Frequently Asked Questions

1st Open Call

Extension of the Virtual Object Stack (VOStack) and development of Virtual Objects (VOs), composite Virtual Objects (cVOs) and Digital Twins (DTs)

Submission starts on 1 November 2023 at 9:00 (CET, Brussels Time)

Deadline is on the 10 January 2024 at 17:00 (CET, Brussels Time)

V1, 30/10/2023

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# Terms and abbreviations

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<thead>
<tr>
<th>Term</th>
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<tr>
<td>EC</td>
<td>European Commission</td>
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<tr>
<td>FSTP</td>
<td>Financial Support to Third Parties</td>
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<td>VO</td>
<td>Virtual Object</td>
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<td>cVO</td>
<td>Composite Virtual Object</td>
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| TRL  | As per European Commission's [definition](#), there are 9 possible levels of technology readiness.  
- TRL 1 – basic principles observed,  
- TRL 2 – technology concept formulated,  
- TRL 3 – experimental proof of concept,  
- TRL 4 – technology validated in a lab,  
- TRL 5 – technology validated in relevant environment (industrially relevant environment in the case of key enabling technologies),  
- TRL 6 – technology demonstrated in relevant environment (industrially relevant environment in the case of key enabling technologies),  
- TRL 7 – the system prototype demonstration in operational environment,  
- TRL 8 – system complete and qualified, and  
- TRL 9 – actual system proven in an operational environment (competitive manufacturing in the case of key enabling technologies; or in space). |
| FAQ  | Frequently Asked Questions |
| SGA  | Subgrant Agreement |
What is NEPHELE?

NEPHELE is a Research and Innovation Action project funded by the Horizon Europe programme under the topic "Future European platforms for the Edge: Meta Operating Systems". The project's vision is to enable the efficient, reliable and secure end-to-end orchestration of hyper-distributed applications over programmable infrastructure that is spanning across the compute continuum from Cloud-to-Edge-to-IoT, removing existing openness and interoperability barriers in the convergence of IoT technologies against cloud and edge computing orchestration platforms, and introducing automation and decentralised intelligence mechanisms powered by 5G and distributed AI technologies.

The main goal of NEPHELE is to design and build a virtual object software stack that will tackle IoT interoperability and convergence challenges in the compute continuum and develop synergetic orchestration mechanisms that can manage distributed applications in the continuum. See more info about the project here: https://nephele-project.eu/

Why should you apply?

1st Open Call beneficiary (Industrial SME/Mid-cap) will receive up to €76 000 and enter a 6-month-long support programme, where they will receive technical mentoring from the Consortium partners.

Who can apply?

You need to be either an Industrial\(^1\) SME\(^2\) (including startups) or a Mid-cap\(^3\) to apply. Your company needs to be also registered in one of the following countries:

\(^1\) An industrial entity is considered to be any type of SME or Mid-cap that covers the expertise and experience criteria described in Section 3.2 of the Guide for Applicants.

\(^2\) An SME will be considered as such if it complies with the European Commission’s Recommendation 2003/361/EC. As a summary, the criteria defining an SME are:

- Headcount in Annual Work Unit (AWU) less than 250;
- Annual turnover less or equal to €50 million OR annual balance sheet total less or equal to €43 million.

Note that the figures of partners and linked enterprises should also be considered as stated in the SME user guide. For detailed information check EU recommendation: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

\(^3\) Middle-capitalization company’ or ‘Midcap’ means an enterprise that is not a SME and that has up to 3 000 employees, knowing that the staff headcount is calculated in accordance with Articles 3 to 6 of the Annex to Commission Recommendation 2003/361/EC: https://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:324:0036:0041:EN:PDF
The Member States of the European Union and its Overseas Countries and Territories (OCT) or Horizon Europe Associated Countries.

For full eligibility conditions, please see the Guide for Applicants, Section 3.

Can I submit my application if my company is not yet established?

Yes, however, you need to be registered as a legal entity no later than at the end date of the NEPHELE 1st Open Call, i.e. no later than 10 January 2024.

What is TRL?

Technology Readiness Levels (TRLs) are indicators of the maturity level of a particular technology. This measurement system provides a common understanding of technology status and addresses the entire innovation chain.

There are nine technology readiness levels - TRL 1 being the lowest and TRL 9 the highest. For a full description of TRLs, kindly refer to Annex B of the General Annexes for Horizon Europe Work Programme 2021-2022.

What happens if I do not submit my application within the deadline?

We do not accept applications after the deadline. We strongly encourage you not to wait until the last minute to submit your proposal.

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4 Following the Council Implementing Decision (EU) 2022/2506, as of 16th December 2022, no legal commitments can be signed with Hungarian public interest trusts established under Hungarian Act IX of 2021 or any entity they maintain. Affected entities may continue to apply to calls for proposals. However, in case the Council measures are not lifted, such entities are not eligible to participate in the NEPHELE 1st open call. In case of consortium, co-applicants will be invited to remove or replace that entity. Tasks and budget may be redistributed accordingly.

