



**WESTERN BALKANS
GREEN CENTER**

CALL FOR APPLICATIONS (WBGC-2020/1)

Unofficial translation. In case of dispute, the published Hungarian version of this text shall be applied.

GRANT OPPORTUNITY FOR FINANCING THE PREPARATORY AND CAPACITY BUILDING ACTIVITIES RELATED TO CLIMATE PROTECTION PROJECTS IN THE WESTERN BALKANS REGION

**Western Balkans Green Center Nonprofit Llc.
18 March 2020**

This amendment to the Call for Applications published on 13 February 2020 is without prejudice to the technical conditions of the grant application. The formal requirements, however, have changed, as applications are no longer to be submitted via physical mail, but via e-mail.

International climate finance is a long-term investment of Hungary, which may also contribute to the promotion of the domestic business sector on foreign markets. The Ministry for Innovation and Technology (hereinafter: ITM or Granting Authority) encourages and supports the participation of Hungarian economic operators in bilateral and multilateral international climate protection activities and investment projects.

ITM, via Western Balkans Green Center Nonprofit Llc. (hereinafter: Center) publishes a Call for Applications to fund activities that promote climate protection efforts in the Western Balkans; the Center expects applications from companies with legal personality that are registered in Hungary, higher education institutions and associations engaged in advocacy relating to climate policy, according to the provisions of this Call. The Center is representing ITM, on behalf of whom it prepares the grant decision for the the Granting Authority.

Based on the results of consultations with the authorities of the countries of the Western Balkans and with the Center's partners engaged in development and financing, it seems that there is a lack of appropriately prepared projects suitable for funding and implementation in the region. To support their expansion in the Western Balkans, the Granting Authority provides funding for project preparation and capacity building activities to Hungarian companies in the field of environmental technologies, to contribute to the target countries' (Albania, Bosnia and Herzegovina, North Macedonia, Kosovo¹, Montenegro and Serbia) climate protection efforts and consequently help reaching their nationally determined contributions set forth in the Paris Agreement.²

Reference number of the Call: WBGC-2020/1.

Submitted grant applications must contain the following:

1. A completed Application Form, Budget Plan and Table of Indicators
2. The mandatory attachments.

In the case of a favourable assessment based on the evaluation and recommendation of the Center, ITM issues an award document to the successful applicant, which will contain detailed information on the payment, use and monitoring of the grant.

Deadline for submitting the applications: 27 March 2020.

¹ This designation does not concern the opinions on Kosovo's legal status, and it is in line with UNSCR 1244 (1999) and the opinion of the International Court of Justice on Kosovo's declaration of independence.

² The Act promulgating the Paris Agreement can be accessed here:
http://njt.hu/cgi_bin/njt_doc.cgi?docid=195589.328228

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1. Purpose of the grant

In order to implement the goals included in the Paris Agreement, based on the decision of the Government, the Ministry for Innovation and Technology has established the Western Balkans Green Center Nonprofit Llc. to promote Hungary's participation in the climate protection developments of the Western Balkans and the green transformation of the region. The purpose of the grant is to contribute to the achievement of the nationally determined contributions (NDC) of the target countries in connection with the Paris Climate Agreement, and to ensure that, by promoting climate protection developments, Hungarian undertakings have access to investment opportunities.

Eligible activities

- Preparation of planning and feasibility documents for investments (e.g. feasibility studies, engineering services and operations, action plans, sustainability assessments, environmental and other impact assessments, etc.);
- Climate adaptation research projects and action plans, other activities assessing the situation;
- Climate change related risk mapping and the preparation, installation and operation of geographical information systems;
- Market research;
- Capacity building activities, training programs on the use of new knowledge, technologies or instruments;
- Participation in international multi-actor climate protection projects under preparation or already under way (e.g. projects led by the EBRD, USAID, ADA, etc.);
- Other research activities and project preparation activities.

Target countries

- Albania;
- Bosnia and Herzegovina;
- Kosovo;
- North Macedonia;
- Montenegro;
- Serbia.

