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2018 ANNOUNCEMENT OF THE “RISING STARTUP SPAIN” PROGRAM

One. Preliminary considerations

Innovation and technological development play a fundamental role in the generation of an economy's knowledge and therefore of its competitiveness and potential growth. Aware that startups are a highly significant innovation tool, and that the density and quality of this business ecosystem can lead to a virtuous circle of attracting innovative entrepreneurship, in 2016 ICEX - Invest in Spain launched the “Rising Startup Spain” program as a way of positioning Spain as a center of talent, entrepreneurship and innovation.

Two. Purpose

The purpose of this announcement is to launch the third edition of the Rising Startup Spain program aimed at entrepreneurs and foreign startups who contribute to promoting entrepreneurial activity in Spain.

The program will be run by ICEX - Invest in Spain in collaboration with the public and private sector to complement the offer of services for entrepreneurs and foreign startups interested in developing their projects in Spain.

Three. Content of the program

Rising Startup Spain is a program that will offer beneficiary startups the following services:

1. Support to obtain visas.
2. A free work space in leading incubators in the cities of Madrid and Barcelona provided during the whole duration of the program.
3. Specialized mentoring adapted to the needs of each startup, in particular, advice on how to enter the market, financing sources, and contact with potential investors and customers, among others, will be offered.
4. Nonrefundable direct financial aid of 10,000 euros in accordance with the characteristics defined in section five of this announcement, for project expenses incurred within the twelve-month period as of the date of the company's constitution in Spain. For those companies already established in Spain, the expenses incurred will begin to count as of the date of the program's signatory letter.
5. Other advantages associated with participation in the program for the beneficiary startups will include visibility in media specialized in entrepreneurship, participation in events held in Spain and meetings with Spanish multinational companies involved in open innovation processes.

For this announcement, the “Rising Startup Spain” program will have a maximum amount of 150,000 euros to provide direct financial assistance to the 15 companies that are beneficiaries of the program.

Four. Beneficiary startups

The beneficiaries of the program will be any selected foreign startups established as a company in Spain and that meet the following requirements:

1. At least 10% of the capital of the startup constituted in Spain must belong to a foreign natural person or legal entity, or a Spanish non-resident provided that he/she is a natural person.
2. In the case the company is already constituted in Spain, it may not be more than one year old on the date of publication of this announcement.

The selected startups must adhere to the program by signing the letter of adhesion within three months of the publication of the list of selected projects. Flexibility with regards to the aforementioned deadlines will be considered on a case-by-case basis.

On the other hand, the startups that are already constituted in Spain will be able to join the program immediately and start enjoying the services that the program provides.

Five. Characteristics of the Financial assistance award

To receive such non-reimbursable financial assistance, the startup must spend at least 20,000 euros corresponding to at least two of the following concepts:

1. Costs of constituting the startup in Spain (notary, registries, permits and specific outsourced advice) and feasibility studies.
2. Purchase and hire of technology and industrial equipment, instruments and/or material.
3. Staff costs (wages and salaries of personnel on the payroll with a work contract, and self-employed workers hired by the company).
4. Acquisition and registration of licenses, patents and trademarks.
5. Technological consulting.
6. Promotional expenses (promotional material, such as catalogs, brochures, posters and the like, and creation of web pages).
7. Travel of company staff related to the company's activity to attend events, courses and visits to customers and investors (admission charge or fee for the event, travel tickets and accommodation up to a limited amount and overnight stays).

The aid is included in the system set forth under Regulation (EC) No. 1407/2013 of the Commission of December 18, 2013, regarding the application of articles 87 and 88 of the EC Treaty on “de minimis aid”.

Six. Competent bodies for program management, assessment and decisions

The body in charge of the instruction and organization of the program procedures is the Department responsible for the program within the ICEX Invest in Spain's Executive Management.

A panel of experts, comprising leading professionals with extensive experience in the Spanish entrepreneurial ecosystem, will select the companies eligible to receive the benefits of this program from among the applicants.

The financial aid will be awarded by a decision of the Managing Director, which must specify the beneficiaries and the amounts granted, after a favorable report from the Commission on Grants, Contracts and Authorizations. This decision must be published on ICEX www.icex.es and Invest in Spain www.investinspain.org portal and in the National Subsidies Database, and will be notified to the beneficiary company, indicating the items and amounts, together with the justification procedure.

Seven: Procedure for granting the aid

The program aid will be awarded on a competitive basis.

The submission period for applications will begin the day after the publication of this announcement in the National Subsidies Database and will end 60 natural days from its publication date. The applications must be submitted via the ICEX and INVEST IN SPAIN websites (www.icex.es or www.investinspain.org).

