



**ECO-innovation**  
WHEN BUSINESS MEETS THE ENVIRONMENT



## ***CORRIGENDUM***

### **CALL FOR PROPOSALS 2011**

#### **CIP ECO-INNOVATION FIRST APPLICATION AND MARKET REPLICATION PROJECTS**

CALL IDENTIFIER: CIP-EIP-ECO-INNOVATION-2011

CLOSING DATE: THURSDAY 08 SEPTEMBER 2011

ELECTRONIC SUBMISSION ONLY, UNTIL 17:00 (BRUSSELS  
LOCAL TIME)

FOR FURTHER INFORMATION:

<http://ec.europa.eu/ecoinnovation>

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## 1. BACKGROUND

The initiative CIP<sup>1</sup> Eco-innovation First Application and Market Replication Projects (in short: CIP Eco-innovation) is part of the Entrepreneurship and Innovation Programme (the EIP) which seeks to support innovation and competitiveness of small and medium-sized enterprises (SMEs<sup>2</sup>). EIP aims at achieving better access to finance for SMEs, at supporting services for business and innovation delivered through a network of regional centres<sup>3</sup>, at the promotion of entrepreneurship and innovation and at support for policy-making that encourages entrepreneurship and innovation. The work programme for the EIP 2011 covering CIP Eco-innovation was adopted on 18 January 2011<sup>4</sup>.

The EIP is part of the Competitiveness and Innovation Framework Programme (CIP), which aims at encouraging the competitiveness of European enterprises. With SMEs as its main target, CIP also comprises actions encouraging a better take-up and use of information and communications technologies (ICT) and promotes the increased use of renewable energies and energy efficiency.

The new Europe 2020 strategy<sup>5</sup> aims at transforming the EU to a smarter, greener, more inclusive economy. Greater innovation and more efficient management of resources will result in an EU economy that is more competitive in a world of increasing energy prices, and significantly greater resource constraints and competition. The Innovation Union flagship recognizes that eco-innovation will play an increasing role in the future as Eco-innovation is central to addressing the challenges of resource scarcity, air, water and soil pollution and also provides opportunities for growth and jobs. There is a need to integrate environmental and sustainability aspects into all sectors of the economy, and to promote eco-innovation not only on technologies, but also on business processes and organisational changes.

The promotion of Eco-Innovation through the Competitiveness and Innovation Framework Programme also contributes to the implementation of the Environmental Technologies Action Plan (ETAP)<sup>6</sup>. One of the main objectives of this Action Plan is to tap the full potential of environmental technologies for protecting the environment while contributing to competitiveness and economic growth as laid down in the EU 2020 strategy.

CIP Eco-innovation will support projects connected with eco-innovative products, techniques, services or processes which aim at prevention or reduction of environmental impacts or which contribute to the optimal use of resources. As such, and in addition to ETAP implementation, the measure should contribute to the implementation of the EU actions in the areas of the Climate Change Package and in line with the various policies documented in the Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy (2008)<sup>7</sup>. Risks due to climate change will have impacts on many industries and services, such as resource-

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<sup>1</sup> Decision N° 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (CIP) (OJ L 310, 09/11/2006). Information on the CIP can be found at: [http://ec.europa.eu/cip/index\\_en.htm](http://ec.europa.eu/cip/index_en.htm).

<sup>2</sup> For the purpose of this Call, SMEs are defined as enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding €50 million, or an annual balance sheet total not exceeding €43 million (Commission Recommendation 2003/361/EC of 6 May 2003).

<sup>3</sup> Enterprise Europe Network: [http://www.enterprise-europe-network.ec.europa.eu/index\\_en.htm](http://www.enterprise-europe-network.ec.europa.eu/index_en.htm).

<sup>4</sup> See [http://ec.europa.eu/cip/files/cip/docs/eip\\_2011\\_work\\_programme\\_en.pdf](http://ec.europa.eu/cip/files/cip/docs/eip_2011_work_programme_en.pdf)

<sup>5</sup> "Europe 2020. A strategy for smart, sustainable and inclusive growth, COM (2010) 2020 of 3 March 2010.

<sup>6</sup> Commission Communication on "Stimulating Technologies for Sustainable Development: an Environmental Technologies Action Plan for the European Union". COM (2004) 38 final, of 28 January 2004, under revision.

<sup>7</sup> "Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan", COM (2008) 397 final of, 16 July 2008.

intensive production activities and require adaptation. The measure should also contribute to the implementation of the Lead Market Initiative which highlights important areas of actions, such as recycling<sup>8</sup> and to the implementation of the Environmental Compliance Assistance Programme for SMEs (ECAP)<sup>9</sup>, which aims to improve SME's environmental performance.

