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Public Call for Proposals for Procurement of Equipment and Provision of Services for Entrepreneurs, Micro and Small Enterprises (CFP 05 – 2018)

Frequently Asked Questions, Version 2, 3 July 2018

This document serves as a record of clarifications provided to interested parties related to the Public Call CFP 05-2018 in response to their inquiries received verbally through phone calls and on EU PRO info sessions related to the Call, as well as clarifications provided in writing in response to emails received through channels defined by the Call. The answers to received questions are summarised in this document.

I. General Eligibility Criteria

Q1. Are the enterprises registered before 1 January 2013 or after 31 December 2017 eligible for support?

No. Any enterprise registered before or after the timeframe defined by the Call will not be considered eligible for support, even in cases of change of registration details of the enterprise during the given period or in cases when the actual start date of business activities fits into the timeframe but the registration itself happened beforehand. The registration date as registered in the Serbian Business Registries Agency (SBRA) will be considered when assessing general eligibility of an applicant.

Q2. Can an enterprise registered outside of the defined Programme territory be considered eligible for support if it has field offices within the Programme territory?

No. The Call strictly defines the registration territory for eligible applicants within the 99 Programme municipalities.

Q3. Can an enterprise registered within the defined Programme territory but with operational offices outside the Programme territory be considered eligible for support?

Yes. However, in this case, the objectives of the intervention will not be achieved within the Programme territory, so the application will receive lower scores in related criteria, i.e. Relevance and viability of the business idea in the Concept Note Application or Expected Results and Effects in the Full Project Proposal.

Q4. Is an enterprise registered within the territory of the Program, whose owner has permanent residence outside of the defined Programme territory, eligible to apply?

Yes. The Call defines the criteria that apply to the enterprise location, not to the residence of the owner. In this regard, one of the criteria is that the company should be in majority domestic ownership.

Q5. Are there limitations for applying in case the owner of an enterprise, owns another enterprise at the same time?

No. There are no restrictions for applying in case the owner of an enterprise, who wishes to apply, owns other enterprises as well.



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Q6. If an enterprise is registered for a business activity which is not eligible for support under the General Eligibility Criteria, will the Programme accept the change of the business activity code during the application period?

No. In the evaluation process, the EU PRO will consider the business activity code of the enterprise as of 31 December 2017. In this respect, if an enterprise is, for example, registered for trade of certain products and wants to apply for production of that product with subsequent change of the business registry, it will still not be eligible.

Q7. Can an enterprise registered for provision of services which are not restricted by the Call (i.e. beauty salon, dentists, etc.) but does not produce products as their business activity apply for support?

Yes, in terms of eligibility such enterprises can apply. However, having that their business activity is not aligned with objectives of the call, they will receive lower scores in related criteria i.e. Relevance and viability of the business idea in the Concept Note Application or Expected Results and Effects in the Full Project Proposal.

Q8. Are the printing shops considered eligible for support?

The Call restricts printing and multiplication of audio and video recordings, including printing services. This restriction relates to enterprises registered under the group 18 including all sub-groups. The call does not exclude printing services such as production of printing equipment and etc. registered under other business activity codes.

Q9. Are the social enterprises eligible for support under the conditions of the Call?

Yes, as long as they are registered as entrepreneurs, small or medium-sized businesses and comply with the conditions of the Call.

Q10. Can an enterprise apply for support for a new business activity?

Yes, if the new business activity is in line with the current business operation or represents continuous development of the current product/services.

Q11. Are the agricultural cooperatives registered as businesses eligible for support?

No, having that the agricultural cooperatives are not considered to be entrepreneurs, small or medium-sized businesses in accordance with the Law on cooperatives.

Q12. Are the entrepreneurs who pay taxes in lump sums (srb. paušalno oporezivanje) and practice simple bookkeeping eligible for support?

Yes. The Call defines submission of alternative bookkeeping records for these categories.

Q13. Are wine and beer producers eligible for support under the Call, considering that these are drinks with low levels of alcohol?



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No. Any alcoholic drink is considered to be a 'controlled substance' which is restricted with this Call.

Q14. Are the business related entities (srb. pravno povezana lica) eligible for support?

Yes, as long as grant is used for business related entities not for the other companies in the Group. The business related entity applying to the Call is required to meet all criteria of the Call independently

Q15. Can an enterprise registered within the eligible timeframe which did not have any employees until 2018 be eligible for support?

No. Under the conditions of the Call, in order to be eligible, the enterprise must have at least one employee at the end of 2017. If the owner is a full-time employee with the enterprise at the end of 2017 (31 December 2017), this condition is met.

