The Sectoral Operational Programme “INCREASE OF ECONOMIC COMPETITIVENESS”

MINISTRY OF ECONOMY, TRADE AND BUSINESS ENVIRONMENT
# The Operational Programmes
## (Convergence objective)

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<th>OPERATIONAL PROGRAMME (OP)</th>
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<td>1. Increase of Economic Competitiveness OP</td>
<td>Ministry of Economy, Trade and Business Environment</td>
<td>3,011</td>
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<td>2. Transport OP</td>
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The general objective of The SOP IEC is

• The increase of Romanian companies’ productivity, in compliance with the principle of sustainable development, and reducing the disparities compared to the average productivity of EU. The target is an average annual growth of GDP per employed person by about 5.5%.

• This will allow Romania to reach approx. 55% of the EU average productivity by 2015.
The specific objectives are:

- Consolidation and environment-friendly development of the Romanian productive sector

- Establishment of a favourable environment for sustainable enterprises’ development

- Increase of the R&D capacity, stimulation of the cooperation between RDI institutions and enterprises, and increase of enterprises’ access to RDI

- Valorisation of the ICT potential and its application in the public (administration) and private sector (enterprises, citizens)

- Increased energy efficiency and sustainable development of the energy sector
Institutional structure for The SOP IEC implementation

The Managing Authority - Ministry of Economy, Trade and Business Environment

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<td>Priority Axis 1: An innovative and eco-efficient productive system (except the operation for large enterprises under “Productive investments” key area of intervention and JEREMIE which are under MA SOP IEC directly)</td>
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<td>Ministry of Education, Research, Youth and Sports (National Authority for Scientific Research)</td>
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<td>Ministry of Communications and Information Society</td>
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<td>Priority axis</td>
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<td><strong>1. An innovative and eco-efficient productive system</strong></td>
<td>cca. 1,080</td>
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<td><strong>Total</strong></td>
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Priority Axis 1: An innovative and eco-efficient productive system

Key Areas of Intervention / Operations:

1. Productive and environment friendly investments and preparation for market competition, especially of SMEs
   a. Support for strengthening and upgrading the productive sector by tangible and intangible investments
   b. Support for the implementation of international standards
   c. Support to access to new markets and internationalization

2. Access to finance for SMEs
   a. Jeremie Holding Fund (guarantees and venture capital operations)

3. Sustainable entrepreneurship development
   a. Development of business support structures of national and international dimension
   b. Consultancy support for SMEs
   c. Support for enterprises’ integration in supplier chains and clusters
Priority Axis 1: An innovative and eco-efficient productive system

Potential Beneficiaries:

• For productive investments - enterprises in productive sectors, SMEs and large enterprises, except for sectors of the European legislation exempted ref. the structural funds and state aid;
• For the other operations - SMEs.
Priority Axis 1: An innovative and eco-efficient productive system

Key Areas of Intervention 1. Productive and environment friendly investments and preparation for market competition, especially of SMEs

Operation a) - Support for strengthening and upgrading the productive sector by tangible and intangible investments in large enterprises

Eligible applicants:

- Economic operators legally registered in Romania, with over 250 employees or or with a net annual turnover over 50 millions euro (or with total assets over 43 millions euro), or which are not in the category of SME’s, like they are defined in the Law no. 346 of 2004; they have to have at least the last financial exercise positive.

Operation details:

- Financial support amounting up to 5 millions Euro – Lei equivalent at the INFOREURO rate available in the submission day.

- Call of proposal with deadline: it began on 09.03.2010 and it ends on 31.05.2010.
- Budget / financial allocation of the call: approx. 110 million Euro, Lei equivalent.
- Project implementation period: maximum 3 years from signing the financing contract (with the condition to begin the activities no longer than 6 months from signing the financing contract).
- Each applicant can submit only one project under this call of proposal.
Priority Axis 1: An innovative and eco-efficient productive system

Key Areas of Intervention 1. Productive and environment friendly investments and preparation for market competition, especially of SMEs

Operation a) - Support for strengthening and upgrading the productive sector by tangible and intangible investments in large enterprises

- follow-up -

Types of Projects:

✓ Projects with an adequate innovation degree which will lead to new productive capacities or to the development of the existent ones (projects initiated in areas/domains which will induce the strengthening of the SME’s position on the internal and external market, including the creation of new commercial and productive relationships);

✓ Projects for the companies that want to implement new products and services (investments in equipments and technologies which will induce the production diversification by manufacturing new products, with superior quality and respecting the energy efficiency principles);

✓ Projects that implies enterprises modernization and development through investments in equipments and machinery acquisitions.
Priority Axis 1: An innovative and eco-efficient productive system

Key Areas of Intervention 1. Productive and environment friendly investments and preparation for market competition, especially of SMEs

