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# Basque Countries Programme for Strategic Ecoinnovation, Ecodesign & Circular Economy Demonstration Projects Grants - 2021 Call

## KEYS & ANSWERS TO FREQUENTLY ASKED QUESTIONS (FAQs)

Ihobe has brought together the main queries that have been made recurrently in past editions of this call for applications for aid, so that businesses interested in requesting aid for innovation in the circular economy can obtain a clearer understanding of it.

In any event, the rules and regulations governing the call and the presentation, granting and ending of aid can be found at [Ihobe's website](#).

### 1. WHAT IS THIS AID FOR?

This [aid seeks to encourage innovative approaches by Basque businesses to attaining the goals of the circular economy in the Basque Country and thus reducing greenhouse gas \(GHG\) emissions](#).

Specifically, it helps to:

- Mitigate GHG emissions via the circular economy and enhance the efficiency of resource use in production processes.
- Reduce consumption of raw materials and, in particular, stop them from being thrown away.
- Generate sustainable business activities that can help bring about a green economic recovery in the Basque Country, enhance competitiveness and create skilled jobs.
- Consolidate collaboration between businesses looking to tackle the challenges and opportunities that arise from the European drivers listed under "motivational factors that encourage innovation" in the document "Priority Areas for 2020 Aid Calls" (available on the Ihobe website).

### 2. WHAT LINES OF AID ARE ESTABLISHED IN THIS CALL?

The following three lines:

- **Line 1 - Eco-design and Demonstration in the Circular Economy**, aimed at supporting innovation and development projects for the following:
  - Eco-design of equipment, products, materials and business models to achieve technical development or prototypes that help improve environmental footprints based on life-cycle analyses conducted on previous models or options.
  - Pilot, pre-industrial and industrial schemes to demonstrate the technical, financial and environmental viability of solutions intended to prevent waste and get the maximum value out of materials, and to extend the life cycles of products and components.



- **Line 2 - Strategic Eco-innovation** in support of innovation and development projects, preferably on an industrial scale, to find solutions that go beyond mere promotion, e.g. by driving the value chain through having it take part in the project, thus generating positive impacts and facilitating the transfer of solutions to other sectors:
  - responding to drivers that stem from EU circular economy and resource efficiency policies (see "Priority areas for 2020 Aid Calls") which are deemed to be strategic at corporate or value chain level;
  - seizing sustainable business opportunities in the context of the reactivation of the economy and the EU Green Deal.
- **Line 3 - Eco-innovation Project Design Excellence**, aimed at helping improve proposals for projects, which generally have high technology readiness levels (TRL) so as to give rise to sustainable activities conducive to the efficient use of resources and/or the reduction of GHG emissions, in applications for funding packages for eco-innovation at domestic and EU levels.

### 3. WHAT NON-REFUNDABLE SUBSIDIES ARE AVAILABLE?

The maximum non-refundable amount in aid per project under each line is as follows:

- Line 1 - Eco-design and Demonstration in the Circular Economy      €30,000
- Line 2 - Strategic Eco-innovation      €100,000
- Line 3 - Eco-innovation Project Design Excellence      €10,000

The amount of aid provided is limited to 60% of the eligible costs for small firms, 50% for medium-sized firms and 40% for large firms.

In the case of town councils and other local authorities, aid under Line 3 may cover 100% of external assistance costs.

### 4. WHEN IS THE DEADLINE FOR APPLICATIONS?

The deadlines for aid applications and completion of projects are as follows:

	<u>Line 1</u> Eco-design and Demonstration in the Circular Economy	<u>Line 2</u> Strategic Eco- innovation	<u>Line 3</u> Eco-innovation Project Design Excellence
Preliminary queries	12/07/2021		
Delivery of applications	30/09/2021		06/07/2021
			10/11/2021
Completion of projects	31/12/2022	15/06/2023	31/07/2022

Applications and contrasts of ideas, as applicable, must be processed by 13:00 on the dates indicated.

The deadline for completion under Line 3 is the accredited date of presentation of the proposal under the call for aid for EU or other innovation programmes.

