

Project Application Guidelines 6th Call for Proposals

Investment priority: 3a – Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators

Specific objective: To Improve entrepreneurship SME support systems

**INTERREG V-A COOPERATION PROGRAMME: GREECE – BULGARIA 2014-2020
CCI: 2014TC16RFCB022**

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Abbreviations

| | |
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| AA | Audit Authority |
| CA | Certifying Authority |
| CBIP | Cross Border Info Point |
| CP | Co-operation Programme |
| CP GR-BG 2014-2020 | Cooperation Programme Greece-Bulgaria 2014-2020 |
| ERDF | European Regional Development Fund |
| ETC | European Territorial Cooperation |
| EU | European Union |
| FLC | First Level Control |
| GoA | Group of Auditors |
| ICT | Information and Communication Technology |
| JS | Joint Secretariat |
| LB | Lead Beneficiary |
| MA | Managing Authority |
| MC | Monitoring Committee |
| MCS | Management and Control System |
| MED | Ministry of Economy and Development |
| MIS | Management and Information System |
| MRDPW | Ministry of Regional Development and Public Works |
| NGO | Non-governmental Organization |
| PA | Priority Axis |
| PB | Project Beneficiary |
| SME | Small & Medium Sized Enterprise |

Glossary

Amount unduly paid – Any expenditure not corresponding to delivered products or services of equal value, according to the expenditure terms of the Subsidy Contract, that has been paid by EU and national contributions provided to the beneficiary.

Audit Authority (AA) – The institution responsible for verifying the effective functioning of the management and control system of the co-operation programme. In this context, the AA shall be responsible for carrying out the functions envisaged in articles 25 of Regulation 1299/2013 and 127 of Regulation 1303/2013 and will be assisted by a Group of Auditors (GoA) comprised by a representative from each member state in the CP.

Beneficiary – means a public or private body responsible for initiating or initiating and implementing operations. The project participant, who takes the overall responsibility for the application and the implementation of the entire project, is called **Lead Beneficiary (LB)** and corresponds to the term "lead beneficiary" used in article 13, par.1 of Regulation 1299/2013.

Certifying Authority (CA) – National, regional or local public authority or body, designated by the Member States for certifying statements of expenditure and applications for payment before being sent to the Commission. In this context, the CA shall carry out the functions envisaged in article 127 of Reg. 1303/2013 and article 25 of Reg. 1299/2013.

Controllers – Bodies or persons responsible for verifying the legality and regularity of the expenditure declared by each beneficiary participating in the project, according to Article 23 of Reg. 1299/2013.

EU contribution - The amount of the eligible expenditure of a project that is financed by the European Union.

Financial Correction – The cancellation of the entire or part of the National and Community contribution to an operation, in the context of its co-financing by the CP, which is reciprocal to the detected irregularity.

Irregularity - Any breach of Union law, or of national law relating to its application, resulting from an act or omission by an economic operator involved in the implementation of the ESI Funds, which has or would have the effect of prejudicing the budget of the Union by charging an unjustified item of expenditure to the budget of the Union.

Monitoring Committee (MC) - The Member States set up the Monitoring Committee for every Operational Programme, in accordance to the Regulations. The Monitoring Committee performs the duties that are defined in article 49 of Regulation 1303/2013.

Joint Secretariat (JS) – The body set up by the MA after consultation with the Member States represented in the Programme area, according to Article 23, par.2 of Regulation 1299/2013, to assist the Programme bodies (MA, CA, AA) in carrying out their respective duties.

Management Information System (MIS) – The management system for recording and saving, in computerised Form, accounting records for each project under the Operational Programme.

Managing Authority (MA) – National, regional or local public authority or public or private body designated by the Member States responsible for managing and implementing the operational Programme, in accordance to the principle of sound financial management, carrying out the functions set out in Articles 72 and 125 of Regulation 1303/2013 and Article 23 of Regulation 1299/2013.

Memorandum of Understanding (MoU) - Additional agreement between programme bodies covering specific demands and harmonizing general programme procedures with particular national requirements.

National Authority (NA) - The institution supporting the activity of the MA in implementing the Programme in the participating countries.

National Co-financing - The non-EU contribution to the projects' budget provided either by the State budget of each participating country or provided as Own Contribution by the Project Beneficiaries.

Operational Programme (OP) – Document submitted by the Member States and adopted by the Commission, setting out a development strategy with a coherent set of priorities, to be carried out with the aid of a Fund, or, in the case of the INTERREG V-A 'Greece-Bulgaria' 2014-2020 Cooperation Programme, with the aid of the ERDF.

Operation - A project, contract, action or group of projects selected by the managing authorities of the programmes concerned, or under their responsibility, that contributes to the objectives of a priority or priorities.

Project Beneficiaries (PBs) - Beneficiaries participating in an operation as beneficiaries.

Recovery – The refunding by the beneficiary of the unduly paid amounts as a result of controls and audits.

1. Introduction

These are the Project Application Guidelines for the **6th Call for proposals**, which will serve as an essential reference document for all bodies interested in applying for funding within the framework of the INTERREG V-A Cooperation Programme 'Greece-Bulgaria' 2014-2020 (hereinafter the Programme):

PRIORITY AXIS 01: «A Competitive and Innovative Cross-Border Area»

THEMATIC OBJECTIVE 03: «Enhancing the competitiveness of small and medium-sized enterprises»

INVESTMENT PRIORITY 3a: « Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators»

The Project Application Guidelines include information about:

1. The goals and objectives of the intervention;
2. The general and specific eligibility terms and conditions of the Call;
3. The financing scheme – budget requirements and limits;
4. The project development process;
5. The application submission procedure;
6. The project evaluation procedure.

It is recommended that those interested in submitting a proposal under this Call for proposals **should examine carefully the present guidelines and the Cooperation Programme Document**, which is available on the website of the Programme www.greece-bulgaria.eu and of the Managing Authority of European Territorial Cooperation Programmes in Greece (hereinafter the MA) at www.interreg.gr.

Moreover, interested parties may contact the Joint Secretariat (hereinafter JS) to receive support in planning their proposals in accordance to the strategic aims of the Programme. The Cross-Border Info Point in Smolyan shall also be providing information to interested parties.

The **6th Call “Project Application Guidelines”** document is part of the Applicant’s Package of the Call for Proposals launched by the INTERREG V-A Cooperation Programme Greece-Bulgaria 2014-2020 (hereinafter the CP GR-BG 2014-2020).

The Applicants' Package contains the following documents and templates:

1. Call for Proposals and Project Application Guidelines;
2. Short Project Application;
3. Partnership Declaration;
4. Project detailed description;
5. Declaration of not generating revenues;
6. Declaration of non-distribution of profits;
7. State Aid Declaration;
8. Justification of Budget and Guidelines;
9. Programme and Project Implementation Manual;
10. Management and Information System (MIS) Manual;
11. Instructions to obtain an MIS username and manage the MIS account;
12. Application Form template.

The Applicants' Package is provided only in electronic format and can be found on the Programme's and MA's websites as mentioned above.

2. Description of the intervention – Goals

The purpose (specific objective) of the intervention is to **improve entrepreneurial support systems for SMEs in the cross-border area.**

This objective is to be accomplished through the **establishment of business support systems/actions** - through joint actions undertaken by eligible beneficiaries - which in turn **will provide services to eligible area businesses**. These business support systems/actions **should be focused on removing barriers and bottlenecks** for SMEs.

It should be noted that the most important barriers and bottlenecks faced by cross-border SMEs – as identified by a survey undertaken by the Cooperation Programme in 2015 – include:

- Difficulties in obtaining business finance;
- Limited access of entrepreneurs and prospective entrepreneurs to business-related know-how;
- Limited access to general information and contacts;
- Lack of support services for developing competitive products/services;
- Lack of access/know-how regarding cost saving technologies;
- Inadequate human resources development and skills.

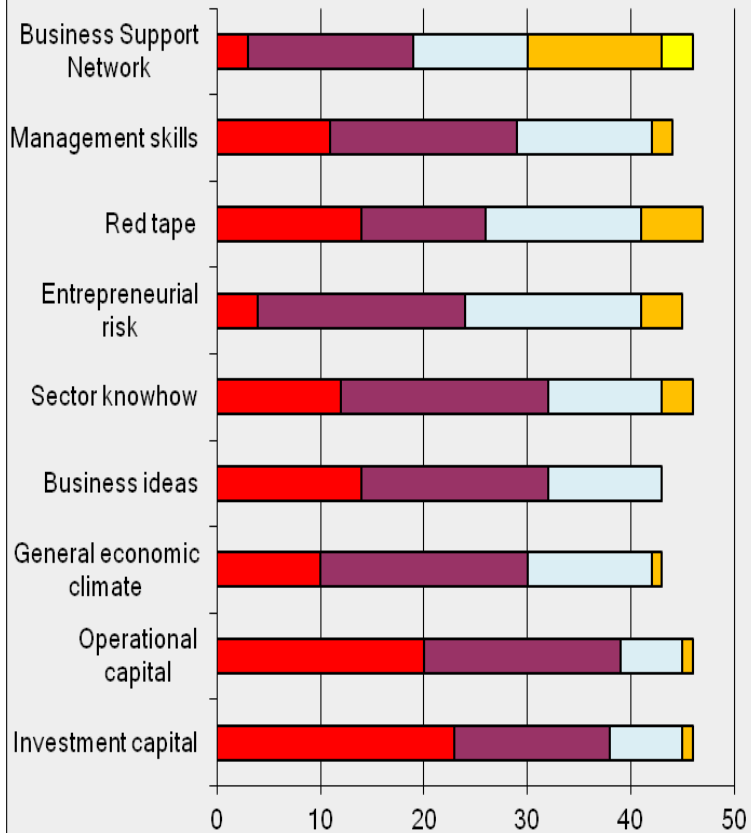
Furthermore, in the mountainous and peripheral areas of the cross-border region these challenges are further amplified by limited access to existing business support systems, either due to long distances from the entrepreneurs and/or due to the limited capacity of such existing support systems.