Operation a) - Support for strengthening and upgrading the productive sector by tangible and intangible investments in large enterprises

- follow-up -

Eligibility criteria for applicants

- It is operating in Romania and it is registered at the Trade Register as a commercial society/company according to the Law no. 31/1990 regarding commercial societies, republished, with subsequent amendments;
- It records operating profit or gross profit for the last financial year (according to the balance sheet or consolidated balance sheet) before the applying date;
- It is not bankrupt or in liquidation proceedings, doesn’t have its affairs administered by an insolvency practitioner, has no restriction on commercial activity, it is not subject of arrangements between creditors;
- Its net payment obligations do not exceed 1 / 12 of all obligations due in the last 12 months, in the case of the tax certificate issued by National Tax Administration Agency, and its net payment obligations do not exceed 1 / 6 of all obligations due in the last quarter, in the case of the tax certificate issued by local authorities, for the working point where the investment is implemented and for the registered office/headquarters in the case of related investments of NACE Code F - Construction ( according to NACE Rev. 2);
Priority Axis 1: An innovative and eco-efficient productive system

Key Areas of Intervention 1. Productive and environment friendly investments and preparation for market competition, especially of SMEs

Operation a) - Support for strengthening and upgrading the productive sector by tangible and intangible investments in large enterprises - follow-up -

Eligibility criteria for applicants

- applicant's legal representative was not convicted because of professional misconduct against the laws, if there is a decision made by a competent court which has the force of res judicata, (eg the court decision against which no remedy paths can be exercised by means provided by law);
- applicant's legal representative was not subject of res judicata judgment for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to the Communities' financial interests;
- applicant's legal representative does not provide false information;
- is not in difficulty, as defined in the Community guidelines on State aid for rescuing and restructuring companies in difficulty (Official Journal of the European Union no. C244/01.10.2004);
- demonstrates that can provide financial and operational implementation of the project;
- if the European Commission issued a decision to recover state aid from the beneficiary, this decision has already been enforced and the debt is completely recovered;
- the activity / activities for which requests the grant must be registered as object of activity (according to NACE rev. 2) and has to be one of the eligible codes referred to in section II.2.5 from the Applicant's Guide.
Priority Axis 1: An innovative and eco-efficient productive system

Key Areas of Intervention 1. Productive and environment friendly investments and preparation for market competition, especially of SMEs

Operation a) - Support for strengthening and upgrading the productive sector by tangible and intangible investments in large enterprises

- follow-up -

Eligible Expenditures:

- For land acquisition (up to 10% from the total amount of eligible expenditures of the project);

- For buildings and buildings installations (up to 50% from the total amount of eligible expenditures of the project) such as:
  - Buildings acquisitions, excepting real estate leasing.
  - Buildings construction and modernization, including interior buildings installations.

- For fixed assets or inventory items (tangible assets) acquisition such as:
  - Installations and equipments acquisition, excepting financial leasing.
  - Technological transport vehicles acquisition, excepting financial leasing, which are absolutely necessary for and related to the production cycle (only for NACE codes F – Construction and B - Extractive industry - non-energetic products).

- For intangible assets acquisition - excepting financial leasing (up to 50% from the total amount of eligible expenditures) such as:
  - Computer applications strictly related to the project.
  - Patents, licenses and know-how, proprietary technical solutions, including software for the production process and the management requirements of the enterprise, all directly related to the production process of the project.
Priority Axis 1: An innovative and eco-efficient productive system
Key Areas of Intervention 1. Productive and environment friendly investments and preparation for market competition, especially of SMEs
Operation a) - Support for strengthening and upgrading the productive sector by tangible and intangible investments in large enterprises
- follow-up -

Evaluation/Appraisal and Selection:

- Administrative compliance check of the Application Form and eligibility check of the applicant and the project
- Technical and financial assessment (to be selected, the minimum required score is 60 points out of 100)

The selection stage consists in preparing and approving the list of projects to be financed under the call of proposals, in descending order of scores obtained until the budget of the call is exhausted.
Priority Axis 2: –Research, Technological Development and Innovation for Competitiveness

Key Areas of Intervention / Operations :

1. R&D partnerships between universities/research institutes, and enterprises for generating results directly applicable in economy
   a. Joint R&D projects between universities/research institutes and enterprises
   b. Complex research projects fostering the participation of high-level international experts

2. Investments in RDI infrastructure and related administrative capacity
   Development of the existing R&D infrastructure and the creation of new infrastructures (laboratories, research centres)
   a. Development of poles of excellence
   b. Development of networks of R&D centres, nationally coordinated and linked with European and international networks (GRID, GEANT)
   c. Strengthening administrative capacity

