

BUSINESS FINANCIAL GRANTS
UPCOMING PROCEDURES UNDER OPERATIONAL PROGRAMME
INNOVATIONS AND COMPETITIVENESS

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I. Procedure "Adapting the activities of Small and Medium Enterprises in the context of COVID-19" under Priority axis 2 „Entrepreneurship and Capacity for Growth of Small and Medium Enterprises“

1. General

Support purpose and mechanism:

Providing grants to micro, small and medium-sized enterprises for reorganization and adaptation of jobs and / or changes in business processes and models in the context of COVID-19.

Stages of the procedure:

The full application conditions are going to be published and the procedure to be opened for application in October.

Financial grant amount:

BGN 78 233 200 (EUR 40 000 000)

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The budget will be divided proportionally by economic spheres of activities on the basis of statistics on the number of SMEs in each of the eligible spheres. The budget will also be divided into categories of enterprises (micro, small and medium).

Entities that may benefit grant:

- Legal entities or sole traders registered under the Commercial Act or the Cooperatives Act;
- Micro, small or medium-sized enterprise according to the Law on Small and Medium-sized Enterprises and Commission Recommendation of 6 May 2003;
- With at least one completed financial year (2019) and have carried out business activities during it;
- Applicants according to the demarcation line with other EU-funded plans and programs are not eligible.

Ineligible candidates are:

- enterprises with an economic activity falling within the scope of Annex I to the Treaty on the Functioning of the European Union;
- enterprises applying for financing activities for processing and/ or marketing of forest products;
- Enterprises in the fisheries and aquaculture industry;
- Enterprises in C industry, section 10 (codes 10.1, 10.2., 10.3, 10.4., 10.5., 10.6., 10.81., 10.83, 10.84. and 10.91.) and section 11 (codes 11.02., 11.03. and 11.06.);
- Enterprises from sector K “Financial and insurance activities” and from section 92 “Organization of gambling games”.

Eligible activities and costs:

Activities related to the creation of healthy and safe working conditions, as well as to adapt processes and organization of work in SMEs in the conditions of COVID-19.

Eligible costs: Costs for tangible fixed assets, intangible fixed assets, construction and installation work, materials and consumables related to: Provision of collective remedies; Hygiene and disinfection equipment, including placement of automatic dispensers; Reorganization and adaptation of business processes through:

- Providing physical isolation / safe distance at the workplace;
- Establishing separate flows of movement and ensuring contactless passage between separate rooms;
- Air conditioning and ventilation intended to minimize the risk of virus circulation;
- Providing conditions for remote work through - hardware / software for remote access; telecommuting reporting software.

Funding amount:

100 % financial grants

Minimum amount: 3000 BGN

Maximum amount:

- For micro enterprises: 15 000 BGN
- For small enterprises: 30 000 BGN
- For medium enterprises: 75 000 BGN

2. Applying

How to apply:

Completely electronically by filling in a web-based application form through the Information System for Management and Monitoring (ISMM) of EU Structural Instruments in Bulgaria (ISMM 2020). There is a procedure through project selection, in which it is performed:

- evaluation of each project proposal, including: assessment of administrative compliance and eligibility; technical and financial assessment (ratio of tax expenditures to revenues for 2018 and 2019; the presence of a direct link between the pandemic and the need to implement the planned activities; comparability between the average value of operating profit for 2018 and 2019 and the value of the requested grant for the project)
- ranking of the approved project proposals in descending order;
- identification of project proposals for which funding is provided.

Application term:

The minimum term for submission of project proposals is 90 days from the date of announcing the project selection procedure according to Article 11, paragraph 3 of Government Decree 162.

Project duration:

up to 9 months

II. PROCEDURE “SUPPORT FOR SMALL ENTERPRISES WITH A TURNOVER OVER BGN 500,000. FOR OVERCOMING THE ECONOMIC CONSEQUENCES OF THE COVID-19 PANDEMIC “

1. General

Support purpose and mechanism:

Providing current capital for Bulgarian small enterprises, which realized a turnover of over BGN 500,000 for 2019 to mitigate the consequences of COVID-19.

Stages of the procedure:

The full application conditions are going to be published and the procedure to be opened for application in October.

Financial grant amount:

BGN 78 233 200 (EUR 40 000 000)

The budget will be divided proportionally by economic spheres of activities on the basis of statistics on the number of SMEs with turnover above 500 000 BGN in each of the eligible spheres.

Grant maximum amount

50 000 BGN

Entities that may benefit grant:

- Legal entities or sole traders registered in accordance with the Commercial Act or the Cooperatives Act;
- Having at least two completed financial years (2018 and 2019) within which to have conducted business activities;
- SMALL enterprises under the Small and Medium-sized Enterprises Act and the Commission Recommendation of 6 May 2003;
- Have generated turnover for 2019 equal to or exceeding 500 000 BGN;
- Applicants according to the demarcation line with other EU-funded plans and programs are not eligible.
- Have registered a decrease of at least 20% in the turnover for one of the calendar months in the period from 01.02.2020 to the month preceding the month of application compared to the turnover for the same month in

2019.

Ineligible candidates are:

- enterprises with an economic activity falling within the scope of Annex I to the Treaty on the Functioning of the European Union;
- enterprises applying for financing activities for processing and/ or marketing of forest products;
- Enterprises in the fisheries and aquaculture industry;
- Enterprises in C industry, section 10 (codes 10.1, 10.2., 10.3, 10.4., 10.5., 10.6., 10.81., 10.83, 10.84. and 10.91.) and section 11 (codes 11.02., 11.03. and 11.06.);
- Enterprises from sector K “Financial and insurance activities” and from section 92 “Organization of gambling games”.

