

FAQs (v.1) on the 5th Call_Date:18/2/2019

Q.1.a) Two enterprises, A and B, that are both active in the tourism industry (in different sub-branches) have the same sole shareholder. Enterprise A is a single-member Societe Anonyme (SA) and enterprise B is single-member Private Capital Company. None of them holds shares of the other and generally all the terms of the definition "single undertaking" given on page 5 of the 5th call are met. The enterprise B has been included in a NSRF programme (of the de minimis rule) and will implement a project with an aid of around 200,000 € over the three years 2018-2021. The question is: Is enterprise A entitled to join INTERREG - 5th invitation as a "single undertaking"? If yes, will enterprise B have any problem with the NSRF programme in which it has been approved?

A.1.a) In the above mentioned case, where the natural person X is the sole shareholder in a single-member SA and a single-member PCC, taking into consideration the definition of the concept of an enterprise, which is more functional rather than a formal one, it must be considered that that natural person X practically pursues an economic activity, since by the nature of the single-member SA and PCC it derives that a natural person who establishes the above-mentioned single-member enterprises cannot be regarded as their sole shareholder, with the result that that natural person must be considered as an enterprise. Therefore, these companies form a single enterprise with what it entails and derives as obligations and rights.

Q.1.b) The second question also concerns the de minimis rule. In the definition of "State aid" (on page 5 of the 5th call) it is mentioned that the amount of €200,000 is per member country. Does this mean that if an enterprise has already received a state aid of 200,000€ in Greece the last three years, it can receive another state aid of 200,000€ in Bulgaria in case it makes through a branch another investment within the 5th call?

A.1.b) The EUR 200.000 ceiling in the de minimis Regulation applies per Member State and therefore a single undertaking can indeed receive EUR 200.000 from several Member States.

Q.2.a) In the case of a single undertaking enterprise, for which years is the de minimis regulation checked? In this case, is it taken into account only the amount of grants disbursed so far OR also the amount that the company is going to receive for projects that have already been approved and are expected to be implemented?

A.2.a) The check is made for the aid that has been granted in the last three fiscal years. The granting of the aid is considered to be the grant of the final legal right by the beneficiary (eg a contract, an approval decision) and not the payment of the aid. Therefore, if one is

applying for de minimis aid and is expected to be approved by 2019, we take into account all de minimis aid authorized for the same beneficiary during the years 2017, 2018 and 2019.

Q.2.b) During the eligibility check, is the NACE code of the company's main activity only checked OR the NACE code of its secondary activity as well?

A.2.b) Only the NACE code of the company's main activity is checked.

Q.2.c) Are companies with a legal status of a civil non-profit organisation eligible for the Call?

A.2.c) All of the eligibility criteria referred in Article 5 of the Call should be met. More specific, the clarifications concerning the legal status of an enterprise are given in point 5F.

Q.3) A potential beneficiary who does not have an eligible NACE code, could he add it prior to submitting an investment proposal?

A.3) In point 5c of the Call it is explicitly stated that: *«Whose main activity belongs to the specified NACE codes in Annex VI, and conduct business activities within the eligible geographic area»*. In addition, in point 6 of the Call it is stated that: *«Eligible enterprises must have their main business activity belong to the specified NACE codes before submitting an investment proposal to this Call»*.

Q.4.a) Please, clarify the following paragraph. Does it mean that there are exceptions to the calculation of the sum of the grant?

“De Minimis aid shall not be cumulated with State aid in relation to the same eligible costs or with State aid for the same risk finance measure, if such cumulation would exceed the highest relevant aid intensity or aid amount fixed in the specific circumstances of each case by a block exemption regulation or a decision adopted by the Commission. De Minimis aid which is not granted for or attributable to specific eligible costs may be cumulated with other State aid granted under a block exemption regulation or a decision adopted by the Commission.”