3. RDI support for enterprises
   a. Support for high-tech start-ups and spin-offs
   b. Development of R&D infrastructure in enterprises and creation of new R&D jobs
   c. Promoting innovation in enterprises
Priority Axis 2: -Research, Technological Development and Innovation for Competitiveness

Potential Beneficiaries:

- Research institutes
- Universities
- Enterprises
**Priority Axis 3 – ICT for private and public sectors**

**Key Areas of Intervention / Operations:**

1. Supporting the ICT use
   a. Supporting access to Internet and to connected services (SMEs and NGOs for broadband connections)
   b. Supporting local authorities for setting up a broadband network and Public Internet Access Points (PIAPs) in the market failure areas (under-served rural and small urban areas)
   c. Supporting SMEs for setting up a broadband network and PIAPs in the market failure areas (under-served rural and small urban areas).
   d. Supporting broadband connections for schools

2. Developing and increasing the efficiency of electronic public services
   a. Supporting the setting-up of e-government solutions with the necessary broadband connectivity, if needed
   b. Supporting the setting-up of ICT solutions in order to increase the information systems’ interoperability
   c. Supporting the setting-up of E-Learning solutions
   d. Sustaining the setting-up of e-health solutions with the necessary broadband connectivity, if needed

3. Sustaining the E-Economy
   a. Support for integrated ICT business systems and other electronic business applications
   b. Sustaining the development of e-commerce systems, and other Internet based solutions for businesses
Priority Axis 3 – ICT for private and public sectors

Potential Beneficiaries:

• SME’s
• Public Authorities
• NGO’s
Priority Axis 4: Increasing energy efficiency and security of supply, in the context of combating climate change

Key Areas of Intervention / Operations:

1. Efficient and sustainable energy (improving energy efficiency and environmental sustainability of the energy system)
   a. Supporting investment in installations, equipment for industrial operators, in order to improve energy efficiency leading to energy savings.
   b. Supporting investments in expanding and upgrading electricity, natural gas and oil transportation grids and electricity and natural gas distribution grids, in order to reduce losses and secure the continuity and safety of transport and distribution services.
   c. Investments in flue gas de-sulphurization installations, burners with reduced NOx and filters on refurbished/upgraded groups of large combustion plants.

2. Valorisation of renewable energy resources for producing green energy
   a. Investments in upgrading and building new power and heating production capacities by valorisation of renewable energy sources: biomass, micro hydro, solar, wind, geothermal, bio fuels and other renewable resources.

3. Diversification of interconnection networks in view of strengthening security of energy supply
   a. supporting investments for interconnecting the national electricity and natural gas transport networks to European networks
Priority Axis 4: Increasing energy efficiency and security of supply, in the context of combating climate change

Potential Beneficiaries:

• Energy sector enterprises
• Local authorities
• Enterprises
Priority Axis 5: Technical Assistance

Key Areas of Intervention:

1. Support to SOP IEC management, implementation, monitoring and control

2. Support for communication, evaluation and IT/other equipment acquisition
Priority Axis 5: Technical Assistance

Potential Beneficiaries:

• The Ministry of Economy, Trade and Business Environment as the Managing Authority of the SOP IEC
• Intermediate Bodies of the SOP IEC, Monitoring Committee, working groups and selection committees
Complementarities with other Operational Programmes

Complementarities with the Regional Operational Programme (ROP)

- Within SOP IEC, Priority Axis 1/ Key area of intervention 1/Operation a - Support for strengthening and upgrading the productive sector by tangible and intangible investments, there will be financed small, medium and large enterprises; the micro-enterprises will be eligible under ROP (for productive investments).

- ROP will finance business support infrastructures with local and regional impact, while SOP IEC will support the ones of national / international importance.

- ROP supports health, education, social services infrastructure, emergency situation infrastructure and complements the SOP IEC operations in: the e-health and e-education sector.

- The actions regarding energy efficiency at the end-user are to be supported under SOP IEC, except the thermal rehabilitation of buildings, which is to be financed under integrated urban development projects in the ROP.
Complementarities with other Operational Programmes

Complementarities with National Rural Development Programme (NRDP)

- The productive investment operations under SOP IEC exclude support to the processing of agricultural and forestry products listed in Annex 1 to the Treaty, which are to be financed under NRDP; Also, the food industry which was initially included for financing under SOP IEC will be financed through NRDP.

- SOP IEC supports financial engineering instruments dedicated to SMEs operating outside the agriculture sector. The support to guarantee funds which provide guarantees for farmers, related agricultural and forestry activities and small rural businesses will be offered under the NRDP.

- The valorisation of renewable energy sources (RES) under SOP IEC complements the actions under the NRDP, which will support RES projects for SMEs involved in agriculture, forestry and processing.

