



## **SELECTION CRITERIA**

### **SELECTION OF PROJECTS**

1. The Managing Authority will assess an application for funding against the Programmes selection criteria.
2. A project will only be funded if it has successfully been appraised by the Appraisal Sub-Group and achieved a minimum threshold of 60%. The project will be appraised against both the gateway criteria and core selection criteria.
3. Successful projects will then be discussed by the Joint Local Advisory Group (JLAG) who will recommend or reject a project for funding.
4. The core selection criteria can be summarised as:
  - Strategic fit;
  - Value for money;
  - Management and control;
  - Deliverability;
  - Compliance with procurement; State Aid, publicity requirements and eligibility rules;
  - Cross-cutting themes;
  - Gender Equality and non-discrimination; and
  - Sustainable Development.

### **BACKGROUND**

5. The Managing Authority will make decisions in a timely manner in order to avoid any unnecessary hardship to the applicant. The Managing Authority will guide the applicant throughout all stages of the process.
6. The details of the proposed project, as submitted in the application form, will form the basis of the funding agreement between the applicant and the Managing Authority. The applicant therefore needs to ensure that as much detail as possible is included in the application form.
7. JLAG will conduct a full, technical appraisal of all aspects of the applications, drawing in independent expert advice where required, for example professional and technical advisors, other Government Departments or partners as required.

## **GATEWAY CRITERIA**

8. These are the minimum eligibility requirements which must be met in order that any application is considered for European Regional Development Fund support.
  - i. Applicant must be eligible to apply for funding in accordance with the Common Provisions regulations and the National Eligibility Rules for the Fund.
  - ii. The proposed activity and associated expenditure must be eligible for support under Regulation (EU) 1303/2013; and of Regulation (EU) 1301/2013 for European Regional Development Fund and of National European Regional Development Fund Eligibility Rules.
  - iii. The project must present clear evidence that it contributes to the needs/opportunities identified in the Gibraltar ERDF Operational Programme and the achievement of the specific objectives, outputs and results of the relevant Investment Priority as set out in the Operational Programme (see below).

## **CORE SELECTION CRITERIA**

9. The Managing authority will use qualitative and quantitative approaches in assessing the selection criteria.

### **Strategic Fit**

- The proposed project contributes to the needs/opportunities identified in the Gibraltar ERDF Operational Programme.
- The proposed project represents an appropriate means of delivering the relevant specific objectives, outputs and results of the relevant Thematic Objective as set out in the Operational Programme.
- The proposed project is aligned to the local growth needs.
- The proposed project must add value to and not duplicate existing national provision and must not conflict with national policy.
- The proposed project contributes to the **creation of sustainable employment**.

### **Value for Money**

- Applications must demonstrate a clear case that the investment will deliver relevant activities, outputs and results that would not otherwise take place.
- The project must represent value for money. In assessing value for money, the Managing Authority will take account of:

- **Efficiency:** the rate/unit costs at which the project converts inputs into outputs.
- **Economy:** the extent to which the project will ensure that inputs to the project are at the minimum costs commensurate with the required quality.
- **Effectiveness:** the extent to which the project contributes to Programme output targets, results and/or significant strategic impact at local level.

## **Management and Control**

- The applicant must demonstrate:
  - Appropriate expertise, capacity and capability to deliver the project successfully.
  - The necessary management capacity, systems and processes are in place to meet the requirements of the Funds.
  - Capacity to meet the financial requirements and liabilities that flow from the receipt of European Regional Development Fund support. Any non-public sector organisation will be subject to a full due diligence assessment of the applicant organisation.

## **Deliverability**

- The Managing Authority will consider whether:
  - The project is deliverable within the requirements of the Operational Programme taking into account risks, constraints and dependencies.
  - The project has appropriate arrangements in place to secure the required level of match-funding.
  - Evidence has shown that this type of project is effective or where the project is new or innovative, the risks have been considered and appropriate mitigations put in place.

