



This programme is co-funded by the European Union and the Republic of Turkey

CONTRACTING AUTHORITY
Ministry of Science, Industry and Technology
(Directorate of EU Financial Programmes)

**COMPETITIVENESS AND INNOVATION SECTOR OPERATIONAL PROGRAMME
(2014-2020)**

Action 1: Private Sector Development



**TITLE: ACTIVITY 1.1 MANUFACTURING INDUSTRIES
Enhancing Competitiveness and Strengthening Value Chains
in the Manufacturing Industry**

Ref No: CISOP.1.1/01

GUIDELINES FOR APPLICANTS

**Deadline for Submission of Applications:
06/07/2017**

**THIS DOCUMENT INCLUDES THE CORRIGENDUM
DATED 6 JULY, 5 JUNE, 17 MAY, 8 MAY AND 24 APRIL 2017.**



Republic of Turkey Ministry of Science,
Industry and Technology

IMPORTANT NOTICE

1. This is an **open call for proposals** where all documents are submitted together and evaluated according to the rules set up in this Guideline document.
2. This is **not a call for grant proposals**, where the Contracting Authority transfers money to the beneficiary so that it can buy “things and /or services” for itself. **This is an invitation to submit projects** (also called operations) for financial assistance where the Contracting Authority commits to procure and finance purchase of goods, advisory services and other related activities **for the beneficiary (also called end recipient of assistance-ERA)** based on technical specifications and terms of reference developed by the beneficiary. Costs related to the preparation of these documents will be covered **by the ERA**.
3. Further to the evaluation of proposals, specific management verifications may be exercised on site to validate assumptions of the pre-selected projects.
4. **Under this call there are only two types of components** that can be supported within the project to deliver project outputs and results: **i) supply and ii) service** (the latter can be services such as: training and capacity building activities.)
5. The **Contracting Authority will run the procurement procedure on behalf and FOR the beneficiary in accordance with PRAG procedures for the EU external actions. The applicant is therefore required to include necessary timing and duration of the procurement procedure in the project considerations and assumptions.**
6. Since this is not a call for grant proposal, fund allocated to the project will not be transferred to the ERA’s account. The Contracting Authority will make the payments to the contractors on behalf of the ERA.
7. The beneficiary is required to familiarise itself with the CISOP Document available at: http://rekabetcisektorler.sanayi.gov.tr/documents/10184/51258/rysop_turkiye_tr-2772016143713.pdf/0a9c575f-9d99-4e7d-abe5-6b04ab178354
8. The beneficiary is advised to familiarise itself with the PRAG document (2016 version) available at: http://ec.europa.eu/europeaid/prag/?header_description=DEVCO+Prag+to+financial+and+contractual+procedures+applicable+to+external+actions+financed+from+the+general+budget+of+the+EU+and+from+the+11th+EDF&header_keywords=ePrag%2C+europa
9. The beneficiary shall take all necessary steps to publicise the fact that the European Union has co-financed the project. Projects must incorporate information and communication activities designed to raise the awareness of specific or general audiences of the EU support for the project.
10. The language of the applications will be English.

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GLOSSARY AND ACRONYMS

Acronyms

CISOP	Competitiveness and Innovation Sector Operational Programme
CUF	Common Use Facility
EC	European Commission
ERA	End Recipient of Assistance
EU	European Union
ICT	Information and Communication Technologies
IE	Industrial Ecology
IPA	Instrument for Pre-Accession Assistance (IPA I covers the period 2007-2013 and IPA II is designated for the years 2014-2020)
MoSIT	Ministry of Science, Industry and Technology
NACE	Statistical Classification of Economic Activities in the European Community
NDP	National Development Plan of the Republic of Turkey
OIS	Operation Identification Sheet
OIZ	Organised Industrial Zone
PRAG	Practical Guide to Contract Procedures for EU External Actions
PTP	Priority Transformation Programme (of the 10th NDP)
RACI	Responsible, Accountable, Consulted and Informed
SME	Small and Medium Enterprise
TDZ	Technology Development Zone
TTO	Technology Transfer Office

Glossary

Applicant: The legal entity submitting the application form on behalf of itself and its project partners. Under the formation of partnership the applicant will be the leading institution and mainly responsible for implementation of the project with its partner(s).

Beneficiary: An entity who successfully applied for financial assistance under this Call for Project Proposals and with whom the Contracting Authority signed Operational Agreement covering the implementation of the project.

Chamber of Commerce: An entity established in accordance with the Law of the Union of Chambers of Commerce and Commodity Exchanges of Turkey, and the Chambers and Commodity Exchanges of 18/05/2004 no 5174 (O.G. 26812) as amended.

CISOP 2014-2020: An operational programme which is co-financed by the EU, the sequel to the Regional Competitiveness Operational Programme 2007-2013, co-financed by the EU from IPA assistance.

Cluster: Co-location of producers, service providers, educational and research institutions, financial institutions and other private and government institutions interconnected through linkages of different types.

Contracting Authority: Accredited body for management of contracting and implementation of projects under Operational Programmes (OPs). For CISOP, the Ministry of Science, Industry and Technology.

CUF: Buildings, pieces of equipment or services provided by an economic operator with the main purpose of making those available for the shared use by multiple small and medium enterprises, craftsmen, entrepreneurs, etc. on periodic and recurring basis without any or with very little additional effort.

Energy Efficiency: A way of managing and restraining the growth in energy consumption and a goal as such. Something is more energy efficient if it delivers more products or service for the same energy input, or the same products and services for less energy input.

ERA: Beneficiary of financial support granted under this Call for Project Proposals.

Exporters Union: Exporters Union established in accordance with Law on the Foundation and Duties of the Turkish Exporters Assembly and the Exporters of 18/06/2009, No 5910 (O.G. 27277) as amended.

