

PROGRAM FOR STRENGTHENING THE INNOVATIVENESS OF NEWLY ESTABLISHED OR EXISTING MSMES

EVALUATION GUIDELINES

1. Purpose of the Guidelines

These Guidelines are intended to support external evaluators/peer reviewers and members of the Expert Committee in carrying out a consistent, objective, transparent and evidence-based assessment of project proposals submitted under the [Program for Strengthening the Innovativeness of Newly Established or Existing Micro, Small and Medium-sized Enterprises](#).

The Guidelines explain the evaluation methodology, the roles of evaluators and Expert Committee members, the scoring system, the evaluation criteria, the preparation of evaluation reports and the standards expected in written comments.

The evaluation must be carried out strictly in accordance with the Program Manual, the published Public Call, the Rulebook for Project Evaluation, the Fund's templates and the instructions provided during briefing sessions.

2. General Principles of Evaluation

All evaluators and Expert Committee members must assess proposals in a professional, independent and impartial manner. The following principles must be respected throughout the entire evaluation process:

Independence - Evaluators act in their personal capacity and do not represent their employer, country, institution or any third party.

Impartiality - All proposals must be treated equally and assessed only on their merits.

Objectivity - Proposals must be evaluated as submitted. Evaluators should not assess what a proposal could become if substantially changed, but what is actually presented in the application documentation and, in the second round, during the pitch.

Accuracy - Scores and comments must be based on the relevant evaluation criteria and supported by evidence from the application.

Consistency - The same level of judgment must be applied to all proposals.

Confidentiality - Proposal content, evaluation results, scores, comments and discussions must remain confidential. Evaluators must not share proposal information with third parties or contact applicants directly.

Avoidance of conflict of interest - Any actual, potential or perceived conflict of interest must be reported to the Innovation Fund immediately. If a conflict exists for a specific proposal, the evaluator must not evaluate that proposal.

Publicly available AI tools must not be used in a way that discloses confidential proposal information, personal data or non-public project content. Any use of AI must remain fully compliant with confidentiality obligations.

CODE OF CONDUCT - Prior to starting the evaluation of each assigned proposal, evaluators are required to confirm the attached Code of Conduct by clicking/checking all required questions/statements in the IF evaluation portal. This confirmation includes acceptance of the principles of independence, impartiality, confidentiality, absence of conflict of interest, and the obligation to immediately inform the Innovation Fund of any actual, potential or perceived conflict of interest. Evaluation of a proposal may start only after the Code of Conduct confirmation has been completed.

3. Overview of the Award Procedure

The grant award procedure consists of the following stages:

1. Assessment of project proposals against administrative criteria;
2. Assessment of project proposals against selection criteria in two evaluation rounds;
3. Environmental and Social Impact Assessment for applications recommended for funding;
4. Adoption of the Decision on Financing.

The Innovation Fund is responsible for the overall award procedure, administrative checks, communication with applicants and preparation of the final ranking list. The evaluation of project quality is carried out by external evaluators in the first round and by the Expert Committee in the second round.

4. Administrative and Eligibility Check

Before proposals enter the quality evaluation phase, the Innovation Fund verifies whether all administrative criteria are fulfilled. These criteria are strictly applied.

The administrative check includes, among other elements:

- whether all required application documents have been submitted and are in English;

- whether the correct templates have been used;
- whether the applicant is an eligible MSME;
- whether the company was established at least 30 days before the publication of the Public Call;
- whether the applicant has positive equity value;
- whether the application was submitted through the Fund's portal within the deadline;
- whether the requested grant amount is between EUR 50,000 and EUR 200,000;
- whether the project duration is between 12 and 36 months.

Applications that do not meet the administrative criteria do not proceed to evaluation against selection criteria, except in justified cases of administrative or obvious technical errors, where the Fund may request clarification without allowing substantial changes to the proposal.

Evaluators are not responsible for conducting the administrative check. However, if during the evaluation they notice a possible administrative, eligibility, double-funding, cost eligibility or compliance issue, they should report it to the Innovation Fund and continue the evaluation only in line with the Fund's instructions.