**This Call relates to CIP first application and market replication projects on Eco-Innovation, which are managed by the Executive Agency for Competitiveness and Innovation (EACI) under powers delegated by the European Commission<sup>10</sup>.**

According to the decision on the Competitiveness and Innovation Framework Programme, eco-innovation is defined as "any form of innovation aiming at significant and demonstrable progress towards the goal of sustainable development, through reducing impacts on the environment or achieving a more efficient and responsible use of natural resources, including energy."<sup>11</sup>

CIP Eco-innovation aims to support projects concerned with the first application or market replication of eco-innovative techniques, products, services or practices of EU relevance, which have already been technically demonstrated with success but which, owing to residual risk, have not yet penetrated the market. They should contribute to remove obstacles to the development and wide application of eco-innovation, create or enlarge markets for related products and improve the competitiveness of EU enterprises on world markets. The projects should also aim at reducing environmental impacts, increasing resource efficiency or improve environmental performance of enterprises, in particular SMEs.

The three main aspects of CIP Eco-innovation are:

1. Environmental benefits
2. Economic benefits (including wide replication)
3. Contribution of projects to innovation

For example, the wider application of environmentally friendly technologies and innovations is expected to help reduce greenhouse gas emissions and to achieve greater resource efficiency. Resource efficiency can be achieved by using less raw material and water or by substituting scarce material and increasing the use of secondary raw material and recycled materials. Eco-Innovation covers the production of quality products with less impact on the environment and the implementation of more environmentally friendly production processes and services, moving from a linear lifecycle (extract-consume-waste) to a closed-loop process. Environmental impacts and optimisation of resources need to be considered in a non-isolated way throughout the life cycle of the related activities: from extraction of raw materials to production, distribution, use and final disposal or recycling on a full **Life-Cycle approach**<sup>12</sup>.

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<sup>8</sup> "A Lead Market Initiative for Europe", COM (2007) 860 final, of 21 December 2007.

<sup>9</sup> "Small, Clean and Competitive, A programme to help small and medium-sized enterprises comply with environmental legislation", COM(2007) 379 final of, 2 October 2007.

<sup>10</sup> Commission Decision of 31 May 2007 amending Decision 2004/20/EC in order to transform the "Intelligent Energy Executive Agency" into the "Executive Agency for Competitiveness and Innovation" (OJ L 140/52 of 1 June 2007).

<sup>11</sup> Decision N° 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (CIP). (See Recital N°25)

<sup>12</sup> The life-cycle approach considers all the environmental impacts addressed in an integrated way. It considers from "cradle to grave", recognising all the environmental life-cycle from extraction to production, transportation, consumption and final disposal. A Life Cycle Assessment could be carried out according to the recently published International Reference Life Cycle Data System (ILCD) Handbook [http://lca.jrc.ec.europa.eu/EPLCA/Deliverables/ILCD\\_handbook.htm](http://lca.jrc.ec.europa.eu/EPLCA/Deliverables/ILCD_handbook.htm).

In addition, Eco-innovation should make sense economically and should bring tangible benefits in terms of investments, turnover, market penetration and job creation especially for SMEs. Besides the application of the new eco-innovative solution during the project, also the replication and exploitation are important aspects: CIP Eco-innovation aims to multiply the impacts of the projects' solutions and mobilise a wide market uptake, reaching a critical mass during the project and in a short and medium term. A clear business and exploitation plan should be part of every project.

There are many technological and business innovations already technically tested that can significantly benefit the environment. The challenge now is to provide new driving forces that will encourage the *diffusion and uptake of Eco-Innovation on a broad scale, maximising its economic and environmental benefits*. CIP Eco-innovation aims to bridge the gap between research and technological demonstration and prototyping on one hand and commercialisation on the other hand. Market demonstration and market uptake of eco-innovative solutions as well as their exploitation and replication are at the core of CIP Eco-innovation. Innovation, and in particular eco-innovation, is a progressive concept. It can take different forms, such as process or technological innovation, product innovation and system or organisational innovation, new introduction into a market or incremental innovation.

Through environmental benefits, level of innovation and market replication potential, the projects should be of European interest, bringing a significant contribution to the market uptake of eco-innovation in the EU.

## 2. SCOPE AND OBJECTIVES OF THE CALL FOR PROPOSALS 2011

CIP Eco-Innovation will support projects:

- Concerned with the first application or market replication of eco-innovative techniques, products, processes or practices, which
- have already been technically demonstrated, but
- due to remaining risks need incentives to penetrate significantly the market.

CIP Eco-Innovation will also support market oriented activities related to the uptake of environmental technologies and eco-innovative activities by enterprises and the implementation of new or integrated approaches to Eco-Innovation.