Eligible sectors

- Energy efficiency and renewable energy
- Water management and wastewater treatment
- Collection, treatment, recycling and recovery of solid waste
- Forest management and agricultural adaptation measures
- Urban environment: adaptation and sustainability measures implemented in cities and towns
- Other activities related to climate change mitigation or adaptation.

The grant scheme has been announced and will be implemented in accordance with the provisions of Act CXCV of 2011 on Public Finances and Government Decree 368/2011 (XII. 31.) on its implementation (hereinafter: Public Finances Implementing Decree).

2. The extent and form of the grant

The grant is a non-refundable *de minimis* grant, and its source is HUF 400,000,000, that is, four hundred million forints available from the statutory line of the earmarked appropriation called 'Green Economy Financing System' in article 4 of subtitle 35 of title 20 entitled Appropriations managed by the chapters, included in the appropriations managed by the Chapter of the Ministry for Innovation and Technology (Chapter XVII), as specified in Annex 1 of Act L of 2018 on the Central Budget of Hungary for 2019.

Every organization is eligible to submit one individual application and may apply for grant according to the following:

- Minimum amount of the grant that can be requested: HUF 15,000,000, that is, fifteen million forints
- Maximum amount of the grant that can be requested: HUF 50,000,000, that is, fifty million forints.

The Granting Authority will disburse up to 80% of the grant as an advance after the issue of the award document. The Granting Authority will transfer the established advance payment of the grant to the account number specified in the award document, within 30 days of the entry into force of the award document. The disbursement of the advance will be subject to the availability of the required guarantees. The Granting Authority will disburse the amount remaining from the grant in excess of the advance to the beneficiary after the acceptance of the project report and final accounts following the implementation of the project. Please note that, if accounting for the advance is unsuccessful, the beneficiary must repay the amount with the interest determined in Section 98(1) of the Public Finances Implementing Decree.

The grant can cover a maximum of 85% of the total costs of the project, and the applicant must provide at least 15% of the total costs from its own funds. Other budgetary grants awarded from the central subsystem of the government's fiscal administration cannot be treated as own funds.

According to Section 69(1)(e) of the Public Finances Implementing Decree, the Budget Plan containing the detailed description of the activities, tasks and purchases to be implemented from the budgetary support – which is published in the form of an Excel worksheet as part of the Call – must be attached to the submitted application as an annex.

The beneficiary must handle and record its accounting documents proving the lawfulness of its use of the grant separately, and such documents must be separated and clearly identified within its books. The beneficiary must ensure that the Granting Authority or its representatives acting on its behalf can inspect the relevant books of the beneficiary at any time. Furthermore, the beneficiary must cooperate during any checks performed by the agencies and authorities authorized to carry out such checks, it must comply with the prescribed reporting obligations or those required by the authorities, and it must ensure that the checks can be conducted successfully and without any hindrance.

3. Eligible costs

Only those costs can be accounted that arise during the supported activity, incur for the purpose of implementing the project and demonstrably used for such purpose, are included in the Budget Plan., issued until the determined deadline and supported by appropriate accounting documents, provided that they belong to one of the following cost categories:

Costs of materials

- Stock purchases essential for the achievement of the project's purpose, including the purchase of professional materials (specialist books, journals, studies, publications and other data sets).

Services used

- Information technology services;
- Services supporting professional activities (consultants', attorneys', lawyers' and translators' fees);
- Travel costs, accommodation costs;
- Road tolls;
- Exhibition costs (pavilions/stands, registration fees);
- Advertising, marketing and media expenses.

Other services

- Other services closely related to the purpose of the project.

Wages and salaries, personnel costs

- Wages and other personnel costs closely related to the purpose of the project.

Contributions on wages and salaries

- Contributions and social contribution taxes payable by employers.

Investments

- Acquisition and creation of intangible assets;
- Acquisition of tangible assets;
- Capitalised value of experimental developments (e.g. research costs);
- Valuable rights (e.g. leases, concessions, rights of use, licence fees, brand names, etc.);
- Intellectual property (e.g. software, invention, manufacturing process, trademark).

Renovation

- With all recognized costs included in the acquisition cost.

