



QUESTIONS AND ANSWERS

CALL FOR PROPOSALS

NO 2021TC16IPCB005 – 2023 – 3

**RSO2.1. PROMOTING ENERGY EFFICIENCY AND REDUCING GREENHOUSE GAS EMISSIONS
RSO2.6 PROMOTING THE TRANSITION TO A CIRCULAR AND RESOURCE EFFICIENT ECONOMY
UNDER PRIORITY 1: ENVIRONMENTALLY FRIENDLY CROSS-BORDER REGION**

No.	Question received	Answer provided
1	<p>Our company is specialized in the field of energy audits of buildings and industrial systems. With reference to the open call for project proposals under the (Interreg VI-A) IPA Bulgaria-Türkiye Programme, we would be grateful for the following clarifications regarding the performance of energy surveys:</p> <p>1. VAT for the Bulgarian partner</p> <p>We cannot clearly establish from the guidelines what is the approach to VAT for Bulgarian companies?</p> <p>How should the values of the energy paid by a company be reflected in the energy efficiency surveys, as well as the costs of the investments planned - VAT included or without VAT?</p> <p>2. Baselines</p> <p>The following text at page 31 of „1. GfA SME Priority 1 BG-TR“:</p> <p>a) A baseline of present energy consumption of the current operation;</p> <p>How to understand the expression "baseline....current</p>	<p>1.1. According to the Guidelines for Applicants (part 2.3.6 Eligible expenditures for VAT) the expenditures for VAT is eligible for operations the total cost of which is below 5 000 000 EUR including VAT. Under the current call the maximum grant amount is 400 000 EUR meaning that the expenditures for VAT are eligible.</p> <p>Nevertheless, in order to comply with the principle of „no double funding“, the applicants should bear in mind that in any cases expenditures for VAT are eligible only if they are non-recoverable from other sources (Tax administration) under national VAT legislation.</p> <p>Before filling the application form project partners should clarify their VAT status for each activity and determine the VAT as recoverable or non-recoverable from other sources (Tax administration).</p> <p>In case the VAT is non-recoverable from other sources it is eligible for financing by the programme and should be included by the potential beneficiary in the respective unit rates.</p> <p>1.2. As stipulated in the Guidelines for Applicants (part 2.2.3 Eligible activities) under Specific objective 2.1 “Promoting energy efficiency and reducing greenhouse gas emission” envisaged activities should be with confirmed</p>



operation"? Does this mean that the Baseline for the energy consumption of the entire industrial system should be defined or does it mean that the Baseline for the energy consumption should be defined only for the relevant measures?

3. Certificate of energy performance of a building

Pursuant to the regulatory provisions in Bulgaria, a Certificate for the energy characteristics of a building in operation, showing the energy consumption class of the building is issued only for residential buildings and for public buildings according to Annex 2 of Ordinance No. E-ПД-04-2/16.12.2022 for energy efficiency surveys, certification and assessment of energy savings of buildings, i.e. for production buildings, Certificate for energy characteristics is not issued.

Nevertheless, an energy efficiency survey can be carried using the National methodology for calculating the energy characteristics of buildings - Annex 1 to Ordinance No. ПД-02-20-3/9.11.2022 on the technical requirements for the energy characteristics of buildings, when a technological regime that requires ensuring a microclimate with certain parameters according to Article 5, Paragraph 3 of the same Ordinance is required.

Has this been taken into consideration for the Bulgarian enterprises and does the lack of the abovementioned certificate for such buildings lead to the risk of disqualification of the applicant?

If there is no requirement for a microclimate in a production building, is it possible only an energy efficiency survey to be carried and respectively is it possible to apply under the Call with such a building and accordingly no Certificate to be issued?

effect of energy savings from at least 5% for the measure concerned. For project partners located in Bulgaria energy efficiency assessment that should be carried in compliance with respective Bulgarian national legislation.

According to the Bulgarian Energy Efficiency Law each industrial system is a set of production buildings, technological equipment and auxiliary facilities, within which an enterprise carries out activities for production of goods or provision of services.

