

SPIRIT, SLOVENIAN PUBLIC AGENCY FOR ENTREPRENEURSHIP,
INTERNATIONALISATION, FOREIGN INVESTMENTS AND TECHNOLOGY

**CALL FOR PROPOSALS UNDER THE FDI INCENTIVE SCHEME – First Capital Entry
into the Republic of Slovenia 2016/2017 (TNI 16/17)**

GRANT SUBMISSION DOCUMENTS

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I. SCOPE OF THE CALL FOR PROPOSALS

Pursuant to the Public Finance Act (Official Gazette of the Republic of Slovenia, No. 11/2011-UPB4, 14/2013 corr., 101/2013, 55/2015 – ZfisP and 96/15 – ZIPRS1617), the Budget of the Republic of Slovenia for the year 2016 (Official Gazette of the Republic of Slovenia, No. 96/2015), the Budget of the Republic of Slovenia for the year 2017 (Official Gazette of the Republic of Slovenia, No. 96/15), the Republic of Slovenia Budget Implementation Act for 2016 and 2017 (Official Gazette of the Republic of Slovenia, No. 96/2015), the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (Official Gazette of the Republic of Slovenia, No. 13/14 – official consolidated text and 10/15 – corr.), the Companies Act (Official Gazette of the Republic of Slovenia, No. 65/09 – official consolidated text, 33/11, 91/11, 32/12, 57/12, 44/13 – odl. US, 82/13 and 55/15), the Act Governing the Rescue and Restructuring Aid for Companies in Difficulty (Official Gazette of the Republic of Slovenia, No. 44/07 – official consolidated text, 51/11, 39/13 and 56/13), the Integrity and Prevention of Corruption Act (Official Gazette of the Republic of Slovenia, No. 69/11 – official consolidated text), the Rules on the Procedures of Implementing the Budget of the Republic of Slovenia (Official Gazette of the Republic of Slovenia, No. 50/2007, 61/2008, 99/2009-ZIPRS1011 and 3/2013), the Promotion of Foreign Direct Investment and Internationalisation of Enterprises Act (Official Gazette of the Republic of Slovenia, No. 107/2006-UPB1, 11/2011, 57/2012 and 17/2015), the Decree on financial incentives for foreign direct investment (Official Gazette of the Republic of Slovenia, No. 62/14), Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187/23, 26 June 2014), the Programme for Implementing Financial Incentives of the Ministry of Economic Development and Technology 2015-2020, adopted by the Ministry of Economic Development and Technology on 22 April 2015, the state aid scheme »Financial Incentives Foreign Direct Investment – Regional Aid« (scheme number: BE01-2399245-2014), the Work Programme and Financial Plan of SPIRIT Slovenia, Public Agency for 2016 and 2017, adopted by the Agency's Council at its 20th ordinary session held on 9 February 2016 approved by the Ministry of Economic Development and Technology on 23 February 2016, No. 302-2/2016/29, and the Grant Contract No. SPIRIT Slovenia – 2016-17-534310-TK on the implementation and financing of the Call for Proposals under the FDI Promotion Scheme – First Capital Entry into the Republic of Slovenia 2016/2017,

SPIRIT, Slovenian Public Agency for Entrepreneurship, Internationalisation, Foreign Investments and Technology hereby publishes

CALL FOR PROPOSALS UNDER THE FDI INCENTIVE SCHEME – First Capital Entry into the Republic of Slovenia 2016/2017 (TNI 16/17)

1. SUBJECT MATTER OF THE CALL FOR PROPOSALS

The subject matter of the Call for Proposals is the **award of incentive grants for initial investments (first capital entry) made by foreign investors within the territory of the Republic of Slovenia** made on the basis of applications submitted by legal person with a head office outside the territory of the Republic of Slovenia or natural person with permanent residence outside the territory of the Republic of Slovenia – non-residents (hereinafter referred to as: foreign investor).

The **first capital entry of a foreign investor** is considered to be the first setting up of a company in the Republic of Slovenia i.e. the first capital invested in a company registered in the Republic of Slovenia with the aim to have a durable shareholding in the company, to participate in management/governance of the company and supervision of the company, **not more than 18 months** (548 days) **prior to the application submission date** and in that period the company did not start the initial investment. Furthermore, the net turnover of the new company set up in the Republic of Slovenia in that period did not exceed 50,000.00 euros.

An **initial investment** shall mean an investment in tangible and/or intangible assets related to the setting-up of a new company or an investment in tangible and/or intangible assets at the acquisition of an existing company, provided that the investment brings diversification of the output of the existing company into new, additional products i.e. brings fundamental changes in the overall production process of the company acquired in the Republic of Slovenia active in the manufacturing sector, internationally marketable services or research and development activity.

In the 'c' area of the regional aid map of the Republic of Slovenia (i.e. "Zahodna Slovenija"), as set out in Annex VI, large enterprises may be eligible for grant funding only for **initial investments in favour of new economic activity**, which means that the new activity is not the same or a similar activity to the activity previously performed in the company.

