



SZENT ISTVÁN UNIVERSITY – PROGRAMME OPERATOR

**Call for proposals
under the Norwegian Financial Mechanism 2009-2014
for the Green Industry Innovation Programme (HU-09)**

„Reduced production of waste and emissions to air, water and ground (Sub-programme 1)”

and

„More use of environmentally friendly technologies (Sub-programme 2)”

**including amendments
in effect as of 25th February 2016**

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I. Objective of the call for proposals and expected outcomes

The objective of the Green Industry Innovation Programme is to increase competitiveness of green enterprises, including greening of existing industries and green innovation and green entrepreneurship.

The following sub-programmes are eligible for funding within this open and single-round call for proposals:

Sub-programme 1: Reduced production of waste and emissions to air, water and ground

- waste management and environmental remediation;
- water quality management;
- air quality.

Sub-programme 2: More use of environmentally friendly technologies such as

- nano-, photo-, and biotechnology, materials, others

Applicants are reminded that one application may only be submitted under one sub-programme and one Applicant may submit more than one application.

Under the green industry innovation call we expect project proposals which as a result of experimental development and/or innovation¹ offer reduced emission, better material efficiency during production, more efficient management and processing of waste and the creation of new, more environmentally-friendly products (e.g. energy efficient, material saving) aiming to reduce pollution.

This call for proposals is in line with the Europe 2020 Strategy which aims, inter alia, at reducing greenhouse gas emissions and improving energy efficiency, and is also in line with the objectives set in the National Environmental Technology Innovation Strategy for the Period 2011-2020 laying emphasis on the development of environmentally-friendly technologies (e.g. energy efficient, material saving) that ensure the management or the prevention of pollution.

II. Eligible applicants

¹ Technological innovation is improvement of efficiency and profitability of economic activity as well as application of new scientific, technical, organisational, economic, commercial solutions to achieve better economic, social, environmental effects as a result of which new or significantly modified products, processes, services are created, new or significantly modified processes, technologies are applied, introduced to the market including those changes which considered as novelty only in the given sector or organisation (Act CXXXIV of 2004 on Research and Development and Technological Innovation)

Only corporations with legal entity that conduct a profit-oriented activity and have their seats or place of business in Hungary and in which less than 25% of its capital or voting right are controlled directly or indirectly, jointly or individually by one or more public bodies may be Project Promoters.

- Corporation with legal entity (Based on the classification of statistical units by legal forms (GFO)²: 11)

The Project Promoter may submit an application on its own or with 5 project partners at most (including the Norwegian partner).

Entities operating in the following legal forms can be Project Partners if they have their seats or place of business in Hungary or Norway:

- corporations with legal entity and cooperatives;
 - corporations with legal entity (11);
 - cooperatives (12),
- budgetary units and entities (e.g. higher education institutions, municipalities; GFO code: 3);
- non-profit organisations with legal entity;
 - federations and other forms of association (52);
 - public law corporations (54);
 - foundations (56);
 - non-profit corporations (57);
 - other, non-profit organisations with legal entity (59).

Partnerships with Norwegian entities are encouraged and will be awarded additional points.

During the projects the Project Promoter

- may modernize its own production technology or equipment, use new environmentally-friendly materials, thus reducing the quantity of polluting materials emitted during its own production processes, recover by-products and waste created during production,
- may develop some new, environmentally-friendly product, technology or service and sell it on the market (potential buyers may include institutions belonging to the public sector such as municipalities which did not participate in the project),
- may execute the project together with other corporations or non-profit partners. If the budgetary entity or non-profit partner participating in the project is also a potential user of the project result, the roles and responsibilities of the budgetary entity or non-profit partner shall be clearly defined. For example, in the project a municipality may only perform tasks that it would also carry out as part of its activities during its normal operation such as communication, assessment of needs,

² GFO: classification of statistical units by legal forms – Decree No. 21/2012 KIM on the elements and nomenclature of a statistical code

providing access (e.g. to waste to be processed) necessary for testing the result. The budget earmarked for it may not be used to purchase services, equipment or technology from the Project Promoter or Project Partners and may not result in a state aid type contribution granted to the enterprises participating in the project.

The framework of the cooperation between Project Promoter and Project Partners shall be laid down in the Partnership Agreement attached to the project contract.

III. Eligible activities

The following activities shall be eligible for funding within the framework of this Call for Proposals:

Experimental development³: ‘experimental development’ means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services;

Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes.

Important: Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements.

In case of doubt that the activity planned in the project is experimental development or not, the applicant shall send its request to Hungarian Intellectual Property Office which is authorised by Act LXXVI of 2014 on Research and Development and Innovation to make a decision on that.

³ Pursuant to Article 2 (86) of Commission Regulation (EC) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Act LXXVI of 2014 on Research and Development and Innovation

1. **Activities related to industrial property rights:** Activities performed for the purpose of acquiring industrial property rights (e.g. patent, protection of a utility model) or protecting them (drawing up an application with the help of a patent lawyer, counsel, filing an application, performing tasks related to the assessment of the application, translation or protecting the application or the patent).
2. **Realization of investments:** Investments complying with European directives, standards and with effective Hungarian regulations, standards and environmental regulations harmonized with the former, and purchasing of assets leading to technological modernisation. The Applicant shall have the final official authorizations for the investment or the goods to be purchased prior to concluding the grant agreement, should such document be necessary.

Compulsory activities

1. **Project management:** For the fulfilment of the project objectives within the budget and the timetable defined in the grant agreement it shall be compulsory to set up and operate a management organisation (e.g. employing a project manager, a financial manager, commissioning a legal, public procurement expert). Management shall be presented as a separate task on the application form and a budget shall be assigned to it. The budget assigned to project management shall not exceed 5% of the eligible costs of the project. Should enterprises (or non-profit and budgetary entities that carry out economic activities within the framework of the project) account for project management costs, they shall only be entitled to do so in the form of a de minimis aid.
2. **Communication:** This shall be a compulsory activity, which aims at informing the public and presenting the results of the project. The image elements of the Norway Grants shall be used during communication activities. Dissemination of information shall be presented as a separate task on the application form with a corresponding budget. The budget assigned to communication activities shall not exceed 2% of the eligible costs of the project. Should enterprises (or non-profit and budgetary entities that carry out economic activities within the framework of the project) account for communication-related costs, they shall only be entitled to do that in the form of a de minimis aid.

IV. Eligible costs

Costs eligible during the implementation of the activities eligible for funding are summarized in the table below with the accounting categories⁴:

Direct eligible costs	Experimental development	Activities related to industrial property rights	Realization of investment	Project management	Communication
11. Intangible assets			X		
12. Real estate and related rights representing assets			X		
13. Technical equipment, machines, vehicles			X		
14. Other equipment, devices, vehicles			X		
51. Material costs	X		X	X	X
52. Services used	X	X	X	X	X
53. Costs of other services	X	X	X		
54. Wage costs	X		X	X	X
55. Other staff expenses	X		X	X	X
56. Contributions	X		X	X	X
57. Depreciation	X		X*		

*if purchase price was not accounted for

Acquisition of intangible assets (11.)

Only costs of technical knowledge (invention, know-how) and patents purchased or acquired on a lease (licensed) by the Applicants (Project Promoter or Project Partner) operating as corporations with legal entity from an external (independent third) party in the framework of the investment shall be eligible, if the transaction was carried out in accordance with market rules and conditions. In the case of experimental development only depreciation costs shall be eligible. When determining the duration of the license agreement it should be taken into consideration that the Applicant shall be obliged to ensure maintenance for five years after the completion of the project. Intangible assets may be eligible costs if they are only used in the facility received the funding, are registered as intangible assets, are considered depreciable tools and remain the property of the Beneficiary for 5 years after the completion of the project. In the case of large enterprises the proportion of intangible assets shall not exceed 50% of eligible costs.

