



EUROPEAN COMMISSION
Enterprise and Industry

CALL FOR PROPOSALS

Clusters and entrepreneurship in support of emerging industries

64/G/ENT/CIP/13/C/N04C02

GRANT PROGRAMME 2013

The present call for proposals is composed of a set of Grant Submission Documents,
which form an integral part of this call:

The call for proposals,
The Guide for Applicants
The Submission Set

The terms set out in the call for proposals document shall take precedence over those in
the other parts of the Grant Submission Documents.

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INTERESTED PARTIES ARE INVITED TO READ CAREFULLY THE BELOW INSTRUCTIONS, AND TO USE THE QUESTIONNAIRE PROVIDED IN CHAPTER II OF THE GUIDE FOR APPLICANTS IN ORDER TO ENSURE THAT APPLICATIONS ARE COMPLETE WHEN SUBMITTED.

1. CONTEXT

1.1. CLUSTERS AND ENTREPRENEURSHIP IN SUPPORT OF EMERGING INDUSTRIES

The main objective of this call for proposals is to support regions to adapt and change their industrial structures to unlock the potential of clusters and entrepreneurship for regional economic development and for addressing societal challenges such as reducing CO2 emissions, improving resource efficiency and environmental protection. The aim is in particular to better capitalise on all forms of creativity, new technologies and the transformative power of innovation to shape new globally competitive value chains that may help to foster the development of emerging industries in Europe. By supporting the development of more fertile environments in which small and medium-sized enterprises (SMEs) can combine creativity with the use of new technologies and more resource efficient solutions, new business opportunities may arise that result in smarter and more sustainable growth.

The call therefore aims to stimulate activities that have the potential to radical innovations that result from such cross-sectoral collaboration and that have a systemic impact. By "systemic impact" innovations are meant that fundamentally change sectoral boundaries and help improve the overall efficiency of the eco-system by, for example, better valorising all forms of creativity and promoting resource efficiency. Such innovations have a profound impact on the way the economy is organised and resources are allocated.

It is therefore not sufficient to simply follow a project-oriented approach that demonstrates the technical feasibility of product and/or service innovations through pilot actions. Instead, a "systemic approach" is called for that strives for putting in place a favourable environment for developing and testing new business models that integrate such radical innovations under real-life conditions into existing value chains or successfully shape new ones.

1.2. GENERAL BACKGROUND

The current economic crisis and on-going global industrial transformations have highlighted the need to modernise regional industrial structures and build new industrial competences in order to respond to global competitive and societal challenges. The question that regional policy makers are faced with is how to best develop regional industrial and SME policies and smart specialisation strategies in order to build a more robust and resilient industrial base within their region. This is the reason why this call for proposals is addressed directly to regional public authorities.

It is widely acknowledged that the boundaries between traditional industrial sectors are becoming ever more blurred.¹ Consequently, cross-fertilisation within manufacturing, within service industries and, in particular, between traditional manufacturing industries and service industries becomes ever more important. The transformation of existing industries and the emergence of new industries are often evolving from these interactions. The success of manufacturing depends, for instance, very

¹ Expert Panel on Servicer Innovation in the EU "Meeting the challenge of Europe 2020 – The transformative power of service innovation", final report of February 2011 available at http://www.europe-innova.eu/c/document_library/get_file?folderId=383528&name=DLFE-11601.pdf

much on innovative services like design, marketing and logistics as well as product-related after-sales services.²

Innovation is most likely to happen at the borderlines between different industries, and this suggests that industrial policy should not be based on a strictly sectoral approach that looks at economic activities within narrowly defined borders but, instead, on a more thematic, cross-sectoral approach that looks at linkages within and across industrial value chains. Cluster organisations and other SME intermediaries are the ideal intermediary for creating an "open space" or an "brokerage platform", where businesses, knowledge institutions and business support organisations can meet to search for and explore radically new, cross-sectoral business solutions.

Increasingly, policy discussions are shifting their focus towards emerging industries and their dynamic potential – given that they emerge at the borderlines of different competences and, hence, cut across and reshape different traditionally defined sectors. They are most often driven by new technologies and services, new business concepts and creativity, and by societal challenges such as sustainability demands that industry must address. Emerging industries are thus either new industrial sectors or existing industrial sectors that are evolving or merging into new industries.³ As these are often characterized by high growth rates and further market potential, they hold the key to future competitiveness and prosperity.⁴

Against this background, this call for proposals is in line with the objectives laid down in the European Commission's communication "*A stronger European Industry for Growth and Economic Recovery*" of 10 October 2012⁵ that provided an update of the "*Integrated Industrial Policy for the Globalisation Era*"⁶ communication adopted by the Commission in 2010 as part of the Europe 2020 Strategy. It called for policy action to respond to the transformations of the global industrial landscape following the new "third industrial revolution" based on green energy, clean transport, new production methods, novel materials and smart communication systems.

Europe needs indeed to reverse the declining role of industry for the 21st century with the aim of delivering sustainable growth, creating high-value job and finding solutions to the societal challenges that it is facing. Therefore, this call also builds upon the principles laid down in the Small Business Act inviting the European Commission to further develop cluster initiatives to encourage greater participation of SMEs in innovative clusters⁷ as part of promoting the upgrading of skills in SMEs and all forms of innovation. as well as the policy agenda to support the creation of world-class clusters in the EU.⁸ Moreover, support for cooperation between clusters and business networks is foreseen within pillar 2 of the recently published "*Entrepreneurship 2020 Action Plan*" that aims to "create an environment where entrepreneurs can flourish".⁹

²The Smart Guide to Service Innovation – How to better capitalise on service innovation for regional structural change and industrial modernisation, p.11, available at http://ec.europa.eu/enterprise/policies/sme/regional-sme-policies/documents/no.4_service_innovation_en.pdf

³ European Cluster Observatory: "Emerging industries": report on the methodology for their classification and the most active, significant and relevant new emerging industrial sectors. July 2012, version 1.3, available at <http://www.clusterobservatory.eu/eco/uploaded/pdf/1347451111708.pdf>

⁴The Smart Guide to Service Innovation – How to better capitalise on service innovation for regional structural change and industrial modernisation, pp.12-13, available at http://ec.europa.eu/enterprise/policies/sme/regional-sme-policies/documents/no.4_service_innovation_en.pdf

⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0582:FIN:EN:PDF>

⁶ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0614:FIN:EN:PDF>

⁷ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0394:FIN:EN:PDF>, p.15.

⁸ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0652:REV1:EN:PDF>, p.11.

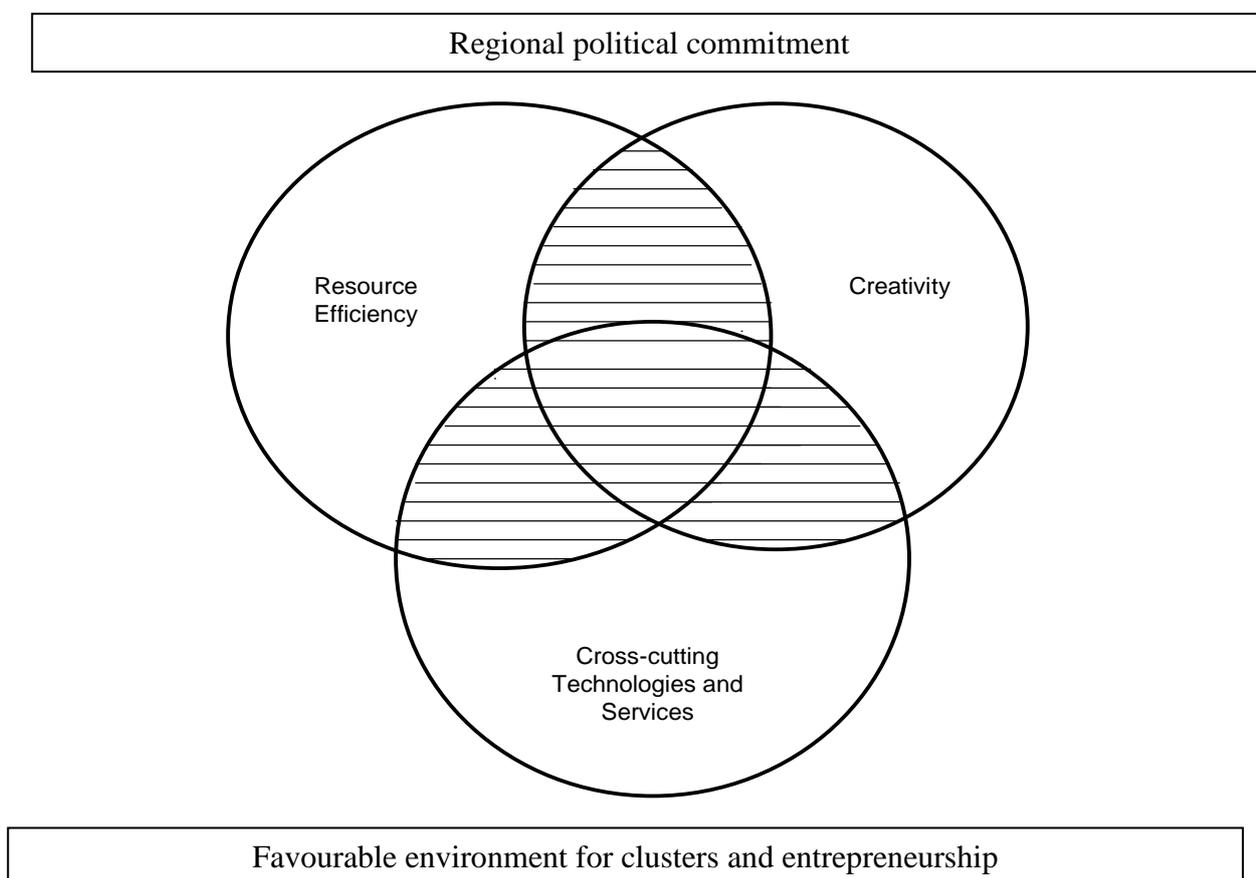
⁹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0795:FIN:en:PDF>

1.3. A SYSTEMIC APPROACH

Particularly in times of austerity and tightening of public spending, a more efficient, effective and synergetic use of public policies, investments and support mechanisms is needed. These have to make the best use of existing strengths and talents in strategic and competitive areas and, at the same time, create an environment open for new knowledge and talents to flourish that strengthen a region's capacities. Such an eco-system is more likely to support experimentation and give rise to entrepreneurship and clusters, new products and services, and the transformation of industries.

