

FAQs (v.2) on the 5th Call_Date:08/03/2019

Q.44) Which are the required documents proving the own contribution of the enterprises?

A.44) The own contribution may be a loan or own funds that the enterprise will use for the needs of the investment. There are no specific required documents that prove the own contribution of an enterprise, apart from the paid out invoices that certify the enterprise's own contribution.

Q.45) How long will the evaluation procedures last?

A.45) It depends on the number of investments plans that will be submitted. If we estimate that 50-60 proposals will be submitted, we will need approximately 3 months to carry out the evaluation procedure, taking into consideration the existing conditions; meaning that the Joint Secretariat that will carry out the evaluation, is fully staffed and will also receive external support to check the legal documents. The aim of the Managing Authority (MA) and the Ministry of Economy and Development is to conclude the evaluation procedure as soon as possible and proceed to the implementation of the investment plans. For this reason the whole process of submission has been simplified and all documents will be submitted along with the investment plan and not afterwards.

Q.46) We translated the call document into Bulgarian and it doesn't make sense, so we insist on an official translation of the call documents in GR and BG. I am not optimistic for the new deadline. The Applicants' Guidelines need further development. There are such ambiguities in the criteria like the 'entities are connected'. Half of the entities are connected, or which educations are connected – secondary, high?! (*in BG entity and education sound similar*). This is not clear. There is reference to 'combined know-how'. How this could be combined? There is 'average turnover' from the past 3 years. How this is calculated? There is no such economic terminology. There is a criterion for 'over 30% return within 6 years of existence'. Do such companies exist nowadays? There is criterion 'Half of the steps for obtaining license are made'.

A.46) English is the official language of the Programme. This is the official and approved decision of the European Commission and the MA complies with it, thus, all submissions will be in English. The same applies also for other European Programmes. The call documents are in English, however, the Decision of the Call which is a short description of the Call, has already been translated in Greek and Bulgarian and if you consider that more supporting documents should be translated in order to facilitate the submission, we are here to help

you. The electronic system for the submission of the investment plans will be in English, is currently being translated, and so should be all submitted proposals. The user manual on how to submit a proposal through the electronic system (SAMIS) will be translated in Greek and Bulgarian as well.

Q.47) The next Info Day is planned to take place in Haskovo on the 20/3/2019; isn't this date very late, considering that it is near the opening of the Call?

A.47) The purpose of the Info Days is to answer to your questions, give you time to reflect on the answers, read the call documents and come back to the next info day with new questions. That's why we planned 4 Info Days, 2 in Greece and 2 in Bulgaria, in order to cover the eligible area of the Programme throughout the procedures of developing and submitting a project proposal. Taking into consideration that the call will open on the 8th of March and will close on the 10th of May, the 20th of March may be too soon and not late since you will have afterwards more than a month till the closure of the call.

Q.48) Will the audio record and the questions/answers of the event be made available to the public?

A.48) Any questions made during the info days, as well as the ones sent in writing to the JS are collected, answered and published on the Programme website. The first set of FAQs (Frequently Asked Questions) has already been published on the Programme website (http://www.greece-bulgaria.eu/article/99_5th-Call-_1st-set-of-FAQs) and a second one is being prepared. You may also find on the Programme website (<http://www.greece-bulgaria.eu/programme-events/>) and the INTERREG YouTube channel (<https://www.youtube.com/channel/UCwkmFXEMsYhciIGBJetRhZA>) the videos of all the Info Days where all questions and answers are recorded.

Q.49) Which percentage of the total investment's budget could the purchase of infrastructure (i.e. offices or storages) cover?

A.49) The purchase of an office/building should cover up to 10% of the total investment budget. The configuration of a purchased infrastructure is not included in this percentage, it is considered as an extra expenditure. There is no limit as far as it concerns the construction of a new building.

Q.50) After the approval of the proposal, who among the two partners will be in charge, of the implementation of the investment plan; the lead partner?

A.50) The procedure that will be followed is the same as in any other EU Programme. There will be the lead beneficiary who will have direct communication with the Managing Authority and the other partner. Each partner will have his own controller, the lead beneficiary will submit to the MA the payment claims, and in general everything that applies to all INTERREG Programmes based on the Management and Control System (MCS) also applies to this call.

