

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

IPA Component IIIc - Regional Competitiveness Operational Programme 2007-2011 for Community Assistance under the IPA Regional Development Component in Croatia

Support for Increasing the Competitiveness of Croatian SMEs

Reference: **EuropeAid/132357/M/ACT/HR**

QUESTIONS AND ANSWERS #2

Date: **9 March 2012**

NOTE: The decision concerning eligibility of an applicant, a partner, an action or specific activities will be brought by the Evaluation Committee during the process of Evaluation of applications (subject to approval of the CFCA and ex-ante control of EU Delegation).

NOTE: Owing to the fact some of the questions submitted to the Contracting Authority are rather lengthy and include project specific information, they have not been included in the table in their entirety, i.e. only the segments that may be considered relevant for other applicants have been included.

List of Abbreviations:

CFCA – Central Finance and Contracting Agency

CA – Contracting Authority

GfA – Guidelines for Applicants

General Conditions - ANNEX II General Conditions applicable to European Union-financed grant contracts for external actions

PRAG – Practical Guide to Contract procedure for EU external actions

no.	QUESTIONS	ANSWERS
69	Will a revised front page of Grant Application Form be published, which, according to published Corrigendumu_no._1 must now read „Deadline for submission of Concept Notes: 09 March 2012“?	The text published in the Corrigendum replaces that which is published in the Grant Application Form. A new, revised version of the Grant Application Form, including the revised text will not be published. It is the responsibility of the Applicant to carefully read and take into account all changes made in the Corrigendum.
70	Where we can see a list of already approved projects, to respect the	The question is not sufficiently precise. Under the assumption that the question refers to

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

	<p>rule about not duplication of registration at the EU level</p>	<p>the Concept Note Evaluation Grid question 1.2, the reply is the following: The Award Notices for all grant schemes which the CFCA contracts is available on the CFCA web site at http://www.safu.hr/en/tenders, and the award notices for all EU financed grant schemes are available on the EuropeAid website at: https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?ADSSChck=1284977262222&do=publi.welcome&userlanguage=en.</p>
71	<p>We are a company engaged in agricultural production. Specifically, the production of fruits, vegetables, and processing and distributing of the same. As an essentially agricultural company, are we included in sector C10 (manufacture of food products)?</p> <p>Through some minor research I came across the following information about sector C10: C10. Food Industry. C10.1. Production, processing, preserving of meat, meat products. C10.2 Processing and conservation of fish, crustaceans and molluscs. C10.3 Processing and conservation of fruit and vegetables. C10.4 Manufacture of vegetable and animal fats and oils. C10.5 Manufacture of dairy products. C10.6 Manufacture of milling products, starches and starch products. C10.7 Manufacture of bakery products and pastas. C10.8 Manufacture of other foodstuffs. C10.9 Manufacture of products for animal feed.</p> <p>Included in this sector is C10.3 processing and canning of fruits and vegetables. Can you clarify the situation a bit? Is production itself ineligible from the start?</p>	<p>Eligible activities are defined in section 2.1.3 Eligible Actions: actions for which an application may be made in the GfA. Only Applicants who have a NACE registered sector of activities in line with the eligible sectors defined in the GfA are eligible. As an example, an applicant registered for production of soft drinks might be considered eligible regardless of other registered activities described as non-eligible under quoted section 2.1.3. Applicants can use the NACE 2007 With Explanations document (annexed to this Q&A) to compare their company classifications according to the “NKD 2002” with the “NKD 2007” which is relevant for this grant scheme.</p> <p>In accordance with section 2.1.1. <i>Eligibility of applicants: who may apply?</i> Applicants must be registered for the activities envisaged by the proposed action. Registration of activities will be proven with the Applicant’s excerpt from Court Registry or Central Crafts Registry during the 3 step of the evaluation process.</p>
72	<p>In accordance with the Guidelines, support only relates to SMEs in the stated sectors related with the National Activities Classification (NKD). Does this means that the applicant must be registered for one from the stated activities (National Activities Classification - Croatian Bureau of Statistics; the Croatian Bureau of Statistics only lists one major sector for which a company is registered), or they are also eligible if they are registered for those activities under the Commercial Register of the Republic of Croatia. Namely, what will be used as a proof of eligibility as far as belonging to</p>	<p>Additionally, in accordance with 2.2.4 of the Guidelines for Grant Applicants “In the interest of equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, a partner, an action or specific activities”.</p>