Industrial Ecology: A multidisciplinary field that analyses material, water and energy flows of industrial and consumer systems at a variety of spatial scales, drawing on environmental and social science, engineering, business or policy. IE considers that the consumption of energy and materials is

optimised, waste generation is minimised and the effluents of one process serve as the raw material for another process (based on Journal of Industrial Ecology and International Society for Industrial Ecology).

Manufacturing Industries: Economic establishments/undertakings falling under codes NACE Rev.2 Section C., covering also where relevant the service sectors (e.g. renewable energy generation, computerized services, engineering services, design services, logistics etc.) that contribute to the competitiveness of the manufacturing sectors.

Organized Industrial Zone: Organised Industrial Zone established in accordance with the Organised Industrial Zones Law 4562.

Operational Agreement: An agreement signed, upon the finalisation of Operation Identification Sheet (OIS), between the Operating Structure and the End Recipient of Assistance (ERA) stating the terms and conditions of the project as well as roles and responsibilities of the signatories.

Operating Structure: Institutions in charge of preparing the sector specific programmes in the sectors of IPA. For CISOP, the Ministry of Science, Industry and Technology.

Project: Planned work or operation composed of set of activities intended to accomplish an indivisible task of precise economic and technical nature, which has clearly identified goals, budget and time-frame.

Social Innovation: Strategies, concepts, ideas and organizations that meet the social needs of different elements to strengthen civil society. Social innovation includes the social processes of innovation, such as open source methods and techniques and also the innovations which have a social purpose.

SME: An enterprise that employs less than 250 persons per year and either its annual net sales revenue or balance sheet value does not exceed 40 million Turkish Liras.

1. COMPETITIVENESS AND INNOVATION SECTOR OPERATIONAL PROGRAMME 2014-2020

The European Union continues supporting Turkish economy through the provision of funding within the framework of IPA II programme, financed from the EU budget for the years 2014-2020. CISOP 2014-2020 is a successor of the Regional Competitiveness Operational Programme 2007-2013, currently approaching closure phase.

The Directorate of EU Financial Programmes of the Ministry of Science, Industry and Technology acts as Operating Structure for the CISOP 2014-2020 and Contracting Authority for all contracts signed within the Programme framework.

1.1 Background

The overarching strategy of the Competitiveness and Innovation Sector Operational Programme 2014-2020 is rooted in the 10th National Development Plan growth policy focusing on “developing an export-oriented, private sector-led competitive production structure by increasing productivity and accelerating industrialisation”. Stemming from the 10th NDP, CISOP 2014-2020 seeks to contribute to the enhancement of manufacturing industries through the development of value chains and thus competitiveness of key sectors driving economic growth, better access to finance by SMEs and resource efficiency, including green entrepreneurship.

The 10th NDP introduces the concept of Priority Transformation Programmes (PTP) aiming to address the basic structural problems of the Turkish economy.

Relevance as potential contribution to one of the associated transformation programmes (PTP), will be considered a strong asset while selecting the Projects. PTP#01, #02, #13, #14 and #18 are associated with this Call targeting manufacturing industries, which are:

- PTP#01– Increasing Productivity in Manufacturing
- PTP#02 – Decreasing Reliance on Imports
- PTP#13 – Energy Generation based on Domestic Resources
- PTP#14 – Increasing Energy Efficiency
- PTP#18 – Transformation from Transportation to Logistics

The expected outcomes of support to manufacturing industries include: the improvement of total factor productivity and reduction of Turkey’s current account deficit in order to increase macroeconomic balances and secure high and stable growth. Please refer to CISOP document for further information.

Contribution to improvement of the total factor productivity of the national economy is expected to be achieved through (a) improving productivity of the sectors that they target and/or (b) increasing the share of comparatively more productive sectors in the economy. Thus interventions that (a) increase domestic value added; (b) facilitate sustainable production with advanced technologies; (c) enable moving up the global value chains; (d) help create innovative ecosystems or improve the capacity of the already existing ones; (e) foster entrepreneurship and high quality jobs will be of particular importance to pursue the strategic objectives of the CISOP 2014-2020.

Contribution to decreasing the current account deficit of Turkey is expected to be achieved through increasing exports or reducing imports. Additionally, interventions that improve resource and energy efficiency in industry and facilitate better utilisation of renewable energies for the industry will also be considered as activities that contribute to reduction of the current account deficit of Turkey.

In terms of intervention logic CISOP 2014-2020 consists of 3 (three) Actions:

1. Action 1 is Private Sector Development;
2. Action 2 is Science, Technology and Innovation;
3. Action 3 is Capacity Building.

This Guideline document concerns:

Action 1: Private Sector Development. Action 1 is composed of Activity 1.1.

Activity 1.1: Manufacturing Industries

Other Actions and Activities are not covered by this Guideline.

1.2 Objectives and Priority Issues for This Call

The **overall objective** of this Call for Project Proposals is aligned with Activity 1.1 and **is to help transform manufacturing industries** and increase their competitiveness, moving them up in the global value chains.

Specific objectives are, namely:

- Enhancement of the global, international and/or regional competitiveness of the value chains,
- Strengthening SME integration into manufacturing value chains;
- Improving resource efficiency of SMEs hence support them in meeting business opportunities that the transition to a green economy offers.

Result Indicators

Result indicators are initial outcomes of the project;¹ **they have indirect character and must be achieved at the end of the duration of the project or shortly after its completion.**

Projects submitted under this Call shall directly contribute to one or more result indicators (R) established by the Programme for Activity 1.1:²

- R.1 Number of SMEs, which reduced their input costs (including energy)
- R.2 Number of SMEs, which increased their sales and/or exports
- R.4 Number of new enterprises created
- R.5 Number of jobs created in supported entities/enterprises
- R.8 Number of SMEs, which introduced green investments/solutions

¹ For more, please check Methodological Guidance on Performance Indicators; European Commission, Neighbourhood and Enlargement Negotiations

² Please, note that the numbering of result indicators corresponds to the sequence in the CISOP 2014-2020 document. Indicators thereof e.g. **R3 and R.6 are linked to interventions outside this Call for Proposals.**

Output Indicators

Output indicators **are the direct achievements of the project, its products or deliverables**. Outputs must be achieved throughout the duration of the project and/or at its end date.

