

**FINANCIAL ASSISTANCE FOR LOCAL SMEs/ TECH START-UPS FOR  
INNOVATIVE PRODUCT/SOLUTION DEVELOPMENT TO INCREASE HIGH-  
TECH EXPORTS IN THE ICT SECTOR**

**GUIDELINE FOR APPLICANTS**

WITH EFFECT FROM 25.02.2022

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
NAVAM MAWATHA, COLOMBO 2

## **FINANCIAL ASSISTANCE FOR LOCAL SMEs/ TECH START-UPS FOR INNOVATIVE PRODUCT/SOLUTION DEVELOPMENT TO INCREASE HIGH-TECH EXPORTS IN THE ICT SECTOR**

### **1.0 THE SCHEME**

The Sri Lanka Export Development Board under the budget proposal 2022 will implement a financial assistance scheme for SMEs/Start-ups for innovative products/ICT based solutions development to increase High-Tech exports in the ICT sector.

The technical support for implementation of the scheme will be provided by the National Science Foundation (NSF). The scheme to be implemented in a cost sharing basis where EDB will meet 70% of the project cost up to a maximum of Rs. Four Million. (Rs. 4.0Mn). The scheme to be implemented during February to October 2022.

#### **Areas of Assistance:**

- Strengthen & support the SMEs/Start-ups for innovative product/solution development to increase High-Tech exports in the ICT sector.
- Assist companies to obtain IP right, PCT application in the focus Tech segments. (Internet of Things (IoT), Robotics, Artificial Intelligence (AI), Machine Learning (ML))
- Establish Sri Lanka's homegrown ICT brands in the overseas market.
- Establish link with global value chains

Through this matching grant scheme it is expected to address following challenges of the tech industry.

- Non availability of funds for SME High-Tech companies and Start-ups to develop their products/solutions for the global market.
- High cost for obtaining Certifications/Standards and Intellectual Property/patent registration to promote in specific markets.
- High cost for linking with international value chains and to launch the products internationally.
- Difficulties faced by Small and Medium Enterprises and Start-ups in acquiring new technologies

## **2.0 ASSISTANCE CATEGORIES AND ELIGIBILITY CRITERIA**

### **2.1 Qualifying Criteria**

#### **SMEs**

As defined in the National Policy Framework for SME Development by the Ministry of Industry and Commerce, SME companies are the companies with the Annual Turnover of Rs. 16 Mn to Rs. 750 Mn.

- All SMEs/Start-ups of ICT products or ICT software application, having 100% local ownership are eligible to apply under this Scheme.
- Market ready product/service to be developed.
- Any company received Government assistance over the past 3 years for similar projects are not eligible to apply under this grant scheme.
- Should have experience in the field of ICT product / software solution development (documentary proof should be submitted)

#### **Start-ups**

An entity engaged in the ICT industry for minimum of 03 years.

### **2.2) Eligible Activities**

<b>Areas of Assistance</b>	<b>Activities</b>
Development of innovative ICT products/services	<ul style="list-style-type: none"><li>-Purchase of Software to develop products/IT solution</li><li>-Obtaining Quality certification</li><li>-Purchase/upgrade of hardware/machinery</li><li>-Hire machinery and equipment for prototyping’.</li><li>-Design fabrication</li><li>-Expenditure to manufacture prototypes.</li><li>-Purchases of new software /licenses for the R&amp;D</li><li>-Short term training /testing facilities.</li></ul>
Obtain IP rights and applying under PCT	<ul style="list-style-type: none"><li>-Technical assistance/consultancy for IP creation process (Training, legal advice, registration, -Patent Cooperation Treaty</li></ul>

	(PCT) application, etc.
Establish Sri Lankan home grown ICT brands in overseas markets	<ul style="list-style-type: none"> <li>- Launching the product at international events (excluding personal expenses) , test marketing.</li> <li>- Brand Promotion Activities</li> </ul>
Link with global value chains	-Expenditure to manufacture prototypes.

- EDB assistance will be considered up to a maximum of Rs. 4.0Mn per company to meet 70% of the project cost on reimbursement basis.
- The applicant should meet minimum of 30% of the project cost and submit documentary evidence to prove financial capabilities to implement the project.

