity for carrying out the VAP. According to the table 5 below, EB, should it deem it appropriate and proportionate, may require the applicant SME(s) to provide a guarantee in advance, to limit the financial risk linked to the payment of the VAP pre-financing.

The guarantee shall be provided by an approved bank or financial institution with undoubted and highly rated solvency (A – AAA).

This guarantee shall be denominated in euro and shall be valid for a period sufficiently long to allow it to be activated.

It shall remain in force at least until the pre-financing is cleared against interim payments or payment of the balance by the Commission, and, in case the payment of the balance is made in the form of a debit note, three months after the debit note is notified. EB, after consultation with IFVCS shall release the guarantee within the following month.

In exceptional cases, the guarantee may be replaced by a full joint and several guarantee by a third party or by the irrevocable and unconditional joint guarantee of the beneficiaries of an action who are parties to the same grant agreement.

**Table 5. Two-year FVC overall results and actions**

		FVC Y 2			
		Insufficient	Weak	Acceptable	Good
FVC Y 1	Insufficient	No Go	No Go	Go** (BG)	Go** (BG)
	Weak	No Go	No Go	Go** (BG)	Go** (BG)
	Acceptable	No Go	Go** (BG)	Go	Go
	Good	No Go	Go** (BG)	Go	Go

*BG: Bank Guarantee; \*\* Approved by EG; \* Approved by IFVCS*

In case of BG request applicant SME(s) may be subject to additional monitoring (e.g. through additional reviews or on-the-spot checks).

### 2.6.6. Ex-post verifications

EB, at the request of IFVCS reserves the right to carry out at any moment checks, reviews, audits or investigations, in particular as a result of findings non-exhaustively cited under section 2.6.1 and 2.6.3, with the consequences commented therein in case of irregularities or false declarations, pursuant Articles 106 and 107 of the Financial Regulation No 966/2012.

## 2.7. SME status validation

### 2.7.1. General requirements and principles

The EU Financial Regulation requires that all recipients of EU funds must be validated.

Legal entity validation comprises two distinct actions: (a) the verification of existence as legal entity and legal data correctness (legal form, address, etc.) and (b) the verification of certain special legal statuses that are used in EU funding programmes.

The validation process is based on legal and official supporting documents to be provided. Documents are considered as official when they are delivered by official national authorities. Supporting documents cannot be replaced by self-declarations or by sworn or solemn statements before a judicial or administrative authorities, notaries or public officers.

As a general rule, all documents must be submitted as scanned versions through the INNOWWIDE electronic exchange system. Documents which are signed electronically will be accepted if there is sufficient evidence that the electronic signature belongs to a representative of the management.

Financial and administrative national official documents will be requested by IFVCS, together with a certified/legal/official English translation thereof (its amount being eligible as a cost) to facilitate the FVC. IFVCS may use any publicly available information to clarify questions about the data or information provided.

Legal entity (i.e. legal person) status specific verification and validation condition scrutiny conditions, procedures and required documentation will be duly and precisely specified in the call for proposals documentation (i.e. the “information package”). Checks will be done during the selection procedure and, should it be necessary, IFVCS will contact applicant SMEs. This section addresses the general framework for SME validation.

In the context of INNOWWIDE calls for proposals legal entity stands for a **private legal person with official SME status, created and recognized as such under national law and with its own legal personality distinct from that of its founders/owners/members**. It will be entitled to act in its own name and its own account, exercising rights and being subject to obligations without the intervention of any parent (or other) organization.

As a result:

- **Branches** will not be regarded as legal entity as they do not have an independent legal personality distinct from that of their mother-company. The fact that they are registered in national official registers is not sufficient to consider them as a legal entity. The mother-company will be considered as being the legal entity instead.
- **Departments/centres/offices** set-up within or under a parent organization and not provided with their own legal personality (despite having their administration or budgetary autonomy, VAT number/fiscal code/number of registration) will not be regarded as a legal entity and will be considered as belonging to their parent organization.
- **Natural persons** (i.e. “individual” entrepreneurs / self-employed persons which perform an activity independently and with their own means: craftsmen, liberal professions, industrial and commercial professions etc.) will not be considered as eligible within INNOWWIDE calls for proposals since the business / profession / activity they perform is not provided with an independent legal personality different from that of the person.

- Only **legal persons** meeting in addition SMEs status requirements below will be accepted as eligible for funding for INNOWWIDE calls for proposals.