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

	the requested sector?	
73	Through the implementation of our project we would fulfil the requirements for the (additional) registration of our company under section 71.2 - Technical testing and analysis of the NACE. Is it possible to apply for a grant and subsequently (additionally) register our company for this sector? (Currently the company is not registered under section 71.2)	The "Declaration by the Applicant for Concept Note," of the Application Form requires the Applicant to declare that they are, amongst other, "eligible in accordance with the criteria set out under Sections 2.1.1 and 2.1.2 of the Guidelines for Applicants." This means that the Applicant must fulfil all eligibility requirements, including registration in an eligible NACE sector at the moment of the submission of the Concept Note.
74	In the financial balance (difference between the total cost of the action and the amount requested from the Contracting Authority) what types of costs can be accounted as an investment from the applicant own resources? (e.g. if the new equipment is acquired from the grant, can the taxes and the value added taxes be considered as an applicant expenditure?)	Annex J Information on the Tax Regime Applicable to Grant Contracts Signed Under EuropeAid/132357/M/ACT/HR explains the ineligibility of VAT and other taxes. Based on the Framework Agreement between the Government of the Republic of Croatia and the Commission of the European Communities (Official Gazette, International Agreements 8/02 and 11/02) procured goods, services and works financed through European Union projects are fully exonerated from Value Added Tax, customs, duties, etc.
75	Does the total value of the project include VAT or all values are given without VAT?	Further, it is accepted that the rate of co-financing which is contracted for the grant project is represented equally in each eligible cost. Therefore, the Applicant's investment from their own resources appears in all eligible project costs.
76	Can a project to increase the scope of the measuring equipment for a company already accredited in the field of noise protection (protection against noise is related to environmental protection) be considered an eligible action? This action would make our company more competitive because we could cover more service users at more locations, Or must the project relate solely to new activities which the company is currently not engaged in?	Section 2.1.3 <i>Eligible Actions: actions for which an application may be made</i> of the GfA, states the types of actions and activities which are eligible for financing through this grant scheme. Further on, <i>Article 14 Eligible Costs</i> of the General Conditions states that costs "must be necessary for the implementation of the action."
77	In Guidelines for grant applicants it states that operating costs are ineligible costs except rental cost that may be eligible (page no. 12, footnote no. 21). If the action includes introducing new technologies in a rented warehouse are rental costs of that warehouse eligible? Can a grant be requested for the investment into tangible assets for activities that were not performed by the undertaking (applicant) before, e.g., if it want to initiate a new production cycle?	Costs may be eligible if they are in line with the list of eligible types of actions and activities (i.e. are not excluded with respect to the list of types of actions considered ineligible under particular Call), and generally comply with the principle of sound financial management, in particular value for money and cost-effectiveness. <i>Article 14 Eligible Costs</i> of the General Conditions state that eligible costs are those costs which "are incurred during the implementation of the Action as specified in Article 2 of the Special Conditions," while Article 2.1. of the Special Conditions states that "This
	We are interested whether the investment in the Halal standard is an	

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

	acceptable investment for this grant scheme.	Contract shall enter into force on the date when the last of the two Parties signs.” Consequently no costs incurred prior to the start of the implementation period are eligible. Conclusively, it is possible to execute project activities before signing grant contract but related costs would not be eligible for financing under the contract.
78	The customer would buy a machine to grind wood waste – can this be financed as an investment in tangible assets for a higher level of environmental protection?	In the course of evaluation, eligibility of project activities will be assessed by the Evaluation Committee in line with published criteria in the GfA.
79	In the last nine years I've never been blocked and I have nine full time employees. Every year I have been profitable, and I properly settle all of my obligations without delay. In my private ownership I possess 9.000 square meters of building land and I'm interested to see if I am eligible for non-refundable funds from the EU for developing a solar panels array for electricity generation?	Additionally, in accordance with 2.2.4 of the Guidelines for Grant Applicants “In the interest of equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, a partner, an action or specific activities”.
80	The GfA states that the total duration of an action must be a minimum of 6 months to a maximum of 18 months. Would it be the case in our project that the project implementation period refers to the time required to purchase equipment?	The specified minimum and maximum duration of an action must be adhered to. It is important to keep in mind that all secondary procurement must be completed in accordance with ANNEX IV <i>Procurement by grant Beneficiaries</i> in the context of European Union external actions, and that completion of a tender procedure can be time consuming.
81	Since the funds are subsidies from the EU budget do we need to apply public procurement according to the PRAG? If so, how we defined the criteria for selecting bids? Given the volume of investments (more than 150 000 euros in "goods") according to the PRAG would this be "International Restricted Tender procedure?"	Secondary procurement is to be implemented in accordance with ANNEX IV <i>Procurement by grant Beneficiaries</i> in the context of European Union external actions. The Applicant is free to define selection and award criteria, provided they adhere to the principles of transparency and fair competition. Supply contracts worth € 150 000 or more must be awarded by means of an international open tender procedure.
82	In GfA there is a sentence: “Prior registration in PADOR for this Call for Proposals is not obligatory. Information in PADOR will not be drawn upon in the present Call,” but still, there is EuropeAid ID field in Concept notes form. Could you confirm that we do not have to have EuropeAid ID for Concept Notes submission?	In accordance with the Application Form, the EuropeAid ID number is only “to be inserted if the organisation is registered in PADOR.”
83	In the treatment of de minimis aid, please comment: If the SME, during the past three years, has received grants for example amounting to € 70,000.00, and partner involved in the	Only the Applicant will sign a grant contract with the CA, thus taking on the role of the grant Beneficiary, as a result, only the Applicant/Beneficiary is responsible for the de-minimis aid received.

