



# Innovation Challenge fund 1st Call

## Guideline Document Windows 2 - ISO

**IPA 2017 Action Programme for Albania  
IPA II Sector Competitiveness and Innovation**

## **Contracting Authority**

Embassy of Sweden Tirana – Project ‘‘Eu for Innovation’’

### **Innovation Challenge fund 1<sup>st</sup> Call**

Guideline Document  
Windows 2 – ISO  
for grant applicants

IPA 2017 Action Programme for Albania

IPA II Sector Competitiveness and Innovation

Deadline for submission of online Application form: 10th June 2019

The European Commission Instrument for Pre-Accession (IPA II) 2014-2020, through its Action Programme 2017 supports growth and competitiveness with the aim to facilitate Albania in its accession process. Such support includes improving the innovative eco-system and boosting start-ups creation in Albania. Funded by the European Union, and with additional support from the German Federal Ministry for Economic Cooperation and Development (BMZ) as well as the Swedish International Development Cooperation Agency (Sida), the **‘‘EU for innovation’’** project interventions will support the capacity for innovation among the innovation ecosystem actors (start-ups, innovation support providers and policy-makers), build linkages within the Albanian innovation ecosystem and internationally and fund innovative startups and innovation support providers. The project will run until September 2021 and is implemented by GIZ and the Swedish Embassy Tirana. The project has a budget of up to 7.539.238 EUR (EU contribution: 6.600.000 EUR, German contribution: 719.238 EUR; Swedish contribution: 220.000 EUR).

**”Innovation challenge fund 1st call”  
Guidelines**

**Window 2 - Innovation Support Organisation**

**(Draft)**

Version 1.1 (Jan. 2019)

This document relates to **Window 2** of the “Innovation challenge fund 1st call”, which provides an opportunity for funding to selected innovation service providers in Albanian. These guidelines provide information about the “Innovation challenge fund 1st call” including eligibility criteria, the application submission process, the evaluation process as well as general information about the fund.

Applicants should have read through these guidelines before applying to the “Innovation challenge fund 1st call” in order to ensure an adherence to the “Innovation challenge fund 1st call” rules and criteria.



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# 1. Introduction

This is a guide for the innovation support organisations applying to the “Innovation challenge fund 1st call”. The document clarifies who can apply for a grant, eligible and non-eligible activities and costs, the evaluation process, formal conditions and criteria, the data and documentation which have to be submitted, as well as technical guidelines and rules for the application processes.

- All information about when the next call for proposals will take place, as well as other useful tools can be found on the “Innovation challenge fund 1st call” website [insert website address].
- Please note that all applications are to be filled out online. When filling out the in the online application form we also recommend the document “Innovation challenge fund 1st call” titled Application Instruction, which can be downloaded from our official website.
- In case of any discrepancy between this guideline document and the online application form, the online application form shall prevail.

## 2. What is “Innovation challenge fund 1st call”?

The “Innovation challenge fund 1st call” objective is to boost start-up creation and improve the innovation ecosystem in Albania. This is done by offering an opportunity for access to finance through an open, transparent and competitive application process, which provides applicants with a one-off, limited-duration grant to overcome the uncertainties that inhibit innovation, research, and development. The assumption is that without challenge-fund support, such activities are either unlikely to happen, or will occur at a later stage, with reduced developmental effects. The fund is managed by a team linked to the Embassy of Sweden in Tirana and applications are only accepted in English to allow a transparent selection process.

The fund has two separate application windows. **Window 1** is open for innovative start-ups in an early stage of development. **Window 2** is open for organizations engaged in services to innovative start-ups, i.e. innovation service providers to upgrade their capacity further and/or develop new services to the innovation and start-up community in Albania. These actors are hereon after referred to as Innovation Support Organizations (ISOs).

**Window 2** of the “Innovation challenge fund 1st call” focuses on supporting a network of ISOs that have the capacities to support start-ups (defined as a newly emerged business venture within the first three years of operation, including viable but non-registered business ideas) from various sectors. Through the “Innovation challenge fund 1st call” the selected ISOs should be able to increase the quality of their organization and services – both in terms of organizational management and in-service delivery.

The “Innovation challenge fund 1st call” will have three calls of proposals, all of which will be open to applicants eligible under **Window 1** and **2**. The grantees will be selected on a Competitive basis.