The ultimate goals of the selected thematic objectives/investment priorities are:

- a) To promote entrepreneurial culture thereby affecting the rates of new businesses formation (i.e. stimulate business creation);**
- b) To strengthen the factors affecting entrepreneurial success, thereby affecting long-term success of those businesses (i.e. strengthen business stability and development).**

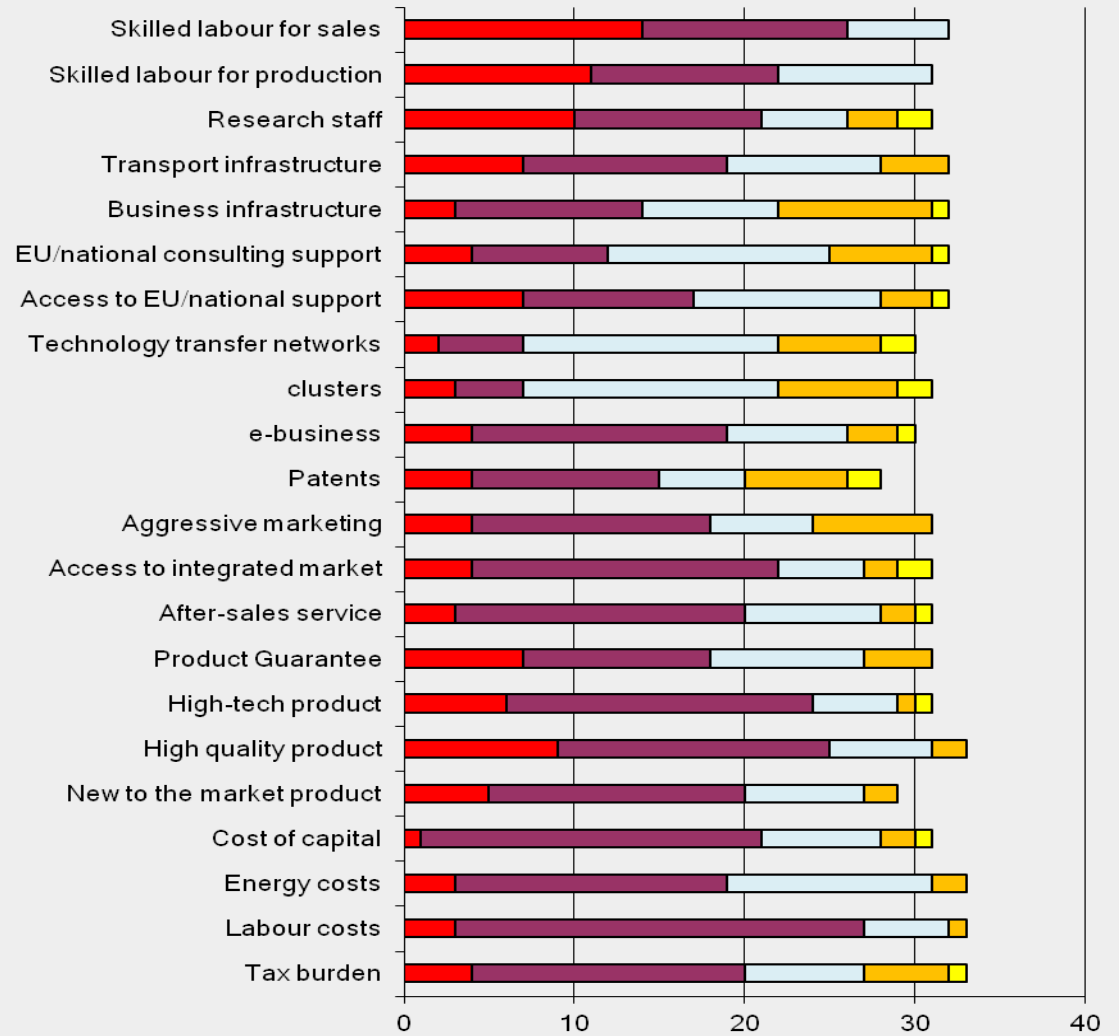
As the 2015 survey has demonstrated, **the overall entrepreneurial climate in the cross-border area is particularly negative**, since 51.3% of the existing business owners are of the opinion that there is a complete lack of entrepreneurship spirit and 30.7% - that there is reluctance on the part of the local entrepreneurs to undertake entrepreneurial risks. **The factors that affect the willingness to become an entrepreneur** – according to the same survey - are depicted in Chart I, while the factors affecting business success are depicted in Chart II.

Chart I: Main factors affecting the decision to become a business-owner



■ Decisive (most important of all) ■ Very important
■ Quite important ■ Not very important
■ Not important at all

Chart II: Main factors affecting business success



■ Decisive (most important of all) ■ Very important
■ Quite important ■ Not very important
■ Not important at all

3. Eligible beneficiaries – Eligible end recipients- Eligibility Terms and Conditions

3.1 Call-Specific Eligibility Terms and Conditions

Eligible beneficiaries are stakeholders, whose major function (as indicated in their establishment act) is clearly related to providing support and promotion to entrepreneurship.

The **ultimate purpose** of each project is **to provide support services to existing or new businesses.**

A project should include **at least one beneficiary from each country** (Greece and Bulgaria), situated within the Programme area, and according to Art.12, par. 4 of Regulation 1299/2013 "*Beneficiaries shall cooperate in the development and implementation of operations. In addition, they shall cooperate in the staffing or the financing of operations, or in both*". These beneficiaries can be selected either in terms of the complementarity of services they will provide to businesses or in terms of their specialization (e.g. same sectoral focus), or in terms of their geographic proximity (e.g. in a geographic area currently lacking business support), etc.

The **total number of beneficiaries per project must not exceed six (6) including the LB.** All beneficiaries must have **clear roles** in the development and implementation of the project.

All applicants shall be directly responsible for the preparation and management of the project with their partners, not acting as an intermediary.

In order to be eligible for co-funding, the beneficiaries **must be:**

a. national bodies having exclusive competences with regard to the objectives of the present call

b. bodies governed by public law¹, or according to the national legislations, established for the specific purpose of meeting needs in the general interest (needs not having an industrial or commercial character) and which fulfil at least one of the following conditions:

- be financed, for the most part, by national, regional or local authorities, or other bodies governed by public law, or
- be subject to management supervision by those bodies, or

¹ Bodies governed by public law as defined in Article 2, paragraph 1, sub-paragraph 4) of Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC and in compliance with the national legislation of each participating country.

- have an administrative, managerial or supervisory board, where more than half of its members are appointed by the national, regional or local authorities, or by other bodies governed by public law;
 - b. private organizations:** i.e. non-profit organizations, NGOs, etc., founded according to private law, are eligible under the following conditions:
 - are not established with the goal to obtain profit²;
 - they do not distribute profits to the stakeholders, according to their constitutional framework;
 - have their headquarters in the eligible cross border area;

No companies with commercial or industrial character are eligible for funding.

Institutions of the abovementioned categories, which are **not located within the Programme area, but are situated inside the two countries, Greece and Bulgaria**, could participate directly as PBs under the conditions stated in Chapters 3.2 and 5.3.

Especially for Universities and Research Centres, only one (1) Department per University or one (1) Institute per Research Centre may apply per proposal. The participating Department or Institute must have as their major academic activity the provision of support and promotion of entrepreneurship. Each University/Research Center can participate with different Departments/Institutes in up to 3 proposals.

For each proposal, a **Lead Beneficiary** shall be designated, with the capacity to start the implementation of the project as quickly as possible, to maintain and further specify in details the strategic, holistic and interdisciplinary, synthetic and synergy creating character of the intervention, to exploit the immediate results of the intervention [in a way that this can (a) act as a demonstration project for future mainstreaming, (b) acquire a wider sectoral scope or territorial coverage], and to concentrate all available managerial, financing and know-how resources and focus them on the project.

Attention!

Each applicant (either LB or PB) **can participate in only one project proposal. If any applicant is found to participate in multiple project applications, all such project applications will be rejected.**

² Potential beneficiaries should not have commercial or industrial character

3.2 Beneficiary Location and Location of activities

Beneficiaries located within the eligible programme area, as indicated in the table below, and whose activities fall under the specific eligibility terms and conditions of this Call, and take place within these regions, are eligible for funding.

Table 1: Eligible Programme Area

| REGIONS/NUTS I | NUTS II | NUTS III |
|-----------------------|------------------------------------|-------------------------------|
| GREECE | Region of Eastern Macedonia-Thrace | Regional Unit of Evros |
| | | Regional Unit of Xanthi |
| | | Regional Unit of Rodopi |
| | | Regional Unit of Drama |
| | | Regional Unit of Kavala |
| | Region of Central Macedonia | Regional Unit of Thessaloniki |
| | | Regional Unit of Serres |
| BULGARIA | South-Central Region | District of Haskovo |
| | | District of Smolyan |
| | | District of Kardjali |
| | South-West Region | District of Blagoevgrad |

Institutions located in regions outside the Programme area, but **inside the two Programme participating countries, Greece and Bulgaria**, can be PBs only in duly justified cases. This category of PBs should have consistent competencies (established by legal acts) with the Investment Priority of the present Call and the content of the proposal. Their participation needs to bring clear added value and expertise to the implementation of the project and for activities within or for the direct benefit of the Programme area.

The total ERDF budget of all the beneficiaries participating in a project and located outside of the Programme area cannot exceed 20%³ of the total ERDF support of the project.

In all cases, the beneficiaries located outside the programme area must be eligible according to the specific eligibility terms and conditions of this Call.

³ For the calculation of the 20% of the activities outside the eligible area, the provisions of Chapter 5.3. of the Project Application Guidelines must be also taken into account

3.3 Beneficiary Roles

The specifics pertaining to the cooperation between the LB and the PBs are defined in the Partnership Declaration (at the stage of submission of the project proposal) and, in details, in the Partnership Agreement (at the stage of starting the implementation when a project is selected for funding)⁴, signed by the legal representatives of all parties involved in the partnership⁵. Furthermore the legal commitments of all involved parties are specified in the Subsidy Contract (hereinafter SC), which is signed by the legal representatives of the LB and the MA.

3.4 State Aid

All project proposals will be assessed as to whether they fulfil the relevant conditions concerning State Aid.

According to Article 107 of the Treaty on the Functioning of the European Union, State aid is defined as ***any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods therefore affecting trade between Member States***. Based on this definition, it can be concluded that there is State aid only if **all the following 5 conditions are cumulatively fulfilled**:

- The recipient of the aid is an "undertaking. An undertaking is an entity engaged in an economic activity in the context of the proposed project. Any Project Beneficiary that offers goods and/or services to the market in the context of the proposed project is thus considered as an undertaking, regardless of its legal status, ownership, financial sources or scope of actions (profit or non-profit making);
- The aid comes from the State; this is always the case for Interreg programmes;
- The aid gives an economic advantage (a benefit) to the undertaking, which the undertaking would not have obtained under normal market conditions;
- The aid is selectively favouring certain undertakings or the production of certain goods; and
- The grant affects trade between Member States.

⁴For more details on the Partnership Declaration and the Partnership Agreement, please see Applicant's Package.

⁵ As a general rule, all documents required to bear stamps and signatures must be signed by the **legal representatives** of the stakeholders.

It is not the legal status (public or private) but the nature of the activities that the applicant intends to implement that determines whether the State aid has to be respected or not.

- Therefore, the main element to be assessed for state aid is the nature of the activities that the PB and the project intend to implement through the public funding.
- The MA/JS, in consultation with the NA, will assess whether any project activities constitute state aid. In case any activities are assessed as state aid, the MA will act in compliance with the application of Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid Text with EEA relevance (De Minimis).