The total eligible amount of representation costs (hospitality (food and drinks) provided as part of business and official events related to the purpose of the project and services relating to such events (travel, accommodation,, etc.) **may not exceed 7% of the total eligible costs of the project.**

The total eligible amount of personnel costs may not exceed 50% of the total eligible costs of the project.

The total eligible amount of investment costs may not exceed 20% of the total eligible costs of the project.

No other cost types will be considered eligible in relation to the project.

Grants cannot be given for deductible value added tax (VAT), and therefore any organization whose application is successful must make a statement about its right to deduct VAT at the time of the conclusion of the award document. If the applicant organization is not entitled to deduct VAT, the basis for the calculation of the grant will be the gross total costs of the project plus VAT, which means that the organization must plan the budget of the project with gross amounts. If the applicant organization is taxable and is entitled to deduct VAT, the basis for the grant will be the net total costs of the project, excluding the amount of deductible VAT.

The settlement of accounts can only be performed in HUF.

4. Eligible persons

The following may submit an application: companies with legal personality that are registered in Hungary, higher education institutions and associations engaged in advocacy relating to climate policy.

If the applicant or its partner or affiliated undertaking specified according to Annex 1 of Regulation 651/2014/EU submits more than one applications under this Call, the application submitted first will be evaluated, and the other applications will be automatically rejected.

Organizations meeting the above conditions may also submit an application as a consortium.

The framework of the cooperation between the beneficiary and the consortium partners is set out in the partnership agreement, which also specifies that the consortium leader will be generally responsible for the execution of the project.

5. Grounds for exclusion

The following may not submit an application and may not receive grants

- a. Any person who failed to account for any previously granted state or European Union grants, or any grants provided by the target countries listed in Section 1, by the prescribed deadline;
- b. Any person who, during the implementation or operation of a previous state-funded or EU-funded grant program, departed from the contents of the award document without permission;
- c. Any person who previously provided false or misleading data to the granting authority or its predecessor in connection with the use of the grant;
- d. Any person who is subject to a liquidation, bankruptcy, dissolution or other procedure – aimed at its termination and defined in a law – ordered by a final and binding ruling, and any person who is subject to a debt settlement procedure under a special law, as well as organization subject to a procedure aimed at its removal from official records;
- e. Any person whose report on a previously awarded grant has been rejected by the granting authorities, or against whom the granting authorities have any overdue, unaccounted for or outstanding debt;
- f. Any organization which is subject to a conflict of interests according to Section 6(1) of Act CLXXXI of 2007 on the Transparency of Grants Provided from Public Funds (hereinafter: the Transparency Act), or to which any conditions of Section 8(1) of the Transparency Act applies, provided that the organization has not initiated the disclosure of such circumstance within the deadline specified by the Transparency Act;
- g. Any person who has provided false or misleading information resulting in a significant effect on the content of the grant decision, or who has made such a statement;
- h. Any person who does not meet the requirements included in Sections 50(1)-(4) of Act CXCV of 2011 on Public Finances (hereinafter: the Public Finances Act), in particular regarding any overdue and unpaid public debt as detailed in Section 50(4) of the Public Finances Act;
- i. Any person who fails to make a statement or to submit the documents specified in the Public Finances Implementing Decree or another law as a condition for the issue or the conclusion of the award document, or who withdraws its statements.

No grant can be provided

- a. Based on an application if the project included in it or the result of such project has already been accounted by the beneficiary against another grant received from Hungary, one of the target countries, the European Union or an international institution.

The grant application will be invalid if the execution of the project or the method or result of such execution

- a. Constitutes a criminal offence or an incitement to commit a criminal offence;
- b. Violates a fundamental human right or a constitutional right;
- c. Violates the dignity of the nation or of ethnic, linguistic or other minorities or other nations, or other fundamental interests of society, in particular if it is contrary to public order, public morals, or the requirement to protect families and minors.

6. Method and deadline for submitting applications

Deadline for the submission of applications: 23:59 on 27 March 2020.

Those submitting applications may start executing their projects at their own risk from 28 March 2020.

Application documentation

The present Call for Applications and the application form, the Budget Plan, the Table of Indicators and other annexes constitute the application documentation and contain all requirements of submitting an application. The documentation can be downloaded from <http://kormany.hu> and <http://wbgc.hu>.