### 3. Who can apply?

**Window 2** of the “Innovation challenge fund 1st call” is open to all innovation service and promotion providers such as Albanian incubators, accelerators, science parks, innovation hubs, co-working facilities, technology transfer offices, innovation clubs, specialised media on innovation, financial intermediaries, innovation education providers and others agents engaged in providing services to innovative start-ups as well as involved in developing the Albanian innovation ecosystem including promoting a culture of innovation and entrepreneurship. These providers might be private, public or NGO entities, for-profit or non-profit, already in operation or in an early stage of development (minimum 12 month). University-based innovation providers are especially encouraged to apply, as well as collaborations between academia and business along the triple helix concept.

There are no limits in terms of sector or business focus apart from those normal in donor support such as alcoholic beverages, tobacco, weapons, etc. Nevertheless, the “Innovation challenge fund 1st call” will favour ISOs targeting sectors with considerable importance to the current Albanian economy and/or in which Albanian economy is considered to have comparative advantage in a regional, EU or global contexts, for example tourism and its related industries; agriculture and agro-related industries, construction, green economy including climate smart innovations and energy, not excluding ICT which is regarded as enabling (cross-cutting) technology for various sectors. ISOs targeting disciplines with generally stronger women participation, such as tourism, agro-processing and the creative sector are particularly encouraged to apply.

The evaluation process is carried out in a transparent manner based on specific criteria, involving an evaluation committee with international expertise. The evaluation team will especially consider the following criteria:

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- **CONTRIBUTION TO THE ECOSYSTEM** - the potential of the ISO to lift the Albanian innovation ecosystem as a whole, strengthened linkages to, or partnerships with for example academia, business and/or relevant research, any deepened collaboration and cooperation to increase the ISOs specialization in providing innovation and start-up support services.
- **INNOVATION CRITERIA** - the uniqueness of the proposed services in the Albanian context and, the readiness of the project to bring in specialized innovation services to Albania and linking it with European and/or regional knowledge centres.
- **FEASIBILITY AND SUSTAINABILITY CRITERIA** - the credentials and past record of the team and/or organisation behind the ISO, the qualifications of the team and their organizational and technical capacity, the willingness to share the cost of the project, the viability of the project and its financing and the likelihood of sustainability post funding.
- **ADDITIONALITY CRITERIA** - - aspects such as positive environmental impact, location outside Tirana and linkages to universities are merits. Providers with women in key positions, women’s participation as academic staff and as owners, managers, and





technical experts as well as services aimed at women innovators and entrepreneurship will be especially considered. Financial capabilities such as stable profits over the budgeted period, stable liquidity ratio and good debt to equity ratio are considered as important qualifying criteria. In addition, the efficiency of activities performed is of importance for the financial evaluation process.

### 3.1 Eligibility criteria

The applicant must also satisfy the following eligibility criteria to be eligible for a grant under **Window 2** of the “Innovation challenge fund 1st call”:

- be a legal person; <sup>[1]</sup><sub>[SEP]</sub>
- must be registered entity, such as for example private enterprises, universities, public research institutions, organizations, foundations etc.
- already be established in Albania and have an officially registered entity operating for **at least** 12 months (from the date of registering to the date of publishing the Call for Proposals);
- must provide minimum 50% of cost share (of the total value of the project); <sup>[1]</sup><sub>[SEP]</sub>
- be directly responsible for the preparation and implementation of the activities outlined in the application.

### 3.2 Disqualifying criteria

Potential applicants, and their partner organizations, are **not eligible** to receive a grant from the “Innovation challenge fund 1st call” if:

- a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation, arising from a similar procedure provided for in the national legislation; <sup>[1]</sup><sub>[SEP]</sub>
- b) they have been convicted of an offence concerning professional conduct by a judgment which has the force of res judicata (i.e., against which no appeal is possible); <sup>[1]</sup><sub>[SEP]</sub>
- c) they are guilty of serious professional misconduct proven by any means; <sup>[1]</sup><sub>[SEP]</sub>
- d) they have not fulfilled obligations relating to the payment of debts to the consolidated state budget; <sup>[1]</sup><sub>[SEP]</sub>
- e) they have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental





