



## **INVESTMENT AID TO SHARED SERVICE AND RESEARCH & DEVELOPMENT CENTRES SELECTION METHODOLOGY**

### **1. Procedure for the assessment of the application**

- 1.1. The application that has been declared compliant by “Conditions and procedure for granting investment aid to the shared service and research and development centre” (hereinafter Measure), will be evaluated by an employee of Enterprise Estonia (*hereinafter* EE), based on the evaluation criteria specified in the measure.
- 1.2. If necessary, additional sectoral expert will be included in the assessment process. The evaluation committee shall take expert opinion into consideration.
- 1.3. Applications are evaluated according to the evaluation criteria 1, 2, 3 and 4 and sub-criteria listed in section 2.
- 1.4. Applications are rated on a scale of 0 to 4.
- 1.5. The total score given in the evaluation of the application is the weighted average of the scores for the each selection criteria. The aggregated score of the application and the scores for the selection criteria are calculated to two (2) decimal places.
- 1.6. The assessment of the application takes into account the information provided in the application and the additional information received from the applicant. While evaluating applications, evaluators have the right to assess the reality, relevance and reasonableness of the information provided in the application (including the submitted prognosis).
- 1.7. As a result of the evaluation, EE’s employee will prepare an evaluation report and forwards it to the evaluation committee by the specified deadline. If an external expert is involved in the assessment procedure, the expert report will be included in the assessment report. In justified cases, the evaluation committee has the right to change the scores. In such case, the evaluation committee thereafter evaluates the application according to the selection criteria and motivates the reasons for the changing the scores in the evaluation report.
- 1.8. The evaluation committee makes the proposition to the board of EE for the application to be financed, partially financed, financed with special conditions or rejected. If necessary, a proposal for the conditions for granting the application will also be submitted. In such case, the evaluation committee proposes to finance the application partially or with condition, the relevant reasoning shall be stated in the evaluation committee's report. If the application will be rejected, shall the reasons for the rejection stated by each selection criterion.
- 1.9. Based on the evaluation committee's proposal, the EE makes a financing decision.
- 1.10. Applications will be financed if a total score is at least 2.50 and none of the selection criteria 1 to 3 in section 2 have been rated below 2.00.
- 1.11. The application will rejected if the total score for the evaluation is less than 2.50, or if at least one of the selection criteria 1 to 3 in section 2 is rated below 2.00.

## 2. Application selection criteria, weightings, and grading descriptions

<b>1</b>	<p><b>Project impact in terms of meeting the goals of the measure</b></p> <p>Impact of the project on the creation of products, services or technologies with higher added value and thus on the growth of the added value of the company and international competitiveness. Impact of the project on employment growth. The average gross monthly wage of the jobs to be created must be at least equal to 1.25 times the average gross monthly salary of the given county.</p>	<b>55%</b>
4	<p>The implementation of the project will have a significant impact on the business of the applicant. The project creates strong prerequisites for the applicant's competitiveness and revenue growth through the creation or expansion of the center. The direct result of the project is the development and introduction of new and higher value added products, services, technologies to the company. As a result of the project, the number of employees of the company will increase by more than 5 full-time employees whose gross salary exceeds more than 1.25 times the average gross monthly salary of the county published by the Statistical Office (in the case of hiring disabled workers, fulfills the requirement according to the proportion indicated in the measure). The jobs that will be created have a significant impact on the support services provided to the Group companies. Several innovation activities are planned within the project. The project has a clear impact on making the business environment in the region more competitive and attractive in the field of support services or development activities.</p>	
3	<p>Interim evaluation</p>	
2	<p>Project implementation has a moderate impact on the business of the applicant. The project creates some prerequisites for the applicant's competitiveness and revenue growth through the establishment or expansion of the center. One of the expected results of the project is the development and introduction of new and higher added value products, services, technologies to the company. The number of employees of the company is increasing by at least 5 full-time employees, whose gross salary is at least equal to 1.25 times the average gross monthly wage of the county (the employment of disabled employees, according to the proportion indicated in the measure). The jobs that will be created have a moderate impact on the support services provided to the Group companies. In the project, there are planned innovation activities. The project has a mediocre effect on making the business environment in the region more competitive or attractive in the field of support services or development activities.</p>	
1	<p>Interim evaluation</p>	
0	<p>The impact of the project on the applicant's business is negligible or very small. The activities initiated by the project do not support the company's competitiveness growth or long-term goals. The project does not support the growth of the applicant's sales through the establishment or expansion of the center. As a result, of the project, there will be no development or introduction of products, services, technologies with higher added value to the company. The increase in the number of employees required by the measure by the 5 full-time employees required by the measure is not realistic and / or it is unrealistic to pay 1.25 times the average monthly gross wages for jobs that are created. The jobs created will not affect the services offered to the companies in the group. It is rather a routine expansion of the company or a transfer of jobs. The jobs you create will not lead to the creation of a support service or development center. No innovation activities are planned in the project. The project has no impact on making the business environment in the region more competitive and attractive in the field of support services or development activities.</p>	

