



Contracting Authority:
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

EU4Business – *For a Competitive and Innovative Domestic Economy*

Implementation of IPA 2016 Support in the Sector of Competitiveness and Innovation –
“Local Development Strategies” Action (Programme for Local Self-Government and
Economic Development in BiH)

**CALL FOR PROPOSALS FOR IMPROVEMENT OF INNOVATIVE CAPACITIES IN MSMEs
IN EXPORT-ORIENTED SECTORS**

Guidelines for Grant Applicants

Budget:
1,500,000 EUR
(2,933,745 BAM)

Reference: **15.2191.3-007.00G.C3**
Deadline for submission of Concept Notes: 3 February 2020

Sarajevo, 28 November 2019

I. Background information

The goal of the Action "Local Development Strategies" is to strengthen the capacity of BiH to generate growth and employment through support to competitiveness and innovation. The specific objective of the Action is to support private sector development in BiH with focus on export-oriented, agro-rural and tourism sectors, as well as on enhancing the operating environment for MSMEs, including the development of local digital entrepreneurship.

The Action is jointly co-financed by the EU and the German Federal Ministry for Economic Cooperation and Development (BMZ). The overall duration is 48 months, from 01.04.2018 until 31.03.2022. The Action is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (hereinafter referred to as GIZ) as the Lead Organisation, with UNDP and ILO as Co-Delegates under the Co-Delegation Agreement with the EU.

The Action is implemented under the project title EU4Business. EU4Business envisages three inter-related results:

1. MSMEs' performance is improved due to better access to and availability of well-targeted measures and innovative business development services in competitive export-oriented sectors;
2. The business environment for the development of new businesses and support to existing ones is improved;
3. Entrepreneurial initiatives for income and employment generation in tourism and rural value chains are increased.

EU4Business launches several Calls for Proposals in 2019. Overall, funds in the amount of EUR 10 million will be allocated to projects which create jobs and drive economic growth of micro, small and medium-sized enterprises. Beneficiaries will be companies, farmers and entrepreneurs, with special focus on youth, women and vulnerable groups.

1. OBJECTIVE AND PRIORITIES OF THE CALL FOR PROPOSALS

1.1. OBJECTIVE OF THE CALL FOR PROPOSALS (CfP)

Purpose of the Call for Proposals for improvement of MSMEs' innovative capacities in export-oriented sectors is to increase the competitiveness of MSMEs in export-oriented sectors in BiH through support to innovation¹. The CfP will thus contribute to the overall objective of the project to strengthen the capacity of BiH for generating growth and employment.

The CfP is focused on manufacturing industries as the main driver of exports and jobs, plus the ICT sector which, due to its dynamic development, can foster exports in other sectors

¹ We utilise the OECD definition of innovation: "the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organisation or external relations" (Frascati Manual: Proposed standard practice for surveys on research and experimental development, 6ed, OECD, Paris (2002)).

besides manufacturing. Sub-sectors are chosen based on the analyses and comparison between 5 export-oriented sectors with greatest development potential, including the following criteria: employment, exports, profit rates, gross value added per employee and gross salary. Among the manufacturing industries, metal processing² and wood processing industries have been identified as sectors with greatest development potential.

The following results are expected to be achieved by 2022 as indicators for the abovementioned objectives:

- **150 new jobs** (of which 35 women and 30 youth),
- **15% increase of export** among the targeted MSMEs,
- **15 business innovations**³ among the targeted MSMEs.

All funded projects must align their approach with the needs and priorities of the metal processing and wood processing sectors⁴.

They also must address the issue of public benefit. That means they must explain how the project contributes to overall competitiveness and innovation capacities of the sector concerned⁵ and the economy of BiH in general. In the absence of sufficient public benefit of the proposed project, the project may not be funded.

1.2. FINANCIAL ALLOCATION PROVIDED BY THE CONTRACTING AUTHORITY

The total available EU4Business grant fund is 10,000,000 EUR, while the overall indicative amount made available under this Call for Proposals is 1,500,000 EUR (2,933,745 BAM). GIZ GmbH, as the Contracting Authority (CA) for this CfP, reserves the right not to award all available funds.

Value of the project (total investment)

The total value of the project submitted by an applicant, must fall between the following minimum and maximum amounts:

- Minimum value of the project: 195,583.00KM (100,000 EUR)
- Maximum value of the project: 977,915.00 KM (500,000 EUR)

Own contribution of the Applicant must be at least 50% of the total eligible costs of the Action.

Maximum grant amount is 100,000 EUR.