### 2.7.2. SME status validation

Within the context of INNOWWIDE calls for proposals 'Small or Medium-sized Enterprise (SME)' means a micro, small or medium-sized<sup>5</sup> **enterprise labelled legal person**:

- Engaged in a proven, market based, added value economic activity (i.e. market framed goods / services offering entailing profitable economic compensation, remuneration or pecuniary interest)
- Employing fewer than 250 persons (expressed in 'annual working units'<sup>8</sup>)
- With an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

The following will NOT be considered economic activities:

- Those which do not entail some sort of pecuniary offset
- Those for which there is no given/direct market
- Those whose income generated is not distinct from the one of its members or shareholders.

#### Specific cases allowed to qualify as SME:

- Newly established enterprises (so-called start-up companies) not having closed accounts on annual basis
- Companies without economic activity (but expecting to enter soon into the market), if they can provide a 'bona fide estimate' (in the form of a 'business plan', see section 2.2) covering the period necessary for the entity to generate turnover.
- Enterprises without turnover whose activity implies a long time-to market if they can demonstrate that they are engaged in an economic activity by showing the investments made and the likely expected return.

### 2.7.3. Documents to submit

1. Signed private legal entity identification form in English<sup>6</sup>
2. Official VAT document not older than six months
3. Private body registration extract not older than six months
4. Bank account legal details and bank statement with a matching IBAN
5. For the applicant SME (and for linked and partner entities should there be), all related to the last two closed accounting periods, summary information on the documents below (see above for explanation), supported by a Declaration of Honour (DoH) from a duly authorized representative (CEO, CFO etc.):
  - Balance sheet
  - Profit and loss accounts
  - Staff head count expressed in annual working units

<sup>5</sup> Size criterion as defined in EC SME Recommendation No 2003/361/EC

<sup>6</sup> Available at

[http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/legal\\_entities/legal\\_entities\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/legal_entities/legal_entities_en.cfm)

6. For newly established enterprises (e.g. start-up companies) without closed accounts:  
A self-declaration, including a bona fide estimate (in the form of a business plan) for the entire period (financial years) necessary for the entity to generate turnover, including a first two-year detailed financial projection
7. For enterprises without turnover whose activity implies a long time-to market  
For the last closed accounting period:
  - Balance sheet
  - Profit and loss accounts
  - Staff head count expressed in annual working units
  - A self-declaration, including a bona fide estimate (in the form of a business plan) for the entire period (financial years) necessary to generate turnover, including a first two-year detailed financial projection and a declaration of the investment made and the likely expected return (to demonstrate that, despite the lack of turnover, the enterprise is engaged in an economic activity)

**Sworn or solemn statements before a judicial or administrative authority, notary or public officer are not acceptable proof of SME status.**

#### 2.7.4. Incomplete or contradictory information

IFVCS may use any publicly available information to clarify questions about the data or information provided.

Applicant SME(s) may be required to explain or provide missing information within a reasonable time, if:

- IFVCS findings do not match applicant SME(s) declarations
- The documents submitted are outdated (e.g. VAT document or extract of registration more than six months old)
- The provided information is illegible, incomplete, incorrect or unclear.

If appropriate documents or clarifications are not provided in due time (at least 10 clear days will be given by IFVCS), IFVCS will have the right to refuse the validation or finalize it based on the information and documents submitted.

#### 2.7.5. Validation modifications

Requests for modification of a validation will only be accepted if submitted by the applicant SME(s) duly accredited legal representative.

- The validation will be updated in case of a change in the participant's legal situation (identity/legal form, name, address, status, etc.). Such changes must be accompanied by the relevant supporting documents. The 'effective date of the change' will be the date on which the act establishing the change enters into force (unless the terms of the act stipulate another date).
- For SME's status, the effective date is the closure date of the accounting period on which the change of status is based. If there are any changes to applicant SME(s) legal status (e.g. you are an SME that expands), advantages associated with the previous status (as validated before signature) will be retained unless it emerges that it was based on false declarations or manipulated information intentionally to obtain the grant.

If it turns out to be wrong (through an audit, ex-post check, investigation or other means), the validation will be corrected. The modification will be registered with effect back to the effective date of the initial validation.

If the error is attributable to IFVCS, the retroactive effect may exceptionally be waived, if duly justified and in line with the principles of sound financial management and proportionality.