Services received by end recipients through this Call – hereby referred to as “indirect aid” – will account towards EU 1407/2013 (de minimis) ceilings.

Under EU 1407/2013 regulation (de minimis), the total amount of de minimis aid granted per Member State to any single undertaking shall not exceed 200 thousand euros over any period of three fiscal years (with the exception of undertakings performing road freight transport for hire or reward, in which case the total de minimis aid shall not exceed 100 thousand euros).

When services are provided to undertakings (i.e. enterprises) free of charge (e.g. consultancy services, business plans, etc.) they are considered a “state aid equivalent”. In this case, and in order for the aid to be considered compatible with the EC Regulation 1407/2013 (de minimis), the body granting the aid must:

- i. develop a methodology for assigning a monetary value per type of service provided (e.g. “consulting service hourly fee of y euros” times the “number of consulting hours”); this monetary value will be the amount of “state aid equivalent”;
- ii. obtain from the assisted enterprises, before granting them the free service, a sworn declaration indicating the amount of de minimis aid received by each single undertaking during the last three fiscal years (i.e. current year plus two previous years) and verify that the de minimis aid already received plus the indirect aid granted (through the free service) does not exceed € 200 thousand or € 100 thousand respectively for the road freight sector;
- iii. verify that the firm meets all the requirements of EU Regulation 1407/2013; and
- iv. after the provision of the free service, notify each undertaking/enterprise in writing of the amount of the state aid equivalent (indirect aid) it has received, by making a special note that it is de minimis aid in order for the undertaking/enterprise to know it.

Accumulation of aid is calculated at the level of a “single undertaking” as this is defined under Article 2, paragraph 2 of EU Regulation 1407/2013 (i.e. including any “linked” and/or “partner” enterprises).

Verification of compliance of de minimis ceilings will be done through the sworn declaration from the undertaking concerned, in written or electronic form, and the notification from the body granting the indirect aid. The body granting the indirect aid will be responsible for submitting the information to the MA/JS for entering the state aid equivalent amounts in the State Aid Accumulation MIS for each indirectly assisted undertaking/enterprise.

4. Eligible activities - Types of actions sought after

Project Beneficiaries can implement 2 types of actions:

- a. investment in **business support infrastructure and systems (infrastructure will not be financed alone, without the provision of services by the supported infrastructure)**, and/or
- b. **soft actions**, i.e. services to end-recipients (businesses or prospective entrepreneurs).

More specifically, **the indicative eligible activities include:**

- Investment in infrastructure and systems:
 - modernization/upgrade of existing infrastructure/facilities (e.g. building rehabilitation improving the functionality of the facility, such as enhancing accessibility for disabled people, installation of special structures/systems for protection of the environment/energy saving, etc.;
 - development or upgrade of systems needed for the provision of soft actions (e.g. purchase of hardware and software, development of ICT systems, subscription fees for "Software as a Service", "Cloud Computing", etc., purchase of furnishings, etc.).
- Soft actions: these should be mostly "permanent" services that the PBs will provide to businesses/entrepreneurs during the entire duration of the project and will commit to continue providing them (with a certain frequency) after the conclusion of the project. They may include:
 - actions targeting the entrepreneurship climate (conferences, business fora, events raising awareness regarding entrepreneurship, awareness actions on the existing types of business support available in the area, business missions, etc.). These actions can be part of a project but cannot cover the entire project;
 - actions targeting the development of new companies, organized as a "total package of personalized support services" (e.g. assistance on how to come up with a business idea, how to develop it into a marketable product/service, how to decide what type of company is needed, how to establish the company, how to access available financing means, etc.);
 - events providing a) mentoring for groups of entrepreneurs with similar interests, or from the same geographic area, or with the same sectoral focus, b) start-up services in cohorts or "classes" of entrepreneurs, c) B2B networking events, etc.
 - training actions for the development of business skills, such as sector-specific training, or management training, or training in legal issues and procedures, etc.;

- ad-hoc business support to businesses or individual entrepreneurs on a person-to-person basis, such as business consulting and/or marketing services, assistance during licensing and/or legal procedures, services to support the introduction of innovative techniques and technologies into the production process, counselling on productivity improvement issues, counselling on product promotion and product placement, etc.;
- Promotion of entrepreneurship through highlighting and strengthening of new business ideas;
- Provision of support services to businesses in sectors that are in need of assistance, especially in terms of export orientation, innovation, initiative and extroversion;
- Business missions;
- Business support and promotion of traditional trade centers;
- Supporting of clusters in strategic sectors of the regional economy;
- Development of digital marketing tools.

5. Project Budget

5.1 Project Budget Lines

The budget of each project submitted through this Call must be broken down into six Budget Lines, while respecting the upper and lower limits established for each proposal. These Budget Lines are:

- A. Staff;
- B. Office and administration;
- C. Travel and accommodation;
- D. External expertise and services;
- E. Equipment;
- F. Infrastructure and Works.

For each Budget Line, a description of the expenses that fall under each Budget Line must be provided. **More concrete guidance about the eligibility of the expenditures, the verification process and the audit trail to verify these expenditures (necessary documents, invoices, etc.) for each Budget Line is provided in the Guidance on Management Verification document available on the CP GR-BG 2014-2020 website:** http://www.greece-bulgaria.eu/com/17_Documents-for-project-implementation

Attention!

The minimum budget of a single project proposal is € 250.000,00, while the maximum budget is € 700.000,00.

5.2 Budget Lines – Upper limits

Each project proposal must respect the following Budget Line limits:

Table 2: Budget Line Upper Limits

| Budget line upper limits | |
|---|---|
| Staff Costs (<i>Flat Rate basis Calculation</i>) | Maximum 20% of total direct costs of the PB (excluding staff costs and O&A) |
| Staff Costs (real costs) | Maximum 50% of the PB budget |
| Office and administration (<i>Flat Rate basis calculation</i>) | Maximum 15% of the respective Staff Costs of the PB |
| Office and administration (<i>Real Costs basis calculation</i>) | Maximum 4% of the PB budget |
| Management Costs | Maximum 10% of the total PB budget (excluding Preparation Costs and FLC costs of the Greek PBs). |
| Preparation Costs | Maximum 3% of the total project budget |

| Budget line upper limits | |
|---|---|
| Cumulative: i. Activities outside the programme area, and ii. total budget of all project partners located outside the programme area | Maximum 20% of the total project budget |
| First level control costs (<u>applicable only for Greek Beneficiaries</u>) | Maximum 2% of the Beneficiary's budget (excluded from the 10% limit of Management costs) |

5.3 Activities located outside the Programme area and Financing

In principle, all activities of a project should take place within the eligible Programme area. If a project plans to finance activities or events outside the eligible Programme area, this is possible in the context of the Cooperation Programme and only in duly justified cases, provided that Article 20 of Regulation (EU) No 1299/2013 is respected and the total amount allocated to activities outside the Programme area shall **not exceed 20% of the support from the ERDF at Programme level**. The 20% threshold of ERDF support at Programme level will be brought down to project level. If activities (including travel and accommodation) and/ or events are planned outside the Programme area, the following conditions need to be satisfied:

- the activity and/ or event are for the benefit of the Programme area;
- the activity and/ or event are essential for the implementation of the project;
- the implementation and/ or the relevance of the activity and/ or the event have been approved by the Programme beforehand.

Attention!

All activities implemented outside the Programme area should be described in a single dedicated WP in the Application Form.

For the cases of beneficiaries and activities outside the Programme area, the Rules applying are summarised in the following table:

Table 3: Beneficiaries and activities outside the Programme area

| | | Location of Activities | |
|---------------------------|---|---|---|
| | | Inside the Programme Area | Outside the Programme Area |
| Location of Beneficiaries | Inside the Programme area and National bodies outside the Programme area with exclusive competences | No limit | Maximum 20% of the total project budget |
| | Outside the Programme area (only within Bulgaria and Greece) | Maximum 20% of the total project budget | Maximum 20% of the total project budget |

5.4 General Criteria for Eligibility of Expenditures

The Regulations defining the rules for eligibility of expenditure are the following:

- Regulation 1299/2013 (European Territorial Cooperation) as in force (with Commission Delegated Regulation (EU) No 481/2014);
- Regulation 1301/2013 (European Development Fund) as in force;
- Regulation 1303/2013 (Common Provisions) as in force.

Applicants are strongly advised to consult these documents before submitting a proposal and start drafting their projects.

Other Legal Framework documents defining the general rules of eligibility are the following:

- Greek National Legislation in force;
- Ministerial Decision for the Management and Control Systems of the European Territorial Cooperation Objective Operational Programmes (concerns Greek beneficiaries) in force;
- Bulgarian National Legislation in force.

As a general rule, expenses shall be eligible for funding if:

- they have been incurred and paid out within the time frame (as per paragraph 5.6 below) in which expenditure can take place; under no circumstances can the final date of eligibility of expenditure exceed the 31st of December 2023;
- they are directly related to the project - either for its development or implementation - and are included in the approved project budget;
- they follow the “real cost” or “flat rate” principle;
- costs which have actually been incurred and paid by the PBs and are supported by original invoices or other accounting documents of equivalent probative value;

- they are in line with national, EU and programme rules;
- they are in compliance with the principles of efficiency, economy and expediency of all actions, especially the cost/benefit ratio has to be ensured.

Please note that since this call is subject to State Aid regulations for the eligible activities , in the case of the tendering of goods and/or services, these must be implemented through an open public procedure according to the EU and the National Legislation of the participating countries, assuring an adequate level of publicity.

All details about the eligibility and ineligibility of expenditures, per budget line are defined in the Guidance on Management Verification document available on CP GR-BG 2014-2020 web site (http://www.greece-bulgaria.eu/com/17_Documents-for-project-implementation).

5.5 Ineligible Expenditures

The following expenditures are ineligible for funding under the Programme:

- fines, financial penalties and expenditure on legal disputes and litigation;
- costs of gifts, except those not exceeding EUR 50 per gift where related to promotion, communication, publicity or information;
- costs related to fluctuation of foreign exchange rates.

5.6 Period of Project Completion - Period of Eligibility of Expenditures

The timeframe for the completion of any project supported through this Call shall be two (2) years from the signing of the Subsidy Contract.

6. Financing Scheme

6.1 Call Financing Sources

The total indicative applicable Public Expenditure of the present Call amounts to **7.000.000,00 €**.

Public Expenditure consists of 5.950,000,00 € of ERDF funds and 1.050.000,00 € National Contribution by Greece and Bulgaria. The present Call is exclusively financed by the INTERREG V-A 'Greece-Bulgaria' 2014-2020 Cooperation Programme, Priority Axis 01 «A Competitive and Innovative Cross-Border Area», Specific Objective 02 «To improve SME capacity to expand beyond local markets».