The same or a similar economic activity means the economic activity that falls within the same class (identified by a four-digit numerical code) of the NACE Rev. 2 statistical classification of economic activities as set out in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains.

As an initial investment shall **not** be considered the purchase of a shareholding, capital injection/recapitalisation, the transfer of fixed assets from associated companies to the project company/grant beneficiary i.e. costs related to the acquisition or other investment expenditure related to the setting up of a company. Furthermore, **increasing the output of existing products** which the prospective grant beneficiary (hereinafter referred to as: project company/grant beneficiary) or his related legal persons in the Republic of Slovenia are already producing and an expansion of the volume of the services, i.e. the research and development activity already carried out by the prospective project company/grant beneficiary or his related legal persons in the Republic of Slovenia shall **not** be considered an initial investment

No grant funding **shall be provided** for investment projects in the following sectors of the economy:

1. aid granted in the primary agricultural production sector,
2. aid granted in the fishery and aquaculture sector, as covered by Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000 (OJ L No. 354 of 28 December 2013, page 1),
3. aid granted in the sector of processing and marketing of agricultural products where the amount of the aid is fixed on the basis of the price or quantity of such products purchased

from primary producers or put on the market by the company concerned or where the aid is conditional on being partly or entirely passed on to primary producers,

4. aid to facilitate this closure of uncompetitive coal mines,
5. aid granted in favour of the steel sector,
6. aid that favours transport sector & related infrastructure,
7. aid for the shipbuilding sector,
8. aid that favours undertakings in the synthetic fibres sector,
9. aid for energy generation and distribution and energy infrastructure,
10. aid for manufacturing of arms and ammunition.

No grant funding shall be awarded to projects proposing investment in wholesale and retail trade, construction, education and healthcare and social protection.

In addition, no grant will be awarded to the economic activities associated with exports directly connected with the exported quantities, with setting up and operating a distribution network or with other operating costs in relation to the exporting activity. Likewise, no grant will be awarded in the cases favouring the use of domestic goods over the use of imported goods.

No grant will be awarded to the enterprises in the procedure of paying back any amount paid incorrectly of state aid pursuant to the Commission Decision, declaring state aid granted unlawful and incompatible with the common market of the European Union.

Grant funding cannot be provided to a beneficiary which has closed down the same or a similar activity in the European Economic Area (EEA) in the two years preceding the application for regional aid for investments or which at the time of the application submission (the application submitted under the Call for Proposals) has concrete plans to close down such an activity within a period of up to two years after the initial investment in the concerned area for which grant is requested is completed.

No grant funding shall be awarded for initial investments where eligible costs exceed 50 million euros (large investment project).

Grant funding shall not be provided for initial investment whose value is below:

- 1 million euros in manufacturing sectors of the economy,
- 0.5 million euros in the service sector or in research and development activity.

2. PURPOSE OF THE CALL FOR PROPOSALS

The purpose of the Call for Proposals is **to attract foreign investors to make for the first time an investment within the territory of the Republic of Slovenia (first capital entry)** whose investment projects will:

- Provide for the creation of jobs i.e. workplaces (hereinafter referred to as: jobs) in particular and in the sectors of the economy with higher value added;

- Contribute towards the transfer of knowledge and technology and the co-operation between scientific and/or research establishments and institutions within the territory of the Republic of Slovenia and foreign investors;
- Contribute towards more balanced regional development;
- Contribute towards the increase in synergic effects of linking foreign investors with the Slovenian companies, mainly in the field of supplies for foreign investors and the exchange of knowledge and technologies.

No funding will be granted to the investment projects whose purpose is not compliant with the purpose of the Call for Proposals.

3. OBJECTIVES OF THE CALL FOR PROPOSALS

The objectives of the Call for Proposals are:

- To provide project assistance grants to at least seven (7) initial investments – first capital entries of foreign investors into the Republic of Slovenia, and
- To create at least 310 new jobs.

4. FOREIGN INVESTOR – GRANT APPLICANT

Applications from foreign investors are eligible provided that **foreign investors or their foreign associated companies have proven knowledge of and experience in the economic activity proposed in the investment project** which must be demonstrated in the grant application.

5. THE PROJECT COMPANY – GRANT BENEFICIARY

The investment projects for which a grant is requested **must be executed** in the project companies – **the companies receiving the aid/grant beneficiaries.**

The foreign investor must have within **15 days from the delivery of the notification of grant decision to the foreign investor's authorised representative**, i.e. prior to the signature of the grant contract entered into with SPIRIT Slovenia, Public Agency, properly constituted and registered company receiving the aid/project company that will be a contracting party to the grant contract (tripartite contract).

The project company/grant beneficiary shall be a **company, properly constituted and registered in the Republic of Slovenia** in which the foreign investor/applicant has i.e. will have a shareholding, **directly at least a 50% shareholding duly entered into the court register of the Republic of Slovenia** i.e. **into the shareholder register** maintained at Centralno klirinška depotna družba d.d. / Central Clearing and Depository Corporation Inc.