A.4.a) The restrictions on the use of de minimis aid concern:

(i) exceeding the threshold of € 200,000 by either:

(a) the participation of a single undertaking enterprise in different programmes during the last 3 fiscal years (current year + the 2 previous years) and with the aid we will grant the enterprise exceeds this limit, OR

- (b) the use of a financial instrument (eg a loan or a guarantee from Hellenic Fund for Entrepreneurship and Development - ETEAN SA) where the gross grant equivalent is cumulated with other de minimis aid;
 - (ii) exceeding the aid intensity. This is the case when aid for specific investment costs has been granted with the maximum aid intensity established by the Article 651/2014 of the EC Regulation and for the same costs a financial instrument (eg a loan or guarantee from ETEAN) is granted according to the EC Regulation 1407/2013 (de minimis). In this case, the gross aid equivalent of the de minimis instrument will be cumulated with the aid under Reg. 651/2014 and will exceed the aid rate established by the Regulation 651/2014.
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Q.4.b) An enterprise that does not occupy any employee, which is the case for most of the Social Cooperative Enterprises (KOINΣEΠ) and of the entities of Social Solidarity Economy, is it eligible for funding?

A.4.b) The eligibility conditions are analysed in point 5 of the Call. What you mention is not stated as a precondition.

Q.4.c) Is it compulsory for the Lead Beneficiary to occupy at least one employee (other than the owner) or a member of the Management Committee (in the case of a Social Cooperative Enterprise)?

A.4.c) In point 5c of the Call it is stated that: “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”.

Therefore, the requirement applies to the branch that may wish to participate. If the enterprise has its registered office in the eligible area, the above obligation does not apply.

Q.5.a) According to the Call, staff costs (for existing and new staff) for the implementation of the investment are eligible for the implementation period. However, the staff costs for the employees must be maintained for the next 3 years after the completion of the investment. Does this apply?

A.5.a) Yes, this condition applies according to the article 8.2.4 of the Call.

Q.5.b) In case the staff costs concern temporary staff for this investment, does the same obligation apply?

A.5.b) According to article 8.2.4 of the Call, the obligation applies for existing or new permanent staff. *«In this case, all permanent jobs (new and existing) assisted must be maintained in the beneficiary enterprise and in the eligible enterprise facility/site of operation for a period of at least three years after the completion of the investment».*

Q.5.c) What happens in the event of bankruptcy?

A.5.c) According to Article 71 of the Regulation 1303/2013, the assisted enterprises must remain operational for three (3) years after the repayment of the aid and must maintain their fixed equipment. In the event of a bankruptcy and business disruption, the grant must be reimbursed proportionately.

Q.6) According to the Call, operating and consumable costs are not eligible. However, the eligibility of interest / commissions, are eligible costs if the operating costs have been included in the eligible grant costs. Isn't that contradictory?

A.6) In the context of the 5th Call, operating and consumable costs have not been included in the eligible costs and therefore are not eligible.

Q.7) What should be understood by the term "local market" - local/regional market within the national country, national market or something else?

A.7) The term "local markets" refers to markets within the boundaries of a specific geographic area, i.e. a municipality. The term "regional markets" concern the geographic boundaries of districts as defined on the Bulgarian side, whereas there is a reference at state and international level. The categorization aims to determine the range of a company's activities in terms of the level of its products' promotion (local, national, international).

Q.8) If an existing organization from Bulgaria would like to invest in new construction of a building, is it compulsory to have a construction permit at the time of submitting the application. In the guidelines it is written that if construction works are included in the investment plan, a construction permit is required. But also it is written that it is eligible to present a binding legal preliminary agreement for the sale of land (preliminary contact). If the organization has a preliminary agreement to buy land on which it plans to build, it is not possible to have a construction permit at the time of submission. Could you please explain in what hypothesis an organization can have a binding legal preliminary agreement for the sale of land (preliminary contact)?