5. First Evaluation Round – External Evaluators

All proposals that pass the administrative check are evaluated in the first round by **two independent external evaluators**. Each evaluator assesses the proposal independently, based on the submitted documentation.

Before scoring the proposal, evaluators must assess the **pre-criterion related to Technology Readiness Level**. This is a mandatory pre-criterion and is assessed with YES or NO. The Program supports projects that are beyond the proof-of-concept phase, but are not yet fully proven in commercial operation, meaning that they fall within the experimental development phase. The purpose of this pre-criterion is to ensure that the proposed project is sufficiently mature to be developed, validated, demonstrated or prepared for market introduction within the project, but not so early that it is still only a concept, nor so advanced that it represents regular commercial production or routine market placement.

Evaluators should be particularly careful when assessing the TRL pre-criterion. The assessment should **not be based only on the section** of the application where the applicant explicitly describes the TRL, since applicants may sometimes provide incomplete, unclear or insufficiently structured information in that specific section. Evaluators are therefore expected to read **the entire proposal**, including the technical description, project activities, methodology, deliverables, budget, team capacities, market readiness and any supporting information, before making a conclusion on the TRL level. In some cases, the eligible TRL level may be reasonably concluded from the overall content of the proposal, even if it is not well explained in the dedicated TRL section. However, such a conclusion must be carefully justified and based on clear evidence from the submitted documentation.

For a more **detailed explanation** of the acceptable Technology Readiness Levels, including practical guidance on TRL 5 to TRL 8, please refer to the explanatory section at the end of this document.

TRL pre-criterion

The evaluator must answer whether the technological level of development of the innovation, product, service, technology or process at the beginning of the project is clearly described and can be classified between **TRL 5 and TRL 8**.

The answer is:

- **YES**, or
- **NO**.

If both evaluators assign **NO**, the project proposal is excluded from the award procedure and is not further evaluated. If both evaluators assign **YES**, the proposal proceeds to the assessment against selection criteria. If one evaluator assigns YES and the other NO, the Fund may request additional clarification from evaluators to reach a consensus and, if necessary, involve a third independent evaluator with appropriate technological expertise.

The evaluator **must provide a clear and thorough explanation of the TRL assessment**, especially in case of a negative answer. If the pre-criterion is assessed as NO, no further evaluation against the selection criteria is carried out.

6. First-Round Evaluation Criteria

In the first round, proposals are evaluated against three selection criteria:

Criterion 1: Project Design

This criterion assesses whether the proposal is well structured, relevant, realistic and feasible.

Evaluators should consider:

- whether the market need or problem has been clearly identified;
- whether the desired state after project implementation is realistic;
- whether the timing for the innovation is well justified in relation to market, user, technological or societal trends;
- whether the project goal, purpose and expected results are clearly defined;
- whether the expected results are measurable and achievable;
- whether the proposed research and development activities are feasible;
- whether the timeline, methodology, resources and budget are realistic and appropriate.

The score should reflect both the clarity of the project logic and the feasibility of implementation.

Criterion 2: Level of Innovation

This criterion assesses the innovation level and expected technological progress of the proposed product, service, technology or process.

Evaluators should consider:

- the estimated TRL at the end of project implementation;
- whether the project achieves a meaningful TRL advancement;
- whether the innovation is radical, a significant improvement or incremental;
- whether the innovation relates to a product/service/technology or to a process innovation;
- whether the innovation has relevance on the global, regional or local market;
- whether business modernization through process innovation can improve company competitiveness;
- whether the innovation is based on research and technological development;
- whether the competitive position, market reach, users, business model, barriers to entry and IP/regulatory aspects are adequately explained.

For this criterion, evaluators assess either the product/service/technology innovation route or the process innovation route, depending on the nature of the proposal.

Criterion 3: Applicant's Operational Capacities

This criterion assesses whether the applicant has the team, skills, responsibilities and organizational capacity needed to implement the project.