In addition, Article 9, paragraph 2 of Ordinance No. E-ПД-04-05 of 09.8.2016 for determining energy consumption indicators, the energy characteristics of enterprises, industrial systems and systems for external artificial lighting, as well as for determining the terms and conditions for performing energy efficiency survey/audit and energy savings assessment stipulates that an enterprise/industrial system should be considered as an integrated system including technological, fuel-energy, electrical, heating/cooling, water supply, etc. main systems and when determining the energy characteristics both the technological processes and the material and energy flows, and the characteristics of the main and auxiliary facilities, and the energy characteristics of the buildings should be taken into account.

1.3. Production buildings and parts of buildings designated for production purposes fall under the exceptions of Article 38, paragraph 1, item 4 of the Energy Efficiency Law and are not subject to mandatory energy efficiency audit and certification.

Pursuant to § 1, Item 25 of the Supplementary Provisions of the Energy Efficiency Law, production buildings are part of the industrial system. The survey of industrial systems is carried out according to Ordinance No. E-ПД-04-05 of 09.8.2016 for determining the energy consumption indicators, the energy characteristics of enterprises, industrial systems and systems for external artificial lighting, as well as to determine the terms and conditions for conducting an energy efficiency survey and preparing an energy savings assessment.

According to European and Bulgarian legislation, no certificate is issued for the energy characteristics of an industrial system, nor is a certificate for the



		<p>energy characteristics of a production building that is part of the industrial system.</p> <p>On other hand, as stipulated in Ordinance No. РД-02-20-3 of 09.11.2022 on the technical requirements for the energy characteristics of buildings Annex 1 “National methodology for calculating the energy characteristics of buildings” can be used for building stock where the production requires a microclimate with certain parameters.</p> <p>Necessary supporting documents regarding the investments in energy efficiency measures are described in detail in section 3.2. Supporting Documents (B), point B9 at page 51 of the Guidelines for Applicants.</p>
<p>2</p>	<p>Following the necessary documentation for application - Open Call for Project Proposals under the (INTERREG VI-A) IPA Bulgaria Türkiye Program, this is to ask for the following clarifications:</p> <p>1. Attachment B 10 A)</p> <p>In the document "Attachment 6 SO 2.1 Assessment and Selection of Applicants" on page 17, column “Reference/comments” it is quoted: "Supporting documents Attachment B 10A) - "</p> <p>Please clarify the wording “Attachment B 10 A)”. We could not find such an “Attachment B 10 A)” among the documentation of the Program.</p> <p>2. Production buildings</p> <p>Please clarify the following:</p> <p>In case of investments ONLY IN PRODUCTION BUILDINGS, the energy efficiency survey/audit Report should be done</p>	<p>2.1 The text on page 17 in Attachment 6. “SO 2.1 Assessment and Selection of Applicants” in column “References/comments” should be read “Supporting documents Attachment B9”.</p> <p>2.2 See the answer for question 1 under point 3.</p> <p>2.3 See the answer for question 1 under point 3.</p> <p>2.4 Necessary supporting documents regarding the investments in energy efficiency measures are described in detail in section 3.2. Supporting Documents (B), point B9 at page 51 of the Guidelines for Applicants.</p>



according to

- Ordinance No. E-ПД-04-05/08.9.2016 for determining energy consumption indicators, the energy characteristics of enterprises, industrial systems and systems for external artificial lighting, as well as for determining the terms and conditions for performing energy efficiency survey/audit" TAKING INTO ACCOUNT THAT THE PRODUCTION BUILDING IS PART OF THE INDUSTRIAL SYSTEM

OR

- Regulation No. E-ПД-04-2/16.12.2022 for energy efficiency surveys, certification and assessment of energy savings of buildings, BUT WITHOUT ISSUING A CERTIFICATE.