Projects submitted under this Call shall correspond to one or more of the output indicators (O) established by the Programme for Activity 1.1:

- O.1 Number of common-use facilities established/supported
- O.2 Number of SMEs benefitted from common-use facilities established/supported
- O.3 Number of SMEs, start-ups, entrepreneurs receiving consultancy, training, guidance and counseling or similar
- O.4 Number of clusters established/supported

Geographical Concentration

Projects can be implemented in any location within the Republic of Turkey. However, CISOP prioritised middle-low and low income regions for Activity 1.1. Consequently, during evaluation of the applications priority will be given to; NUTS TR90 (Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane), TR72 (Kayseri, Sivas, Yozgat), TR82 (Kastamonu, Çankırı, Sinop), TR83 (Samsun, Tokat, Çorum, Amasya), TR63 (Hatay, Kahramanmaraş, Osmaniye), TRB1 (Malatya, Elazığ, Bingöl, Tunceli), TRA1 (Erzurum, Erzincan, Bayburt), TRC1 (Gaziantep, Adıyaman, Kilis), TRC3 (Mardin, Batman, Şırnak, Siirt), TRC2 (Şanlıurfa, Diyarbakır), TRA2 (Ağrı, Kars, Iğdır, Ardahan), TRB2 (Van, Muş, Bitlis, Hakkâri).

Themes

This call targets micro, small and medium enterprises **in the entire value chain model** - from inbound logistics, operations (more effective and efficient use of resources such as: organisation and management of logistics, management of inventories, ICT, energy, utilities etc.), outbound logistics, marketing and sales, after-sale services and supporting activities (accounting, legal, finance, quality controls, standards, management, procedures, HR management, methods of the acquisition of goods, services, etc.).

Projects implemented under this call must directly contribute to one or more of the following Result Indicators: R.1, R.2, R.4, R.5, R.8.

Themes are thematic concepts for the projects financed under this Call for Project Proposals. An individual project shall clearly fall under at least one the following themes established for this Call.³

1. Access to new markets
2. Decreasing national industry's reliance on imports and increasing exports
3. Brand new products (innovative products)

³ Themes shall be viewed as thematic objectives for the projects and not project activities as such. Some themes have restricted character while some feature broad concepts. For example, an entity running Common Use Facility can attempt to upgrade its business concept to Industry 4.0. In such case interoperability and value drivers will have broad-ranging impact on the scope of project activities, thus including other themes such as: new markets, networking for open innovation, etc. Also, kindly note that e.g. design centre, warehouse, laboratory, testing centre or cluster are means to deliver on specific theme and not objectives as such. Resource efficiency e.g. is a theme and may concern better management of supplies, inventories, as much as reduction of electricity, waste, water footprint, recycling or broader circular economy.

4. Outbound logistics and new sales methods
5. Inbound logistics and new purchasing methods
6. Specialisation, networking and cooperation
7. Smart manufacturing - Industry 4.0
8. Cost optimisation
9. Resource Efficiency

Kindly refer to Result Indicators established for the relevant Topic before choosing the Theme.

1.3 Types of Activities

Projects may be composed of one or more activities from those listed below. The list of activities is indicative and may apply across Themes defined above. Its purpose is to provide guidance and direction for applicants. All the project activities should serve for the common benefit for the target group.

- Specialisation and competencies of OIZs;
- Transform of manufacturing industries to more R&D intensive sectors;
- Partnership and cooperation within and between SMEs, support institutions (Universities, R&D centres, OIZ's), investors and large companies;
- Establishing structures based on triple helix (public, private, academia) model;
- Competencies of business support institutions;
- Improving the capacities of CUF;
- Preparations for manufacturer's certification, product certification, testing, standardisation, calibration, accreditation, quality assurance systems, etc.;
- New product/service design, specifications and production, etc.;
- Use of new materials;
- Networking for joint efforts (associations, clusters, cooperatives, etc.);
- New distributions channels, methods, e-commerce, etc.;
- Branding;
- ICT (design, management software, e.g. ERM class applications);
- Innovative after-sale mechanisms;
- Support to transformation to Industry 4.0;
- New storage methods, procedures and systems;
- Recycling;
- Resource efficiency;
- Advisory, training, mentoring, coaching and capacity building for enhanced capabilities for all the above.

1.4 Financial Allocation

The overall indicative financial allocation available under this Call is €60 million.

The minimum and maximum amounts of support per project are **minimum: €2 million and maximum: €10 million.**

The Operating Structure may finance up to 100% of the eligible costs of the Project. Non-eligible cost shall be financed by the applicant and/or its partner(s). **For other rules applicable to Project budget and cost restrictions, please refer to section 2.3 of this Guideline for Applicants.**

The Operating Structure **reserves the right not to award all available funds** due to insufficient quality or number of applications. In that case the Operating Structure may allocate funds between topics.

The Operating Structure may include project proposals into the project pipeline, (among the proposals which pass the threshold determined) up to 2 times of total financial allocation available under this call (i.e. €60 M).

2. ELIGIBILITY RULES FOR THIS CALL FOR PROJECT PROPOSALS

Eligibility Rules applicable to this Call refer to the eligibility of: i) the applicant (entity submitting the application) and its partner(s), ii) projects and iii) costs (types of cost that may be taken into account in the calculation of the amount of assistance).