Documents to be submitted as part of the application

1. Completed Application Form, Budget Plan and Table of Indicators;
2. A Letter of Support issued by the national or local authority of the target country and its official English or Hungarian translation, if issued in another language (Annex 1);
3. *De minimis* statement (Annex 2);
4. Statement on the grounds for exclusion (Annex 3);
5. Statement on the availability of own funds (Annex 4);
6. The specimen signature of the applicant's official representative, certified by a notary public, or a copy of the specimen signature certified by a notary public, or a specimen signature countersigned by an attorney-at-law (Annex 5).

The documents included in Annexes 2, 3, 4 and 5 cannot be issued more than 90 days before the submission date of the application. If the date of issue of the submitted document is more than 30 days before the submission of the application, then the applicant must declare that there have been no changes in the data included in such document. The date of the signing of such declaration cannot precede the date of submission of the application by more than 30 days.

The deadline for submitting the Letter of Support according to Annex 1, or with the content specified therein during a procedure for remedying the deficiencies, is 23:59 on 27 April 2020. The Letter of Support is a document which confirms that the locally responsible governmental body, municipality or state-owned or municipally owned institution is aware of the applicant's local activity and does not oppose it. In the case of Annex 1, the Granting Authority will also accept a document older than 90 days if it can be demonstrated that it will be valid until the execution of the project. The Granting Authority will not consider any attachments submitted after the deadline, in which case the application will be automatically rejected.

The application, written in Hungarian, and its annexes must be submitted via e-mail to wbgc@wbgc.hu by 23:59 on 27 March 2020.

The documents should be attached as editable Word and Excel files as well as scanned and signed PDF files.

Please indicate "WBGC-2020/1 Grant application" in the subject of the application e-mail.

Applications submitted after the deadline will be automatically rejected. If there is any discrepancy between the editable (Word and Excel) files and those signed and scanned (PDF files), the scanned PDF files will be evaluated during the assessment. Applications cannot be submitted in person.

Further information on the application can be requested from the Center via wbgc@wbgc.hu.

7. Evaluation

Examination of the validity of applications

It will be established during the formal examination whether the applications contain all required documents, in accordance with the requirements of Section 6. If it is found during that an application does not meet these conditions, the Center will electronically request the applicant to remedy the deficiencies on one occasion, setting a deadline of up to 5 (five) working days.

Professional criteria for evaluating applications

The Center will make a proposal on the applications to the Granting Authority based on the following professional criteria:

Professional merits

- The project's conformity with the goal of the call;
- The added value of the project in terms of climate policy (based on the specified indicators);
- The applicant's expertise and capacity for executing the project;
- The feasibility of the project and expected use of its results;
- The identified risks and their management strategies.

Contributions to sustainable development

- The project (as supported by the filled out Table of Indicators) contributes to achieving the target country's NDC or helps increase its resilience to climate change;
- The project's mitigation/adaptation effects are proportionate to the amount of the grant requested;
- The project contributes to the achievement of the United Nations' Sustainable Development Goals (SDG).

Impacts on the Hungarian economy

- The proportion of the following to the total costs of the project: the fees of the goods and services purchased from suppliers and service providers registered in Hungary and involved in the project, and the wages and salaries of the employees employed by the applicant at its Hungarian place of business in connection with the project;
- The project's effect on the applicant's export capacity and its further foreign economic opportunities;
- The project's ability to mobilise resources.

Target country's participation

- The applicant's relations with local partners and the local utility and sustainability of the project in the long run.

Embeddedness of the project

- The project's consideration of the needs of the Western Balkan countries;
- The project's connection to local development plans and strategies, to Hungarian economic development and foreign economic programs, as well as the development programs of international institutions.

References

- The professional activities successfully performed and completed not more than 5 years ago, which are relevant to the project;
- It will be considered an advantage if the applicant has experience in export or references in the target region.

Financial soundness of the project

- The amount of the requested grant corresponds to the expected results of the project;
- The applicant's financial background is adequate, and the Budget Plan presented in the application is in line with the industry-specific trends.