3. Non-production buildings

Please confirm that:

FOR BUILDINGS (WITHOUT PRODUCTIONAL BUILDINGS) ONLY A CERTIFICATE FOR ENERGY CHARACTERISTICS OF THE BUILDING SHOULD BE PROVIDED - without an energy efficiency survey/audit Report, and without respective Summary of the Report.

4. Summary

Please confirm that:

According to the requirements of the Program, A SUMMARY OF THE ENERGY EFFICIENCY SURVEY/AUDIT REPORT IS NOT NECESSARY TO BE PROVIDED.



3 In accordance with p. 2.4. of Guidelines for Applicants, Call for Proposals NO 2021TC16IPCB005 – 2023 – 3, please find below questions of substance on behalf of potential applicants, representing micro, small and medium-sized businesses from Bulgaria.

1. No-profit principle

According to Guidelines for Applicants, Call for Proposals NO 2021TC16IPCB005 – 2023 – 3, p. 1.4: “The meaning of a no-profit principle is in accordance with Article 192 of Regulation 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union. The verification of the no-profit principle shall be applied as follows: The grant amount representing the EU funds and national co-financing funds may not have the purpose or effect of producing a profit for the project partners. Profit is defined as a surplus of the grant amount received and the revenue generated by the operation over the total amount of eligible expenditures incurred by the project partner and verified by the Managing authority. If this calculation results in a profit for the project partner, the Managing authority will reduce the final amount of the grant with the profit generated.”

Article 192 of the Regulation: The profits are limited to the income generated by the activities of the investment proposal.

Is this the case here when talking about “not producing profits”?
Is the period for non-producing profits concerning just the period of the investment of the proposal?

3.1 No-profit principle:

The no - profit principle is a subject of monitoring at:

- I. Project implementation phase;
- AND
- II. 3 years’ after the closing of the implementation period according to article 65, point 1, REGULATION (EU) 2021/1060.

3.2 Lead Partner Principle

General responsibilities of the Lead partner according to the requirements of the current Call are stipulated in part 2.1.2 Lead partner principle of the Guidelines for Application.

In detail the responsibilities of the project partners, including the Lead partner are settled within a Partnership agreement, that is a legally binding document establishing the cooperation principles and procedures as well as mutual obligations of the parties within the partnership. A Project Partnership Agreement template stipulating the minimum engagements of each of the parties is available in the Application package as Annex A1.

The Project Partnership Agreement is a mandatory document under the current Call.

The clauses of the Project Partnership Agreement may not be limited to the minimum of rights and obligations specified in Annex 1, and could also include agreements regarding the project proposal preparation costs, as long as they do not conflict with the rest of the contract.

Regarding sub-contracting of project activities, including the preparation of the project proposal, each project partner acts as a contracting authority according to the scope of activities and the budget allocation for the respective activities. The details of how preparation costs shall be shared need to be included in the Project Partnership Agreement.



2. Lead Partner Principle

According to Guidelines for Applicants, Call for Proposals NO 2021TC16IPCB005 – 2023 – 3, p. 2.1.2: “The lead partner assumes responsibility for ensuring implementation of the entire operation.”

What is the responsibility of the lead partner? How is expected one of the partners to be responsible for the implementation of actions of the other partner on the other side of the border. For instance - How can the lead partner be responsible for conducting the other partner's tender procedures? Is he/she expected to participate in the proceedings in any way?

According to Guidelines for Applicants, Call for Proposals NO 2021TC16IPCB005 – 2023 – 3, p. 2.3.4.7: “The amount of 12 000 Euro for preparation costs shall be included in the lead partner’s budget at the application stage. The lump sum for preparation costs should be added to the lead partner’s reported expenditure with the first report. The lump sum for preparation costs is allocated to the lead partner’s budget”. Are the beneficiaries expected to contract the preparation actions across border? For instance, if the lead partner is a Turkish company, it is to pay the Bulgarian experts for consultancy delivered for the Bulgarian company. If preparation costs shares are included in the project partnership agreement as required, is Lead partner expected to pay the Project partner share? If so what is the document upon which it should be done, since no contracting services are allowed between partners?