## 5. ARE THERE PRIORITY TOPICS?

Yes, for Lines 1 and 2. These topics are outlined in the document ["Priority areas for 2020 aid calls for eco-design and demonstration in the circular economy and strategic eco-innovation projects"](#) (link in English), which is attached to the rules and regulations.

Eight priority areas and 47 sub-areas are defined.

The priority topics in the field of products are:

- Eco-design of equipment, components and mobility
- Eco-design of packing and packaging
- Servitisation and circular business models
- Re-manufacturing and advanced repairs

The priorities in the field of materials are:

- Best available techniques
- Key metals and critical materials
- Plastics
- Ores and construction materials

These priority areas are considered under the valuation criterion "alignment with the priority areas of the circular economy strategy", but they are not exclusive so applications for aid can be submitted in areas not classified as priority.

## 6. WHAT ARE THE ASSESSMENT CRITERIA?

The same valuation criteria will be applied in all three lines of the call, as set out in Article 14 of the rules and regulations, but they will be weighted differently depending on the goal in each case.

Valuation criteria	Line 1 - Eco-Design and Demonstration	Line 2 - Strategic Eco-Innovation	Line 3 - Eco-innovation Project Design Excellence
Innovative nature of the project	15	15	15
Environmental relevance	15	10	20
Contribution to the competitiveness of the promoting consortium	20	20	30
Methodology & consistency of the proposal:	15	15	10
Alignment with priority areas of the Circular Economy Strategy	25	20	15
Impact of the project on the value chain or on other sectors	10	20	10
TOTAL	100	100	100



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## 7. WHAT COSTS ARE ELIGIBLE FOR SUBSIDIES?

As set out in Article 6 of the rules and regulations, the eligible costs are those for:

- personnel
- technical tests
- operational materials and supplies
- additional costs
- external advisory services
- instruments and equipment

Investment, costs incurred prior to the granting of aid, software, websites and promotional costs are specifically excluded.

## 8. WHO IS THE CALL FOR AID AIMED AT?

The recipients of this aid will be privately owned Basque businesses, preferably in the industrial sector and in advanced repair services and other services associated with industry, which meet the requirements set out in the rules and regulations and act as promoters or partners in the projects concerned.

Under lines 1 and 2, with a view to maximising the applicability of results for innovative projects, members of the Basque Science, Technology and Innovation Network which do not belong to a corporate industrial group may be partners or subcontractors in projects, but may not be project promoters. The same condition applies to consultancy firms.

As an exception, under Line 3 institutions and organisations belonging to the local public sector or the Basque Science, Technology and Innovation Network (RVCTI) may apply for aid.

Recipients must:

- Have their corporate headquarters or at least an operational establishment in the Autonomous Community of the Basque Country (CAPV).
- Carry out the operations subsidised mainly from their facilities in the CAPV.
- Be up-to-date with their tax and social security obligations.

## 9. ON WHAT REGULATIONS FOR SUBSIDIES IS THE CALL BASED?

The reference document (see Article 2 of the rules and regulations) is European Commission Regulation 651/2014, declaring certain categories of aid compatible with the internal market, and more specifically Article 25 - Aid for Research and Development Projects. This aid is therefore NOT governed by the *de minimis* regulation and the limitations thereof to not apply to it.

## 10. WHAT NEW FEATURES HAVE BEEN INCORPORATED IN THE 2020 CALL?

The most important changes in this year's call are the following:

- Applications must be processed online via the Ihobe website
- A clearer definition and separation of "Strategic Eco-innovation" is provided for Line 2.
- A life-cycle analysis (albeit simplified one) is required for all projects.



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Other changes include the following:

- Potential funding for eco-design projects is increased to €30,000 by bringing together eco-design and demonstration in the circular economy into a single line.
- The maximum that may be subcontracted for technical assistance is raised from 50% to 60%.