The foreign investor must maintain at least a 50% direct shareholding in the project company/grant beneficiary until **completion of the investment**, which means that The investment project for which a grant is requested **has been realised in terms of its scope and content** (it means that the

investment has been executed according to the scope and content declared and that it can be verified on site at field level) and **financially** (it means that the cash flow in the amount envisaged for the project is shown) (e.g. the buildings have been constructed, plant and machinery purchased, etc.), i.e. the works specified in the grant application have been completed and the amount of the investment stated in the application has been achieved. The investment must be completed within three years from signing the Grant Contract at the latest.

Until the **completion of the investment project for which a grant is requested**, which means in addition to completion of the investment and the creation of the new jobs declared in the application and in the grant contract arising from The investment project for which a grant is requested and the realisation of the net increase in the number of employees employed engaged in the project company/ grant beneficiary, the foreign investor must maintain at least a 10% direct shareholding in the project company/grant beneficiary.

6. LINKED ENTERPRISES

Relationships between enterprises shall be assessed in accordance with Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L No. 187 of 26 June 2014, page 1; hereinafter referred to as: Commission Regulation (EU) No 651/2014).

7. AUTHORISED REPRESENTATIVE

A foreign investor – grant applicant must designate his representative in the Republic of Slovenia authorised to receive on behalf of the foreign investor all deliveries from SPIRIT, Slovenian Public Agency for Entrepreneurship, Internationalisation, Foreign Investments and Technology (hereinafter referred to as: SPIRIT Slovenia, Public Agency) and the Ministry of Economic Development and Technology during the processing of the application submitted under *Javni razpis za sofinanciranje foreign neposrednih investments v years 2016 in 2017 – prvi kapitalski vstopi /Call for Proposals under the FDI Incentive Scheme – First Capital Entry into the Republic of Slovenia 2016/ 2017*. The foreign investor's authorised representative can be a natural person with permanent residence in the Republic of Slovenia or a legal person registered in the Republic of Slovenia.

8. TYPES OF INVESTMENTS AND BASIC GRANT AWARD CONDITIONS

Eligible applicants can compete for grant funding:

- With investment projects in **manufacturing** for which no later than within a period of three (3) years after the completion of the investment **at least 25 net new jobs** will be created. The minimum value of the pending investment that meets the criteria for the award of the grant under this Call for Proposals is **1 (one) million euros**;
- With investment projects in the service sector activities that are internationally marketable for which within a period of three (3) years after the completion of the investment i.e. in the case of investment projects in services where grant funding is awarded on the basis of costs in respect of the creation of new jobs, no later than within three (3) years of the signature of the

Grant Contract at least 10 net new jobs will be created. A minimum value of the investment for which grant funding is awarded is **0.5 million euros**. The following economic activities classified according to the Classification of Products by Activity – CPA 2008 shall be considered internationally marketable service activity:

- Shared Services Centres, CPA 69.2,
 - Data Centre, CPA 63.1,
 - High-Tech Repair Centres, CPA 62.0,
 - Logistics, CPA 52.10, 52.21, 52.22, 52.23 and 52.24,
- With investment projects in research and development activity for which no later than within three (3) years of the signature of the Grant Contract **at least five net new jobs will be created with the minimum completed level of education: specialisation after higher educational programmes or high educational professional programmes, i.e. First Cycle (Level 6/2)**. In the event that more than five new jobs will be created, **at least 80%** of all net new jobs must be with a lower education level: specialisation after higher educational programmes or high educational professional programmes, i.e. First Cycle (Level 6/2). The threshold for the investment project to qualify for the grant is **0.5 million euros**. An activity classified as a research and development activity is carried out by a company or a self-contained/spun-off organisational unit whose core activity is research and development in the field of technology. **The research project must fall completely within the activity industrial research and/or development of prototypes for commercial use.** The enterprises whose core activity is not research and development must run the research and development unit as a stand-alone unit in the organisational chart. The research and development tasks must be set out in the organisational chart and in the valid act regulating the classification of workplaces in the project company/grant beneficiary.

The minimum amount of the investment shall include only the net investment (excluding VAT) in **tangible assets** (service connections for a building and infrastructure for industrial land, purchase and construction of buildings complete with land on which the building stands and the modernisation/upgrade of buildings, purchase of new plant, machinery and equipment) **and/or Investments in intangible assets** (acquisition of patents, licences, know-how or other intellectual property/unpatented technical knowledge).

The applicant must provide **from own sources** and/or sources of the project company/grant beneficiary and a form which is free of any public support in the amount of **at least 25 per cent of the eligible costs**.

The investment completion date shall be the **completion of the works declared in the grant application** and at the same time **arriving at the value of the investment** in the proposed amount, which must be completed **no later than three years after** the date on which the grant contract is signed.