Q.51) How will the payments be made, the money will be transferred directly to each partner's bank account or the lead partner will receive the money and transfer it among the partners?

A.51) The same procedures that apply to the other Calls of the programme, will also be used in this case as well: The Lead Beneficiary will receive the reimbursement for both beneficiaries of the proposal. Then the Lead Beneficiary will transfer any funds to the Beneficiary.

Q.52) The certification of expenditures will be made separately? For example if one enterprise has completed its plan and the other one has not, will the first one have to wait for the second one to conclude its own plan in order to receive the funds?

A.52) The same procedure followed by all Programmes will also be followed for the needs of this call. There are independent controllers appointed for each partner who are supervised by the Unit C of the Managing Authority. Each enterprise will have its own controller who will certify the expenditures of the enterprise and will submit them for funding. Therefore one partner-enterprise will not have to wait for the other in order to certify its expenditures and submit a request for payment. However, if we have an enterprise that has implemented its investment plan at a percentage of 100% and the other hasn't, this means that this partnership is not successful and the joint cooperation/implementation of an investment plan has not been achieved.

Q.53) The ownership regime must be proven along with the submission of the project proposal? Does this also apply for the new enterprises as well?

A.53) For existing enterprises the ownership regime must be proven along with the submission of the proposal. For new enterprises, if it already owns an infrastructure or a land for its establishment, it should submit the relevant documentation during the submission phase. As far as it concerns the rent of a building or an area, a tenant (rental)

agreement should be submitted. Building permits for the construction of a new establishment can be submitted prior to the request for advance payment or along with the first payment claim; this applies to existing and new established enterprises as well.

Q.54) What kind of cooperation should the two enterprises establish, should their activities complement each other or be implemented in parallel? For example, we have an enterprise from Bulgaria that produces a product and a logistic enterprise in Greece that will distribute this product to the European market. Is this kind of cooperation eligible or should the two enterprises produce the same product and promote it jointly to the market?

A.54) Both described cases of cooperation are what this call is aiming at; either two enterprises starting something together, i.e. a product, increasing its quality and quantity in the market or an enterprise starts something that is continued by the other one, achieving this way an evolution. These two types of cooperation are what this call is about, without the one excluding the other.

Q.55) Can two enterprises receive grants separately for the same expenditure? For example the purchase of the same machine for the production of the same product that was developed in the framework of a joint research or the development of the same internet platform in both countries that will be used to sell the same product?

A.55) Yes, there is no problem; both enterprises can buy the same or similar machine since they are two different enterprises. The only thing that they cannot receive grants for, is the establishment of a common selling point i.e. in Germany. This call doesn't fund costs for export of products, however it supports the extroversion, the promotion and the trading of products.

Q.56) Is there a defined percentage of participation among the two enterprises? For example, is it possible for the first enterprise to have a budget of 298.000 euros and the second one a budget of 2.000 euros?

A.56) According to the Call documents, there is an indicative percentage 60%-40% of the budget distribution among the two participating enterprises. This recommended distribution does not constitute an evaluation criterion; however under no circumstances the percentage budget distribution of 95% - 5% or 90% - 10% is accepted. There should be a real cooperation established among the two enterprises which should also be depicted in the budget distribution.

Q.57) During the 1st Info Day in Thessaloniki you reacted positively on the eligibility of projects under the category sustainable tourism. However reading the eligible NACE codes of the call I could not identify any appropriate NACE code for sustainable tourism, apart from restaurants and catering. How is sustainable tourism relative to such activities? In Bulgaria it is being discussed on a ministerial level that the NACE codes will change. Is this going to happen?

A.57) The NACE codes included in the Call have been defined in agreement with the Bulgarian National Authority after a long period of consultation and there is no possibility of changing them. As far as it concerns the sustainable tourism category, we concluded to the specific NACE codes taking into consideration that other National and European funding programmes have covered the needs of the tourist sector.

Q.58) Do the two enterprises that will cooperate submitting a joint investment plan, have to produce the same product and have the same NACE code or they can produce different products and have different NACE codes?