2	<p><b>The applicant's capabilities in terms of meeting the objectives of the project</b> Project team competencies for successful project implementation and achievement of goals. Is the infrastructure available to the project team sufficient to provide quality service? Applicant's financial capacity to carry out the project. Is the recruitment plan realistic?</p>	25%
2.1	<p><b>Applicant's team capability and infrastructure</b></p>	50%
4	<p>The team has top-level expertise to carry out successfully the activities planned in the project. The motivation and level of commitment of the key persons is high. The team is made up of competent people. Project team is clearly a top-ranked in the field. The team has the infrastructure needed for the project to be successful. The project team's CV, publications and experience confirm their qualification to carry out the planned activities. The recruitment plan is realistic and feasible in proposed time-frame. The applicant has the ability to manage the project successfully.</p>	
3	Interim evaluation	
2	<p>The team has the necessary expertise to carry out the project activities. The team's experience shows a satisfactory ability to apply the results. It is questionable whether a team can achieve results that have a significant impact. The recruitment plan is broadly realistic and feasible in the given time-frame, but there may be problems in recruiting staff. There are shortcomings in the company's existing infrastructure, but it supports the successful implementation of the project to the required extent. The company's ability to manage the project is mediocre.</p>	
1	Interim evaluation	
0	<p>The team does not have the necessary competencies to carry out the proposed activities successfully. Team members have no experience in performing similar tasks. The ability of project key persons to implement project results is weak. The recruitment plan is unrealistic and not feasible in this time-frame. The company's infrastructure is inadequate and does not support the successful implementation of the project, nor is it clear from the project how the applicant intends to fill this gap. Existing infrastructure can only be used partially for project activities. The company's ability to manage a development project is poor.</p>	
2.2	<p><b>Applicant's financial capacity to carry out activities</b> Assessment of the applicant's financial capacity and the overall ability of the group to successfully complete the project.</p>	50%
4	<p>The applicant has self-financing for the costs and financial resources for expanding or launching the center. The sources of project funding are clearly stated in the application.</p>	
3	Interim evaluation	
2	<p>The resources needed for self-financing and the possibilities to raise additional debt are available. The risk that the project will be delayed or interrupted due to the loss of self-financing is average. There is some ambiguity about the sources of project funding.</p>	
1	Interim evaluation	
0	<p>The applicant does not have any self-financing for the costs nor financial resources for expanding or launching the center. There is no ability to raise foreign capital. The financial capacity of the applicant does not allow the creation of a sustainable center. The sources of funding for the project are not clear from the application.</p>	