The creation of net new jobs means a **net increase in the number of employees** (hereinafter referred to as: net new jobs), directly employed in the project company/grant beneficiary, **compared with the average over the previous 12 months prior to the signature of the Grant Contract** taking into account pro rata full-time and part-time employees. Consequently, each job lost during the 12-month period has to be deducted from the total number of jobs created during the same

period. The average number of employees in the previous 12-month period before the date of signing the grant contract (existing employees) shall be determined by taking into account all persons that are employees at the grant beneficiary based on the employment contract.

Net new jobs must be created within three years from the date of the substantive and financial completion of the investment. Where jobs were created before the investment completion date, the investment completion date shall be considered as the date on which a workplace is filled. In the case of investment projects in services where grant funding is awarded on the basis of costs related to the creation of new jobs, and in the case of investment projects **in the research and development activity**, the project company/grant beneficiary must create net new jobs **within a period of three (3) years from the signature of the grant contract**.

The net new jobs created must be maintained in the region concerned for at least five (5) years (three years for small and medium-sized enterprises) after the whole investment has been completed and the net new jobs achieved.

Where employees **from linked companies** are seconded to work in the project company/grant beneficiary **shall not be considered** to be **creation of net new jobs** and neither a job increase **in linked companies** or **employment through agencies that supply temporary workforce on an individual contractual basis** can be considered as net new jobs created in the project company/grant beneficiary. The relationships between companies shall be determined in accordance with the terms and conditions laid down in Annex I to Commission Regulation (EU) No 651/2014.

No investment project shall qualify for grant funding if:

- an investment project with the same scope and purpose containing elements of State aid is already co-financed using other funds from the central government, local government or EU budget and the aggregate amount of funding received from that source exceeds the maximum amount of co-financing fixed by the State aid rules,
- the foreign investor or the project company/grant beneficiary has outstanding liabilities towards the Republic of Slovenia,
- the foreign investor or the project company/grant beneficiary is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors,
- in the case where the foreign investor is a limited liability company (other than an SME that has been in existence for less than three years) where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For purpose of this indent, “limited liability company“ refers in particular to the type of company mentioned in Annex I of Directive 2013/34 EU of the European Parliament and of the Council (OJ L 182, 29 June 2013, p. 19) and “share capital” includes, where relevant, any share premium,
- the foreign investor is a company with at least some fully liable members for the company’s debt (other than an SME that has been in existence for less than three years) and more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purpose of this indent, “the company with at least some fully liable members for the company’s debt »primarily refers to the types of undertaking referred to in Annex II to

Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29 June 2013, page 19),

- the project company/grant beneficiary does not meet the capital adequacy requirements as set out in the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (Official Gazette of the Republic of Slovenia, No. 13/14 – official consolidated text and 10/15 – corr.),
- the project company/grant beneficiary is in difficulty in accordance with the Community Guidelines on state aid for rescuing and restructuring firms in difficulty (UL C 244 as of 1 October 2004, p. 2) and the Act Governing Rescue and Restructuring Aid for Companies in Difficulty (Official Gazette of the Republic of Slovenia, No. 44/07 – official consolidated text, 51/11, 39/13 and 56/13). The small and medium-sized enterprises, which have been incorporated less than three years, shall not be considered as being in difficulty within the meaning of the aforementioned Guidelines, unless they meet the criteria for bankruptcy procedure in accordance with the regulations governing financial operations of companies,
- the foreign investor or the project company/grant beneficiary has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan or
- in the case of a foreign investor or a project company that is not a small or a medium-sized enterprise, where, for the past two years:
 - the company's book debt to equity ratio has been greater than 7.5, and
 - the company's EBITDA interest coverage ratio has been below 1.0.

Cumulation of state aid instruments means that every State aid received is cumulated with any other State aid. Consequently, the purpose of the cumulation rule is to ensure that the intensity of State aid is not higher than the maximum aid allowed (aid ceiling). If the project company/grant beneficiary has already received funding from the budget of the national government, the local government or from the EU budget, i.e. if the aggregate amount of the funding received under State aid exceeds the ceiling of the State aid measure determined by the rules governing the area of State aid measures, or such funding has been granted, the grant contract shall be terminated and the Agency shall request repayment of all grant funding already paid, together with statutory interest on late payment covering the period between the date of payment and the date when the Agency receives full payment of the amount owed.

The foreign investor and after the tripartite grant contract is concluded also the project company/grant beneficiary must inform the Agency in writing during the period from the application submission until the time when all the obligations arising from the Call for Proposals, the Grant Submission Documents and the Grant Contract have been fulfilled, about any and all changes (e.g. substantive and financial changes to The investment project for which a grant is requested, address change, the initiation of bankruptcy proceedings, withdrawal/exit of the foreign investor, etc.) regarding either the investment project or the project company/grant beneficiary or the foreign investor as soon as changes occur.

