



Call for Light Project Proposals

“B Light Scheme”

(Fostering value added business cooperation between SMEs operating on different sides of the Hungary-Croatia border)

**to be implemented under Priority 1 of
Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020**

Contracting Authority:

Croatian Agency for SMEs, Innovations and Investments (HAMAG – BICRO)

1. Introduction

Croatian Agency for SMEs, Innovations and Investments (HAMAG-BICRO), as Lead Beneficiary of the project “Fostering value added business cooperations between SMEs operating on different sides of the Hungary-Croatia border” (further referred to as “**B Light Scheme**”, Application Form ID: HUHR/1601/1.1.1/0002) implemented under the Interreg V-A Hungary-Croatia Cross-border Cooperation Programme 2014-2020 launches the **1st Call for Light Project Proposals for cooperating SMEs of Hungary and Croatia.**

The Application Pack of Step 2 (Light Project Proposals) consists of the following documents:

- Call for Light Project Proposals (announcement – current document);
- Guidelines for Light Partner Applicants;
- Light Project Proposal form;
- Model Partnership Agreement;

Reference number of the call: HUHR/1701/001/02

Date of publication: 26/10/2018

Programme financing source: European Regional Development Fund

2. Background and objectives

Analysis has clearly shown that Hungarian and Croatian SMEs have not been able to recover from the shock of the economic crisis. Several analyses revealed that enterprises of the programme area have financial, innovation and networking problems. Weak internationalisation is one of the most crucial hindering factor which is especially true for the SMEs of the programme area with no improvement in the past years.

Cross-border business cooperation in the programme area have multiple obstacles: language barrier, traditionally isolating borders hampered by the wartime period of the formerly Yugoslav countries, depressed socio-economic situation of the area, low inclination of SMEs for building international connections, serious problems with entrepreneurial skills and financing.

These cumulative problems could be addressed by a special local SME development scheme fostering development of local SMEs with strong focus on value added improvement via improving their financial background and simultaneously enhancing their cross-border business cooperation with high attention to provision of an all-round set of assistance to cooperating SMEs with built-in SME project generation and management services.

Investment priority focuses on fostering value added producing capability of enterprises operating in industry and services by boosting their product and service development activities through joint economic development actions which could generate higher GVA and consequently makes it possible to find new markets. By assistance of special development scheme SMEs are expected to develop joint projects aiming at establishing the following types of business cooperation: joint product, technology and service development, supplier chains, common marketing, future establishment of a joint venture.

By enhancing business cooperation focusing on joint product and service developments, value added production of cooperating SMEs is expected to be improved in the bordering area. In general, it will help SMEs to become more stable and profitable in the border region that is expected to have a positive impact on employment, too.

New business services to be made available for tourists visiting the natural and cultural attractions of the border area will contribute to increased attractiveness of the region and to increased revenues from and employment linked to tourism. Crucial element of this special SME development scheme is built-in project generation and management support for cooperating SMEs based on the existing SME support networks with involvement of development agencies and enterprise development foundations operating in the programme area. This new SME development scheme enlarges the scope of their SME support activities in a complementary way (e.g. the new scheme amplifies the impact of existing micro-credit scheme of Hungarian enterprise development foundations).

This special cooperation-driven SME development scheme could also serve as complementary set of actions to the SME development instruments of national mainstream programmes. Main complementarity of this scheme lies in the strong focus on SME project generation and management assistance with a built-in mentoring mechanism supporting SMEs in their project activities through the whole duration of project implementation.

General aim of the call is to enhance the competitiveness of SMEs in the border area by fostering value-added business cooperation between SMEs on different sides of the border.

Specific objectives of B Light Scheme include:

- **Increase the gross value added (GVA) per capita of industry and services sectors of the programme area;**
- **Setting up signed, contractual business agreements with third parties;**
- **Increase the value of selling of SMEs.**

Objectives are to be reached through granting cooperation activities of Hungarian and Croatian SMEs through a two-step application system.

3. Funds allocated

In the 1st round a total of EUR 2,550,000 ERDF co-financing will be allocated to Light Project Proposals that will be selected in the 2nd step Call for Light Project Proposals submitted on the basis of previously selected Light Concepts.

The maximum co-financing rate is 75% for both Hungarian and Croatian Light Partners.

Minimum and maximum size of Light Projects per Light Partner:

| | Total eligible costs | Maximum ERDF co-financing (75%) |
|---------------------------|-----------------------------|--|
| Minimum per Light Partner | EUR 40,000 | EUR 30,000 |
| Maximum per Light Partner | EUR 180,000 | EUR 135,000 |

Total costs of cooperation activities of Light Partners may exceed EUR 180,000, but in this case all costs above this threshold are regarded as costs outside the Light Project's eligible cost.

As VAT is not eligible, all costs should be budgeted without VAT.

As the funded bodies are SMEs, implement activities being considered as state aid relevant, the maximum grant will be calculated applying the de minimis rule, where the maximum grant for three consecutive years shall not go beyond EUR 200,000 per Member State.

4. Timeframe and submission technicalities

The current call is opened for applicants whose Light Concepts have been selected in the 1st Call for Light Concepts issued on 09/06/2017.

The Light Project Proposal has to be submitted electronically through the B Light Platform operated by the Lead Beneficiary HAMAG-BICRO (<https://www.b2match.eu/blight/pages/19297-submit>).

Submission takes place through uploading of the following documents:

- Filled-in Light Project Proposal form (Microsoft Excel document – **no completion is possible**);
- The signed scanned version of the 'Partnership Statement and Certification' sheet (pdf document – **no completion is possible**);
- Declaration on de minimis aid for Light Partners (separate for each partner – **no completion is possible**);
- Curriculum vitae of the Light Project staff (preferably Europass in English) if Light Project budget includes staff costs;
- Documentation related to works activities (see Chapter 10 of the Guidelines for Light Partner Applicants) if Light Project budget includes works and construction costs;
- Joint Statement B Light (separate for each partner – **no completion is possible**).