² Includes related business activities in the plastics and electrical industry.

³ We utilise the OECD definition of innovation: "the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organisation or external relations" (Frascati Manual: Proposed standard practice for surveys on research and experimental development, 6ed, OECD, Paris (2002)).

⁴ Including plastics industry, electrical industry and ICT as a cross-sectoral element

⁵ With regard to public benefit, it is crucial to explain the project's potential to strengthen the sectors concerned beyond the support provided to a single company (criteria such as direct, indirect and induced employment effects, potential to increase innovation, degree of digitalization, qualification level of jobs/employees, etc. in the sector concerned and the economy of BiH).

Wherever reference is made in the Call for Proposals to the percentage of eligible costs, limitation to the percentage applicable to the total accepted costs will apply.

The balance (i.e. the difference between the total cost of the Action and the amount requested from the Contracting Authority – GIZ GmbH) must be financed from sources other than the budget of the German Government, the European Union Budget or that of the European Development Fund.⁶

Please note following:

Grants may only be awarded in accordance with COMMISSION REGULATION (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid: The de minimis aid granted to "a single company" (see section "De minimis aid for groups of companies" for definition) may not exceed the maximum amount of EUR 200,000 in the current and the previous two calendar years. If the granting of de minimis aid dates back longer than specified, it will no longer be taken into consideration. Within the framework of the General De Minimis Regulation, not only the individual company, but – in case of a group of companies – the entire group must be included.

2. RULES FOR THIS CALL FOR PROPOSALS

2.1. ELIGIBILITY CRITERIA

There are three sets of eligibility criteria, relating to:

- (1) the Applicant;
- (2) the action for which a grant may be awarded (2.1.2);
- (3) the costs (types of costs that may be taken into account when determining the amount of the grant (2.1.3)).

2.1.1. Eligibility of Applicants

To be eligible, the Applicant must:

- Be directly responsible for the preparation and management of the Action
- Be a legal person.
- Be registered in Bosnia and Herzegovina prior to 01.01.2016.
- Belong to category of MSMEs⁷ operating in the following sub-sectors, under the respective statistical codes, of export-oriented industries.

The CfP supports local MSMEs. Applicants whose shares are owned by EU companies are asked to get in touch with GIZ to clarify their eligibility.

⁶ Where a grant is financed by the European Development Fund, any mention of European Union financing must be understood as referring to European Development Fund financing.

⁷ MSMEs are defined as businesses which employ less than 250 staff and have an annual turnover of less than 50 million EUR, and/or a balance sheet total of less than 43 million EUR (https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en)

Potentially eligible sub-sectors are:

Wood processing:

- *Highest possible production of finished goods made by wood*, (BIH equivalent to NACE Code: 31 Manufacture of furniture, 16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials)

Metal and Mechanical industry:

- *Finished metal products* (BIH equivalent to NACE Code: 25, Manufacture of finished metal products)
- *Products related to machinery and appliances* (BIH equivalent to NACE Code: 28, Production of machines and devices)
- *Motor vehicles* (BIH equivalent to NACE Code: 29, Manufacture of motor vehicles, trailers and semi-trailers)

The following two sectors should be considered under metal/mechanical industry: plastics and electrical industry

- *Plastics*: Products of the metal industry (BIH equivalent to NACE Code: 22, Manufacture of rubber and plastic products)
- *Electrical industry*: Electrical and machinery equipment (BIH equivalent to NACE Code: 26 Production of computers and electronic and optical products, 27 Production of electrical equipment, and 28 Production of machines and devices)

IT sector:

- *As a cross-sector element (BIH equivalent to NACE Code: 58 Publishing activities, 62 Computer programming, consultancy and related activities, 63 Information service activities)*

The following statistical codes are eligible:

<u>Division Group</u>	
16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
16.22	Manufacture of assembled parquet floors
16.29	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials
22	Manufacture of rubber and plastic products
22.1	Manufacture of rubber products
22.11	Manufacture of external and internal tires for vehicles, retreading of tires for vehicles
22.19	Manufacture of other rubber products
22.2	Manufacture of plastics products
22.21	Manufacture of plastic plates, sheets, tubes and profiles
22.22	Manufacture of plastic packaging materials
22.23	Manufacture of builders' ware of plastic
22.29	Manufacture of other plastic products
25	Manufacture of fabricated metal products, except machinery and equipment
25.1	Manufacture of structural metal products
25.11	Manufacture of metal structures and parts of structures