3	<p><b>The quality of project preparation</b></p> <p>The reasonableness of the project will be assessed. Is the project action plan realistic and feasible in a given time frame? The forecasts provided by the applicant will be analyzed. Are the planned costs justified and realistic?</p>	10%
4	<p>The project is based on well-identified needs of the applicant / clients and / or on sufficiently proven market demand. The applicant has a plan for implementing the project results. Project activities are well grounded and logical and fit with the project's purpose. Based on the application, it can be estimated that the applicant has prepared the project exemplary.</p> <p>The applicant has a thoroughly considered business model. Considering the capability of the applicant and the quality of project preparation, achieving the goals at the end of the project is likely. Starting or expanding a sustainable center is very likely.</p> <p>The project budget is described in detail and it is optimal for carrying out the activities. Planned costs are relevant, clearly outlined, realistic and well grounded. The budget is planned in a cost-effective manner.</p> <p>The action plan and the financial forecasts are consistent, relevant and contain realistic costs / income. Resources are fully available.</p>	
3	Interim evaluation	
2	<p>There are unclear aspects of the need for the project and / or market demand. There are inconsistencies in the implementation of the project results. The project action plan contains relevant activities, but it lacks some of the necessary activities. The objectives of the project are not very well thought out.</p> <p>Expenditure planned for project activities is mostly justified, but there are some inaccuracies or questions. The costs planned for the project activities are sufficient, but it is not certain that they will achieve the desired result /or the planned costs will be partially disproportionate.</p> <p>The Action Plan includes relevant activities, but taking into account the time and resources planned, it may be insufficient to achieve the expected results. The targets in the financial projections are broadly realistic, but the planned incomes and costs are partly overestimated. Resources are partially available, missing resources can be obtained.</p>	
1	Interim evaluation	
0	<p>The need for the project and the market demand has not been proven in project documentation. Demand-based information has not been used as a basis for identifying and planning project needs.</p> <p>The plan for implementing the project results is unclear or needs to be substantially improved. The project action plan contains unnecessary activities or the company has no proven need to carry out the activities. Considering the capability of the applicant and the quality of project preparation, the objectives are unrealistic and are unlikely to be achieved by the end of the project.</p> <p>The applicant's action plan is inappropriate; there is little likelihood that the activities can be carried out within the scope, timing and quality of the action plan. The risk of compromising the project implementation and efficient realization is high due to the insufficient preparatory work and deficiencies of conducted analysis.</p> <p>The budget of the project is insufficient or overstated. The budget is neither clear nor transparent and the cost of the project's objectives is not justified.</p> <p>The objectives reflected in the financial projections are unrealistic and are not in line with the actions outlined in the Action Plan. The budget is not cost-effective. The costs do not help to achieve the project objectives. The company does not have the necessary essential resources.</p>	

4	<p><b>Is the project a priority of the measure</b></p> <p>The impact of the project on cooperation with vocational training institutions, applied higher education schools or universities in terms of research and development activities will be assessed. The project's contribution to growth areas of smart specialisation (ICT, health technologies and services, more efficient use of resources) will be also assessed. Preference will be given to projects that meet at least one requirement.</p>	10%
4	<p>In the project, there is planned wide cooperation with vocational training institutions, applied higher education schools or universities in terms of research and development. Prerequisites for successful cooperation are clearly there. A jointly implemented project creates strong prerequisites for collaboration in the development of higher value-added products, services, technologies and product development processes. As a result of the cooperation, the applicant acquires a wide range of new research and development knowledge and skills. The project contributes directly to at least one of the smart specialization areas.</p>	
3	Interim evaluation	
2	<p>In the project, there is planned moderate level of cooperation with vocational training institutions, applied higher education schools or universities in terms of research and development. The project creates some prerequisites for collaboration in the development of higher value-added products, services, technologies and product development processes. As a result of the project, the applicant acquires average range of new research and development knowledge and skills. The project has a link to the areas of smart specialization.</p>	
1	Interim evaluation	
0	<p>In the project, there is not planned cooperation with vocational training institutions, applied higher education schools or universities in terms of research and development or the cooperation presented in the project is more of a formal content. The project does not create prerequisites for collaboration in the development of higher value-added products, services, technologies and product development processes. Rather, will be continued with slightly modified products or services. The level of research and development of the project is similar or weaker than the applicant's standard development level. As a result of the project, the applicant does not acquire new knowledge or experience or does not develop existing skills. The project is not targeting any smart specialization area.</p>	