*Projects concerned with land-use management and planning, management of natural areas, urban policies and projects with a public dimension should be presented to the LIFE+ programme<sup>13</sup> and/ or to the 7th RTD framework programme<sup>14</sup>. Projects focusing at increasing the penetration of renewable energies and energy efficiency (including energy in transport) should be presented to the Intelligent Energy Europe programme<sup>15</sup>. Research and technology development, including demonstration projects at an early stage with a high technology risk or projects that develop prototypes, should be submitted to the 7th RTD programme.<sup>16</sup> Care*

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<sup>13</sup> Regulation (EC) No 614/2007 of the European Parliament and of the Council of 23 May 2007 concerning the Financial Instrument for the Environment (LIFE+ programme): <http://ec.europa.eu/environment/life/index.htm>.

<sup>14</sup> Technology development should be submitted to the Seventh Framework Programme for research and technology development (7 RTD): [http://cordis.europa.eu/fp7/home\\_en.html](http://cordis.europa.eu/fp7/home_en.html).

<sup>15</sup> Intelligent Energy – Europe is included in the overall Competitiveness and Innovation Framework Programme (CIP) of Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006: [http://ec.europa.eu/energy/intelligent/index\\_en.html](http://ec.europa.eu/energy/intelligent/index_en.html).

<sup>16</sup> According to the CIP decision, the CIP "...should be complementary to the Community's Seventh Framework Programme for research, technological development and demonstration activities (2007-2013), by dealing with innovation, which includes non-technological as well as technological innovation, that has moved beyond the final demonstration phase and is ready for market replication (testing of innovations for application in markets). It should be ensured that there is no

*should also be given, that actions, especially in the Food and Drink sector, do not already receive funding from one of the instruments of the Common Agricultural Policy (CAP), such as rural development. In its aim of market replication, CIP Eco-innovation should go beyond dissemination, showcasing and training or pure commercialisation of products.*

*The development of software and design tools is outside the scope of this call.*

## **Objectives**

- Promote the adoption of new and integrated approaches to eco-innovation in fields such as environmental management and more environmentally friendly products, processes and services.
- Encourage the uptake of environmental solutions by increasing the market and by the removing the barriers to market penetration. Solutions are understood to include high added value products, processes, technologies or services.
- Increase innovation capacities of SMEs.

In general, this Call supports projects which address the objectives mentioned above with a clear priority to SMEs. However, some areas are considered a priority for this call, because of their importance for environmental protection and eco-innovation markets and because of the expected added-value of projects in these areas, taking into consideration other EU actions in connected fields and the response to the previous Calls. These areas are introduced hereafter.

## **3. MAIN PRIORITY AREAS OF THE CALL FOR PROPOSALS 2011**

### **3.1 Materials recycling**

Efforts to reduce and avoid the negative impacts of waste on the environment and human health have been central to EU environment policy. Despite all the progress achieved, the challenges for waste policy are still mounting and much still needs to be done.

The EU "Thematic Strategy on the prevention and recycling of waste"<sup>17</sup> sets out the objectives and means by which the EU can further improve the management of waste and make better use of its materials and energy resources. The Lead Market initiative in recycling, points out the need to promote business innovations in the recycling area<sup>18</sup>. The Waste Framework Directive sets the waste hierarchy and also sets more ambitious targets for the re-use, recycling and recovery of some categories of waste<sup>19</sup>. Projects need to be fully coherent with the Waste Framework directive. With respect to the waste hierarchy, this means that a clear priority will be given to prevention, reuse and materials recycling over other treatment options, e.g. energy recovery, unless "lifecycle thinking" justifies a deviation from the hierarchy.

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financing gap between research development and application (technology- transfer activities including pre-seed phase)..." (see Recital N°9).

<sup>17</sup> Commission Communication "Taking sustainable use of resources forward: A Thematic Strategy on the prevention and recycling of waste", COM (2005) 666 final, of 21 December 2005.

<sup>18</sup> "Accelerating the development of the market for recycling in Europe." Preparatory document to the Communication "A Lead Market Initiative for Europe", COM (2007) 860 final, of 21 December 2007:  
[http://ec.europa.eu/enterprise/leadmarket/doc/annex\\_1.pdf](http://ec.europa.eu/enterprise/leadmarket/doc/annex_1.pdf)

<sup>19</sup> Directive 2008/98/EC of the European Parliament and of the Council, 19 November 2008 on Waste and Repealing Certain Directives.

Innovation covers a wide range of materials recycling and re-use processes, methods, technologies and approaches, such as for example: automation, sorting, treatment, post-shredder and separation technologies, as well as business innovations relating to recycling and re-use. Projects related to waste management and to awareness raising on waste prevention by the public sector are covered under the LIFE + programme.<sup>20</sup>

Scope of actions to be supported under this Call:

- Improve the quality of recycling materials with better waste sorting and treatment methods, construction and demolition waste, commercial/industrial waste, potential recyclables or recyclable waste from electrical and electronic equipment and end-of-life vehicles.
- Innovative products using recycled material or facilitating material recycling, matching international products' standards, advanced design requirements and high quality consumer needs.
- Business innovations to strengthen the competitiveness of recycling industries, such as new market structures for recycling products, supply chains or harmonised manufacturing and recycling processes.