This calls for a revised industrial policy that should not be based on a narrow sectoral approach but one where cross-sectoral fertilisation and the positioning in global value chains takes centre stage. A systemic approach is needed that brings together different tools and actors towards creating favourable framework conditions for cluster and business collaboration and entrepreneurial opportunities in order to address specific economic or societal challenges and to facilitate the development of emerging industries. The success of this systemic, needs-driven approach depends on whether all of the following three key "ingredients" of such an approach are available and successfully combined.

A systemic approach to facilitating the development of emerging industries



The first "ingredient" is a **strong regional political commitment** by regional public authorities to set up and implement an agenda for industrial structural change that mobilises all relevant regional actors. The political will of a regional public authority (please see section 2.2 on targeted applicants) is hence a pre-requisite for implementing a systemic approach as they are the owners of economic and societal problems and challenges as well as drivers for finding solutions. Paramount is that regions demonstrate how a combined use of different policy instruments can foster emerging

industries with growth potential that are either new industrial sectors or existing industrial sectors that are evolving or merging into new industries.

The second "ingredient" consists of creating a **favourable environment for clusters¹⁰ and entrepreneurship**. By their nature, cluster organisations, regional cluster initiatives and other SME intermediaries are well placed to foster the development of emerging industries and new business solutions. Clusters also play a key role in facilitating cross-sectoral networking and activities. However, this transformative potential is not yet sufficiently recognised by policy makers and the 'toolbox' for cluster organisations to nurture such changes is not sufficiently developed.

The third "ingredient" is **cross-sectoral spillovers** that foster the development of emerging industries, i.e. the process by which industries mutate through their entrepreneurial and technological convergence with other related industries. These linkages across sectors, industries and markets shall be driven by three key transversal drivers, namely creativity, resource efficiency, and cross-cutting technologies and services. By combining at least two of these three key drivers, new entrepreneurial opportunities may be created that change existing value chains or create new ones within the regional industrial landscape. It should be underlined that the emphasis is on the search for new business solutions that impact on value chains rather than on technological innovations that result in new product or services.

The rationale behind the **three key transversal drivers**, for the purpose of this call, is the following:

Creativity shall be interpreted as a catalyst for change allowing existing industrial structures to evolve¹¹. The central idea is that cross-fertilisation between different industries shall take place through creativity, for instance, by establishing institutions or mechanisms that help bring creativity into other fields of industry. This does not mean that regions should directly support creative sectors or creative industries as such, but rather they should facilitate structural change within creative industries as well as structural change in other industries "through creativity" (coming, inter alia, from creative sectors and industries). In other words, active promotion of spill-overs within creative industries and into other industries shall be encouraged by applying a broader concept of creativity. This shall not just lead to the development of new products and services but also to radically new business solutions. In addition, it contributes to the enrichment, transformation and building-up of more competitive value chains through creativity and creative input, such as through design, gaming (e.g. interactive learning) or media.

Resource efficiency shall be interpreted first and foremost as using new entrepreneurial opportunities from the "circular economy" by developing new business models for a more efficient use and reuse of resources¹². The primary aim is not to foster more resource-efficient product innovation and technical demonstration projects, but rather to help combine and modernise value chains to make industries, and the economy overall, more sustainable,

¹⁰ Clusters are generally described as groups of specialised enterprises, often SMEs, and other supporting actors in a particular location that cooperate closely together.

¹¹ Communication from the Commission, 26.9.2012 COM(2012) 537 final
"Promoting cultural and creative sectors for growth and jobs in the EU". The text is available at:
<http://ec.europa.eu/culture/our-policy-development/documents/communication-sept2012.pdf>

¹² Communication from the Commission, 26.1.2012 COM(2011) 21 final
"A resource-efficient Europe – Flagship initiative under the Europe 2020 Strategy". The text is available at:
http://ec.europa.eu/resource-efficient-europe/pdf/resource_efficient_europe_en.pdf

energy efficient and less carbon intensive. This includes, notably, the development of new business services that arbitrate between different sectors thereby changing practices for the use and reuse of materials, residuals and waste. For instance, this may call for cross-sectoral cooperation and the combination of resource efficiency and design as well as the stimulation of collaboration between sectors that produce waste and residuals and other sectors that can use these as input for new products, thereby applying the cradle-to-cradle principle for sustainable development. This shall include actions that raise awareness of the economic benefits of higher resource efficiency as a means to improving productivity and competitiveness and towards achieving diversity as a characteristic of resilient eco-systems.

Cross-cutting technologies and services shall be interpreted as a significant enabling component of competitive products and services across different sectors and as having the transformative power, not only to give rise to new products and services, but also to change sectors, industries and markets.¹³ Mastering them means being at the forefront of managing structural change. Regions are therefore encouraged to give them a prominent role in their R&D, innovation and cluster strategies and to develop policies and instruments that better capitalize on them to enhance the competitiveness of European industries in the knowledge economy.

By combining these three ingredients – the use of clusters as platforms for promoting entrepreneurship through cross-sectoral spill-overs (driven by creativity, resource efficiency and cross-cutting technologies and services) supported by a strong regional political commitment –, a **systemic approach** can be developed that supports the restructuring of existing and the creation of new value chains and industrial structures as part of global value chains. Putting in place more advantageous framework conditions for cross-sectoral collaboration and entrepreneurship facilitated by cluster organisations and other SME intermediaries as well as developing better business support services are pivotal for the development of emerging industries¹⁴.

Example: Capitalising on transversal drivers for industrial transformation

The European Cluster Observatory has published an Industry Transformation Report: "*Shipbuilding Industry*"¹⁵ which has identified several cases of industry shifts and new industries that emerge from traditional shipbuilding industry in Europe. Shipbuilding underwent, mainly in urban areas in the Nordic countries, a transformation towards knowledge centres (science parks, etc.), real estate development and heritage industry whereas shipyards located on the urban fringes, were rather subject to transformation through industry shift (new industries), industry niche strategy (luxury vessels) or converted to repair and maintenance service centres.

Denmark has been a pioneer in developing wind power technology out of its traditional shipbuilding industry by capitalising on existing strengths and competences and applying them in new areas. The Danish authorities have been very supportive towards the development of the wind power energy sector through different policy interventions already in the 1990s. Major ports like Aalborg, Aarhus, Copenhagen and Odense became real clusters for wind power technology. An

¹³ Communication from the Commission, 26.6.2012 COM (2012) 341 final "A European strategy for Key Enabling Technologies – A bridge to growth and jobs". The text is available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0341:FIN:EN:PDF>

¹⁴ The Smart Guide to Service Innovation published in 2012 by the European Commission's Enterprise and Industry Directorate-General in cooperation with the Directorate-General for Regional Policy highlighted in this respect the "transformative power of service innovation" and offered practice examples for measures of how to better make use of this potential for contributing to both the transformation of traditional industries and the shaping of emerging industries at the borderlines between different industries.

¹⁵ <http://www.clusterobservatory.eu/system/modules/com.gridnine.opencms.modules.eco/providers/getpdf.jsp?uid=a3b56355-4167-4ca3-b64c-b6ae1127805b>

existing wind mill wing company, for instance, decided to move to the shipyard of Aarhus benefiting from existing know-how in constructing fibreglass boats. A considerable amount of the existing shipbuilding workforce has been converted to the wind power energy sector. This is therefore a good illustration of the systemic approach and of how two out of three key transversal drivers (resource efficiency - wind replaces other forms of energy - and cross-cutting technologies and services) can be applied to create new value chains and emerging industries.

1.4 LEGAL BASIS

The Decision of the European Parliament and Council establishing a **Competitiveness and Innovation Framework Programme** (CIP) for 2007-2013 is the legal base for this call.¹⁶ The present call for proposals is in line with the objectives of its Entrepreneurship and Innovation Programme (EIP) established in support of enterprises, particularly SMEs, entrepreneurship, innovation, including eco-innovation and industrial competitiveness. The overall objective of this call is to support, improve, encourage and **promote all forms of innovation in enterprises**. It is based on Article 13 of the CIP and has the objective to implement the measures outlined within the framework of the EIP work programme for 2013 notably to strengthen the development of Clusters and Entrepreneurship in Support of Emerging Industries.¹⁷

¹⁶ Decision No 1639/2007/EC of the European Parliament and of the Council of 24 October 2006, establishing a Competitiveness and Innovation Framework Programme 2007-2013. The text is available at http://ec.europa.eu/cip/documents/cip-legal-base/index_en.htm

¹⁷ http://ec.europa.eu/cip/documents/work-programmes/index_en.htm#h2-2013

2. OBJECTIVE OF THE CALL

The aim of this call is to help regions in using clusters as platforms for promoting entrepreneurship in view of supporting the development of emerging industries. The main objective is to facilitate the reshaping of existing industrial value chains and/or to create new value chains by capitalising (1) on the transformative power of cross-cutting technologies and service innovation, (2) on all forms of creativity that help stimulate innovation, and/or (3) on the potential of resource efficiency and the concept of the "circular economy" that shall lead to a more robust and resilient industrial landscape.