The applicants must specify at least three indicators relevant to the project (in respect to the expected results of the project) in the application's Table of Indicators. During evaluation, the Center will take into account the values provided.

Criteria	Maximum score
Professional merits	20
Contribution to sustainable development	25
Impacts on the Hungarian economy	10
Target country's participation	7.5
Embeddedness of the project	7.5
References	10
Financial soundness of the project	20
<i>Total</i>	<i>100</i>

The Granting Authority's decision

The Granting Authority's decision will be based on the proposal of the Center.

Notification of the applicants after the decision is made

The Center will notify the applicants of the evaluation of the submitted applications by e-mail after the decisions have been made. Applicants will not be entitled to submit any request for a remedy against the decision.

8. Issuing the award document

The award document will be issued to the selected applicants within 60 days after the submission of all documents specified by the Granting Authority.

The notification on the decision will contain the conditions of issuing the award document as well as the deadline for and method of submitting the required documents. The Center will examine the documents received, and if any of the documents necessary for the signature is not available or is defective, or if the beneficiary has failed to comply with the deadline included in the notification, the applicant will be

electronically requested to remedy the deficiencies on one occasion, with a deadline of up to 5 days.³ If the applicant fails to comply with the request to remedy the deficiencies, the Granting Authority will not issue the award document, and will withdraw its prior notification on the decision.

If all conditions necessary for issuing the award document are fulfilled before the deadline, the Granting Authority will issue the award document in accordance with the provisions of the Public Finances Implementing Decree.

If the supported activity is subject to official authorisation, the beneficiary must obtain the necessary official permits by the time the award document is issued. Before issuing of the award document, the beneficiary must submit the statements and documents required by the laws (in particular Sections 75(3)-(4) and 84(2) of the Public Finances Implementing Decree) and by the Granting Authority, according to the following:

- Collection letter(s) giving authorization to submit a collection order registered by the financial institutions managing the account serving as a guarantee; or bank guarantees or a declaration of joint and several suretyship; or the title deed of a property serving as a security, certifying the registration of a mortgage; or a contract on mortgage established on movable property; or a security deposit contract;
- The original or a notarised copy of its instrument of incorporation, or of the document confirming its registration prescribed by law – made not more than thirty days before the submission date of the application.

The use of budgetary aids must be conditional on the use of public procurement if the relevant conditions exist according to Act CXLIII of 2015 on Public Procurement. It may result in the withdrawal of the grant if the beneficiary enters into a contract with a contractor or an agent without conducting a public procurement procedure, despite the fact that there is an obligation to use public procurement.

9. Accounting and monitoring of the grant

The accounting of the grant will be checked by the Center. Such checks will include the following: the interim project report, and the final project report and financial accounts prepared after the completion of the project. The purpose of the interim report is to monitor the progress of the project. The interim report is a textual account of maximum two pages. Its exact details are included in the award document.

The period in which the supported activity can be accounted for is between 28 March 2020 and 30 June 2021.

Within 30 days after the completion of the project, but at the latest by 30 August 2021, the beneficiaries must give an account of their use of the grant in accordance with the award document and the requirements applicable to their business activity, in the form of a final narrative project report and a financial account. The report must also include an examination of the extent to which the indicators specified in the application have been achieved at the time of the completion of the project. The beneficiary must prove that the grant has been used for its intended purpose, in accordance with the purpose included in the Granting Authority's decision, and according to the conditions set out in the award document.

The Center will examine the report and – if necessary – it will request the beneficiary to remedy the deficiencies (if any) within 8 days. The request will be sent by post as a letter with a return receipt or electronically, to the applicant's e-mail address specified in the application. If the beneficiary does not,

³ It is the responsibility of the applicant organization to indicate an official electronic mailing address on the form which is checked at least on a daily basis, and via which it can be contacted.

or not sufficiently remedy the deficiencies by the deadline specified in the request, no further rectification will be possible.

The submitted report will be evaluated, after which the Granting Authority may make the following decisions based on the proposal of the Center:

- (a) The report can be accepted;
- (b) The report can be rejected;
- (c) The report can be partially accepted.

