

INNOWWIDE Call 2 FOR APPLICATIONS

Frequently Asked Questions (17/02/2020)

Before reading this FAQ, please consult thoroughly the INNOWWIDE call text and implementing guidelines. This document is intended to provide clarification on those materials. In addition, you may already log in to the [INNOWWIDE portal](#) and consult the application form.

Beneficiary SMEs

In which countries can INNOWWIDE applicant SMEs be based?

Applicant SMEs can be based in any EU country or H2020 Associated State (*). SMEs from H2020 Associated States can apply under the same conditions as an EU SME. Other non-EU, non-Associated countries will be considered third countries and no applicant SMEs will be allowed to apply except as a subcontractor of any eligible applicant SME from the countries above.

Please consult the INNOWWIDE call text and guidelines for more information.

() Current H2020 Associated States: Albania, Armenia, Bosnia and Herzegovina, Iceland, Faroe Islands, Georgia, Israel, North Macedonia, Moldova, Montenegro, Norway, Serbia, Switzerland, Turkey, Tunisia and Ukraine (except from Crimea and Sebastopol).*

Are UK SMEs eligible in view of Brexit?

Yes, UK companies are eligible.

Is it possible for an SME to submit more than one application?

In this Pilot phase of INNOWWIDE only one proposal per applicant SME will be allowed.

SMEs which were not funded in Call 1 may apply again in Call 2, indicating it in the application form.

SMEs which were funded in Call 1 will not be eligible for Call 2.

If more than one application is submitted in the Call 2, the applicant shall be invited by the INNOWWIDE team to select the most appropriate one before the call deadline. All subsequent remaining applications discarded by the applicant SME will be deleted from the portal by the INNOWWIDE team.

VAPs documentation

Is there a template for proposals?

A pdf version, just for information, is available at the INNOWWIDE website with the items that will be required to fill in the application portal. The application form has to be completed directly on the application portal - https://innowwide.smartsimple.ie/s_Login.jsp.

The INNOWWIDE guidelines mention certain documents to submit for eligible SME status validation. When should these documents be submitted?

These documents are only required once the SME has been selected for funding. You are not required to submit these documents with your application. The only financial document requested is a Financial Viability Calculator (Excel file), available on the submission platform that you will have to download, fill in and upload again at the submission stage.

Do start-ups have to submit financial data? Early stage companies are seldom self-sufficient and almost never profitable. Is this a problem to apply for the INNOWWIDE programme?

Start-ups with no closed accounts are exempted from submitting the financial viability calculator and can simply upload a blank Excel file instead. However, **they have to submit a business plan.**

Are there model subcontracts available?

No, for the sake of flexibility, since there are very many different cases, countries, applicable laws, procedures etc. It must be a private service contract which the usual clauses of a service provision contract (scope, duties, timeframe, penalties, clearance procedures, applicable law etc.) with clear mentions to the technical scope and to the related INNOWWIDE VAP.

When do we need to have a contract signed with our subcontractor? Is the contract part of our submission?

The contract with the main strategic local subcontractor will be needed upon signature of the grant agreement (4-5 months after call closure). For the submission, you need to provide specific, well documented evidences thereof i.e. letters of interest / emails of an authorized representative of the subcontractor **explicitly citing INNOWWIDE programme and scope, terms and conditions on the accepted collaboration.** For other subcontractors (conventional service providers, minor subcontractors) there no such specific need in advance, just a profile of the expected service providers, but observance of best quality cost ratio is to be assured (documented request for 3 offers, except for minor subcontracts – less than 5.000 €).

Is the H2020 model grant agreement applicable to beneficiary SMEs for this call?

No, there is a specific INNOWWIDE VAP Grant Agreement, which will be provided to finally selected proposals at Grant Agreement negotiation stage.

Target third countries

Is the VAP scope limited to only one country or can it cover more than one?

VAPs must target only one pilot third country. VAPs were designed to prepare a future bilateral RTDI project supporting a collaborative and innovative business model or business line and having the target market as a pilot for future market development. While VAP efforts and activities should thus be focused solely on the targeted third country, early prospects for future commercial outreach in other countries apart from the targeted one would be welcome at the submission stage and implementation reporting periods.

Can VAPs target other countries apart from the ones listed in the call text and guidelines?

Yes, they are eligible. The list provided in the call text and guidelines is indicative, in case of doubt (countries with difficult political situation, embargoes etc.) please contact the INNOWWIDE team (info@innowwide.eu).