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

	<p>application has received € 30,000.00, shall received aids from Applicant and Partner be treated together and as cumulated value (100.000,00 €)? What is the maximum value that can support the applicant and partner claim under this call in this example? Should the “Statement for the de minimis aid” be signed and submitted by all partners or only by the lead applicant?</p>	<p><i>Section 2.4 SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED APPLICATIONS</i> point 11 requires a “statement by the applicant declaring the type and the amount of “de-minimis” aid received.” Unlike the other supporting documents required, the statement pertaining the de-minimis aid is only required from the Applicant, and not from the partners. Consequently, only the aid received by the Applicant over any period of three fiscal years would be considered relevant. The Government Decree on “de-minimis” rules states that total de minimis aid granted to any single undertaking shall not exceed EUR 200.000 over any period of three fiscal years.</p>
84	<p>If the SME, during the past three years, has received grants for example amounting to € 70,000.00, should that SME apply for max € 130,000.00 (as opposed to max € 200,000.00 to the de minimis) or can apply for the max grant value (€ 200,000.00) regardless to the previously received aids?</p>	<p>The GfA states that “grants for SME’s will be awarded according to de minimis regulation.” The Government Decree on “de-minimis” rules states that total de minimis aid granted to any single undertaking shall not exceed EUR 200.000 over any period of three fiscal years. By requesting a grant that would put the Applicant in a position to receive more than the maximum permitted de-minimis aid over a three year period, the Applicant violates corresponding eligibility requirement.</p>
85	<p>Do we need to notify you of the de-minimis aid received in 2010, 2011 and 2012 or 2009, 2010 and 2011? How large a grant can we request from this grant scheme if in the year 2010 we received de-minimis support worth 380.000 Kn and 750.000 Kn?</p>	<p>In accordance with the Government Decree on “de-minimis” rules (Official Gazette, 45/2007), <i>the relevant period of three years should be assessed on a rolling basis so that, for each new grant of de minimis aid, the total amount of de minimis aid granted in the fiscal year concerned, as well as during the previous two fiscal years, needs to be determined.</i> <i>De minimis aid should be considered to be granted at the moment the legal right to receive the aid is conferred on the undertaking under the applicable national legal regime.</i> For the second question please see the reply above (84).</p>
86	<p>What form of a statement on de minimis aid (elements and content) is adequate?</p>	<p>There is no standard template. Concerning minimum information to be provided by the applicant, statement should contain company name and legal address, breakdown of de-minimis aid per fiscal year over three year period, date and signature of authorised company representative assuming full liability for correctness of the provided information.</p>
87	<p>What is the required form of the bank guarantee necessary to secure funding for project implementation to final reports and payments?</p>	<p>Please note that a bank guarantee is not required in order to secure funding, but rather, as stated in section 2.4 <i>SUBMISSION OF SUPPORTING DOCUMENTS FOR</i></p>

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

	<i>(Letter of Intent from bank stating that it will, as necessary, provide loan/line of credit to grant applicant to enable the grant applicant to implement all planned activities and continue normal operation until final report is approved and final payment made.)</i>	PROVISIONALLY SELECTED APPLICATIONS of the GfA, a “Letter of Intent from bank stating that it will, as necessary, provide loan/line of credit to grant applicant....” The letter of intent can be in any format which the bank normally uses for such purposes. Please note from the above that supporting documents are required in the third step of the evaluation, and not before.
88	What are the acceptable means of proofing that SME has enough funds to support its share in the action and to finance action until remaining of the public funding becomes available (if SME does not need a bank loan for that, and therefore does not have a letter of intent from the bank)?	Please note that section 2.4 SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED APPLICATIONS of the GfA states “If the abovementioned supporting documents are not provided before the deadline indicated in the request for supporting documents sent to the applicant by the Contracting Authority, the application may be rejected.” Consequently submission of a “Letter of Intent from bank stating that it will, as necessary, provide loan/line of credit to grant applicant...” is required. The Evaluation Committee will use criteria provided under section 2.3 Evaluation and Selection of Applications of the GfA to assess the applicant’s/partner’s ability to finance their share of the action.
89	At what stage partnership statement should be submitted?	The partnership statement is included in Part B: Full Application Form, of the Application Form, consequently the statement(s) is to be submitted in the step 2: <i>Evaluation of the Full Application</i> , as part of the Full Application Form.
90	Do all partners sign a Declaration by the applicant?	The “Declaration by the Applicant for Concept Note,” as well as the “Declaration by the Applicant” states that the applicant represents any partners in the proposed action. As such, a single Declaration signed by applicant is required, regardless of the number of partners.
91	Should the Legal Identity sheet and Financial Identification form be signed by all partners or only by a lead partner?	Only the Applicant needs to fill in and sign the Legal Entity Sheet and Financial Information Form.
92	What form of a statement proving that the applicant will not generate a profit from the resulting grant is adequate in terms of its content, structure and format?	A solemn written statement signed by each partner that the applicant and partners (if applicable) will not derive profit from the grant dated and signed by authorised company representative assuming full liability for correctness of the provided information.
93	I would like to ask you if there are any restrictions concerning the origin	This grant scheme is financed from the Instrument for Pre-Accession Assistance