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| <p>25.12 Manufacture of doors and windows of metal</p> <p>25.2 Manufacture of tanks, reservoirs and containers of metal</p> <p>25.21 Manufacture of central heating radiators and boilers</p> <p>25.29 Manufacture of other tanks, reservoirs and containers of metal</p> <p>25.3 Manufacture of steam generators, except central heating hot water boilers</p> <p>25.30 Manufacture of steam generators, except central heating hot water boilers</p> <p>25.5 Forging, pressing, stamping and roll-forming of metal; powder metallurgy</p> <p>25.6 Surface treatment and coating of metals, metal machining</p> <p>25.61 Treatment and coating of metals</p> <p>25.62 Metal machining</p> <p>25.7 Manufacture of cutlery, tools and metal products for general purpose</p> <p>25.71 Manufacture of cutlery</p> <p>25.72 Manufacture of locks and hinges</p> <p>25.73 Manufacture of tools</p> <p>25.9 Manufacture of other fabricated metal products</p> <p>25.91 Manufacture of steel drums and similar containers</p> <p>25.92 Manufacture of light metal packaging</p> <p>25.93 Manufacture of wire products, chain and springs</p> <p>25.94 Manufacture of fasteners and screw machine products</p> <p>25.99 Manufacture of other fabricated metal products</p> <p>26 Manufacture of computer, electronic and optical products</p> <p>26.1 Manufacture of electronic components and boards</p> <p>26.11 Manufacture of electronic components</p> <p>26.12 Manufacture of loaded electronic boards</p> <p>26.2 Manufacture of computers and peripheral equipment</p> <p>26.20 Manufacture of computers and peripheral equipment</p> <p>26.3 Manufacture of communication equipment</p> <p>26.4 Manufacture of consumer electronics</p> | <p>26.5 Manufacture of instruments and appliances for measuring, testing and navigation; watches and clocks</p> <p>26.51 Manufacture of instruments and appliances for measuring, testing and navigation</p> <p>26.52 Manufacture of watches and clocks</p> <p>26.6 Manufacture of irradiation, electromedical and electrotherapeutic equipment</p> <p>26.7 Manufacture of optical instruments and photographic equipment</p> <p>26.8 Manufacture of magnetic and optical media</p> <p>27 Manufacture of electrical equipment</p> <p>27.1 Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus</p> <p>27.11 Manufacture of electric motors, generators and transformers</p> <p>27.12 Manufacture of electricity distribution and control apparatus</p> <p>27.2 Manufacture of batteries and accumulators</p> <p>27.3 Manufacture of wiring and wiring devices</p> <p>27.31 Manufacture of fibre optic cables</p> <p>27.32 Manufacture of other electronic and electric wires and cables</p> <p>27.33 Manufacture of wiring devices</p> <p>27.4 Manufacture of electric lighting equipment</p> <p>27.5 Manufacture of domestic appliances</p> <p>27.51 Manufacture of electric domestic appliances</p> <p>27.52 Manufacture of non-electric domestic appliances</p> <p>27.9 Manufacture of other electrical equipment</p> <p>28 Production of machines and devices</p> <p>28.1 Manufacture of general — purpose machinery</p> <p>28.11 Manufacture of engines and turbines, except aircraft, and vehicle engines</p> <p>28.12 Manufacture of fluid power equipment</p> |
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28.13	Manufacture of other pumps and compressors	28.96	Manufacture of plastic and rubber machinery
28.14	Manufacture of other taps and valves	28.99	Manufacture of other special-purpose machinery
28.15	Manufacture of bearings, gears, gearing and driving elements		
28.2	Manufacture of other general-purpose machinery	29	Manufacture of motor vehicles, trailers and semi-trailers
28.21	Manufacture of ovens, furnaces and furnace burners	29.10	Manufacture of motor vehicles
28.22	Manufacture of lifting and handling equipment	29.20	Manufacture of bodies (coachwork) for motor vehicles, manufacture of trailers and semi-trailers
28.23	Manufacture of office machinery and equipment (except computers and peripheral equipment)	29.3	Manufacture of parts and accessories for motor vehicles
28.24	Manufacture of power-driven hand tools	29.31	Manufacture of electrical and electronic equipment for motor vehicles
28.25	Manufacture of non-domestic cooling and ventilation equipment, except for households	29.32	Manufacture of other parts and accessories for motor vehicles
28.29	Manufacture of other general-purpose machinery	31	Manufacture of furniture
28.3	Manufacture of agricultural and forestry machinery	31.0	Manufacture of furniture
28.4	Manufacture of metal forming machinery and machine tools	31.01	Manufacture of office and shop furniture
28.41	Manufacture of metal forming machinery	31.02	Manufacture of kitchen furniture
28.49	Manufacture of other machine tools	31.03	Manufacture of mattresses
28.9	Manufacture of other special-purpose machinery	31.09	Manufacture of other furniture
28.91	Manufacture of machinery for metallurgy	58	Publishing activities
28.92	Manufacture of machinery for mining, quarrying and construction	58.29	Other software publishing
28.93	Manufacture of machinery for food, beverage and tobacco processing	62	Computer programming, consultancy and related activities
28.94	Manufacture of machinery for textile, apparel and leather production	62.01	Computer programming activities
28.95	Manufacture of machinery for paper and paperboard production	62.02	Computer consultancy activities
		62.03	Computer facilities management activities
		62.09	Other information technology and computer service activities
		63	Information service activities
		63.1	Data processing, hosting and related activities; web portals