Q16. Is an enterprise eligible to apply if it meets the registration criteria but did not have an active status at the Serbian Business Registers Agency in 2017 and did not have any revenue?

No. According to the criteria of this Call, enterprises/entrepreneurs who wish to apply must have an active status at the Serbian Business Registers Agency and should have positively operated, i.e. have earned profit by the end of 2017.

Q17. With regards to the criteria "the enterprise has net profit by the end of 2017" while the footnote states that the balance of 2016 will be considered. Clarification:

The footnote saying that balance sheets for 2016 will be considered instead of 2017, presents a technical error. According to the criteria of this Call, it is necessary for an enterprise to have been operating positively during 2017, therefore the balance sheets for 2017 will be considered.

Q18. Is an enterprise partially owned by a foreigner eligible for support?

Yes, if the portion of the foreign ownership does not exceed 49%.

Q19. Is an enterprise that is currently 50% in domestic ownership and 50% in foreign ownership, eligible to apply if the ownership structure is changed in favour of the domestic owner, until the moment of submitting the application?

No. According to the criteria of this Call, changes to the ownership structure beyond the date 31 December 2017 shall not be recognized.

Q20. Can an enterprise use incentives from other institutions or donors for a different purpose?

Yes. The Call restricts only usage of incentives on the same grounds. In this respect, the beneficiaries can also use the incentives for new employees offered by the National Employment Service as long as conditions for employment are met, i.e. the employees are engaged as a result of the supported intervention.



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Q21. What criteria should an enterprise meet to be considered as fast-growing?

The criteria of fast-growing development means that an enterprise had at least 5 employees in 2015, with fixed-term or temporary employment, and in the period from 2015 to 2017 achieved an average annual growth of operating revenues or average annual growth of employees of at least 20%. The following information is used as a source of information: Statistical Report for 2016 and 2017 or a signed document confirming the average number of employees in 2016 and 2017 for entrepreneurs with free book-keeping.

Q22. Does an enterprise need to have a lease agreement on business premises if it does not use its own premises?

It is necessary that an enterprise has regulated the right of long term use of the business premises where the activities are performed and where the new equipment would be installed.

Q23. Is it necessary to have one more employee registered by the end of 2017, in addition to the owner of the enterprise or is the owner accounted for as one employee?

No, according to the criteria of this Call, it is necessary that an enterprise has one employee by the end of 2017 (31.12.2017.) – the owner is accounted as one employee if he/she is full-time employee.

Q24. Is the procurement of equipment for packing, sorting, processing and freezing of agricultural products excluded from this Call?

The Call does not support procurement of equipment and services for primary agricultural production. This restriction does not include procurement of equipment for packing, sorting, processing and freezing of agricultural products which are considered to be agricultural processing. Therefore, enterprises can apply for procurement of the aforementioned equipment. Kindly note that there is a technical error in the Serbian version of the Call which may cause confusion.

II. Financial Allocation and Cost Share Contribution

Q1. If an enterprise fulfils defined condition for export orientation but fits into LOT 1, can it apply for greater amount of funds, up to 50,000 Euros?

No. The maximum funds for enterprises registered in 2016 and 2016 (LOT 1) are 20,000 Euros.

Q2. Do the enterprises applying for LOT2 funds exceeding 30,000 Euros need to adhere to both fast-growing and export-orientation conditions?

No. This criteria is defined as either export orientation or fast-growing. In addition, in order to be considered as fast-growing, the enterprise must have registered growth of over 20% in income from regular business activity or average annual growth of employees



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Q3. Are the enterprises considered to be export-oriented if negotiations on contracts related to export are underway but the export itself hasn't been realised yet?

No. Under conditions of the Call, the enterprises are considered to be export-oriented if they have conducted export in 2017.

Q4. Are the enterprises considered to be export-oriented if they are not exporting directly but through an intermediary company?

No.

Q5. Can an enterprise apply for funding under 10,000 Euros?

No. The minimum grant award for both LOTs is 10,000 Euros.

Q6. Can the cost-share contribution be provided partially or fully in kind, i.e. for rental of the production premises or for raw materials?

No. The applicant's cost share must be provided in cash.

Q7. What is the minimum amount of the beneficiary cost-share contribution?

The cost-share contribution is defined in percentage of the total eligible project costs. For both LOTs the minimum grant award amount is 10,000 Euros. For LOT1 the minimum cost share is 20% which means that the minimum LOT1 cost-share amount is 2,500 Euros, adding up to minimum total project costs of 12,500 Euros. For LOT2 the minimum cost share is 30% which means that the minimum LOT2 cost share amount is 4,286 Euros, adding up to minimum total project costs if 14,286 Euros.