6.2 Project application/proposal Development

The following chapter provides potential applicants with the essential information that they need, in order to start developing partnerships, as well as with the fundamental requirements for each project application.

6.3 Project development

Project development is the phase during which **an idea** is transformed into specific objectives and activities and is presented as a proposal. The starting point in defining a project idea is to identify the **need**. At the idea stage, every project developer needs to combine Programme priorities with what regions on both sides really need.

In this sense,

- **Study Programme documents:** The Cooperation Programme and the Application Guidelines of this Call include:
 - the strengths and weaknesses of the Programme area;
 - the needs and challenges the Programme and this Call in particular are trying to respond to;
 - the types of actions that this Call is willing to finance.

Try to assess how the project idea fits into the Programme context through careful studying of its goals/objectives and types of actions, the target groups (end recipients) and the Programme output and result indicators.

- **Perform Needs Assessment:** An assessment of the needs with particular focus on the project idea (i.e. addressing specific target groups and specific problems), will definitely

support project design. In this capacity any current situation analysis should offer important insights.

- **Involve Key Stakeholders:** Their views, as end users, may contribute to further developing the project idea, given that they have a crucial role in exploiting the results of the project.

6.4 Selecting Project Partners

Finding other eligible beneficiaries to include as Project Beneficiaries is not difficult in developing a partnership. Finding the **right project partners** is the main challenge. With the right partners involved in a cross-border partnership, a project idea, documented in a clear and simple way, can be turned into a unified set of actions well targeted to the identified needs.

The development of a partnership involves a number of stages, such as:

1. **Networking actions:** The initial stage is identifying the appropriate eligible beneficiaries, meeting them and learning about their interests, needs and skills. Make a choice based on their experience, knowledge and specialisation in the chosen field, their experience in developing and implementing relevant services, their complementarities, their knowledge and experience in the Programme area, their financial capacity (to ensure temporary availability of own funds until reimbursed by the Programme and capacity to cover the financing of non-eligible expenditures), their relevant institutional status and commitment from the first steps of project generation and development. Face to face meetings prove to be of great benefit.
2. **Communicating the project idea:** Give a structured presentation to potential project partners and to key stakeholders to help them understand the purpose, objectives, activities and context. Let them assess and decide whether they want to get involved.
3. **Joint project development:** Challenge them by letting them co-shape the objectives and the expected results, so as to reflect their own needs/capabilities/interests. Consultation with other beneficiaries is crucial, given that their early involvement in the design of the project will ensure that it will be based on joint/common needs, skills and interests.
4. **Ensure project partners' commitment:** A project partner that is not committed to the project creates a serious risk of failure, not only during the development phase, but also during the implementation phase. It is important to define actions and allocate responsibilities to meet joint objectives. Beneficiaries should be flexible to negotiate with the other members of the partnership their roles and responsibilities, in order to achieve common understanding, ownership and commitment. A realistic and achievable project

plan increases the chances for successful implementation. Identify what each beneficiary brings to the project and what expects to get from it.

The right time to involve potential beneficiaries to the development of a project idea is as **soon as possible**, given that the project should be a combination of needs and contributions of all the beneficiaries involved. Participating in a cross border cooperation project implies that the project idea reflects the needs of all Project Beneficiaries involved.

Attention!

Check the rules on participation and eligibility.

6.5 Defining the content

Programme/Call requirements and project ideas have to be **aligned**. There is no point in developing a project idea that does not fit into the Programme/Call. Project Beneficiaries need to collaborate on cross border activities that directly relate to the priorities and objectives, as set out in the Programme and this Call.

6.6 Further steps to follow

The project needs to strongly demonstrate a **cross-border added value** and show the true spirit of collaboration and according to Art.12, par. 4 of Regulation 1299/2013 "*Beneficiaries shall cooperate in the development and implementation of operations. In addition, they shall cooperate in the staffing or the financing of operations, or in both*". The aim of cross border cooperation is to **integrate areas divided by national borders** that face common problems and require **common solutions**. Therefore the following should be respected:

- Joint development – means that the project must be designed in common by partners from both sides of the border. This means that project proposals must clearly integrate the ideas, priorities and actions of stakeholders on both sides of the border. The Lead Beneficiary is the coordinator of this process but should include other partners from the beginning of the development process;
- Joint implementation – means that activities must be carried out and coordinated among partners on both sides of the border. It is not enough that activities run in parallel. There must be clear content-based links between what is happening on either side of the border and regular contact between the two sides. The Lead Beneficiary is responsible for ensuring that activities are properly coordinated, that schedules are kept and that the right quality levels are achieved;
- Joint staffing – means that the project should not duplicate functions on either side of the border. Therefore, regardless of where the person is located, there should be one

joint project manager, one joint financial manager etc., (of course more staff may be required for larger projects). These staff will be responsible for project activities on both sides of the border. The Lead Beneficiary is generally the employer of core project staff;

- Joint financing – means that there will be only one contract per project and therefore there must be one joint project budget. The budget should be divided between partners according to the activities carried out. A project with 0 Euro or very small financing from one side of the border cannot be considered as having joint financing. There is also only one project bank account for the ERDF contribution (held by the Lead Beneficiary) and payments representing EU support are made from the programme to this account. The Lead Beneficiary is responsible for administration and distribution of these funds and for reporting on their use. Match-funding should come from both sides of the border and illustrates the commitment by each partner to the joint project.

The project should **respect the horizontal principles** of the Programme: sustainable development, equal opportunities and non-discrimination, equality between men and women.

If the project includes **infrastructure expenses**, it should take into account the Member State's risk assessments made in **compliance with EU Civil protection legislation** (Decision 1313/2013/EC on the Union civil protection mechanism) for the evaluation of the project's vulnerability to disaster risks, including longer-term expected effects from climate change.

All project proposals should meet the requirements of the General Regulation (Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the ERDF, the ESF, the Cohesion Fund, the EAFRD and Article 7 concerning the implementation of the **principles of non-discrimination and accessibility to persons with disabilities**. More specifically, the following must be observed:

- all new business infrastructure created by the project must be accessible to people with disabilities, and upgrades of existing infrastructure should include accessibility improvements to the greatest extent possible;
- all new IT infrastructure developed for the purposes of the Call must be accessible to people with disabilities;
- all services provided through this Call to end recipients must be accessible to people with disabilities. If the business support facility where the services are provided is not handicapped-accessible, an alternative means of service provision should be found.

The project proposal should comply with Article 65, par.6 of Regulation (EU) No 1303/2013 stating: "Operations shall not be selected for support by the ESI Funds where they have been physically completed or fully implemented before the application for funding under the Programme is submitted by the beneficiary to the managing authority, irrespective of whether

all related payments have been made by the beneficiary". A project proposal can include activities that have started before the signature of the Subsidy Contract.

The project should complement and **not duplicate other projects**. Follow-up on projects financed from past INTERREG and other public Programmes is not enough. Projects need to show how they build on past experiences by bringing in something new.

The project has to be realistic rather than attractive. Set the objectives to be specific, quantifiable and realistic.

Map out how objectives could be realized through a detailed action plan. The more precisely the goals are formulated, the more effectively the project runs.

Demonstrate **common added value so that** the issues addressed are of such nature that it cannot be satisfactorily covered by unilateral action and that **cooperation improves the quality of results**. Results can also be of relevance to the wider cooperation area and can potentially be transferred to other parts of the region.

Have a regular contact with Programme management structures – MA, JS, NA and/or Cross Border Infor Point for clarifications on Programme priorities/objectives/activities.

Keep in mind that a cross-border partnership is not enough, activities and results must have a cross-border focus too.

Attention!

Applicants must pay particular attention to the Specific Objective targeted by this Call.

All project proposals **must fulfil the obligatory evaluation criteria** of the Call for Proposals, in order to be subsequently scored.

Attention!

Beneficiaries need to **elaborate the content of each deliverable** and be precise about the actions that will take place (e.g. material to be produced, details of the persons and their tasks for the implementation of the deliverable, etc.) in the *Justification of the Budget*. If necessary, they are free to submit additional supporting descriptions, pictures, studies, or other material for better definition of the content and scope of the deliverables.

7. Submission Procedure

In order to submit a project proposal, Applicants must refer to the Applicant's Package and to all relevant documents. Project Proposals should be submitted according to the guidelines provided in these Project Application Guidelines and the Call for Proposals.

More specifically, project proposals will be submitted in two phases:

Phase 1 (must be submitted to the MA/JS **by post service or in person**): a **short project application signed and stamped by the Legal Representative of the LB** (standard form provided **in Annex 2**) must be submitted with the following attachments:

- Establishment Acts of all Project Beneficiaries;
- Partnership Declaration signed and stamped by the legal representatives of all project beneficiaries (standard form provided in Annex 3)

The project will be screened/evaluated according to the 1st phase evaluation criteria (see **ANNEX I**).

Attention!

Submissions under Phase 1 may be withdrawn within 15 calendar days after the deadline of the Phase. The withdrawal is requested in writing (a document signed and stamped by the Legal Representative of each beneficiary of the partnership) and submitted scanned by the Lead Beneficiary to the Joint Secretariat's email (jts_grbg@mou.gr)

Phase 2: If the proposal receives a positive evaluation, then the project LB **will be invited to submit a full project proposal electronically** via the MIS of the Programme consisting of:

1. **Application Form** (electronically submitted through the MIS with the following documents **attached**);
2. **Project detailed description** signed and stamped by the legal representative of the LB (standard form provided **in Annex 4**);
3. **Updated Partnership Declaration** signed and stamped by the legal representatives of all PBs (standard form provided **in Annex 3**) and required only in the cases where the partnership is deemed necessary to be re-formulated, as a result of the conclusion of Phase 1 of the evaluation);
4. **Declaration that the project is not generating revenues**, signed and stamped by the legal representative of each PB (standard form provided **in Annex 5**);

5. **Declaration of non-distribution of profits**, signed and stamped by the legal representative of each PB (standard form provided **in Annex 6**);
6. **State Aid Declaration** signed and stamped by the legal representative of each PB (standard form provided **in Annex 7**);
7. **Decision of the designated management body** of each PB (e.g. management board, principal, etc.) **stating its agreement for submitting and implementing the particular project proposal**, according to the internal rules/statute of each PB and/or the respective national legislation;⁶
8. "Scope of the Project and Sustainability" (a maximum 3-page document, officially signed and stamped by the Legal representative of the LB, demonstrating the synergies with other programmes/policies, and indicating how the financial and operational sustainability of the project outcomes are ensured after the end of the financing period). Feasibility, marketing and research studies or any other supporting document can also be attached to this document;
9. Justification of Budget Costs, signed and stamped by the Legal representative of the LB (standard excel form provided in Annex 8a);
10. For infrastructure works, beneficiaries have to include all relevant accompanying documents/authorizations/permits – as per the respective National Legislation.-
 - a. **Bill of Quantities and Costs duly signed by the respective body**;
 - b. construction permits (if available/applicable), any other required approvals/authorizations/permits according to the respective national legislation;
 - c. a compliance assessment report, (if applicable);
 - d. preliminary studies, technical designs or any other relevant technical documentation approved according to the national legislation;
 - e. a document certifying land/building ownership or documentation of transferring the operation rights for a period of minimum 5 years after the completion of the project, environmental impact assessments, etc. Any land and/or building, subject to financial support through this Call for infrastructure investments must:
 - i. be free of any encumbrances;
 - ii. not be the object of pending litigation;

⁶ Documents in points 7, 8 and 11 can be submitted in the original languages of the beneficiaries.

