

Norwegian Financial Mechanism 2009-2014

Green Industry Innovation Programme Bulgaria (GII)

Second Call for proposals

The Green Industry Innovation programme in Bulgaria (later referred to as the Programme) is a business development programme aiming to increase competitiveness of green enterprises, including greening of existing industries and green innovation.

The Programme Operator is Innovation Norway, a state owned entity under the Norwegian Ministry of Trade and Industry and the Norwegian County Municipalities.

The Programme's vision is: Good for business and good for the environment. All projects to be funded by this Programme have to aim at a final result of improving the environmental performance of enterprises. The highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainability, gender equality and equal opportunities shall apply in implementation of Norway Grants.

The total available amount for co-financing of projects is approximately EUR 4,4 million. In addition the amount of EUR 40'800 is available for travel support during the preparation of applications.

The deadline for applications is Wednesday 9 April 2014, at 12.00 local Norwegian time.

Applications for travel support will be assessed consecutively on a first-come-first-served basis, with a final date of eligibility of costs of Monday 31 March 2014.

The deadline for travel support may be extended if funds are available.

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1. General information and definitions

The Green Industry Innovation Programme Bulgaria is a programme area under the Norwegian Financial Mechanism 2009-2014 (Norway Grants) and shall contribute to the reduction of economic and social disparities in the European Economic Area (EEA) and to strengthen the bilateral relations between Bulgaria and Norway.

The following definitions are used in this Programme:

Environmental friendly technologies include technologies which are less environmental harmful than the technology in use today, encompassing technologies and processes to manage pollution (e.g. air/water/soil pollution control, waste management) and to use resources more efficiently.

Green products and services are goods and services having less of an impact of the environment (less polluting and less resource-intensive) or less impact on human health than traditional equivalents and which are economically viable.

Material efficiency and waste management are improved material flow in manufacturing and supply-chain, use and re-use of recycled materials (including waste handling and management), development of new or improved products based on recycled materials and innovation that change production and consumption patterns.

"Greener" management and production processes are improvements related to the way the business operation is carried out, like management, business models, standardization, certification, Human Resources (HR), smart purchasing, supply chain management, green energy interventions that support the greening of enterprises' activities and processes, initiatives related to Corporate Social Responsibility (CSR), cooperation with networks/clusters etc.

Eco-innovation

Eco-innovation is defined as any form of innovation aiming at significant and demonstrable progress towards the goal of sustainable development, through reducing impacts on the environment or achieving a more efficient and responsible use of natural resources.

Releasing effect

Projects shall constitute of activities that would not have been carried out without grants from this Programme, i.e. activities that the enterprise are obliged to implement shall not be funded.

Innovation

Innovation at enterprise level includes product/service innovation, process innovation, organizational innovation, market innovation (not adaptation), with the aim to increase the environmental performance of the enterprise.

Corporate Social Responsibility (CSR)

Through corporate social responsibility (CSR), the business sector contributes to a positive social development, strengthens its own competitiveness and acts in compliance with universal norms and

values. (See Innovation Norway's Policy Statement on CSR – Guiding Principles for CSR" integrated in the electronic Application Form for examples and ideas.)

Project

A project is defined as an economically indivisible series of activities with clearly identifiable aims and activities designed in such way that in the end addresses the main objective of the programme. An application for a project may include one or more sub-projects.

Donor partnership projects

A Donor partnership projects is defined as cooperation between at least one legal entity in Bulgaria and at least one legal entity in Norway, implementing a joint project and where all entities are independent of each other and perform relevant tasks in the completion of the project. The project should be planned and implemented together and the project partners should share the result. Long-term cooperation, beyond the project lifetime is recommended. The requirement regarding independence means that no direct ownership interest in other partners is allowed. The partnership must be established prior to application.

SMEs – Small and Medium Sized Companies

A small company is a company that has less than 50 employees and a turnover less that EUR 10 million and a total balance sheet less that 10 million.

A medium size company is a company that has less than 250 employees and a turnover less that EUR 50 million and a total balance sheet less that 43 million.

These ceilings apply to the figures for individual companies only. A company which is part of larger grouping may need to include employee/turnover/balance sheet data from that grouping too.

See the EU guide to SMEs

<http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/>.

Working capital

The company's current assets should exceed its short term liabilities (based on the latest available audited balance sheet of the company).

Equity

The value of the company assets after deduction of liabilities (based on the latest available audited balance sheet of the company).