⁴ Act C. of 2000 on Accounting

Real estate and related rights representing assets (12.)

The costs of purchasing, constructing, renovating real estate shall only be eligible in the case of corporations with legal entity acting as Project Promoter. Furthermore, costs of spatial planning, building, conversion or expansion the result of which is fit to fulfil some economic or technical function in itself shall also be eligible.

Prior to the project, or in duly justified cases within the framework of the project the real estate (land, plot, building) affected by the investment shall be owned by the Project Promoter or a contract (lease or property management) shall be concluded concerning the real estate between the Project Promoter and the owner which ensures that during the implementation period and for at least 5 years after project completion Project Promoter can exercise rights and perform obligations, particularly the maintenance of project results. Termination of the contract prior to the end of the implementation and maintenance period - except in case of purchase of the real estate by the Project Promoter – considered as breaching contractual obligations resulting the repayment of the grant amount.

Purchase of the land, plot and/or building may not represent more than 10% of the total eligible expenditure of the project. A certificate shall be obtained from an independent evaluator or duly authorized official entity confirming that the purchase price is in line with the market value. The real estate shall comply with national regulations (if it does not comply therewith, the Project Promoter shall remedy the incompliance in the framework of the project). The real estate shall be free of all obligations (e.g. mortgage or damage due to pollution).

The purchase of real estate shall be explicitly approved by the Programme Operator prior to the purchase. The land, plot and/or building, built or converted, cannot be sold, leased or mortgaged within 5 years of the completion of the project. The real estate shall be used for the purpose specified in the project. More detailed instructions regarding purchase of land and real estate can be found in the chapter 2.2 and 2.3 of Eligibility Guideline which is annex 1 of General Application Guideline.

Acquisition of tangible assets (13., 14., 57.)

Only corporations with legal entity (Project Promoter and Project Partner) can claim the costs of assets and equipment purchased from an independent third party eligible, for their actual use in the project and for the duration of the project. If the assets and equipment are not used for their full life-cycle in the project, only the portion of the depreciation corresponding to the duration of the project may be taken into account as eligible cost, calculated in accordance with Act C. of 2000 on Accounting and the accounting policy of the Beneficiary. In the case of experimental development only depreciation costs shall be eligible.

The total amount of the purchase price of new tools, and, in the case of SMEs, new and second hand tools shall be eligible during the investment if the tool is put into operation at the end of the project and the tool starts to be used after the completion of the project and/or if after the completion of the project the usage of the tool is limited to activities in line with the purposes of the project. In such cases the Applicant shall retain the proprietary rights for the duration of the project and for 5 years after the closure of the project, use the tool in accordance with the purposes of the project, maintain and insure it against occurrence of damage or loss (fire, theft). Acquisition of vehicles shall not be considered eligible costs.

The funding may be used if the Beneficiary provides for at least 25% of the total eligible costs with its own contribution free of any other public support when purchasing tangible and intangible assets.

More detailed instructions regarding purchase tangible assets can be found in the chapter 2.4 of Eligibility Guideline which is annex 1 of General Application Guideline.

Material expenditure (51.)

Acquisition of tangible assets (of 'small value') that can be written off in one amount up to the value limit set out in the effective Act on Accounting. Costs of materials, equipment, consumables and other material expenditure necessary for the implementation of the project.

Costs of services used (53.)

Costs of consulting and services necessary for the implementation of the project, used according to the market rules and conditions, acquired from an independent third party as well as travel and hotel expenses. Public procurement rules and provisions set out in VIII.2. of the Call for Proposals shall apply during procurement.

Costs of other services (53.)

Authorities' fees necessary for the implementation of the project and prescribed by legislation shall be eligible under costs of other services. Moreover, costs of the financial guarantee provided by the financial institution and bank charges directly linked to the project shall also be eligible provided they are necessary to fulfil criteria set out in the grant scheme.

Staff expenses (54., 55., 56.)

Wages and contributions defined in the contract of employment or contract of services, compulsory costs that constitute part of remuneration in proportion to the contribution in the project and daily allowances assigned for travel.

Indirect costs

A flat rate of up to 15% of the total direct eligible costs excluding the costs of subcontracting and the costs of resources made available by third parties, which are not used on the premises of the Project Promoter or the Project Partner, shall be considered indirect costs. (Projection base of indirect costs shall be calculated from the following cost categories: 51 material expenditure, 54. wages, 55 other personnel costs, 56 contributions, if the costs fulfil the above criteria) General costs shall include public utilities and rental charges, phone, internet, postal fees, insurance, cleaning, maintenance, the separate bank account's administration fee and costs of stationery.

VAT

If the Applicant does not have the right to deduct VAT in the financed project, the calculation of the total expenditure concerning the Applicant shall be based on the gross amount, including VAT. If the Applicant is entitled to deduction of the VAT, the calculation of the total expenditure shall be based on the net amount of costs excluding VAT.

Further conditions for eligibility of costs

The Project Promoter and the Project Partners may not conclude private law contracts (beyond the partnership agreement) necessary for the implementation of the project between themselves (including agreements entailing issuance of invoices), (division of labour shall be laid down in the partnership agreement). The budgetary entity participating in the project as a partner and its institution may not provide any kind of compensation to the Project Promoter in exchange for benefits gained from the partnership.

More detailed instructions regarding eligible costs can be found in the General Application Guideline especially in its annex 1, the Eligibility Guideline.

V. Ineligible costs

- in-kind contribution;
- interest on loan;
- debt service charges;
- late payment charges;
- charges for financial transactions (except costs related to the account opened for the project);
- provisions for losses and potential future liabilities;
- exchange rate losses;
- refundable VAT;
- costs covered by other sources;
- fines, penalties and costs of litigation;
- tangible, intangible assets and services not acquired from an independent third party

- excessive expenditure or expenditure not meeting the criterion of economic rationality.

More detailed instructions regarding ineligible costs can be found in the General Application Guideline especially in its annex 1, the Eligibility Guideline.

VI. Project implementation period

Projects launched before the submission of the application shall not be eligible for funding.

The duration of the project shall not exceed 12 months, having regard to the fact that the closing date of the implementation of the project and the final date of the eligibility of costs shall be 30 April 2016.

The closing date of the implementation of the project and the final date of the eligibility of costs is can be changed to 30 April 2017 according to the donor sides decision if a decision is made in regards to the project by a certain date.

The detailed rules for starting and completing the project can be found in chapter 3.3 of General Application Guideline⁵.

VII. Financial information

1. Available funding

Funding shall be provided by the Norwegian Financial Mechanism 2009-2014 Green Industry Innovation Programme. The total available amount of funds to be distributed within this Call for Proposals is EUR 3,782,875 out of which the amount of EUR 2,329,120 shall be available for Sub-programme 1 and EUR 1,473,755 for Sub-programme 2.

2. Amount of the grant

The minimum amount of the non-repayable grant per project for this call shall be EUR 170,000 and the maximum amount shall be EUR 1,600,000.

The exchange rate to apply when calculating costs in euros shall be HUF **303.7/EUR** The budget proposal and the amount of the requested grant shall be expressed in HUF on the application form.

3. The form of funding and grant rate

⁵ based on 136§ of Government Decree 326/2012

In terms of its form, the grant shall be a final allocation without repayment obligation, that is, a non-repayable development aid.