When the lead partner is expected to pay up to 12 000 Euro -

As stipulated in the Guidelines for Application the project preparation costs are reimbursed to the Lead partner with the first financial report. The project preparation expenditures should be carried out before or on the date of submission of the project proposals at the latest. The project preparation expenditures should be carried out before or on the date of submission of the project proposals at the latest. It means that all supporting documents as invoices, acceptance protocols, lists, etc., should be issued before or on the date of submission of the project proposal to the Managing authority at the latest

According to the Guidelines for Application (part 2.3.4. List and description of Eligible Expenditures) expenditures for construction permit, statements in accordance with the current River Basin Management Plans and Flood risk management plans, environmental impact assessments, project conformity assessments report etc. are eligible provided that all other conditions for eligibility of expenditure are met and fall within the scope of Cost Category 7 “Project preparation costs”.

Projects that have concluded Subsidy contract with the Managing Authority shall receive the reimbursement of the preparation costs in a form of a lump sum up to EUR 12 000 that is allocated in the Lead partner’s budget. Project partners’ share of the preparation costs are transferred by the Lead partner according to arrangements included in the Project Partnership Agreement.

3.3 Project Preparedness for investment activities under SO 2.1 and SO 2.6. Relevant body requirements

As stipulated in the Guidelines for Application (part 3.2 Supporting documents) construction permit validated “entered into force” by the respective authority for all the works activities of a project partner which according to national legislation require a building permit is an obligatory document that should be submitted with the Application form within the specified deadline of the Call.

In case of works activities which according to national legislation do not



preparation costs - at application stage or the amount can be paid after the Subsidy contract is signed? For example: The contract for consulting activity for the development of the application form can be signed with a deferral clause for payment - upon approval of the project. Thus the payment will be after the submission of the AF. Is this eligible?

Are the expenses for: construction permit, statements in accordance with the current River Basin Management Plans and Flood risk management plans, environmental impact assessments, project conformity assessments report etc. defined as preparatory costs? If so how the lead partner will be expected to cover the Project partner's expenses? If every partner pays for his/her own preparation costs and the lump sum of 12 000 Euro is reimbursed to Lead partner how the respective amount will be transferred to the Project partner?

3. Project Preparedness for investment activities under SO 2.1 and SO 2.6. Relevant body requirements

During the application stage, the project partner/s should provide valid Building permits (if applicable). Building permit takes time and expenses. Is it possible that the building permit to be obtained after the project proposal is approved?

Appointment of staff – Are there requirements for what kind of contracts (Labour or Civil) should the staff be appointed?

According to the Guidelines, the staff costs are flat rate of up to 20% of the eligible costs under BC 4, BC 5 and BC 6 of that operation. This implies different amounts for a certain period that will be paid to the staff. According to the Bulgarian

require a construction permit to be issued that occasion is confirmed by submission of a Statement, issued by the competent authority, which declares that the envisaged construction/repair works do not require issue of construction permit.

According to the Guidelines for Application (part 2.3.4) the proper appointment of the project team has to be in line with the respective legislation and is responsibility of the beneficiaries themselves. The staff costs shall be reimbursed as a flat rate of up to 20% of the verified expenditures under BC 4, BC 5 and BC 6 of every reporting period. The differences between the reimbursed amount for staff and the real expenditures is at the expense of a beneficiary.

3.4. Eligibility of Expenditures

According to the Guidelines for Application (part 2.3.4 List and description of Eligible Expenditures per categories of costs) office rent is eligible Cost Category 2 "Office and administrative costs". As stressed in the Guidelines this cost category covers expenditures related indirectly to the implementation of the project activities, meaning that they differ from the main investment interventions of the project and are not related to the usual operational costs of the applicant.

At the same time, the costs under cost category "Infrastructure and works" relate to the investments in infrastructure and works, necessary to achieve the objectives of the project. The requirement set in part B.8. „Supporting documents concerning INVESTMENT ACTIVITIES“, namely – „B8.1. All investment activities have to be performed on SME-owned property“ is obligatory for the properties where the investment interventions shall be carried.