- iii. not be the object of any legal claims as per the relevant national legislation;
- iv. relevant documents/proof of all the above must be submitted.

A Project Proposal should include all documentation in bold. The projects will be then evaluated according to the 2nd phase evaluation criteria (**ANNEX I**). If the project is approved, then the JS will additionally request the remaining documentation described above (not in bold) before the signing of the SC with the exception of the construction permit that can be submitted up to 6 months after the signing of the SC.

All submitted documents have to be in compliance with the respective National legislation of each Programme country.

The JS reserves the right to request additional documentation/clarification during the evaluation process.

Attention!

The non-submission of a Bill of Quantities Costs for an Infrastructure investment will deem the entire proposal ineligible.

Documents under points **2, 3, 4, 5, 6, 7, 9, 10 and 11** must be submitted officially **signed** (i.e. by the legal representative) and **stamped, in a scanned version. The originals will be submitted upon request at a later stage.**

The procedure of obtaining MIS body codes and user accounts for the LB and PBs is attached in Annex 11.

Non-submission of the above documentation with all the necessary files shall **result in rejection.**

Phase 1

The proposal **must be submitted no later than the/...../2019 by 15:00 hour** local time (Eastern European standard time). **Proof of timely submission is only the reference number at the register of the Managing Authority. No proposal submitted afterwards will be accepted.**

Phase 2

The proposal **must be submitted no later than 60 calendar days after the date of the notification letter with which the Managing Authority invites the partnership to submit its project proposal. No proposal submitted afterwards will be accepted.**

Attention!

The deadline for asking clarification questions or requesting additional information is **20 days** before the deadline of the present Call.

The answers shall be given through the Cooperation Programme's website, and no later than **10 days** before the deadline of the present Call.

8. Evaluation of Project Proposals

8.1 Procedure

Each project proposal will be subjected to a two-phase evaluation procedure carried out by the JS and based on the selection criteria described below.

In cases where specific knowledge is needed for the evaluation of a project proposal, the MA and the NA will be informed by the JS and will appoint external experts for the needs of the evaluation.

1st phase: Evaluation of Short Project Applications

Projects will be checked for their **administrative compliance** and **eligibility criteria**, in order to ensure that they fulfil the administrative and eligibility requirements of the Programme. This is an on-off procedure. Projects, which fail to fulfil the above requirements of the Programme, will be excluded from submitting a Detailed Project Application and hence from the 2nd phase assessment.

- **Administrative compliance:** It confirms that a proposal has been submitted within the deadline set; the Application Form has the official format specified by the MA, is complete and meets all the requirements set in the Call; all the required documents to be submitted along with the Application Form are properly completed, signed, stamped and attached to the Application Form;
- **Eligibility criteria:** These criteria examine whether the proposal fulfils the eligibility requirements under this Call. These requirements are, for instance, the structure of the cross-border partnership, the general compatibility with objectives and principles, the duration of the project, etc. Proposals that do not fulfil the eligibility criteria will be rejected. Additional information is requested from applicants only in case of permitted errors agreed between the two countries and approved by the MC.

After the completion of the 1st phase assessment, the MA submits to the CP GR-BG 2014-2020 MC:

- 1) a list of all project proposals that have undergone the administrative and eligibility check; and
- 2) the evaluation forms of 1st phase assessment;

Subsequently, the MC decides on the results of the 1st phase assessment.

All the LBs of the submitted project proposals will be informed in writing on the results obtained and will be invited to submit a Detailed Project Application Package.

2nd phase: Administrative Compliance 2 and Quality Assessment of the projects

The Projects that qualified for Phase 2 will be subject to **quality assessment** based on a scoring system using **core selection criteria**. These entail evaluating the nature of the

proposed project, its relevance with and contribution to the achievement of the Specific Objectives, its viability, sustainability and expected results in the eligible territory, the cross border cooperation and capitalization, the quality of the cross-border partnership, as well as the monitoring and management methodology proposed, information and publicity actions and structure of the budget.

The core selection criteria are divided into:

- **Project Quality (Content related criteria)** (relevance of the proposal, quality of the results, impact and sustainability, innovation, cross border cooperation and capitalization) and
- **Implementation related criteria** (quality of the partnership, quality of the methodological approach, budget and finance).

A minimum threshold of 30 points is set as "admissible score" for the content-related criteria and a minimum threshold of 25 points is set as "admissible score" to the Implementation-related criteria.

8.2 Scoring

The selection criteria will be taken into account by the evaluators to assess the projects. The purpose of the core selection criteria is to assess the quality of the eligible project proposals. The maximum total score a project may obtain is 94 points. Quality criteria are closely linked to the nature and objectives of the Call. The obligatory requirements to be fulfilled by the project proposals per Investment Priority are stated in the first section of the second phase evaluation. The JS carries out the evaluation of proposals, based on these selection criteria, approved by the Monitoring Committee.

The submitted project proposals will be evaluated by two assessors – 1 Greek and 1 Bulgarian. The final score of the proposals will be defined as follows:

- for assessments with a difference up to 5 points in the total scores of the 2 assessors, the average score will be calculated and hence will be defined the final score obtained;
- for assessments with a difference higher than 5 points, a third assessment will take place. This will be executed by the JS Coordinator and the average of the three scores will define the final score obtained.

A third assessment by the JS coordinator will also take place in the following cases:

- if the total score given **by only one of the two assessors** on the content-related criteria is below the defined threshold of 30 points;
- the total score given **by only one of the two assessors** on the implementation-related criteria is below the defined threshold of 25 points).

The final score given to the project, under the two cases mentioned above, will be the average of the scores given by the three assessors (2 assessors and the JS Coordinator).

The MA ensures that the project assessment procedure is carried out in a transparent and independent manner, and in accordance to the requirements of the Call for Proposals and the approved selection criteria.

The JS, with the consent of the MA, submits to the MC:

- 1) structured summary of the most important information for each project proposal;
- 2) a ranking list of all assessed project proposals;
- 3) all the evaluation forms of the 1st and 2nd phase assessments;
- 4) evaluation report.

The project proposals are ranked according to the scores (from highest to lowest) obtained in the assessment procedure. Based on budget availability, they are divided into three categories:

- Project proposals to be accepted (i.e. proposals with high scores, fitting in the available programme budget);
- Project proposals to be further discussed at the MC (i.e. proposals that could be made acceptable under conditions, e.g. in case a budget surplus will be available, if provision of further necessary documents, licenses, permits is secured, etc.);
- Project proposals to be rejected.

In case of two or more project proposals receiving equal scores, while the available budget is not enough to fund them all, the JS will present the advantages and disadvantages of each project proposal according to evaluation results to the members of the MC, who will decide on which proposal(s) to be funded.

To be proposed for financing by the Programme, a project must:

- i. fulfil all obligatory criteria listed in the first part of the quality assessment;
- ii. receive scores higher than 0 at any sub-criterion of the content-related criteria;
- iii. receive a score equal or higher to the threshold of 30 points for the content-related criteria;
- iv. receive a score equal or higher to the threshold of 25 points for the implementation-related criteria;
- v. receive a total score equal or higher to the minimum admissible score (55 points);
- vi. is in line with all the requirements of the budget as stated in the Call for Proposals;
- vii. is placed into a ranking list that takes into account the score and the available budget as stated in the Call for Proposals;

The MC selects the projects for financing and approves the list rejected projects. All LBs of the submitted project proposals will be informed in writing of the results from the 1st and 2nd phase assessments after the completion of the MC decision procedure. If a proposal is accepted *under conditions*, the MA will have to check that these conditions are taken into account before the SC is signed.

After receiving the notification on the approval/rejection of their projects, the LBs may appeal the decision. The complaints will be analysed by a special committee appointed by the MC and will be treated according to chapter 5.3. of the Programme Document.

8.3 Reserve list of projects

After drawing up a list with the proposed projects for approval, the MC may decide to create a reserve list. Any remaining available budget per Priority Axis of the Programme can be used to finance these projects. The projects could be financed by the Programme in case of budget savings, either due to approved projects' de-commitment/withdrawal, or due to uncommitted budget, or due to the non-contracting of projects under future calls (including non-publication of future calls), etc. The selection of a project from the reserve list of projects will be made on the basis of its ranking.

ANNEX I: Evaluation Criteria

1st phase evaluation – Short Project Application

A. GENERAL CRITERIA FOR PROJECT ELIGIBILITY (i.e. ADMINISTRATIVE AND TECHNICAL COMPLIANCE ACCORDING TO THE SUBMISSION REQUIREMENTS)