The grant rate of different types of activities varies according to rules on state aid. Therefore, the tasks under different types of activity and corresponding eligible costs shall be presented separately, each with a separate budget.

4. Rules concerning state aids

Aid for research and development projects

Article 25 of Commission Regulation (EC) 651/2014 (HL L 187., 26.06.2014, 1. p.) sets out the detailed rules on aid for research and development projects.

The maximum aid intensity of experimental development shall be 25% which may be increased by

- 20 percentage points where the Applicant is considered as a small enterprise upon submission of the application;
- 10 percentage points where the Applicant is considered as a medium-sized enterprise upon submission of the application;
- a bonus of 15 percentage points may be added if one of the following conditions is fulfilled:
 - I. the project involves effective collaboration:
 - (a) between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70 % of the eligible costs, or
 - (b) between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10 % of the eligible costs and have the right to publish their own research results;
 - II. the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.

Consequently, the maximum intensity for experimental development shall not exceed 60 % for a small enterprise, 50 % for a medium-sized enterprise and 40 % for a large enterprise.

The eligible costs of experimental development:

- a) personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;
- b) costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the

project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible.

- c) costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible.
- d) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;
- e) additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project;

This Call for Proposals shall not apply to:

- a. aid granted in the sector of processing and marketing of agricultural products, in the following cases:
 - i. where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned; or
 - ii. where the aid is conditional on being partly or entirely passed on to primary producers;
- b. aid to undertakings in difficulty;
- c. aid to export-related activities, if linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity;
- d. aid contingent upon the use of domestic over imported goods.
- e. aid to facilitate the closure of uncompetitive coal mines, as covered by Council Decision No 2010/787;
- f. For those organisation which is subject to an outstanding recovery order following a previous Commission decision;
- g. by the conditions attached a non-severable violation of Union law.

Innovation aid for SMEs

Chapter I-II. and Article 28 of Chapter III. of Commission Regulation (EC) 651/2014 sets out the detailed rules on Innovation aid for SMEs. The aid intensity shall not exceed 50 % of the eligible costs.

The eligible costs shall be the following:

- a) costs for obtaining, validating and defending patents and other intangible assets;
- b) costs for secondment of highly qualified personnel from a research and knowledge-dissemination organization or a large enterprise, working on research, development and innovation activities in a newly created function within the beneficiary and not replacing other personnel;
- c) costs for innovation advisory and support services.

This Call for Proposals shall not apply to:

- a. aid granted in the sector of processing and marketing of agricultural products, in the following cases:
 - i. where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned; or
 - ii. where the aid is conditional on being partly or entirely passed on to primary producers;
- b. aid to undertakings in difficulty;
- c. aid to export-related activities, if linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity;
- d. aid contingent upon the use of domestic over imported goods;
- e. aid to facilitate the closure of uncompetitive coal mines, as covered by Council Decision No 2010/787;
- f. For those organisation which is subject to an outstanding recovery order following a previous Commission decision;
- g. by the conditions attached a non-severable violation of Union law.

Regional investment aid

The detailed rules regarding regional investment aid are set out in Chapter I-II. and Article 14 of Chapter III of Commission Regulation (EC) No 651/2014 (HL L 187., 26.06.2014, 1. p.).

This Call for Proposals shall not apply to:

- a) aid granted of processing and marketing of agricultural products, as covered by Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products;
- b) aid granted in the primary agricultural production sector;

- c) aid granted in the sector of processing and marketing of agricultural products, in the following cases:
 - i. where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned; or
 - ii. where the aid is conditional on being partly or entirely passed on to primary producers;
- d) aid to undertakings in difficulty;
- e) aid to export-related activities, if linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity;
- f) aid contingent upon the use of domestic over imported goods;
- g) activities in the steel sector;
- h) activities in the shipbuilding sector;
- i) activities in the coal sector;
- j) activities in the synthetic fibres sector;
- k) transport of passengers by aircraft, maritime transport, road, rail, or by inland waterway or freight transport services for hire or reward and the related infrastructure;
- l) concerning energy generation, distribution and infrastructure;
- m) if the beneficiary or the non-independent third party form it that has closed down the same or a similar activity in the European Economic Area in the two years preceding its application for regional investment aid or which, at the time of the aid application, has concrete plans to close down such an activity within a period of up to two years after the initial investment for which aid is requested is completed in the area concerned;
- n) for broadband infrastructure with the exception of covered by Council Regulation (EC) No 651/2014 Article 14 (10);
- o) for research infrastructures development with the exception of covered by Council Regulation (EC) No 651/2014 Article 14 (11);
- p) For those organisation which is subject to an outstanding recovery order following a previous Commission decision;
- q) by the conditions attached a non-severable violation of Union law.

Outside of Central Hungary the Procedure regarding State Aid the maximum aid intensity is the following:

- 50 % in North Hungary, Northern Great Plain, Southern Great Plain, South Transdanubia regions,
- 35 % in Central Transdanubia region,
- 25 % in Western Transdanubia region.

Aid intensity may be increased (except for large investments)

- by 20 percentage points provided that the Applicant is considered a small enterprise upon submission of the project proposal;
- by 10 percentage points provided that the Applicant is considered a medium-sized enterprise upon submission of the application and during the decision is made.

The aid intensity in case of large enterprise is the following:

- a) 100% of the above defined rate of territory until the eligible costs less than EUR 50 million;
- b) 50% of the above defined rate of territory until the of eligible costs between EUR 50 million and EUR 100 million.

To calculate whether the eligible expenditure for large investment projects reaches the various thresholds in these guidelines, the eligible expenditure to be taken into account is either the traditional investment costs or the wage cost, whichever is the higher.

In order to prevent a large investment being artificially divided into sub-projects, a large investment project shall be considered to be a single investment project when the investment is undertaken within a period of three years by the same undertaking or undertakings and consists of fixed assets combined in an economically indivisible way. Present value of state aid given to the same entity 3 years prior to the large investment has to be deducted from the value of the current state aid.

The funding gap ratio is the ratio between the financial net present value and the discounted cost of the project. The financial net present value should be calculated as discounted revenues minus discounted costs.

In Central Hungary the Procedure regarding State Aid the maximum aid intensity is the following:

- 35 % in the following settlements: Abony, Alsónémedi, Áporka, Aszód, Bag, Bernecebaráti, Cegléd, Csemő, Dabas, Domony, Dömsöd, Dunaharaszti, Ecsér, Érd, Farnos, Felsőpakony, Galgagyörk, Galgahévíz, Galgamácsa, Gödöllő, Gyál, Gyömrő, Halásztelek, Hévízgyörk, Iklad, Ipolydamásd, Ipolytölgyes, Jászkarajenő, Kartal, Kемence, Kiskunlacháza, Kisnémedi, Kocsér, Kóspallag, Kőröstetetlen, Letkés, Lórév, Maglód, Makád, Márianosztra, Mikebuda, Monor, Nagyörzsöny, Nagykáta, Nagykőrös, Nagytarcsa, Nyársapát, Ócsa, Örkény, Pécel, Perőcsény, Péteri, Püspökhátvan, Püspökszilágy, Ráckeve, Szentmártonkáta, Szigetbecse, Szigetszentmiklós, Szob, Szokolya, Táborfalva, Tápióbicske, Tápiógyörgye, Tápióság, Tápiószele, Tápiószentmárton, Tápiószőlős, Tatárszentgyörgy, Tésa, Törtel, Tura,

Újhartyán, Újszilvás, Üllő, Vác, Váckisújfalu, Valkó, Vámosmikola, Vecsés, Verőce, Verseg és Zebegény

- 20 % in the following settlements: Piliscsaba, Pilisjászfalu, Pilisvörösvár és Solymár.