2. Eligible Activities

This Programme can provide support for Projects that will develop and implement activities in one or more of the following areas:

1. Development, implementation and investment in innovative environmental friendly technologies
2. Development of green products and services
3. Development and implementation of greener production processes (material efficiency/efficiency in business operations)
4. Other activities such as training and awareness raising as secondary activity related to the above activities

Environmental technologies include technologies which are less environmental harmful than the technology in use today, development/implementation of green products and services (defined as having less of an impact of the environment than today), material efficiency (defined as improved material flow in manufacturing and supply-chain, use and re-use of recycled materials) and efficiency in business operations (defined as solutions/systems related to management, HR, smart purchasing, green energy interventions, CSR, networking, clustering etc.).

Investments in solar parks and wind turbine parks on green field sites are excluded from eligible activities.

Projects must also contribute directly to one or more of the outcome indicators:

1. Environmental technologies successfully adapted for use in new areas;
2. New environmental technologies successfully developed;
3. New or improved green products and services;
4. Eco-initiatives related to material efficiency and improved waste management;
5. Innovative initiatives to increase the efficiency in business operations;
6. Green jobs created.

3. Eligible Applicants

3.1. Eligible applicants are:

Private SME-companies and publicly owned companies with less than 50 employees constituted as legal entities in Bulgaria.

3.2 Eligible partners

Enterprises, research institutions, NGOs, organisations and clusters, from Norway and Bulgaria will be eligible as project partners.

Partnership is not mandatory, but Donor partnership projects are strongly encouraged and will be prioritized during the project assessment process. An eligible donor partnership project shall consist of

at least one Bulgarian legal entity and at least one legal entity from Norway and must demonstrate added value to both parties.

Further guidelines on donor partnership projects under Norway Grants 2009-2014 are available on the dedicated Programme website.

3.3. Additional criteria for applicants and partners

Additional conditions must be fulfilled by the Applicant and Partner(s):

- a) the Applicant and the Applicant's Partner(s) must have been in operation for at least one fiscal year prior to the application;
- b) the Applicant's main activities are closely related to the activities for which an application is made;
- c) the Applicant and Partner(s) and the applicant's legal representative signing the application have clean criminal and tax records;
- d) if the Applicant has one or more Partners, a draft Partnership Agreement defining the Parties different roles and responsibilities, has to be signed by all partners and attached to the application.

Moreover, Applicants may not participate in this Call for Project Proposals or be awarded grants if:

- a) they are bankrupt, are entered in judicial administration or are under liquidation, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation;
- b) they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to financial interests, without evidence of substantial correction measures taken in the past years.

4. Minimum and maximum grant amount per project

The minimum amount of grant assistance applied shall be EUR 200'000.

The maximum amount of grant assistance applied shall normally be EUR 500'000.

Grant rate and co-finance ceiling

The grant rate will be in line with the applicable state aid legislation taking into account economic benefits and all other relevant aspects.

The co-financing shall be provided in the form of cash by the Project Promoter and/or by Project Partner(s). The cash may be split in equity from the company's cash flow or new equity, and in external financing like bank loans. All project proposals must demonstrate a satisfactory amount of equity. All applicants shall demonstrate adequate financial solidity and liquidity, if not the Application will be rejected during the assessment. Special Conditions in the Project Contract will address the co-financing issue, such as transfer of some cash co-financing into the project bank account before the release of the advance payment, see paragraph 10. Another measure for insuring sufficient co-financing will be the

mandatory Letter of Commitment signed by the person formally entitled to represent the private enterprise and, if applicable, from the donor project partner.

Man-hour contribution from the Project Promoter and Partner(s) will be accepted as cash contribution, based on approved hourly rates for salaries.

5. Duration of projects

The projects must be completed by 30 April 2016, which is also the end of the eligibility period for the implementation of the programme.

6. Eligibility of expenditure in projects

General principles and detailed provisions for the eligibility of expenditures are described in the Rules and Procedures for the programme, article 4. 7. Procurement and state aid.

7. Public procurement and state aid

7.1 Procurement

Bulgarian and European Union legislation on public procurement shall be complied with at any level in the implementation of a project.

A Project Promoter that receives 50 per cent or more public funding of the eligible expenditures of the project shall conduct its procurement for that project in compliance with the national public procurement law as though the Project Promoter were a contracting authority under paragraph 9 of Article 1 of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts. This paragraph applies mutatis mutandis to Project Partners.

7.2 State aid

The state aid regulations in EU/EEA will apply. The most relevant legal basis will be the General Block Exemption Regulation applicable at the time of signing of the project contract. For the current Regulation, see: http://ec.europa.eu/competition/state_aid/legislation/block.html.

Eligibility of expenses for financial aid will be in line with the following categories:

1. Regional Aid, Section 1, article 13 – maximum grant rate 50% plus 20% bonus for small enterprises or 10 % bonus for medium sized enterprises.
2. Research and Development and Innovation, Section 7 - experimental development – maximum grant rate of 25% plus SME bonuses and collaboration bonus of 15% under certain conditions.
3. Aid for environmental protection – maximum grant rate of 35% plus SME bonuses.