9. ELIGIBLE COSTS

Grant funding is awarded to the following eligible costs:

- a) **Tangible investment costs** (investment in tangible fixed assets i.e. purchase and construction of buildings complete with land on which the buildings stands and modernisation/upgrade of buildings, site development works and municipal infrastructure, purchase of new plant, machinery and equipment. The purchase of land shall not exceed 25 per cent of the amount of eligible costs stated in the application. The purchase of land and the purchase of buildings shall be treated as eligible costs except in the cases where the purchase of land and the purchase of buildings is concluded between the first-, second- or third-degree relatives or with a private individual who has been registered as a sole proprietor (s.p.) and his company or between shareholders of the company and the company.

Costs related to the lease of land and buildings may be taken into account as eligible costs for investments in tangible assets; however, in that case the lease contract must remain force for no less than for five years after the expected date of completion of the investment project for large enterprises and three years for small and medium-sized enterprises. When machinery and equipment are leased, only the lease costs may be taken into account as finance lease with the obligation to purchase the asset after the expiry of the contract. The lease must be arranged and executed in line with market conditions (at arm's length).

For aid granted for a fundamental change in the production process, the eligible costs must exceed the depreciation of the assets linked to the activity to be modernised in the course of the preceding three financial years.

For aid granted for a diversification of an existing establishment into new, additional products, the eligible costs must exceed by at least 200 per cent of the book value of the assets that are reused, as registered in the financial year preceding the start of works.

If eligible costs include the purchase of land or facilities, the following must be attached to the application submitted under the Call for Proposals:

- Extract from the land register, not older than 1 month, or cadastral data on the intended location, on the basis of which the evaluation committee can obtain data from the official register, and
- Letter of Intent or preliminary contract shall not be a binding offer or financial commitment of an investor or the project company/grant beneficiary.

In the case of the evaluation of eligible costs with regard to real estate purchase substantially derogates from the official appraisal of the Surveying and Mapping Authority of the Republic of Slovenia, the committee may request a judicial appraisal from the applicant that must be carried out by a certified appraiser and cannot be older than one year on the date of application submitted under the Call for Proposals.

The fixed assets that are subject to co-financing must remain the project company/grant beneficiary until the end of the investment period or until the end of the depreciation period. Fixed assets that are subject to co-financing can be sold before the time limit on the understanding that the project company acquires other comparable capital assets that represent modern technology for the same purpose. The project company/grant beneficiary must obtain prior authorisation from the Agency.

- b) **Intangible investment costs** (investment intangible assets i.e. acquisition of patents, licences, know-how or other intellectual property/unpatented technical knowledge) may amount to a maximum of 30% of the eligible costs of the total investment). Investments in intangible assets must be used exclusively in the project company/grant beneficiary. Intangible assets eligible for the calculation of investment costs must be amortisable. They must be purchased under market conditions from third parties unrelated to the buyer. They must be included in the fixed assets of the company receiving the aid and must remain associated with the project for which the aid is awarded for at least five (5) years after the completion of the investment project in the case of a large enterprise and for at least three (3) years after the completion of the investment project in the case of a small and medium-sized enterprise.
- c) The costs arising from **job creation** as a direct result of the investment project calculated over a period of two years and actually paid by the project company/grant beneficiary (i.e. gross wage costs before tax and compulsory contributions for social security).

Claiming the costs incurred for the purchase of tangible and intangible assets as the eligible project costs is possible for all types of projects, whereas **claiming the costs arising from job creation as the eligible costs is possible only for projects in the service sector and projects in research and development activity** and in that case the applicant must already specify in the application which type of costs will be claimed as eligible for the project grant, since to claim a combination of costs for investments in tangible and intangible assets and costs arising from job creation shall not be considered eligible.

The purchase of fixed assets that are included in the eligible costs of the proposed project must be based on the principles of sound financial management, efficiency and effectiveness, provision of competitiveness among applicants, transparency, equal treatment of applicants and proportionality.

The following costs **shall not be included in eligible costs:**

- VAT costs and compensation for changing land use and other taxes (save for utility contribution considered as eligible cost),
- costs for the purchase of passenger cars, trucks and multi-purpose vehicles.

10. SUBSTANTIALLY RESPONSIVE PROPOSALS

A grant application shall be considered to be **formally responsive** provided that it comprises all forms and mandatory appendices completed in accordance with the Guide for Applicants set out in the Grant Submission Documents.

11. AMENDMENTS AND/OR SUPPLEMENTS TO THE PROPOSAL

Where a **grant application is found to be formally incomplete**, acting in accordance with the provisions of the Rules on procedures for implementing the budget of the Republic of Slovenia, the evaluation committee will inform this applicant through his authorised representative in the Republic of Slovenia within eight (8) days following the proposals opening date to amend the grant application within eight (8) days of receiving the invitation to supplement the application. **Formally**

incomplete proposals not supplemented by the applicant through his legal representative in the Republic of Slovenia within eight (8) days, **will be rejected by adopting a decision to that effect.**

At any time during the period from the opening of applications until the selection of the applicant, the evaluation committee in charge of the tender procedure may invite this applicant through his legal representative in the Republic of Slovenia **to clarify information from the application** and/or **to invite him to submit evidence** showing that all the information provided in the statements made in the application for which no official records are kept by public authorities is accurate, sincere and complete. The applicant invited through his legal representative in the Republic of Slovenia to provide clarifications, i.e. to submit evidence, must comply within a period of five (5) days of the receipt of such invitation. Insofar as the applicant should fail to provide clarification, i.e. submit evidence through his legal representative in the Republic of Slovenia within the stipulated period, the evaluation committee will make a decision on the basis of the documentation made available.

