

NON OFFICIAL TRANSLATION – NON CONFIDENTIAL

**CALL FOR APPLICATIONS
NOTICE NO. 27/SI/2018**

INCENTIVE SYSTEM

"SME INTERNATIONALISATION"

EXPORTERS

03 AUGUST 2018

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Preamble

Pursuant to Article 8 of the Specific Regulation for the Competitiveness and Internationalisation Domain, hereinafter referred to as RECI, in its current wording, applications are submitted within the framework of a tender procedure, the Calls for which are disseminated through the Portugal 2020 Portal.

This Call for Applications (AAC) has been prepared in accordance with the provisions of paragraph 6 of Article 16 of the General Regulation of the European Structural and Investment Funds (ESIF), approved by Decree-Law No. 159/2014, of 27 October, in its current wording, and Article 9 of the RECI, and stipulates the following:

1. Background of the Call, objectives and targeted priorities

The Programme of the XXI Constitutional Government and the National Reform Programme highlight the objectives relating to the promotion of the competitiveness of companies through internationalisation and innovation, for which it will be necessary to continue the work of leveraging the export potential of companies, namely SMEs.

Opening new export channels and strengthening the internationalisation of the business fabric and innovative projects presupposes the reinforcement of innovation and internationalisation dynamics, recovering trajectories of export diversification and the production of increasingly sophisticated and differentiated goods and services. The ultimate goal will thus consist of strengthening the competitiveness of companies, promoting an increase in the export of products with high technological intensity, as well as increasingly encouraging insertion into international value chains, recognising their importance for the creation of more jobs and more wealth.

The objective of this call for applications is to promote the acceleration of Portuguese exports, increasing the volume of international sales of companies that already export and which, through this path, offer greater guarantees of rapid performance, through the granting of incentives to projects that:

- **Strengthen the business capacity of SMEs for internationalisation**, with a view to promoting an increase in exports through the development and application of new business models and qualification processes for SMEs for internationalisation, valuing in particular the adoption of e-commerce as an internationalisation tool based on solid and integrated e-commerce and digital transformation strategies (Investment Priority (IP)3.2 mentioned in point a) of paragraph 1 of Article 40 of the RECI).

In this way, for applications to be considered eligible for this call, they must demonstrate their contribution to the achievement of the objectives and priorities set out above.

This Call for Applications falls within the Investment Typology designated as "SME Internationalisation", pursuant to Article 3 of the RECI, and is aimed at companies that are already exporters. For investments located in the Algarve NUTS II region, international turnover in the pre-project phase will only be required for companies falling within the tourism sector.

2. Type of operations and application method

Individual SME internationalisation projects aimed at the following domains are eligible for support:

- a) Knowledge of external markets;
- b) Web presence, through the digital economy;
- c) International development and promotion of brands;
- d) Prospection and presence in international markets;
- e) International marketing;
- f) Introduction of new organisational methods in business practices or external relations;
- g) Specific certifications for external markets.

In the application form, applicants must select the domains in which their project is included and adequately describe, at a technical, economic, and financial level, the innovation activities applied in the project, from among the following:

- **A Marketing Innovation** consists of the implementation of a new approach to the marketing mix (product, price, distribution, and promotion) in the supply of tradable goods, including the tangible elements of the product (quality, design, attractive packaging, etc.) and intangible elements (image and brand). Thus, a set of activities aimed at improving the intrinsic quality of the product, its promotion, and distribution in defined target markets at competitive prices, with the objective of creating a differentiated and valuable positioning among consumers in clearly identified markets, constitutes marketing innovation. The implementation of a marketing innovation presupposes the use of sophisticated marketing tools, suited to the requirements of perfectly identified consumer segments in previously defined target markets. Thus, the company must resort not only to traditional communication strategies (*outbound*) (including advertising, billboards, stands at trade fairs, etc.) but also *inbound* (website design, viral marketing, search engine optimisation, and instruments for analysing the effectiveness of marketing strategies for subsequent monitoring of results, creation of own online stores and/or joining marketplaces, and development of online campaigns). In summary, the implementation of strategies for the production of high-quality tradable goods (tangible) and differentiated goods (intangible), as well as their promotion and distribution at competitive prices in defined target markets, is valued. The degree of suitability between the marketing strategy adopted by the company and the specific and dynamic requirements of the target market it intends to approach is always valued;
- **An Organisational Innovation** is the implementation of a new organisational method in the company's business practices, in its workplace organisation, or in its external relations. In organisational innovation, the mobilisation of qualified human resources, investment in training and professional development, and the use of open innovation management models (*market-oriented*) are also valued—that is, from a market-oriented innovation perspective, of co-creation with its stakeholders, namely its customers, disseminating knowledge, ideas, processes, and research with a view to bringing its goods/services closer to the needs of customers.