In order to foster this transformation, specific actions are needed that support entrepreneurs and SMEs in developing radically new business solutions that have the potential to fundamentally change industrial structures, resulting in new globally competitive industries in Europe. To enable this innovation process, such actions must actively encourage cross-sectoral networking and joint activities amongst actors from different sectors through support for and by cluster organisations (and other SME intermediaries) as well as offer specific incentives for concrete cross-sectoral collaboration capitalising on the transformative potential of the three key transversal drivers of emerging industries.

This action shall thereby demonstrate how favourable framework conditions and support measures for addressing economic or societal challenges in regions can be set up that achieve high impact and bring together a large number of regional actors from the business community, intermediaries such as cluster organisations and other actors. To achieve this, clear policy objectives and a strong regional political commitment are necessary in order to implement a "systemic approach" that uses clusters to promote entrepreneurship for the development of emerging industries. Such an approach shall combine mutual policy learning with concrete actions to, first, encourage cross-fertilisation between actors from different sectors with a view to capitalising on the three key transversal drivers and, secondly, to strategically support the implementation of the most promising joint proposals for cross-sectoral activities that is generated through this networking and partnering process.

To achieve the aim set out above, the applicant shall elaborate a **regional strategy or master plan** that clearly demonstrates the political will to support the implementation of such activities. This shall be outlined in a detailed roadmap, with a commitment to (re-)allocate existing budgetary means and to leverage additional public and/or private funds such as through the Structural Funds.

To implement such a regional strategy, support from cluster organisations (or other SME intermediaries) shall be required to bring about structural change as well as a willingness by enterprises to explore new business opportunities. To this end, it may be necessary, on the one hand, to better prepare cluster organisations (and other SME intermediaries) to assume the role of neutral "broker" between companies and knowledge institutions from different sectors and, on the other hand, to provide specific incentives for SMEs to engage into radical "systems innovation" processes with high risk and uncertainty. The objective of this call is therefore to address both challenges from a regional perspective.

"Systems innovation" of value chains is largely market driven, either by innovative start-ups that successfully introduce radically new business models into the market or by large enterprises that take the lead to shape new value chains around their core businesses. These are not directly addressed by this call. However, many SMEs may need support from neutral intermediaries that

represent groups of SMEs to make "systems innovation" happen, as they lack market power and the necessary resources to implement radically different business solutions on a large scale. Cluster organisations and other SME intermediaries are well positioned to help SMEs engage in new industrial relationships by facilitating linkages between different sectors and bundling resources. In this respect, they contribute to better market efficiency by helping SMEs to integrate into new value chains that are created across sectoral boundaries.

Applicants are requested to submit, in stage 1, a concise "**concept note**" of maximum five pages that shall outline the policy objective and systemic approach that is foreseen. Following the evaluation of these "concept notes", a maximum of twelve applicants will be selected and invited to prepare and submit a full and detailed proposal for stage 2 of the submission procedure. Following the evaluation of the full proposals, a maximum of six proposals will be awarded a grant by the European Commission to launch a "Clusters and Entrepreneurship in Support of Emerging Industries" action. More information on the submission of proposals can be found in section 9 of this document. Moreover, the Commission services will organise an information day on 20 March 2013 in Brussels in order to respond to potential questions for clarification.¹⁸

2.1. SPECIFIC OBJECTIVES AND EXPECTED WORK

Applicants are expected to develop all of the following three specific activities that are explained in more detail below:

1. Mutual transnational policy learning;
2. Cluster collaboration and networking activities;
3. Entrepreneurial support activities through voucher schemes, service incubation or SME internationalisation.

Specific activities (all mandatory):

1. Mutual transnational policy learning: Applicants are expected to actively engage in an exchange and structured policy dialogue and peer review with other regions and experts on how to develop better policies and instruments to support entrepreneurship in emerging industries through clusters. The proposed activities must be new and will be subject to an impact assessment to be carried out as part of policy learning through peer review by an independent expert from another Member State.

This shall include the undertaking of a "stress test" of regional policies based on a pre-established check-list (a self-assessment tool) to be provided at a later stage by the European Commission, with input from its European Cluster Observatory and European Service Innovation Centre. This shall allow regions to better identify their strengths and weaknesses in implementing a systemic approach. The self-assessment exercise may further allow policy makers, to identify scope for new

¹⁸ Details on the event and registration procedure will be made available at the same web pages, where this call has been published, see http://ec.europa.eu/enterprise/contracts-grants/calls-for-proposals/index_en.htm . The clarifications provided will be made available also in the "frequently asked questions" document at this same web page.

policy initiatives as well as to monitor changes and impact achieved through a repeat of the exercise at the end of the action (ex-post self-assessment).

In this respect, this activity shall also include an impact assessment of the overall strategy and proposed activities, carried out through subcontracting and including a mid-term report,. Overall, the objective of the mutual transnational policy learning is to develop better regional policies to promote clusters and entrepreneurship in support of emerging industries. This includes reviewing the quality of existing framework conditions and options for better practices through the analysis of baseline information and intelligence on needs and challenges leading to the formulation of a detailed action plan and roadmap.

Applicants are expected to take part in annual mutual policy learning meetings amongst the six successful actions under this call as well as in the mutual policy learning within the framework of the forthcoming stakeholder forum of "Regions for Industrial Change", foreseen to be set up in 2013 with a view to bringing together regions involved in activities that foster regional structural change through clusters. Moreover, applicants are expected to provide input for workshops and to budget for the costs of participating in such meetings twice annually and to also budget the cost of participation in a European conference on creativity, resource efficiency and/or cross-cutting technologies and services related to this action.

Applicants are further encouraged to actively engage, associate themselves and share results with the analysis and activities of the European Cluster Observatory¹⁹, the European Service Innovation Centre²⁰ and its policy stress tests and peer reviews for the associated six Model Demonstrator Regions²¹, the two European Creative Districts²², and the Policy Learning Platforms of both the European Creative Industries Alliance²³ and the European Mobile and Mobility Industries Alliance²⁴.

Furthermore, applicants are strongly encouraged to build upon lessons from previous European actions, to find synergies with existing actions and to provide input into upcoming policies and actions of relevance for the promotion of clusters and entrepreneurship to support the development of emerging industries. The final reports of the Sectoral Innovation Watch²⁵ or the Eco-innovation Platform²⁶ under Europe INNOVA could, inter alia, serve as sources of inspiration.

2. Cluster collaboration and networking activities: Applicants are expected to undertake actions aimed at further developing clusters and networks by encouraging cross-sectoral and transnational partnering between actors from different fields of competences and sectors related to the three key transversal drivers of emerging industries.

For this purpose and under this specific activity, applicants are expected to work together with cluster organisations (and other SME intermediaries) that shall take the lead on creating an "open space" or "brokerage platform", where businesses, knowledge institutions and business support

¹⁹ <http://www.clusterobservatory.eu/index.html>

²⁰ http://ec.europa.eu/enterprise/newsroom/cf/itemdetail.cfm?item_id=6289&tpa=0&tk=&lang=en

²¹ <http://www.proinno-europe.eu/episis/newsroom/six-model-demonstrator-regions-service-innovation-selected>

²² http://ec.europa.eu/enterprise/newsroom/cf/itemdetail.cfm?item_id=5782&lang=en

²³ <http://www.howtogrow.eu/ecia/project/policy-learning-platform/>

²⁴ <http://www.mobilise-europe.mobi/>

²⁵ <http://www.europe-innova.eu/web/guest/sectoral-innovation-watch/publications-tools>

²⁶ <http://www.europe-innova.eu/web/guest/eco-innovation/eco-innovation-platform>

organisations can meet to search for and explore radically new, cross-sectoral business solutions that are based on the three key transversal drivers. The aim is to build bridges between the different value chains related to these drivers, in order to support the development of emerging industries.

To establish such an "open space" or "brokerage platform" for cross-sectoral fertilisation and "systems innovation", applicants are requested to either create a new forum or to reinforce existing regional platforms, roundtables, business panels, etc. in order to organise brainstorming and matchmaking events that facilitate cooperation across sectoral boundaries as well as undertake foresight and intelligence activities. Through such fora, the leading cluster organisation (or other SME intermediary) shall bring together at least 250 stakeholders representing entrepreneurs, cluster organisations, and other business and innovation stakeholders from different sectors to reflect on innovative ideas, business models, initiatives and possible joint activities for building cross-sectoral linkages and synergies in view of combining different value chains.

These brokerage platforms could make use of 'creativity competitions' for multi-disciplinary teams (entrepreneurs, researchers, designers etc) to encourage and accelerate the development of innovative and cross-sectoral concepts and solutions. A multidisciplinary jury could, for instance, assess and award not only the most market-friendly proposals but also those with the highest potential to create new value chains.