A.58) The question has already been answered; it's not compulsory for the two enterprises to produce the same product and have the same NACE code in order to submit an investment plan.

Q.59) Manufacturing enterprises are preferred in the context of the call. Would you prevent the submission of an investment plan for the production of electricity from renewable energy sources?

A.59) Manufacturing enterprises are not in favor in the context of this call. There is an evaluation criterion that gives extra score to manufacturing enterprises; however under no circumstances this criterion defines whether the proposal will be approved or not. In any case the enterprise should belong to a NACE code that is eligible under this call.

Q.60) How is the de minimis rule calculated in case we have an individual submitting a proposal under this call representing an enterprise under establishment; and at the same time the same individual participates in another project that is receiving funds from another programme, covering a different market area which is not adjacent to the ones of the present call. Is the de minimis rule calculated separately for these two cases?

A.60) The adjacent market does not apply to the de minimis rule. If someone owns an individual enterprise and participates with this enterprise in other enterprises irrespective of

the market, then is individual is an enterprise and is considered as a single undertaking with the enterprises this individual controls.

Q.61) Is there a restriction, i.e. percentage of the investment budget that should be taken into account for the purchase of a vehicle or of a tourist boat.

A.61) There is no such restriction in the call. The purchase of a vehicle of a tourist boat could cover the 100% of the total investment budget. In general, tourist enterprises can purchase means of transportation in the framework of this call. The only exception as far as it concerns the de minimis rule is that the purchase of means of transport is non-eligible for enterprises for commercial transport.

Q.62) Is the activity of purchase/installation of a photovoltaic system eligible for a hotel enterprise under this call?

A.62) If the enterprise is a hotel and wants to install a photovoltaic system in order to produce electricity for its own use, to reduce the hotel's energy consumption, then you have to check if the NACE code "hotel" is eligible under the Sustainable Tourism category, since this is your enterprise's main activity (hotel) and this activity you want to enhance through this investment plan. If the enterprise-hotel wants to produce electricity through this investment plan in order to sell it to an electricity supply agency, then your enterprise should have a NACE code suitable for this activity and eligible for the Call. In case your enterprise's main activity is NACE code 35.11 and you aim to sell this produced energy to the market, then this enterprise is eligible; but in case your enterprise is a hotel aiming to produce energy for own-consumption, then the NACE code "hotel" must be eligible, since this is your enterprise's main activity. In any case, it is a prerequisite that the NACE code of the enterprise's main activity at the date of submission belongs to the eligible NACE codes of the Call, as they are defined in the Call document.

Q.63) In the case of branches, how many fiscal year(s), should they submit as proof of operation, in order to prove that it generates revenues amounting to at least 10% of the enterprise total?

A.63) We consider that at least one fiscal year, must be submitted.

Q.64) The budget allocated for the Call will be divided between 30% for new enterprises and 70% for existing ones. In the case where one existing and one new enterprise (under establishment or which has not completed one fiscal year) submit a proposal, where is this proposal accounted for?

A.64) Depending on which enterprise (the new or the existing one) has the highest budget in the proposal, then this will be used as the criterion on how to treat this proposal. (i.e. if the existing one has the highest budget in the proposal, then it will be accounted in the 70% part of the Call's budget and vice versa).

Q.65) I represent a spin-off company from the Fraunhofer Society, based in Stuttgart, Germany. We are interested in applying for the 5th Call for Proposal from the Interreg Greece Bulgaria programme. We believe, we have an innovative idea which would support the SMEs in Greece and Bulgaria, that work on urban challenges, to expand beyond their local market. The idea is focused on developing a local exchange platform – a Marketplace with a toolkit, to facilitate exchange and interactions with municipal representatives who are interested in procuring solutions offered by such private companies. In this regard we plan to work with the regional development agencies and municipalities in the call specific region. Before we start with the application process, I would like to confirm whether a startup founded in 2017, in Germany with around 12 employees is an eligible beneficiary. We will of course collaborate with the local partners to develop the proposal.

A.65) According to the call documents, eligible Potential Beneficiaries are enterprises that are:

- Both registered and exercise their activities in the eligible area; or
- Registered outside the eligible area, with an operational branch which completed at least one fiscal year.