### 11. WHY MUST AN "IDEAS FILE" BE SUBMITTED FIRST?

The "Ideas File" is the document through which preliminary queries are made for Line 1 (Eco-Design and Demonstration in the Circular Economy) and Line 2 (Strategic Eco-Innovation) (see article 10 of the rules and regulations). This file should be no more than three pages long and should provide a project description and outline its goals, its innovative features, its contribution to competitiveness, its methodology, the extent to which it is consistent and are aligned with the priority topics and its impact on the value chain.

Ihobe advises all organisations (potential promoters, technology centres, consultants, engineering firms, etc.) who intend to file applications for aid to submit an Ideas File as soon as possible via the [Ihobe website](#), to ensure proper understanding of and alignment with the valuation criteria. The deadline for submittal is 13:00 on **12/07/2021**, but Ihobe will respond to all queries (Ideas Files) within approximately 2 weeks as from receiving them.

The number of Ideas Files received is generally around twice the number of applications for aid. Over 65% of applications for aid so far have been successful.

### 12. HOW DOES THIS YEAR'S ONLINE APPLICATION WORK?

Applications for projects under the 2020 call will be handled entirely online via [www.ihobe.eus](http://www.ihobe.eus) to make things easier for businesses and indeed for Ihobe. Ideas Files containing preliminary queries must be submitted in the same way, as must all documents that are produced during the project in future and the technical and financial reports at the close of each project.

Users are advised to check out Ihobe's "guidelines for online submissions" to familiarise themselves with the new online platform.

In case of any doubts or problems, users should contact [diru\\_laguntza@ihobe.eus](mailto:diru_laguntza@ihobe.eus)

### 13. WHAT UNDERTAKINGS MUST A BUSINESS THAT BENEFITS FROM THIS AID MAKE?

The main undertakings (Art. 18 of the rules & regulation) are:

- To use the subsidy awarded to the project for the purpose for which it is granted.
- To provide Ihobe and the Basque Government Financial Control Office with such information as they may require.
- To duly publicise the source of the subsidy awarded under this call, expressly mentioning Ihobe, the Basque Government and ERDF funding.
- To report the outcome of the project to Ihobe three years after the completion date, providing the data required by Ihobe as indicated on the table of outcome indicators.
- To publish an outline of the project and its outcomes and share in informational activities staged in regard to the project.

#### 14. WHAT IMPACT RESULTS DOES THIS CALL SEEK TO OBTAIN?

The information (qualitative, estimated or actual data) indicated below is required by Ihobe at the various stages of the process (application, interim project milestones, completion & 3 years after commencing the project) to calculate its outcomes and impacts.

Promoters are under obligation to prepare this information and deliver it to Ihobe as and when required.

N	Impact indicators	Application	Project End	+3 years
1	<b>Additional invoicing generated via the project (€/yr)</b>	E:	E:	E:
2	Proportion of overall company invoicing attributable to project outcomes (%)	-	-	E:
3	<b>Investment deriving from the project (€/yr)</b>	-	E:	E:
4	Variation in product unit cost (%)	E:	E:	E:
5	Increase in gross margin (% profit)	E:	E:	E:
6	<b>Total jobs/specialist jobs created (nº)</b>	E:	E:	E:
7	Increase in market share (%)	-	-	E:
8	Transferability of the solution (nº businesses)	E:	E:	E:
9	<b>Reduction in GHG (t of GHG/yr)</b>	E:	E:	D
10	<b>Savings in materials (t/yr)</b>	E:	E:	E:
11	<b>Waste not dumped (t/yr)</b>	E:	E:	D
12	Acceleration of Time to Market (%)	-	C	C
13	The project helps secure private funding (0-10)	-	C	E:
14	New R&D&i projects derived (nº)	-	E:	E:
15	New agreements on knowledge & markets (nº)	-	E:	D
16	Significance of public-private collaboration (0-10)	-	C	C
17	Level of technological development ultimately attained (TRL 1-9)	E:	D	D

**Legend:**

- 1. Bold:** Main indicators
- 2. Robustness of Information:** E: grounded estimate; D: actual data; C: subjective response
- 3. Consultation stages:** **Application:** Project application submitted; **Close:** end of project; **3 years:** inform Ihobe 3 years after completion of the project.