At the end, the aim of the "open space" or "brokerage platform" shall be to stimulate, pre-select and validate a minimum of 25 concrete cross-sectoral cooperation projects. These projects should then benefit directly or indirectly from better business support provided under the third specific activity (see further below). The outcome, in terms of ideas, strategies and validated cooperation projects shall be presented to stakeholders at a regional event in order to raise awareness of these endeavours in the region.

The "open space" or "brokerage platform" should also help facilitate transnational and international cooperation in these areas, including the identification of needs for supporting SME internationalisation through clusters.

In order to build up the necessary mutual trust and relationships that are vital for knowledge sharing and to stimulate joint activities, this activity can also include the organisation of cluster visits, business matchmaking events and staff exchanges between cluster managers. Applicants could further build upon existing European networking actions such as ECOLINK+ and its Business Club of 100 young entrepreneurs in the field of eco-innovation.²⁷

The intention is to help cluster organisations (and other SME intermediaries) to become privileged partners mandated by public regional authorities to implement regional strategies aimed at capitalising on creativity and promoting resource efficiency at regional level. In this way they shall become catalysts of structural change in the region. This may require further investment in developing their skills and capacity to manage such change and to set up the necessary services for the benefit of SMEs. Therefore, activities may also include capacity building for cluster organisations (and other SME intermediaries) to provide and manage such "open space" or "brokerage platforms" and related services.²⁸

²⁷ <http://www.europe-innova.eu/web/guest/eco-innovation/eco-innovation-platform/ecolink/about>

²⁸ At the process level, the handbook "TO DO: Development of cultural and creative industries in practices" recently published also in English by the Alexanderson Institute may offer some practical methods that can be used for arranging cross-disciplinary meetings successfully. While this handbook is written for and with examples from the creative industries, many of the presented methods may be used by cluster managers and process managers from all industries. The handbook is available at <http://www.alexandersoninstitutet.se/publicerat/todo/en-GB/>

Applicants are encouraged to actively engage, associate themselves and share results with the activities of the European Cluster Collaboration Platform²⁹, the European Secretariat for Cluster Analysis for the labelling of cluster organisations, the European Foundation for Clusters and Competitiveness³⁰ that offers courses for trainers of cluster management excellence based on the work undertaken by the European Cluster Excellence Initiative³¹, the cluster partnerships of the European Creative Industries Alliance³² and share their result with the European Cluster Observatory³³ and the European Service Innovation Centre³⁴.

3. Entrepreneurial support activities through voucher schemes, service incubation or SME internationalisation: Applicants are expected to undertake activities aimed at enhancing the innovation capacity of enterprises and to offer support measures that encourage cross-sectoral fertilisation as well as drive new industrial activities and combinations of different value chains. These activities should not take place in isolation but form an integral part of the systemic approach. Therefore, this specific activity shall be the direct follow-up of the pre-selection and validation under the above cluster collaboration and networking activities, where a leading cluster organisation (or other SME intermediary) acts as a catalyst for change to generate the flow of ideas that are characterised by radical innovation and have the potential to drive new industrial activities. This means that a minimum of 25 possible concrete cross-sectoral cooperation projects validated through the “open space” or “brokerage platform”(under the above specific activity 2) or 'creativity competitions' shall benefit directly or indirectly from better business support provided under this third specific activity.

This business support can be provided through a broad range of means, including mentoring and coaching of entrepreneurs and joint project teams, awareness raising, information and dissemination, training and mobility activities, service incubation, provision of high-quality innovation support services with strong added value for SMEs (e.g. for intellectual property and innovation management, knowledge transfer, supporting the innovative use of ICT and e-skills in SMEs, etc.), as well as assisting enterprises to connect with research and innovation partners across CIP participating countries (please see section 5.1 on geographical eligibility), allowing them to capitalise on the different transversal drivers of emerging industries. The objective is not to support product feasibility and market replication projects but to provide better business support for cross-fertilisation across different competences, sectors and value chains, that has the potential to be scaled up.

The business support mechanisms should be designed in such a way that not only enterprises from the own region but also their transnational or international business partners may benefit for the purposes of changing existing joint value chains or creating new cross-border value chains.

The business support activities could also include the promotion of a wider use of existing coaching tools and methods. Support for innovation management for the growth phase of companies could, for instance, be included. Such support should be based on the European innovation management

²⁹ <http://www.clustercollaboration.eu/>

³⁰ <http://www.clustercompetitiveness.org>

³¹ <http://www.cluster-excellence.eu/>

³² <http://www.howtogrow.eu/ecia/projectcategory/clusters/>

³³ <http://www.clusterobservatory.eu/index.html>

³⁴ http://ec.europa.eu/enterprise/newsroom/cf/itemdetail.cfm?item_id=6289&tpa=0&tk=&lang=en

tool IMP³rove³⁵ and could either be provided in the form of “train the trainers” schemes or by supporting the use of such certified trainers by companies directly.

The use of innovation vouchers as a business support tool shall be actively promoted and shall be considered an excellent example of how to put into practice a systemic approach encouraging cross-sectoral linkages.³⁶ Voucher programmes could be put in place to provide technical assistance to the most promising collaboration partnerships and projects coming out of the "open space" or “brokerage platform” for cluster collaboration and networking activities or the 'creativity competitions'. The most promising cross-sectoral projects could then, for instance, be offered 'technical assistance vouchers' to mobilise specific expertise in the field of standardisation, marketing, feasibility studies or intellectual property to support the projects towards implementation. Such 'technical assistance voucher' schemes could also be used to cover the costs to provide financial expertise to businesses, e.g. for preparing a loan application or presenting a bankable proposal.³⁷ The 'technical assistance vouchers' can, however, not be used to finance the activity of the cooperation project as such, like the development costs of a prototype etc.. The vouchers would in essence build a bridge between the conceptual work and the upcoming entrepreneurial activity.

Any voucher schemes that would be implemented, must be developed in line with the Financial Regulation and the Rules of Application³⁸ as well as with the conditions of Article. II.11 of the attached model grant agreement. For instance, this means that applicants would have to respect the maximum of funding that can be passed on to a third party, which is EUR 60.000 (article 210 of the Rules of Application).

Another possibility is to implement voucher schemes could be to systematically focus on promoting awareness among entrepreneurs and SMEs of the opportunities offered by resource efficiency measures, benchmarking of production processes and alternative technologies, and lifecycle data analysis. Regions could reflect on how to apply resource efficient technologies and integrate them into existing processes. Vouchers developed by VDI/VDE-IT of Germany within the framework of the Europe INNOVA REMake action are a good example of successful implementation of the voucher concept.³⁹

It is an asset if these activities include or aim at including service providers or collaboration partners from abroad, thereby involving companies and institutions from other CIP participating regions and countries with a view to building cross-sectoral and cross-border linkages that increase the likelihood of strengthening globally competitive industrial structures in the region and thus also facilitating SME internationalisation.

³⁵ <https://www.improve-innovation.eu/>

³⁶ To find out more about possibilities for "Realising the full potential of innovation voucher programs", see the so-called Riga Declaration available at http://www.europe-innova.eu/c/document_library/get_file?folderId=132988&name=DLFE-9801.pdf as well as the four concrete action on vouchers for innovation support under the European Creative Industries Alliance, see <http://www.howtogrow.eu/ecia/projectcategory/vouchers/>

³⁷ Project or proposal which is sufficiently underpinned both financially and conceptually to be potentially successful when applying for financing from institutional lenders.

³⁸ http://ec.europa.eu/budget/biblio/documents/regulations/regulations_en.cfm

³⁹ <http://www.ecomanufacturing.eu/>

2.2. TARGETED APPLICANTS AND EXPECTED EXPERIENCE

Consortia shall include, without any geographic restriction, a **minimum of 3** and a **maximum of 5 partners** from one or more CIP participating countries.

The **lead partner or coordinator** must represent a region, as defined hereunder, and be a regional organisation that is either responsible for or involved in the funding and/or implementation of a horizontal or specific innovation or SME support programme from which companies could benefit. This refers to regional public authorities themselves as well as to organisations mandated by national and/or regional public authorities to implement innovation support programmes such as innovation or regional development agencies or cluster organisations (and other intermediaries representing groups of SMEs).

By **region**, this call refers to public authorities active at regional level which in principle refers to NUTS level 2 territorial units according to the current NUTS classification system⁴⁰. However, in duly substantiated and documented cases a differently defined region may be eligible. For instance, where the territory is a cross-border area or defined by a common historical or cultural identity rather than a political or administrative unit. The eligibility of such regions will be decided on a case-by-case basis and only take account of the arguments in, and supporting documentation provided with, the “concept note”.

This means that the principle is that an eligible region is NUTS level 2 or above and that any other territory is an exception that must be duly justified in each case by clearly demonstrating the common identity of the territory and by describing and documenting the formal mechanisms that are in place to coordinate policies and their implementation between the political and administrative entities that represent the component areas of the territory. It should be noted out that the assessment of the eligibility of proposals pertains to the evaluation committee based on the documents submitted, so no comments can be made on the eligibility of a potential proposal prior to submission.

By **mandated organisation**, this call refers to organisations that are constituted under public or private law and endowed with capital from public and/or private sources. The mandate must be available in the form of a written document. This document can take different forms: the organisation’s statute, a contract or similar written agreement, a regional economic or innovation strategy outlining the organisation’s responsibilities and tasks or a letter by the mandating public authority confirming, for the purposes of the proposed action, that the organisation has the required mandate. The legal or other means by which the organisation was given the mandate is irrelevant. Therefore, such mandated organisations can include innovation or regional development agencies or cluster organisations but normally not universities as such, unless they explicitly have a mandate in the meaning of the above text.