Subcontracting

May the main subcontractor be one not developing R&D?

No, it is supposed to be a future RTDI partner, not a mere technology absorber. Regardless of its legal form, the main subcontractor is supposed to have co-creation capabilities

Is it possible to take part in the call with other partners (from EU or from the target market)?

INNOWWIDE is mono beneficiary (1 European innovative SME), there is no consortium. However, **there must be at least a main strategic local subcontractor** in the target country helping with the envisaged product development and future collaborative RTDI preparatory work, which would be a potential future RTDI project partner. Appropriate capabilities to accomplish VAP technical tasks and future co-creation and technology uptake facilitation will be checked.

How many subcontractors are allowed in a VAP?

More than one subcontractor is allowed, up to a reasonable number and upon duly justified reasons. **However, only one main strategic subcontractor, based in the target country, needs to be named in your application.** The partnership with this subcontractor must focus on the co-creation and further RTDI activities cited in the INNOWWIDE call text and guidelines. Other subcontractors, if needed, do not need to be named at the submission stage. A contract between the applicant SME and each main local subcontractor will be required at Grant Agreement stage.

Are there any restrictions concerning the subcontractor(s) and its relationship with the applicant European SME?

Third country subcontractors must be independent from the applicant SMEs. **Subsidiaries of the applicant SME do not qualify as third country subcontractors.** They can participate in the VAP under the auspices of the parent company, i.e. as local offices of the applicant SME, but subcontracting an autonomous local entity is obligatory and the subcontracted tasks must be relevant.

Does the foreign subcontractor need to be an SME?

Foreign minor subcontractors do not need to be SMEs; they can be any type of legal organization. There must be at least a main strategic local subcontractor in the target country helping with the envisaged product development and future collaborative RTDI preparatory work, which would be a potential future RTDI project partner. Appropriate capabilities to accomplish VAP technical tasks and future co-creation and technology uptake facilitation will be checked.

Can European / H2020 Associated States entities be subcontracted in a VAP?

EU entities may also be subcontracted but with a minor role and need to be duly justified (i.e. low-value contracts – less than 5.000 € or slightly above if duly justified – and minor tasks e.g. publishing, preparation of promotional material, trade fair participation support, basic matchmaking support, clerical support, etc.). There is also no limit to the size of the subcontracted local entity.

Could a European SME, formally established and registered in one of the target countries, be eligible as subcontractor if it's able to demonstrate and develop the target actions of the call?

The subcontractor could be a European SME formally registered in a target country, so long as they are autonomous from the contracting SME. However, please be aware that successful VAPs need to demonstrate enough local knowledge/experience on the part of the subcontractor.

Can local branches qualify for local subcontractors?

Local branches / subsidiaries from EU / Associated Countries parent firms cannot qualify for local subcontractors, they can act as minor subcontractors for not-core VAP tasks. Local branches from non-EU / Associated Countries parent firms cannot be the main subcontractor. Local subsidiary / affiliated companies from non-EU / Associated Countries parent firms can be the main subcontractor as long as they have locally appropriate RTDI capabilities (staff, know-how, facilities etc.) to collaborate at VAP implementation stage in the preparatory work for future joint RTDI with the applicant SME

Can the beneficiary SME partner with a (local) government entity in the third country?

Yes. If the (local) government entity is to be the main subcontractor it must have appropriate RTDI capabilities (staff, know-how, facilities etc.) to collaborate at VAP implementation stage in the preparatory work for future joint RTDI with the applicant SME. In other cases it may act as validator (future end user), prescriber, conventional subcontractor (e.g. public IPR support service provider) as long as its participation be duly justified for the appropriate implementation of the corresponding VAP activities

Can local incubators / accelerators / tech hubs be subcontractors?

Yes, as long as their participation is needed and duly justified to undertake the corresponding VAP activities. They can only be the main subcontractor if they possess appropriate RTDI capabilities (staff, know-how, facilities etc.) to collaborate at VAP implementation stage in the preparatory work for future joint RTDI with the applicant SME

Is it possible for a third country company to be part of more than one VAP, as a subcontracted entity?

Yes, it is possible for the same subcontracted company to collaborate in more than one VAP, if the contracting companies (i.e. the EU companies that submitted the VAPs) are totally independent from each other.

Which is the maximum expected subcontracted amount?