4. Aid for training – specific training 25%, general training 60% plus SME bonuses.
5. Aid for consultancy in favour of SMEs- maximum grant rate of 50%.

As regards the possible collaboration bonus in point 2, the criteria for awarding such bonus are:

A bonus of 15 percentage points may be added, up to a maximum aid intensity of 80 % of the eligible costs, if:

(i) The project involves effective collaboration between at least two undertakings which are independent of each other and the following conditions are fulfilled:

- no single undertaking bears more than 70 % of the eligible costs of the collaboration project,
- the project involves collaboration with at least one SME or is carried out in Norway and Bulgaria, or

(ii) The project involves effective collaboration between an undertaking and a research organisation and the following conditions are fulfilled:

- the research organisation bears at least 10 % of the eligible project costs, and
- the research organisation has the right to publish the results of the research projects insofar as they stem from research carried out by that organisation, or

(iii) in the case of industrial research, the results of the project are widely disseminated through technical and scientific conferences or through publication in scientific or technical journals or in open access repositories (databases where raw research data can be accessed by anyone), or through free or open source software.

For the purposes of point (b)(i) and (ii) of the first subparagraph, subcontracting shall not be considered to be effective collaboration.

In exceptional cases, financial support could be awarded as *de minimis* support in line with the state aid regulation.

In cases where eligibility provisions in the General Block Regulations are more extensive than the detailed eligibility provisions in the Rules and Procedures, the Rules and Procedures will prevail.

8. Travel support

A fund, amounting to EUR 40'800, is available in the frame of the programme to strengthen bilateral relations between Norway and Bulgaria. The fund shall be used for travel support to search for partners prior to or during the preparation of a project application, the development of such partnerships and the preparation of an application.

Eligible applicants are the legal entities defined as eligible applicants and eligible partners in point 3 – eligible applicants.

For travel support the support will be provided as lump sum to cover travel costs and accommodation, but not more than EUR 1,200 for one person per entity.

The applicable rules on state aid shall be complied with. Travel support will be given as *de minimis* aid for enterprises.

Specific Guidelines and further information about the application process for a travel support can be found at the dedicated Programme website.

9. Project assessment criteria and methodology

Innovation Norway will assess all project proposals based on the criteria for eligibility, selection and award set out in the Rules and Procedures on the implementation of the Green Industry Innovation Programme in Bulgaria.

Innovation Norway might supplement the internal Programme Team with external experts if/when needed.

Innovation Norway will perform an initial review of applications received and if any shortcomings are found concerning the formal- and administrative criteria, these can be corrected by the applicant upon request from Innovation Norway. Applicants whose applications are rejected at this stage shall be informed by e-mail and will have two weeks to appeal that decision to Innovation Norway.

Applications meeting the formal and administrative criteria, as well as the eligibility criteria, will then be subject to an assessment organised by Innovation Norway. Innovation Norway may use external experts in the assessment process. The National Focal Point in Bulgaria will be invited to give its reasoned opinion on the projects prior to the decision of Innovation Norway.

Project applications must comply with a specified set of assessment criteria. The said criteria are based on the objectives that the Programme seeks to achieve. Objectives and principles of good governance, sustainable development and gender equality are cross-cutting issues that shall be considered as part of the assessment process, as well as corporate social responsibility.

The application **assessment criteria & methodology** are divided into the following sections:

Formal/administrative criteria

- a) The application has been filled in according to the instructions given in the call for proposals and in the electronic application form and all mandatory documentation is attached to the application;
- b) The application and supported documents are presented in English;
- c) The appropriate application form has been used.

Eligibility criteria

- a) Applicant

- i. The applicant is a private SME company or a publicly owned company with less than 50 employees, and constituted as a legal entity in Bulgaria;
 - ii. The applicant (and any partner(s)) has been in operation for at least one full fiscal year, and their main activities are closely related to the programme area for which the application is made;
 - iii. The applicant (and any partner(s)) and the legal representative signing the application have clean criminal and tax records;
 - iv. The applicant (and any partner(s)) has working capital and equity as defined in Art.1 above.
- b) Project
- i. The proposed project is within the focus areas and expected outcome “realization of business opportunities linked to the greening of the European economy”. and its implementation period is no longer than the deadline for cost eligibility;
 - ii. Grant maximum and minimum amounts and co-financing rates are complied with;
 - iii. No overlapping/double funding arises from the applications for a similar project from EU/EEA/International Financial Institution/bilateral or other sources;
 - iv. The project is in compliance with both EU and national legislation in Bulgaria (in particular public procurement, state aid, environment requirements);
 - v. In case of a partnership project, a partnership agreement defining the partner’s different roles and responsibilities has to be signed by all partners and attached to the application.