### **3.2 Sustainable building products<sup>21</sup>**

The building sector is a complex sector embracing a number of aspects such as design, choice of materials, use of natural resources as well as interaction with very different socio-economic, regulatory and administrative contexts.

Construction activities consume more raw materials by weight than any other industrial sector. The built environment moreover, accounts for the largest share of greenhouse gas emissions in terms of energy end usage. Measured by weight, construction and demolition activities also produce Europe's largest waste stream, most of which is recyclable. Environmental aspects possibly addressed by innovation include, in an integrated approach, consumption of raw materials, in-door air quality, water and energy efficiency, or adaptation to climate change.

This Call for Proposals covers innovative products and processes or integrated approaches for the residential and non-residential sectors<sup>22</sup>, offering significant business opportunities and significant environmental benefits<sup>23</sup> in all phases (construction, maintenance, repair, retrofitting or demolition of buildings).

Scope of the actions to be supported under this Call:

- Construction products and related processes that reduce consumption of resources, embodied carbon and production of by-product wastes. This covers the use of more environmentally friendly construction materials, reduced use of raw material, and innovative manufacturing processes which greatly reduce the environmental impact of construction.

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<sup>20</sup> See LIFE + website: <http://ec.europa.eu/environment/life/funding/lifepius.htm>

<sup>21</sup> The definition of sustainability includes, besides environmental aspects, health and social aspects. While they can add value to Eco-innovation projects, they are not obligatory as opposed to environmental aspects.

<sup>22</sup> Project ambition should go beyond simple design and showcase.

<sup>24</sup> Projects on the addition of various types of fly and bottom ashes in concrete and mortar are not covered under this Call.

### 3.3 Food and drink sector

The food and drink sector contributes on average 20% to 30% of the various environmental impacts of private consumption such as energy use, global warming, land use, resource depletion, acidification, water use, or waste, with a contribution of up to 50% for eutrophication<sup>24</sup>. These impacts include the full food production and distribution chain ‘from farm to fork’.

Priority will be given to those sectors of food and drink with high environmental impacts, such as meat and meat products, followed by dairy products and other industries like olive production. Meat and meat products (including poultry, sausages or similar) have the greatest environmental impact amongst those caused by private consumption. The estimated contribution of this product group to global warming is in the range of 4 to 12% of all products. The second product group with an important contribution to the global warming is dairy products.

Scope of the actions to be supported under this Call:

- Cleaner and innovative products, including packaging methods and materials, processes and services aiming at higher resources efficiency. Full raw material utilisation in the food sector, which increases resource efficiency and productivity, reduces bio-degradable waste, and supports the transition to a bio-based economy.
- Cleaner and innovative products, processes and services aiming at a reduction of waste, waste prevention and greenhouse gas emissions, or/and increasing recycling and recovery.
- New or improved production processes with high water efficiency and improved water quality. Improved eco-efficiency of water management.
- Innovative cleaner products, processes and services aiming at reducing the environmental impact of consumption of food and drinks, such as logistical services, distribution and purchasing decisions.

### 3.4 Water

Water is essential not only for direct uses such as the provision of drinking water, growing food, and the production of energy and other products, but also for ensuring the integrity of ecosystems and the goods and services they provide to humans. As freshwater depletion and pollution is becoming increasingly problematic, the objective of this priority is to boost the market uptake of innovative solutions to improve water efficiency and water quality in different sectors. In the specific context, projects focussing on water efficiency should reduce water consumption by at least 30%<sup>25</sup>.

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<sup>24</sup> See results of EIPRO study: Environmental Impact of Products (EIPRO). Analysis of the life cycle environmental impacts related to the final consumption of the EU-25. European Commission, Joint Research Centre, IPTS/ESTO project, EUR 22284 EN, May 2006.

<sup>25</sup> It is estimated that some 20% of Europe's available water is being wasted and that water saving potential is close to 40% in Europe. Communication from the Commission to the European Parliament and the Council - Addressing the challenge of water scarcity and droughts in the European Union (COM/2007/0414 final). Follow up Report to the Communication on water scarcity and droughts in the European Union COM(2007) 414 final, SEC(2008) 3069

While it is possible to innovate in many aspects of the treatment and use of water, there are a number of areas in which innovation, if economically viable, can bring substantial benefits to the water sector and to businesses.

Scope of the actions to be supported under this call:

- Water efficient processes, products and technologies, especially water-free processes.
- Water and wastewater treatment: solutions that offer greater efficiency and reduced environmental impact, e.g. reduced use of chemicals and resources; recovery of resources from wastewater, such as nutrients.
- Smart distribution systems aiming at the saving of water, chemicals, energy and materials: innovative systems for measuring and adjusting chemical dosing, flow and pumping rates; leakage detection and repair, novel pipe materials etc.