- to the national financial interests; [L] [SEP]
- f) they have been declared to be in serious breach of contract for failure to comply with their contractual obligations in connection with a procurement procedure or other grant award procedure financed by the national budget; [L] [SEP]
  - g) are subject to a conflict of interests; the conflict of interests represents any circumstances that may affect the assessment or implementation process, in an objective and impartial manner. Such circumstances may result from economic interests, political or national preferences or family connections; [L] [SEP]
  - h) are guilty of misrepresentation in supplying the information required by the “Innovation challenge fund 1st call” team as a condition of participation in the call for proposals or fail to supply this information; [L] [SEP]
  - i) have attempted to obtain confidential information or influence the assessment bodies during the assessment process of current or previous calls for proposals; [L] [SEP]
  - j) if they were beneficiaries of the grant in previous “Innovation challenge fund 1st call” calls for proposals; [L] [SEP]
  - k) if they **do not** fulfil standard requirements with regards to wages or accept the decent work agenda (i.e. adhere to offering productive work for women and men in conditions of freedom, equity, security, and human dignity), or similar; [L] [SEP]
  - l) any entity that has been found to have misused Sida or other donor or public funds in the past; [L] [SEP]
  - m) political parties, groupings, or institutions or their subsidiaries and affiliates; [L] [SEP]
  - n) organizations that advocate, promote, or espouse anti-democratic policies or illegal [L] [SEP] activities; [L] [SEP]
  - o) faith-based organizations whose objectives are for discriminatory and religious purposes, and whose main objective for the grant is of a religious nature; [L] [SEP]
  - p) organisations that refuse to sign the required certifications. [L] [SEP]





## 4. The grant

### 4.1 The grant amount

Under **Window 2** the applying ISOs are eligible for a grant of up to 100 000 EUR.

### 4.2 Cost-sharing

An important element in any challenge fund instrument is the cost-sharing aspect. The “Innovation challenge fund 1st call” grant is also given on a cost-share basis, i.e. the applicant is expected to co-share the costs. The co-shared amount may also include in-kind contributions (such as time), just as well as salaries, reinvested profits and other investments. The total grant amount may not exceed 50% of the total value of the project for which the grant is awarded.

### 4.3 Eligible costs and activities

The “Innovation challenge fund 1st call” aims to improve the Albanian innovation ecosystem by supporting ISOs. The funds from the “Innovation challenge fund 1st call” may be utilised for a variety of activities, for example to strengthen the ISOs’ efforts to support students, graduates and enterprises in developing innovative business ideas and applying them in an entrepreneurial context, extend the ISOs’ services to start-ups, and assisting them beyond the business validation phases and prototyping process into marketing efforts, as long as these are deemed to be reasonable and in line with the project objective.

#### 4.3.1 Examples of eligible activities

The following list offers **some examples** of eligible activities:

- activities creating linkages between science and private sector, between the start-up community and already successful businesses and/or academia;
- provide an innovation support infrastructure, e.g. through trainings, mentoring or networking;
- supporting start-ups in developing new products (including protecting intellectual property rights and standards);
- supporting start-ups in diversifying new products, processes or services through new and innovative solutions; <sup>[1]</sup><sub>[SEP]</sub>
- supporting start-ups in the development and improvement of new organizational models and processes; <sup>[1]</sup><sub>[SEP]</sub>
- purchase/development of equipment and software in order to support start-ups in making technological advancement (note: if it proves to be justified (price, purchase option or the like), the purchase of used equipment from a legal entity is allowed); <sup>[1]</sup><sub>[SEP]</sub>
- supporting start-ups in the development or improvement of production processes that can lead to an increase in production capacity or new product characteristics; <sup>[1]</sup><sub>[SEP]</sub>
- offering start-up support within the field of product design, certification, prototype





development, technology transfer, intellectual property rights protection etc.

#### 4.3.2 Non-eligible activities

The following types of activities are **not** eligible for a grant:

- activities which endanger the environment; [SEP]
- activities concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences, and congresses; [SEP]
- activities concerned only or mainly with individual scholarships for studies; [SEP]
- activities linked to political parties; [SEP]
- activities which fall within the general activities of competent state institutions or state administration services, including local government; [SEP]
- activities confined to charitable donations; [SEP]
- purchasing of vehicles, computers, mobile phones. Such actions may be considered for acceptance only if crucial for the implementation of the action; [SEP]
- humanitarian activities.