Q8. What are eligible ways of providing the applicant's cost-share contribution for this Public Call?

The cost-shared can be provided from own funds, commercial loans or funds from other programmes / donors. Regardless of the way of providing the funds, the applicant has to provide the proof that funds/cost-share have been secured before the signing of the contract. In this respect, the funds which are under the ongoing process of approval will not be accepted as applicant's cost- share contribution. The cost-share contribution has to be in cash, so any equipment or services provided by another programme or donor cannot be taken into consideration as cost-share contribution under this Call.

Q9. Can an investment previously undertaken by the enterprise be considered as the cost-share contribution?

No. The cost share contribution only relates to activities included in the project proposal which are to be realised upon signing of the grant agreement.

Q10. Can the applicant's cost-share contribution be used for expanding of production facility?

Eligible costs for funding under the condition of this Call are the costs for purchasing the new equipment and introduction of services. The construction or adaptation work of business premises are not acceptable. The funds provided by the applicants only relates to eligible



costs, for purchase of new equipment and introduction of services. During the evaluation of the project proposals, the capacities of entrepreneurs for the implementation of business ideas will be evaluated. In this sense, it is necessary to prove the capacity for the implementation of investment proposed, including the provision of business premises for the required equipment in the anticipated time period.

Q11. Should the value added tax (VAT) be included in the budget?

Yes, for the amount of the cost share contribution provided by the beneficiary. The EU PRO funds are excluded from VAT.

Q12. Are the costs related to procurement of equipment, i.e. customs, transportation, insurance, installation eligible?

Yes. These costs should be taken into consideration in budget planning. However, the portion of the funds provided by the EU PRO should be tax free from customs-related costs.

Q13. Is there a limit to the total budget of the project, i.e. the limit to the applicant's cost share contribution?

No. According to the evaluation criteria, additional points are awarded to applicants offering cost share contribution above the minimum. Applicant's cost share contribution up to maximum 49% of the total funding is encouraged.

Q14. Can procurement of equipment items with unit value under 1,000 Euros be eligible if grouped with other items?

Only in case these items constitute a piece of equipment which can be defined as a whole.

Q15. What happens in case the actual project budget deviates from the projected budget upon implementation of the procurement process?

The applicants are expected to provide best estimates of the needed budget when applying for support. Any deviation from the projected budget should be justified and if eligible can be handled through budget revision and contract annexes.

Q16. Are the grants awarded in the total amount of funds requested, or you retain the right to reduce this amount?

Applicants whose projects are approved for funding will receive support in the total amount of funds requested. The budget's adjustments are possible in consultation with the applicants only during the final stages of evaluation, but significant changes of the budget are not the practice. However, any funds unspent as a result of savings or activities which failed to be realised will be returned to the Programme.

III. Scope

Q1. Can an enterprise apply for funding in greater percentage than defined for provision of services or even solely for provision of services?



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No. The Call limits provision of services to 20% of the project budget as the provision of equipment is mandatory to be included in the scope.

Q2. Can an enterprise apply solely for provision of equipment?

Yes.

Q3. Can an enterprise apply for procurement of a vehicle if there is a clear rationale for the purpose of the usage of this vehicle?

No. Under the conditions of the Call, passenger and transportation vehicles are not eligible equipment.

Q4. Can an IT enterprise apply solely for procurement of software?

Yes, as long as at least 80% of grant funds is used for procurement of the off-the-shelf software which is considered to be equipment.

Q5. Is opening of new jobs mandatory?

Yes. Creation of new jobs is the core of this activity. The minimum number of new jobs defined by the Call is one new job for entrepreneurs and micro enterprises and two new jobs for small enterprises. Creation of new jobs in addition to these will contribute to higher scores in relevant areas.

Q6. Is a beneficiary enterprise allowed to dismiss an employee?

The beneficiaries are expected to keep employees for at least two-year period upon completion of the grant agreement. This condition is related to the number of employees and not to any employee in particular. In that respect, the enterprise can dismiss an employee as long as a new one is hired in its replacement and redundancy (srb. tehnološki višak) is not acceptable justification for reduction of the number of employees.

Q7. Is a credit indebtedness considered as shortcoming of an enterprise or is it limiting for applying for support?

No. This will be reflected in finances section of the Full Project Proposal.

Q8. Are the enterprises who have not attended the info session eligible to apply?

Yes. The info sessions are not mandatory.

Q9. Can an enterprise engage new employees during the application process?

These employments will not be considered to be results of the project activity.

Q10. Is reconstruction of the production facility an eligible activity?