| 1. Administrative compliance (YES/NO) | Score | Comments | | | | | | | | | | | | | | | | |
|--|--|------------------------------|-----------------------------|--|---|------------------------------|-----------------------------|--|---|------------------------------|-----------------------------|--|---|------------------------------|-----------------------------|--|---|--|
| a) Is the Project Proposal submitted within the deadline set | YES <input type="checkbox"/> NO <input type="checkbox"/> | | | | | | | | | | | | | | | | | |
| b) Is the Project Proposal submitted in the required formats: <ul style="list-style-type: none"> • Short Project Application Form, stamped and signed by the Legal Representative of the LB • Establishment acts submitted • Partnership Declaration submitted signed and stamped by the legal representatives of all beneficiaries | YES <input type="checkbox"/> NO <input type="checkbox"/> | | | | | | | | | | | | | | | | | |
| 2. Eligibility criteria (YES/ NO) | Score | Comments | | | | | | | | | | | | | | | | |
| a) Are PBs eligible to participate in the 6 th Call for Proposals? i.e. are they (select all that apply): <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">A. National bodies with exclusive competences</td> <td style="width: 10%; text-align: center;">YES <input type="checkbox"/></td> <td style="width: 10%; text-align: center;">NO <input type="checkbox"/></td> <td style="width: 20%;"></td> </tr> <tr> <td>B. NGO having as a primary function to represent specific sectors or to support business sector development</td> <td style="text-align: center;">YES <input type="checkbox"/></td> <td style="text-align: center;">NO <input type="checkbox"/></td> <td></td> </tr> <tr> <td>C. Bodies governed by public law</td> <td style="text-align: center;">YES <input type="checkbox"/></td> <td style="text-align: center;">NO <input type="checkbox"/></td> <td></td> </tr> </table> | A. National bodies with exclusive competences | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | B. NGO having as a primary function to represent specific sectors or to support business sector development | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | C. Bodies governed by public law | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | YES <input type="checkbox"/> NO <input type="checkbox"/> (in order to receive a YES score, it should receive at least 1 YES in categories) | | | | | |
| A. National bodies with exclusive competences | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| B. NGO having as a primary function to represent specific sectors or to support business sector development | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| C. Bodies governed by public law | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| b) Do project activities correspond to the pre-defined indicative ones in the 6th Call for Proposals, i.e. does the project include: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">A. Infrastructure (e.g. building improvements)</td> <td style="width: 10%; text-align: center;">YES <input type="checkbox"/></td> <td style="width: 10%; text-align: center;">NO <input type="checkbox"/></td> <td style="width: 20%;"></td> </tr> <tr> <td>B. Development or upgrade of systems (e.g. IT systems, equipment, furnishings, etc.)</td> <td style="text-align: center;">YES <input type="checkbox"/></td> <td style="text-align: center;">NO <input type="checkbox"/></td> <td></td> </tr> <tr> <td>C. Soft Actions targeting the entrepreneurship climate (e.g. conferences, business for a, etc.)</td> <td style="text-align: center;">YES <input type="checkbox"/></td> <td style="text-align: center;">NO <input type="checkbox"/></td> <td></td> </tr> <tr> <td>D. Soft Actions targeting the development of new companies (personalized support)</td> <td style="text-align: center;">YES <input type="checkbox"/></td> <td style="text-align: center;">NO <input type="checkbox"/></td> <td></td> </tr> </table> | A. Infrastructure (e.g. building improvements) | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | B. Development or upgrade of systems (e.g. IT systems, equipment, furnishings, etc.) | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | C. Soft Actions targeting the entrepreneurship climate (e.g. conferences, business for a, etc.) | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | D. Soft Actions targeting the development of new companies (personalized support) | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | YES <input type="checkbox"/> NO <input type="checkbox"/> (in order to receive a YES score, it should receive at least 1 YES in categories) | |
| A. Infrastructure (e.g. building improvements) | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| B. Development or upgrade of systems (e.g. IT systems, equipment, furnishings, etc.) | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| C. Soft Actions targeting the entrepreneurship climate (e.g. conferences, business for a, etc.) | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| D. Soft Actions targeting the development of new companies (personalized support) | YES <input type="checkbox"/> | NO <input type="checkbox"/> | | | | | | | | | | | | | | | | |

| | | | |
|---|--|---|---|
| E. Organized events providing business support | YES <input type="checkbox"/> NO <input type="checkbox"/> | | |
| F. Training actions for the development of business skills | YES <input type="checkbox"/> NO <input type="checkbox"/> | | |
| G. Ad-hoc business support services | YES <input type="checkbox"/> NO <input type="checkbox"/> | | |
| c) Do the project beneficiaries cooperate ⁷ in: | | YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| Development of the operation (mandatory) | YES <input type="checkbox"/> NO <input type="checkbox"/> | (in order to receive a YES score, it should receive <u>at least 3 YES</u> in the left column) | |
| Implementation of the operation (mandatory) | YES <input type="checkbox"/> NO <input type="checkbox"/> | | |
| Staffing of the operation | YES <input type="checkbox"/> NO <input type="checkbox"/> | | |
| or/and Financing of the operation | YES <input type="checkbox"/> NO <input type="checkbox"/> | | |
| c) Are the project budget and costs in line with the limits set in the Call for proposals | | YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| Cost Line Items | Limit | Within limit ? | (in order to receive a YES score, it should receive <u>YES</u> in all limits) |
| Staff costs | up to 20% of direct costs | YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| Office and administration (flat rate) | up to 15% of the PB Budget up to 3% of project total | YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| Office and administration (real costs) | up to 4% of project total | YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| <i>Management (excluding preparation and audit)</i> | up to 10% of project total | YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| <i>Preparation</i> | up to 3% of project total | YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| Project Totals | 250.000 euro <x <700.000 euro | YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| Cost outside eligible area | <20% of project total | YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| f) Is the duration of the project in line with the time frame set out in the Call for proposals | | YES <input type="checkbox"/> NO <input type="checkbox"/> | |

⁷ According to Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal, Article 12, paragraph 4: "Beneficiaries shall cooperate in the development and implementation of operations. In addition, they shall cooperate in the staffing or the financing of operations, or in both."

B. SPECIFIC CRITERIA FOR PROJECT ELIGIBILITY

| 1. Project Eligibility and Programme Obligatory requirements for IP3a (YES/NO) | Score | Comments |
|---|--|----------|
| <p>a) Which important challenges (barriers and bottlenecks) faced by SMEs in the programme area does the project address? (Any project proposal should address at least 1 barrier in order to receive a positive score).</p> <p>Difficulties in obtaining business finance YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>Limited access of entrepreneurs and prospective entrepreneurs to business-related know-how YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>Limited access to general information and contacts YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>Lack of support services for developing competitive products-services YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>Lack of access/know-how regarding cost saving technologies YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>Inadequate human development and skills YES <input type="checkbox"/> NO <input type="checkbox"/></p> | <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>(in order to receive a YES score, it should receive <u>at least 1 YES</u> in the left column)</p> | |
| <p>b) Is the project relevant to the goals and objectives of the present Call? Is the project attempting to:</p> <p>promote entrepreneurial culture? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>strengthen the factors affecting entrepreneurial success? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>Stimulate business creation? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>Strengthen business survival? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>Specifically support SMEs? YES <input type="checkbox"/> NO <input type="checkbox"/></p> | <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>(in order to receive a YES score, it should receive <u>at least 1 YES</u> in the left column)</p> | |
| <p>c) Do the project activities envisage indirect support for one or more of the following sectors?</p> <p>a. Agro-food industry; YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>b. Waste management for recycling or energy production; YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>c. Renewable energy and energy saving and efficiency; YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>d. Sustainable tourism; YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>e. Health; YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>f. Materials – Technology; YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>g. Textile industry YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>h. Other according to the Call’s Objective. YES <input type="checkbox"/> NO <input type="checkbox"/></p> | <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>(in order to receive a YES score, it should receive <u>at least 1 YES</u> in the left column)</p> | |
| <p>h) If the project activities include infrastructure expenses:</p> <p>do they form part of a larger project which also includes soft actions? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>do they meet the requirements of the General Regulation (Regulation (EU) 1303/2013, Article 7 concerning the implementation of the principles of non-discrimination and accessibility to persons with disabilities ? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>are they in compliance with EU Civil protection legislation (Decision N/A <input type="checkbox"/></p> <p>are they in compliance with EU Civil protection legislation (Decision YES <input type="checkbox"/> NO <input type="checkbox"/></p> | <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>N/A <input type="checkbox"/> (in order to receive a YES score, it should receive <u>YES</u></p> | |

| | | |
|--|---|-----------------------------------|
| <p>1313/2013/EC on the Union civil protection mechanism) to assess the projects' vulnerability to disaster risks, including longer-term expected effects from climate change ? If the proposal does not include infrastructure expenses it receives an N/A score</p> | <p>N/A <input type="checkbox"/></p> | <p>or N/A in all subcriteria)</p> |
| <p>j) The project adequately demonstrates the contribution expected from each partner. All project partners are actively engaged in joint activities. The project does not consist of simple parallel actions.</p> | <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p> | |
| <p>k) The project is consistent with any one of the horizontal principles of the Programme: - sustainable development; - equal opportunities and non-discrimination (including provision of accessibility for persons with disabilities); - equality between men and women.</p> | <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p> | |

| | | | | | |
|------------|-----------|--|------------|-----------|--|
| Assessor 1 | Name | | Assessor 2 | Name | |
| | Signature | | | Signature | |

2nd phase evaluation – Detailed Project Application

A. GENERAL CRITERIA FOR PROJECT ELIGIBILITY (i.e. ADMINISTRATIVE AND TECHNICAL COMPLIANCE ACCORDING TO THE ELECTRONIC SUBMISSION REQUIREMENTS)

| 1. Administrative compliance 2 (YES/NO) | Score | Comments |
|--|--|----------|
| a) Is the Project Proposal submitted via MIS in the required formats: <ul style="list-style-type: none"> • Digital version of the Project Application Form via MIS • Project Detailed Description document uploaded as a separate document in PDF format, stamped and signed by the Legal Representative of the Lead Beneficiary | YES <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| b) Are the scanned versions of the following requested documents uploaded in the MIS as requested in section 8: <ul style="list-style-type: none"> • The updated Partnership Declaration • The declaration that the project is not generating revenues • The declaration of non-distribution of profits • The State Aid Declaration • The decision of the designated management body of each Project Beneficiary • "Scope of the Project and Sustainability" • the Justification of Budget Costs presented in the requested format, completed for the total project budget, in Excel format • Bills of Quantities and Costs to the foreseen infrastructure activities, signed and stamped by the Legal Representative of the relevant Project Beneficiary, in PDF format | YES <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N/A <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N/A <input type="checkbox"/> <i>N/A= Not Applicable</i> | |
| c) Does the project comply with Article 65, par.6 of Regulation (EU) No 1303/2013 stating: "Operations shall not be selected for support by the ESI Funds where they have been physically completed or fully implemented before the application for funding under the Programme is submitted by the beneficiary to the managing authority, irrespective of whether all related payments have been made by the beneficiary." ? | YES <input type="checkbox"/> NO <input type="checkbox"/> | |
| | | |
| | | |
| | | |
| | | |