For the purpose of this action, members of a given consortium can all be located in the same region. The call text in its section 5.2 on eligible proposals states that any one partner can only apply

⁴⁰ http://ec.europa.eu/eurostat/ramon/nuts/home_regions_en.html

for/participate in one proposal. The focus of each proposal is thus placed on **generating benefits and impact in one single region**, for which the strategy and specific activities are to be designed.

At least one cluster organisation (or another SME intermediary) shall be part of the consortium. The cluster organisation shall take the lead on creating an "open space" or "brokerage platform", where businesses, knowledge institutions and business support organisations can meet to search for and explore radically new, cross-sectoral business solutions. Such a cluster organisation (or other intermediary representing groups of SMEs) must have an own legal entity as well as offer or channel a range of business support services to SMEs as specified in section 5.8 of the Community Framework for State Aid for Research and Development and Innovation.⁴¹ Preferably, cluster organisations should be involved in the financing and/or managing of cluster programmes or initiatives. A strong interest in trans-national and international cluster cooperation is considered to be an asset.

Other **public or private organisations** representing strong local communities/networks in the region engaged in either business support or support for cluster collaboration and networking activities can also become a member of the consortium. However, organisations such as universities in general⁴², consultancies, IT firms, banks, business angels, etc., cannot be direct beneficiaries (i.e. partners) under this call for proposals but can be involved indirectly as subcontractors. It may be possible to entrust such organisations through a procurement contract with specific tasks, for which the responsibility will, however, remain with the beneficiary (**subcontracting**).

Applicants shall demonstrate a strong **European added value** of the proposed "Clusters and Entrepreneurship in Support of Emerging Industries" action. This means that 50% of the EU financial contribution is to be reserved for transnational activities. The European added value of the proposed action can be provided by various means. It can be provided either by including public innovation agencies from CIP participating countries in the consortium with a view to facilitating exchange of experience, benchmarking and policy learning or by subcontracting activities to the same public agencies; by reserving a share of the budget for innovation support services or the buying-in of new innovative solutions to be provided from abroad (with subcontractor(s) to be selected through a competitive procedure after the start of the project). As regards European added value, "European" refers to CIP participating countries. Applicants invited to provide a full proposal (in the second stage of the procedure), shall present a budgetary overview of their activities related to the "European added value" by way of a separate excel sheet. The extent of the European added value of the proposed activities will be assessed as part of the evaluation criteria (please see section 12).

The focus of the action is to demonstrate impact in one single region. The applicants must have the necessary expertise and resources to carry out the proposed activities. A **strong interest and experience in transnational cooperation**⁴³ is an asset and should be specifically demonstrated. Eligibility criteria are specified under section 5 and evaluation criteria in annex.

⁴¹ The text of the "Community Framework for State Aid for Research and Development and Innovation" that was published in the Official Journal of the European Union in December 2006 (2006/C 323/01) is available at http://eur-lex.europa.eu/LEUriServ/site/en/oj/2006/c_323/c_32320061230en00010026.pdf

⁴² Universities as such are not eligible including research units. However university department units dealing specifically with establishing linkages between businesses and academia, could be eligible as beneficiary if relevant for the purpose of this call. Demands for incorporating such university departments shall be duly substantiated.

⁴³ Transnational refers to activities involving more than one CIP participating country whereas international is used in relation to activities with other, third countries beyond the CIP participating countries.

2.3. FINANCIAL INFORMATION

The budget available for this action is **€ 4.250.000**. After evaluation of the concept notes, a maximum of twelve proposals will be invited to present a full proposal, and of these **a maximum of six applicants** will be awarded a grant for a maximum of **708.333 EUR**. Only the most promising proposals measured in terms of the best ranked proposals following evaluation on the basis of the established selection and award criteria will be retained for funding.

3. TIMETABLE

Maximum duration of actions: 24 months

No applications will be accepted for projects scheduled to run for a longer period than that specified in this call for proposals

The period of eligibility of costs will start at the earliest on the day the agreement is signed by the last of the parties. If a beneficiary can demonstrate the need to start the action before the agreement is signed, the expenditure may be eligible as from a date before the agreement is signed. Under no circumstances can the eligibility period start before the date of submission of the grant application.

	Stages	Date and time or indicative period
a)	Publication of the call	07.03.2013
b)	Deadline for submitting applications (first stage)	18.04.2013
c)	Information to applicants about the evaluation results (first stage)	11.07.2013 (indicative)
c)	Deadline for submitting applications (second stage)	22.08.2013 indicative)
d)	Information to applicants about the evaluation results	29.10.2013 (indicative)
e)	Signature of grant agreement or notification of grant decision	29.11.2013 (indicative)
f)	Starting date of the action	06.01.2014

4. EU FINANCING

Maximum budget allocated for EU financing under this call: € 4.250.000

Breakdown by individual objectives: € 708.333

Indicative number of projects: 6

Maximum EU financing rate of eligible costs: 95 %

Maximum EU financing amount per project: € 708.333 €

Proposals with an EU co-financing beyond any of the above two maxima will not be eligible.

The Commission reserves the right to award a grant of less than the amount requested by the applicant. In such a case, applicants will be asked either to increase their co-financing, propose other co-financing means or to decrease the total costs without altering the substance of the proposal. Grants will not be awarded for more than the amount requested.

Publication of the call (on the Commission Internet site and/or in the Official Journal) does not guarantee the availability of funds for the above action.

4.1. GENERAL PRINCIPLES OF EU FUNDING

Non-cumulative award

Each action may give rise to the award of only one grant from the budget to any one beneficiary.

In no circumstances shall the same costs be financed twice by the Union budget.

Applicants have to inform the Commission immediately of any multiple applications and multiple grants relating to the same action. The applicant shall inform about sources and amounts of EU funding received or applied for the same action or for part of the action. Applicants shall indicate if they receive EU funding for their functioning during the financial year in which the action takes place.

Non-retroactivity

No grant may be awarded retrospectively for actions already completed.

Co-financing

Grants shall involve co-financing, which implies that the resources necessary to carry out the action or the work programme shall not be provided entirely by EU contribution. EU financing may not cover 100% of the total costs of the action.

Co-financing of the action or of the work programme may take the form of:

- the beneficiary's own resources,
- income generated by the action or work programme,
- financial contributions from third parties.

Non-profit rule

EU grant may not have the purpose or effect of producing a profit within the framework of the action of the work programme of the beneficiary.

Where a profit is made, the Commission is entitled to recover the percentage of the profit corresponding to the EU contribution to the eligible costs actually incurred. For this purpose, profit shall be defined as a surplus of the receipts over the eligible costs incurred, when the request for payment of the balance is made.

Balanced budget

The estimated budget of the action or work programme is to be attached to the application form. It must have revenue and expenditure in balance.

The budget must be drawn up in euros.

Applicants, who foresee that costs will not be incurred in euros, are invited to use the exchange rate published on the Infor-euro website available at http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm.

4.2. ELIGIBLE COSTS

In order to be eligible for funding, costs should be actually incurred by the beneficiary and meet the following criteria:

- they are incurred during the duration of the action or work programme, as indicated in the grant agreement, with the exception of costs relating to the request for payment of the balance and the corresponding supporting documents (audit certificates);
- they are indicated in the estimated budget of the action or work programme;
- they are necessary for the implementation of the action or of the work programme, in accordance with the description of the action, attached to the grant agreement;
- they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary;
- they comply with the requirements of applicable tax and social legislation;
- they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

The beneficiary's internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the action/project with the corresponding accounting statements and supporting documents.

The costs made by affiliated entities can be eligible, provided that:

- the entities concerned are identified in the grant agreement;
- the entities concerned abide by the rules applicable to the beneficiary under the grant agreement with regard to eligibility of costs and rights of checks and audits by the Commission, OLAF and the Court of Auditors.

Please note that the exact scope of the eligibility of costs is defined by the grant agreement, which will be signed with the successful applicants.

4.2.1. Eligible direct costs

Direct costs of the action are those specific costs which are directly linked to the implementation of the action and can therefore be attributed directly to it. They shall not include any eligible indirect costs.

The following categories of costs can be considered as eligible direct costs:

- the costs of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the action, comprising actual salaries plus social security contributions and other statutory costs included in the remuneration, provided that these costs are in line with the beneficiary's usual policy on remuneration. Those costs may also include additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used.
- Salary costs of the personnel of national administrations to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken.
- SME owners and other natural persons who do not receive a salary may declare eligible personnel costs for the work carried out under an action or work programme, on the basis of unit costs specific to the programme under which the call is launched. In other cases, owner managers that do not receive a salary cannot claim any reimbursement for their activities.
- costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;
- the depreciation costs of equipment or other assets (new or second-hand) as recorded in the accounting statements of the beneficiary, provided that the asset has been purchased in accordance with the conditions applicable to implementation contracts and that it is written

off in accordance with the international accounting standards and the usual accounting practices of the beneficiary

- costs of consumables and supplies, provided that they are purchased in accordance with the conditions applicable to implementation contracts;
- costs arising directly from requirements imposed by the grant agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with the conditions applicable to implementation contracts;
- costs entailed by subcontracts, concluded for the externalisation of specific tasks or activities which form part of the action or workprogramme as described in the proposal, provided that the conditions with the conditions applicable to implementation contracts are met;
- costs of financial support to third parties, in accordance with the conditions set by the grant agreement for such financing;
- duties, taxes and charges paid by the beneficiary, notably value added tax (VAT), provided that they are included in eligible direct costs, and unless specified otherwise in the Agreement.
- costs relating to a pre-financing guarantee lodged by the beneficiary of the grant, where that guarantee is a condition for the payment of a pre-financing;
- costs relating to external audits where such audits are required in support of the requests for payments;
- value added tax (VAT) is not eligible.