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

	of the country of the equipment that we are planning to finance with the funds from the programme?	(Council Regulation (EC) N° 1085/2006 - OJ L 210/82 of 31.7.2006) which is subject to the rule of origin.
94	If we want to buy new equipment, is it important in which country it is produced? If yes, which are eligible countries from which the equipment may originate?	The list of countries from which goods may be purchased is annexed to this Q&A. In case of secondary procurement the grant Beneficiary (Applicant) is obliged to respect the rule of origin of the procured goods. Moreover, Contractors must present proof of origin to the Beneficiary no later than when the first invoice is presented, for equipments and vehicles of a unit cost on purchase of more than € 5 000.
95	We plan to procure a machine which has been recently produced in Japan. The machine would be procured by the manufacturer's certified EU dealer. NB There is no EU manufacturer of the mentioned machine based on the technology. The question is: are we allowed to budget and procure the mentioned technology/machine through the IPA III c program?	However, as stated in Annex IV Procurement by grant Beneficiaries in the context of European Union external actions, <i>"in duly substantiated exceptional cases, the Commission may allow nationals of countries other than those referred to in section of Annex IV to tender for contracts (or supplies of goods originating in such countries) on the basis of the specific conditions laid down in the basic act or other instrument governing the programme under which the grant is financed."</i>
96	Is it 5000 EUR for total cost of goods or individually for each item above 5000 EUR for which a certificate of origin is required?	The rule of origin applies to all goods purchased. According to the Annex IV Procurement by grant Beneficiaries in the context of European Union external actions, certificate of origin is required for equipment and vehicles of a unit cost on purchase of more than € 5 000. .
97	According to Guidelines for Applicants, Art. 2.4 SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED APPLICATIONS, pg. 21, bullet 8/9, provisionally selected applicants (and its person in charge) will need to submit supporting documents in the form of certificate stating that is/are „not having its affairs administered by the court“. In line with the above, could you please define whether situations to which phrase “administrated by the courts” refers to are liquidation, insolvency (stečaj) and enforcement (ovrha) or any other court proceeding currently in process where two parties are in dispute in front of the court for any reason whatsoever?	Please refer to the Corrigendum no. 1 published on 9 February 2012. The requirements from section 2.4 <i>SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED APPLICATIONS</i> of the GfA, points 8 and 9 have been replaced as a result of their overreaching intended requirements. The revised point 8 requires documentary proof or statements to show that applicant/partner does not fall into any of the exclusion situations listed in section 2.3.3 of the PRAG. For the full list and explanations concerning grounds for exclusion and related satisfactory evidences, please refer to the section 2.3.3 of the PRAG available on: http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm .
98	The potential applicant company is owned by a corporation, but operates completely independently in the field of research and	Section 2.1.1. <i>Eligibility of applicants: who may apply?</i> list the eligibility requirements of the grant scheme, which are cumulative, i.e. each of the listed requirements is followed

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

	<p>innovative solutions related to glass facades. According to tender documents, they are not eligible. Is there a way that this company can apply for a grant from this grant scheme?</p>	<p>by the word “and.” Consequently, all eligibility criteria must be met in order for an Applicant to be considered eligible. If a potential applicant fails to fulfil any of these criteria, they cannot be considered eligible.</p>
99	<p>As stated in the Guidelines for grant applicants under Eligibility criteria, applicants must be a registered SME according to the national definition in the SME Encouragement Act (Official Gazette 29/02 and 63/07).</p> <p>Company X fulfils all the criteria for small enterprises defined by Paragraph 1 of Article 2 (number of employees less than 250, a total annual turnover below and a sum of the balance sheet below the set up threshold).</p> <p>However, regarding the independence in the operation (Paragraph 3 of the Article 2), although the Institute is fully owned by Company Z., it has a particular status which grants it independence in the operation.</p> <p>Since the year 2000 a binding document titled “STATEMENT Concerning Independence and Autonomy of the Company” has been in power, which defines ways in which the Institute implements its independence and autonomy. This document was signed between Company X and Company Z and it states that the owner’s policy is to leave the entire realised profit to the Institute, which is obliged to invest it for the sole purpose of its further development.</p> <p>In November 2011 the Institute underwent the validation procedure by the URF team of the European Commission for the participation in Framework Programme 7. After the European Commission’s validation team had examined all the required documents, including the mentioned Statement, the Institute was eventually validated as a private SME for the purpose of participation in European projects (FP7, CIP) with the PIC number 959856420.</p> <p>We hope that you will be able to provide us with a prompt reply whether Company X is eligible or not to apply to the open Call, taking the above</p>	

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

	mentioned arguments into consideration.	Please note that the SME Encouragement Act (Official Gazette, 29/02), and Article 1 and 2 of the Law on Amendments to the SME Encouragement Act (Official Gazette, 63/07), provide the relevant definition of eligible small and medium enterprises for the purpose of this grant scheme.
100	<p>Company X d.o.o. is 100% owned by Company Y d.d., established with the aim of storing and handling of _____. The company operates its business in completely independent in relation to Company Y d.d., both organizationally and financially.</p> <p>It is our understanding that companies which are more than 25% in the ownership of a another company (large enterprise) are considered as one company or group and are therefore classified in the large companies which automatically excludes our company above competition and possible application for awarding a grant.</p> <p>We are informed that for this same grant scheme an exception is made, based on a company's certificate of independence, and we would like more detailed instructions whether this option is possible for us and how to proceed.</p>	<p>Additionally, in accordance with section 2.2.4 <i>Further information for Concept Notes of the GfA</i> "In the interest of equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, a partner, an action or specific activities".</p> <p>Further, published criteria will be applied without any exception.</p>
101	Please let us know if limited liability company registered in Croatia and owned by government or public body is considered an eligible applicant providing that all other eligibility criteria are fulfilled.	
102	<p>Based on the data below, do we satisfy criteria for small and medium businesses that can apply to this call?</p> <p>Number of employees: 340 Annual turnover: Kuna 86,500,000.00 Total assets: 79.400,000,00 Kuna</p>	
103	<p>We intend to apply for the IPA component III C grant scheme, we are 100% exporters and are completely independent in our business (profits which we achieve remain in the Croatia).</p> <p>However in the Commercial Court register it states that the sole founder of our company is our parent company in Austria, and the director of our company is registered as a member of the board.</p> <p>In addition to our director, the procurator of the parent company in Austria is the board of our company.</p> <p>Can we apply for the above mentioned project, given that the Law on the Promotion of Small Businesses states:</p>	