Submission deadline of Light Project Proposals:

- 14/12/2018

5. Duration of Light Projects

Duration of the Light Projects shall be at minimum 6 and maximum 18 months. Closure of light project takes additional 4 months subsequently to the end of implementation period.

6. Liability of partners

One Light Project shall be applied by minimum 2 and maximum by 4 cooperating partner SMEs. Light Partners shall come from Hungary or Croatia, at **minimum 1 Light Partner from each of country.**

Each Light Partner bears responsibility for its own project part. Responsibilities and conditions will be laid down in a Partnership Agreement made between the Lead Beneficiary and the Light Partners after selection of the detailed Light Project in the 2nd step of evaluation.

Partners involved in a Light Project Proposal should be identical to those being involved in the corresponding and approved Light Concept. Change of only one Light Partner is possible in duly justified cases, taking over the roles and responsibilities and the budget of the former Light Partner.

7. Eligible applicants and geographical coverage

Light Partner should fall into the category of **small and medium-sized enterprises (SMEs)** stipulated in 651/2014/EU Regulation, Annex 1.

Owner interweaves should be excluded among Light Partners of each Light Project. This means that Light Partners cooperating under a single Light Project should be autonomous enterprises from each other, stipulated under 651/2014/EU Regulation, Annex 1., Article 3. Partner or linked enterprises cannot be granted under a single Light Project.

Each Light Partner should have its seat or branch registered and acting in the **eligible programme area** (NUTS III level counties):

Hungarian side:

- Zala county (HU223);
- Somogy county (HU232);
- Baranya county (HU231).

Croatian side:

- Međimurska county (HR 046);
- Koprivničko-križevačka county (HR 045);
- Virovitičko-podravaska county (HR 048);
- Osječko-baranjska county (HR 04B);
- Varaždinska county (HR 044);
- Bjelovarsko-bilogorska county (HR 047);
- Požeško-slavonska county (HR 049);
- Vukovarsko-srijemska county (HR 04C).



Detailed professional and financial eligibility rules are laid down in the Guidelines for Light Partner applicants.

8. Programme language

The official language of the programme is English. Therefore, all communication between the Lead Beneficiary, the territorially competent SME development agencies (Beneficiaries) and the Light Partners is to be carried out in English, including information in the Light Project Proposal form and the related annexes.

9. Changes in the Light Project Proposal's content compared to the selected Light Concept

Content of the selected Light Concept is binding, therefore no major change is accepted in terms of indicators or project activities compared to the corresponding Light Concept. As overall budget of the selected Light Concept is defined as an estimate, deviation from Light Concept budget is acceptable if it is regarded to be reasonable in the evaluation phase of the Light Project Proposals.

10. Light Project development support

Each Light Partner of the selected Light Concepts will be assisted by designated experts (chosen from the expert pool of External Project Support Facility, EPSF) who shall provide free-of-charge assistance to the Light Partners in developing their final Light Project Proposal. Contribution of the external experts are covered by the B Light Scheme through the budget of the Lead Beneficiary HAMAG-BICRO.

11. Glossary

Lead Beneficiary (LB): HAMAG BICRO, bears responsibility for overall coordination of the implementation of the Scheme, in line with the Subsidy Contract signed with the MA (see Chapter 2.2.).

Beneficiaries (Bs): the 7 county level SME development agencies responsible for coordinating the project activities in their respective counties (see Chapter 2.2.).

Project Partners (PPs): the LB and the 7 Bs of B Light Scheme project.

Light Partners (“PP Lights”): SMEs taking part in a Light Concept and SMEs taking part in a Light Project Proposal submitted to the respective Call for Proposals and SMEs as Project Partners (final beneficiaries) of B Light Scheme project. Light Partners can also be referred to as “B Lights”.

Light Concept: project concept note submitted by cooperating SMEs for the 1st step of the B Light Scheme Call for Proposal.

Light Project Proposal: project proposal submitted by cooperating SMEs for the 2nd step of the B Light Scheme Call for Proposal.

Light Project: project part of the B Light Scheme project granted through a two-step selection procedure, comprising eligible activities of cooperating Light Partners.

Subsidy Contract: Contract signed by the Lead Beneficiary and the Managing Authority for implementation of B Light Scheme project implemented under Priority 1 of Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.

Application Pack: consists of the Guidelines for Light Partner Applicants, the 1st step B Light Scheme Call for Proposal (Call for Light Concepts, Light Concept form) and the 2nd step B Light Scheme Call for Proposal (Call for Light Project Proposals, Light Project Proposal form).

Implementation Pack: consists of the Implementation Handbook for the Lead Beneficiary and the Beneficiaries and the Implementation Handbook for the Light Partners.

External Project Support Facility (EPSF): As the Scheme – due to its bilateral cross-border character – is a unique initiative, preparation and implementation of the Light Projects require special approach and preparedness from the participating SMEs. In order to cope with these challenges and generate real added value in cross-border economic relations, Light Partners will receive free-of-charge technical assistance by external experts chosen from the pool of experts of EPSF. EPSF has the following assignments: (1) Provision of project development assistance to SMEs as Light Partners whose Light Concept were appointed for further development in the 1st selection step in developing their Light Project Proposals between the 1st and 2nd selection step; (2) Provision of project management assistance to SMEs as Light Partners in coping with the administrative and financial management requirements and the language barrier during implementation of their Light Projects after the 2nd selection step.