In light of the above mentioned requirement, works for installation of equipment, maintenance and repair in properties which are not in the ownership of the respective project partner are not eligible.

The definitions of repair and maintenance in the context of the current call do



legislation labor contracts are signed with a constant amount per month, day or hours. If there is a signed labor contract, with permanent remuneration for a certain period, it will not correspond to the results of the implementation of the activities with costs under BC 4, BC 5 and BC 6 of the operation. Then the enterprise should cover the difference as usually paid staff, but according to the guidelines: “Staff costs must relate to activities which the partner organization would not carry out if the project was not undertaken”, i. e., the enterprise does not have such staff to pay. How should the flat rate be verified – at the end of the project or with every report.

4. Eligibility of Expenditures

Since office rent is an eligible expenditure, how it can be explained in the context of the requirement that: “The land or buildings where works will be carried out must be in the ownership of the beneficiary”.

Construction works may also be required during the installation of certain equipment. Is provision and installation of equipment eligible for rented places?

Is maintenance and repair eligible for rented premises? Are there any definitions of the Programme concerning repair and construction?

How the expenses for event organizations will be reported by a beneficiary who is a hotel owner and the events are held in beneficiary’s hotel? (rent of hall; coffee breaks, refreshments, lunches and dinners for participants; accommodation are included within the unit cost per participant.)

not differ from those, according to national legislation.

According to the Guidelines for Application (part 4 „External expertise and services costs“) partners can report services costs for organization of events on the **bases** of the unit cost or real costs. Under the real costs option expenditures are reimbursed based on supporting documents proving the expenditures.

In case the expenditures shall be reimbursed as unit costs defined costs in Guidelines for Application according to the duration of the event and number of participants should be respected. Supporting documents proving successfully implementation of the event, achieving the outputs, number of participants and etc. must be available for control purpose at the verification stage.

Please note that Public procurement rules stated in point 1.7 of the Guidelines for applicants must be respected in selection of the service providers.

3.5. Modification procedures

The Guidelines for Application is a document setting the requirements of the Call regarding preparation, submission and evaluation of the project proposals.

General obligations of parties during the project implementation stage i.e. after conclusion of a Subsidy contract with successful applicants, including modifications are provided in attachment C “Subsidy contract – draft version to the Guidelines for Application in Article 19 “Amendment”.

Sited in the question examples refer to the project implementation stage and related procedures are a subject of the Project Implementation Manual that is issued after end of the evaluation process.



5. Modification procedures

No rules for modification process are defined. It is only clear that the Lead partner is defined to be responsible to inform MA/JS about necessity of project modifications. When and of what reasons modifications are allowed? For example - there may be objective reasons for which the investment proposal needs to be changed, such as: Replacement of the person designated as responsible for the investment; Replacement of the legal representative of any of the two participating enterprises; Changes in the company name and/or legal form; Changes in corporate/shareholder composition amounting to less than 25%; Modifications of expenditure and deliverables that do not affect the nature and objectives of the investment plan and the terms and conditions of the Call; Addition of a new type of expense, not initially foreseen when submitting the application, amounting up to% of the total investment budget; Extension of the completion deadline of the investment plan; Change of the location of the investment; etc.

Should the proposed changes to the investment plan affect the initial evaluation and scoring of the selection criteria, the Assessment Working Group re-evaluates the investment plan and suggests to the Monitoring Committee the issuance of an approval or rejection decision. More specifically, if one aid recipient of the scheme withdraws with a justified reason after signing of the Grant Contract, the remaining partner resubmits the proposal, amended or not, with a new partner. The reasons for withdrawal may be proven impossibility of the respective partner to implement the project.



4 Please, could you clarify the following issues:

1. In line with the section 1.7 Applicable law and public procurement - there is mention that the Bulgarian beneficiaries will follow the legislation determined by the Government decree no. 160/2016, but in the IMPORTANT section down is written that the beneficiaries 'must refer to and use the guidelines and templates of the “Procurement and Grants for European Union External Actions – a Practical Guide” document (PRAG)'. Does it mean that the Bulgarian beneficiaries also should implement their tender procedures in line with the rules and templates of the PRAG?