During the period from the opening of application until the signing of the grant contract with the project company and the foreign investor, the evaluation committee may **carry out an on-site examination of the existing situation at the potential project company/grant beneficiary / at the location at which the execution of the investment project will take place.**

The content of the project description (Form 8) shall not be the subject matter of an amendment of the proposal. The applications with the form left blank shall be rejected.

12. EVALUATION CRITERIA

An evaluation of all formally responsive proposals that comply with all mandatory terms and conditions and are in accordance with the purpose of the Call for Proposals will be carried out by the evaluation committee appointed by the director of SPIRIT, Slovenian Public Agency for Entrepreneurship, Internationalisation, Foreign Investments and Technology, on the basis of the following **criteria**:

	Award criteria	Number of points
1.	The foreign investor's position in the market and the foreign investor's research, development and innovation activity	27
2.	Share of local suppliers in the investment projects in the manufacturing sectors of the economy / Level of education of persons employed on the investment project in the service sector activities that are internationally marketable i.e. in research and development activity	9
3.	Technology transfer to other Slovenian companies can be agreed and the investment project can have a beneficial effect on productivity of other local companies	9
4.	Long-term integration of the investment project with the Slovenian environment	5

5.	Technological intensity of final product/service of the investment project	15
6.	Effects of the investment project on human capital	10
7.	Envisaged gross value added per employee in the project company/grant beneficiary	5
8.	Impact on the environment of investment projects in manufacturing / Revenue from sales of services generated outside Slovenia within the framework of the investment projects internationally marketable services, and markets on which the services are marketed/ Results of the implementation of industrial research and/or development of prototypes for commercial use and impact of the investment project on waste	15
9.	Development effects the investment project will have on economically less developed (less favoured) and impact on unemployment	5
	TOTAL	100

The Agency will co-finance the investment projects of those foreign investors whose grant proposals will achieve in the evaluation procedure a threshold of **at least 60 points subject to the availability of budget funds**. A detailed description of the criteria and the procedure for the award of the financial incentive grant is shown in point III of the Grant Submission Documents.

13. GRANT AMOUNT

The total amount of grants in 2017 is 4,640,000 euros. The grant amount may change in the event that the amount of the government budget is changed.

In case any corrections of the budget allocated to funding obligations arising from this Call for Proposals are made by virtue of any legislative act or regulation affect availability of funds, or the legislative framework for granting funding is altered, the Agency reserves the right to repeal the Call prior to issuing notifications of grant decision.

In case of corrections of the government budget or if the Agency's programme of work that have a direct bearing on this Call for Proposals, the funds available within the framework of this Call may be reduced, payment schedule modified or the Call for proposals and notifications of grant decisions annulled.

The amount of the grant will be fixed on the basis of the criteria, the number of net new jobs created, the value of the investment (the eligible costs for investments in tangible and intangible assets) and within the framework of available funds allocated to grant funding in the amount of up to 2 million euros.

Funding will be granted for investment projects proposed by foreign investor whose grant applications have scored the minimum number of merit points in the evaluation procedure necessary to qualify for grant funding up to the available amount of grant funding (total 4,640,000.00 euros) in the order of precedence taking into account the number of points scored by the project top-down and disbursed to the project companies/grant beneficiaries on the basis of the payment request submitted in the amount of the eligible costs declared.

In accordance with the Decree on the regional aid map for 2014-2020 (the list of municipalities in Annex VI), grant funding awarded to investments in the 'a' area of the regional aid map of the Republic of Slovenia (i.e. "Vzhodna Slovenija") may amount to a maximum of 25% of the eligible costs (maximum regional aid intensity) **for large enterprises**, in the case of **medium-sized enterprises** the amount of the awarded grant shall not exceed **35%**, in the case of **small enterprises** regional aid intensity shall not exceed **45%** of the eligible costs incurred for an individual project. Grant funding awarded in the 'c' area of the regional aid map of the Republic of Slovenia (i.e. "Zahodna Slovenija") may amount to a maximum of 15% until 31 December 2017 of the eligible costs for large enterprises, in the case of **medium-sized enterprises** the amount of the awarded grant shall not exceed **25%**; in the case of **small enterprises** **regional aid intensity shall not exceed 35% of the eligible costs incurred for an individual project.**

For the purpose of determining **the size of the project company**, the criteria laid down in Annex I to Commission Regulation (EU) No 651/2014) shall apply.