Aid intensity may be increased (except for the transport sector and large investments)

- by 20 percentage points provided that the Applicant is considered a small enterprise upon submission of the project proposal;
- by 10 percentage points provided that the Applicant is considered a medium-sized enterprise upon submission of the application and during the decision is made.

The aid intensity in case of large enterprise is the following:

- a) 100% of the above defined rate of territory until the eligible costs less than EUR 50 million;
- b) 50% of the above defined rate of territory until the of eligible costs between EUR 50 million and EUR 100 million.

To calculate whether the eligible expenditure for large investment projects reaches the various thresholds in these guidelines, the eligible expenditure to be taken into account is either the traditional investment costs or the wage cost, whichever is the higher.

In order to prevent a large investment being artificially divided into sub-projects, a large investment project shall be considered to be a single investment project when the investment is undertaken within a period of three years by the same undertaking or undertakings and consists of fixed assets combined in an economically indivisible way. Present value of state aid given to the same entity 3 years prior to the large investment has to be deducted from the value of the current state aid.

The funding gap ratio is the ratio between the financial net present value and the discounted cost of the project. The financial net present value should be calculated as discounted revenues minus discounted costs.

Only eligible costs under the regional investment aid are

- a) investment costs in tangible and intangible assets; or
- b) the estimated wage costs arising from job creation as a result of an initial investment, calculated over a period of two years; or.
- c) or a combination of points (a) and (b) not exceeding the amount of (a) or (b), whichever is higher.

If the eligible costs are calculated based on the costs of tangible and intangible assets, the following costs are eligible:

- a) tangible assets according to the Act C of 2000 on public accounting;
- b) intangible costs based on the Act of intellectual property;
- c) in case of acquisitions of facilities the cost of tangible and intangible assets,
- d) rents fees for property and tangible and intangible assets for the project duration.

If the eligible costs are calculated based on the wage costs, the following costs are eligible:

- 24 month wage cost for jobs created 3 years after the project completion.

The assets acquired shall be new except for SMEs and for the acquisition of an establishment. Costs related to the lease of tangible assets may be taken into account under the following conditions:

- a) (for land and buildings, the lease must continue for at least five years after the expected date of completion of the investment project for large undertakings or three years in the case of SMEs;
- b) for plant or machinery, the lease must take the form of financial leasing and must contain an obligation for the beneficiary of the aid to purchase the asset upon expiry of the term of the lease.

Market price has to be taken into consideration for assessing the eligible costs of tangible assets.

Intangible assets are eligible for the calculation of investment costs if they fulfill the following conditions:

- a) they must be used exclusively in the establishment receiving the aid;
- b) they must be amortisable;
- c) they must be purchased under market conditions from third parties unrelated to the buyer; and
- d) they must be included in the assets of the undertaking receiving the aid and must remain associated with the project for which the aid is granted for at least five years or three years in the case of SMEs.

For large undertakings, costs of intangible assets are eligible only up to a limit of 50 % of the total eligible investment costs for the initial investment.

The following costs are not eligible:

- a) tangible and intangible assets for operating purposes,
- b) previously owned tangible and intangible assets to which state aid was awarded;
- c) costs of tangible and intangible assets obtained from entities in difficulties, under bankruptcy or elimination;
- d) costs incurred prior to submitting the application;

- e) costs of personal vehicle according to Act LXXXI of 1996 on Corporate Tax and Dividend Tax;
- f) in case of large undertaking any previously owned tangible assets, except for assets acquired with acquisitions of establishments.

Where eligible costs are calculated by reference to the estimated wage costs as referred to in paragraph 4(b), the following conditions shall be fulfilled:

- a) the investment project shall lead to a net increase in the number of employees in the establishment concerned, compared with the average over the previous 12 months, meaning that any job lost shall be deducted from the apparent created number of jobs during that period;
- b) each post shall be filled within three years of completion of works; and
- c) each job created through the investment shall be maintained in the area concerned for a period of at least five years from the date the post was first filled, or three years in the case of SMEs.
- d) in case of large undertakings jobs existing before the investment and jobs created through the investment shall be maintained in the area concerned for a period of at least five years from the date the post was first filled.

The assets acquired shall be new except for SMEs and for the acquisition of an establishment.

In the case of acquisition of the assets of an establishment within the meaning of Article 2 point 49, only the costs of buying the assets from third parties unrelated to the buyer shall be taken into consideration.

The transaction shall take place under market conditions.

Where a member of the family of the original owner, or an employee, takes over a small enterprise, the condition that the assets be bought from third parties unrelated to the buyer shall be waived.

The acquisition of shares does not constitute initial investment.

If aid has already been granted for the acquisition of assets prior to their purchase, the costs of those assets shall be deducted from the eligible costs related to the acquisition of an establishment.

Specific regional investment aid rules in Central Hungary:

Individual regional investment has to be submitted to the European Commission for preliminary approval, if the sum of the aid including all the state aids exceeds the sum of the aid that an investment worth 100 million € in HUF in present value can receive in any settlement.

The preconditions for the regional investment aid are, that the planned investment is:

- a) an initial investment
- b) initial investment in favour of new economic activity carried out by a large undertaking in the following settlements: Abony, Alsónémedi, Áporka, Aszód, Bag, Bernecebaráti, Cegléd, Csemő, Dabas, Domony, Dömsöd, Dunaharaszti, Ecsér, Érd, Farnos, Felsőpakony, Galgagyörk, Galgahévíz, Galgamácsa, Gödöllő, Gyál, Gyömrő, Halásztelek, Hévízgyörk, Iklad, Ipolydamásd, Ipolytölgyes, Jászkarajenő, Kartal, Kемence, Kiskunlacháza, Kisnémedi, Kocsér, Kóspallag, Kőröstetétlen, Letkés, Lórév, Maglód, Makád, Márianosztra, Mikebuda, Monor, Nagybörzsöny, Nagykáta, Nagykőrös, Nagytarcsa, Nyársapát, Ócsa, Örkény, Pécel, Perőcsény, Péteri, Püspökhatvan, Püspökszilágy, Ráckeve, Szentmártonkáta, Szigetbecse, Szigetszentmiklós, Szob, Szokolya, Táborfalva, Tápióbicske, Tápiógyörgye, Tápióság, Tápiószele, Tápiószentmárton, Tápiószőlős, Tatárszentgyörgy, Tésa, Törtel, Tura, Újhartyán, Újszilvás, Üllő, Vác, Váckisújfalu, Valkó, Vámosmikola, Vecsés, Verőce, Verseg és Zebegény.

Initial investment means:

- a) an investment in tangible and intangible assets related to the setting-up of a new establishment, extension of the capacity of an existing establishment, diversification of the output of an establishment into products not previously produced in the establishment or a fundamental change in the overall production process of an existing establishment; or
- b) an acquisition of assets belonging to an establishment that has closed or would have closed had it not been purchased, and is bought by an investor unrelated to the seller and excludes sole acquisition of the shares of an undertaking;

Initial investment in favor of new economic activity means:

- a) an investment in tangible and intangible assets related to the setting up of a new establishment, or to the diversification of the activity of an establishment, under the condition that the new activity is not the same or a similar activity to the activity previously performed in the establishment;
- b) the acquisition of the assets belonging to an establishment that has closed or would have closed had it not been purchased, and is bought by an investor unrelated to the seller, under the condition that the new activity to be performed using the acquired assets is not the same or a similar activity to the activity performed in the establishment prior to the acquisition;

For aid granted for a diversification of an existing establishment, the eligible costs must exceed by at least 200 % the book value of the assets that are reused, as registered in the fiscal year preceding the start of works.