2. About the Annex A8. “Climate proofing assessment” In the dossier issued for the public consultation of the call in August 2023, there was presented Attachment 9 - that was an explanation about completing the Annex 8. Now in the call documents there is missing this attachment 9 and additionally there is no clear information about that should the applicants complete the Annex 8.

So, our question is: should applicants fill out the Annex 8 - “Climate proofing assessment”, since it is not mentioned as the document that will be required and checked in the both evaluation forms - Attachment 6 and Attachment 7 and additionally - the Annex 8 required information about the energy efficiency and reducing CO2 emissions assessment data - that could not be provided by the applicants with projects prepared under the SO 2.6. - Promoting the transition to a circular and

4.1. According to the Guidelines for Application project partners are located in Bulgaria it shall apply national laws, regulations and administrative provisions as Government decree no. 160/2016 (Постановление ПМС №160/01.07.2016г. за определяне правилата за разглеждане и оценяване на оферти и сключването на договорите в процедурата за избор с публична покана от бенефициери на безвъзмездна финансова помощ от европейските структурни и инвестиционни фондове).

Project partners located in Türkiye should refer to Annex II of the Financing Agreement between Türkiye and EC and use the guidelines and templates of the “Procurement and Grants for European Union External Actions – a Practical Guide” document (PRAG), where the above mentioned Annex II does not cover all the procedures necessary for procurement.

The text in the “Important text” refers to project partners located in Türkiye.

4.2 A8. “Climate proofing assessment”

With regard to Art 22, 4 (j) REGULATION (EU) 2021/1059, assessment of the project proposal and the investment site must be made with conjunction to COMMISSION NOTICE (2021/C 373/01) Technical guidance on the climate proofing of infrastructure in the period 2021-2027.

Climate proofing is a process that integrates climate change mitigation and adaptation measures into the development of infrastructure projects. It enables European institutional and private investors to make informed decisions on projects that qualify as compatible with the Paris Agreement. The process is divided into two pillars (mitigation, adaptation) and two phases (screening, detailed analysis). The detailed analysis is subject to the outcome of the screening phase, which helps reduce the administrative burden.

Infrastructure is a broad concept encompassing buildings, network infrastructure, and a range of built systems and assets, as defined in Commission Notice (2021/C 373/01), which includes:

- buildings, from private homes to schools or industrial facilities, which are the most common type of infrastructure and the basis for human settlement;



resource efficient economy.

So, could you please clarify the issues with this Annex 8.

3. About the Project Preparation costs - In the available budget form of JeMS there is provided a Lump Sums part where the applicants could select the period of payment of these costs and where the names of the both applicants are presented.

In this connection could you please clarify these issues:

- If the applicants should report these costs in the first progress report then could the part of these costs be paid to the consultancy company after the approval of the project and signing of the grant contract with the MA, for example in the frame of the first 3 months of the project duration?

- Should the applicants show in the budget form that the expenditures for project preparation are shared between them by writing any expenditures in the budget of the PP2 - as actually the Lump Sums part showing?

- Also, after the verification of the expenditures of the both project partners for the made project preparation costs, that will be reported by the LP as we understand, will be eligible if the LP transfer the part of the lump sum for the project preparation costs to its PP2, in case of that the expenditures for the project preparation made by the PP2 will not be shown in its budget lines?

4. Could you please clarify should the Bulgarian Beneficiaries include in their budget the expenditures VAT included or should

— nature-based infrastructures such as green roofs, walls, spaces, and drainage systems.