Once the application deadline has expired, the Instructing Body will publish a provisional list of accepted and excluded applications on the ICEX and Invest in Spain websites, specifying the reasons for exclusion, so the interested parties can submit the documentation for the corresponding amendments within ten calendar days from the day after the publication of this provisional list.

Once the deadline for the correction phase has expired, the Instructing Body will publish through the same channels, a final list of the assessed applications accepted and excluded.

The admitted applications will undergo an evaluation process, which the Instructing Body will convey to the Panel of Experts.

The selection criteria are listed below:

1. Capability of the management team (25%)
2. Economic-financial feasibility (25%)
3. Product validation and growth potential (25%)
4. Innovative capability (25%)

In the event of a tie in the score of one or several applications, they will be prioritized by order of entry.

After the above-mentioned assessment process, the Instructing Body will publish a list of the 15 accepted applications on the ICEX and Invest in Spain websites, ranked by score, and it will also publish the applications that were not selected.

The applicants will have a period of 10 calendar days from the day after the publication of the list to make any appeals they consider necessary regarding their evaluation. In the event that any of the selected projects withdraws, its place will be assigned to the subsequent project(s), in the order of the scores on the list, without the need to convene the panel of experts.

Once the appeals process has concluded, the Instructing Body will publish the list of selected and unselected projects alike. The aid will be awarded, as indicated in the previous clause, based on the decision of the Managing Director.

Eight. Beneficiaries' requirements and obligations

A) Requirements:

The beneficiary startups will formalize their participation in the program by signing a signatory letter.

The beneficiaries must fulfill the obligations under Article 14 of Law 38/2003, of November 17, and the related obligations included in the enacting regulations, as approved by Royal Decree 887/2006, of July 21.

In no case must they be affected by any of the following circumstances:

a) Have been convicted by final judgment to the penalty of the loss of eligibility for public subsidies or aid, or for corruption, bribery, and embezzlement of public funds, exercise of undue influence, fraud and illegal collections or urban planning offenses.

b) Have filed for voluntary bankruptcy, have been declared insolvent in any procedure, be declared bankrupt, unless this has been acquired by means of a convention, be subject to judicial intervention or have been disqualified pursuant to the Bankruptcy Law 22/2003 of July 9, and be within the disqualification period established by the insolvency decision.

c) Have given rise, by being declared guilty, to the definitive termination of any contract entered into with a public administration.

d) The physical person, the administrators of the corporations or those that legally represent the other legal individuals must not be involved in any of the circumstances of Law 3/2015 of March 30, of regulations on the exercise of Government or senior officials in the Administration, or Law 53/1984 of December 26, regarding incompatibilities of personnel in the service of the public administration, or be involved in any of the elected positions regulated by Organic Law 5/1985 of June 19, from the General Electoral System under the terms set forth therein or in the regional regulations governing these matters.

e) Not be current with tax or social security payment obligations imposed by provisions in effect, as determined by regulations.

f) Have tax residence in a country or territory legally classified as a tax haven.

g) Not be current with payment obligations for the reimbursement of subsidies under the terms set forth by the regulation.

h) Have been sanctioned by a final decision with the loss of the possibility of obtaining subsidies by virtue of the same or other legislation.

i) The prohibition of obtaining subsidies will also apply to those companies that, given the members of their governing bodies or due to other circumstances, may be presumed to be a continuation or derivation, through transformation, merger, or succession, of other companies in which the former concurred.

B) Obligations:

The beneficiaries must notify ICEX, if the case arises, that it has obtained other aid, subsidies, income or resources to carry out the funded activities, as soon as they become aware of this, and, in any event, prior to the justification of the application given for the funds received.

The aid may be co-financed by the European Union through the European Regional Development Fund (ERDF) for the aforementioned 2014-2020 programming period.

The acceptance of aid from ICEX by the participating companies represents their agreement to be included in the list of public transactions according to article 115 section 2) of EU Regulation 1303/2013.

Likewise, by accepting the aid the beneficiary company has been informed of the requirements and obligations to be complied with and which are set forth in Annex I “Document that Establishes the Conditions for Aid (DECA)” which will be attached to the Aid Approval Notification.

Similarly, this acceptance also implies its permission for ICEX to publish on its website the company's compliance with the following text:

“I am aware that this action is co-financed with European funds and I undertake to indicate this fact whenever I am required to mention this in response to third parties or to the public. Due to the importance this type of aid has for our company, I rate very positively the contribution of ERDF, the main fund for the policy of European cohesion, for its role in supporting our work and thus the economic growth and creation of employment in the region where I am located, and in Spain as a whole”.