(a) The acceptance of the report means that it can be established that the project has been performed in accordance with the award document.

(b) The rejection of the report means that the beneficiary has not complied with its obligation to account for the grant, or it has accounted for it in a way that is contrary to the award document. In the case of a rejection, the Granting Authority will withdraw the grant, as a result of which the beneficiary will have to repay the advance and the grant (or partial amount) already paid out, with the interest determined in Section 98(1) of the Public Finances Implementing Decree.

(c) The partial acceptance of the report means that only a partial performance can be established based on the submitted report. In such case it will be specified which items/amounts of the financial accounts and which parts of the final narrative project report have been accepted and rejected, and the repayment obligation will also be established according to the below.

The grant (or its remaining amount) will be paid out after the payment of the total costs have been certified, and after the documents submitted for the accounting process (accounting sheet, invoices issued to the beneficiary, final narrative project report) have been accepted, by transfer to the beneficiary's bank account.

The beneficiary must handle and record its accounting documents proving the lawfulness of its use of the grant separately, and such documents must be separated and clearly identified within its books, according to the requirements of the award document.

The detailed rules of the financial settlement are included in the award document.

10. Follow-up

The applicants agree that in the case of selected applications, a year after the completion of the project, they will submit a report – certified by an independent expert – on the status of the achievement of the indicators specified in the application.

11. De minimis rules

Grants provided as part of an individual grant are considered *de minimis* grants – with some exceptions⁴ – which can only be provided based on the provisions of 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 (OJ L 352, 24.12.2013, p. 1; hereinafter: Commission Regulation (EU) No 1407/2013). The gross grant elements of *de minimis* grants awarded to a single undertaking defined in Article 2(2) of Commission Regulation (EU) No 1407/2013 in Hungary during the current financial year

⁴ Government Decree 37/2011 (III. 22.) on the procedure relating to state grant within the meaning of European Union competition law and on the regional grant maps provides that the supporting of higher education institutions, research institutes and associations is only regarded as state grant if the support is aimed at the performance of an economic activity.

and the previous two financial years based on Commission Regulation (EU) No 1407/2013 may not exceed a HUF amount corresponding to EUR 200,000, or in the case of an undertaking performing road freight transport for hire or reward, a HUF amount corresponding to EUR 100,000, also taking into account subsections (8) and (9) of Article 3 of Commission Regulation (EU) No 1407/2013. [The conversion of the amounts must be performed according to Section 35 of Government Decree 37/2011 (III. 22.) on the procedure relating to state grant within the meaning of European Union competition law and on the regional grant maps.]

The *de minimis* grant granted based on Commission Regulation 1407/2013/EU can be cumulated with the *de minimis* grant granted in accordance with Commission Regulation (EU) No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid granted to undertakings providing services of general economic interest (OJ L 114, 26.4.2012., p. 8) up to the ceiling determined in Commission Regulation (EU) No 360/2012. The *de minimis* aid mentioned in Commission Regulation (EU) No 1407/2013 can be cumulated with the *de minimis* aids granted according to other Regulations on *de minimis* aid, up to the upper limit determined in Article 3(2) of Commission Regulation (EU) No 1407/2013.

De minimis grant shall not be cumulated with State grant in relation to the same eligible costs or with state grant for the same risk finance measure, if such cumulation would exceed the highest relevant grant intensity or grant amount fixed in the specific circumstances of each case by a block exemption regulation or a decision adopted by the Commission.

With the exception included in Article 1(2) of Commission Regulation (EU) No 1407/2013, the grant cannot be used for the purposes of the exceptions specified in Article 1(1) of Commission Regulation (EU) No 1407/2013, or – in accordance with Article 3(2) of Commission Regulation (EU) No 1407/2013 – for the acquisition of road freight transport vehicles for the purpose of performing road freight transport for hire or reward.

The documents related to the grant must be retained for 10 years after the Granting Authority has approved the beneficiary's report, and the beneficiary must present them upon the granting organization's relevant request. At the request of the European Commission, information must be provided on grants granted on the legal ground of *de minimis* grant within 20 days.