A.8) The purchase of land is not an eligible cost, however, A new construction of a the building is considered as an eligible cost. As far as it concerns the permits, and based on the forthcoming amendment of the 5th Call, it will be described that the required permits will be submitted prior to an advance payment request or before the first payment request. With regards to the ownership status, the conditions for proving the ownership status are mentioned in Annex VII (point 13), and are not linked to manufacturing permits.

Q.9) How much is the maximum eligible investment budget per proposal?

A.9) The maximum eligible investment budget is 600.000€ per proposal.

Q.10) How much is the maximum allowed grant?

A.10) Given that the aid intensity rate is 65%, the maximum allowed grant is 390.000€ per proposal (600.000€ x 65% =390.000€).

Q.11) Are Transport Vehicles eligible?

A.11) Yes. Transport Vehicles are eligible and, as in other expenditure categories, the aid intensity rate is 65%.

Q.12) Are there any limitations concerning the expenditure categories as part of the total investment plan?

A.12) There are only two limitations:

- a) Personnel expenses cannot exceed 15% of the investment plan.
 - b) Expenses for services associated with the implementation and monitoring of the investment plan cannot exceed 20.000€ per each investment plan.
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Q.13) Is the construction of a new factory eligible?

A.13) Yes. Construction costs of new buildings are eligible.

Q.14) In case of construction activities, is it necessary to submit the foreseen permissions with the submission of the investment proposal or can they be delivered at a later stage?

A.14) Building permits should be submitted with the submission of the investment proposal and no later than that. For more details on this issue, please consult the Project Application Guidelines for the 5th Call for Proposals (v.1.0, Dec. 2018), Annex II p.61.

Q.15) What is the minimum investment budget for an enterprise?

A.15) The minimum eligible investment budget is 300.000€ (total per proposal). Moreover, according to the Project Application Guidelines for the 5th Call for Proposals (v.1.0, Dec. 2018), there is a minimum 40% share of total investment budget for each participating enterprise. This means that the minimum investment budget for an enterprise is 120.000€ (300.000€ x 40% =120.000€).

Q.16) Can an eligible partnership scheme be consisted of more than two enterprises?

A.16) No. An eligible partnership should only be consisted of two enterprises, one from each country of the Program.

Q.17) What are the evaluation criteria for the assessment of the investment proposals?

A.17) Please consult the Project Application Guidelines for the 5th Call for Proposals (v.1.0, Dec. 2018) p.36 -37.

Q.18) How is the De Minimis aid rule calculated?

A.18) The De Minimis aid is calculated separately for each beneficiary. Correspondingly, the De Minimis aid limitation is applied separately to each beneficiary.

Q.19) Is the purchase of an enterprise site/building eligible?

A.19) Yes it is eligible. Please consult the Project Application Guidelines for the 5th Call for Proposals (v.1.0, Dec.2018) p.22 for the special terms and conditions of this case.

Q.20) In the case of a new enterprise, is there a time limit for its establishment with concern to the current Call?

A.20) It is expected that the establishment of a new enterprise should be fully completed within a maximum period of three months before the signing of the Subsidy Contract. However please stay alert on this issue, as more clarification will be provided in the forthcoming updated version of the Project Application Guidelines.

Q.21) Is there possibility of receiving advance payment of the grant?

A.21) There is possibility of receiving advance payment in accordance with the article 13.3.1 of the Project Application Guidelines (CCI: 2014TC16RFCB022).

Q.22) Concerning the NACE codes, the main activity of the SME should already belong to the specified NACE code (Annex VI of Call) or the SME could add the NACE code after the release of the Call?

A.22) The main activity of the SME should belong to the specified NACE code (Annex VI of Call) at the moment of the submission of the proposal.

Q.23) Is the primary sector included in the Call? For example, would it be possible a co-operative company from Bulgaria to cooperate with a manufacturing company from Greece?