#### 15. ARE THERE SPECIFIC REQUIREMENTS CONCERNING SUBCONTRACTING?

Yes. The guidelines for subcontracting outlined in Article 7 of the rules and regulations envisage three options for subcontracting in regard to amounts up to €15,000.

Specifically:

- To have the final supplier already lined up when the application is submitted, which means that the procedure set out in the rules and regulations must already have been applied. This must be demonstrated in the application itself. In this case the quality of the supplier will also be rated when the application is assessed.
- To hire the supplier after the subsidy is awarded. In this case, proof that the procedure has been applied must be provided in the final report on completion of the project.
- In exceptional circumstances, it may be argued that there is only one suitable supplier on an international scale. A convincing case must be made for this.



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A "guidelines for subcontracting" procedure can be found on the Ihobe website. This procedure can be used to help draw up a brief report assessing quotes, in support of the decision as to what subcontractor to hire for the project.

#### 16. HOW DOES THE ECO-INNOVATION LINE DIFFER FROM PREVIOUS CALLS?

Line 2 (Strategic Eco-innovation) seeks to support innovation and development projects, preferably in industry, to find solutions that go beyond mere promotion, e.g. by driving the value chain through having it take part in the project, thus generating positive impacts and facilitating the transfer of solutions to other sectors:

- responding to drivers that stem from EU circular economy and resource efficiency policies (see "Priority Areas for 2020 Aid Calls") which are deemed to be strategic at corporate or value chain level;
- seizing sustainable business opportunities in the context of the reactivation of the economy and the EU Green Deal.

The following changes have been made compared to earlier editions:

- The project promoter must be a company, preferably working in industry.
- In the rating process, more weight is given to the "impact of the project on the value chain and other sectors" criterion.

#### 17. HOW DOES THE "ECO-INNOVATION PROJECT DESIGN EXCELLENCE" LINE DIFFER FROM PREVIOUS CALLS?

Line 3 seeks to help improve proposals for submittal to other programmes of aid for R&D&i (SME Instrument, Life, etc.) in the case of projects that seek to generate sustainable activities associated with efficiency of resource use and/or reduction of GHG emissions.

The following changes have been made compared to earlier editions:

- The maximum funding is set at €10,000.
- 50% of the funding awarded is provided after the launch meeting.
- The focus is on environmental and business outcomes, so knowledge acquisition projects are not seen as a priority.

#### 18. WHAT ERRORS ARE MOST COMMONLY MADE IN SUBMITTING APPLICATIONS?

The most common errors are:

- Submitting personnel costs in excess of 80% of the subsidy awarded. This limit may only be exceeded in projects intended to develop a circular business model.
- Submitting personnel costs in excess of €50/h.
- Not having the backing of a consultancy firm to help draw up the technical & financial report, in the case of SMEs. This has sometimes led to errors which resulted in less funding being awarded to a project.
- Failing to report changes in the project to the person responsible for monitoring it at Ihobe.
- Failing to provide proper proof that there is only one supplier at global scale who can be subcontracted in amounts up to €15,000.



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## 19. HOW DOES IHOBE CONTRIBUTE TO THE PROJECT?

Along with the subsidy provided, Ihobe seeks to contribute to each project to the full extent of the resources available by:

- Providing training in business models and commercial viability, with customised comparisons if required.
- Contacting firms and experts that may be able to help the project ongoing to be successful.
- Spreading news of the project and the consortium involved.
- Helping align the project more closely with drivers or environmental instruments that can create market demand (e.g. green public procurement, tax deductions for technologies on the Basque List of Clean Technologies, technical and environmental standards, etc).
- Anticipating environment-related administrative procedures and getting personnel from the Basque Government Environment Department involved to the fullest extent possible in the project.