- The bio-fuel production will be supported under NRDP.
Complementarities with other Operational Programmes

The Priority Axis of SOP IEC are also complementary to the key interventions included in other Operational Programmes, such as:

- The SOP Human Resources Development;
- The SOP Administrative Capacity Development;
- The SOP Environment;
- The OP Technical Assistance.
List of most frequent problems and errors in drafting SOP IEC projects

Administrative Compliance Errors

- **Form problems** - incorrect numbering, missing stamp and / or signature, wrong documents order etc.

- **Not respecting the standard forms/formats**: Failure imposed formats:
  - for the Application Form;
  - for Support Documents;
  - for Feasibility Study / Business Plan.

- **Application Form** is not signed by the person entitled or there are not justifying documents to support the signature;

- **Differences** between listed information and that included on CD and / or online;

- **Expired** certificates / licenses;

- **Confusion** regarding the need of providing some documents, especially environmental technical data sheet;

- Missing the form of self-evaluation in relation to environmental criteria;

- Errors in documents showing the ownership / land or construction concession rights where the project is implemented;

- Lack of documents.
List of most frequent problems and errors in drafting SOP IEC projects - follow-up -

Eligibility Errors

- Misunderstanding of eligibility criteria and that they are cumulative;
- Wrong classification of the applicant in the category of small or medium enterprises;
- The activity is not under an eligible NACE code;
- Budget errors in calculating the total eligible costs due to incorrect classification of expenditures or because the eligibility rates or the aid intensity were not applied correctly;
- The project does not fit the financing scheme requirements in respect of eligible activities;
- Confusion regarding the beneficiary - the owner and the operator who will operate after finalizing the investment;
- Results are not clearly defined and measurable and/or indicators are different from those included in the Application Form;
- Does not respect the requirements referring to time/duration of the:
  - project;
  - concession/lease contracts.
- The project implies construction only.
List of most frequent problems and errors in drafting SOP IEC projects - follow-up -

Technical and Financial Quality Errors

- Irrelevant project or poor justification of its contribution to the general objective of the program and specific objectives of the priority axis and operation;

- Inconsistency of intervention - no logical link between elements of the project: resources, activities, direct results and final results, including confusion between:
  - activities - direct / final results;
  - activities and objectives;
  - results and objectives;
  - direct and final results.

- Discrepancies between the Business Plan / Feasibility Study and Application Form;
- Feasibility Study is not specific for the investment / project;
- Financial indicators do not correspond to the Applicant Guide’s requirements - rating scale;
- Risk and sensitivity analysis are missing or they are shallow/superficially achieved;
- Uncorrelated budget with activities and results;
- Superficial cost-benefit analysis;
- Incorrect Cashflow which does not consider all the elements, unjustified inputs;
- Unrealistic business plan - estimated durations, insufficient activities.
Recommendations for drafting and submitting Application Forms

- Consult carefully the Applicant Guide, the original format of the Application Form and its annexes.
- Pay Attention in completing the Application Form, considering:
  - the recommended working format (font, font size etc.).
  - the maximum number of explanatory pages allowed for a section;
  - compliance with Annexes formats;
  - applicants shall complete only the sections reserved for them;
  - not to delete any chapter or section from the Application Form;
  - complete ALL sections of the Application Form; if one section is not specific for the project it still has to be completed with the specification / explanation "not applicable" or other indication which shows that this is not specific for the project or for the beneficiary.
- Identify all the required licenses / permits.
- Plan to obtain these certificates considering their limited validity.
- Careful planning of all the stages of the project designing.
- Check, since the planning phase of project design, the compliance with the eligibility criteria for the applicant.
- Prior check of documents and Application Form before registering online (where applicable).
- Verify that the application complies the Applicant Guide requirements before packing and transmitting to the Managing Authority / Intermediate Body.
Recommendations for drafting and submitting Application Forms
– follow-up -

- Designation of project manager since the designing / drafting stage of the project to ensure the knowledge of all activities and a good communication between people working on the project.

- Identificarea resurselor umane proprii sau care pot fi atrase în echipa de management a proiectului, încă din faza de conceptualizare a proiectului. Identify from the own/inner human resources that can be attract in the management team, since project conceptualization phase.

- Develop a consistent / coherent Business Plan / Feasibility Study.

- Check carefully the quality of the Business Plan / Feasibility Study / Application Form and the correlation between budget, activities and results.

- Develop a market analysis and include it in Business Plan / Feasibility Study which will be the basis for the Application Form elaboration.

- Develop a project planning matrix showing its consistency / coherency. Matrix is re-evaluated whenever there appear inconsistencies.

- Identify all project costs, no matter what nature, in line with project activities and thereafter fit properly in the category eligible / ineligible.

- It will be pursued that the Cashflow will include all costs.

- Calculation of all economic and financial indicators provided in the Applicants Guide.

- Developing a realistic Gantt chart for project implementation.
Thank you!

Contact:

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