— network infrastructure crucial for the functioning of today's economy and society, notably energy infrastructure (e.g. grids, power stations, pipelines), transport (fixed assets such as roads, railways, ports, airports or inland waterways transport infrastructure), information and communication technologies (e.g. mobile phone networks, data cables, data centres), and water (e.g. water supply pipelines, reservoirs, waste water treatment facilities);

— systems to manage the waste generated by businesses and households (collecting points, sorting and recycling facilities, incinerators and landfills);

— other physical assets in a wider range of policy areas, including communications, emergency services, energy, finance, food, government, health, education and training, research, civil protection, transport, and waste or water;

— other eligible types of infrastructure may also be laid down in the fund-specific legislation, for instance, the InvestEU Regulation includes a comprehensive list of eligible investments under the sustainable infrastructure policy window.

For the purpose of the current Guidelines for applicants PRIORITY 1 "ENVIRONMENTALLY FRIENDLY CROSS-BORDER REGION", SPECIFIC OBJECTIVE 2.1. "Promoting energy efficiency and reducing greenhouse gas emissions" and SPECIFIC OBJECTIVE 2.6. "Promoting the transition to a circular and resource efficient economy" the types of infrastructures are defined under eligible costs and under specific requirements and regulations as per the national legislation of the partnering countries.

In order, to fill in correctly Annex A8. "Climate proofing assessment" the explanatory note available on the following link <https://ipa-bgr.mrrb.bg/en/node/118> will give you more detailed instructions

Annex A8. "Climate proofing assessment" must fill for each construction/infrastructure site included in your project proposal!



	<p>write costs without VAT?</p>	<p>4.3 As stipulated in the Guidelines for Application the project preparation costs are reimbursed to the Lead partner with the first financial report, so the cost should be paid before its reporting. The project preparation expenditures should be carried out before or on the date of submission of the project proposals at the latest. It means that all supporting documents as invoices, acceptance protocols, lists, etc., should be issued before or on the date of submission of the project proposal to the Managing authority at the latest.</p> <p>Project partners share in the project preparation costs should be defined in Section E “Project lump sums and unit costs” of the Application Form in JeMS by choosing the “YES” option of the “SPLIT UP” button of the Project lump sums table.</p> <p>The arrangements regarding transfer of the project preparation costs from the Lead partner to the project partners after they are verified and reimbursed to the Lead partner by the Programme are a subject of the Project Partnership Agreement.</p> <p>In any case, project partners share in the project preparation costs should be defined in the Project lump sums table in compliance with the actual expenditures incurred.</p> <p>4.4. (VAT) Please refer to the answer of question 1 on first page.</p>
<p>5</p>	<p>Please kindly find below our questions;</p> <p>1. One of the eligibility criteria for SMEs is to be registered in eligible area. We are a SME; Centre is registered in Istanbul, branch is legally established in eligible region. Is a branch of a SME, which is registered at Chambers of Commerce in eligible area and operate in eligible area, eligible to apply programme,</p>	<p>5.1. According to p. 2.1. Eligibility of Applicants from the Guidelines for Application, Lead Partner and its partners must comply with all of the following general eligibility criteria:</p> <ul style="list-style-type: none"> -be legally established entities according to the national legislation of the state on whose territory they are located; -be registered and/or operate not later than 31.12.2020 in the programme area between Bulgaria and Türkiye; -be micro, small and medium size enterprises (SME); -to be a SME with main economic activity in Division C Manufacturing;



even tax registration is done through Centre?

2. One of the rule of the programme is “The land or buildings where works will be carried out must be in the ownership of the beneficiary.” Could you please clarify that rental contract for at least 10 years (or how many years) meet the requirement or not?

3. Could please clarify de minimis calculation rules? What is included under de minimis?

4. Could you please clarify that can a SME apply/receive 200.000 Euro grant from programme even SME received public aid nearly 180.000 Euro in last 3 years if application is regarded as successful after evaluation?

Division I Accommodation and food service activities; Division H Transportation and storage, accordance with Statistical Classification of Economic Activities in the European Community (NACE rev.2)
-to have generated Annual turnover (Net Sales Revenue) cumulative for financial years: 2020, 2021, 2022 according the category of applicant undertaking;

-be directly responsible for the preparation and management of the action, not acting as an intermediary.