Potential Applicants may not participate in this Call for Proposals or be awarded grants if they are in any of the situations listed in Section 2.6.10.1 of the Practical Guide to Contract Procedures for EU External Actions (PRAG) and Declaration(s) of the Applicant. The Applicant must provide the Declaration of the Applicant and declare that none of these situations apply. Applicants and persons who have powers of representation, decision-making or control over the Applicant are informed that, should they be in one of the situations of early detection or

exclusion according to Section 2.6.10.1 of the PRAG, personal details [name and given name of the persons with powers of representation, decision-making or control (if a legal person)] may be registered in the early detection and exclusion system, and communicated to the persons and entities concerned, in relation to the award or the execution of a grant contract.

2.1.2. Eligible Actions: Actions for which an application may be made

Definition

An Action is composed of a set of activities.

Duration

The initial planned duration of an Action must not be less than 4 months or more than 12 months.

Location

Eligible area is the entire territory of Bosnia and Herzegovina.

Types of Actions

The Actions should relate to the objectives stated in Section 1.1. above.

MSMEs registered in the plastic and electric sectors are eligible if they implement projects in the metal and mechanical industry. MSMEs registered in the information and communication technologies industry can also apply for this CfP if they implement projects in the targeted manufacturing sectors.

The following types of Actions are ineligible:

- Actions concerned only (or mainly) with sponsorships for individuals to participate in workshops, seminars, conferences and congresses.
- Actions concerned only (or mainly) with study scholarships for individuals.
- Preparatory studies or the preparation of preliminary designs for works to be carried out as part of the project.
- Actions with negative impacts on the environment.
- Actions linked to political parties.

Types of activities

Eligible activities

Introduction of organizational improvements in the company, reorganization of internal processes and procedures, related expertise and training, and development of new and improvement of existing products and/or services through new approaches in:

- Pre-production phase (research and development, product design...)
- Production (introduction of a new or improved product and/or service and/or process, utilization of new sophisticated equipment / equipment on a higher technological level,

production lines, new tools, digitalization of production, energy efficiency, use of renewable energy, training for production employees...)

- Post-production phase (preparation and introduction of standards, certification, e-business services, marketing, access to new markets, branding, education of employees, advisory services...)

In addition, please note that construction works and/or purchase of equipment cannot be considered as a stand-alone project. In order to be eligible, it must be part of an integrated effort, inseparable from the rest of the Action and indispensable for implementation of the project. Equipment purchase can account for maximum 50% of the eligible cost of the Action, while construction/infrastructure works can account for maximum 20% of the eligible cost.

Financial support to third parties⁸

Applicants may not propose financial support to third parties.

Visibility

Grant beneficiaries must take all necessary steps to publicise the fact that the European Union and the German Federal Ministry for Economic Cooperation and Development have financed the EU4Business project and that the project is being implemented by GIZ GmbH, UNDP and ILO, and that their projects are funded as part of the EU4Business project.

As far as possible, Actions that are wholly or partially funded by the European Union and the German Federal Ministry for Economic Cooperation and Development must incorporate information and communication activities designed to raise awareness (among specific or general audiences) of the reasons for the Action, and must mention that support for the Action (in the country or region concerned) is being provided by the EU and the German Federal Ministry for Economic Cooperation and Development. Information on the results and impact of this support must also be provided.

Number of applications per Applicant

An Applicant **may not submit** more than 1 (one) application under this Call for Proposals.

2.1.3. Eligibility of costs: costs that can be included

Only "eligible costs" can be covered by a grant and included as costs in the overall project budget. The categories of eligible and non-eligible costs are indicated below. The budget is both a cost estimate and an overall ceiling for "eligible costs". It is, therefore, in the Applicants' best interest to provide a **realistic and cost-effective budget**.