A.23) For primary sector, in accordance with the De Minimis Aid Commission Regulation (No 1407/2013), no aid is granted. However, if and SME belongs to the primary sector, but also has manufacturing NACE code, it could be eligible for aid, under certain constraints concerning the main activity. The primary sector is not aided by the De Minimis, and the NACE codes concerning primary sector are not included in this Call.

Q.24) Which are the limits of the De Minimis Aid?

A.24) As stated in article 9.2 of the Project Application Guidelines (CCI: 2014TC16RFCB022), according to Regulation EU 1407/2013 (de minimis) no aid recipient (single undertaking) can receive total assistance in excess of 200.000€ over a rolling 3 year period (i.e. during the 2 years preceding the submission of the proposal and the year of the proposal submission). Where the ceiling of 200.000€ (over a rolling 3 year period) would be exceeded by the grant of new de minimis aid, none of that new aid may benefit from this Regulation. Moreover, if an SME belongs to a business group, the limits apply to the business group as a total and not only to the single enterprise. Furthermore, the de minimis limit is per Member State, not per proposal.

Q.25) The required documentation of the SMEs, could be in the official language of each State Member or it should be submitted with official translation in English?

A.25) The required documentation such as permits, licenses, documents proving the establishment of an enterprise etc, will be submitted in the official language of the Member State that the SME belongs to.

Q.26) Will the presentations of the info days be available to the public?

A.26) All presentations will be available on the web-site of the programme (www.greece-bulgaria.eu) and also the recording of the info days will be available on the youtube channel of INTERREG (GrINTERREG).

Q.27) Could the interventions in existing infrastructure, e.g. improvements or extensions of existing buildings, be eligible under this Call?

A.27) Interventions in existing infrastructure are eligible, in accordance with the article 8.2.2 of the Project Application Guidelines (CCI: 2014TC16RFCB022).

Q.28) Could research institutes be eligible potential beneficiaries under this Call?

A.28) Article 5 of the Project Application Guidelines (CCI: 2014TC16RFCB022) refers to the eligible potential beneficiaries. If it is a private research institute, and not a public one, that is interested in investing in the fields of the Call and acts like an enterprise, then it is eligible to participate in the Call.

Q.29) If two existing enterprises of the two Member States establish a new enterprise for the needs of the Call, could this new enterprise be an eligible potential beneficiary?

A.29) Article 5 of the Project Application Guidelines (CCI: 2014TC16RFCB022) refers to the eligible potential beneficiaries. Concerning this new enterprise, it:

- must not belong to the same owner or belong to the same larger entrepreneurial group;
 - has not terminated the same business activity (see section 6 for eligible business activities) – for which they are now submitting a proposal - within the last two years;
 - has not relocated from one participating country to the other within the last eight years.
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Q.30) If an enterprise does not have employees, like Social Cooperative Enterprises, could it be an eligible potential beneficiaries for this Call?

A.30) According to article 5 of the Project Application Guidelines (CCI: 2014TC16RFCB022), there is a restriction concerning employees, only if the enterprise is a branch. If an enterprise has its registered office in the eligible area, there is no requirement for a declaration of employees to be included in the supporting documentation. And this refers to both Lead Beneficiary and Project Beneficiary Enterprise.

Q.31) Concerning personnel expenses, if they are granted from this Call, should the enterprise keep this specific personnel for three years after the completion of the proposal?

A.31) The enterprise should continue to employ the specific personnel for three years after the final repayment of the investment (Article 71, REGULATION (EU) No 1303/2013).

Q.32) Could the private co-financing be covered with contribution in kind, for example voluntary work?

A.32) The proof that the private co-financing was paid, is the payment of the invoices. The 35% of the total cost of the investment (of all invoices) should be paid by private co-financing.

Q.33) Concerning the SMEs that deal with software production, the need for investment in equipment is small, but the need for investment in intangible assets is bigger. Are the subscription fees for IT service eligible under this Call?

A.33) According to articles 8.2 and 8.2.5 of the Project Application Guidelines (CCI: 2014TC16RFCB022), subscription fees for IT services such as «Software as a Service», «Cloud Computing», etc. are eligible for the duration of the implementation period of the investment plan.