For aid granted for a fundamental change in the production process, the eligible costs must exceed the depreciation of the assets linked to the activity to be modernised in the course of the preceding three fiscal years.

Specific regional investment aid rules outside of Central Hungary:

Individual regional investment has to be submitted to the European Commission for preliminary approval, if the sum of the aid including all the state aids exceeds the sum of the aid that an investment worth 100 million € in HUF in present value can receive in any settlement.

The preconditions for the regional investment aid are, that the planned investment is:

- a) an initial investment in the following regions: North Hungary, Northern Great Plain, Southern Great Plain, South Transdanubia, Central Transdanubia, Western Transdanubia region.

Initial investment means:

- a) an investment in tangible and intangible assets related to the setting-up of a new establishment, extension of the capacity of an existing establishment, diversification of the output of an establishment into products not previously produced in the establishment or a fundamental change in the overall production process of an existing establishment; or
- b) an acquisition of assets belonging to an establishment that has closed or would have closed had it not been purchased, and is bought by an investor unrelated to the seller and excludes sole acquisition of the shares of an undertaking;

For aid granted for a diversification of an existing establishment, the eligible costs must exceed by at least 200 % the book value of the assets that are reused, as registered in the fiscal year preceding the start of works.

For aid granted for a fundamental change in the production process, the eligible costs must exceed the depreciation of the assets linked to the activity to be modernised in the course of the preceding three fiscal years.

De minimis aid

Detailed rules regarding de minimis aid are set out in Commission Regulation (EC) No 1407/2013 of 18 December 2013 (HL L 352, 24.12.2013. 1.p) on the Application of Articles 107 and 108 of the Treaty to de minimis aid.

This Calls for Proposals shall not apply to:

- a) aid granted of processing and marketing of agricultural products, as covered by Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products
- b) aid granted in the sector of primary processing of agricultural products;
- c) aid granted in the sector of processing and marketing of agricultural products, in the following cases:
 - i. where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned; or
 - ii. where the aid is conditional on being partly or entirely passed on to primary producers
- d) aid to export-related activities, if linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity;
- e) aid contingent upon the use of domestic over imported goods;
- f) For those organisation which is subject to an outstanding recovery order following a previous Commission decision;
- g) by the conditions attached a non-severable violation of Union law;
- h) aid to road transport enterprises which services for hire or reward to purchase heavy goods vehicles.

Aid comprised in guarantees shall be treated as transparent de minimis aid if the beneficiary is not subject to collective insolvency proceedings nor fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors. In case of large undertakings, the beneficiary shall be in a situation comparable to a credit rating of at least B-.

If an undertaking performs road freight transport for hire or reward and also carries out other activities to which the ceiling of EUR 200 000 applies, the ceiling of EUR 200 000 shall apply to the undertaking, provided that the Member State concerned ensures, by appropriate means such as separation of activities or distinction of costs, that the benefit to the road freight transport activity does not exceed EUR 100 000 and that no de minimis aid is used for the acquisition of road freight transport vehicles.

De minimis aid granted may be cumulated with de minimis aid granted in accordance with Commission Regulation (EU) No 360/2012 up to the ceiling laid down in that Regulation. It

may be cumulated with de minimis aid granted in accordance with other de minimis regulations up to the relevant ceiling laid down in Article 3(2) of this Regulation.

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 declaration from the undertaking concerned, in written or electronic form, about any other de minimis aid received to which Commission Regulation (EU) No 360/2012 or other de minimis regulations apply during the previous two fiscal years and the current fiscal year.

Records regarding de minimis aid granted under the above title shall be retained by the Recipient for 10 years from the date on which it was granted, and shall be presented to the grant provider on his request.

Project management and communication activity shall only be eligible for de minimis aid with an aid intensity of maximum 100%.

Common rules on all categories of state aid (except de minimis aid)

Aids may only be awarded if the application for the aid is submitted by the Applicant prior to starting the investment. In the case of large enterprises the Applicants shall provide, in addition to the above, documents in support of the analysis on the viability with and without aid of the granted project or activity and provide written proof that obtaining the aid will result in one of the following:

- with the help of the aid the size of the project will significantly increase,
- the scope of activities will become broader
- the amount to be spent on the project by the Beneficiary will increase
- the implementation rate of the project will significantly increase, or
- in case of regional investment aid the project would not have been realized in the affected region in the absence of the aid.

The Beneficiary shall retain the documents related to the aid for a period of ten years from the day the decision to grant the aid is made.

In case of support to non-economic activities of budgetary entities and their institutions with a legal entity and non-profit organisations with a legal entity the grant shall not be

considered state aid pursuant to Article 107 of the Treaty on the Functioning of the European Union, thus the grant rate for them may be up to 100 %.

The table below shall summarize the entrepreneurial activities eligible for state aid in connection with the different types of eligible activities:

Legal titles for state aid	Experimental development	Activities related to industrial property rights	Realization of investment	Project management	Communication
R&D project aid	X				
Innovation aid for SMEs		X			
Regional investment aid			X		
De minimis aid				X	X

5. Provisions regarding the disbursement of the grant

The grant shall be disbursed by means of reimbursement or direct payment to contractor. Payment claims shall be submitted exclusively by a Project Promoter. Payment claim submitted by the Project Promoter states the eligible expenditure of each Project Partner (including Norwegian Project Partner) and includes the supporting documents as well.

Reimbursement: In the case of reimbursement the amount of the grant shall be transferred directly to the account of the Project Promoter or, in the case of assignment, to the account of the Project Partner or other assignees. A payment claim containing reimbursed items only may be submitted on condition that the requested amount exceeds 10 % of the total grant amount of the project asked to be financed through reimbursement.

Direct payment to contractor: Direct payment to contractor shall be applicable only to invoices for amounts which include a grant amount of over HUF 1 million, and the own contribution to the amount on the invoice, chargeable to the Beneficiary, has been paid in a manner that can be certified.

Advance payment: Beneficiaries may request an advance payment of up to 25 % of the amount granted to them at project level with regard to elements of the project for which they chose reimbursement.

The last 10 % of the grant shall be disbursed following the approval of the final technical and financial report. The grant amount is transferred by the Prime Minister's Office on the basis of the payment claim certified by the Implementing Agency and approved by the Programme Operator.

6. Method of provision of own contribution

The part of the project costs that can be accounted for and that are not covered by the requested grant shall be provided by the Project Promoter or Project Partner as own contribution. Own contribution may be provided from own resources or external resources.

'Own contribution' means external resources required to the project by the beneficiary of the grant does not include state aid and union financing directly or indirectly under the control of the Member States by other EU institutions, agencies, joint enterprises and centrally handled bodies.

In the case of aid category determined by Council Regulation (EC) No 651/2014 Article 14 – regional investment aid - the aid beneficiary must provide a financial contribution of at least 25 % of the eligible costs.

If the amount of own contribution to be provided by the Project Promoter or Project Partner reaches or exceeds HUF 100 million, they shall, at the time of submitting the application, attach to the application the statement of account or the credit promissory note dated not more than 30 days prior to the submission of the application, certifying the availability of own resources. If the amount of own contribution is under HUF 100 million, the Applicant shall provide a declaration on provision of own contribution and the method thereof. The selected Applicants shall certify the availability of own contribution prior to the conclusion of the project contract at the latest. Availability of own contribution may be certified according to the provisions of chapter 4.2 of General Application Guideline.