Ineligible costs

The following costs are not eligible:

- Cost of staff (e.g. salary)

⁸ These third parties are neither affiliated entity(ies), associates nor contractors.

- Administrative/operating/indirect costs
- Utility costs (electricity, heating, water supply, Internet...)
- Debts and debt-related service charges (interest)
- Provisions for losses or potential future liabilities
- Costs declared by the Beneficiary(ies) and financed by another Action or work programme funded by a European Union grant (including through EDF), support from the German Government or any other donor (no double funding)
- Purchase of land or buildings
- Credit to third parties
- Taxes, including value added taxes
- Customs and import duties, or any other charges
- Financial penalties and litigation expenses
- Currency exchange losses
- Second-hand equipment
- Costs of guarantees and similar charges
- In-kind contributions
- Contingency reserve

Eligible direct costs

Only "eligible costs" can be covered by a grant. Eligible costs are costs incurred by the Applicant or its Co-Applicants during the implementation of the Action with the purpose of implementing the activities eligible under the provisions of this Guidelines for Applicants document.

These costs must be:

- Necessary for the implementation of the Action which is the subject of the grant.
- Real, stated in the budget and part of the contract.
- Identifiable, justifiable and verifiable (in particular, recorded in the accounting records of the beneficiary and its partners).
- Incurred by the Applicant within the period of project implementation, prior to payment (original documents should be verified by the Contracting Authority).
- In line with the law
- **Not listed under "ineligible costs"**

Examples of eligible costs are: travel costs, cost of training, participation at seminars/conferences, procurement of machines, equipment and software, research and development costs, studies, certifications, external consultants...

Please note that the limit for equipment purchase is 50% of total eligible costs, and 20% of the total eligible costs for construction/infrastructure works.

2.2. HOW TO APPLY AND PROCEDURES TO FOLLOW

To apply for this Call for Proposals Applicants must be registered at the **EU4Business Application Portal** (www.eu4business.ba). Please note that registration **is mandatory** for this Call for Proposals:

Applicants must make sure that their profile is up to date.

It is strongly recommended to register well in advance and not to wait until the last minute before the deadline to submit your application.

Before starting to use the EU4Business Application Portal, please read the User Guide available on the website. All technical questions related to the use of these systems should be addressed to the following e-mail: support@enigma.ba.

2.2.1. Full applications

Full applications (including Budget and the Declaration of the Applicant) must be submitted in accordance with the instructions provided in the on-line form (www.eu4business.ba). Applicants must apply in English or B/H/S language.

Applicants have to strictly follow the format of the Full Application Form and fill in the paragraphs in order. Please note that only the Full Application Form and associated Budget, which must be completed online, will be evaluated. It is, therefore, of utmost importance that these documents contain ALL relevant information concerning the Action.

Please complete the Full Application Form carefully and as clearly as possible, so that it can be assessed properly. Any error or major inconsistency may lead to rejection of the application. Clarifications will only be requested when the information provided is unclear and thus prevents the Contracting Authority (GIZ GmbH) from conducting an objective assessment.

Any full application submitted after the deadline will be rejected. Paper/printed versions of the full application will not be accepted.

2.2.1.1. Where and how to submit full applications

The Full Application Form, together with the Budget, Declaration of the Applicant and supporting documents (upon request), must be completed and uploaded/submitted online via the EU4Business application portal (www.eu4business.ba) before expiry of the deadline.

Once a full application has been submitted online, Applicants will receive an automatic confirmation of receipt (by e-mail).

Please note that the system will not allow partial completion, submission and uploading of applications.

It will not be possible to submit the Full Application Form and Budget if:

- Mandatory fields in the required documents are not filled in.

- The requested grant amount is higher than the indicated maximum (EUR 100,000).
- The percentage of own contribution is less than 50%.
- The deadline for submission of completed applications has passed.

2.2.1.2. Deadline for submission of Full Applications

The deadline for submission of full applications is 03.02.2020.

Applicants are strongly advised not to wait until the last day to submit their full applications, since heavy Internet traffic or an Internet connection fault (including electricity failure, etc.) could lead to difficulties in submitting the documentation. As the Contracting Authority, GIZ GmbH cannot be held responsible for any delays arising due to any of the above-mentioned difficulties.

2.2.1.3. Further information about full applications

Questions may be sent by e-mail to the address provided below no later than 21 days before the deadline for submission of full applications. The subject field of the e-mail message must clearly refer to the Call for Proposals (e-mail address: eu4business@giz.de).