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

	<p>Article 2 (3) The independence of the business, in terms of this Act, means that other individuals or entities that do not meet the criteria referred to in paragraph 1 this Article, individually or collectively, do not own more than 25% share in the ownership or right of decision-making in the small business.</p>	
104	<p>Can a company that is registered in Croatia, which is majority foreign owned participate?</p>	<p>In accordance with section 2.1.1. <i>Eligibility of applicants: who may apply?</i> Applicants must “be nationals of a Member State of the European Union, a Member State of the European Economic Area, Croatia, Turkey, the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Albania, Montenegro, Serbia and Kosovo under UNSC Resolution 1244/99 as well as of other countries eligible under the Council Regulation (EC) No 1085/2006 of 31 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA),” as well as “be located in Croatia.” The GfA do not define criteria for the structure of ownership of Applicant companies beyond those set in the SME Encouragement Act (Official Gazette, 29/02), and Article 1 and 2 of the Law on Amendments to the SME Encouragement Act (Official Gazette, 63/07), which provide the relevant definition of eligible small and medium enterprises for the purpose of this grant scheme.</p>
105	<p>If the owner of a company in Croatia is a foreign company, can that company be an eligible applicant?</p>	
106	<p>May changes in ownership structure occur during the project?)</p>	<p>Obligation to provide information represents one of key responsibilities of the grant beneficiary as stipulated under Article 2 of the General Conditions. In case of any changes which may occur during the project implementation concerning applicant/partner status, applicant is obliged to inform Contracting Authority which will in turn assess impact of any such change and inform grant beneficiary about corresponding decision.</p>
107	<p>We plan to request a maximum grant of app 200.000€. Our co-financing 15 % 30.000€. The amount to be financed by CFCA 170.000 €. In the period 2010-2012 we received aid in the amount of 25.000. Are we below the limit according to de minimis regulation? Is the calculation for de minimis the total Grant amount (200 000 + 25 000 = 225 000) or only the amount to be received (170 000 + 25 000 = 195 000)?</p>	<p>Only the amount requested from CA is counted towards the ceiling for de-minimis aid. For that reason, a company which has already received 25.000€ de-minimis aid in the relevant three-year period, may request a grant up to a maximum of 175.000€</p>
108	<p>Pg. 12 of the "Guidelines for Applicant" under the heading "Eligible</p>	<p>Annex G refers to standard grant contract of which Special Conditions can be found on</p>

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

	<p>direct costs" mentions Annex G. Annex G is also mentioned in the list of Annexes on Page 25. Please can you tell me where you can find Annex G?</p>	<p>the webpage: http://www.safu.hr/en/tenders/view/341/support-for-increasing-the-competitiveness-of-croatian-smes in the package "Call for Proposals", under the name e3_h_1_speccond_en.doc. All other documents listed under Annex G of the GfA constituting "Standard grant contract" are also available at: https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome and http://www.safu.hr/en/tenders/view/341/support-for-increasing-the-competitiveness-of-croatian-smes</p>
109	<p>There is contradiction in the rules regarding purchase of used equipment: in the section 2.1.4 of the Guidelines for Applicants you mention that second-hand equipment is not eligible while in General Conditions article 14.2 it is on the list of eligible costs. In the particular project there is reasonable decision to buy refurbished equipment.</p>	<p>Section 2.1.4 of the Guidelines for Applicants is in accordance with the Special Conditions of the contract. <i>Article 7 - Other specific conditions applying to the Action</i> of the Special Conditions takes precedence over corresponding provision of the General Conditions. Conclusively, purchase of second-hand equipment and machinery is not an eligible expenditure, nor is the leasing of existing buildings.</p>
110	<p>Is it possible to apply for this Call for proposals if my client takes machinery and the building on a Lease for a longer period and invests in it? Also, is the action possible regarding the fact that the machinery is not brand new?</p>	
111	<p>If we plan to assign private persons (not legal entities) as experts to some of the activities, are they categorized as associates or contractors?</p>	<p>Experts contracted to perform a service on the project are categorized as contractors, regardless of their legal status, and must be engaged in accordance with Annex IV Procurement by grant Beneficiaries in the context of European Union external actions.</p>
112	<p>Is it possible to include subcontracting costs related to project management (staff working through subcontracting) and how much % is allowed for subcontracting generally?</p>	<p>It is possible to include subcontracting costs related to project management to some extent and if justified. Please bear in mind that one of the conditions of the Call for Proposals is that the applicants must be directly responsible for the preparation and management of the action with their partners, not acting as an intermediary (GfA, Section 2.1.1. <i>Eligibility of applicants: who may apply?</i>).</p> <p>It is stated under Article 1.3, of the General Conditions: If the Beneficiary or, where applicable its partners, have to conclude contracts in order to carry out the Action, these may only cover a limited portion of the Action and shall respect the contract-award procedures and rules of nationality and origin set out in Annex IV of this Contract.</p> <p>Only Applicant and Partner employees working on the project are budgeted under heading 1. Human Resources, other experts are budgeted under heading 5. <i>Other costs, services.</i></p>