Should it be established after the completion of the evaluation procedure **that the total amount of the expected co-financing** of the eligible costs incurred under the investment project that have reached the co-financing threshold **are in excess of the allocated grant funding**, the funding shall be distributed on the basis of the achieved points (score) so that investment projects with a higher score shall come first.

In the case that **several investment projects have scored the same number of points**, the project that envisage a higher number of new jobs to be created shall come first; should those projects have the same number of jobs to be created, the investment project with a higher number of points scored in the evaluation phase for the criterion number (5) Technological intensity of final product/service of the investment project shall score more points.

Where the amount of the grant to be awarded to the investment project based on its score is in excess of the funding available, the Agency shall not enter into a grant contract with the project company/grant beneficiary and the foreign investor, unless the foreign investor has agreed that the project company receiving the grant is awarded grant funds in the amount lower than the amount it should have received based on the achieved score without modifications to the scope of the investment project – project description in Form 8 (elements related to employment, budget, timeframe and all other elements of the investment project).

14. CONDITION OF NECESSITY

A grant may be awarded for the investment project, provided that the applicant has submitted a grant application before the start of The investment project for which a grant is requested. The moment when the construction works relating to the investment project start or the first legally binding commitment to order equipment or any other commitment has been made that makes the investment irreversible, if it takes place before the start of construction works shall be considered to be the start of the project implementation. The purchase land and preparatory works such as obtaining permits and conducting feasibility studies shall not be considered as if the work on the investment project has started.

15. BUDGET PERIOD FOR SPENDING FUNDS AWARDED

The project company/grant beneficiary must issue a request for payment of eligible costs at the latest on 23 October 2017. In order to be eligible for funding, costs stated in the payment request shall be the costs incurred during a period from the grant application submission date until the payment request submission date and were also paid until the payment request submission date (payments made to be evidenced by invoices and bank statements proving that payments have been made), and by considering the maximum regional aid intensities (15%, 25%, 35% i.e. 45%). The amount stated in the request for payment must not exceed the amount laid down in the notification of grant decision.

The project company/grant beneficiary must also **enclose with the payment request an unconditional bank guarantee issued by an investment-grade bank with its registered office in a Member State** (i.e. an unconditional bank guarantee issued by an investment-grade bank with its registered office in a third country if that bank has its branch in the EU and calling on the guarantee is explicitly enabled also in that branch) as security for performance of contractually obligations payable on the Agency's first demand in writing, with the period of validity until the date being **three years and three months after the date of the signature of the Grant Contract**, and in the full amount of the demand, with which the bank undertakes to pay a specified sum of money if contractual obligations have not been duly fulfilled. **The wording of the bank guarantee must be identical to the wording of the sample guarantee** on pages 92 and 93 of the Grant Submission Documents.

Since for the calculation of the approved **amount of the grant funding** the amount of the investment, i.e. the sum of all **eligible costs to be incurred in a period from the date of the application submission until the date of the completion of the investment; i.e. within three (3) years after signing the Grant Contract**, is taken into consideration, the project companies/grant beneficiaries must also present at the completion of the investment documentary evidence (invoices and bank statements as proof that payments have been made), with which they declare the sum of eligible costs incurred for the proposed investment.

16. SUBMISSION OF PROPOSALS AND DEADLINES

The Call for Proposals is open **until 27 March 2017 i.e. until the grant funding provided from the government budget has not been exhausted**. The application must be delivered to the following address: SPIRIT, Slovenian Public Agency for Entrepreneurship, Internationalisation, Foreign Investments and Technology, Verovškova ulica 60, 1000 Ljubljana, **in a sealed envelope** with the text: **»Ne odpiraj – prijava na javni razpis - spodbujanje TNI 2016 and 2017 - Prvi kapitalski vstopi/ Do not open – Application under the Call for Proposals 2016/2017«** and with **the full address of the foreign investor and the address of his authorised representative**. Applicants must submit the filled in application on paper in original and written completely in the Slovenian language or in the English language, in accordance with the instructions and the forms provided in the Grant Submission Documents. Where originals of the requested documents are not drawn up either in the Slovenian or in the English language, certified translators into the Slovenian or into the English language must be enclosed.

All information contained in the applications opened by the evaluation committee will be treated as public, with the exception of those expressly designated as a trade secret by the foreign investor. Only a piece of information, i.e. part of the application may be designated as a trade secret. No trade secret obligation may apply to the information/data which are in the public domain on the basis of the first indent of the third paragraph of Article 6 of the Public Information Access Act, such as information from the submitted applications which reflect and indicate compliance with the requirements and criteria, the information with effect on the classification of an application based on the criteria used, etc.

Applications submitted under this Call by the same applicant with the same investment project for which grant funds have been requested in another application currently subject of an appeal procedure, shall be rejected as inadmissible. Such applicants may submit their applications referring to the same investment project once the appeal procedure has been decided as *res judicata*.

17. OPENING OF APPLICATIONS

Opening of applications will not be open to public due to the fact that a high number of applications is expected. Opening of applications is scheduled to take place on the following working day after the deadline for receiving applications starting at 9:00 CET in the Agency's head office.