Own contribution-in-kind shall not be accepted to certify own resources.

In case of state aid falling under the article 107 (1) of the Treaty on the Functioning of the European Union, the total grant amount (including the grant received from other sources to complement the own contribution) shall not exceed the funding intensity set for that aid category by secondary state aid act or by regulation of the European Union.

7. Collateral

If the Beneficiary is not exempted from the obligation to provide a collateral based on the provisions of the Act on Public Finances, (Act CXLIII 2015), prior to the conclusion of the project contract at the latest, the Beneficiary shall submit direct debit authorizations to

initiate collections from all the Beneficiary's accounts which, pursuant to legislation, can be encumbered with direct debits, for cases where payment orders cannot be executed due to lack of funds, together with a provision stating that any claim may not be suspended for more than thirty five days.

The detailed rules of providing securities are described in the chapter 4.3 of General Application Guideline.

VIII. Other criteria

1. Compulsory (cross-cutting) issues

In drawing up the project proposal, the following cross-cutting aspects shall be given priority and presented on the application form:

- gender equality and equal opportunities;
- the principles of good governance (transparent operation complying with legislation);
- environmental/economic/social sustainability of the project results;
- strengthening bilateral relations.

For interpretation of the cross-cutting issues see chapter 3.4 of General Application Guideline.

2. Public procurement obligation

In cases where services or assets of third parties are used, the Project Promoter or the Project Partner, if they are considered contracting authorities pursuant to Act CXLIII of 2015 on Public Procurement (Public Procurement Act), or if the amount of the funding granted reaches for any activity 50 % of eligible costs, shall conduct their procurements related to the implementation of the project according to the provisions of the Public Procurement Act. With regard to public procurements conducted pursuant to the Public Procurement Act the Beneficiary shall ensure that the procurement procedure is monitored by the Implementing Agency (Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt., hereinafter International Development and Fund Coordination Agency Ltd. in English) according to the provisions set out in detail in Paragraphs 73 to 79 of the Implementation Decree.

If the Beneficiary is not considered as a contracting authority or the procurement does not reach the public procurement threshold value, the Beneficiary shall proceed according to its own procurement regulations taking into account the principles of economy, cost-efficiency and transparency. In case of procurements where costs shall reach the amount of HUF1 million, the equivalence of eligible costs with market prices shall be supported by

at least 3 comparable quotations provided by independent, third party entrepreneurs capable of fulfilling the task.

IX. Administrative specifications

The necessary official information concerning the Call for Proposals and the Green Industry Innovation Programme is available on the following site: www.norvegalap.hu. Annexes to the Call such as guidelines, documents and forms may be downloaded from this site.

1. Method, place and deadline for the submission of applications

The application form and the annexes to be attached shall be completed and sent electronically via the site www.norvegalap.hu. The deadline for submitting the electronic application form shall be 16.00 hrs on **16 March 2016**. After the submission of the electronic application form, one original copy of the printable declaration with an authorized signature shall be sent by post, by registered mail at the latest by **24.00 hrs on 16 March 2016** (date on post stamp) to the following address:

Zöld ipari innováció program
Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt.
1037 Budapest Montevideo u. 16/A

Applications may not be submitted in person or by courier service.

2. Compulsory substantive elements of applications

a. Application form

An application form shall be completed to request a grant; the form contains:

- key data on Applicant and the project;
- a short description of the professional experience of the Applicant;
- introduction of the partners
- a substantive summary of the project, a detailed project plan;
- the indicators;
- timing;
- presentation of the business plan with narrative information;
- detailed budget and narrative justification for the budget of each partner;
- plan of public procurement and purchases;
- declarations.

The application form shall be completed in Hungarian; the project summary shall be submitted in English as well as in Hungarian.

The Application Form User Guide constitutes an annex to the Call for Proposals.

Indicators

Mandatory indicators (Minimum one indicator relevant to the project shall be chosen. The target value has to be achieved by the end of the implementation period)

Sub-programme 1

- Number of waste /hazardous waste management technologies developed / introduced
- Number of air quality improvement technologies developed / introduced
- Number of technologies improving water quality developed / introduced

Sub-programme 2

- Number of innovative environmental technologies developed / introduced
- Number of green products developed
- Number of materials technologies, processes developed

Optional indicators (It is necessary to choose indicators relevant to the project. The target value has to be achieved by the end of the implementation period or in case of pollution reduction or savings during the maintenance period.)

- Number of green jobs created through the project
- Number of patent applications
- Percentage (%) and amount (tonnes/year) of CO₂ reduction
- Percentage (%) and amount (tonnes/year) of NO_x reduction
- Percentage (%) and amount (tonnes/year) of SO_x reduction
- Percentage (%) and amount (tonnes/year) of reduction of emissions of heavy metals to water / soil
- Percentage (%) and amount (tonnes/year) of reduction of organic compounds to water
- Percentage (%) and amount (m³/year) of reduction of sewage to environment
- Percentage (%) and amount (tonnes/year) of estimated waste reduction
- Percentage (%) and amount (tonnes/year) of estimated hazardous waste reduction
- Percentage (%) and amount (m³/year) of estimated water saved
- Percentage (%) and amount (MWh/year) of estimated energy saved

Other output indicators defined by the Applicant (The Applicant can write other relevant indicators)

Percentage of average reduction shall be calculated on the basis of the amount of emission of the year preceding the project and of the reduced yearly emission resulted from the project. Description of project goals shall include an explanation that the written technology is new or adaptation of an existing technology as well as is it introduced to the market or not.

Business plan

Elaborate the ideas and possibilities related to further operation and utilisation in the business plan. Describe the direct and indirect impacts of the project, the method of utilisation/commercialisation of the product, technology or service gained by using the results of development, the targeted markets, competition, anticipated results of product marketing at international and national level in the 5 year maintenance period (number of copies, duration of the lifecycle, return on sales exceeding the cost of entry on the market, revenue and expenditure plan, increase in productivity, capital necessary for further developments and its distribution over time).

In the case of large enterprises the viability with and without aid of the project or activity shall be confirmed in the business plan and written proof shall be provided showing that obtaining the aid will result in one of the following:

- with the help of the aid the size of the project will significantly increase,
- the scope of activities will become broader,
- the amount to be spent on the project by the Beneficiary will increase,
- the implementation rate of the project will significantly increase, or
- in case of regional investment aids the project would not have been realized in the affected region in the absence of the aid.

b. Supporting documents to be attached in an electronic form

- Specimen signature or sample of signature of the Project Promoter;
- Report on the previous two completed financial years of the Project Promoter (if the Project Promoter has only completed one financial year, report on that one year);
- Quotations and public price lists obtained from third party (in accordance with the Guidelines of eligibility costs) supporting that cost items presented in the budget correspond to market prices (costs exceeding the public procurement threshold value);
- Cost estimates for designs (it is compulsory in case of a project with construction and refurbishment element);
- Declaration on de minimis aid;
- Letter of intent on cooperation signed by each Project Partner (In case there is a Norwegian partner the letter of intent shall be written in English)
- Annexes to the business plan (if it is necessary for the further explanation of the text written in the application form)
- Certification of the availability of own resources (if the amount required from the Project Promoter or Project Partner as own sources reaches or exceeds HUF 100 million).
- Declaration on transparency

c. Supporting documents to be sent by post

One original of the declaration on the undertaking of conditions defined in the call for proposals, signed by the authorised representative of the Project Promoter, which is printable after the submission of the electronic application form, shall be sent by post.