2.1 Eligibility of Applicant and Partners

The applicant must:

- a) Be a legal entity established and registered in the Republic of Turkey;
- b) Be non-profit;
- c) Be directly responsible for the preparation of the project, its management during the implementation period and accountable for sustainability and durability after completion;

and;

its specific legal disposition shall be one of:

- Organised Industrial Zones;
- Exporters unions;
- Chambers of commerce and/or industry; commodity exchanges;
- Development agencies/administrations;
- Business representative organizations (association, foundations, federation, unions etc.);
- Cooperatives operating in the Manufacturing Industry (including Industrial sites (former small scale industry estates)).

The Partner

The applicant may act individually or with partners. Partners must fulfill all requirements which are also demanded from the applicant and will be jointly responsible for the implementation, sustainability and durability of the project.

In addition to the institutions given above as applicant, **Universities, Governorates, Special Provincial Administrations, Municipalities, Public Institutions and Research Centers/Institutes*** can be partners under this call.

***The conditions set for R&D centers/institutes as Applicants and/or Partner defined under the Guidelines for Applicants of Activity 2.1 and 2.2 are also applicable** under this call.

The applicant may submit only one application under this Call.

- **The applicant** in **one** application may be a **partner** in another application (max. 1);
- **The partner** may partake in **max. 2 applications** under this call.

It is also required to demonstrate value added of the partners in the submitted proposal.

Applicants are not allowed to participate in the Call for Proposals if they are in any of the situations which are listed in Section 2.3.3.1 of the PRAG.

(<http://ec.europa.eu/europeaid/prag/document.do?nodeNumber=2.3.3.1>)

Private companies cannot be the applicant or partner. They may only indirectly benefit from the projects.

2.2 Eligible Projects

The project will be composed of a set of activities intended to accomplish an indivisible task of precise economic and technical nature, which has clearly identified goals, budget and time-frame.

Project Lifecycle

In the context of IPA, there are main phases of project lifespan. These are:

1. Project preparation which covers the maturation of the project concept (finalisation of OIS)
2. Tender dossier preparation for the contracts to be implemented (after the signature of Operational Agreement)
3. Tendering and contracting
4. Actual implementation of the contracts
5. Sustainability period of the projects.

The projects will consist of supply and/or service components which will be implemented through contracts.

Tendering and contracting of supplies may take 6-8 months while of services -depending on the contract value and complexity- between 4 to 12 months.

Duration

Duration of the Project refers the **actual implementation period of the project activities**, which starts from the signature of the first contract and end with the completion of the all contracts under the project.

For this call, duration (implementation period) of the project may not exceed **36 months**.

Nota bene:

1. The selected applicants will finalise their OISs' in line with the comments provided by the Operating Structure in maximum 4 months after the selection of the projects.
2. The selected applicants will finalize the tender dossier preparations at most 6 months after the signature of the Operational Agreement.

Thus, the applicants are required to carefully and prudently plan their operation time frame and include all milestones in the project timetable/duration, including all steps: preparation of tender documents, tendering phase, the actual contract implementation period and time necessary to achieve the results.

Location

Projects will be implemented in any location within the Republic of Turkey.

Sectors

Projects shall target only eligible sectors, i.e. enterprises falling under codes NACE Rev 2 Section C, covering also where relevant the service sectors (e.g. renewable energy generation, computerized services, engineering services, design services, logistics etc.) that contribute to the competitiveness of the manufacturing sectors.

The applicant shall clearly demonstrate in the application that such enterprises can be supported within the scope of the proposal and their needs have been adequately examined for the preparation of the application.

Maturity and Readiness

All projects are expected to be ready for implementation (contract signature) by the **first quarter of 2019**. The applicant and partners must demonstrate that they have infrastructure and premises ready to accommodate all equipment and machinery. For premises a copy of the occupancy permit must have been issued.

Additionally, all applicants and partners must demonstrate that they have technical, regulatory and managerial skills to manage the project and that the project is desirable from an economic point of view (For detailed maturation criteria see evaluation grid and the annexes of this guideline).

Durability and Sustainability

The projects must sustain their functionality in line with the project purpose, at least 5 years after the completion of the project implementation. The applicants are expected to provide information regarding their sustainability plan in Application Forms and Annex-G namely the **“Business Model”** of this guideline.

Supplies acquired under the projects must be kept in operation without substantial change in their nature or implementing conditions and purpose, in such a way as to fulfill their original objectives, for at least 5 years after their completion of the project implementation.

Equipment purchased through project funding must remain with the ERA. If the nature of the project requires that assets are owned or transferred to end-user(s), these situations must be clearly described in the application.

Revenue Generation

Revenue generation may occur on the level of the beneficiary, partner or target group (SMEs operating in one of the eligible sectors).

No-profit rule applies to the project and for that the ERA shall keep separate accounts in order to prevent cross-subsidisation of its other economic activities. **Any surplus generated from economic activity within the project must be re-invested into project activities within five years upon the completion of the project.**

For this call, the Annex-G namely the “**Business Model**” is the most crucial evidence of project durability and sustainability. List of services to be delivered, pricing policy and price projections with operational structure should be clearly determined in this document for revenue generating projects.

Demarcation with Other OPs

Majority of the activities proposed under the projects should not fall under the scope of other OPs such as; “Employment, Education and Social Policies”, “Environment and Climate Action”, “Transport”, “Energy”, “Agriculture and Rural Development”.

2.3 Eligibility of Cost

The Contracting Authority will support projects through financing of necessary;

- i. **supplies** (fixed and intangible assets only with their installation, commissioning and putting into operation where required) and
- ii. **services**, including acquiring training and advisory services for capacity building activities of the applicant and end users (target groups).

Eligible costs are thus only those that will be paid by the Contracting Authority against the contracts signed for and on behalf of the end recipient of assistance.