So in this case you are not eligible unless a new company is formed in the eligible area.

Q.66) Is it possible at the time of submission of the project meaning 10.05.2019 not to have a building permission if we have a binding preliminary agreement to buy land on which the organization plans to build? If we haven't bought the land yet it is not possible to have a building permit according to Bulgarian legislation.

It is not clear even from the updated guidelines. In the guidelines on page 80 there is this criterion: "Have all required attachments been included by the Lead beneficiary enterprise?" and there it is listed Technical Design documentation duly signed by a Registered Engineer and Construction Permit/OR decision that a permit is not needed (if investment plan includes construction works). A permit is needed but not possible to be taken before the submission of the project, because the land is not yet bought by the company. Also in the required documents for submission it is listed that "If construction works are included in the investment plan, Technical Design documentation duly signed by a Registered Engineer and Construction Permit (or decision/statement that a permit is not needed) from the Responsible National Authority as per Legal Requirements in each country." is required.

In the guidelines it is written that "Building permit or exemption for small-scale works or any other form of approval of works as required by respective national regulations by the competent authorities or settlement/legalization of a building space for which a building permit had not been secured in the first place. Otherwise the Building permit must be submitted before the request for advance payment OR before the 1st request for payment if no advance payment has been given." What do you mean by "not been secured in the first place" so that we are allowed to submit it before the request for advance payment? Can you give an example of other form of approval of works?

My third question is: What is included in this Technical Design documentation and what would you expect to see?

A.66) Any permits required by the institutional framework can be submitted by the advance payment or, if advance payment is not used, along with the 1st payment claim. As far as it concerns the technical plans, they must be submitted signed and must reflect the constructions that will be implemented.

Q.67) We are a Bulgarian company from Sandanski, Blagoevgrad province, and together with a Greek partner from Thessaloniki we were planning to submit a proposal together. As our partner specializes in the production of paints, and we are a long-term distributor in our region, a grant under the cooperation programme would be a great opportunity to strengthen our partnership. Our plan for using the potential grant is to finish and move into a new warehouse, improve logistics, upgrade our showroom space, and create an online store for our clients. Our partner would upgrade their machinery and factory to increase production capacity, efficiency, and introduce new products to market. This would result in expansion of our cooperation, and would increase the competitiveness of both companies. It would also improve an already sustainable partnership, and enable both companies, to expand our market beyond the local area. We think that our long-term partnership, and the proposal that we would make would be suitable candidates for the grant scheme. When reviewing the guidelines, we saw that under the NACE classification, paint production is listed, however we were unable to find paint wholesale and retail in the codes. As the distribution and sales business is a very logical partner to a paint production company we were wondering if we would be considered eligible candidates.

A.67) As a general rule all possible combinations between manufacturing/processing, wholesale trade and service enterprises are eligible and should be examined. However they should comply with the eligible NACE codes as found in the Project Application Guidelines ANNEX VI: ELIGIBLE NACE CODES. In the invitation, there is the NACE code 46.73, under the category CONSTRUCTION MATERIALS, which in the subcategory 46.73.14 includes the wholesale trade of paints.

Q.68) An enterprise that is active in Belgium and has established a branch in Serres wishes to submit a project proposal under this Call. The question is whether the branch in Greece should, according to the financial data of the last financial year, generate gross revenues corresponding to at least 10% of the total gross income of the company (holding and subsidiary company).

A.68) Yes, it is explicitly mentioned that a branch (independent legal entity, established in the eligible area) must have at least 1 employee – other than the owner – and generates revenues amounting to at least 10% of the enterprise total gross revenue of the last financial year's financial data.

Q.69) If an enterprise – a factory – is based in Sofia and has a branch office in Petrich, can this enterprise submit a proposal under this Call concerning the Petrich branch?

A.69) An enterprise based in Sofia with a branch based in Petrich, which fulfills the conditions of paragraph 5 “ELIGIBLE POTENTIAL BENEFICIARIES – ELIGIBILITY TERMS AND CONDITIONS” of the Call, and in addition has at least 1 employee, excluding the owner, and a turnover of at least 10% of the total turnover of the enterprise, is eligible to submit an investment plan for the branch, taking into consideration the specific condition for the branches on the Bulgarian side which stipulates that: Specifically in the cases of Bulgarian branches these have to be independent legal entities, established and registered in the eligible area. Only then they are eligible to participate in the Call.