## 20. HOW CAN APPLICANTS INCREASE THEIR CHANCES OF OBTAINING AID?

The keys to a successful application include:

- A clear commitment to the project on the part of the promoter (preferably an industrial firm).
- Concisely stated goals with clear stages and tasks to demonstrate technical, financial, environmental and commercial viability.
- Consistent estimates of environmental outcomes (reduction in GHG's, material savings) and socioeconomic outcomes (invoicing, investment and additional jobs) arising from the project three years after completion.
- Making the right decision as to whether to apply for Line 1 (Eco-Design and Demonstration) or Line 2 (Eco-Innovation). Some firms submit a complete project to the tougher Line 2 and at the same time a subproject based on the complete project to Line 1.
- Ensuring proper, specialised support in handling applications under aid programmes if the firm does not already have experience in the field.

But perhaps the most important point (which is why it is part of the process set out in the rules and regulations) is to submit the Ideas File as soon as possible in the preliminary query period (deadline 10/09/2020) so as not to work in vain and to ensure the closest possible focus on the rating criteria (see Article 10 of the rules and regulations).

## 21. DOES A LIVE-CYCLE ANALYSIS HAVE TO BE CONDUCTED?

A new feature this year (see Article 19.3 of the rules and regulations) is that all projects under lines 1 and 2 must include at least a simplified life-cycle analysis (LCA) to enable environmental improvements arising from the project to be assessed. Ihobe will provide instructions on the proper way to prepare LCAs, will set the minimum requirements and will provide free access to the simplified method.





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Preparing an LCA is a complicated task, so Ihobe recommends subcontracting it. Ihobe can provide references of consultancy and engineering firms and technology centres with proven experience in preparing LCAs.

For eco-design projects which from the outset propose improvements on other options or earlier models based on a life-cycle approach, and for other types of project in which it is essential to assess environmental liability, full LCAs must be drawn up based on ISO standards 14040 and 14044.

## 22. HOW DOES THIS CALL DIFFER FROM OTHER R&D&i AID PROGRAMMES?

The main differences are as follows:

- The setting of priority topics aligned with the 2030 Circular Economy Strategy and the new drivers set in place by the European Commission.
- The contribution made by the expertise of Ihobe to enhance the value of projects in so far as possible.
- A 65% success rate for applications, thanks to the preliminary query phase with the Ideas File.
- Line 3 on Innovation Project Excellence Design, which facilitates access to aid in preparing innovative projects for other aid programmes with lower success rates.

## 23. WHY ORGANISE THIS CALL AMIDST THE UNCERTAINTY OF THE POST COVID-19 SCENARIO?

The new, post Covid-19 scenario means that firms must:

- Also think in the medium term so as to stand out in the market through innovation.
- Analyse the opportunities offered by the new European Green Deal in terms of reducing GHGs, the circular economy and involvement in regulatory and financial instruments.
- Access public aid so as not to paralyse their innovation portfolios in many cases.
- Become more competitive by reducing material costs (which account for 61% of all costs in Basque industry) and digitising to a greater extent so as to increase productivity.

## 24. HOW DOES THIS CALL HELP REDUCE GHG EMISSIONS?

The circular economy has a fundamental role to play in reducing GHGs (45% according to studies by Ellen MacArthur and Material Economics) via actions to increase the durability of products and reduce consumption of materials.

Reducing GHG emissions and attaining carbon neutrality thus comprise one of the goals of the call, and form part of the rating criteria. Indeed, the forecasted environmental outcomes of the projects completed in a single year envisage a reduction of up to 80,000 t of GHG per annum, calculated on the basis of life-cycle analyses.

## 25. DOES THIS CALL HELP REDUCE WASTE DUMPED AT LANDFILLS?

Reducing the amount of waste dumped is a key goal of the European Commission and of the Basque Country's Waste Prevention and Management Plan. A whole raft of instruments has been set up for that purpose, including integrated environmental authorisations, an order limiting landfills and other tax instruments which are yet to be developed.