Projects may require other expenditure, e.g. human resources of the beneficiary, operational cost such as purchase of consumables, utilities or miscellaneous. **These are ineligible** costs and must be borne by the ERA, partners or end users. These costs must be itemised in the application and explained and committed how they will be covered.

All purchased equipment must be insured by the beneficiary or partner at their cost.

Eligible main cost items under each type of the contract financed by the Contracting Authority are listed below.

Supply Component

Eligible costs concern: the type of assets that could be purchased under the project.

Supply component cover the supply, manufacture, delivery, unloading, installation, commissioning, maintenance and after-sales service of the supplies required for the proposed project.

Type of assets:

- Machinery & Equipment, including computer equipment and industrial and commercial appliances
- Specialised vehicles
- Computer software and licenses
- Subscriptions to information/data resources
- Furniture and fixtures, excluding office furniture

Installation cost of the above items is also eligible, including training for the users and establishment of security and anti-theft systems in order to deter theft and crime.

For the effectiveness, the Operating Structure has right to exclude low cost items from the proposed supply list. Those equipment, fixtures, furniture etc. shall be purchased by the applicant or its partners at their own costs.

Evidence-based costing of supplies in the project application is mandatory. For that the applicant must provide copy of pro-forma invoice or quotation from potential supplier(s) (compatible with the rule of origin)⁴ against specific technical specification to justify project budget.

Service Component

Service component shall comprise study and technical assistance activities. Service components are usually initiated to gain from exterior knowledge.

Under service component the following outputs may be delivered (but are not limited to):

- Consulting and advisory services (including for managerial competencies);
- Mentoring and Training;
- Analytical papers and analysis (e.g. benchmarking, research studies, market analysis, value chain analysis, mapping, and etc.);
- Needs assessment papers and reports;
- Software development.

Eligible costs of service contracts may include:

Cost of key and non-key experts (staff of applicant and partners are not considered and paid as experts);

Incidental expenditure: Organisation of training courses (venue, logistics, training materials), organisation of study visits, B2B meetings, translation, participation in fairs domestically or abroad, networking activities, marketing, attending and organizing promotional events, national and international competitions, capacity building activities, etc.

Evidence-based costing of service component is required. The applicant must estimate necessary inputs by experts (based on their profiles, experience, expertise and competencies) against activities and expected outputs and planned service contract duration to justify project budget.

The project budget should clearly delineate between eligible and ineligible cost and be realistic and cost effective i.e. costs should be necessary to produce the expected outputs and results and prices should be market-valued. The applicant is also required to specify how it intends to cover ineligible expenditure necessary to manage and complete the project.

Budget submitted together with the OIS will be subject to verifications if the application is pre-selected.

⁴ http://ec.europa.eu/europeaid/funding/about-procurement-contracts/procedures-and-practical-guide-prag/eligibility_en

Ineligible Costs

The following costs are ineligible and will not be covered under this call for proposals:

- Taxes, including value added taxes,
- Customs and import duties, or any other charges,
- Purchase, rent or leasing of land and existing buildings,
- Construction costs,
- Renovations, refurbishments,
- Office furniture,
- Fines, financial penalties and expenses of litigation,
- Operating costs,
- Second hand equipment,
- Consumables,
- Bank charges, costs of guarantees and similar charges,
- Conversion costs, charges and exchanges losses associated with any of the component specific Euro accounts, as well as other purely financial expenses,
- Contributions in-kind.

3. HOW TO APPLY

All information as to how to apply, when and what documents are submitted is provided in this section.

3.1 Application Documents

Applications must be submitted in accordance with the format of OIS (Annex A to these Guidelines) and instructions thereof.

The following documents must also be submitted together with the application:

- Annex B: Declaration by the Applicant and Partner(s)
- Annex C: Budget Breakdown (Excel format), by component (supply and services), contribution of the applicant, operating capital to be provided, justification of costs, pro-forma invoices for items > €10,000
- Annex D: Logical Framework Matrix (Excel format)
- Annex E: Legal Entity Sheet for the Applicant and Partner(s)
- Annex F: Declaration for exclusion criteria for the Applicant and Partner(s)
- Annex G: Business Model
- Annex H: Commitment from the Applicant and Partner(s) (both financial and in-kind)
- Annex I: Human Resources Capacity Statement and CVs
- Annex J: Financial Statements (Balance sheets – budget for public organisations - for the last two years)
- Annex K: Reference Template for Previously Implemented Projects

All documents are available at the Contracting Authority's website

<http://rekabetcisektorler.sanayi.gov.tr/>

3.2 Where and How to Send Application

The project application (as per Annex A format) together with all annexures must be submitted electronically through the Operating Structure's Online System which is available at <<http://rekabetcisektorler.sanayi.gov.tr/proje-cagrilari>> (annexes must be uploaded).

The applications must also be submitted in hard copy which is produced via online system in one original and one copy in A4 size, each bound. The annexes must be attached to the application form as well.

The electronic version must be exactly the same application as the paper version sent to the following address:

Bilim, Sanayi ve Teknoloji Bakanlığı
AB ve Dış İlişkiler Genel Müdürlüğü
AB Mali Programları Daire Başkanlığı

Dumlupınar Bulvarı No: 252 C Blok Kat: 23
(Eskişehir Yolu 9.Km) 06530/ANKARA

The application must be sent in sealed envelope by registered mail, private courier service or by hand-delivery. The envelope must bear the reference number and title of the Call for Project Proposals, together with topic number and title, the full address of the applicant.

Applications sent by any other means (e.g. by fax or by e-mail) or delivered to other address will be rejected.

3.3 Deadline for Submission of Applications

The closing date for the submission of applications is **06/07/2017**.

For submission of electronic versions, the deadline is **06/07/2017, 17h00** local time. For hand-deliveries of the applications the deadline is **4 (four) working days following the submission deadline (corresponding to 12/07/2017), 17h00** local time. Hand-delivered applications will be registered and receipt with date and time will be issued for evidence purpose. Please, note that after **06/07/2017, 17h00** the applicants will not have access to the MIS system and will not be able to send the application electronically.