3. Further information

Information in relation to the application criteria and other specifications may be requested ~~by phone from the customer service of the International Development and Fund Coordination Agency Ltd.: +36 1 xxx xxxx (acting as Implementing Agency) and~~ via e-mail addressed to greenindustry@norvegalap.hu . Replies shall be given and uploaded on the site www.norvegalap.hu within 8 days.

We would like to inform Applicants that we only guarantee to reply to questions asked at least 10 days prior to the submission deadline.

X. Project proposal selection process

Tasks in preparation of the decision-making in relation to the submitted applications shall be carried out by the International Development and Fund Coordination Agency Ltd. (acting as Implementing Agency) and the Programme Operator. The preparation of the decisions shall consist of the following steps:

- Review of eligibility criteria;
- Formal review;
- Technical evaluation;
- Decision making.

The selection process shall be completed within 120 days of the submission deadline, excluding the time used by the Applicant to remedy deficiencies or answer clarifying questions.

1. Review of eligibility criteria

After submission, the Implementing Agency shall verify compliance with the eligibility criteria of the application. If an application does not comply with the eligibility criteria, the Implementing Agency shall make a decision to reject the application excluding the option for the Applicant to remedy deficiencies. The review of compliance with eligibility criteria shall be completed within 7 days of the submission deadline – or receipt of the declaration submitted by post - which may be extended with another 7 days in duly justified cases.

Applications failing to meet the following eligibility criteria shall be rejected:

- the Project Promoter is eligible for funding (Y/N);
- the Project Partner is eligible for funding (Y/N);
- the application and the declaration printable after submission of the electronic Application Form was submitted by post by the deadline specified in the Call for Proposals (Y/N);
- the posted declaration was signed in compliance with the specimen signature (Y/N);
- the requested grant amount corresponds to the minimum and/or maximum amount of funding that can be awarded according to the Call for Proposals (Y/N)
- the project implementation period and closure deadline are in line with the Call for Proposals (Y/N).
- the application form was written in Hungarian language (with the exception of the English summary) (Y/N)
- the Project Promoter and/or the corporation with legal entity as Project Partner possesses at least one closed balance sheet covering at least one business year, its equity capital is in the positive domain, or its equity capital did not fall below the minimum rate of equity capital (share capital) prescribed by legislation (Y/N);

2. Formal review

After the eligibility check the Implementing Agency shall examine the following criteria in the formal review:

- all the necessary annexes are attached electronically and are duly completed;
- the submitted Application Form is fully and duly completed;

In case of deficiencies the Implementing Agency shall notify the Project Promoter thereof within a deadline of 10 days asking him to remedy the deficiencies. Failure to remedy deficiencies or submitting erroneous or incomplete documentation shall result in the formal rejection of the application. The Project Promoter shall be notified about the supplementary documentation to be submitted, the rejection of the application or the compliance with formal requirements at the e-mail address provided by him on the Application Form.

Should it be revealed in any stage of the evaluation that the project proposal contains incorrect information, this may result in the rejection of the application.

3. Professional evaluation

All applications that comply with the eligibility and formal requirements shall be evaluated by experts assigned by the Programme Operator. The experts shall be impartial and independent from both the Programme Operator and the Selection Committee. Two experts shall score every application based on the following evaluation criteria:

Evaluation criteria	Maximum score
Project compliance with the objectives of the Call*	1
Importance of the technical project objective it is important for the enterprise: 1-3 points it is important for the professional subject area: 4-5 points	5
Novelty and innovation in the project at national and international level operational solution adapted to the needs of the enterprise in an innovative way, novelty for the enterprise: 1-2 points new solution at national level: 3-4 points new solution at international level: 5 points	5
The project's professional, technical content justification (necessity) of the solution to be introduced: 0-3 points professional merits of the solution to be introduced: 0-7 points	10

<p>Feasibility of the project</p> <p>the project objective is feasible by way of fulfilling the tasks described: 0-5</p> <p>all the tasks described are necessary to reach the objective: 0-2 points</p> <p>division of tasks between the partners is justified (interrelatedness): 0-2 points</p> <p>the project schedule is realistic (feasible within the project duration): 0-3 points</p> <p>the result of the tasks is measurable and verifiable: 0-4 points</p> <p>the risk management of the project is guaranteed: 0-2 points</p> <p>the functioning of the management system is efficient: 0-2 points</p>	20
<p>Professional skills and competences of the Hungarian organisations that apply</p> <p>the partners have got experience and references with regard to the subject matter of the project: 0-7 points</p> <p>the background for the implementation of the project is adequate (e.g. infrastructure): 0-3 points</p>	10
<p>The financial and economic ability of the Hungarian organisations</p> <p>they can provide own resources necessary for the project: 0-4 points</p> <p>they can operate the results during the maintenance period: 0-3 points</p>	7
<p>Involvement of a Norwegian partner</p> <p>a Norwegian partner participates in the project: 5 points</p>	5
<p>Professional and financial ability of the Norwegian partner</p> <p>the Norwegian partner has got the skills and competences to perform the tasks it undertook: 0-3 points</p> <p>the Norwegian partner is financially competent to carry out the tasks it undertook: 0-2 points</p> <p>(If there is no Norwegian partner involved, the score given to this criterion shall be 0)</p>	5
<p>The skills and competences of the participating persons, their time dedicated to the project</p> <p>the participants' professional experience necessary for the implementation: 0-3 points</p> <p>the participants' dedicated time calculated on a full time basis is sufficient for the implementation of the project: 0-2 points</p>	5

The budget justification for the budget (sufficient/not excessive) for implementation: 0-6 points harmonization of costs and tasks distributed between participants: 0-2 points justification for the calculation of aid intensity: 0-2 points	10
Merits of the business plan market and growth potential at national level: 0-2 points market and growth potential at international level: 0-2 points sustainability of the developments: 0-2 points presentation of incentive effect: 0-1 point	7
Project impact on the environment number of indicators undertaken: 0-5 points quantity and realistic aspect of indicator values: 0-3 points	8
Effectiveness of envisaged communication the selection of communication channels is in line with the location and content of the project: 0-1 point the number of publications is in line with the size of the project: 0-1 point	2
	100

In the course of the evaluation, the external experts (evaluators) may ask clarifying questions which shall be transferred by the Implementing Agency to the Project Promoter's e-mail specified in the Application Form. The clarifying questions shall be answered within 3 days after receipt.

*An application obtaining zero point for the first evaluation criterion from both experts shall be rejected.

4. Decision making

If the difference between the scores given by the two experts is more than 30% of the higher score, a third expert shall be commissioned. In such cases the average score of the two closest scores shall be used for the ranking of the projects. Applications receiving less than 60 average score during evaluation shall be rejected. The Selection Committee shall review the ranking and may propose to modify it in justified cases. The Programme Operator shall, based on the recommendation of the Selection Committee, make a decision as to which projects shall be supported. The following types of decisions may be taken: to grant funding without modification of the budget, to grant funding for a reduced total amount of eligible costs, reduced funding (if the envisaged eligible costs of the project include ineligible cost items, not necessary for achieving the project objective or disproportionately high), or to

grant funding with conditions, and to reject funding (for lack of resources or professional reasons). Applicants shall be informed about the decision together with the justification in a letter within 15 working days after the day when the decision was made.