### 3.5 Greening businesses

The aim of this priority area is to grant support to small and medium sized enterprises and organisations in greening their businesses, products and services and in implementing green production processes improving their performance with respect to all environmental aspects and impacts<sup>26</sup>, and in adapting to the impacts of climate change on their activities<sup>27</sup>.

Greening a business can take multiple forms: introducing a life-cycle approach in order to take into consideration the raw material extraction, production, consumption and end-of-life phases of a product's life-cycle, the integration of eco-innovative techniques and eco-design principles in supply chains, products to services, etc. As in the other priorities, the environmental benefits need to be substantial and quantified. The important actors are, accordingly, the producers, which preferably should be tackled in a cluster or sectoral approach, and on the other hand the consumers.

Adaptation is needed to face the long-term challenge of climate change. Small and medium-sized enterprises may have more difficulties than larger companies to cope with the risks and consequences of climate change. However, new business opportunities could arise for them.

Scope of the actions to be supported under this Call:

- Design, implementation and uptake on the market of innovative products and services that will decrease environmental impacts and use less resources. Projects should follow the principles of Integrated Product Policy<sup>28</sup>, a life cycle approach<sup>29</sup> and be in-line with the various policies documented in the Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy<sup>30</sup>. Projects could relate to the Ecodesign directive<sup>31</sup> putting into practice the more global, environmental

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<sup>26</sup>As reflected in the Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy , COM (2008) 397 final of, 16 July 2008

<sup>27</sup>In line with the White Paper on Adapting to climate change: Towards a European framework for action, COM(2009) 147/4

<sup>28</sup>Communication from the Commission "Integrated Product Policy", COM (2003) 302 final, of 18 June 2003.

<sup>29</sup>Life cycle approach will include using less and/or renewable raw materials, extending the durability of products through product design and servicing, applying eco-efficiency techniques to reduce the environmental impact of production, minimising the environmental impact of the product during its use and providing for end-of-life recycling/reuse.

<sup>30</sup>"Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan", COM (2008) 397 final of, 16 July 2008

<sup>31</sup>Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products (recast), OJ L 285/10, 31.10.2009.

perspective, and they could base the environmental performance of the new product on the European Eco-label<sup>32</sup> or other accredited label/certification scheme.

- Substitution of materials by materials with reduced environmental impacts and higher resource efficiency (e.g. bio-based products) as well as substitution of scarce materials<sup>33</sup> and increased use of secondary raw material. Substitution may be applied at the product level or at the process level.
- Greening of production and clean production processes supporting environmental, innovative processes with a high replication factor. Actions could also include industrial symbiosis, i.e. by-product resources or waste as new raw material in order to improve the environmental impacts of industrial production.
- Gradual innovation by introducing re-manufacturing mechanisms and innovative repairing services with substantial environmental benefit and a high replication factor.

## **4. ELIGIBILITY CRITERIA**

### **4.1 Legal status of applicants**

Applications can be submitted by one or several entities<sup>34</sup>. All applicants must be legal persons, whether private or public, established in the territory of the European Member States. “Legal person” means any entity created under the national law of its place of establishment, EU law or international law, which has legal personality and which, acting under its own name, may exercise rights and be subject to obligations.

Entities which do not have legal personality under the national law may also propose action within the CIP Eco-Innovation initiative, provided their representatives have the capacity to take on legal obligations on their behalf and assume financial liability.

Natural persons are not eligible.

Likewise, the programme is also open to legal persons established in:

- European Free Trade Association (EFTA) countries which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA Agreement.
- Accession countries and candidate countries benefiting from a pre-accession strategy, in accordance with the general principles and general terms and conditions for the participation of those countries in EU programmes established in the respective Framework agreements and Association Council Decisions.
- Countries of the Western Balkans, in accordance with the provisions to be determined with those countries following the establishment of Framework Agreements concerning their participation in EU programmes.
- Other third countries, when Agreements and procedures so allow.

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<sup>32</sup> Regulation (EC) No 66/2010 of the European Parliament and of the Council of 25 November 2009 on the EU Ecolabel, OJ L 27, 30.01.2010.

<sup>33</sup> Communication from the Commission - Tackling the challenges in commodity markets and on raw materials COM(2011) 25 final.

<sup>34</sup> Irrespectively of the amount of participants, all proposals need to demonstrate a European added value (see award criterion 5).

If proposals submitted by legal entities from the above non-EU countries are selected, a grant agreement will only be signed once the necessary steps have been taken for the countries concerned to join the EIP.