4.2.2. Eligible indirect costs

A flat-rate amount of 7% of the total eligible direct costs of the action is eligible under indirect costs, representing the beneficiary's general administrative costs which can be regarded as chargeable to the action/project.

Indirect costs may not include costs entered under another budget heading.

Indirect costs are not eligible for beneficiaries that receive an operating grant from the European Commission.

4.2.3. Non-eligible costs

In addition to any other costs which do not fulfill the conditions set out in Article II.19.1, the following costs shall not be considered eligible:

- return on capital;
- debt and debt service charges;
- provisions for losses or debts;
- interest owed;
- doubtful debts;

- exchange losses;
- costs of transfers from the Commission charged by the bank of a beneficiary;
- costs declared by the beneficiary in the framework of another action receiving a grant financed from the Union budget (including grants awarded by a Member State and financed from the Union budget and grants awarded by other bodies than the Commission for the purpose of implementing the Union budget);
- in particular, indirect costs shall not be eligible under a grant for an action awarded to a beneficiary which already receives an operating grant financed from the Union budget during the period in question;
- contributions in kind from third parties;
- excessive or reckless expenditure;
- deductible VAT;
- participation by any staff of the institutions in actions receiving grants;
- any other costs which have been specified as ineligible in the call for proposal.

In addition to the above, the Commission can refuse to finance certain costs included in the proposal. The beneficiary can decide to maintain and finance these costs out of his own resources, but they will not be taken into account as eligible costs.

4.3. CO-FINANCING AND JOINT AND SEVERAL RESPONSIBILITY

The beneficiary has to supply evidence of the co-financing provided. It can be provided either by way of own resources, or in the form of financial transfers from third parties.

In case of a joint application, all partners shall agree upon appropriate arrangements between themselves for the proper performance of the action.

In particular, they shall accept joint and several responsibility up to the value of the contribution that the beneficiary held liable is entitled to receive, as stipulated in the General Conditions of the draft grant agreement.

The final grant agreement shall be signed by each applicant. To this end, a power of attorney is conferred to the appointed co-ordinator (Form A/4 of the submission set)

4.4. IMPLEMENTATION CONTRACTS/SUBCONTRACTING

Where the implementation of the action or the work programme requires the use of contracts (implementation contracts), the beneficiary must ensure that the contract is awarded to the bid offering best value for money or the lowest price (as appropriate), avoiding conflicts of interests and retain the documentation for the event of an audit.

Entities acting in their capacity of contracting authorities shall abide by the applicable national public procurement rules, in the meaning of Directive 2004/18/EC on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts or contracting entities and in the meaning of Directive 2004/17/EC coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors.

Sub-contracting for the purpose of the action

Sub-contracting refers to contracts concluded for the externalisation of specific tasks or activities which form part of the action or work programme as described in the proposal. Such contracts must satisfy the conditions applicable to any implementation contract and, in addition, the following conditions:

- Subcontracting may only cover the implementation of a limited part of the action
- It must be justified having regard to the nature of the action and what is necessary for its implementation;
- The proposal should clearly identify the subcontracted activities

Subcontracting does not in any way limit the responsibility of beneficiaries for the implementation of the action. Please note that the beneficiary(ies) should have the necessary capacity to perform the project. Only tasks that are not core business can be sub-contracted to consultants.

It is not necessary to have already selected subcontractors at the time the proposal is submitted. However, cost of contractors not selected in accordance with the applicable rules for procurement will not be eligible.

4.5. FINANCIAL SUPPORT TO THIRD PARTIES

The applications may envisage provision of financial support to third parties. In such case the applications must include:

- an exhaustive list of the types of activities for which a third party may receive financial support. The definition of the persons or categories of persons which may receive financial support,
- the criteria for awarding financial support,
- the maximum amount to be granted to each third party and the criteria for determining it.

The amount of financial support per third party must not exceed € 60.000.

4.6. FINAL GRANT AND PAYMENT ARRANGEMENTS

The draft grant agreement annexed to this call for proposals specifies the calculation of the final grant and the payment arrangements.

Your attention is in particular drawn to the General Conditions of the grant agreement, where the eligibility of costs is described. Detailed explanations and a description how costs should be budgeted and reported can be found in the Guide for Applicants.

In case of grants of at least 750.000 €, when the cumulative amounts of request for payment is at least 325.000 €, a certificate by a registered auditor on the financial statements and underlying accounts (“certificate on the financial statements”) has to be submitted to certify that the costs reported are real, accurate and in accordance with the grant agreement.

EU grant may not have the purpose or effect of producing a profit within the framework of the action of the work programme of the beneficiary. Where a profit is made, the Commission is entitled to recover the percentage of the profit corresponding to the EU contribution to the eligible costs actually incurred. For this purpose, profit is defined as a surplus of the receipts over the eligible costs incurred by the beneficiary, when the request is made for payment of the balance. Where such a surplus occurs, the Commission is entitled to recover the percentage of the profit corresponding to the EU contribution to the eligible costs actually incurred by the beneficiary.

The Commission may require the beneficiary to lodge a guarantee for grants exceeding € 60 000, based on a risk analysis.

In the event that the applicant's financial capacity is not satisfactory, a pre-financing guarantee for up to the same amount as the pre-financing may be requested in order to limit the financial risks linked to the pre-financing payment.

The financial guarantee, in euro, shall be provided by an approved bank or financial institution established in one of the Member State of the European Union. When the beneficiary is established in a third country, the authorising officer responsible may agree that a bank or financial institution established in that third country may provide the guarantee if he considers that the bank or financial institution offers equivalent security and characteristics as those offered by a bank or financial institution established in a Member State. Amounts blocked in bank accounts shall not be accepted as financial guarantees.

The guarantee may be replaced by a joint and several guarantee by a third party or by a joint guarantee of the beneficiaries of an action who are parties to the same grant agreement

The guarantee shall be released as the pre-financing is gradually cleared against interim payments or payments of balances to the beneficiary, in accordance with the conditions laid down in the grant agreement.

5. ELIGIBILITY

APPLICATIONS MUST COMPLY WITH ALL OF THE ELIGIBILITY CRITERIA SET OUT IN THIS SECTION.

5.1. ELIGIBLE APPLICANTS

Applications from legal entities established in one of the following countries are eligible:

- EU Member States;
- EFTA and EEA countries: Switzerland, Iceland, Liechtenstein, Norway;
- Candidate countries;
- All CIP participating countries.

The Commission may select proposals from applicants in EFTA/EEA countries or candidate countries, provided that, on the date of selection, agreements have been signed setting out the arrangements for the participation of those countries in the programme established by the Decision referred to under point 1 of this call.

The transnational nature of the project must be demonstrated by submitting form A/4 to the submission set duly filled in and signed from the partner organisations in order to confirm their participation (original signatures required).

Several applicants, submitting a joint proposal should choose within their midst a lead organisation (please see section 2.2), referred to as the coordinator. The coordinator must represent a region and be a regional organisation that is either responsible for or involved in the funding and/or implementation of a horizontal or specific innovation or SME support programme from which companies could benefit. This refers to regional public authorities themselves as well as to organisations mandated by national and/or regional public authorities to implement innovation support programmes such as innovation or regional development agencies or cluster organisations (and other intermediaries representing groups of SMEs);

The coordinator and other applicants must satisfy the same eligibility criteria.

- Applications must be submitted by a legal person or a natural person;
- Applicants must correspond to the definition of the target organisations (please see section 2.2);
- Corporate bodies must be properly constituted and registered under the law. If a body or organisation is not constituted under the law, a physical person must be designated to provide the legal responsibility.
- For the purpose of this action, members of a given consortium can all be located in the same region. Any one partner/beneficiary can only apply for/participate in one proposal.
- Legal entities having a legal or capital link with applicants, which is neither limited to the action nor established for the sole purpose of its implementation, may take part in the action as affiliated entities, and may declare eligible costs. For that purpose, applicants shall identify such affiliated entities in the application form. The affiliated entities will have to comply with the eligibility and exclusion criteria.
- Several entities that form together one entity, whether or not this entity is established for the purpose of implementing the action, may apply as a sole beneficiary. The entities will be considered as affiliated entities, which each will have to comply with eligibility, exclusion and selection criteria.

Supporting documents

Subject to the eligibility criteria indicated above, the applicants should provide the following supporting documents to establish their eligibility:

- **private entity:** extract from the official journal, copy of articles of association, extract of trade or association register, certificate of liability to VAT (if, as in certain countries, the trade register number and VAT number are identical, only one of these documents is required);

- **public entity:** copy of the resolution or decision establishing the public company, or other official document establishing the public-law entity;
- **consortium:** in addition to the supporting documents referring to their legal status, consortium members will submit letters confirming their participation to the project,
- **natural persons:** photocopy of identity card and/or passport;
- **entities without legal personality:** documents providing evidence that their representative(s) have the capacity to undertake legal obligations on their behalf.