3.4 Further Information on Applications

At least 4 (four) information sessions will be held during this call for project proposal.

Please follow the Programme's website (<http://rekabetcisektorler.sanayi.gov.tr/>) for the province, date, time and venue of the information sessions. Generic information will be provided in these sessions. Due to the equal treatment and transparency rules there won't be project specific discussions during the sessions.

Questions may be sent by e-mail or fax until **19/06/2017, 17h00** to the address, indicating clearly the title of the Call for Project Proposals:

e-mail: rspinfo@sanayi.gov.tr

fax:+ 90 (312) 201 69 53

No individual replies will be given to questions. In order to ensure equal treatment of applicants, all questions and replies will be grouped on a weekly base and announced on the website <http://rekabetcisektorler.sanayi.gov.tr> by the Ministry period up to **23/06/2017, 17h00**.

Queries sent to other e-mail address or asked via telephone will not be replied.

Other important information and notices to applicants will be issued as the need arises. It is therefore advisable to consult the above mentioned website regularly in order to be informed of the questions, notices and answers published.

4. EVALUATION AND SELECTION OF PROJECTS

The evaluation and selection process is based on transparency, impartiality and equal treatment and access to information, based on general selection criteria approved by the Sectoral Monitoring Committee for the Programme. Evaluation process includes six (6) steps and will be carried out with the use of independent assessors, where relevant.

Detail description of the evaluation and selection process and its steps and criteria is outlined below.

STEP 1: Opening and Administrative Checks

In this step the following aspects will be checked:

1. If the **paper form of the application** has been submitted to the correct location in sealed envelope and met the submission deadline. Otherwise the application will be rejected.
2. If the deadline has been met for the **submission of electronic form**. Otherwise the application may be automatically rejected.
3. If the paper form of the application is produced via Electronic Application System. Otherwise the application will be rejected.
4. If all **mandatory parts of the application** are filled-in and whether the required annexes are attached. Otherwise the application may be rejected.
5. If the application form **has been initialed** on each page (including Annexes) **and signed** on the last page. Otherwise the application may be rejected.

If the application documents do not satisfy the above criteria, the application may be rejected on that **sole** basis and it will not be evaluated further.

The Operating Structure may request clarification from the applicant.

STEP 2: Eligibility and Compliance Checks

After opening and administrative checks the following criteria will be assessed:

1. If the application has been submitted by the **eligible applicant** and if the partners satisfy eligibility conditions. Otherwise the application will be rejected.
2. If the project meets the minimum and maximum **amount of financing** established in this guideline and whether the project budget in the application form clearly states that ineligible costs will be borne by the applicant. Otherwise the application may be rejected.
3. If the project complies with the **maximum duration** set in this guideline. Otherwise the application will be rejected.
4. If the project complies in principle with the **overall objective** stipulated in Section 1.2 of the Guidelines. The assessment will be carried out based on information included in section 5.1 and 5.2 of the application form. Otherwise the application will be rejected.
5. If the project complies in principle with one or more of the **specific objectives** defined in Section 1.2 of the Guidelines. The assessment will be carried out based on information included in section 5.1 and 5.3 of the application form. Otherwise the application will be rejected.

6. If the project complies in principle with the **scope of the themes and the activities** identified in Section 1.2 and Section 1.3 of the Guidelines. Otherwise the application will be rejected.
7. If the majority of the project **activities fall under other OPs** stated in Section 2.2 of the Guidelines, the application will be rejected.

STEP 3: Quality and Technical Criteria

Assessment against quality and technical criteria will be carried out in line with the evaluation grid below/overleaf.

Evaluation grid includes 5 main criteria.

The applicant may score max 100 points.

CRITERION/SUB-CRITERIA	MAXIMUM SCORE	RELATED SECTION IN APPLICATION FORM	KEY POINTS TO EXAMINE
1. Financial and operational capacity of the Applicant and Partners	20		
1.1 Do the applicant (and partners) have sufficient and relevant experience on implementing of externally funded/co-funded national/international projects?	4	OIS, Annexes: B and K	Please consider the past experience of the applicant in terms of: <ul style="list-style-type: none"> ▪ subject, ▪ budget, ▪ source of funding, ▪ coverage, ▪ relevance, ▪ demonstration of experience on processes, procedures, ▪ management
1.2 Does the applicant institution have competency and experience in the focused area of the project?	6	OIS, Annexes: B and K	Please assess: <ul style="list-style-type: none"> ▪ Experience of the institution ▪ Already established collaborations with relevant actors ▪ Be a member of National and/or international organisations/structures in focused area of the project?
1.3 Is there a clear management structure established and the staff assigned to the project have sufficient and relevant knowledge of technical issues and expertise?	4	OIS Sec. 6, Annexes: B, H, I, K	Please examine whether the proposed management structure is in line with the following principles: <ul style="list-style-type: none"> ▪ Responsible,

CRITERION/SUB-CRITERIA	MAXIMUM SCORE	RELATED SECTION IN APPLICATION FORM	KEY POINTS TO EXAMINE
			<ul style="list-style-type: none"> ▪ Accountable, ▪ Consulted, ▪ Informed <p>Please also consider:</p> <ul style="list-style-type: none"> ▪ Number of staff assigned, ▪ Status of the staff as permanent or temporary, ▪ Is there a technical expertise in the project team about the Project Subject? ▪ Are there clear job definitions within the project team?
1.4 Do the applicant (and partners) have stable and sufficient sources of finance to cover committed contributions and/or ineligible costs and are there clearly defined commitments regarding the ineligible costs to be borne by the applicant (and partners)?	6	OIS, Annexes: B, C, H, J	Please assess risks, assumptions, pre-conditions of the project and commitments of the applicant (and partners) and also please check balance sheets or any other relevant document provided in the context of proposed budget of the project.
2. Relevance	20		
2.1 Contribution to the overall objectives of the Operational Programme and Specific Objectives of the Action 1.	4	OIS Sec. 5.1, 5.2, 5.3, 5.4	What is the level of contribution and relevance of the project proposal to the objectives of the Operational Programme, and specific objectives of the Action 1?
2.2 Contribution to one of the transformation programmes (PTP) of the 10th NDP, PTP#01 – Increasing Productivity in Manufacturing PTP#02 – Decreasing Reliance on Imports PTP#13 – Energy Generation based on Domestic Resources	3	OIS Sec. 5.1, 5.2, 5.3, 5.4	Please consider the relevancy and contribution to the related PTPs.