In the investment plan presented, companies must identify the new markets that best suit their offer and outline an internationalisation strategy based on concrete information and data.

3. Nature of beneficiaries

The beneficiaries of the support provided for in this Call for Applications are SME companies of any nature and under any legal form, which propose to develop investment projects that satisfy the objectives and priorities referred to in Point 1 and comply with the access, eligibility, and selection criteria set out below.

4. Geographical area of application

This Call for Applications applies to all NUTS II regions of the Mainland (North, Centre, Lisbon, Alentejo, and Algarve).

The location of the project corresponds to the region where the beneficiary's establishment in which the investment is to be carried out is located.

For projects with investments located in the Lisbon and Algarve regions, the company must submit a separate application for the investments located in each of those regions.

5. Sectoral Scope

Projects included in economic activities that aim at the production of tradable and internationalisable goods and services with relevant economic value creation for the target regions indicated in the previous point (geographical area of application) or that contribute to a better positioning in their value chain and do not concern services of general economic interest are eligible.

The concept of tradable goods and services includes goods and services produced in sectors exposed to international competition and which can be the subject of international trade, demonstrated through:

- Sales abroad (exports);
- Indirect sales abroad of goods to customers in the national market, when these are incorporated into other goods for sale abroad;
- Provision of services to non-residents, and this turnover must be recorded as such in the company's accounts;
- Import substitution, measured by the increase in production for internal consumption of goods or services with a negative balance in the trade balance (evidenced in the last year of available statistical data). This condition must be proven by indicating the importing customers who replace current imports with the products resulting from this project.

Services of general economic interest are considered to be commercial service activities that fulfill missions of general interest and are therefore subject to specific public service obligations (Article 106 of the Treaty on the Functioning of the European Union). This is the case for companies responsible for managing services of general economic interest, namely transport, energy, and communication network services.

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Projects focusing on the following activities are also excluded from this call (Portuguese Classification of Economic Activities - CAE, revised by Decree-Law No. 381/2007, of 14 November):

- a) Financial and insurance – divisions 64 to 66;
- b) Defence – subclasses 25402, 30400 and 84220;
- c) Lotteries and other gambling activities – division 92.

In trade activities (Divisions 45 to 47 CAE Rev.3), only companies whose sales in the external market enhance the national offer, translated into the spillover effect that this commercial activity may have at the production level in other companies located in national territory, are eligible.

Due to specific European restrictions on state aid, the activities identified in Annex B of the RECI are also excluded from this call.

6. Specific conditions of access for this Notice

In addition to the specific eligibility criteria for the beneficiary and the projects, provided for in Decree-Law No. 159/2014, in its current wording, and in the RECI, the projects to be supported under this Call for Applications must contribute to the objectives and priorities set out in Point 1 and additionally observe the following conditions:

a) SME Certification

For the purposes of proving SME status, companies must obtain or update the corresponding Electronic Certification provided for in Decree-Law No. 372/2007, of 6 November, amended by Decree-Law No. 143/2009, of 16 June, through the IAPMEI website.

b) Orientation towards external markets

The beneficiary must present an International Turnover in the pre-project phase equal to or greater than 20 thousand euros and comply with the following ratio that reflects its orientation towards external markets:

IE = Export Intensity

$$IE = \left\{ \frac{\text{International Business Vol.}}{\text{Total Business Vol.}} \right\}_{\text{Pre-project}} \times 100 \geq 15\%$$

For investments located in the Algarve NUTS II region, international turnover in the pre-project phase will only be required for companies falling within the tourism sector.

c) Minimum eligible expenditure

The minimum limit for total eligible expenditure per project under this Notice is 25 thousand euros.

d) Start of works

The project must have an application date prior to the start of works date, considering for this purpose as the start of works both the start of construction works related to the investment and the first firm commitment to order equipment or any other commitment that makes the investment irreversible, whichever happens first. The purchase of land and preparatory work,

such as obtaining permits and carrying out feasibility studies, are not considered the start of works, as stated in paragraph 23 of Article 2 of Regulation (EU) No. 651/2014, of 16 June, and no down payments for deposits are permitted.

e) Results of previous applications

If the beneficiary has other approved application(s) in this Investment Typology, the evaluation of the application submitted under this Notice must take into account the results contracted by the beneficiary in the previous project.