5.2. ADMISSIBLE AND ELIGIBLE PROPOSALS

Applications must comply with the following conditions in order to be eligible for a grant:

- Applications must be sent no later than the deadline for submitting applications referred to in section 9.
- Applications must be submitted in writing, using the application form and/or electronic submission system, as indicated in the Guide for Applicants.
- Applications must be drafted in one of the EU official Languages. If your full proposal is not in English, a translation would be of assistance to the evaluators. An English translation of an abstract may be included in the proposal (see Guide for Applicants).
- Proposals must be submitted in conformity with the call specifications;
- Only projects that are strictly non-profit-making and/or whose immediate objective is non-commercial shall be eligible.
- Applications must respect the maximum rate for EU co-financing.
- Applications must respect the maximum amount for EU co-financing.
- Applications must respect the maximum duration of projects.

In this context, will be rejected any project directly or indirectly contrary to EU policy or against public health, human rights, citizen's security or freedom of expression.

6. EXCLUSION CRITERIA

6.1. EXCLUSION FROM PARTICIPATION

Applicants will be excluded from participating in the call for proposals procedure if they are in any of the following situations:

- they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the

subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;

- they or persons having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority of a Member State which has the force of *res judicata*;
- they have been guilty of grave professional misconduct proven by any means which the Commission can justify, including by decisions of the European Investment Bank and international organisations;
- they are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
- they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union's financial interests;
- they are subject to an administrative penalty referred to in Article 109(1) Financial Regulation (see section 6.3).

The same exclusion criteria apply to affiliated entities.

6.2. EXCLUSION FROM AWARD

Applicants will not be granted financial assistance if, in the course of the grant award procedure, they:

- are subject to a conflict of interest;
- are guilty of misrepresentation in supplying the information required by the Commission as a condition of participation in the grant award procedure or fail to supply this information;
- find themselves in one of the situations of exclusion, referred to in article 106 Financial Regulation (see section 6.3)

The same exclusion criteria apply to affiliated entities.

6.3. SUPPORTING DOCUMENTS

Applicants must sign a declaration on their honour certifying that they are not in one of the situations referred to by filling in the “**Exclusion Criteria Form**” (**form B4**)

Administrative and financial penalties may be imposed on applicants, or affiliated entities where applicable, who are guilty of misrepresentation.

By using the “Exclusion Criteria Form” applicants shall declare on their honour that they are not in one of the situations referred to in Articles 106 and 107 of the Regulation (EC, Euratom) n°

966/2012 on the financial rules applicable to the general budget of the Union (Financial Regulation).

Please note that, according to articles 109 and 131.4 of Regulation (EC,Euratom) n° 966/2012 on the financial rules applicable to the general budget of the Union (Financial Regulation) and according to article 145 of the Commission Delegated Regulation (EC, Euratom) n° 2342/2002 on the rules of application of the Financial Regulation, administrative and financial penalties may be imposed by the Commission on applicants who are excluded in relation to points a) to h) of the form in question.

For grants with a value exceeding € 60 000, the Commission may require further evidence, as indicated in article 143 Rules of Application.

7. SELECTION

7.1. FINANCIAL CAPACITY

Applicants must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out or the year for which the grant is awarded and to participate in its funding. The applicants' financial capacity will be assessed on the basis of the following supporting documents to be submitted with the application:

For grants < EUR 60 000:

- a declaration on honour

For grants \geq EUR 60 000, in addition:

- a declaration on honour and,
- form B/5 provided for in the submission set, filled in with the relevant statutory accounting figures.
Other documents may be submitted if needed (see IV.4 Guide to applicants)

For grants for an action \geq EUR 750 000 or operating grants \geq EUR 100 000, in addition:

- an audit report produced by an approved external auditor certifying the accounts for the last financial year available.

In the event of an application grouping several applicants (consortium), the above thresholds apply per applicant.

7.2. OPERATIONAL CAPACITY

Applicants must show they have the operational (technical and management) capacity to complete the operation to be supported and must demonstrate their capacity to manage scale activity corresponding to the size of the action for which the grant is requested. In particular, the team responsible for the action/operation must have adequate professional qualifications and experience.

Applicants will therefore include in the proposal curriculum vitae of the main members of the team that will actually be performing the work and professional references and details of similar past

actions. Applicants must be directly responsible for the preparation and management of the action, not acting as an intermediary. They must provide information about their capacity to carry out the expected activities and demonstrate their experience (or strong interest) in working with other parties in transnational actions. The coordinator must demonstrate a strong management experience of international consortia of relevant size.

It may be possible to entrust specific tasks through a procurement contract, for which the responsibility will, however, remain with the **beneficiary (subcontracting)**. Such tasks must be clearly explained in the proposal, and the subcontractor must only be selected after the grant agreement is signed, through a competitive procedure and in accordance with article I.12.2 of the General Conditions of the Grant Agreement. Subcontractors should therefore not be identified in the proposal.

Applicant consortia must demonstrate:

- that the lead partner (please see section 2.2), referred to as the coordinator represents a region and be a regional organisation that is either responsible for or involved in the funding and/or implementation of a horizontal or specific innovation or SME support programme from which companies could benefit. This refers to regional public authorities themselves as well as to organisations mandated by national and/or regional public authorities to implement innovation support programmes such as innovation or regional development agencies or cluster organisations (and other intermediaries representing groups of SMEs);
- that at least one or more cluster organisations (or other intermediary representing groups of SMEs) capable of establishing an "open space" or "brokerage platform" for cross-sectoral fertilisation and "systems innovation", shall be part of the consortium.
- other public or private organisation wishing to become part of the consortium shall demonstrate that they represent strong local communities/networks from the region and are engaged in either business support provision or cluster collaboration and networking activities;
- that each partner has a strong experience in the design and/or implementation of innovation or SME support programmes and actions from which emerging industries companies could benefit, as well as the financial and organisational means to launch concrete actions at own initiative and expense;
- that each partner is committed to share experience and work together in support of innovative enterprises in Europe, particularly SMEs. Participating organisations should have a strong interest in transnational cooperation with other public governmental organisations, innovation or development agencies responsible for the design and/or management of innovation or SME support programmes and actions and the necessary expertise and resources to carry out the proposed activities;
- that the lead partner or coordinator has strong management experience of international consortia of relevant size.

The following sets out the basis for the evaluation of applicants' capacities in relation to the action. Please refer also to chapter IV of the Guide for Applicants for further details.

The selection procedure is described in further detail in the Guide for Applicants.

8. AWARD

An evaluation of the quality of proposals, including the proposed budget, will be carried out in accordance with the evaluation criteria set out in annex 3 to this call for proposals.

The evaluation procedure is described in further detail in the Guide for Applicants.

9. SUBMISSION OF PROPOSALS

Please note that only electronic submissions are allowed for this call.

Please consult the Guide for Applicants for the modalities of preparing the proposal.

Submission of a grant application implies acceptance of the conditions of the grant agreement, attached to this call.

Two-stage submission procedure:

Stage 1: The concept note:

In stage 1, the lead applicant or coordinator is invited to present in a concept note of maximum 5 pages its planned work to implement the “Clusters and Entrepreneurship in Support of Emerging Industries” action.

For a given proposal, the lead applicant or coordinator acts as the single point of contact between the applicant and the Commission. The lead applicant or coordinator is responsible for the overall planning of the proposal and for building up the consortium that will implement the action. Only this organisation is formally involved in stage 1 of the submission procedure. Letters confirming the intention of all other partners or beneficiaries to participate in the proposed action should be attached as annexes.

In the concept note, the applicant shall first provide a clear description of the objectives to be addressed by the action, including the specific policy challenges on a regional scale, and how the choice of partners relates to the objectives and policy challenges. Also the European added value of proposal shall be demonstrated.

Secondly, the concept note shall outline how the region will implement its action taking into account the three "ingredients" (please see section 1.3) of the systemic approach leading to new forms of entrepreneurship within a region. For the objectives and challenges to be addressed, clear and measurable impact indicators should be defined. The applicants should also elaborate on how such a systemic approach would integrate and benefit from other ongoing or planned activities in the region.

Thirdly, the concept note shall explain how the three mandatory specific activities (mutual transnational policy learning; cluster collaboration and networking activities; entrepreneurial support activities through voucher schemes, service incubation or SME internationalisation will be undertaken, notably how the chosen key transversal drivers (choice of at least two of them) shall foster cross-sectoral and international linkages resulting in concrete cooperation proposals and which kind of related business support and mechanisms are foreseen. Also, the choice of the neutral “broker” for this process should be set out.

Fourthly, in the concept note, the lead applicant or coordinator must only provide an estimate of the total cost and funding arrangements for the action up to the maximum set in section 2.3 together with the amount and percentage contribution requested from the European Commission. Only those applicants invited to submit a full proposal in stage 2 will be required to present a detailed budget. The EU contribution may not vary from the initial estimate by more than 20% and cannot exceed the maximum EU financial contribution for each co-funded action mentioned in section 4 above.

There is no specific form for presenting the concept note for stage 1. The concept note should, however, provide in maximum 5 pages (in A4 format). Applications must be drafted in one of the EU official languages. If the full proposal is not in English, a translation would be of assistance to the evaluators. A description covering at least the following elements of the action:

- Objectives
- Main activities
- Implementation modalities
- List of other beneficiaries
- Expected results
- Funding arrangements with an estimate of the total cost of the action together with the amount and percentage contribution requested from the European Commission.