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

113	<p>Is the internal work of our employees directly related to proposed action an eligible direct cost? Is an activity eligible if it primarily consists of internal work of our employees (as in the case of „design of an improved version of our product that will comply to CE standards“)?</p>	<p>According to <i>Article 14 Eligible Costs</i>, of the General Conditions for costs to be eligible they must be incurred during the implementation period and must be necessary for the implementation of the action. Additionally, salaries must be calculated proportionally according to the actual input of the employee on the project.</p> <p>All costs related to the action must be presented in the budget worksheet and submitted with the full application. Additionally, in accordance with 2.2.4 of the Guidelines for Grant Applicants “In the interest of equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, a partner, an action or specific activities”.</p>
114	<p>Does a company meet the eligibility requirements if was not profitable in 2010, but is solvent and has no tax debts?</p>	<p>Please refer to the Corrigendum no. 1 published on 9 February 2012. The Corrigendum corrects the mistake in section 2.1.1. <i>Eligibility of applicants: who may apply?</i> of the GfA published on 19 December 2011.</p> <p>In particular, according to the information provided in the footnote, the requirement is to “demonstrate profit after taxation for the fiscal year preceding the date of grant application (full application).” As it is foreseen in section 2.5.2. <i>Indicative Timetable</i>, that the full applications will be submitted in 2012, the relevant year for which “profit after taxation” is a requirement is fiscal year 2011.</p> <p>Consequently, companies which can demonstrate profit after taxation for the fiscal year 2011, fulfil this eligibility requirement, regardless of financial performance in previous years.</p> <p>Further, it is important to point out that section 2.1.1. <i>Eligibility of applicants: who may apply?</i> of the GfA, has cumulative eligibility requirements, i.e. each of the listed requirements is followed by the word “and.” Consequently, all eligibility criteria must be met in order for an Applicant to be considered eligible.</p> <p>Additionally, in accordance with 2.2.4 of the Guidelines for Grant Applicants “In the interest of equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, a partner, an action or specific activities”.</p>
115	<p>Do we qualify for participation in the tender; specifically do we meet the solvency requirement if in the last six months our account was blocked for a total of 27 days?</p>	<p>Assessment can be made only upon verification of all information provided by the applicant/partner contained in the supporting evidences requested under point 2.4 of the GfA applicant/partner required (e.g. in case Croatian entities - Bon Plus or DOH).</p> <p>Additionally, in accordance with 2.2.4 of the Guidelines for Grant Applicants “In the interest of equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, a partner, an action or specific activities”.</p>

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

116	<p>The companies need to be familiar with Regional competitiveness operational program.</p> <p>Where can I find the current REGIONAL COMPETITIVENESS OPERATIONAL PROGRAM, the one that is valid for the year 2012? All I can find is the one for 2007-2009 (2007HR16IPO001).</p>	<p>The information available in the Regional Competitiveness Operational program for the years 2007 – 2009 continues to be relevant. The implementation period goes three years beyond the programming period. The <i>COMMISSION DECISION of 22.6.2010 amending Decision C(2007)5733 adopting the multi-annual "Regional Competitiveness" operational programme for Community assistance from the Instrument of Pre-Accession Assistance for the Regional Development component in Croatia</i> modified the RCOP for 2007 – 2009, extending the Program to the programming period 2007-2011. All relevant documents are available at: http://www.regionalna-konkurentnost.hr/hr/dokumenti/.</p>
117	<p>Can you please clarify what is procedure in situation where company is forced by law to change legal form after deadline for sending Concept note, but before deadline for sending Full application form? Does this affect project at all? In this case company has to shift from cooperative to LLC. Please note that both of these legal forms are described as profit making units.</p>	<p>In case such a situation occurs, the Applicant must immediately inform the Contracting Authority.</p> <p>There are two important factors which need to be taken into consideration with such a change; first the Applicant has to be sure that both of the legal forms fulfil all the eligibility criteria published in the GfA. Second, documentary proof must be provided to the CA showing that the new company is the legal successor of the company which applied for a grant.</p>
118	<p>Our project involves a student who is a software developer. We plan to include him in the project plan as an associate. Are we allowed to pay him through student service contract, or should we have some other kind of contract?</p> <p>It is clear that VAT is not eligible cost in the project. But what is with other taxes, especially those connected to salaries? Are these eligible? Can you explain those in more details?</p>	<p>Section <i>2.1.2 Partnerships and eligibility of partners</i> of the GfA gives the following provision about associates: "Other organisations may be involved in the action. Such associates play a real role in the action but may not receive funding from the grant with the exception of per diem or travel costs. Associates do not have to meet the eligibility criteria referred to in section 2.1.1."</p> <p>Beneficiaries can have their own (and their partners') staff working on the project (in that case they are budgeted under heading 1. Human Resources in the budget worksheet), or they can hire other experts (sub-contractors) in which case they are budgeted under heading 5. <i>Other costs, services</i>.</p> <p>In accordance with <i>Article 14 Eligible Costs</i>, of the General Conditions "actual gross salaries including social security charges and other remuneration-related" costs are eligible.</p> <p>The type of work contract that employee has with the Applicant is not prescribed by the Call for Proposals.</p>