In this Call for Applications, the year 2017 is used as the pre-project reference, and the submission of the Simplified Business Information (IES) for that year is mandatory.

7. Processing of Personal Data

Beneficiaries must ensure compliance with the rules of the General Data Protection Regulation, approved by Regulation (EU) 2016/679 of the European Parliament and of the Council, of 27 April 2016, regarding personal data they provide for the purposes of the application and its execution.

8. Rules and limits on the eligibility of expenditure

This notice does not include the eligibility of expenses provided for in point e) of paragraph 1 of Article 51 of the RECI.

Pursuant to the provisions of paragraph 6 of Article 51 of the RECI, for this Call for Applications, a maximum limit of 1,850 euros is established for the monthly base salary regarding the costs of hiring technical staff.

Within the scope of this notice, the hiring of new qualified human resources (with a qualification level equal to or higher than 6) with specific skills in the area of internationalisation is valued, to the extent that they are used in the project and during its execution.

For prospection actions, attracting new customers, and promotion, provided for in sub-points i) and ii) of point g) of paragraph 1 of Article 51 of the RECI, the contracting of services related to accommodation and travel is considered eligible, with the following limits for each action:

- a) In Europe – limit of €1,500;
- b) Outside Europe – limit of €3,000.

Expenses with prospection actions can only be considered eligible if supported within the scope of the project and if they are intended to attract new customers. A description of each action is mandatory, as well as the forecast of the results to be achieved in terms of turnover and/or attracting new customers, subject to the following limit: 4 (four) prospection actions per market (country) and per year, including prospection visits to international trade fairs abroad (without exhibition space). This limit on the number of actions/year of prospection is not applicable to projects funded by the Lisbon Regional OP, Alentejo Regional OP, and Algarve Regional OP.

In the participation in trade fairs and exhibitions abroad, provided for in point b) of paragraph 1 of Article 51 of the RECI, the contracting of services related to travel and accommodation is considered eligible, with the following limits per fair/exhibition:

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- a) In Europe – travel €700 and accommodation €250/number of fair days + 2 days;
- b) Outside Europe – travel €1,600 and accommodation €250/number of fair days + 2 days.

This Notice does not include the eligibility of any expenses incurred prior to the date of application, including feasibility studies.

9. Selection criteria for applications

The calculation methodology for the selection and ranking of projects is based on the Project Merit (MP) indicator, determined by the following formula:

$$MP = 0,30A + 0,20B + 0,20C + 0,30D$$

where:

A = Project Quality;

B = Impact of the project on the company's competitiveness;

C = Contribution of the project to the economy;

D = Contribution of the project to regional convergence.

Together with this Notice, the Project Merit Analysis Framework is made available.

The scores for the criteria are assigned on a scale ranging from 1 to 5, with the MP result rounded to the nearest hundredth.

For selection purposes, projects that obtain a final MP score equal to or higher than 3.00 and the following minimum scores in the criteria are considered eligible and subject to ranking:

- Criterion A – 3.00 points;
- Criterion B – 2.00 points;
- Criterion C – 2.00 points;
- Criterion D – 2.00 points.

Projects are ranked in descending order based on the MP and by date (day/hour/minute/second) of the application submission, and selected up to the budget limit defined in Point 16 of this Notice, without prejudice to the said limit being reinforced by decision of the Managing Authorities, thus setting the selection threshold for the call.

For the purposes of the provisions of point h) of Article 9 of the RECI and the definition of the selection threshold for the call, the higher representation of women in the management, administration, and executive bodies of the applicant company is used as a tie-breaking criterion between applications with the same score (MP), when necessary.

10. Limit on the number of applications

Under this Call for Applications, each applicant may only submit one application, without prejudice to the situation provided for in point 4.

11. Financing rates for eligible expenditure

Taking into account the provisions of paragraph 1 of Article 50 of the RECI, the incentives to be granted under this Notice are calculated by applying a rate of 45% to the expenditure considered eligible, with the exception of incentives to be granted by the Lisbon Regional OP, which are calculated by applying a maximum rate of 40% to the eligible expenditure.