Q.70) Can a company that is based in Athens and has a branch in Thessaloniki participate in the call and submit expenses related to the branch? Same question also applies for a company based in Sofia and has a branch in Blagoevgrad.

According to the Call Guidelines, (footnote 4, page 14) if the branch is located in the eligible area, has at least 1 employee and generates revenue of at least 10%, the answer is positive. It is confusing the fact that refers to the branch as an independent legal entity. What does this mean? As it is known a business has its headquarters somewhere and from then on it can have as many branches as it wants, wherever it wants.

Also, when it refers to the employee, what work equivalent does it mean? Are we talking about 1 Annual Work Unit or it can also be a part-time job position?

A.70) An enterprise based in Athens with a branch based in Thessaloniki, which fulfills the conditions of paragraph 5 “ELIGIBLE POTENTIAL BENEFICIARIES – ELIGIBILITY TERMS AND CONDITIONS” of the Call, and in addition has at least 1 employee, excluding the owner, and a turnover of at least 10% of the total turnover of the enterprise, is eligible to submit an investment plan for the branch. Same this also applies in the case of an enterprise based in

Sofia with a branch in Blagoevgrad, taking into consideration the specific condition for the branches on the Bulgarian side which stipulates that: Specifically in the cases of Bulgarian branches these have to be independent legal entities, established and registered in the eligible area (paragraph 5C and in footnote 5). This specific reference is made only for branches in the Bulgarian side and in accordance with the rules of the Bulgarian national framework.

The number of employees corresponds to the number of Annual Work Units (AWUs), i.e. the number of full-time and part-time workers, with a dependency ratio of one calendar year. Those who did not work full-time, part-time workers, regardless of the duration, and seasonal workers, correspond to fractions of AWU.

Q.71) The budget allocated for the Call will be divided between 30% for new enterprises and 70% for existing ones. In the case where one existing and one new enterprise (under establishment or which has not completed one fiscal year) submit a proposal, where is this proposal accounted for?

A.71) Depending on which enterprise (the new or the existing one) has the highest budget in the proposal, this will be used as the criterion on how to treat this proposal, i.e. if the existing one has the highest budget in the proposal, then it will be accounted in the 70% part of the Call's budget and vice versa.

Q.72) In relation to the 5th Call for proposals «Grant scheme for supporting SMEs to grow and expand beyond local markets» under INTERREG V-A COOPERATION PROGRAMME: GREECE – BULGARIA 2014-2020 CCI: 2014TC16RFCB022 and the information in the Application Guidelines, published on the Programme website, we would like to ask the following questions:

1. In relation to the applicants' eligibility.

Our company registered a branch within the territory of the eligible Bulgarian region – district of Smolyan. Our company exists for more than 3 years while the branch has one finalized financial year but has no revenues. The sector in which our company is active is not eligible for financing under the Programme, but the sector in which we want to implement the project and under which the branch is registered is eligible.

Q.72.a) Can we apply with the branch of the SME considering that in Bulgaria the branches are not independent legal bodies, what should be done in such a case? Should the company apply declaring that the activities will be performed by its branch on the eligible territory?

A.72.a) Since the criteria of paragraph 5 - point C of the Call, concerning the conditions for the participation of the branches are not met, the participation in the submission of an investment plan is not eligible. (The enterprise needs to document that it either is registered

and has its headquarters in the eligible geographic area or that it has a branch (independent legal entity, established in the eligible area) which has at least 1 employee – other than the owner – and generates revenues amounting to at least 10% of the enterprise total. Specifically in the cases of Bulgarian branches these have to be independent legal entity, established and registered in the eligible area). If the requirement for an independent legal form of the branch on the Bulgarian side is not met, the enterprise cannot participate.

Q.72.b) If the company-mother is active in an ineligible for the Programme sector, will it be eligible if the company applies through its branch with a project in the eligible sectors?