CRITERION/SUB-CRITERIA	MAXIMUM SCORE	RELATED SECTION IN APPLICATION FORM	KEY POINTS TO EXAMINE
PTP#14 – Increasing Energy Efficiency PTP#18 – Transformation from Transportation to Logistics			
2.3 Level of contribution to the achievement of result indicators of the Action 1.	3	CISOP, OIS Sec. 5.1, 5.4	Please assess the contribution of the project proposal to Result Indicators of Action 1: 1, 2, 4, 5, 8
2.4 Level of contribution to the achievement of Output Indicators of the Activity 1.1	3	CISOP, OIS Sec. 5.1, 5.4	Please assess the contribution of the project proposal to Output Indicators of Activity 1.1: 1, 2, 3 and 4.
2.5 Consistency with the Regional Activity Prioritisation Matrix indicated in the OP	2	CISOP Chap. 4.1, OIS 5.4	If the project location is one of the prioritised NUTS-2 regions indicated in the OP Chap. 4.1 Table 7.
2.6 Are the background and situation analyses adequately explained and logically addressed with the activities defined?	5	OIS Sec. 5, 6 and Annex D	Please assess, if the project proposal provides sufficient explanation in; <ul style="list-style-type: none"> ▪ Problem analysis ▪ Situation analysis ▪ SWOT analysis ▪ Solution proposals ▪ Relevant statistical data
3. Methodology and Impact	33		
3.1 Are the proposed activities appropriate, practical, feasible and consistent with the defined project objectives and expected results?	4	OIS Sec.5, Annex D	Appropriate if: activities are consistent with the topic, objectives, and expected results. Practical if: the most effective of the options are chosen. Feasible if: the activities are realisable within the scope of proposed budget, time and conditions. Consistent if: activities are complementing each other.
3.2 Is the project proposal directly contributing to decrease input costs or improves the value-for-money of the inputs of the target	6	OIS, Annexes: D and G	Please consider the intervention methodology of the proposal whether it will:

CRITERION/SUB-CRITERIA	MAXIMUM SCORE	RELATED SECTION IN APPLICATION FORM	KEY POINTS TO EXAMINE
groups, used in manufacturing processes?			<ul style="list-style-type: none"> ▪ decrease input costs, ▪ improve quality of the inputs, ▪ ensure more favourable lead times, and ▪ use of renewable energies/energy efficiency practices etc. for the target groups.
3.3 Is the project proposal directly contributing to scaling up of SMEs in the relevant value chain(s)?	6	OIS, Annexes:D and G	<p>Please assess the intervention methodology of the project proposal whether it has a scope for;</p> <ul style="list-style-type: none"> ▪ increasing awareness and understanding of the structure and dynamics of value chains by SMEs, ▪ helping SMEs identify and act on their competitive strengths within value chains, ▪ boosting their productivity, ▪ improving compliance with product quality standards required for participation in value chains, and ▪ helping SMEs take up larger and more complex sets of tasks within value chains.
3.4 If the proposal designed to render knowledge intensive services to SMEs?	6	OIS, Annexes: D and G	<p>Please consider the intervention methodology of the project proposal whether it will facilitate;</p> <ul style="list-style-type: none"> ▪ significant improvement on efficiency and lower defect rates, ▪ process more complex orders than rivals, ▪ supply higher value-added products than

CRITERION/SUB-CRITERIA	MAXIMUM SCORE	RELATED SECTION IN APPLICATION FORM	KEY POINTS TO EXAMINE
			<p>rivals (technology, quality, introduce novel products faster than rivals)</p> <ul style="list-style-type: none"> ▪ improve access to markets (including internationalisation), ▪ branding, ▪ enhance human capital and increase labour productivity, ▪ improve of the institutional capacity.
3.5 How cost-effective and efficient is the project proposal in achieving the proposed activities/results?	4	OIS, Annexes: C, G, J, H	Please compare activities, outputs and indicators with the budget breakdown of the project proposal.
3.6 Is the project proposal likely to have a solid impact on the target groups and to create multiplier/spillover effects?	3	OIS Sec. 5, 8	Please consider the economic impact of the project proposal in short and long term and contribution to the other sectors and other relevant impacts.
3.7 How coherent is the overall design of the project proposal?	4	OIS Sec. 5, 6 and all annexes	In particular, does it reflect the analysis of the problems, take into account external factors? Are the target groups and their needs strategically chosen, clearly defined and addressed within the project proposal?
4. Sustainability	20		
4.1 Have the risks on sustainability been determined and explained adequately? Have mitigation of risks been proposed and are they applicable for attainment of sustainability?	5	OIS Sec. 7, 9	Are the identified risks realistic and can be overcome? Is the mitigation strategy realistic and achievable?
4.2 Is the sustainability issue properly addressed in the project proposal in terms of:	15	OIS Sec. 6, 9, Annexes: G, H	Please consider when assessing; <ul style="list-style-type: none"> ▪ Financially: Are the costs and revenues, financial gap calculation realistic?