## **Compliance**

- In addition to the above management and control requirements, the applicant must be fully conversant with the compliance requirements for procurement, State Aid, EU rules on publicity and the fund specific Eligibility Rules. Where relevant they must demonstrate that:

## **Procurement**

- Any procurement already undertaken as part of the project is compliant with the European Structural and Investment Funds procurement requirements.

- Any frameworks that they intend to use must be identified and compliant.

### **State Aid**

- That the applicant is eligible to receive grant aid at the requested level within the State Aid regulations, if applicable.
- Any aid granted through the project to third parties is permissible under, and would be managed, in accordance with State Aid regulations.

### **Publicity**

- Publicity activities undertaken as part of the project are compliant with the European Structural and Investment Funds publicity requirements.

### **National Eligibility Rules**

- Proposed activity and related expenditure is compliant with the fund specific National Eligibility Rules.

### **CROSS-CUTTING THEMES**

10. The project takes account of and contributes to the Cross-Cutting themes (horizontal principles) and meets the legal obligations of each:
  - i. Gender Equality and non-discrimination
  - ii. Sustainable Development

### **INVESTMENT PRIORITIES AND SPECIFIC OBJECTIVES**

11. The following are Gibraltar's Investment Priorities and Specific Objectives for the European Regional Development Fund.

#### **INVESTMENT PRIORITY 1:**

3(d) Supporting the capacity of SMEs to engage in growth in regional, national and international markets, and in innovation processes.

#### **SPECIFIC OBJECTIVE:**

The creation and expansion of innovative and sustainable businesses.

The following core targeting principles will be applied to this Specific Objective:

- Start-up support will need to be the primary focus for investments in order to deliver the result target.
- Sectors to which the majority of support will be targeted should be the service sector and the green economy sector.
- The targeting above will be necessary to deliver the greatest impact but should not preclude support to grow existing businesses or new opportunities in other sectors. This will ensure opportunities to deliver programme objectives are not lost, whilst maintaining a focus on the key identified areas (new businesses in service sector and green economy).

Actions will take the form of financial support in the form of grants in order to:-

- Increase the number of business start-ups;
- Support the growth of new and existing SMEs;
- Encourage the internationalisation and externalisation of new and existing businesses;
- Support new and existing SMEs to undertake innovative ways of doing business in production or processes);
- Stimulate the creation and growth of low carbon businesses;
- Facilitate the development of new products & services in SMEs with lower impacts on the environment;
- Improve business performance in terms of resilience, profitability &/or competitiveness, in optimising the use of resources.
- Encourage SME's to undertake energy audit and/or implement energy management systems.
- Encourage the growth of businesses in the Service Sector and the "Green Economy".

## **INVESTMENT PRIORITY 2:**

(4a) Promoting the production and distribution of energy derived from renewable sources.

### **SPECIFIC OBJECTIVE:**

Increase the percentage of renewable energy generated and used in relation to total energy production.

The following core targeting principles will be applied to this Specific Objective:

- Support will need to be targeted at those areas where the greatest impact can be created, in particular given the low levels of funding available through the OP.
- This is expected to mean that the primary focus for investments for this Specific Objective and Investment Priority will be SMEs. This targeting is based on the impact on the result indicator so is appropriate for this Thematic Objective.

- While there will be benefit to the SMEs supported, the main purpose of targeting these areas is the delivery of objectives to increase the proportion of renewable energy generation in Gibraltar by simultaneously reducing demand for non-renewable sources and increasing generation.

Actions can include grants to support:

- Installation of micro-generation infrastructure (e.g. solar panels, etc).
- Preparatory work (e.g. feasibility study, impact assessment, capacity building).

Project selection will also be guided by the following investment principles:

- Focus on supporting projects which demonstrate the **implementation of renewable sources** for the production of energy.
- **Diversification** and **introduction** of new products/services to the economy.
- Realistic strategies for business **expansion**.
- Realistic and **clear exit strategies** to achieve a legacy effect.
- Public aid will not exceed the “**De-Minimis**” rule applicable at the time when the support is granted.
- The sensitive nature of aid measures aimed at promoting export & internationalisation will be paid particular attention, specifically as export subsidies are “prohibited subsidies” under WTO rules & are excluded from the scope of the de-minimis regulation.