No. Eligible activities are limited to procurement of equipment and services. Construction works are not considered to be an eligible activity.

Q11. Is equipping of a store or other business premises an eligible activity?



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No. The Call is limited to procurement of equipment and services related to production. Inventory for an office or sales store are not considered to be eligible expense.

Q12. Is procurement of equipment which require licencing eligible for support?

Yes. In this case the licencing can be introduced as complementary service to procurement of the equipment as long as it doesn't exceed 20% of total project funds.

Q13. Is procurement of used equipment eligible for support?

No. Under the conditions of the Call, only new equipment is eligible for support.

Q14. Are only the employees within the company evaluated during the evaluation of human resource or external associates who might be part of the project are also evaluated?

No. During the evaluation, the capacity of the employees within the company as well as the capacity of external associates will be evaluated.

IV. Application Procedure

Q1. Should all application documents be submitted in Serbian language?

Documents for both phases of the application process should be submitted in Serbian. There is no possibility of applying in English. However, having that the Full Project Proposal will be part of the contract documents for those approved for support, it will be the responsibility of the beneficiary to translate this document (in English) upon receipt of confirmation for support.

Q2. Should the documents referred to as 'source of information' in the Call (certificates, statements, balance sheets, reports, etc.) be submitted together with the Concept note application?

No. There is no need to submit the supporting documents with the Concept Note Application. Supporting documents will be a part of the second stage of the application process, with the Full Application Form.

Q3. Should Annex C (Full Application Form) be submitted together with the Concept Note Application?

No. Required documents for the first stage of the application process are Annex A (Concept Note Application Form) and Annex B (Statement on Acceptance of Conditions of the Call) in editable electronic format (word) and scanned with signature and stamp.

Q4. What does exactly mean "Applications must have a reference number (CFP 05-2018)" in the explanation where and how to send the application?

The completed Concept Note Application must be submitted to the E-mail address rsoc.applications@unops.org , with reference number of the Call (CFP 05-2018) written in the subject of the email. The reference number of the Call is already entered in the Application documents.



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Q5. Can a content be inserted in the form of an image when elaborating the project idea in the Annex a Concept Note Application?

Yes. You can insert images in the application form if you consider them relevant. Please note that your Application form should not exceed a total of 10 pages.

Q6. Can the company logo and digital signature be used in the Application forms?

Logo of the company should not be placed on the Application forms. If you have the option, instead of scanning, you can save the document in PDF format and put an electronic signature on it.

Q7. Are there any financial or any other sanctions if the applicant passes the first phase and then withdraws from further application process?

No. The Call does not foresee sanctions if the application enters the second phase and the applicant decides to withdraw from further participation.

Q8. When is it necessary to obtain a certificate from the Tax Administration regarding the paid contributions and tax?

The Tax Administration Certificate must be submitted in the second phase of the application process of this Call.

Q9. Can one company apply with two or more projects?

No. Only one application should be submitted by an applicant.

V. Project Implementation

Q1. How should providers of equipment be chosen?

All procurements will be a part of the project implementation which will be conducted by the beneficiary in line with the Procurement Manual which will be a part of the Grant Agreement with the EU PRO. The Manual outlines the procurement procedure and paperwork in support of the process. In most cases, the provider can be chosen with evaluation of three bids ensuring the best value for money. The EU PRO will monitor the process and, as needed, provide advisory assistance to the beneficiary.

Q2. When is payment of the co-funding due?

Payment of the co-funding will be pre-condition for transfer of the EU PRO funds. Upon signing of the Grant Agreement, the beneficiaries will be given a deadline to transfer their funds into the project account.

Q3. Are there any restrictions related to country of origin for the equipment which is being procured? Can the equipment be imported from China?

No. There are no restrictions related to country of origin under the Call but there cannot be a preference of the beneficiary related to the origin. The procurement process outlined in the



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Procurement Manual relates to best value for money, so the bidder with the best price should be awarded, regardless to the country of origin.

Q4. When will the beneficiaries become owners of the procured equipment?

During the duration of the Grant Agreement the EU PRO will have ownership over the equipment. The equipment will be transferred to the beneficiary upon closing of the Grant Agreement.

Q5. What are obligations of the beneficiary upon closure of the Grant Agreement?

The terms of the Grant Agreement will define a two-year period after its completion during which the beneficiary will not be allowed to sale the equipment bought under the project or reduce the number of employees.

Q6. What are the sanctions if terms of the Grant Agreement are breached?

The EU PRO will closely monitor implementation of the Grant Agreement. Any breach of the agreement may lead to its cancellation, legal sanctions and retrieval of funds.