12. Form and limits of support

The support to be granted under this Notice takes the form of a non-reimbursable incentive, under the conditions established in Article 49 of the RECI.

13. Methods and procedures for the submission of applications

The submission of applications is carried out through an electronic form at "Balcão 2020".

To submit the application, it is essential that the beneficiary has registered and authenticated themselves at "Balcão 2020". With this authentication, a reserved area is created in which the beneficiary can rely on a set of features, regardless of the nature of the project, the Region, or the Operational Programme to which they intend to apply.

In this reserved area, the beneficiary must confirm, complete, and update their entity characterisation data that will be used in their applications to Portugal 2020.

As a matter of prudence, beneficiaries should avoid submitting applications on the last day or days of the deadline. Late submission of applications may make it impossible to resolve any constraints arising from the validation/submission process.

Under this call, the period for submitting applications runs from 3 August 2018 to 31 October 2018 (7:00 PM).

14. Procedures for analysis and decision on applications

Applications are analysed and selected in accordance with the eligibility criteria and the selection criteria provided for in this Notice.

With the aim of simplifying the procedures for submission, analysis, and decision on applications, the electronic form has been adjusted, substantially reducing the volume of information required, focusing on the summary of the aspects that the company considers most

relevant to justify the merit of the project and its impact in terms of increasing competitiveness.

The final reasoned decision on the funding to be allocated to the applications is issued by the Managing Authorities (MA) involved in the funding of the projects within 60 working days from the closing date of the Notice (pursuant to the provisions of paragraph 1 of Article 20 of Decree-Law No. 159/2014, in its current wording).

The aforementioned period is suspended when any clarifications, information, or documents are requested from the applicant, which can only occur once. Failure by the applicant to provide the

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requested clarifications, information, or documents within 10 working days will signify the withdrawal of the application.

The deadline for notification of the decision proposals is 07 February 2019.

Applicants are heard in a prior hearing procedure (*audiência prévia*), under legal terms, being granted a maximum period of 10 working days to present any opposing allegations, counted from the date of notification of the decision proposal, namely regarding any intention of refusal and the respective grounds.

Annex A presents the illustrative diagram of the procedures for analysis and decision on applications.

Pursuant to paragraph 3 of Article 121 of the Code of Administrative Procedure, the holding of a prior hearing suspends the counting of the fixed period of 60 working days for the adoption of the final decision.

The decision proposals for applications regarding which opposing allegations have been presented are reassessed starting from the date the allegation is presented (said reassessment includes analysis, decision, and a new prior hearing, if applicable).

Unsupported projects which, as a result of this reassessment process, obtain an MP score that would have allowed their inclusion in the set of selected projects, will be considered selected and supported under the present call.

The final decision is notified by the MAs to the beneficiary within 5 working days from the date of its issuance.

With authentication at Balcão 2020 and after submission of the application form, the applicant is granted permission to access the Simplified Access Platform (PAS) through which they interact for the purposes of:

- a) Responding to requests for clarification;
- b) Communication of the withdrawal of the application, namely in the absence of a response to the request for clarification, information, or additional elements, when requested;
- c) Prior hearing regarding the decision proposal on the applications, namely the communication of the decision proposal and the submission of any opposing allegation;
- d) Communication of the MA's final decision on the applications;
- e) Consultation on the status of the projects and the beneficiary's history.

15. Acceptance of the decision

Acceptance of the decision to grant the incentive is made by signing the acceptance term, which is submitted electronically and authenticated pursuant to Article 11 of Decree-Law No. 159/2014, of 27 October, in its current wording.

Pursuant to paragraph 2 of Article 21 of Decree-Law No. 159/2014, in its current wording, the approval decision expires if the acceptance term is not signed within a maximum period of 30 working days from the date of notification of the decision, unless for a justified reason not attributable to the applicant.

16. Indicative endowment of the fund to be granted

The ERDF¹ Fund endowment allocated to this call is 68 million euros, corresponding to the following indicative endowment per Operational Programme (OP):

(thousands of euros)

Operational Programme	Budget Allocation IP 3.2 - SME Internationalisation
Competitiveness and Internationalisation	22,500
North Regional	15,000
Centre Regional	10,000
Lisbon Regional	15,000
Alentejo Regional	5,000
Algarve Regional	500
Total	68,000

17. Identification of results to be achieved

In line with the orientation towards results, the projects to be supported must contribute to the output and outcome indicators identified in the following points.