The Contracting Authority is under no obligation to provide clarification on any questions received after this date. Replies will be given no later than 10 days before the deadline for submission of full applications.

All questions and answers, as well as other important notices to Applicants during the evaluation procedure, will be published on the EU4Business project website (www.EU4Business.ba). It is, therefore, advisable to consult the above-mentioned website regularly in order to be informed of the questions and answers that may be published.

All **technical questions** related to registration on the EU4Business application portal or online submission via the EU4business application portal should be sent to the following e-mail address: support@enigma.ba.

Please note that the working languages of the IT support team are English and B/H/S. Therefore, users are invited to send their questions in English or B/H/S, should they wish to benefit from an optimum response time.

2.3. EVALUATION AND SELECTION OF APPLICATIONS

Applications will be examined and evaluated by the Contracting Authority with the assistance of external assessors who will work in pairs (2 assessors per one project proposal), but independently from each other. Assessment will be based on the Evaluation Grid and instructions published in the Guidelines for Applicants. Each assessor will provide the results of his/her individual assessment to the Grant Committee and the final score (as the basis for project ranking) will be the arithmetical average of the scores given by the assessors.

In case the difference between individual assessment scores (within the assessment pair) is greater than 20% of the maximum score, an additional assessor will be included in the process of assessment and will follow the same assessment procedure.

If, in any stage of the evaluation process, it becomes clear that one or more of the eligibility criteria has not been met (for example if the Applicant is registered outside of BiH, does not belong to the listed categories of MSMEs, is not a registered legal entity...) the proposal will be declared ineligible and withdrawn from further assessment.

If the assessment of the Application reveals that the proposed Action does not meet the eligibility criteria stated in Section 2.1 of this document, the Application will be rejected on that sole basis.

(2) STEP 1: EVALUATION OF THE FULL APPLICATION

The Applicant must satisfy all criteria specified in the Guidelines for Applicants. If any of the requested information is incorrect, the application may be rejected on that **sole** basis and the application will not be evaluated further.

Full applications submitted online will be subject to further quality evaluation, including an assessment of the proposed budget and Applicant's capacities, using evaluation criteria in the Evaluation Grid shown below.

Promotion of private companies within the framework of the project serves to achieve the development goal of improving the competitiveness of local MSMEs in key sectors of the economy of Bosnia and Herzegovina with regard to the intended EU accession (cf. IPA reference). Hence, the selection criteria ensure that the financing increases the competitiveness and innovative capacity of companies in the relevant sector, in view of the aspirations of Bosnia and Herzegovina to join the EU. The following elements are therefore crucial:

- Potential to strengthen the sectors concerned beyond the support provided to a single company (criteria such as direct, indirect and induced employment effects);
- Potential to implement innovations, especially with regard to digitalisation of the sectors concerned (criteria such as the qualification level of employees, degree of digitalisation to date, etc.).

Scoring

The Evaluation Grid is divided into sections and subsections. Each subsection will be awarded a score between 1 and 5, as follows: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

Evaluation Grid

Section	Max. Score
1. Financial and operational capacity	30
1.1. Does the applicant have sufficient experience and technical expertise? (especially knowledge of the issues to be addressed)	5

1.2. Does the applicant have sufficient management capacity? (Including staff, equipment and ability to handle the budget for the Action)?	5
1.3. Does the applicant have sufficient sources of financing?	5
1.4. Is the ratio between total project value and own contribution satisfactory?	5x2**
1.5. Does the applicant have sufficient potential for innovation?	5
2. Relevance of the Action	30
2.1. How relevant is the proposal to the objective of the EU4Business project related to increasing competitiveness?	5
2.2. How relevant is the proposal to the objective of the EU4Business project related to innovation (level of innovation, level of impact of the innovation, benefits of the innovative solution compared to the existing approach)	5x2**
2.3. How relevant is the proposal to the objective of the EU4Business project related to increased turnover, exports and job creation/retention in the next 5 years?	5
2.4. Is the Action likely to have a positive public benefit?	5x2**
3. Design of the Action	25
3.1. How coherent is the overall design of the Action? Does the proposal indicate the expected results to be achieved by the Action? Are the results realistic? Are the activities feasible and consistent in relation to expected results (including the timeframe)?	5x2**
3.2. Does the design propose a sufficiently adequate and innovative solution for solving the noted problem?	5
3.3. To what extent does the Action enable interaction between manufacturing sectors and the ICT sector?	5x2**
4. Sustainability of the Action	20
4.1. Is the Action likely to have multiplier effects, including scope for replication, experience capitalisation and knowledge sharing?	5x2**
4.2. Are the expected results of the proposed action operationally and financially sustainable?	5
4.3. Are the expected results of the proposed action environmentally sustainable?	5
5. Budget and cost-effectiveness of the Action	15
5.1. Are the activities appropriately reflected in the budget?	5
5.2. Is the ratio between estimated costs in the project proposal (project budget) and anticipated new exports satisfactory?	5
5.3. Is the ratio between estimated costs in the project proposal (project budget) and new jobs created/existing jobs retained satisfactory?	5
Maximum total score	120