CRITERION/SUB-CRITERIA	MAXIMUM SCORE	RELATED SECTION IN APPLICATION FORM	KEY POINTS TO EXAMINE
<p>For revenue generating Projects:</p> <ul style="list-style-type: none"> ▪ financially (How will the activities be financed after the project ends? Will it be durable?) (8 pts) ▪ institutionally (will proposed management model allow the activities to continue after the end of the project? Will there be local “ownership” of the results of the project?) (7 pts) <p>For non—revenue generating projects: Please score only the institutional sustainability (max. 15 pts)</p>			<p>Are the sources of finance to cover extra costs realistic and the relevant commitments are solid?</p> <ul style="list-style-type: none"> ▪ Institutionally: Is the post-project management model adequately explained, realistic, feasible and applicable?
5. Contribution to Horizontal Themes	7		
5.1 Contribution to sustainable production, improvement of industrial ecology.	3	OIS	
5.2 Creation of employment opportunities and environment for vulnerable groups in manufacturing industry.	4	OIS	
Maximum total score	100		

In order to be pre-selected and included into “long list” the project must score:

- **Minimum 60% (12 points)** of the combined section “Financial and Operational Capacity of the Applicant and Partners” (only then the application will be evaluated further) and
- **Min 70 points in total.**

This step will be concluded by drawing up a ranking list of the pre-selected applications, ranked according to their score. The highest scoring applications will be provisionally selected until they all match the available budget for this Call for Project Proposals. In addition, a reserve list will be established following the same criteria. The Operating Structure may use the reserve list, if more funds will have been made available.

The Operating Structure reserves the right to modify the above mentioned thresholds.

STEP 4: Shortlisting

The project proposals in the long list, having a score above 70, will be re-evaluated by the Ministry and the EU Delegation in terms of:

- Readiness and maturity of the proposal;
- Institutional/implementation capacity of the applicants;
- Geographically/sectorial balanced distribution of the projects;
- Available budget resources

and the short list will be formed after this evaluation. The Ministry will send a letter of intent to the potentially awarded proposals (Short List) and inform them about the additional verification step.

STEP 5: Additional Verifications

The following aspects will be verified in this step, with a site visit where necessary:

- If the applicant is eligible – statute, articles of association or any other document establishing the legal entity will have to be submitted, including that of indicating the profit distribution decision taken by the board of directors;
- If the infrastructure and facilities to be provided by the applicant are physically/legally/practically suitable for the implementation of the project activities;
- If the applicant does not fall under one of the exclusion criteria as described in PRAG section 2.3.3.1. For that the Operating Structure will request the pre-selected applicant to provide relevant documentary evidence (statement from tax administration, social security administration, criminal records of board members, etc.);
- If the project is mature and ready for implementation within the deadline stipulated in Section 2.2 of the Guidelines;
- If the timetable of activities is accurate and realistic (including procurement modalities managed by the Contracting Authority);
- If the budget fully meets cost eligibility criteria set in Section 2.3, if all the essential costs are included and whether the principle of sound financial management is met, i.e. whether the cost is realistic and necessary to implement the project;
- If the applicant and partners have sufficient and competent staff to manage the project (verification of CVs and availability of those individuals);
- Any other issues arising from the qualitative and technical assessment of applications.

During additional verifications a need to amend the project application may arise. In such case the applicant will have to submit the revised application form.

The Operating Structure may also impose modifications or reductions to address eligibility of cost, calculation errors or inaccuracies. If the applicant disagrees to cover the revised budget after corrections, the application will be rejected.

A significant increase to the amount of financial assistance as a result of these corrections will not be possible and the applicant will have to cover the balance. **It is therefore in the applicant's interest to provide a realistic and cost-effective budget, including own contribution to manage the project.**

Any rejected application may be replaced by the next best placed application on the reserve list that falls within the available budget for this Call for Project Proposals and will be subject to additional verification process as described above.

STEP 6: Notification of the Operating Structure’s Decision

The Projects who successfully pass Step 5 of the evaluation will be included in the Project Portfolio. Then the Operating Structure will sign a Protocol with the applicants.

After the completion of additional verifications, the Operating Structure will issue final notification on the selected/rejection of financial assistance (after the revised project application submission, where relevant). The applicant will be informed in writing on the decision and, if rejected, the reasons for the negative decision.

Provisional Timetable

The table below outlines indicative time-frame of the key events and milestones associated with this Call for Proposals.

Event	Date
Launching of Call for Project Proposals	06/04/2017
Information meetings	Dates will be published on the website
Deadline for requesting clarifications from the Operating Structure	19/06/2017
Last date on which clarifications are published by the Ministry	23/06/2017
Deadline for submission of applications	06/07/2017
Deadline for hand-delivery of applications to the OS	12/07/2017
Sending of letters of intent to shortlisted applicants	September 2017
Completion of additional verifications	October 2017
Notification of award/rejection and signature of Protocol	November 2017
Maturation and finalization of OIS signature of Operational Agreement	1 st Quarter 2018

ANNEXES

- Annex A: OIS (to be filled on the "<http://rekabetcisektorler.sanayi.gov.tr>")
- Annex B: Declaration by the Applicant and Partner(s)
- Annex C: Budget Breakdown (Excel format), by component (supply and services), contribution of the applicant, operating capital to be provided, justification of costs, pro-forma invoices for items > €10,000
- Annex D: Logical Framework Matrix (Excel format)
- Annex E: Legal Entity Sheet for the Applicant and Partner(s)
- Annex F: Declaration for exclusion criteria for the Applicant and Partner(s)
- Annex G: Business Model
- Annex H: Commitment from the Applicant and Partner(s) (both financial and in-kind)
- Annex I: Human Resources Capacity Statement and CVs
- Annex J: Financial Statements (Balance sheets – budget for public organisations - for the last two years)
- Annex K: Reference Template for Previously Implemented Projects