**Up-to-date information on which countries are part of the programme is available on the Eco-Innovation web site<sup>35</sup>.**

The programme is also open to the Joint Research Centre of the European Commission and to international organisations (i.e. legal entities arising from an association of States, other than the European Union, established on the basis of a treaty or similar act, having common institutions and an international legal personality distinct from that of its Member States).

Applicants shall supply evidence that they exist as legal persons.

**The eligibility criteria will be checked by the EACI on receipt of the proposals. Failure to comply with these criteria will result in the proposal not being evaluated further.**

## **5. EXCLUSION CRITERIA**

### **5.1 Grounds for exclusion**

**Applications will not be considered for a grant if the applicants are in any of the following situations:**

- (a) They are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations.
- (b) They have been convicted of an offence concerning professional conduct by a judgment which has the force of res judicata.
- (c) They have been guilty of grave professional misconduct proven by any means which the contracting authority can justify.
- (d) They have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed.
- (e) They have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the European Union's financial interests.
- (f) They are currently subject to an administrative penalty referred to in Article 96(1) of the Financial Regulation applicable to the general budget of the Communities<sup>36</sup>.
- (g) They are faced with a conflict of interest.
- (h) They are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the procedure or fail to supply this information.

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<sup>35</sup> <http://ec.europa.eu/environment/eco-innovation/>.

<sup>36</sup> Council Regulation (EC, EURATOM) n.1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357 31 December 2002) as amended by Council Regulation (EC, EURATOM) 1995/2006 of 13 December 2006 (OJ L 390/2006 of 30 December 2006).

**Applicants shall supply evidence that they are not in one of the above-listed situations. For that purpose, applicants shall submit a declaration on their honour as part of the application forms<sup>37</sup>.**

## **5.2 Administrative and financial penalties**

Without prejudice to the application of penalties laid down in the contract, candidates and contractors who have made false declarations, have made substantial errors or committed irregularities or fraud, or have been found in serious breach of their contractual obligations may be excluded from all contracts and grants financed by the EU budget for a maximum of five years from the date on which the infringement is established as confirmed following an adversarial procedure with the contractor. That period may be extended to ten years in the event of a repeated offence within five years of the date on which the infringement is established.

Candidates, who have made false declarations, have made substantial errors, or committed irregularities or fraud, may also be subject to financial penalties representing 2% to 10% of the total estimated value of the contract being awarded. Contractors who have been found in serious breach of their contractual obligations may be subject to financial penalties representing 2% to 10% of the total value of the contract in question. The rate may be increased to 4% to 20% in the event of a repeat infringement within five years of the date on which the infringement is established as confirmed following an adversarial procedure with the contractor.

The cases referred to in point 5.1 (e) cover:

- (a) Cases of fraud as referred to in Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995<sup>38</sup>.
- (b) Cases of corruption as referred to in Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997<sup>39</sup>.
- (c) Cases of involvement in a criminal organisation, as defined in Article 2(1) of Joint Action 98/733/JHA of the Council<sup>40</sup>.
- (d) Cases of money laundering as defined in Article 1 of Council Directive 91/308/EEC<sup>41</sup>.

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<sup>37</sup> Applications Forms will be available via the Eco-Innovation website.

<sup>38</sup> OJ C 316 of 27 November 1995, p. 48.

<sup>39</sup> OJ C 195 of 25 June 1997, p. 1.

<sup>40</sup> OJ C 351 of 29 December 1998, p.1. Joint action of 21 December 1998 on making it a criminal offence to participate in a criminal organisation in the Member States of the European Union.

<sup>41</sup> OJ L 166 of 28 June 1991, p. 77. Directive of 10 June 1991, as amended by Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 (OJ L 344 of 28 December 2001, p. 76).

## 6. SELECTION CRITERIA

The applicant must have stable and sufficient sources of funding to maintain his activity throughout the period during which the action is being carried out and to participate in its funding. The applicant must have the professional skills and qualifications (technical and managerial) required for completing the proposed action and the capacity to manage an activity of the scale and size of the action.

### 6.1 Financial capacity of applicants

Applicants must show that they have the financial capacity and operational capability to complete the action to be supported. Unless they are a public body or an international organisation, they must complete the 'Simplified Financial Statement' Form and provide their profit and loss account and the balance sheet for the last financial year for which the accounts have been closed.

### 6.2 Professional skills and qualifications

Applicants must have the professional and technical capacity as well as the operational and managerial capability to complete the action proposed and should provide supporting documents (e.g. description of the expertise among those responsible for carrying out the action with a clear reference to their responsibilities in the project, description of projects and activities related to the action undertaken in the last three years, etc.).