B. QUALITY ASSESSMENT

| PROJECT QUALITY (Content-related criteria) | | | | | |
|---|---|--|----------------------------|--------------|-----------------|
| Criteria | Sub-criteria | Scoring Scale | Reference to the AF | Score | Comments |
| Relevance of the proposal | a) Does the overall project contribute positively to the achievement of the Specific Objective (to improve entrepreneurship SME support systems)? | 0=no 1=barely 2=satisfactorily 3=extensively | Section B | | |
| | b) Does the overall project contribute positively to the improvement of entrepreneurial climate in the cross-border area . Does it affect the factors determining the decision to start a business) Examples could be: Ability of SMEs to find financing, Sector know-how or SME support in generating business ideas Management or risk management know-how Business support and networks | 0=no (0 points) 1= barely 2=satisfactorily (3=extensively | Section B | | |
| | b) Does the overall project affect positively the factors determining business success such as : Production cost/ labour skills Product quality Product placement / marketing Access to business support (business infrastructure, technology transfer, clusters) | 0=no 1= barely 2=satisfactorily 3=extensively | Section B | | |
| | c) Does the project demonstrate ability to promote synergies with EU/regional/national strategies and synergies with other Programmes? | 0=no 1=barely 2=satisfactorily 3=extensively | Section B | | |
| | TOTAL (max. 12) | | | | |
| S - efficie ncy and | a) Are project results: Specific Measurable Attainable | 0=no 1= barely (2=satisfactoril y | Section F | | |

| | | | | | |
|-----------------------|---|---|-----------|--|--|
| | Realistic Time-bound | 3=extensively 4: almost fully 5: fully | | | |
| | b) To what extent does the project contribute to the main Programme indicator targets? (i.e. CO01: Productive investment: Number of enterprises receiving support=275) | 0=no (0%) 1=barely (<20%) 2=satisfactorily (20%-30%) 3=extensively (over 30%) | Section F | | |
| | d) Does the project support entrepreneurship of specific vulnerable groups (e.g. women, youth, etc.)? | N/A=no it does not 3= actions for vulnerable groups are included | Section B | | |
| | e) Does the project include pilot actions (e.g. to test new types of business support)? | N/A=no pilot actions included 3=pilot actions included | Section B | | |
| | f) To what extent do project results provide added value to the Programme area? Is it sufficiently documented through surveys, data, etc.? | 0=no 1=barely (claims undocumented) 2=satisfactory added-value + documented 3=significant value – good documentation | Section B | | |
| TOTAL (max.17) | | | | | |
| | a) Is the proposal likely to have tangible impacts on the target groups? | 0=no 1=partially | Section B | | |

| | | | | | |
|---------------------------------------|---|---|-----------|--|--|
| | Creation of new businesses Survival of existing businesses Awareness/entrepreneurial climate | 2=satisfactorily 3=extensively | | | |
| | b) What is the scope of the impact/significance of the project: - local impact only - local effect with transferable results to the rest of the eligible area - broad area impacts/significance | 1=local impact 2=local and transferable 3=broad impact | Section B | | |
| | c) How does the project demonstrate its sustainability: - the proposal is likely to have multiplier effects (including scope for replication and extension of the deliverables, dissemination of information) - the financial sustainability of the project is clearly demonstrated (The degree to which the proposal clearly demonstrates how the activities will be financed after the Programme funding ends) - the institutional sustainability of the project is clearly demonstrated to allow the activities to continue to be in place after the end of the project | 0= no sustainability 1=1 characteristic met 2 =2 characteristics met 3=all 3 characteristics met | Section B | | |
| TOTAL (max. 9) | | | | | |
| Innovation | Does the project contain innovative features (new business support ideas, more effective services, new technological solutions for support provision, etc.)? | N/A=no 2= partially 4=satisfactorily | Section B | | |
| | TOTAL (max. 4) | | | | |
| Cooperation and Capitalization | a) Does the project clearly demonstrate the need for cross border cooperation? (Does it address common cross border challenges and opportunities? Do cross-border partners bring complementary skills, knowledge and assets? Other?) | 0=no 2= barely 4= satisfactorily 6= extensively | Section B | | |

| | | | | | |
|---|--|---|------------------|--|--|
| | <p>b) In which way does the project capitalize on previous cooperation and experience:</p> <ul style="list-style-type: none"> - capitalization of beneficiaries' know-how experience; - capitalization of beneficiaries' experience in Cross border Cooperation activities; - capitalization of previous cooperation among current beneficiaries; - capitalization of previous relevant projects | <p>N/A=no capitalization 1=1 characteristic met 2=2 characteristics met 3=3 characteristics met 4=all 4 characteristics met</p> | <p>Section B</p> | | |
| | | TOTAL (max. 10) | | | |
| TOTAL For Category "Content Related Criteria" (max.52) (Threshold 30 points) | | | | | |

| Implementation-related criteria | | | | | |
|---|--|---|----------------------------------|--------------|-----------------|
| Criteria a | Sub-criteria | Scoring Scale | Reference to AF | Score | Comments |
| Quality of partnership (appropriate synthesis and organizational arrangements) | a) To what extent does the Lead Beneficiary demonstrate the capacity to coordinate, manage, control and monitor the overall implementation of the project? (previous experience of the institution, completed projects) | 1= low 2=adequate 3=high | Section B | | |
| | b) Is the professional capacity (structure and experience) of the other beneficiaries sufficient to implement successfully the project activities undertaken? (previous experience of the institution, completed projects) | 2=low 4=adequate 6=high | Section B | | |
| | c) Is the institutional and financial status of the partnership relevant to the activities to be implemented? | 0= not relevant competence 2= partly competent partnership 4=fully competent partnership | Section B + supporting documents | | |
| | d) To what extent are the specific roles (actions and responsibilities) clearly and appropriately distributed among the Lead Beneficiary and the other beneficiaries? | 1=not clear enough distribution of responsibilities and tasks 2= general distribution of tasks without specific references 4= clear, specific and appropriately distributed roles | Section B | | |

| Implementation-related criteria | | | | | |
|---|---|---|--------------------------------|--------------|-----------------|
| Criteria | Sub-criteria | Scoring Scale | Reference to AF | Score | Comments |
| | | of the partners | | | |
| Quality of the methodological approach | a) Is the overall design of the project coherent? In particular, does it take into account external factors and the analysis of the problems involved? Is the relation between the activities-outputs-results-objectives well structured? | 1= work plan containing some incoherent activities/outputs/ results 3= clear work plan of activities but external factors not fully considered 5= clear, realistic and appropriate work plan of activities leading to the achievement of the expected results and the objectives of the project | Section B | | |
| | b) Does the proposal contain objectively realistic and relevant indicators for measuring the results of the project? | 0=no 1=yes, with certain readjustments if needed | Section F | | |
| | c) How mature is the project (in which stage of completion are the administrative procedures that allow the implementation of the project - | 0=no implementation of any necessary | Section B + Documentati on for | | |

| Implementation-related criteria | | | | | |
|--|---|--|-------------------------|--------------|-----------------|
| Criteria | Sub-criteria | Scoring Scale | Reference to AF | Score | Comments |
| | licenses, designs, permits, land acquisition, tenders, etc.)? | procedures 1=low implementation level of required procedures 2=basic implementation of required procedures 3=medium stage of implementation of required procedures 4= Advanced stage of implementation of required procedures 5= all necessary procedures completed, all approvals obtained | Infrastructure Projects | | |

| Implementation-related criteria | | | | | |
|--|---|--|---|--------------|-----------------|
| Criteria | Sub-criteria | Scoring Scale | Reference to AF | Score | Comments |
| | d) Is the methodology for management of the project clearly defined and efficient? In particular, is the proposed approach for internal project monitoring and assessment satisfactory? | 1=minimum project management methodology 2=adequate project management methodology 3=well developed methodology connected to outputs and results | Section B | | |
| | e) Are the Information and Publicity measures for external communication of project's outputs and results appropriate and efficient? (How are the anticipated project results going to be promoted? Do they have high visibility and strong impact?) | 1=minimum measures 2=adequate measures 3=well-developed measures | Section B | | |
| Budget and finance | a) Is the proposed budget reasonable, realistic and justified? Is the ratio between the estimated costs and the expected results satisfactory? | 1=low value for money 2= reasonable value for money 3= good value for money 4= high value for money | Section B Section D, Justification of the Budget Document | | |

| Implementation-related criteria | | | | | |
|--|--|--|---|--------------|-----------------|
| Criteria | Sub-criteria | Scoring Scale | Reference to AF | Score | Comments |
| a | b) Is the budget logically planned and distributed among the partners and the activities? (Distribution of the budget secures the active participation of each partner in relation to the activities described in the Application Form and secures the successful implementation of the foreseen activities) | 1= planned budget but incoherent distribution to partners and/or activities with not justified costs 2= planned budget and distributed among the partners but some activities are not well justified and the participation of partners in not fully ensured 3= logically planned budget with some small discrepancies in the partners' budgets of some activities 4=logically planned and correctly distributed among the partners and the activities | Section B Section D, Justification of Budget Document | | |

| Implementation-related criteria | | | | | |
|---|---------------------|----------------------|------------------------|--------------|-----------------|
| Criteria | Sub-criteria | Scoring Scale | Reference to AF | Score | Comments |
| TOTAL For Category "Implementation Related Criteria" (max. 42) (Threshold 25 Points) | | | | | |
| GRAND TOTAL Score (max.94) | | | | | |

| | | | | | |
|------------|-----------|--|------------|-----------|--|
| Assessor 1 | Name | | Assessor 2 | Name | |
| | Signature | | | Signature | |

ANNEX II: Explanations about Budget Lines

Staff costs

Staff costs consist of costs for staff members employed by the beneficiary organisation, as listed in the application form and who are working full time or part time on the implementation of the project. Especially for the Bulgarian beneficiaries *staff costs include costs for employees in line with the employment/work contract, and costs of natural persons working for the partner organisation under a contract other than an employment/work contract and receiving salary payments. Staff costs comprise actual salaries plus social security, health insurance and other statutory costs included in the remuneration (all calculated in accordance with the national legislation). Hereinafter, both the employment/work contract and an appointment decision/contract of natural persons working for the partner organisation and receiving salary payments are referred to as 'employment document'.*

The following options for calculating staff costs are available in this Programme for the 6th Call:

- Staff costs calculated as **flat rate of (up to) 20 %** of direct costs other than staff costs on a project beneficiary level.
- Staff costs calculated on a **real cost basis** (not to exceed 50% of each beneficiary's budget)

Attention!

The option selected applies on a project level for the entire project period. (i.e. All beneficiaries of the same project should follow either the flat rate or the real costs calculation option, which will remain unchanged through the entire project period.

- Option 1: **Staff costs calculated as 20 % flat rate of direct costs**

A project implemented exclusively through public procurement of works, goods or services can use only the real cost calculation of staff costs according to Article 67(4) of the Common Provision Regulation 1303/2013.

If the beneficiary outsources the entire implementation of all or part of the project via public procurement contracts, the simplified cost options (flat rate calculation of staff costs) cannot be applied to those parts of the project which are subject to public procurement contracts. (p. 12 EGESIF14_007)

Table 1: Staff costs: Example where the flat rate calculation cannot apply

| | | |
|--|--------------------------|----------------------|
| | Total Project activities | Total project budget |
|--|--------------------------|----------------------|

| | | |
|-----------|--|-----------------|
| | Extent of Procurement with significant effect on the project | |
| | External expertise and services | 150.000€ |
| | Equipment | 250.000€ |
| | Infrastructure | 250.000€ |
| A | Total Direct Costs with significant effect to be outsourced | 650.000€ |
| B | Maximum Flat rate for calculation of Staff Cost can Apply | 0,00% |
| C | Staff Costs, calculated on flat rate basis, of the entire project (A*B) | 0,00€ |
| C1 | Staff Costs (real cost calculation) | 20.000€ |
| D | Total Project budget (A+C+C1) | 670.000€ |

For staff costs calculated on flat rate basis option, the calculation of staff costs is based on a flat rate of up to 20% of the direct costs other than the staff costs. In the case of flat rate financing, the extent of procurement of some of the categories of costs by the beneficiary could have an impact on the proportion of calculated costs. Therefore, direct costs linked to projects or part of them, subject to public procurement contracts that constitute the biggest part of the project (have a significant proportion of calculated costs), according to the application form, should be excluded from the calculation basis on which the flat rate is to be applied. It is therefore recommended that only the part of the project that entails procurement of small scale contracts could be taken as basis for the calculation of the flat rate cost option for possible staff costs. This part is estimated to be of approximately 20% of the procured project's budget.