If the error was the fault of the participant (including unintentional misrepresentation of facts), its participation in on-going grants/contract may be terminated and undue amounts paid may be recovered. Moreover, it may be fined and excluded from future EU funding/contracts and the European Anti-Fraud Office (OLAF) may be informed.

### 2.7.6. Ex-post verifications

EB, at the request of IFVCS reserves the right to carry out at any moment checks, reviews, audits or investigations in particular as a result of findings non-exhaustively cited under section 1 and 2.1, with the consequences commented therein in case of irregularities or false declarations, pursuant Articles 106 and 107 of the Financial Regulation No 966/2012.

If there were found out that applicant SME(s) did not meet the criteria for legal entity or a special legal status and that false declarations were made, the modification of the validation will be registered with effect back to the effective date of the initial validation.

If in the meantime INNOWWIDE funding/contracts were received, applicant SME(s) participation may be terminated, and undue amounts paid will be recovered.

## 3. The Evaluation Criteria and Procedure

### 3.1. Evaluation Criteria

Projects will be evaluated by independent experts and a review panel according to the following criteria:

#### 1. **Impact (40% weighting)**

- Market generation potential:
  - o Convincing previous estimate of new and substantial demand (including willingness to pay) and needs of targeted audiences for the innovation.
  - o Total market size and growth-rate envisaged.
- Estimated added value of the proposed product, service or business model.
- Ability to generate future R&D projects involving the applicant and local partners.
- Global dimension of proposal (development and commercialisation; co-creation / collaborative adaptation).
- Potential scale-up and job creation for the applicant SME and, if applicable, foreign technology and business partners.
- Alignment of proposal with overall strategy of applicant SME.
- Relevance of societal, gender and environmental related issues addressed.

#### 2. **Excellence (30% weighting)**

- Novelty, relevance for target market, competitive position, complementary R&D project excellence/quality.

#### 3. **Quality and efficiency of implementation (30% weighting)**

- Consistency between objectives, impact, approach and proposed activities.
- Technical/business experience of the team.
- Availability of resources required (personnel, facilities, networks, etc.).
- Relevant, realistic description of how the beneficiary SME and subcontractor/s are / will be involved and related<sup>7</sup>.
- Where relevant, the estimated budget and the procedure planned for selecting the subcontractors are appropriate.
- Realistic timeframe and comprehensive description of implementation (milestones, risk management) taking the company's or applicant's innovation ambitions and objectives into account.
- Capability to draft a complementary R&D project if appropriate.
- Taken as whole, to what extent the above elements are coherent and plausible.

### 3.2. Evaluation Procedure

A common evaluation process, using external independent experts, coordinated centrally by the INNOWWIDE Consortium will be applied to all eligible applications.

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<sup>7</sup> Subcontracting is acceptable to the extent required for the implementation of the proposed eligible activities. Subcontracting may be an essential part of the implementation of the project but should not be a disproportionate part of the total estimated eligible costs. Subcontractors must be selected using 'best value-for-money' principles.



After each call, proposals are evaluated in two steps making sure of respecting the 4 months process from call closure to grant signature. An indicative timetable will be published in the Call text.

### **Step 1: Independent Remote Experts**

The proposals are evaluated by 2 independent experts scoring the applications on the basis of the award criteria:

- Impact (80 points),
- Excellence (60 points) and
- Quality of implementation (60 points)

An average is taken from both experts' scores. The overall threshold for progression to the review panel evaluation is an average of 150 out of 200 (Impact minimum 50 points; Excellence and Quality minimum 40 each). Each score will be accompanied by a justifying comment.

### **Step 2: Review Panel**

All applications above threshold will be ranked according to the scores obtained. In case of applications on or above threshold with equal scores and not all can be funded, two independent experts from the same expert pool will rank the relevant projects to establish the VAPs ranking list.

### **Step 3: Call financial decision**

The proposed ranking list will be presented to the INNOWWIDE Executive Committee. After having it cleared of any ethical issues the Executive Committee will submit it for approval to the General Assembly. The VAPs funding will be attributed according to the ranking list until the available budget is exhausted.

### **Communication of results:**

Qualitative feedback and scores based on the conclusions of the Expert assessments and the Review Panel Representatives will be provided to the applicants. A list of successful applications will be published, including the Applicant name and VAP number, Applicant country, Project Title, country the VAP focuses on and VAP short summary.