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

119	<p>We would like to apply a project which includes equipment worth over 100,000 euros. Provided we are awarded a grant we need to implement the tender for the procurement of equipment, in accordance with relevant the public procurement procedures.</p> <p>The question is when do we implement the tender - in the course of writing a full application form, or after signing the contract (if we pass), namely in the course of project implementation?</p> <p>Should it be during the period in which we write the full application form – is there sufficient time to implement such a tender?</p> <p>If during the project, how is the final cost accepted? Specifically, it was said that the costs foreseen in the full application form should be accurate almost to the penny, and if the tender is implemented only during the project, it is very possible that there will be deviations from the planned budget (perhaps a company with a very affordable price, or cost of equipment decreases or increases, ...)</p>	<p>Article 14 of the General conditions states that for costs to be eligible they must be “incurred during the implementation of the Action as specified in Article 2 of the Special Conditions with the exception of costs relating to final reports, expenditure verification and evaluation of the Action, whatever the time of actual disbursement by the Beneficiary and/or its partners.</p> <p>Procedures to award contracts may have been initiated but contracts may not be concluded by the Beneficiary or its partners before the start of the implementation period of the Action, provided the provisions of Annex IV were respected.”</p> <p>Applicants cannot know the exact costs of works/services/supplies to be procured through the grant project; however, they are recommended to perform a market study in order to be able to provide an accurate budget with their project proposal (Full Application).</p>
120	<p>For the logical framework in which the criteria, indicators and evidence are listed, we do not completely understand whether these should be criteria and indicators of objectively verifiable evidence that is realized in the framework of the project or we can include other data from the past from known published scientific and professional papers, data from the past.</p> <p>Do all the objective indicators have to be available within the implementation period of the project (eg, within 18 months) or, given that the project is monitored and after the deadline may arise and become available later (after 18 months)?</p>	<p>The purpose of the indicators in log frame is to demonstrate what the results, specific objective and overall objective of the Applicant’s project will be. These indicators must be measurable, and it must be clear that they will come as a result of the project to be implemented. The indicators can be both short term, and long term.</p> <p>Known objective data can be used for setting baseline values (starting point) to enable comparing the situation before the project, and after.</p> <p>Examples of both types of indicators would be: 10 newly employed people in our company by end of project implementation period. 50 newly employed people in our company within 3 years of project completion.</p> <p>Thus results and indicators should look towards the future.</p> <p>Relevant indicators are project-specific, and may relate to different things like adoption of standards, certification, energy savings, productivity growth, employment, export, market share, number of customers, and so on.</p> <p>Moreover, indicators should be Specific, Measurable, Achievable, Realistic and</p>

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

		Time-bound.
121	<p>We would like to know whether it would be possible to change location of a project after submission of the Concept Note.</p> <p>To be precise, an alternative location for our project is in every way acceptable as the original one, but situated in another region.</p> <p>Is there a way to cover both locations in the Concept Note?</p>	<p>Section 2.2.5 <i>Full Application form</i> of the GfA states “The elements assessed on the basis of the concept note cannot be modified by the applicant in the full application form.”</p> <p>A change in project location may have an effect on target groups, final beneficiaries and local level plans stipulated in the Concept Note. Section 1.2.2 of the Grant Application Form (Concept Note) requests the Applicant to provide information regarding the specific pre-project situation in the target country/countries, region(s) and/or sectors, as well as to refer to any significant plans undertaken at national, regional and/or local level relevant for the action. Section 1.2.3 requests the Applicant to provide information regarding each of the target groups and final beneficiaries, their needs and constraints and the relevance of the proposal to those needs and constraints. By changing the proposed project location, the Applicant could potentially modify an element based on which the relevance of the action was assessed.</p> <p>In the course of the evaluation, the Evaluation Committee will evaluate whether or not a change of project location constitutes a change in an element assessed in the Concept Note.</p> <p>Which and how many location(s) an Applicant will propose in the Concept Note is the decision of the Applicant.</p>
122	<p>How is the logical framework supposed to look?</p> <p>I would like to know if I have to create such a table, and if so could I ask you an example.</p>	<p>The log-frame matrix template is included in the tender documentation published for this grant scheme. The name of the file is e3_d_logfram_en.</p>
123	<p>Which form shall we use for budget?</p>	<p>The budget template is included in the tender documentation published for this grant scheme. The name of the file is e3_c_budget_en.</p>
124	<p>Applicant statement – does it have some specific form? What is included in the applicant statement?</p>	<p>In the Concept Note stage of the tender procedure, the <i>DECLARATION BY THE APPLICANT FOR CONCEPT NOTE</i> is required. This is on page 9 of the Grant Application Form.</p>
125	<p>My question is related to the evaluation grid. Do I have to create the grid or is it related to the assessment?</p>	<p>The Evaluation Grid is an integral part of the GfA, specifying how applications will be evaluated.. The Evaluation Grid is located in section 2.3 <i>EVALUATION AND</i></p>

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

		<i>SELECTION OF APPLICATIONS.</i>
126	If the applicant has 3 members of the company representing the company collectively and all three are obliged to sign the "Declaration by the applicant for concept note" but the space provided is for only one signature, is it allowed for all three to sign the Declaration?	The Declaration by The Applicant for concept Note is foreseen to be signed by authorised signatory of the applicant (e.g. person having power of attorney to sign Declaration(s) on behalf of Applicant). Also, space in the Declaration envisaged for signatory(ies) can be adjusted by applicant.
127	Concept note 1.2.1 Describe which particular expected results mentioned in the guidelines of the call will be addressed. Question – Only activities are mentioned in the Guidelines. Should we presume that the activities give results, and these results should be addressed?	The GfA under this Call for Proposals prescribes objective and priorities of the Call. The GfA also provides a list of actions and a (non-exhaustive) list of activities. Based on the conditions prescribed in the GfA (including <u>the examples</u> of activities) the Applicants will describe which results they expect to achieve. Your assumption is therefore correct.
128	Should the concept note include first and 2 pages of the document entitled "e3_b_applicform_en"? This is the front page of the project and the table with detailed data about the applicant. If the title page should be included, is it included in the limits of max.5 page for Concept Note? Or can the Concept Note can have 5 pages of text + front-page + supporting documentation (check lists, etc.)? Do the sub-questions in the Concept Note need to be left in, and responses to each sub-question separately, e.g. question-answer, question-answer, or may we delete the sub-questions and write the integrated text below each section title? If we leave the sub-questions can the length of the text be extended by the length of these sub-questions, i.e. in this case means max 1 page for the answer below the specific title of section (1 page with questions or without them)? Which line spacing and what font size of subtitles should we use in Concept Note? Which documents should be submitted with the project description and budget estimate when submitting the abstract (concept notes)?	Pages 1 and 2 of the Grant application Form should also be included (especially bearing in mind that mentioned pages contain important information such as identification of the call, contact details of the applicant etc.). The Concept note itself should contain max 5 pages + front pages + other docs. When submitting Concept Note to the CFCA, please make sure to include the following: - Checklist for the Concept Note (Part A section 2 of the grant application form) - Declaration by the applicant for the Concept Note (Part A section 3 of the grant application form) The Concept Note must be submitted in one original and three (3) copies in A4 size, each bound. They must also be submitted in electronic format (CD-Rom). Please note that only the Concept Note form will be evaluated. It is therefore of utmost importance that this document contain ALL relevant information concerning the action. No additional annexes should be sent. Since the questions/text only provides instructions regarding all information requested, you may remove it. If the sub-questions are kept, the length of the text can be extended by the length of these sub-questions