Furthermore, if this company is the beneficiary of aid co-financed by ERDF funds, and regarding the availability and conservation of the justifying documents, it must comply with the specifications of article 140 of EU Regulation 1303/2013, and article 125.4.b) of the aforementioned Regulation regarding the accounting of transactions.

All information relating to the responsibilities and obligations of the beneficiary companies in regard to information and communication is available on the ICEX website www.icex.es/fondosfeder. In no case will financing by ERDF funds imply additional support for the beneficiary companies.

Nine. Modification of the conditions for activity execution

The subsidized activities must be executed in the time and manner approved in the approval notification.

Any change proposed to the project will imply:

- a) That the change must not affect the objectives pursued by the aid, in their fundamental aspects, or the designation of the beneficiary.
- b) That the change must be expressly accepted by ICEX - Invest in Spain.

Ten. Justification of the project or activity and payment of the aid

The aid will be justified in accordance with the provisions of the applicable regulations of the European Union Structural Funds.

The costs must be supported by submitting invoices and receipts **of payment of said invoices**. The applicant must have separate accounts or accounting coding system for the management of the aid.

Furthermore, the beneficiary must present **the following reports**:

1. A technical report **explicitly and clearly explaining the final status of the project or activity compared with the initial situation presented in the Descriptive and Technical Report when applying for the aid, and that offers details regarding the degree of fulfillment, deviations and their causes.**
2. A financial report justifying the costs of the activities undertaken.

Following the submission of the aforementioned documentation, **the auditing body in charge of reviewing the documentation** will implement the corresponding technical-financial and physical checks. These checks will be made in compliance with Public Sector Auditing Standards approved by the State Administration's Comptroller General; therefore, any supporting documents deemed necessary (including but not limited to invoices and bank receipts) will be requested in order to provide reasonable assurance regarding the proper application of the aid.

Subsidies will always be paid subsequent to receiving the pertinent supporting documents. The payment cannot be made if the beneficiary has failed to prove compliance with its tax and social security obligations and that it is not in default due to a ruling on proper reimbursement.

Eleven. Verification and monitoring activities

The beneficiary of the aid is obliged to provide the necessary proofs with the purpose of ensuring the correct implementation of the project or activity for which the aid was granted. The beneficiary will also be subject to the checks to be made by ICEX - Invest in Spain, as well as to the financial control by the State Administration's Comptroller General, and the fiscal oversight of the Court of Auditors and the checks established in the regulations applicable to the management of aid co-financed by the ERDF under Article 108.1 of the Treaty on the Functioning of the European Union.

For the purposes of monitoring and controlling the funded activities, the beneficiaries must have accounting books, duly completed registers and other documents pursuant to the terms required by the legislation applicable to the beneficiary, as well as invoices or documents of equivalent probative value and the corresponding proof of payment. This set of documents constitutes the supporting evidence for the aid granted and guarantees its proper reflection in the beneficiary's accounting.

Maintain, as beneficiary, the supporting documentation regarding the expenses of the project or activity for the period established in the European Community Regulations on Structural Funds.

Twelve. Noncompliance and penalties

Failure to comply with the objectives for which the aid was provided will result in the loss of the totality of the aid awarded. Furthermore, any modification of the approved subsidized budget will require authorization by the Executive Management of Invest in Spain at ICEX so that these will be considered during the justification procedure.

Thirteen. Applicable regulations and complaints regime

In addition to the provisions set forth herein, the aid set forth in this announcement will also be governed by the approval notification and by ICEX's internal regulations on aid, as well as by any other current applicable rules.

Specifically, by the provisions of European Community legislation:

1. Regulation (EU) no. 1303/2013 of the European Parliament and of the Council, of December 17, which establishes common provisions in relation to the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, and establishes general provisions in relation to the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Maritime and Fisheries Fund, and the Council Regulation (EC) no. 1083/2006.
2. Regulation (EU) No. 1301/2013 of the European Parliament and of the Council, of December 17, 2013, regarding the European Regional Development Fund and specific provisions relating to investment objectives for growth and employment, repealing Council Regulation (EC) No. 1080/2006.
3. Similarly, the aid must comply with the specifications established in Regulation (EC) No. 1407/2013 of the Commission, of December 18, 2013, regarding the application of articles 87 and 88 of the EC Treaty on "*de minimis aid*".
4. ICEX internal regulations on monetary aid without a consideration in accordance with the General Subsidies Act 38/2003 of 17 November.
5. The interested parties may appeal directly to the competent judicial bodies with civil jurisdiction the decisions made by ICEX - Invest in Spain within the aid awards that are the subject matter hereunder.

Fourteen. Effectiveness

The present announcement will take effect on the day after its publication in the National Subsidies Database.