** : this score is multiplied by 2 because of its importance

If the total score for Section 1 (Financial and operational capacity) is less than 18 points, the application will be rejected. If the score for at least one of the subsections under Section 1 is 1, the application will also be rejected. This also applies to the criterion 1.4 where a score of 1, because of its importance, gains 2 points.

Provisional selection

After the evaluation, a table will be drawn up to list the applications and rank them according to their scores. The highest-scoring applications will be provisionally selected until the available budget for this Call for Proposals is reached. In addition, a reserve list will be drawn up in line with the same criteria. This list will be used if more funds become available during the validity period of the reserve list. The validity period of the reserve list is 12 months.

(3) STEP 2: VERIFICATION OF ELIGIBILITY AND SITE VISITS

Eligibility verification will be performed on the basis of uploaded supporting documents, as requested by the Contracting Authority (see Section 2.4.). It will, by default, be performed only for applications that have been provisionally selected according to their scores and which can be financed under the available budget for this Call for Proposals.

- The Declaration of the Applicant will be cross-checked against the supporting documents provided by the Applicant. Any missing supporting documents or any incoherence between the Declaration of the Applicant and supporting documents may lead to rejection of the application on that sole basis.
- Eligibility of Applicants will be verified according to the criteria set out in Sections 2.1.1., 2.1.2. and 2.1.3.

Any rejected application will be replaced by the next best-placed application on the reserve list that can be financed from the budget available for this Call for Proposals.

Note:

- In the event that a certain number of projects receive the same score and the available funds of the EU4Business project are not sufficient to finance all of them, priority will be given to projects that gained a higher score for public benefit (section 2.4. under Relevance).
- If the above criterion is not enough, project proposals with a higher innovation score will prevail (section 2.2. under Relevance).
- If that additional criterion is not enough, project proposals with higher impact on the objectives of the CfP will prevail (section 2.3. under Relevance).
- If the above criteria are not enough, project proposals with a higher ratio between total project value and own contribution will prevail (Section 1.5. under Financial and Operational Capacity).

5.1. SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED APPLICATIONS

Pre-selected Applicants will be requested to supply the following documents in order to allow Grant Committee (GC) to verify their eligibility. Upon such request, the following supporting documents must be submitted via the EU4Business application portal:

1. Registration document for the Applicant and (any) amendments. (Applicants recommended for contract award will be required to provide original documents or certified photocopies not

older than 3 months counting from the deadline for submission of full applications. Otherwise they will be removed from the list of projects recommended for contract award).

2. Most recent Notice on Classification of the Applicant issued by the relevant statistics authority. (Applicants recommended for contract award will be required to provide original documents or certified photocopies not older than 3 months counting from the deadline for submission of full applications. Otherwise they will be removed from the list of projects recommended for contract award).

3. Articles of Association and incorporation documents. (Applicants recommended for contract award will be required to provide original documents or certified photocopies not older than 3 months counting from the deadline for submission of full applications. Otherwise they will be removed from the list of projects recommended for contract award).

4. Certificate, not older than 3 months counting from the deadline for submission of full applications, stating that the Applicant does not have overdue/unsettled tax liabilities and/or debts for salary benefits and contributions. (Applicants recommended for contract award will be required to provide original documents or certified photocopies not older than 3 months counting from the deadline for submission of full applications. Otherwise they will be removed from the list of projects recommended for contract award).

5. Certificate, not older than 3 months counting from the deadline for submission of full applications, stating that the Applicant does not have any unsettled indirect tax liabilities. (Applicants recommended for contract award will be required to provide the original or a certified photocopy of this certificate, issued by the responsible unit of the Indirect Taxation Authority of BiH – for VAT tax payers only – and documentation must not be older than 3 months counting from the deadline for submission of full applications. Otherwise they will be removed from the list of projects recommended for contract award).