5 As of (27.10.2023): Albania, Armenia, Bosnia and Herzegovina, Faroe Islands, Georgia, Iceland, Israel, Kosovo, Moldova, Montenegro, North Macedonia, Norway, Serbia, Türkiye, Tunisia, Ukraine, for the most up-to-date list please see first part of this document. For the avoidance of doubt, New Zealand is not eligible in this open call.
Failure of meeting the submission deadline for any reason, including extenuating circumstances, will result in the rejection of the proposal.

How long does it take to fill in the application?

Producing a well-written application typically takes around 2 days of writing. However, keep in mind that you have the flexibility to add contributors to the application, which can help distribute the workload among team members.

Take into account that specific character limits have been established in each field of the online application form, so we encourage you to keep your proposal focused on the requested information.

We also recommend you to start the submission process quite in advance before the deadline in order to avoid last minute circumstances.

Can a company submit two project ideas?

No, you can submit only one proposal in this call. If more than one proposal is identified, only the last proposal which has been submitted in order of time will be evaluated.

What is the criteria to assess the proposals?

We will assess your admissibility and eligibility (as described in the Guide for Applicants, Section 3), expertise and experience, alignment with NEPHELE objectives, your proposal’s scope, the European Dimension, as well as evaluate the Excellence, Impact and Implementation criteria of the project. For further details and complete list of all criteria see the Guide for Applicants, Section 4.

What type of support is available for preparing the proposal?

You can send us a message regarding the application process at nephelehelpdesk@fundingbox.com or post on the Helpdesk Space.
What are the different evaluation phases and the expected schedule?

We will evaluate your project in four phases: First Admissibility and Eligibility Check, In/Out of Scope screening, External Evaluation and the Consensus Meeting. Then, your legal status will be verified during the formal check phase. If the verification is successful, we will invite you to sign the Subgrant Agreement. For further details, see the Guide for Applicants, Section 4.

The evaluation process is expected to take up to 3 months counting from the 1st Open Call deadline.

How will we check your SME status?

Before signing the Subgrant agreement, we are going to verify your SME/Mid-cap status. More specifically, we will request you to complete the application form with your company data (in case of having partner or linked entities also the data of those entities) and provide the following documentation:

- Official, valid and current (up to date) registration document of the enterprise. An extract from the current official registration document (or its equivalent: Company Register, Official Journal) indicating the name of your organization, the address of the head office, its registration number, authorised representatives. The enterprise registration document is a written statement from the Government or other authority which confirms that the company legally exists and confirms its data.
- Document showing the holding structure of the Applicant enterprise - shareholders and the percentage of shares that they own in applicant enterprise. We can accept an official and signed declaration indicating shareholders and the percentage of shares that they own in the organisation.
- VAT Registration - copy of an official and valid document proving your VAT registration. The VAT number can be confirmed by the VAT Information Exchange System (VIES) - http://ec.europa.eu/taxation_customs/vies/vatRequest.html.
- Financial statements of the Applicant enterprise for the latest closed financial year, containing the information about the annual balance, turnover and the staff headcount. In cases where the number of employees is not clearly identified in the
financial statements, any other supporting documents which demonstrate the staff headcount such as statistic reports, annual reports, national regional, association records. If the number of employees is not clearly indicated in the above-mentioned documents, we can accept other supporting documents such as an official and signed declaration on the staff headcount expressed in Annual Working Units.

- Additional documentation of partner and linked enterprises (mandatory in case of having partner and/or linked entities):
  - financial statements of partners and/or linked enterprises (showing the turnover, balance total sheet, employment). In cases where the number of employees is not clearly identified in the financial statements, any other supporting documents which demonstrate the staff headcount such as statistic reports, annual reports, national regional, association records. If the number of employees is not clearly indicated in the above-mentioned documents, we can accept other supporting documents such as an official and signed declaration on the staff headcount expressed in Annual Working Units.
  - document showing the holding structure of a partner/linked enterprise, e.g. official extract of the shareholders from the Chamber of Commerce or any other Official Register or instead we can accept an official and signed declaration indicating shareholders and the percentage of shares that they own in the organisation.

- the Bank Identification form – the Bank Identification form. The Bank identification form helps us to know the banking coordinates, necessary to the authorisation of payments from the EU.

We will also ask about your other grants previously received under the H2020 or Horizon Europe and potential conflict of interest with the NEPHELE project’s consortium partners.

What are the payment conditions?

The funding will be paid against specific deliverables/ upon achievement of certain milestones or KPIs, which will be included in the ‘Individual Mentoring Plan’ annexed to the SGA, and based on the results of Milestone Review.

More details about payments and milestone review process can be found in Section 5 of the Guide for Applicants.
What is the payment schedule?

The payment schedule is defined below.