There are no subcontracting thresholds or ceilings, even though a minimum staff effort from the applicant SME is at least expected in terms of VAP oversight, management and preparatory work for future collaborative RTDI activities. The weight of subcontracting is to be decided by the applicant. Subcontracting amounts will be accepted if duly justified, needed to accomplish eligible activities and relevant in terms of added value, balanced collaboration, future international collaborative R&D&I and market outreach prospects.

Main strategic subcontractors may be directly chosen in view of a duly justified future R&D&I collaboration (i.e. justifying that the chosen main subcontractor is the best one for it).

For other subcontractors (i.e. service suppliers) best quality cost ratio is to be assured (documented request for 3 offers, except for minor subcontracts – less than 5.000 €).

What happens if in the course of a project the main subcontractor needs to be changed?

The INNOWWIDE VAP Grant Agreement can be amended as a result of replacement of the main subcontractor, providing that the substitute meets the same profile and requirements. VAP implementation suspension can be requested up to a maximum of 3 months to allow for it.

VAP scope and content

Is it required to have reached a specific TRL stage or should it be foreseen for VAP implementation?

No specific starting TRL threshold or limit has been set, but to allow for flexibility and since it is expected to have further RTDI activity as a result of VAP implementation, TRL 7 would be indeed a top limit. It is difficult to conceive any further RTDI effort if there were a TRL 8-9 starting point.

Is the TRL an evaluation criterion? Does it need to be stated?

Yes. Although INNOWWIDE does not pre-empt low TRLs versus high ones, lower TRLs (breakthroughs) will be taken into account as long as their expected technology and market impact be relevant (significant product-market development). Not industry driven, not potentially highly profitable approaches will not be accepted

Should VAPs include any R&D element? Or they can just be innovative?

VAPs are intended to be the preparatory phase for future collaborative RTDI projects; in this sense future innovation projects (TRL 7-8) can be accepted , but not market replication projects (TRL 9).

What is the difference between R&D and RTDI for the purposes of INNOWWIDE?

INNOWWIDE VAPs have been thought out for preparatory work for future collaborative product-market development. In this sense R&D must be taken in the widest sense, including innovation (RTDI).

Where is frugal innovation considered as appropriate?

Frugal innovation draws up new business models or technologies, reconfigures value chains and redesigns or reinvents products for users who face extreme affordability constraints, i.e. low-income public or private customers in many developing countries. Consequently, frugal innovation provides advanced and sustainable functional solutions whilst using at the same time fewer resources and more accessible channels for the many who have little means. It is especially appropriate for open innovation schemes with lower end developing countries and should be considered for VAPs targeting them.

Is design included in the definition of R&D or RTDI?

Yes, as long as it is necessary for the expected new product / process / service development which in any case must be based in further collaborative RTDI effort with local entities.

Are promotional activities eligible for INNOWWIDE VAPs?

For trade fairs, conferences, workshops and events alike eligible costs include attendance costs -i.e. registration fee, travel costs & accommodation- and, would it be the case, the preparation costs of some promotional material of the future innovative product (video, merchandising, flyers etc.).

Organization costs for this kind of events would not be eligible, unless they were limited to bilateral meetings or workshops with potential subcontractors / partners / customers specifically targeted to prepare future collaborative RTDI projects or to undertake collaborative work to further improve products / technologies (technology assimilation preparatory work).

Conventional promotional events for marketing already commercially available products are not eligible activities.

All these activities must be conducted within the 6-month VAP timeframe.

Do VAPs require the participant to develop local product manufacturing? Could we use the funding to support our entry into a new market via a distribution channel development?

VAPs must feature the exploratory/assessment phase of a R&D partnership with a local entity. Distribution channel development on its own would be insufficient. Please refer to the INNOWWIDE guidelines for further information.

What is been meant by compliance verification activities?

There are basically two groups of compliance related activities:

The option a) focuses on the legal aspect of compliance and property rights, but also side related technical aspects (technical barriers such as homologation and certification procedures, lack of complementary technology, interoperability and compatibility issues etc.)

The option b) is related to practical, non-formal market / administrative requirements to ensure factual product acceptance in the local market, e.g. conducting best customer-oriented behavioural practices (pathways to adapt to local consumption patterns) having in mind social, cultural, religion and tradition values (e.g. oversight/acceptance of specific groups of influencers/gatekeepers; observance of traditional local habits and practices both of customers, firms and administration; specific approaches to decision makers, stakeholders and customers - crucial in many developing countries-; usage of appropriate communication channels -in many cases very specific, unconventional ones- etc.)