## **3.3. Redress Procedure**

Requests for redress can only be done based on clear evidence of the reasons for complaint. Requests must comply with the following requirements:

1. The request for redress can only be related to the administrative procedures relating to the completeness and/or eligibility check;
2. It shall clearly state the project number and acronym of the application and a clear description of the grounds for complaint.
3. Once INNOWWIDE Applicants have received notice of eligibility, a redress request may be submitted if they feel that there has been a shortcoming in the way the proposal has been processed.
4. Redress requests must be:
  - Related to the completeness or eligibility checks;

- Sent to the INNOWWIDE Redress Committee by email to [redress@innowwide.eu](mailto:redress@innowwide.eu) within **five working days** after the date of receiving the notice of eligibility.
  - Sent by the legal representative of the applicant.
5. The INNOWWIDE Redress Committee will examine the requests for redress and recommend an appropriate course of action. The committee's role is to ensure a coherent interpretation of such requests, and equal treatment of applicants.
6. Please note:
- This procedure is concerned with the evaluation and/or eligibility checking process. The Committee will not call into question the scientific or technical judgement of appropriately qualified experts.
  - Only one request for redress per proposal will be considered by the Committee.

## 4. Funding of Projects

The INNOWWIDE financial support rate is up to 70% of minimum eligible costs of €86.000. Each successful project will receive a fixed grant of €60.000 Euros. The funding to each SME VAP coordinator will be processed as follows:

1. An advance payment of 50% (€30.000) provided at the beginning of VAP implementation;
2. The remaining 50% (€30.000) at the end of the VAP, upon delivery and acceptance of a complete Final Report by the INNOWWIDE Evaluation Review Panel. If the report is not acceptable, VAP beneficiaries could be requested to present additional information (within 1 month). If still unacceptable, the grant could be reduced or the VAP could be declared as withdrawn and the beneficiaries will be required to repay the advance payment.

## 5. Monitoring & Impact Evaluation

### 5.1. Monitoring of Projects

Any request for changes will need to be registered and verified so that the project continues to be eligible for funding. A recovery procedure will be initiated in case the project is no longer eligible. The project is registered as complete once the participant communicates that the project is finished and satisfactorily completes the final report.

#### **Technical Assessment of VAP results**

Quality of VAP results will be assessed by the members of the Evaluation Review Panel, who will review the final reports and deliverables.

#### **Financial Recovery**

Financial Recovery may be enforced based upon the review of the final report and deliverables.

### 5.2. Impact of Projects

#### **Qualitative Impact assessment:**

Impact can occur in three dimensions: follow-up activities with partners from the target countries, knowledge (about markets, stakeholders, governance systems, juridical systems, regulations etc.) and networks and contacts. Hence, the following preliminary list of KPIs is proposed:

- Follow-up activities with partners from the targeted countries (especially formalised cooperation, e.g. applications for collaborative R&D projects, cooperation agreements, licenses)
- Strategic knowledge (about markets, stakeholders, governance systems, juridical systems, regulations etc.)
- New and deepened networks and contacts
- Inclusion of locally developed technologies
- Greater availability of innovative solutions
- Technology leadership
- Excellence
- Increased competitiveness

#### **Quantitative Impact assessment:**

This methodology is based on the information about the economic transactions carried out during the development of the VAPs activities and other information provided during the VAP's final reporting to the INNOWNWIDE project.

Impact will be analysed for a set of quantitative indicators:

- Collaborative R&D investment growth
- Economic growth;
- Job creation;

- Job maintenance; and
- Tax returns.

**Interviews with stakeholders:**

Selected experts and stakeholders will be interviewed using standardized guidelines. These interviews will be used for the call implementation analysis.

## 6. Further information

- INNOWWIDE Website: [www.innowwide.eu](http://www.innowwide.eu)
- INNOWWIDE Application Portal : [innowwide.smartsimple.ie](http://innowwide.smartsimple.ie)
- INNOWWIDE Guidelines: [www.innowwide.eu/guidelines](http://www.innowwide.eu/guidelines)
- INNOWWIDE Data Privacy Policy: <https://innowwide.eu/privacy-policy/>

## 7. Contact details

INNOWWIDE team

Email: [info@innowwide.eu](mailto:info@innowwide.eu)

# INN WIDE



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