Q.34) Is it possible that within the same proposal the first beneficiary is specialized in one field (e.g. agro-food industry) and the second beneficiary in another field (e.g. sustainable energy)?

A.34) According to article 6 of the Project Application Guidelines (CCI: 2014TC16RFCB022), it is of utmost importance for the activities of the two cooperating enterprises to have relevance and complementarity and this complementarity to be demonstrated in the investment proposal.

Q.35) There is an idea for a proposal for processing food mixtures and animals' food, including receipt, storage and processing/packing. Is such an activity eligible? Especially, is storage activity eligible?

A.35) Animals' food does not belong to agro-food category but to agriculture production. If the NACE code of the SME's main activity is processing and selling animals' food, it belongs to the eligible NACE codes of the Call. In that case the SME is eligible for receiving a grant, even if the SME has also NACE codes that belong to primary production - which is not eligible under this call - as long as these activities are being monitored separately and can be easily distinct. However, the main business activity of the SME must belong to the eligible NACE codes of the Call.

Q.36) In Bulgaria some projects are assessed as "luxury" ones. Is the building of a public swimming pool eligible under this Call? The pool will be used for sustainable tourism purposes. It will be a business activity performed by a private company.

A.36) If the main business activity of this private company belongs to the eligible NACE codes of the Call, then it is eligible. It does not have to do with "luxury" or not, but with the eligibility of the SME's NACE codes.

Q.37) Could a beneficiary perform one investment in two separate properties/places, both owned by the same beneficiary?

A.37) Under this Call there is the possibility for an SME to perform an investment in two different locations, so an SME could perform one investment in two separate properties/places, both owned by this SME.

Q.38) In the case of a new SME, which is the accepted evidence that they are reliable to co-finance the investment?

A.38) For all issues concerning the private co-financing, please refer to article 9.3 of the Project Application Guidelines (CCI: 2014TC16RFCB022).

Q.39) What is the latest date of registration of a new company in order for it to be eligible for participation under the present call?

A.39) New enterprises must state the relevant NACE that corresponds to their main activity and the eligible geographic area where they conduct business activities, and are requested

to proceed in the establishment of the company up to 3 months from the date of approval of the grant application, after which the Subsidy contract will be signed.

Q.40) Since what date expenses made by beneficiaries will be acknowledged for eligible? If a company has made a survey and purchased a production line machine, in line with applicable national procurement regulations after the date of publishing the 5th call but prior to completion of contract for funding with the MA, shall these expenditures be eligible for reimbursement by the Programme afterwards, if the project is approved for funding?

A.40) The potential beneficiary have to incur eligible expenditures from the date of the publication of the call (21/12/2018).

Q.41) To what date should newly registered companies have been registered with the relevant NACE code - to the date of opening of the electronic application system - Feb 15, 2019 - no later than the date of submission of the proposal?

A.41) New enterprises must state the relevant NACE that corresponds to their main activity and the eligible geographic area where they conduct business activities, and are requested to proceed in the establishment of the company up to 3 months from the date of approval of the grant application, after which the Subsidy contract will be signed.

Q.42) Can we buy a building?

A.42) A building can be bought provided that it fulfills the criteria set in chapter 8.2.2 of the Direct Assistance Guidelines. Please note that the eligible contribution from ERDF to land/building purchase expenses should not exceed 10% of the total eligible investment cost (i.e. in a proposal of 600.000€ the maximum allowed amount for building purchase is 60.000€). However land purchase is not eligible.

Q.43) I am a pensioner/unemployed. Can I apply?

A. 43) According to article 8.2.2 of the Direct Assistance Guidelines, beneficiaries who are eligible for assistance under this Call are new or existing enterprises. In case of new enterprises eligible can be enterprises under establishment or who have not completed one fiscal year at the date of launching the present call.