<table>
<thead>
<tr>
<th>Stage No and Name</th>
<th>Stage duration</th>
<th>Deliverable</th>
<th>Delivery month</th>
<th>Lump sum</th>
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<tr>
<td>Stage 1: Individual Mentoring Plan (IMP) and Inception</td>
<td>1 month</td>
<td>IMP and proof of concept (implementation plan)</td>
<td>End of Stage 1</td>
<td>Up to €9 000</td>
</tr>
<tr>
<td>Stage 2: Development</td>
<td>3 months</td>
<td>Prototype release</td>
<td>End of Stage 2</td>
<td>Up to €44 000</td>
</tr>
<tr>
<td>Stage 3: Release</td>
<td>2 months</td>
<td>MVP release</td>
<td>End of Stage 3</td>
<td>Up to €23 000</td>
</tr>
<tr>
<td>Total:</td>
<td>6 months</td>
<td>-</td>
<td>-</td>
<td>Up to €76 000</td>
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What services does NEPHELE offer in the Support Program?

Technical mentoring.

Is any accountability required on the way the funds have been used, e. g. invoices and other financial documents? Are there any specific restrictions on how the funds are utilised?

The FSTP beneficiaries will receive a fixed lump sum of up to €76 000.

The lump sum is a simplified method of settling expenses in projects financed with Horizon Europe funds. It means that the FSTP recipient is not required to present strictly defined accounting documents, such as invoices, timesheets, etc, to prove that the cost was incurred. However, NEPHELE will carefully assess your progress and quality of your work during
Milestone Reviews, not your accountancy. In this regard, we will request you to demonstrate the implementation of the project in line with the established milestones.

Note that the lump sum methodology does not release you from the obligation to collect documentation to confirm the costs under fiscal regulation.

Please bear in mind that by participating in the NEPHELE support programme, receiving the grant and signing the Subgrant Agreement you will also be responsible towards the competent tax authorities, and the EC audit bodies such as the European Court of Auditors (ECA), European Public Prosecutor’s Office (EPPO) and the European Anti-Fraud Office (OLAF).

Which are the eligible costs for my proposal?

Lump sum budgets are based on a cost estimation which means that you need to provide us with a detailed budget table with realistic cost estimations for each cost category (personnel costs, subcontracting costs, purchase costs, other costs) per beneficiary.

These cost estimations and the resources you commit for the purposes of implementing the project, are the basis to justify the lump sum. The cost estimations must be an approximation of your actual costs.

The costs are eligible if they met the following requirements:

- they are set out in your project budget in the 'Individual Mentoring Plan';
- they are compliant with the same eligibility rules as in actual costs grants (reference to actual costs as described in Art. 6 of AGA – Annotated Grant Agreement);
- they are in line with your normal practices, usual accounting and management principles (e.g. subcontracting must be awarded using the beneficiary’s usual purchasing practices - provided these ensure subcontracts with best value for money (or if appropriate the lowest price) and that there is no conflict of interest);
- they are reasonable/not excessive;
- they are in line with and necessary for implementation of your project, and the corresponding tasks and part of your project have been properly implemented and the expected milestone/deliverables have been achieved;
- they must be actually incurred by you;
they must be incurred only during the lifetime of the project. Period of costs' eligibility is from the SubGrant Agreement signature date (from the start date of the programme period of your project) until the end of the project period.

What is a Conflict of Interest?

Conflict of interest may occur, if there are capital or personal connections between two or more entities (Applicant, Consortium partner or any person involved in the selection process), in particular, it should be understood as:

- any ownership relations - ownership of shares, financial links and economic connections - like joint venture, holding, joint participation, silent partner. E.g., Applicant entity owns shares in the Consortium partner company or Consortium partner company own shares in the Applicants company (it also refers to the Applicant partner/linked enterprises). As economic connection we can understand exclusive licence, sale agreements if they concern product or solution covered by your application;

- family and personal relationships, in particular: with marriage, kinship, a relationship of affinity to the second degree in a straight line or lateral line, adoption, custody or guardianship or actual life and other close personal ties binding the Applicant and Consortium partner or any person involved in the selection process (it refers also to employees, shareholders, members of the management body, members of the board, managers, subcontractors etc.) – e.g. person representing the Consortium partner company has family/personal relationship with any person representing the Applicant company;

- the existence of material, especially financial relationships (such as the receipt by a person involved in the selection process from Applicant any significant gifts, donations, future contracts or employment, etc;

- relationships based on employment, cooperation or existing civil contract between the Consortium partners and people involved in the Applicant structure, including managerial or supervisory functions, position in managing or supervising bodies. E.g., Director of the Consortium partner is in involved in the management bodies of an
Applicant company; the Applicant employees involved in the Project are employed or contracted by the Consortium partner company;

- remaining in a legal or factual relationship that may give rise to justified doubts as to the impartiality of the people involved in the selection process (expert/evaluator/employee/member of the management bodies of any of the Consortium partners).

The reasons set forth above may result in a conflict of interest if they occur at the time of an action or have occurred in the past (during the last 3 years before the action starts). Time limits do not apply to family and personal relationships.

Remember that the concept of the conflict of interest should be understood widely, so if you have any doubts about the conflict of Interest please consult it with our team. All cases of conflict of interest will be assessed on a case-by-case basis.

Is there any limitation in the budget for subcontracting?

The subcontracting cost should be up to 15% of the total budget. Subcontracting needs to be limited to the absolute minimum, and only for additional, not core tasks.