Evaluators should consider:

- whether the team structure is adequate;
- whether team members have relevant expertise;
- whether roles and responsibilities are clearly and realistically distributed;
- whether the applicant has sufficient human resources;
- whether project management arrangements are credible;
- whether the team is capable of implementing the proposed business idea and R&D activities.

A more detailed explanation of the first evaluation phase selection criteria is provided in the [Program Manual](#), pages 19–24. Evaluators should consult this section carefully when assessing proposals and preparing their comments.

7. First-Round Scoring Methodology

All proposals are evaluated against the fixed set of selection criteria stated below. The proposal should address the points specified under each criterion with measurable and verifiable information. Each proposal is assessed by **two independent external evaluators**, who evaluate every criterion separately by assigning a score on a five-point scale **from 1 to 5, with half-point increments permitted**. Since there are three evaluation criteria, the total score awarded by an individual evaluator may range **from 3 to 15 points**. Evaluators are also required to provide clear and well-substantiated comments for each criterion, explaining the strengths and weaknesses of the proposal.

The final first-phase project score is not based on the total points awarded by an individual evaluator, but on the arithmetic mean of the two evaluators' scores. The final grade is calculated using the following formula: $K1 = (I + II + III) / 3$, where I, II and III represent the average scores for each of the three evaluation criteria, calculated as the arithmetic mean of the two evaluators' scores. All average criterion scores and the final score are rounded to two decimal places and expressed on a 1–5 scale. This final score serves as the basis for determining whether a proposal meets the required threshold for progressing to the next evaluation phase.

The indicative interpretation of scores is:

Score Interpretation

- 1 Poor – few or no standards are met
- 2 Fair – some standards are met, but important weaknesses remain
- 3 Good – most standards are met, with some weaknesses
- 4 Very good – all standards are met and some aspects are excellent
- 5 Excellent – all standards are met and most aspects are excellent

The final score for the first evaluation round is calculated as:

$$K1 = (I + II + III) / 3$$

where I, II and III are the average scores for the three selection criteria. The score is rounded to two decimal places.

Project proposals that receive a first-round score of at least **3.50** proceed to the second evaluation round.

8. Significant Discrepancy Between Evaluators

A significant discrepancy exists when one evaluator gives a positive score above the passing threshold and the other gives a negative score below the passing threshold, or when evaluators provide opposing recommendations regarding advancement to the next phase.

In such cases, the Fund may:

- request additional justification from one or both evaluators;
- ask evaluators to clarify or harmonize their reasoning;
- involve a third independent evaluator, based on the same documentation and criteria.

Evaluators should therefore ensure that all scores are clearly justified and that comments are specific enough to support the evaluation outcome.

9. Second Evaluation Round - Expert Committee

Proposals that pass the first-round threshold are invited to the second evaluation round. In this phase, applicants present their project proposals to the Expert Committee.

Before the presentations, each Expert Committee member receives access to the full project documentation and prepares an individual preliminary report through the Fund's portal. This preliminary report is used as preparation for the second-round assessment and is not submitted to applicants.

During the pitch, applicants are expected to address:

- the business idea;
- the problem solved by the project;
- the proposed solution;
- the product, service, technology or process;
- the business model;
- market situation;
- competition;
- business development;
- business risks.

After the pitch and discussion with the project team, Expert Committee members finalize their preliminary reports and prepare a **joint summary evaluation report** through the Fund's portal. This joint report is the sole official evaluation document of the Expert Committee for the second round.

10. Second-Round Evaluation Criteria

The Expert Committee evaluates proposals against three criteria:

Criterion 1: Maturity of Innovation and Control over its Development

The Expert Committee assesses whether the team demonstrates a mature innovation, clear understanding of its innovative aspect and control over further development.

The assessment should consider:

- whether the team clearly explains the innovative essence of the project;
 - how the solution differs from existing market solutions;
 - which elements were developed by the team and which were adopted or purchased;
 - whether the team understands the technical or technological aspects of the innovation;
 - whether the team can explain key development challenges;
 - whether the innovation is difficult to replicate without specific knowledge, competencies or further development;
 - whether the team has control over further development, adaptation and improvement.
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Criterion 2: Project Sustainability

The Expert Committee assesses whether the applicant has a realistic and clear financing strategy after project completion.