A.72.b) Provided that the conditions of paragraph 5 “ELIGIBLE POTENTIAL BENEFICIARIES – ELIGIBILITY TERMS AND CONDITIONS” of the Call are met, and in addition, the branch has at least 1 employee, excluding the owner, and a turnover of at least 10% of the total turnover of the enterprise, only then it can participate and submit an investment plan for the branch, taking into account the specific condition for the branches on the Bulgarian side which stipulates that: Specifically in the cases of Bulgarian branches these have to be independent legal entities, established and registered in the eligible area. Only then they are eligible to participate in the Call.

2. In relation to the documents to be submitted and the evaluation methodology.

Quotation: For existing enterprises: Annual Financial Report according to the national legislation for the last 3 finalized financial years before applying. If the enterprise exists less than 3 years – for the finalized financial periods before the date of applying.

Q.72.c) If the project will be implemented by the company’s branch that is registered within the eligible territory, is it the branch that applies for support?

A.72.c) The score is formulated according to the years of operation of the enterprise, with regards to the financial criteria of the 2nd set of evaluation criteria.

Provided that the conditions of paragraph 5 “ELIGIBLE POTENTIAL BENEFICIARIES – ELIGIBILITY TERMS AND CONDITIONS” of the Call are met, the answer is yes.

Q.72.d) If the branch has not generated any revenues though having completed one fiscal year, when the 2 Group of Criteria is applied «Assets / strengths of the company, guaranteeing investments success» to the applicant, is the turnover, profit, etc. of the company-mother considered or only those generated by the branch that will implement the project?

A.72.d) Since the branch does not have any revenue, it is not eligible to submit a proposal under the 5th Call of the CP INTERREG VA Greece-Bulgaria 2014-2020.

Q.72.e) If the enterprise (that will implement the project through its registered in the eligible territory branch) has completely different from the project proposal activities but has exclusive contracts for promotion/sales of its major products, will they be considered the criterion „There are exclusive contracts for promotion/sales of products covering > 50% from the existing production. (points: 10)“ or the contracts for promotion/sales should relate to the products/services that are subject of the project?

A.72.e) The enterprise, through the branch, will submit for an investment plan under a specific NACE code. As a result, the maximum score will be given if the sales contracts concern products related to this NACE code.

Q.73) The partners / owners of the enterprise are two individuals, with 50 to 50 % ownership. One of the partners is approved to receive funding under de minimis amount of 200,000 through another program with another 100% owned company. Is the applicant company eligible to receive de minimis under the current scheme up to ownership of 50 %to the other owner equivalent of the amount of 100,000 €.

A.73) Enterprise A with 2 partners (50% each) wants to submit an investment plan and one of the two partners owns another enterprise B (ownership 100%) which has received de minimis € 200,000 from another program. It should be examined whether the two enterprises A and B consist a single undertaking, in accordance with the definition of the single enterprise in the call and the de minimis document. It should be examined whether the two enterprises A and B constitute a single undertaking, in accordance with the definition of the single enterprise in the call and the de minimis document.

Since the owner of enterprise B own the 100% of enterprise B and controls it, then it can be considered that he has an economic activity and should therefore be considered as an enterprise rather than a natural person.

It is necessary to examine whether one of the points a - d of the definition of the single enterprise applies. If one of them applies, then enterprises A and B constitute a single business and A cannot be strengthened at all because the threshold of € 200,000 will be exceeded.

According to Article 2, Paragraph 2 of the Regulation 1407/2013, the concept of a "single enterprise" includes all enterprises having at least one of the following relationships: (a) an enterprise that owns the majority of the voting rights of the shareholders or of the partners of another undertaking; (b) an enterprise has the right to appoint or dismiss a majority of the members of the administrative, management or supervisory body of another undertaking; (c) an enterprise has the right to exercise a dominant influence over another undertaking under a contract entered into with it or under a clause in the statute of the last

undertaking; (d) an undertaking which is a shareholder or a partner of another undertaking controls by itself, on the basis of an agreement concluded with other shareholders or partners of that undertaking, the majority of the voting rights of the shareholders or members of that undertaking.

Q.74) How do we determine the NACE code for the Bulgarian Beneficiary?

A.74) According to the Bulgarian legislation, the NACE code for the main activity for each company is determined by the respective annual turnover for this activity.