It is important, all the above 6 criteria must be fulfilled together.

Pay attention that, from a legal point of view, according to Bulgarian legislation, art. 11, para. 2 of the Law on non-profit legal entities/ art. 17-20 Commercial Law enables a non-profit legal entity/enterprise to have branches, with the manager of the branch representing the non-profit legal entity/enterprise for the branch's activities. But even if the branch has relative independence /judicial registration, BULSTAT registration, own management and separate bank account/, it remains part of the main organization and does not have legal independence/**is not a legal entity** /Decision 696/19.11.2009 of the Supreme Court/, one of the mandatory eligibility conditions of the cross-border programme. In addition, a branch is a separation of a part of the trader's activity in a settlement that is different from the settlement of the trader's headquarters, but is not a new legal entity.

Having in mind all the above mentioned, the branch of a SME, which is registered at Chambers of Commerce in eligible area and operate in eligible area, even tax registration is done through Centre, remains part of the main organization but **does not have legal independence/is not a legal entity. It can be concluded that the branch of a SME is not eligible according the p. 2.1. from the Guidelines for Application.**

5.2. According to the Guidelines for Application (part 2.2.4 Project Preparedness for investment activities under SO 2.1 and SO 2.6, page 31, part 3.2. „Supporting documents (B)“, page 47) all investment activities have to



be performed on **SME-owned property**. Meaning that SMEs cannot apply for investment activities carried on properties held under different kind of property rights.

5.3. According to the Guidelines for Application (part 2.2.1 Project duration and grant amount) and Regulation (EU) 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid the use of the de minimis framework, implies that undertakings can receive grants from the Programme **only if they have not received public aid under the de minimis rule totaling more than € 200 000** within three fiscal years – the current fiscal year and previous two fiscal years. The threshold 200 000 euros encompass the received public aid under de minimis, together with the applied public support by the **single undertaking** in the meaning of art. 2, para. 2 from Regulation (EC) 1407/2013.

Additionally, new thresholds for de minimis aid in line with the **Commission Regulation (EU) 2023/2831** concern increasing the ceiling of de minimis aid to EUR 300,000 **over period of 3 years** into force on 1st of January 2024. The amendment will be included in corrigendum of the Guidelines for applicants.

5.4. Please refer to the answer of question 5.3

7 Received on 03.01.2023 via e-mail

We would like to inform you that in the Co-financing part of Jems online application form, the system is automatically calculating the grant IPA III CBC source as 85% from the total eligible budget value. However, this calculation does not accurately reflect the provided grant from the programme.

For example, if a total eligible budget for a partner is 250.000,00 euro, then the system is automatically calculating that the programme source will be more than 200.000,00 EUR, and

Thank you for the recommendation. The technical issue has been resolved.



<p>unfortunately there is no option to modify this value and reduce it to 200.000 euro or less.</p> <p>Could you please check this issue with the budget form and its co-financing part.</p> <p>Additionally, we have observed that there are two versions of the budget form in the Jems online application form. One version includes the periods of the payments and has a section for the Gaps, calculating the differences. The other budget form includes sections price per unit and total costs, but lacks sections for periods of the payments and calculation of the gaps.</p> <p>Could you please also check this issue with the aim to not have any non-compliant applications.</p>	
<p>8 Received via e-mail on 03.01.2023 via e-mail</p> <p>We are seeking clarification on the requirement mentioned in the Explanatory note for self-assessment related to Annex A8, specifically in the context of projects that involve only the supply of equipment.</p> <p>The note states that "You must fill in Annex A8. 'Climate proofing assessment' for each construction/infrastructure site included in your project proposal." Our understanding is that this annex is primarily intended for infrastructure projects or those involving infrastructural investments.</p> <p>In the case of projects that solely include the supply of equipment without any construction or infrastructure investment, could you kindly clarify whether Annex A8 is still a mandatory requirement? It would be very helpful to understand whether this</p>	<p>Please refer to answer 4.2, page 10</p>



annex should be prepared and provided for projects of this nature.	
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