This call also helps to confirm that there are innovative alternatives to dumping for specific waste streams, and enables criteria and expertise to be developed so as to:

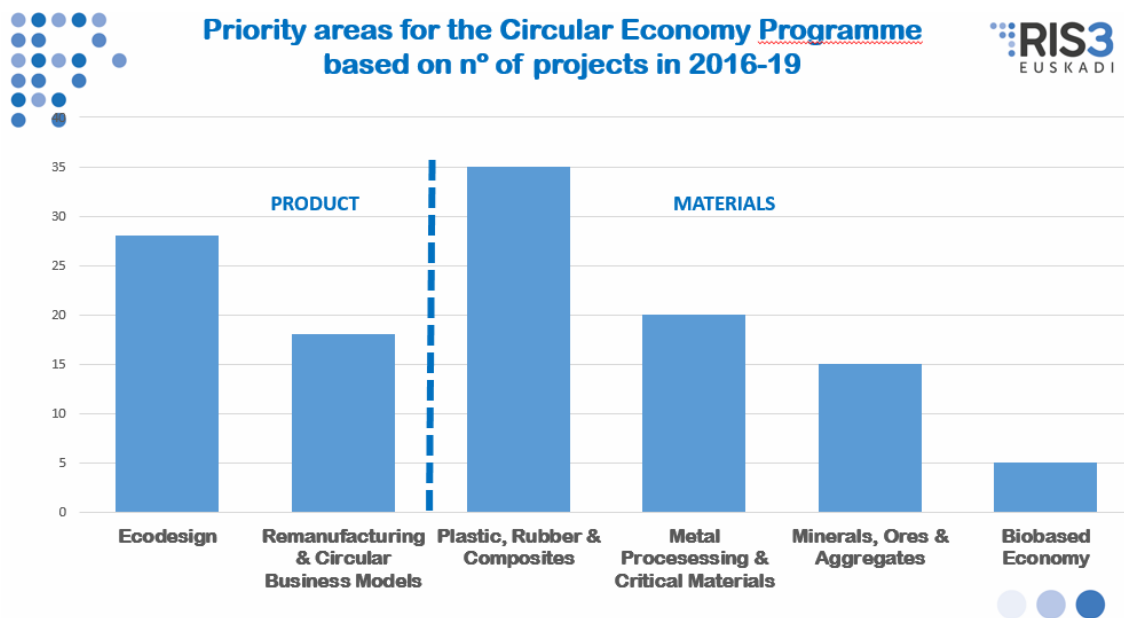
- Draw up orders banning the dumping of certain waste streams
- Develop technical/environmental standards and certificates (CE mark, etc.) to enable materials made from waste to be accepted on the market.

## 26. IS THIS CALL PART OF THE BASQUE SCIENCE, TECHNOLOGY AND INNOVATION PLAN?

This call is part of the "Eco-Innovation" niche of the Basque Science, Technology and Innovation Plan to 2030, in which the circular economy is included as a collaboration-based driver. That is why the 2020 Call is jointly funded by the Innovation Fund of the Basque Premier's Office.

## 27. WHAT PROJECTS HAVE BEEN PROMOTED VIA THIS CALL IN PREVIOUS YEARS?

The 121 projects submitted in previous calls were spread across all the main priority topics, as shown in the graph attached.



A full list of projects subsidised between 2014 and 2019 is also provided, broken down into thematic areas and call lines. The references are:

- Circular economy demonstration projects from 2014 to 2016: [outline of each of the 36 projects](#) (click here) & [assessment of results for first 3 years](#) (click here, in English)
- 2016 [Eco-Innovation](#) (click here) and Eco-design projects



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INGURUMEN, LURRALDE PLANGINTZA  
ETA ETXEBIZITZA SAILA  
DEPARTAMENTO DE MEDIO AMBIENTE,  
PLANIFICACIÓN TERRITORIAL Y VIVIENDA

- 2017 [Demonstration in the Circular Economy](#) (click here), [Eco-design](#) (click here) and [Eco-innovation](#) (click here) projects.
- 2018 [Demonstration in the Circular Economy](#) (click here), [Eco-design](#) (click here) and [Eco-innovation](#) (click here) projects.
- [2019 Demonstration in the Circular Economy, Eco-design and Eco-innovation projects](#) (click here in English)

Global results evaluation of this period to be edited before October 2020.