VAPs implementation and justification

What is the duration of a VAP? When will the VAP start and eligible costs be charged?

A VAP lasts exactly six months, shorter or longer durations are not permitted. Funded VAPs shall start the first day of the following month the contract be signed unless otherwise stated in the contract. In any case the starting date will be after contract signature and eligible costs should be charged from then onwards. **Applicants are strongly encouraged to include the requested GANTT chart in the application form fitting into this 6-months VAP duration**

What types of costs are eligible?

Eligible costs fall under the below categories and must be related to the selected VAP activities (see INNOWWIDE guidelines for more details). This should be outlined in the application form.

A. Personnel

B. Consumables

C. Equipment depreciation

D. Subcontracting

E. Other

F. Indirect costs = 25% of the total costs excluded subcontracting and third-party contributions.

$(F) = 0.25 * (A)+(B)+(C)+(E)$

Are travel and subsistence costs eligible?

Yes, under the *Other Costs* category, but they must be directly and unambiguously related to *eligible*, approved specific technical / commercial activities included in the VAP workplan and solely within its 6 months duration, and they must be undoubtedly needed and properly justified to carry out the VAP -see the list of eligible activities in the call text, call guidelines and application form-.

How is man-work evaluated? Are staff costs eligible?

The grant is a "lump sum" to allow you to carry out a minimum number of activities out of a list of eligible ones. Staff, equipment, consumables and subcontracting costs for these purposes will be eligible if duly and technically motivated and justified in the application form, including labour costs and staff effort.

Regarding the (substantiation of) cost estimates, are there specific rules for calculation of personnel cost (how to calculate hourly rates)?

INNOWWIDE follows up a lump sum scheme. If everything is OK from the technical point of view at VAP finalization there is no need to justify the expenses and costs incurred, just keep usual bookkeeping rules in case there were some mishaps or underperformances during VAP implementation. The beneficiary SME must commit to establish specific VAP financial accounts and to report to the INNOWWIDE consortium details of the execution and results of the VAP.

Will my company be audited after VAP implementation?

It is not expected for the companies to be audited, except if there is clear evidence of malpractice and misuse of the grant money.

What is the content of VAP final report?

VAPs should result in a **final report**¹ based on which to judge on the:

- **Technical feasibility (incl. upgrade/transfer/integration) of the proposed joint product development and future collaborative RTDI project preparation and inception**

¹ The beneficiary SME must commit to establish specific VAP financial accounts and to report to the INNOWWIDE consortium details of the execution and results of the VAP.

- Business model viability
- Key local legal, financial, political, cultural and behavioral aspects conditioning business and technology development and how to cope with them
- Optimal exploitation pathways, including further RTDI and product development investment with local counterparts and involvement of potential end users / clients as early adopters / launching customers.

VAP final report will include:

- A concise yet clear description of the technical and commercial work carried out;
- A more detailed business plan; and
- Specific deliverables related to the different tasks carried out (e.g. preparatory work for future RTDI collaborative project, market study, due diligence, technology scouting etc.)

VAPs funding conditions

How does the grant allocation work? Does INNOWWIDE pay both organizations, the European and the third country one?

The grant will be distributed in two instalments 50% at VAP start and 50% at VAP end, upon delivery of the final report.

The funding will be transferred to the European SME that applies to INNOWWIDE. The subcontract with the entity from the third country will be completed by the European SME beneficiary. INNOWWIDE will only transfer money to the European SME beneficiary not to the third country subcontractor(s).

Aid accumulation and compatibility

Is INNOWWIDE compatible with other funding mechanisms? If the company has applied for another EU funded programme, such as the SME Instrument, can it also apply for the INNOWWIDE VAP Call?

EC financial regulation prevents accumulation of more than one EC fund into the same activity and expense. Consequently, **any activity included in an INNOWWIDE VAP shall not be financed**

by any other EU-based funding scheme, including Regional Structural Funds. In case of doubt or significant overlap with proposals already financed, directly or indirectly, through EU funds, applicants are encouraged not to apply to INNOWWIDE. INNOWWIDE funding will be fully compatible with other non-EU state aid schemes as long as the total cost of the action is not exceeded.

Is INNOWWIDE funding part of the de minimis regime for EU funds?

INNOWWIDE funding is central EU funding under Horizon 2020 and therefore exempt from calculation under the de minimis regime.



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