6. Applicant's balance sheets and income statements for the year 2016, 2017, 2018 and (the first half of) 2019. Applicants recommended for contract award will be required to provide the original or a certified photocopy of these documents verified by the RS Agency for Intermediary, IT and Financial Services (AFIP) or the FBiH Financial Intelligence Agency (FIA), not older than 3 months counting from the deadline for submission of full applications. Otherwise they will be removed from the list of projects recommended for contract award.

7. Original or certified copy of the document acknowledging the number of employees, as issued by the relevant Tax Office. Documentation must not be older than 3 months counting from the deadline for submission of full applications. Otherwise they will be removed from the list of projects recommended for contract award.

8. Proof that the Applicant has not been convicted, by a final judgment, of criminal offences (organised crime, corruption, fraud or money laundering) in accordance with applicable regulations in Bosnia and Herzegovina. Documentation must not be older than 3 months

counting from the deadline for submission of full applications. Otherwise they will be removed from the list of projects recommended for contract award.

9. Evidence that the Applicant is not bankrupt or subject to bankruptcy proceedings, in accordance with applicable regulations in Bosnia and Herzegovina. Documentation must not be older than 3 months counting from the deadline for submission of full applications. Otherwise they will be removed from the list of projects recommended for contract award.

Requested supporting documents (uploaded to the EU4Business application portal) must be uploaded as originals or as verified photocopies or scanned copies (i.e. showing legible stamps, signatures and dates) of their respective originals. Applicants must pay attention to the time required to obtain official documents from the relevant authorities.

All Applicants whose projects include construction works, will be required to provide the following documents in addition to the aforementioned ones:

- Positive Decision on Environmental Impact Assessment OR a statement from the relevant public authority that the latter is not required for planned activities;
- Proof of ownership or long term lease (10 years after signing of the contract) for the land /assets in question;
- Preliminary works design or detailed works design;
- All necessary legal authorisations (e.g.: location and construction permits);
- Indicative bill of quantities with prices – in BAM.

If the above supporting documents are not provided before the set deadline, the application may be rejected. The documents do not have to be translated to English. After verification of supporting documents, the Evaluation Committee will make a recommendation for a site visit.

Recommended potential grant beneficiaries will be visited in order to verify the Applicant's capacities and the content of the application. After verification, the final list of projects recommended for contract award will be compiled.

Applicants recommended for funding will be asked to submit originals or certified photocopies of documents listed above.

2.5. NOTIFICATION OF THE CONTRACTING AUTHORITY'S DECISION

2.5.1. Content of the decision

Applicants will be notified, in writing, of the Contracting Authority's decision concerning their application and, if rejected, the reason(s) for rejection. This notice will be sent by e-mail. Applicants who believe that they were harmed by an error or irregularity in the award process may lodge a complaint with the EU4Business project.

2.5.2. Indicative timetable

	DATE	TIME
1. Information meeting		
Zenica (Zenica Hotel)	03.12.2019	11:00
Brčko District BIH (Jelena Hotel)	04.12.2019	11:00
Banja Luka (Jelena Hotel)	05.12.2019	11:00
Mostar (Mostar Hotel)	09.12.2019	11:00
Trebinje (Leotar Hotel)	10.12.2019	11:00
2. Deadline for requests for clarifications from the Contracting Authority	13.01.2020	16:00
3. Last date by which clarifications are issued by the Contracting Authority	24.01.2020	16:00
4. Deadline for submission of full applications	03.02.2020	16:00
5. Evaluation of full applications and eligibility check	February - April 2020	-
6. Site visits	May 2020	
7. Notification of award	May-June 2020	-
8. Contract signing	July - August 2020	-

All times are in the time zone of the country of the Contracting Authority (CET+1).

This indicative timetable refers to provisional dates (except for 1, 2, 3, and 4) and may be updated by the Contracting Authority during the procedure. In such cases, the updated timetable will be published on the EU4Business website.

2.6. CONDITIONS FOR IMPLEMENTATION FOLLOWING THE CONTRACTING AUTHORITY'S DECISION TO AWARD A GRANT

Following the grant award decision, beneficiaries will be offered a contract (Grant Agreement). More details on contracts may be found at the following link: <https://www.giz.de/en/workingwithgiz/34529.html>

Subcontracting: Subcontracting means the execution of specific tasks that are a part of the Action, as described in the annex to the Grant Agreement, performed by a third party with which one or more beneficiaries have concluded a procurement contract. Such contracts must be awarded in accordance with the GIZ tender procedure or the Law on Public Procurement.

GIZ reserves the right not to award all available funds, subject to consultation with the Delegation of the European Union to BiH, if there is doubt whether supporting the projects concerned would be in line with the objectives of the CfP.