### 2.3) Application Process

- I. The interested companies are requested to submit an EOI form via EDB website. ([www.srilankabusiness.com](http://www.srilankabusiness.com)).
- II. When submitting the online applications, the interested companies are requested to follow the scheme guidelines carefully. Scheme guidelines could be downloaded from the EDB website.
- III. EOI and applications could be submitted through [www.srilankabusiness.com](http://www.srilankabusiness.com) web site.
- IV. Applications submitted after the deadline will not be considered for processing.
- V. One year Bank guarantee for 20% of the approved budget (Need to be submitted at the time of signing the contract with EDB)
- VI. Interested companies must upload the following documents and information with the online application:
  - Business registration
  - Form 15 (Annual Returns)
  - Article of Association
  - Audited financial accounts for previous three years

### 2.4) Fund Disbursement

- I. First payment: 20% after signing the legal agreement with the EDB as the advance payment. The applicant needs to submit a Bank Guarantee for the amount of the 20% advance payment. This will be released after one year.

- II. Second payment: 40% after completing the 50% of the project upon submission of relevant documentary evidence to the Sri Lanka Export Development Board.
- III. 30% after completing 90% of the project upon submission of relevant documentary evidence to the Sri Lanka Export Development Board.
- IV. 10% after completing the 100% of the project
- V. All claims need to be duly substantiated by proof of payment against invoices. In the event of any false claims being lodged, EDB reserves the right to claim a refund of the amount granted to the applicant.
- VI. Disbursement of payment will be released up on the approval of the EDB Chairman/DG based on the recommendation of the Proposal Review Committee.

## **2.5) Monitoring and Progress Evaluation**

As per the project requirement, local and international experts will be appointed to provide necessary guidelines and expertise. The selected companies are to get the maximum benefit from the opportunity provided.

By the end of every month, the company has to give a detailed report of the activities undertaken and a progress report. A monthly progress review will be done by EDB/NSF along with the committee appointed by EDB.

## **3.0) GENERAL GUIDELINES**

- I. Assistance will not be granted under this Scheme to those who have obtained financial assistance for similar activity under any Scheme of the Government institute during past 3 years.
- II. Funds will be reimbursed based on the accumulating of the funds to EDB by the Treasury.
- III. Enterprises who have defaulted EDB loans are not eligible to apply unless all outstanding dues to EDB are settled before sending the application.
- IV. Selected companies will have to sign a legal agreement with EDB
- V. A company will be eligible to receive assistance under this scheme only one time.
- VI. Applications will be evaluated by a Proposal Review Committee comprising of officials from the National Science Foundation, Industry Experts and the EDB.
- VII. Incomplete applications, applications submitted without required documents or not adhered to the above guidelines will be rejected.
- VIII. For each purchase of equipment, company should submit 3 competitive quotations for each activity
- IX. The recommendation of the Proposal Review Committee will be the final.
- X. Applicants should submit any additional information or documents if requested by the EDB/Proposal Review Committee.
- XI. Any documents/bills/quotations/certificates furnished found to have false information; the EDB has the right to refrain from reimbursement of approved grant component.
- XII. A company could be blacklisted (i.e., disqualified for assistance) if any false

information is provided and in breach of the agreement.

XIII. In principle, approval is valid for the duration as per the agreement signed with EDB.

Claims for payment to be submitted within the agreed time limits and any pending claims will not be carried beyond the planned period.

XIV. EDB /NSF and Proposal Review Committee will visit the applicant's company during the evaluation process and before disbursement of funds.

XV. In the event of any false claims being lodged, EDB reserves the right to claim a refund of the amount granted to the applicant

XVI. If EDB ascertain unsatisfactory progress or inappropriate use of funds by the grantees/breach the terms and conditions of the agreement, EDB has right to terminate the grant.

XVII. The decision of the Chairman & CE of EDB will be the final.

#### **4.0) CONTRACTUAL OBLIGATION AND REPORTING**

Companies that are been the granted approval will be required to: -

- Sign a Letter of Acceptance with EDB indicating that if the company fails to fulfill its obligation in implementing the proposed activities, EDB has the right to cancel the approval of the grant and seek refund of the grant already disbursed.
- Submit monthly report based on the format provided by EDB or progress report based on the implementation milestone (whichever is earlier) of the activities implemented for which the grant is disbursed.

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