The quantification of the indicators, carried out at the application stage, is subject to contracting and monitoring within the scope of the projects approved under this Notice, with a view to proving the achievement of the results underlying the project's financing decision.

17.1 Output Indicators

In order to contribute to the OP's outputs, projects must contribute to one or more of the following output indicators:

- Number of target markets, EU and third countries, targeted in the project;
- Number of prospection and customer acquisition actions in external markets;

¹ European Regional Development Fund

- Number of presences at international fairs and events.

17.2 Outcome Indicator

In order to contribute to the OP's results, projects must contribute to the following outcome indicator:

- Export intensity in the post-project period:

$$\frac{\text{International revenue after project.}}{\text{Total revenue after project.}} \times 100$$

18. Funding Operational Programmes

The intervention boundaries of the Operational Programmes funding the projects included in this call are determined as follows:

- a) The **MA of POCI (COMPETE 2020)** funds projects of medium-sized enterprises with investments located in the NUTS II regions of North, Centre, and Alentejo, and multi-region projects (without prejudice to point c);
- b) Projects of micro and small enterprises located in the NUTS II regions of **North, Centre, and Alentejo** are supported by the respective Regional Operational Programmes;
- c) Projects with investment located in the NUTS II regions of **Lisbon and Algarve** are funded by the respective Regional Operational Programmes.

19. Intermediate Bodies responsible for the analysis

Pursuant to Articles 36 and 37 of Decree-Law No. 137/2014, of 12 September, regarding the governance model of the ESIF, the entity designated by a delegation of powers contract that ensures the issuance of an opinion on applications within the scope of this Call for Applications is the **Portuguese Investment and External Trade Agency, E. P. E. (AICEP, E.P.E)**.

20. Dissemination of results and contact points

On the Portugal 2020 portal and the Simplified Access Platform (PAS), applicants have access to:

- a) Other relevant documents and information, namely framework legislation;
- b) Technical support and help with clarifying doubts during the period the call is open;
- c) Contact points to obtain additional information;
- d) The results of this call.

3 August 2018

Chairman of the Directive Committee of the Competitiveness and Internationalisation OP

Jaime Andrez

Chairman of the Directive Committee of the North Regional OP

Fernando Freire de Sousa

Chairwoman of the Directive Committee of the Centre Regional OP

Ana Abrunhosa

Chairman of the Directive Committee of the Lisbon Regional OP

João Teixeira

Chairman of the Directive Committee of the Alentejo Regional OP

Roberto Pereira Grilo

Chairman of the Directive Committee of the Algarve Regional OP

Francisco Serra

Annex A² - Diagram on the procedures for analysis and decision on applications

Structured Summary on Procedures for Analysis and Decision on Applications

1. Submission Phase

- **Action:** Submission of the **Application Form**.
- **Deadline:** Closing date of the Call (AAC) on **31/10/2018**.

2. Clarification Phase

- **Action:** **Request for Clarifications**.
- **Procedural Rule:** Once clarifications are requested, the applicant has a **10-working-day deadline** to respond.
- **Conditional Outcome:**
 - **If No:** If no response is received within the deadline, the process results in the **Withdrawal of the Application**.
 - **If Yes:** If the response is received, the process moves to the analysis stage.

3. Analysis and Technical Opinion

- **Action:** The **Intermediate Body (IB)** issues a technical opinion on the application.
- **System Integration:** Data is processed through the **SI Network Platform**.

4. Decision Phase

- **Action:** Issuance of the **Decision Proposal** by the **Managing Authority (MA)**.
- **Timeline:** The expected date for the notification of the decision proposal is **07/02/2019** (this period already includes the time allocated for additional clarification requests).

The procedure commences with submission of the application via the electronic form. The application is then subject to **technical assessment by the Intermediate Body**, following which the **Managing Authority** prepares a **draft decision**.

The **call closed on 31 October 2018**.

Where the draft decision is unfavourable, the applicant is entitled to **prior hearing**, under the conditions and time limits laid down in applicable administrative law.

The procedure concludes with adoption of the **final decision** by the Managing Authority and its **formal notification** to the applicant, in accordance with the applicable statutory deadlines and principles of due process, transparency and the right to be heard.

² For the avoidance of doubt, the information set out in Annex B constitutes a structured summary incorporating explanatory elements intended to facilitate analysis and interpretation. The original Portuguese version remains the authoritative reference for the full methodological framework.