Eligible activities and costs:

Activities needed to address the shortage of funds or lack of liquidity resulting from the COVID-19 epidemic. Working capital funds are provided to be used to cover the candidates' current operating costs (raw materials, supplies and consumables), external services (including overheads), staff (including remuneration costs and insurance and health costs), contributions at the expense of the employer), etc., which value is calculated in the value of the production / service provided.

2. Applying

How to apply:

Completely electronically by filling in a web-based application form through the Information System for Management and Monitoring (ISMM) of EU Structural Instruments in Bulgaria (ISMM 2020). There is a procedure through project selection, in which it is performed:

- evaluation of each project proposal, including: assessment of administrative compliance and eligibility; technical and financial assessment (ratio of tax expenditures to revenues for 2018 and 2019; the presence of a direct link between the pandemic and the need to implement the planned activities; comparability between the average value of operating profit for 2018 and 2019 and the value of the requested grant for the project)
- ranking of the approved project proposals in descending order;
- identification of project proposals for which funding is provided.

Application term:

The minimum term for submission of project proposals is 90 days from the date of announcing the project selection procedure according to Article 11, paragraph 3 of Government Decree 162.

Project duration:

up to 3 months

III. Procedure "Support for SMEs operating bus services to overcome the economic consequences of COVID-19" by implementing a support scheme by the Ministry of Transport, Information Technology and Communications (MTITC)

On 02.10.2020, the Managing Authority of the Operational Program "Innovation and Competitiveness" 2014-2020 and the Ministry of Transport, Information Technology and Communications, as a specific beneficiary, signed a contract for the provision of grants under the procedure "Support for SMEs operating the economic consequences of COVID-19 by implementing a support scheme from the Ministry of Transport, Information Technology and Communications (MTITC)".

The total value of the provided grant under the concluded contract amounts to BGN 30 million. The funds will be used to provide operating capital for Bulgarian micro, small and medium-sized bus companies to deal with the effects of the COVID-19 pandemic. The amount of the grant for which the final recipients will be able to apply to the Ministry of Transport, Information Technology and Communications, as a specific beneficiary will be between BGN 3 000 and BGN 450 000, and should not exceed 8% of the turnover of the candidate company.

Information on the conditions and how to apply to the final recipients of the aid will be published additionally on the websites of the two institutions as soon as possible.

IV. Procedure "Support for SMEs from the tourism sector to overcome the economic consequences of COVID-19" by implementing a support scheme by the Ministry of Tourism (MT)

On 02.10.2020, Managing Authority of the Operational Program "Innovation and Competitiveness" 2014-2020 and the

Ministry of Tourism signed a grant agreement under the procedure "Support for SMEs in the tourism sector to overcome the economic consequences of COVID-19 by implementing a scheme for assistance from the Ministry of Tourism (MT)". The European funding amounts to BGN 10 million and will support tour operators and travel agencies. The Ministry of Tourism is a direct beneficiary of the program and will provide funding to end users - tour operators and travel agents in the country.

The final addressees are expected to have the opportunity to apply under the scheme within two weeks.

I wish success to the project, we will continue to work for new joint initiatives together with the Ministry of Economy and other state institutions, said Minister Nikolova.

The texts of the conditions are going to be finalized and the technical access for submission of applications through the Information System for Management and Monitoring of EU Funds in Bulgaria (ISMM 2020) is to be provided. It is important to know that at the start of the application the order of submission of project proposals will not matter, as the real value that will be received by the admitted candidates will be equal to the proportionally distributed value of BGN 10 million to the number of approved project proposals and the realized total turnover of each enterprise for 2019. Expenses incurred to cover the current needs of the applicants, as well as for operating capital will be eligible. They must be completed after 01.02.2020 and by the final date of project implementation.

The deadline for submitting project proposals is expected to be at least 5 calendar days.

The deadline for submitting project proposals is expected to be at least 5 calendar days.

Each of the applicants must state in the project proposal a value of up to 10% of their total turnover for 2019, but not more than the de minimis threshold of EUR 200 000, or BGN 391 166. The purpose of the procedure is to provide operating capital for dealing with the consequences of the COVID-19 crisis for Bulgarian micro, small and medium-sized enterprises performing tour operator and / or travel agency activities under the Tourism Act. The project implementation period will be 18 months.

V. Additional financial resource in the amount of BGN 391 million under the EC Initiative - REACT-EU

By Decision of the Council of Ministers No 573 / 14.08.2020 for the Operational Program "Innovation and Competitiveness" 2014-2020 (OPIC) an additional financial resource in the amount of BGN 391 million has been determined under the EC Initiative -REACT-EU. These funds will be used to implement measures to provide financial assistance to micro, small and medium-sized enterprises (SMEs) to

implement investments directly aimed at overcoming the effects of COVID-19 and investment support to prepare for the transition to digital and green economy. In this regard, the following support measures have been developed:

- **Procedure "Digitalisation, recovery and growth potential"** with an indicative budget of BGN 291 166 000 and main target: providing support for the recovery and growth of SMEs by promoting the use of information and communication technologies and services. The development of the specific parameters for providing support under the procedure is forthcoming.
- **Procedure "Digital and green innovation"** with an indicative budget of BGN 100 million and main target: to help businesses adapt and prepare for the transition to a digital and circular economy. The development of the specific parameters for providing support under the procedure is forthcoming.

*** The team of Tzvetkova & Partners Law Firm is ready to assist you in preparing and submitting the project proposal.**

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** Present statement does not constitute legal advice, but expresses the opinion of the author on the issues raised.*