If the beneficiary itself implements a project (meaning keeping full control of the management and implementation of the project), the flat rate is applicable, even if some of the categories of costs within the project are procured (e.g. some of the project implementation costs like cleaning services, external expertise, purchase of furniture, etc.).

Table 2: Staff costs: Example of flat rate calculation

| | | |
|----------|---|-----------------|
| | Extent of Procurement with significant effect on the project | |
| | External expertise and services | 150.000€ |
| | Equipment | 100.000€ |
| | Infrastructure | 200.000€ |
| A | Total Direct Costs with significant effect to be outsourced | 450.000€ |
| | Travel and Accommodation | 30.000€ |
| | External expertise (<i>external experts, cleaning services, etc.</i>) | 60.000€ |
| | Equipment (furniture) | 10.000€ |
| B | Total Direct Costs with limited effect to be outsourced | 100.000€ |

| | | |
|----------|---|-----------------|
| C | Maximum Flat rate for calculation of Staff Cost | 20,00% |
| D | Maximum Eligible Staff Costs of the entire project (B*C) | 20.000€ |
| | Total Project budget (A+B+D) | 570.000€ |

In any case the beneficiaries should justify their choice of the flat rate cost option and indicate the categories of costs that allow the application of the flat rate cost option. During the project evaluation process the stated by the beneficiaries' calculation of the flat rate costs will be checked and will be subject to revision in cases where the procurement of works, goods and services with significant effect on the project is taken into consideration in the calculation of the staff costs.

According to the project beneficiaries' estimations regarding the needs for staff costs the percentage can be lower. Each beneficiary will have to provide the rationale of the staff costs estimations in the Justification of the Budget document even when the flat rate option is selected. The participation of the beneficiaries' staff must be linked to specific project deliverables according to their role and expertise.

Attention!

When the 20% flat rate option is applied, it has to be proved that the project beneficiary has at least one permanent employee (e.g. by providing a registration at the social insurance agency or other related documents) to be appointed for the project.

Attention!

The flat rate is linked to the eligibility and verification of other direct costs. Should financial corrections be necessary (e.g. due to deficiencies in procurements) or in case of discounts in tenders leading to smaller eligible direct costs **on a project level**, the basis for calculation of the flat rate will reduce correspondingly and this will result in a lower amount of staff costs that can be **verified and co-funded**.

(i.e. in the previous calculation example if the total direct costs of the project verified at the end of the subsidy contract is 400.000€ due to financial corrections in one beneficiary, the total staff costs that can be verified by a project is reduced to $400.000 \times 20\% = 80.000€$ in total for all beneficiaries instead of 102.000€..

- **Option 2: Staff costs calculated on a real cost basis (not to exceed 50% of each beneficiary's budget)**

Using this method the beneficiary will claim the actual costs they have incurred from employing staff who work on the project. According to Article 3 Commission Delegated Regulation (EU) No

481/2014, expenditure on staff costs shall consist of gross employment costs of staff employed by the beneficiary in one of the following ways:

- a. full time; (i.e. Person employed by the Beneficiary organisation, and working fully on the project;)
- b. part-time with a fixed percentage of time worked per month; (i.e. Person employed by the Beneficiary organisation, working partly for the project on a fixed percentage;)
- c. part-time with a flexible number of hours⁸ worked per month (i.e. Person employed by the Beneficiary organisation, working partly for the project on a number of hours per month) or
- d. on an hourly basis (i.e. Person employed by the Beneficiary organisation, who does not have a fixed number of hours per month and is paid at an hourly rate).

Attention!

1. Staff costs do not cover the expenses of externals; externals should be budgeted under the "External Expertise and services" category.
2. Overheads and any other office and administration related to staff costs are included in the Office and administration (O&A) expenditure.
3. Daily allowances and any other travel and accommodation are included in the "Travel and Accommodation" budget line.

Attention!

Project proposals not respecting the budget limits for staff costs will be deemed ineligible.

If selected, the Real Costs method requires a clear definition of tasks and activities per staff member as well as a well-founded calculation basis. These will have to be reported in the Justification of the Budget document and supported by accompanying documents where applicable or when requested by the JS.

Office and administration (O&A) expenditure

⁸ The Hourly rate shall be calculated by dividing the latest documented Gross Annual Employment costs by 1720 hours.

They cover operating and administrative expenses of the beneficiary organisation that support delivery of project activities. According to regulation 481/2014 the office and administration expenditure shall be limited to the following elements:

- a) office rent
- b) insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances)
- c) utilities (e.g. electricity, heating, water)
- d) office supplies
- e) general accounting provided inside the beneficiary organisation
- f) archives
- g) maintenance, cleaning and repairs
- h) security
- i) IT systems
- j) communication (e.g. telephone, fax, internet, postal services, business cards)
- k) bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened
- l) charges for transnational financial transactions

The following options for calculating O&A are available in this **Programme for the 6th Call**:

1. Real costs **up to 4% of the PB budget**,, or
2. Office and administration (O&A) expenditure calculated as flat rate of **up to 15% of staff costs**.

In case the Flat rate calculation method is adopted, the following example provides an overview on the approach.

Example: Project X – Beneficiary Y calculates O&A costs using the 15% flat rate of staff costs option:

Table 4: Office and administration Costs: Example of flat rate calculation

| | | |
|----------|--|-------------------------------|
| A | Travel and accommodation External expertise and services Equipment | 10.000€ 20.000€ 30.000€ |
| B | Staff Cost (either on Real Costs basis or Flat Rate) | 12.000€ |
| C | Eligible O&A Costs (B*15%) | 12.000€*0,15=1.800€ |
| D | Total Project budget (A+C) | 73.800€ |

The office and administration expenditure shall be eligible if they are based on real costs, which relate to the implementation of the project and if they are charged to the project proportionately, based on a fair and duly justified distribution method.

Attention!

The option selected applies on a beneficiary level for the entire project period. (I.e. each beneficiary should follow flat rate or the real costs calculation option and percentage, as defined in the approved application form, which will remain unchanged through the entire project period. This must be declared in the Application form in the **Partnership Section**.

Travel and Accommodation ⁹

This budget category includes all the expenses for each of the project's beneficiary for the travel and accommodation costs of the personnel involved in the project with the condition that they are directly related to the activities of the project. Travel and Accommodation costs involve:

- (a) travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, toll, and parking fees);
- (b) the costs of meals;
- (c) accommodation costs up to national rules;
- (d) daily allowances up to national rules.

Attention!

Travel and accommodation expenses related to individuals other than staff directly employed by the beneficiaries of the project (members of the stakeholder groups but also consultants, experts), have to be included in the **"External expertise and services costs"**

⁹ All specifications are defined in the National Guidelines on Verification

External Expertise and services

Costs paid on the basis of contracts and against invoices to external service providers, who are sub-contracted to carry out certain tasks of the project.

Pursuant to the Regulation (EU) No 481/2014 Article 6, expenditure on external expertise and service are limited to the following services and expertise provided by an organisation other than the project beneficiary:

- studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- training;
- translations;
- IT systems and website development, modifications and updates;
- promotion, communication, publicity or information linked to a project or to a cooperation programme as such;
- financial management;
- services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- support the participation of target groups in events (e.g. registration fees);
- travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- other specific expertise and services needed for operations.

These costs must correspond to current market prices and must be adequately justified.

Equipment expenditure

Expenditure for the financing of equipment purchased, rented or leased by the beneficiary of the operation other than those covered by Article 4 shall be limited to the following:

- office equipment;
- IT hardware and software;

- furniture and fittings;
- laboratory equipment;
- machines and instruments,
- tools or devices;
- vehicles;
- other specific equipment needed for operations.

In principle, costs for the purchasing of equipment with the condition that:

- Equipment is necessary for the project implementation and is foreseen in the approved Application Form.
- Suppliers should be selected according to the rules of the relevant National Public Procurement Law of the respective country.

There should be an analytical description of the technical specifications and a costing in the Justification of the Budget or in a separate document with all the items to be purchased.

Infrastructure and Works

Expenditure for Infrastructure and Works are eligible with the condition that the cross-border impact of the investment is demonstrated and the activity is approved in the Application Form. The contractors of investments should be selected according to the rules of the National Public Procurement Law in force. The contractor cannot be a beneficiary in the project. The description of the works expenditure should be provided by Bill of Quantities and Costs, submitted together with the Justification of the budget.

Detailed information about the eligibility of expenditure per country and per Budget Line is available in the Programme Eligibility Rules and the Guidance on Management Verification.

8.4 Special Categories of costs and budget limits for the Call

Preparation Costs

Costs within the Budget Lines "**staff costs, travel and accommodation costs and external expertise and services**", which have been incurred¹⁰ for the preparation of the project, are eligible for funding in accordance to the following conditions:

- If the services or activities were implemented between the date the Call was officially announced and the date of submission of the Application. **The related payments should have been actually made preferably before the first request for verification.**
- If they show direct connection to the approved project and are included in the application form.;
- If they do not exceed the **3% of the total project budget and will be reviewed upon project evaluation.**

The following preparation costs are eligible:

- external expertise costs and/ or staff costs for the preparation of the application documents
- joint meetings for the preparation of the project
- travelling expenses directly related to joint meetings,
- travelling expenses directly related the Call's publicity events,
- cost analysis and preparatory research reports for the project activities
- external expertise costs for the preparation of technical design studies
- other costs regarding licenses and permits fees, environmental impact assessment studies, technical assessment reports.

Attention!

Office and administration, equipment and infrastructure works expenditures are not eligible under preparation costs.

Management Costs

¹⁰ At minimum, a decision must exist between the beneficiary and the person/company prior to the submission of the application in the 1st Phase. Otherwise this expenditure will not be certified.

Management Deliverables and thus the management costs should be included **only in WP1** of the Application Form and concern the cost related to the technical and administrative activities to be implemented for the efficient management and coordination of the project.

Attention!

The management costs **of each project beneficiary** (Work Package 1) **should not exceed 10% of the total beneficiary's budget. The following WP1 costs (if applicable) are not calculated in the 10% limit:**

- **Deliverable 1.X.1 "Preparation Activities"** (where X is the number of the partner)
- **Any potential costs for the First Level Control**