#### 4.3.3 Eligible costs

All costs added in the budget section of the online application must fulfil all of the following criteria:

- a) they incurred during the implementation period of the project idea; [SEP]
- b) they are in accordance with the budget proposal made in the online application form; [SEP]
- c) they are necessary for the implementation of the project idea which is the subject of the grant; [SEP]
- d) they are identifiable, verifiable and documented (e.g. contract, invoice, order form), in particular being recorded in the accounting records of the beneficiary and determined [SEP] according to the applicable accounting standards
- e) they comply with the requirements of applicable tax and social security legislation; [SEP]
- f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency; [SEP]
- g) they incurred in accordance with Albanian national legislation; [SEP]
- h) they are not listed as an ineligible expenditure; [SEP]
- i) one expenditure item cannot be covered under more than one expenditure category or under more than one budget line under a given expenditure category; [SEP]





j) they are used for transport, installation, guarantee for the period of implementation and training of workers on purchased equipment; [L] [SEP]

k) co-financing rate as stipulated in the Contract, is applied to each eligible cost under all expenditure categories. [L] [SEP]

#### 4.3.4 Non-eligible costs

The following costs are non-eligible:

- a) value-added tax costs; [L] [SEP]
- b) custom duties; [L] [SEP]
- d) debts and debt service charges (interest); [L] [SEP]
- e) provisions for losses or potential future liabilities; [L] [SEP]
- f) costs declared by the beneficiary(ies) and financed by another project or programme; [L] [SEP]
- g) purchases of land or buildings; [L] [SEP]
- h) currency exchange losses; [L] [SEP]
- i) bank guarantee costs or any other guarantees; [L] [SEP]
- j) credit to third parties; [L] [SEP]
- k) fines, financial penalties and expenditure on legal disputes and litigation; [L] [SEP]
- l) costs of leasing; [L] [SEP]
- m) products or services which belong to specific sectors that are not eligible in accordance with EU practices (alcohol production, tobacco, gambling, military); [L] [SEP]

### 4.3. Disbursement and duration

The period for the implementation of the project will be up to 12 months and the grant must be utilized within the project period.

The setup of the disbursement of the grant will be assessed on a case-to-case basis, depending on the specific circumstances. The funds may therefore be allocated in full or in several tranches. [L] [SEP]





## 5. Cross-cutting issues

The “Innovation challenge fund 1st call” supports the promotion of gender equality, human rights, democracy, respect for the rule of law, environment and climate protection. Thus, gender equality improvements in employment rate, increased number of women entrepreneurs, women founded start-ups and gender diversity in the team will be prioritized. The ISOs selected for a grant are expected to pay specific attention to supporting and encouraging women founded start-ups, women-owned businesses and gender diverse teams. In the evaluation process additional value will be given to women founded ISOs and applicants with gender diverse teams. Women led ISOs are therefore especially encouraged to apply.

## 6. The application and evaluation process

### 6.1 The application process

The basic steps in the “Innovation challenge fund 1st call” application process are as follows:

- A call for proposals, including a deadline for submission of proposals, is announced on the “Innovation challenge fund 1st call” website and the online application form becomes accessible.
- The applicant fills out the online application form, which consists of the following sections:
  - 1. Details on business entity
  - 2. Additional data
  - 3. Project Proposal
  - 4. Budget
  - 5. Uploading attachments:
    - Business registration document
    - NUIS identification number issued by tax administration
    - Profit Loss Accounts
    - Balance Sheets
    - CV of key team members

Please note that any questions related to the application process should be sent in writing via e-mail no later than 15 days before the application submission deadline. We



therefore strongly encourage all applicants not to put off filling in the application form until the last few days before deadline.

## 6.2 The evaluation process

The basic steps in the “Innovation challenge fund 1st call” evaluation process are as follows:

- The evaluation process consists of several stages and includes an internal assessment made by the project team, an evaluation made by an advisory committee consisting of both national and international experts as well as financial and legal reviews. Following each stage in the selection process the applicants will be notified if they have been selected to proceed to the next stage of evaluation.
- The final stage of the evaluation process consists of a one-day boot camp, which takes place in Tirana. Applicants are expected to participate at this event (at their own expense). The purpose of the boot camp to meet with the ISO teams, to ensure the accuracy of the information given in the online application form and for the ISOs to network with the start-ups selected for a grant. If the project management team finds irregularities or determines that the information submitted in the application is incorrect, the applicant will be rejected.
- Contracts with the final grantees will be signed approximately 2-3 months following the deadline for submission of applications.
- The 12 months implementation period includes regular reporting to the project officers as well as financial and legal checks. All ISOs will be audited at the end of the implementation period.

Additional information connected to the “Innovation challenge fund 1st call” can be found on [www.euforinnovation.al](http://www.euforinnovation.al) including info-days, the Application Instruction, the online application form, all relevant dates for application submission etc. You may also send an email to [challengefund@euforinnovation.al](mailto:challengefund@euforinnovation.al) but all questions regarding an open call for proposals should be sent no later than 15 days before the deadline.