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

		Arial 10 font is to be used. No line spacing is specified in the instructions.
129	Is the investment in photovoltaic panels with the aim of saving power and sell the surplus to the National Electric company a eligible investment or is treated like an investment with the main goal of making profit, and in that way an ineligible investment?	Article 17.3 of the of the General Conditions applicable to European Union-financed grant contracts for external actions stipulates the following: The Beneficiary accepts that the grant can under no circumstances result in a profit for itself and that it must be limited to the amount required to balance income and expenditure for the Action.
130	How should Applicants prove and elaborate paragraph from "Guidelines for applicants", according to which they will not generate a profit from the resulting grant as it is written: "... <i>the applicant may not derive any profit from the grant, and in this respect the applicant and partner will be required to provide a solemn statement to this effect...</i> ")? Could you provide further clarification and define profit from the grant?	Profit shall be defined as: – In the case of a grant for an Action, a surplus of actual receipts over the actual costs of the Action in question when the request is made for payment of the balance. Therefore, the provisions related to profit resulting from the grant are limited to the categories mentioned above and to the duration of the implementation of the Action.
131	Legal Entity File number – what is this for a craft?	In accordance with Full Application Form, page 2, footnote 4, pertaining to the Legal Entity File number, this is relevant only "if an applicant has already signed a contract with the European Commission and/or has been informed of the Legal Entity File number." Otherwise the Applicant should indicate "N/A".
132	Legal status – it is about writing if the applicant is for example Ltd or a craft, is that right?	Correct, the Applicant states whether they are a Limited Liability Company, Craft, Joint Stock Company, etc.
133	How do we label the original Concept Note? Do we sign it?	The original Concept Note should include a signed and stamped Declaration by the Applicant for concept Note, and "Original" should be written on the Concept Note. The Copies should be labelled "Copy".
134	I have a question regarding following matter: description part in Concept note in titled project is consisted from two parts, 1.2 Relevance of the action and 1.3 Description of the action. Since project funds will be assigned to Croatian SME's is it allowed to describe company, its product or service and what makes her capable to carry out project at all in some point of Concept note?	The Concept Note is evaluated on the basis of two primary criteria, relevance of the proposed action and the description how the action is planned to be implemented. While explaining the relevance of the action and how it will be implemented, and answering the questions posed in the Concept Note template, Applicants will have the opportunity to provide some details regarding their company. Nonetheless, it is in the Full Application Form that the Applicants have the opportunity to provide extensive information regarding their company. The evaluation of the Full Application takes into consideration Applicant company specific factors such as Financial and operational capacity of the Applicant and sustainability of the action.

Support for Increasing the Competitiveness of Croatian SMEs

IPA IIIc

Questions and Answers

EuropeAid/132357/M/ACT/HR

135	Do we need to identify project associates by name in the Concept Note, or can we just state their number and type (e.g. „two primary schools in the City of...“)?	Project Associates do not need to be identified at the Concept Note stage (applicant however may provide mentioned information, if deemed relevant). In the Full Application form applicant is required to indicate associate(s), if any.
136	How long is monitoring after signing a contract?	Monitoring of the project is done throughout the project implementation period. Upon completion of project implementation, in accordance with <i>Article 16 Accounts and Technical and Financial Checks</i> of the General Conditions, inspections may take place up to 7 years after the payment of the balance.
137	In section 2.4, point 6 requires a “Certificate from FINA Register,” could you please tell me what the exact name of this document is.	The document is called the Bon Plus.
138	In the Guidelines for applicants, in the section 2.1. ELIGIBILITY CRITERIA it is stated: Action must take place in Croatia. Does this means that some of the activities (e.g. promotion of newly developed products may be conduct at the Fair in some EU states?	The statement “Action must take place in Croatia” implies that the action as a whole must be implemented in Croatia, relating to the fact that the objective of the grant scheme is to strengthen the competitiveness of Croatian SME’s, and that the results should have an effect on Croatia. This does not render the implementation of individual activities outside of Croatia ineligible. In the course of evaluation, eligibility of project activities will be assessed by the Evaluation Committee in line with published criteria in the GfA.
139	If the de minimis aid regulation is calculated for 3 fiscal years (2010, 2011, 2012) and the subsidy payment is done 80% in 2012, (45 days after signing the contract) and partially after finishing and approving the project (in 2013 or even in 2014), are these 20% counted as being a part of the before mentioned for 3 fiscal years (2010, 2011, 2012) or can they be transferred to 2013 or 2014?	In accordance with the Government Decree on “de-minimis” rules (Official Gazette, 45/2007), <i>de minimis aid should be considered to be granted at the moment the legal right to receive the aid is conferred on the undertaking under the applicable national legal regime.</i>