In addition, the following documents must be annexed to the concept note:

- the proposal submission form A/1 duly completed, including the list of all beneficiaries
- the Exclusion Form D duly signed
- letters confirming the intention of all other partners/beneficiaries to participate in the proposed action

The concept notes will be evaluated against parameters such as the quality and potential impact of the overall strategy to use clusters for promoting entrepreneurship in support of emerging industries, the quality and potential impact of the proposed concrete actions and of the policy learning, and the European added value brought about by action. See evaluation criteria in annex 3.

Please note that only the concept note will be evaluated. It is therefore of utmost importance that this document contains all of the relevant information concerning the action. No other annexes should be sent except those mentioned above.

The elements assessed on the basis of the concept note may not be modified by the applicant in the full proposal.

The deadline for submission of the concept note (with annexed documents) is:

18/04/2013 [23.59:59 Brussels local time]

Stage two: Full proposals:

Applicants that successfully pass the first stage of the selection procedure will be invited to submit a full proposal, including a detailed description of the innovation support and policy learning activities that they intend to launch in support of their overall strategy to support existing industrial sectors that are evolving or merging into new industries.

Applicants are expected to provide a detailed description of the activities planned to be undertaken, including the objectives, implementation modalities and clear targets and indicators as well as an ex-ante impact assessment for the three specific activities listed in section 2.1. The indicators should be based on the SMART principle:

S	Specific	Significant, Stretching, Simple
M	Measurable	Meaningful, Motivational, Manageable
A	Attainable	Appropriate, Achievable, Agreed, Assignable, Actionable, Ambitious, Aligned, Aspirational, Acceptable
R	Relevant	Results-oriented, Realistic, Resourced, Resonant
T	Timely	Time-oriented, Time framed, Timed, Time-based, Timeboxed, Time-bound, Time-Specific, Timetabled, Time limited, Trackable, Tangible

A maximum of twelve applicants with the highest scores for the evaluation criteria for stage one and respecting the threshold mentioned in Annex 3 are invited to submit full proposals based on the initial concept note by a date to be specified by the Commission. This date will allow at least six weeks for preparation of the full proposal.

The objectives of the full proposal must be consistent and in accordance with the successful concept note, extending it by providing full details about the approach, the specific work plan, the budget, etc. Applicants invited to provide a full proposal shall present a separate budgetary overview of their activities related to the "European added value".

The stage 2 evaluation of the full proposal is an evaluation against each of the criteria as explained in annex 3. It is not a complementary evaluation. Scores achieved by the stage one proposal are not taken into account in stage 2. Applications must be drafted in one of the EU official languages. If the full proposal is not in English, a translation would be of assistance to the evaluators. An English translation of an abstract may be included in the proposal.

The indicative deadline for submission of full proposals is:

22/08/2013 [23.59:59 Brussels local time]

10. CONTACTS

Contacts between the contracting authority and potential applicants can only take place in certain circumstances and under the following conditions only:

Before the final date for submission of proposals,

- At the request of the applicant, the Commission may provide additional information solely for the purpose of clarifying the nature of the call.
- Any requests for additional information must be made in writing only to the coordinates stated below.
- The Commission may, on its own initiative, inform interested parties of any error, inaccuracy, omission or other clerical error in the text of the call for proposals.
- Any additional information including that referred to above will be published on the internet in concordance with the various call for proposals documents.

After the deadline for submission of proposals:

- If clarification is requested or if obvious clerical errors in the proposal need to be corrected, the Commission will contact the applicant provided the terms of the proposal are not modified as a result.
- If the authorising officer finds that those proposals, which have been listed for award needs limited adaptations to their proposal. In such case, these applicants will receive a formal letter setting out the requested modifications. Any such modifications must stay within the limits of the request. This phase will not lead to a re-evaluation of the proposals, but a proposal might be rejected if the applicant does not wish to comply with the modifications requested.

Contact coordinates for the call:

European Commission

Enterprise and Industry Directorate-General

SMEs and Entrepreneurship, Unit D5 Clusters and Support for SMEs

E-mail address: entr-cfp-emerging-industries@ec.europa.eu

Office address: BREY 06/049 B-1049 Brussels, Belgium

11. DATA PROTECTION

The reply to any call for proposals involves the recording and processing of personal data (such as name, address and CV). Such data will be processed pursuant to Regulation (EC) No 45/2001 on the protection of individuals with regard to the processing of personal data by the Community

institutions and bodies and on the free movement of such data. Unless indicated otherwise, the questions and any personal data requested are required to evaluate the application in accordance with the specifications of the call for proposal will be processed solely for that purpose by Enterprise and Industry Directorate-General, SMEs and Entrepreneurship, Unit D5 Clusters and Support for SMEs.

Details concerning the processing of personal data are available on the privacy statement at:

http://ec.europa.eu/dataprotectionofficer/privacystatement_publicprocurement_en.pdf.

Personal data may be registered in the Early Warning System (EWS) only or both in the EWS and Central Exclusion Database (CED) by the Accounting Officer of the Commission, should the beneficiary be in one of the situations mentioned in:

- the Commission Decision 2008/969 of 16.12.2008 on the Early Warning System

(for more information see the Privacy Statement on:

http://ec.europa.eu/budget/contracts_grants/info_contracts/legal_entities/legal_entities_en.cfm),

or

- the Commission Regulation 2008/1302 of 17.12.2008 on the Central Exclusion Database (for more information see the Privacy Statement on

http://ec.europa.eu/budget/explained/management/protecting/protect_en.cfm)

12. PUBLICITY

Beneficiaries must clearly acknowledge the European Union's contribution in all publications or in conjunction with activities for which the grant is used.

In this respect, beneficiaries are required to give prominence to the name and emblem of the European Commission on all their publications, posters, programmes and other products realised under the co-financed project.

With the exception of scholarships paid to natural persons and other direct support paid to natural persons in most need, all information relating to grants awarded in the course of a financial year shall be published on an internet site of the European Union institutions no later than the 30 June of the year following the financial year in which the grants were awarded.

The Commission will publish the following information:

- name of the beneficiary;
- address of the beneficiary (legal persons) or reference to the region (natural persons);
- subject of the grant;
- amount awarded.

Upon a reasoned and duly substantiated request by the beneficiary, the publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the beneficiaries.

13. ANNEX 1 SUBMISSION SET

The Submission Set can be downloaded from the following page:
<http://ec.europa.eu/enterprise/contracts-grants/calls-for-proposals/>

14. ANNEX 2 GUIDE FOR APPLICANTS

The Guide for Applicants can be downloaded from the following page:

<http://ec.europa.eu/enterprise/contracts-grants/calls-for-proposals/>

15. ANNEX 3 EVALUATION CRITERIA

When assessing the below evaluation criteria, the evaluation committee generally pays attention to the elements indicated below each criterion. Please note that these elements, which are indicative and non-exhaustive, are given on the basis of transparency and in order to help applicants to improve their applications.

STAGE ONE: THE CONCEPT NOTE

EVALUATION CRITERIA AND KEY ELEMENTS LIKELY TO BE ASSESSED BY THE EVALUATION COMMITTEE	MAX. SCORE
1. Relevance	15
- How relevant is the proposal to the objectives of the call and how well does it respond to the request to use two or more key transversal drivers?	
2. Impact	10
- What is the expected outcome, the potential impact and European added value of the action and what can be the multiplier effect of the action to further promote the emergence of new industries, as catalysts of structural change in the EU?	
3. Quality	10
- How coherent is the overall design of the action, how ambitious is the proposed work plan and to what extent does it cover the activities described in the Call text?	
4. Budget	5
- To what extent is the foreseen budget appropriate to implement the planned activities?	
Maximum total score	40

If a total score lower than **20** points or a score lower than **50%** for any of the above five criteria is obtained, the proposal will not be evaluated further.

STAGE TWO: FULL PROPOSALS

EVALUATION CRITERIA AND KEY ELEMENTS LIKELY TO BE ASSESSED BY THE EVALUATION COMMITTEE	MAX. SCORE
1. Relevance	25
<ul style="list-style-type: none"> - How relevant is the proposal in response to the objectives of the call? - Are the proposed actions proportionate to the policy objectives that shall be achieved? - How innovative are the proposed activities and to which extent is a systemic approach is being proposed?- 	
2. Potential Impact	40
<ul style="list-style-type: none"> - What is the potential impact of the action on the creation of new jobs and strengthening competitiveness of SMEs and the European added value? - To which extent does the action build upon at least two of the three key transversal drivers (creativity, sustainability and cross-cutting technologies and services)? - What is the likeliness that major policy lessons will be learned and how will they be communicated to other stakeholders? - How realistic is the strategy to address the identified policy challenges in the region and to provide the corresponding innovation support activities? 	
3. Quality	20
<ul style="list-style-type: none"> - - To what extent are the proposed activities well described and appropriate for addressing the particular needs and challenges of the region? - Are the coordination mechanisms proposed sufficiently robust to ensure the goals of the action? - How well described and realistic are the proposed performance indicators? 	
4. Budget and cost-effectiveness	15
<ul style="list-style-type: none"> - To what extent is the estimated budget appropriate to implement the planned activities? - To what extent is the proposed budget clear and detailed? - To what extent is the amount requested in accordance with the expected results? Is the proposal offering sufficient value-for-money? 	
Maximum total score	100

If a total score lower than 70 points or a score lower than 50% for any of the above five criteria is obtained, the proposal will not be evaluated further.

16. ANNEX 4 - AGREEMENT

[Multi-beneficiary Grant agreement for action](#)