The assessment should consider:

- whether the applicant has a credible plan for financing after the grant period;
 - whether additional sources of funding are identified;
 - whether the project has realistic prospects for securing future financing;
 - whether the proposed sustainability approach matches the company's stage of development and business model.
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Criterion 3: Project Impact

The Expert Committee assesses the company's potential to develop new markets, increase revenue or increase the number of employees.

The assessment should consider:

- whether the innovation has the potential to open or develop new markets;
- whether it can contribute to company growth;

- whether the business model and commercialization plan are credible;
- whether growth forecasts are realistic;
- whether successful commercialization could increase revenue;
- whether the project could lead to new employment.

A more detailed explanation of the second evaluation phase selection criteria is provided in the [Program Manual](#), pages 25–27. Evaluators should consult this section carefully when assessing proposals and preparing their comments.

11. Second-Round Scoring and Final Score

In the second round, the Expert Committee assigns joint scores for the three criteria on a scale from **1 to 5**, with half points allowed.

The Expert Committee score is calculated as:

$$EC = (I + II + III) / 3$$

where I, II and III are the joint scores of the Expert Committee for the three second-round criteria. The EC score is rounded to two decimal places.

For projects that entered the second round, **the final project score** is calculated as:

$$KO = K1 \times 0.3 + EC \times 0.7$$

where:

- **K1** is the first-round score;
- **EC** is the Expert Committee score from the second round.

In order to be recommended for funding, the proposal must achieve a final score of at least **3.80**.

12. Preparation of Evaluation Comments

Evaluation comments must provide clear, concrete and well-substantiated feedback to applicants. They should explain why a certain score was awarded, by identifying both strengths and weaknesses of the proposal under the relevant criterion. Comments should be written in English, follow the order of the evaluation grid, address all relevant sub-criteria, and remain consistent with the score awarded. Reports should avoid generic statements, unsupported conclusions, factual mistakes, discriminatory language, emotional wording and comparisons with other proposals.

Evaluators and Expert Committee members should:

- justify every score;
- refer to concrete elements of the application or pitch;
- ensure that comments are aligned with the score;
- avoid generic statements;
- explain why something is a strength or weakness;
- avoid contradictory comments;
- avoid repeating the same weakness under several criteria (double penalization);
- avoid assessing the proposal against criteria that do not belong to that section;
- avoid repeating the same idea several times;
- avoid discriminatory, emotional or inappropriate language;
- avoid comparing the proposal with other proposals;
- avoid making assumptions not supported by the application;
- avoid giving recommendations unless specifically requested;
- avoid stating that the evaluator lacks expertise;
- double-check the application before stating that information is missing.

Good comments should answer the relevant guiding questions under each criterion and explain why the proposal deserves the score awarded.

For example, instead of writing:

“The market potential is good.”

A stronger comment would be:

“The proposal identifies the target customer segment and provides an initial overview of competitors; however, the market entry strategy remains only generally described and does not sufficiently explain pricing, customer acquisition channels or expected market share.”

This type of comment is specific, balanced and aligned with scoring expectations.

Examples of Good and Poor Formulation

Avoid: The project is good.

Write instead: The project is well structured, with clearly defined objectives, expected results and activities. However, the timeline for prototype validation is not well specified.

Avoid: The methodology is described.

Write instead: The methodology is described, but it remains too general in relation to testing, validation and risk management activities. In particular, the proposal does not sufficiently explain how technical results will be verified.

Avoid: The team is experienced.

Write instead: The project team has relevant technical and managerial experience, particularly in product development and business operations. Nevertheless, responsibilities for testing and commercialization are not clearly distributed among team members.

Avoid: The innovation is not clear.

Write instead: The proposal does not sufficiently explain which elements of the solution are new or significantly improved compared to existing market solutions. The distinction between internally developed components and purchased/standard technologies remains unclear.

Avoid: The budget is too high.

Write instead: Several budget items appear insufficiently justified in relation to the proposed activities, particularly equipment and external service costs. The proposal would benefit from clearer links between budget lines, deliverables and expected technical results.