Only those applications, which have been delivered at the Agency's head office, Verovškova ulica 60, 1000 Ljubljana, will be opened, regardless of the manner of delivery, on **day designated as the final date for the receipt of grant applications** in specifically **no later than 12:00 (noon) CET**.

The closing date for the delivery of applications in 2016:

- for the first opening of applications: 22 August 2016 at 12:00 (noon) CET,

The closing dates for the delivery of applications in 2017:

- for the second opening of applications: 30 January 2017 at 12:00 (noon) CET,
- for the second opening of applications: 27 March 2017 at 12:00 (noon) CET.

The evaluation committee will not take into consideration **applications not properly marked** (it is not clearly shown that it is an application submitted in response to the Call for Applications or to which public tender it refers) and such applications will be returned to senders.

Applications that arrive after the deadline fixed for the submission of applications will be included in the following opening of applications. Applications that arrive after the last deadline for the submission of applications in 2017 shall be rejected as late applications by virtue of the decision passed.

18. NOTIFICATION OF AWARD, I.E. OF NO-AWARD OF GRANT FUNDING

On the basis of the evaluation carried out by the evaluation committee, foreign investors will be notified through their authorised representative in the Republic of Slovenia of the results of the Call

for Applications in a **notice of award, i.e. of no award of the grant** within 60 days of the opening of applications. The results of the bidding will be published on the Agency's website.

An appeal shall be possible against a notification within 15 days from the receipt of the notification. The appellant must precisely define the reasons for which he is filing a complaint. The subject of the complaint cannot include the set criteria for the applications. The Ministry of Economic Development and Technology shall decide how to deal with the appeal. The appeal filed does not suspend the signature of contracts with foreign investors and the project companies who were allocated the right to grant funding.

In the case that after issuing the notification on grant decision it is determined that the application does not fulfil all the conditions and requirements laid down in the Call for Proposals and the Grant Submission Documents and that the application is not compliant with the subject matter, purpose and objective of the Call for Proposals, the Agency may decide not to sign the Grant Contract and to annul the decision to award funding.

The foreign investors who will receive the notification of grant decision through their authorised representative will have to register a project company/grant beneficiary within 15 days of the delivery of the notification of grant decision through the authorised representative of the foreign investor, i.e. before signing the Grant Contract with SPIRIT Slovenia, Public Agency, which will also be a contracting party (**tripartite contract**), and the foreign investor and the project company/grant beneficiary will have to sign the contract with SPIRIT Slovenia, Public Agency, and namely within 15 days after receiving the invitation to sign the Grant Contract from the Agency, otherwise it will be deemed that they have withdrawn from signing of the Grant Contract.

After issuing the decision to award grant funding for investment projects, the Agency may request the investment documents prepared and approved by the applicant and the project company/grant beneficiary in accordance with the provisions laid down in the Decree on uniform methodology for preparation and elaboration of documents concerning public finance (Official Gazette of the Republic of Slovenia, No. 60/06 and 54/10).

19. GRANT SUBMISSION DOCUMENTS

The Grant Submission Documents drawn up in the Slovenian and the English languages can be obtained at the **head office** of SPIRIT, Slovenian Public Agency for Entrepreneurship, Internationalisation, Foreign Investments and Technology, Verovškova ulica 60, Ljubljana, every working day between 9:00 and 10:00 CET or can be downloaded from the following **websites**: www.spiritslovenia.si and www.investslovenia.si. The Grant Submission Documents can also be sent by electronic mail on the basis of a request sent by the company to the electronic mail address: fdi@spiritslovenia.si. For the Grant Submission Documents to be sent by electronic mail, prospective applicants should send a request no later than five (5) days before the deadline for the submission of grant applications.

The legally binding versions of the Call for Proposals and the Grant Submission Documents are those drawn up in the Slovenian language. All communication and correspondence in relation to the Call for proposals shall be in the Slovenian language.

20. ADDITIONAL INFORMATION

Any additional information in relation to the preparation of applications and clarifications of the Grant Submission Documents will be provided to applicants on the basis of a request made in writing and sent to the electronic mail address: fdi@spiritslovenia.si (Subject: Javni razpis - spodbujanje TNI 2016 in 2017 – prvi kapitalski vstopi/ Call for Proposals – first capital entry under FDI scheme or 2016/2017), and specifically no later than eight (8) days before the deadline for the submission of applications. All questions of prospective applicants and the answers given by the granting authority for this Call for Proposals will be published no later than six (6) days before the deadline for the delivery of applications published on the website www.spiritslovenia.si. All answers and clarifications provided by the granting authority under this Call for Proposals shall be an integral part of the Grant Submission Documents.

Further information can be obtained at the telephone: +386 1 5309806 from the contact person Dr Zoran Stamatovski. Requests for further clarifications can also be sent via electronic mail to the electronic mail address: fdi@spiritslovenia.si.

Mag Gorazd Mihelič
Acting Director