**The selection criteria will be assessed as a first step by the evaluation committee. Failure to comply with these criteria will result in the proposal not being evaluated further by the evaluation committee. Applicants may be asked to provide additional proof or to clarify the supporting documents related to the selection criteria.**

## 7. MAIN AWARD CRITERIA

The Executive Agency for Competitiveness and Innovation will base its selection of actions and the rate of Community co-financing on the written proposal. The actions will be evaluated against five award criteria which will carry equal weighting within the overall assessment. However, a mark of at least 7 (out of 10) will be required for the first criterion and a mark of at least 6 (out of 10) for the remaining criteria. In addition, the total of the marks for all the award criteria must be equal to or greater than 34 (out of 50). Proposals that pass all these thresholds will be considered for funding. A ranking will be established by the evaluation committee and approved by the authorising officer. Grants will be awarded within the limits of the budgetary resources available.

The ranking on any reserve list will be coherent with the following principles:

1. Priority will be given to proposals that increase the geographical coverage of the initiative
2. Thereafter proposals with highest environmental impact.

The following award criteria apply to project proposals:

**1. Relevance of the actions proposed in view of the objectives established in the Call (score 0-10, minimum threshold 7): Innovation and environment.**

This award criterion is aimed to select actions that are most relevant and support best the above mentioned policy objectives and priorities. It includes an assessment of the innovative character of the project and of its environmental benefits. It has the following subcriteria:

- Importance of the action in relation to EU policies and priorities, targets and legislation and in relation to this Call for Proposals.
- The extent to which the proposed solutions are innovative and/or technical advancement of the proposed solution, clearly beyond the prototype stage.
- Clear and substantial environmental benefits including resource efficiency and the appropriateness of targets and performance indicators (ambition and credibility).
- Considering and clearly involving and supporting the main target group of SMEs.

**2. Quality of the proposed actions (score 0-10, minimum threshold 6):**

This award criterion is aimed to assess the soundness and coherence of the project from the technical and project management perspective and concerning the chosen methodology. It has the following subcriteria:

- Structure, clarity, consistency and suitability of the proposed approach (definition of work packages, schedule and deliverables) to achieve the expected results.
- Composition, balance of skills and responsibilities of the team and its members.
- Project management structure, work plan, co-ordination and project team communications.

**3. Impact on target audience, replication and impact on the market (score 0-10, threshold 6):**

This award criterion is aimed to select actions with a high factor of replication, able to create or enlarge markets. Project proposals should provide a clear and realistic assessment of the market and concrete actions to exploit the eco-innovative solution proposed. It has the following sub criteria:

- Replication factor of the solution (to be applied or reproduced by proposer or by other companies or in other countries), to be realised during the project and its potential for short- and medium-term replication.
- Appropriateness of the market assessment and of the approach to remove the identified market barriers to the eco-innovative solution.
- Quality of the planned exploitation and business approach.

#### **4. Budget and cost-effectiveness (score 0-10, threshold 6):**

This award criterion will help to select projects with reasonable and well-justified costs. It has the following sub criteria:

- Appropriate level of effort (hours and budget) both per work package and per task and per partner considering the skills and responsibilities.
- Appropriate weight and justification of costs per cost category, notably equipment (including justification for the parts of the equipment linked to the innovative action).
- Coherence and transparency of the co-financing scheme.

#### **5. European added value (score 0-10, threshold 6):**

This award criterion will help to select projects with a good European added value. It has the following sub criteria:

- Justification for and benefits of addressing the subject of the proposal at European level as opposed to purely national/regional/local projects.
- European dimension of the market barriers and how these barriers will be tackled.
- Level of European cooperation in the project.

### **8. DURATION**

The maximum duration of an action is 36 months.

### **9. PERCENTAGE OF COMMUNITY CO-FINANCING**

The financial contribution under CIP Eco-Innovation takes the form of a grant to off-set part of the total eligible costs of the project, under a maximum rate of 50% of these costs per project.

Only the costs directly linked with the innovative action, including materials, processes, techniques or methods proposed, are considered eligible. This applies also to costs for equipment and infrastructure.

The EU contribution to reimburse eligible costs must not give rise to a profit during the project duration. Contributions in kind are not eligible costs.

**An action which receives financial support for the same purpose from other EU financial instruments shall not receive funding from this Call on first application and market replication projects.**

### **10. ESTIMATED TOTAL AMOUNT OF AVAILABLE BUDGET FOR THIS 2011 CALL**

The indicative total amount available for this Call is EUR 36.000.000.

In line with the Commission communication SEC (2009) 477 on streamlining financial rules and budget implementation, the Commission envisages that the total budget for the call for proposals in 2011 might be increased, subject to a decision by the EIP Management Committee, by the way of using allocations for the call for proposals 2012. In that case a

reserve list may be established composed of proposals which have obtained a score above the thresholds mentioned in the award criteria. Proposals on this reserve list (which does not grant any right to receive EU funding) may obtain the possibility of receiving a grant after the first award decision. The reserve list will expire on 31 December of the year following the year of award.