Avoid: The financing strategy is weak.

Write instead: The post-project financing strategy is only partially developed. The applicant mentions potential future revenues and investors, but does not provide a realistic timeline, identified funding sources or assumptions supporting future financial sustainability.

Avoid: The impact is not convincing.

Write instead: The expected impact on revenue growth and new employment is presented, but the assumptions behind these projections are not sufficiently explained. The proposal does not clearly show how the planned innovation will lead to measurable market expansion.

Avoid: The project does not address risks.

Write instead: Implementation risks are mentioned only briefly. The proposal does not sufficiently explain mitigation measures for technical delays, market acceptance, regulatory requirements or dependence on external suppliers.

Avoid: We do not understand Work Package 3.

Write instead: The relevance of Work Package 3 to the overall project objective is not adequately explained. Its activities and deliverables are not clearly linked to the expected development of the innovation.

Avoid: The pitch was bad.

Write instead: During the pitch, the team did not provide sufficient information to clarify the innovative aspect of the solution, its own development contribution or the planned steps for further improvement.

13. Individual and Joint Reports

In the first round, each external evaluator prepares an individual evaluation report for each assigned proposal.

In the second round, Expert Committee members prepare individual preliminary reports before the pitch and finalize them after the presentation. These preliminary reports support the Committee's discussion but are not the official evaluation document sent to applicants.

The official second-round document is the **joint summary evaluation report**, which must include:

- project scores according to the second-round criteria;
- justification of the scores based on the pitch and project documentation;
- the conclusion of the Expert Committee on whether the project is recommended for financing or rejection.

The joint report should reflect the common judgment of the Expert Committee and should not contain conflicting views. Where there were different views during the discussion, the final report should present the agreed assessment only.

14. Quality Check of Evaluation Reports

Before evaluation reports are finalized and used in the further stages of the award procedure, the Evaluation Sector of the Innovation Fund will carry out a **quality check** of all submitted reports. The purpose of this quality check is not to influence the evaluator's independent expert judgment, nor to change the substance of the assessment, but to ensure that the report meets the required standards of clarity, completeness, consistency and usefulness for the evaluation process.

During the quality check, the Fund will verify whether the report addresses all relevant evaluation criteria, whether each score is supported by an adequate explanation, and whether the comments are sufficiently specific, evidence-based and linked to the content of the application. The Fund will also check whether the comments are consistent with the awarded scores, whether strengths and weaknesses are clearly presented, and whether the report avoids generic, unclear, contradictory or inappropriate formulations.

Particular attention will be paid to cases where:

- the comment is too short or too general;
- the score is not sufficiently justified;

- the comment does not clearly refer to the relevant criterion;
- the written explanation does not match the awarded score;
- important sub-elements of the criterion are not addressed;
- the same comment is repeated under several criteria;
- the report contains factual errors or unsupported assumptions;
- the wording is unclear, overly subjective or not suitable for feedback to the applicant;
- the TRL pre-criterion, especially a negative assessment, is not thoroughly explained.

If the Fund identifies such issues, it may contact the evaluator and request clarifications, corrections, improvements or additional explanations. The evaluator may be asked to revise the report in order to make the reasoning clearer, better aligned with the score, more complete or more directly connected to the relevant criterion. Evaluators are expected to respond to such requests in a timely manner and to revise the report accordingly.

The quality check does not replace the evaluator's assessment. The evaluator remains fully responsible for the content of the evaluation report, the scores awarded and the expert judgment expressed. However, the final report must be sufficiently clear, coherent and well justified so that the Innovation Fund, the Expert Committee, the applicant and any subsequent review body can understand the basis on which the score was awarded.

15. Environmental and Social Impact Assessment

Applications recommended for funding are subject to Environmental and Social Impact Assessment carried out by external expert for Environmental and Social Impact Assessment.

If a project is classified as **Category B**, the applicant must prepare an Environmental Management Plan as a condition for signing the Financing Agreement.

If a project is classified as **Category C**, an Environmental Management Plan is not mandatory.