5. Conclusion of contracts

In the case of selected applications, the Project Promoter shall receive, together with a notification of support, an offer to conclude a project contract. The documents necessary for the conclusion of the project contract shall be submitted by the Project Promoter not later than 30 days after reception of notification about the decision on funding. The project contract shall be concluded not later than 60 days after the decision on funding was taken, this deadline may be extended once and by not more than 30 days by the Programme Operator. If the contract is not concluded by this deadline for reasons attributable to the Beneficiary, the decision for support shall automatically be repealed. In such cases or in the case of the Beneficiary withdrawing from the conclusion of contract, the Applicant(s) next in the ranking, rejected for reasons of lack of resources, shall receive an offer to conclude the contract.

Prerequisites for signing a project contract shall include the submission of the following documents:

- a copy of the partnership agreement signed by the parties;
- certification of the availability of own resources;
- certification of the availability of securities;
- declarations with authorized signature, specimen signature or sample of signature, deeds of foundation, act of incorporation or official documents certifying registration, in case a change has occurred in terms of the content of the documents annexed to the application;
- licences from authorities necessary for the implementation of the project;
- publicity plan, list of assets purchased on a full price
- detailed, semi-annual budget plan and financing plan.

The offer to conclude the contract may stipulate other conditions as well.

Before concluding the project contract the Partners shall commit themselves to the implementation of the project in the form of a partnership agreement. In case there is a Norwegian partner, the partnership agreement shall be drafted in English. The partnership agreement shall contain the name of the Project Promoter, the roles and responsibilities and grant share of the Project Promoter and Project Partners, the amount of own resources they shall provide, eligible costs, budget, data disclosure requirements of the Partners, obligation to cooperate during audits, provisions on dispute resolution, provisions on intellectual property rights, role of Project Promoter and Project Partner concerning the provision of securities and other applicable requirements.

Please, note that project contracts may not be concluded with an Applicant who:

- a. does not have valid licences necessary for the activity from competent authorities;
- b. does not have own resources specified by the grant provider or by legislation, and, does not certify own resources or does not make a declaration about them as prescribed by Paragraph 72 (3), point (a);
- c. has provided incorrect, false or deceiving data or has made such a declaration substantially influencing the decision for support;
- d. is subject to liquidation, bankruptcy, winding up or other proceedings defined by legislation with the aim to have its activities terminated ;
- e. may not be granted budget funding pursuant to Paragraph 6 of the Act on the Transparency of Assistance from Public Funds;
- f. does not make the declarations prescribed by legislation or this regulation as prerequisites for issuance of a grant document or the conclusion of a project contract, does not submit the documents or withdraws its declaration;
- g. does not comply with requirements prescribed in 50. § (1) of the Act on Public Finances.

6. Complaint management

On the basis of Chapter 17 of Government Decree 326/2012 (XI.16.) on the Implementation of the Norwegian Financial Mechanism 2009-2014 the Applicant may submit a reasoned complaint not later than 5 working days after receipt of the decision rejecting its application for reasons of non-eligibility or non-compliance with formal requirements, provided that a violation of law or the provisions of the Call for Proposals has occurred. The last date of submitting a complaint is 30 April 2016.

Complaints may be sent to the Implementing Agency at the following address:

Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt.
1037 Budapest Montevideo u. 16/A

If the decision to reject the application was made by the Implementing Agency, the Programme Operator shall make the decision with regard to the complaint, in all other cases it shall fall under the competence of the Prime Minister's Office.

XI. Rules for project implementation

1. Monitoring of project implementation

The implementation of the project shall be monitored on the basis of biannual progress reports to be submitted by the Project Promoter and the monitoring visit(s) conducted by the Programme Operator. The deadlines for the submission of the progress reports shall be laid down in the project contract. The monitoring visits shall be conducted by the Programme Operator according to the monitoring plan prepared on the basis of the risk assessment and in case of problems encountered in a project during implementation.

The verification activity of the regular use of the grant shall be performed by the Implementing Agency based on documents and on-the-spot checks (including financial review and verification of the regularity of the public procurement and procurement procedures).

The Beneficiary shall cooperate with organisations that participate in the implementation and verification of budgetary support, and shall provide assistance to the representatives of the controlling body to carry out inspection by granting access to the appropriate documents, invoices, documents and notes certifying implementation and by providing help necessary to inspect the physical implementation on the spot.

Suspicion of irregularity shall be investigated. Establishment of irregularity may have legal consequences such as reduction of costs eligible for the project against the grant, repayment obligation for unauthorized use of a grant amount, rescission of the project contract.

2. Financial report and disbursement of the grant

The project Promoter shall annex to the payment claim:

- a) certified copies of endorsed original invoices as well as copies of documents certifying the payment of the invoices, or, in case of direct payment to contractor, certifying the payment of own contribution corresponding to the amount accounted for, appearing on the invoice, or
- b) the invoice or cost summary substituting the documents under a) in the format set out by the Eligibility Guideline which is annex 1 of General Application Guideline; and
- c) narrative justification of the costs claimed eligible.

In case of a partnership project the Project Promoter shall ensure that the payment request contains the data and documents related to the funding requested by the Project Partners as well. In case of a Norwegian Project Partner a report in English by an independent auditor commissioned by the Donor Project Partner shall be submitted instead of documents listed under points a) and b). In the report, the auditor shall state that the costs in the accounts comply with regulations, national legislation and rules on accounting of the Kingdom of Norway and the Call for Proposals.

3. Completion of the implementation period of the projects

The projects shall be considered completed if the objectives specified and the tasks undertaken in the project contract have been fulfilled. The implementation of the project shall be completed not later than 30 April 2016; this is the final date of eligibility of costs as well. The final report on the implementation of the project and the final payment claim shall be submitted not later than 90 days after the closing date of project implementation. The project closing date shall be the day when the final report is approved by the Programme Operator.

4. Maintenance of the projects

The Project Promoter and the Project Partners shall have a maintenance obligation for a period of 5 years after closing the project on pain of repayment, during which period the results gained from the grant shall be maintained by the Project Promoter. Thus the Project Promoter shall bear particular responsibility to use real estate purchased, constructed or renovated and assets acquired in the framework of the project in line with the objectives of the project. Further instructions are set out in chapter 6.3 of General Application Guideline. During the maintenance period maintenance reports shall be submitted annually, these shall be reviewed by the Programme Operator. If one of the indicators does not reach 75 % of the value specified in the project contract for a reason attributable to the Project Promoter, the Programme Operator shall have the right to recover a proportionate part of the grant related to the project element.

XII. List of Acts, regulations and documents that have a high degree of relevance for the Call for Proposals

- Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (<http://www.norvegalap.hu/web/guest/jogszabalyok>);
- further guidelines published by the donor in line with the regulations (www.eeagrants.org);
- Government Decree 236/2011. (XI. 15.) on the publication of the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2009-2014 between the Kingdom of Norway and the Republic of Hungary;
- Government Decree 326/2012. (XII.31.) on the Implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014;
- Commission Regulation (EC) No 1407/2013 of 18 December 2013 (HL L 352, 24.12.2013. 1.p) on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid
- Government Decree 368/2011 (XII.31.) on the implementation of the Act on Public Finances;

- Government Decree 37/2011 (III.22.) on the Procedure regarding State Aid within the meaning of European Union Competition Law and the Regional Aid Maps;
- Commission Regulation (EC) No 651/2014 of 17 June 2014 (HL L 187., 26.06.2014., 1. p.) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty;
- Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation);
- Act CXLIII of 2015 on Public Procurement;
- Act CXCV of 2011 on Public Finances;
- Government Decree 368/2011. (XII. 31.) on the implementation of Act on Public Finances

XIII. Annexes

1. General Application Guideline
2. Application Form User Guide
3. Declaration on de minimis aid - template
4. Draft project contract