Assessment criteria

- i. The entity/entities have the necessary human resources and the technical and financial capacity (including documented necessary working capital and a sound equity capital situation) to implement the project and support its costs;
- ii. The project is mature, i.e. technically viable and feasible in terms of time schedule, budget and value for money;
- iii. If applicable, Partnership quality, the division of tasks and responsibilities among partners is established and described and each partner has a significant contribution to the project activities;
- iv. The project is adequately supported by a risk mitigation plan;
- v. The quality of the planned arrangements to publicise the project and disseminate the results (Publicity Plan);
- vi. The project promoter and the partners adhere to Corporate Social Responsibility (on company level);
- vii. The project meet have environmental effect/ impact. The project is in compliance with relevant cross-cutting issues in the application form;
- viii. The grant awarded has a releasing effect on the project;
- ix. The project is in compliance with national, regional and local plans or strategies;
- x. The project has added value, i.e. the socio-economic profitability;
- xi. The project incorporates clear sustainability measures, i.e. the durability of the project after the implementation deadline;
- xii. The project contributes to the overall objectives of Norway Grants 2009-2014 (reduction of economic and social disparities in the EEA Area and to strengthen the bilateral relations between Norway and the beneficiary state);

- xiii. Gender equality (a part of the cross-cutting issues, but will be assessed and reported separately).

Additional assessment criteria

- i. project profitability;
- ii. Financial report assessment;
- iii. Operating risk rating;
- iv. Credit score rating;
- v. Business plan/model assessment, if applicable;
- vi. Innovation level;
- vii. Status Intellectual Property Rights;
- viii. Market potential and competitiveness.

Award

The assessment criteria above will be scored in a rating from one to six points (1 lowest, 6 highest). The scoring will constitute a basis for an assessment profile, a tool for the project prioritizing. Each of the assessment criteria may be a critical success factor, a factor that can jeopardize the whole individual project. The scoring profile will be the basis for the prioritizing for the project proposals.

Elements in the prioritizing of projects:

- Donor partnership projects will be given priority;
- Regional distribution of projects and projects under the regional aid state aid category will be given priority.

After the assessment of the project proposal has been performed, Innovation Norway will make the final grant decision. Applicants shall be notified of the decision of Innovation Norway to support or reject their application.

All applicants will receive information about the final results concerning financing within tentatively 5 months after the closure of the call. A list of approved projects will be published on the programme website.

Further information on the project assessment criteria and methodology can be found at the programme website www.norwaygrants-greeninnovation.no.

10. Mode of Payment

Grant assistance shall be given as reimbursements of already incurred documented costs according to an agreed disbursement plan.

The Project Promoter (Applicant) has the opportunity to apply for an advance payment in line with the requirements in the Rules and Procedures.

Interim payments will be made on the base of interim reports with description of results achieved together with financial statements. All financial statements on claimed expenses in project reports shall be confirmed by a certified auditor, audit requirements will be detailed in the project contract.

Commitments and payments will be carried out in Euro (€). Payment claims (incl. advance payment) forwarded from the Project Promoter to Innovation Norway shall be in Euro (€).

11. Procedure for submission of application

Only electronic applications, submitted to Innovation Norway, Oslo, in English, will be accepted. A Project Implementation Plan, a detailed activity based project Budget, Letter of Commitment, a Procurement Plan, a Publicity Plan, a draft donor Partnership Agreement a Disbursement Plan and CV's of the core project management team must be provided by the Applicant, as part of the application. (All these are mandatory attachments to the electronic Application Form and it will not be possible to send in the application without these attachments.).

The electronic applications and templates for the mandatory supportive documents are available on the dedicated Programme website www.norwaygrants-greeninnovation.no through which project applications are to be submitted.

12. Documents of specific importance to the call

In addition to the call, the following documents shall be consulted by applicants when preparing the application:

- Executive Summary of Programme Document;
- Rules and Procedures on the implementation of the Green Industry Innovation Programme in Bulgaria;
- Guideline for Application Form;
- Standard Terms and Conditions;
- Template – Partnership Agreement;
- Template – Project Implementation Plan;
- Template – Detailed Activity Budget;
- Template – Disbursement Plan;
- Template – Procurement Plan;
- Frequently Asked Questions (to be published on the website and updated on a regular basis, according to the questions received from potential applicants);
- General Block Exemption Regulation:
http://ec.europa.eu/competition/state_aid/legislation/block.html.

More information

Entities interested in applying for grant support from Green Industry Innovation Programme can access all relevant information and application submission forms at www.norwyagrants-greeninnovation.no.

For clarifications please contact:

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More background information about the Norwegian Financial Mechanism is available at: www.eeagrants.org.