Applications classified as **Category A**, meaning high risk, are considered ineligible for funding under this Program.

16. Final Ranking and Funding Decision

The final ranking list is formed based on the final project score. The highest-ranked proposals may be invited to negotiations with the Fund. Negotiations may concern financial, legal or substantive aspects of the project, taking into account evaluators' comments.

The final decision on financing is made by the Innovation Fund in accordance with the available budget, ranking list, eligibility conditions, environmental and social requirements and successful completion of the contracting procedure.

EXPLANATION OF TRL PHASES

TRL 5 – Technology validated in a relevant environment

A project may be considered to be at **TRL 5** when the applicant has already developed a working model, prototype, process, service concept or technological solution that has been tested beyond basic laboratory or internal conceptual conditions.

At this stage, the solution should not be merely an idea, theoretical concept or early proof of concept. There should be evidence that the innovation has been tested in conditions that reasonably reflect the intended use environment.

Examples of acceptable TRL 5 situations include:

- a prototype tested with representative materials, users, equipment, data or operating conditions;
- a software solution tested with realistic data or in a controlled pilot environment;
- a production process validated on a small scale using realistic inputs;
- a service model tested with a limited group of users or customers;
- a technology whose main functions have been validated in conditions close to real use.

The key point for evaluators is that the proposal must show that the solution works in a relevant environment, even if it is not yet fully demonstrated in real operating conditions.

TRL 6 – Technology demonstrated in a relevant environment

A project may be considered to be at **TRL 6** when the applicant has demonstrated a prototype, pilot version, process or system in a relevant environment and can show that the main technical or functional elements work together.

Compared with TRL 5, this phase requires a higher level of integration and demonstration. The solution is no longer only validated in parts; it is demonstrated as a more complete prototype or pilot system.

Examples of acceptable TRL 6 situations include:

- a pilot production line tested under representative conditions;
- a functional prototype demonstrated with target users or potential customers;
- a digital platform tested with realistic workflows and user scenarios;
- an industrial process demonstrated on pilot-scale equipment;
- a new technology tested in a relevant sector-specific environment.

The evaluator should check whether the applicant provides credible evidence that the proposed innovation has been demonstrated, not only described.

TRL 7 – System prototype demonstrated in an operational environment

A project may be considered to be at **TRL 7** when a system prototype has been demonstrated in an actual or operational environment.

At this stage, the innovation is close to market readiness, but still requires further optimization, validation, certification, adaptation, scaling, integration or testing before full commercial use.

Examples of acceptable TRL 7 situations include:

- a prototype tested in real customer or user conditions;
- a production process demonstrated in the company's actual operating environment;
- a technology tested in a real industrial, agricultural, healthcare, tourism, ICT or other sectoral environment;
- a software or digital service piloted with real users and real operational data;
- a product tested in real-use conditions, but still requiring final adjustments before commercial launch.

The evaluator should look for evidence that the solution has moved from a representative test environment to real operational conditions, while still requiring experimental development activities.

TRL 8 – System complete and qualified

A project may be considered to be at **TRL 8** when the product, service, technology or process is complete and qualified, but not yet fully proven through regular commercial operation.

At this stage, the innovation may be almost ready for the market. However, eligible project activities should still focus on final validation, certification, optimization, adaptation to market requirements, preparation for production, trial production, zero series, testing with customers, business model verification or preparation for the next investment cycle.

Examples of acceptable TRL 8 situations include:

- a complete product requiring final certification, validation or market adaptation;
- a technology that has been technically completed but needs final qualification before launch;
- a process innovation ready for implementation but requiring final testing and optimization;
- an MVP with expressed market interest or first customers, requiring further adaptation before broader commercialization;
- a service or software solution requiring final security, scalability, interoperability or user testing before wider market deployment.

TRL 8 is acceptable only if the project still includes genuine development, validation or qualification activities. If the proposal mainly finances routine commercial production, standard market launch, regular business operations or scaling of a non-innovative activity, it should not be considered acceptable under this pre-criterion. Activities below TRL 5 or above TRL 8 are treated as ineligible under the Program.