## **11. PERIOD OF ELIGIBILITY OF COSTS**

As a general rule, eligible costs can be incurred only after signature of the grant agreement by all the parties. No grant may be awarded retrospectively for actions already completed.

## **12. GENERAL CONDITIONS FOR AWARDING GRANTS**

The general conditions for awarding grants, particularly the definition of the eligible costs and the methods of payment, are set out in the model grant agreement, available at the Eco-Innovation website<sup>42</sup>. The budget for the action attached to the application must have revenue and expenditure in balance and show clearly the costs which are eligible for financing from the EU level.

On the basis of its risk assessment, the Executive Agency for Competitiveness and Innovation might request a financial guarantee for pre-financing.

## **13. FURTHER PRIOR INFORMATION OF GRANT APPLICANTS**

### **Article 8 of Decision on the EWS and Article 13 of Regulation on the Central Exclusion Database**

The Commission uses an internal information tool (Early Warning System (EWS)) to flag identified risks related to beneficiaries of centrally managed contracts and grants with a view to protecting the EU's financial interests.

Furthermore, the Commission manages a Central Exclusion Database (CED) which registers all the entities that may be excluded from participation to any grant or procurement procedure allocating EU Funds, in accordance with the Financial Regulation applicable to the General Budget of the European Communities. This Central Exclusion Database is accessible by all authorities entitled to allocate EU Funds.

*Grant applicants* and, if they are legal entities, persons who have powers of representation, decision-making or control over them, are informed that, should they be in one of the situations mentioned in:

- the Commission Decision of 16.12.2008 on the Early Warning System (EWS) for the use of authorising officers of the Commission and the executive agencies (OJ, L 344, 20.12.2008, p. 125), or
- the Commission Regulation of 17.12.2008 on the Central Exclusion Database – CED (OJ L 344, 20.12.2008, p. 12),

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<sup>42</sup> <http://ec.europa.eu/environment/eco-innovation/>.

their personal details (name, given name if natural person, address, legal form, registration number and name and given name of the persons with powers of representation, decision-making or control, if legal person) may be registered in the EWS only or both in the EWS and CED by the Accounting Officer of the Commission, and communicated to the persons and entities listed in the above-mentioned Decision and Regulation, in relation to the award or the execution of a procurement contract or a grant agreement or decision.

EWS and the CED are managed by the Accounting Officer of the Commission to whom legal entities may exercise their rights as laid down in the Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the EU institutions and bodies and on the free movement of such data (OJ L 8, 12.1.2001).

#### **14. FORMS FOR SUBMISSION OF APPLICATIONS FOR A GRANT**

**Applications must be submitted using the on-line submission system and application forms** (parts A, B and C of the proposal plus Annexes). The instructions on how to complete the application forms and the link to the on-line submission system with the application forms are available on the website of the CIP Eco-Innovation initiative (see chapter 15 “Additional information”).

**Applications which fail to comply with this formal requirement will not be evaluated further.**

**The closing date for submission is 8 September 2011 before 17h00:00 (Brussels local time).**

**Applications submitted after the closing date will not be taken into consideration.**

Applicants are highly advised not to wait to the last hours when submitting their proposals in order to avoid the risk of a failed submission due to unforeseen problems (e.g. low speed of the internet). Any technical problem invoked by the applicants not directly attributable to EPSS/the Agency will not be taken into consideration.

Draft versions of proposals can already be submitted at an early stage of preparation – coordinators can replace them as often as needed by submitting updated versions until the closing date, replacing earlier drafts. **Being registered in the system and having uploaded documents into the system without having completed the several required steps of active submission is not sufficient for a submission.**

Should changes occur regarding formal requirements for the submission of applications, they will be highlighted on the website of the programme. Applicants are therefore advised to check this web site prior to submitting their application.

#### **15. ADDITIONAL INFORMATION**

Applicants should consult the website of the programme at:

<http://ec.europa.eu/environment/eco-innovation/>

The website contains all information and forms in relation to this Call for Proposals, such as the guide for proposers, the model grant agreement and the link to the online submission system. Furthermore, the website informs about information days which will be held during the duration of the Call for Proposals and provides answers to Frequently Asked Questions.

Any questions regarding this Call for Proposals should be sent to the Executive Agency for Competitiveness and Innovation using the online enquiry form available on:

[http://ec.europa.eu/environment/eco-innovation/contact/questions/index\\_en.htm](http://ec.europa.eu/environment/eco-innovation/contact/questions/index_en.htm)

## 16. INDICATIVE TIMETABLE

Closing date for submission of applications:	<b>08 September 2011 (before 17h00, Brussels local time)</b>
Estimated date of completion of the evaluation	January 2012
Estimated date for the notification of applicants of results of evaluation	from February 2012 onwards
Estimated period for negotiations	March 2012
Estimated date for signature of contracts and award decisions	from April 2012 onwards

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