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**DIGITAL, INNOVATION, AND GREEN TECHNOLOGY PROJECT
(DIGIT PROJECT)**

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**REPUBLIC OF CROATIA**

**MINISTRY OF SCIENCE, EDUCATION AND YOUTH**

Donje Svetice 38, Zagreb 10 000, Croatia

**DIGITAL, INNOVATION, AND GREEN TECHNOLOGY PROJECT**

**(DIGIT PROJECT)**

IBRD LOAN NO. 9558-HR

PROJECT ID: P180755



**ANNEX I. CONDITIONS FOR THE PREPARATION AND IMPLEMENTATION OF PROJECTS WITHIN THE DIGIT PROJECT**

**CALL FOR PROPOSALS**

**“SEAL OF EXCELLENCE UNDER THE SYNERGIES PROGRAM”**

CALL REFERENCE NUMBER: DIGIT.2.2.01

**1st revision**

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**Abbreviations and Acronyms**

|  |  |
| --- | --- |
| CfP | Call for proposals |
| CITES | Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| CSF | Croatian Science Foundation |
| DIGIT Project | Digital, Innovation, and Green Technology Project |
| E&S | Environmental and Social |
| EHSG | Environment, Health and Safety Guidelines |
| ERC PoC | European Research Council Proof of Concept |
| ESCOP | Environmental and Social Code of Practice  |
| ESCP | Environmental and Social Commitment Plan |
| ESF | Environmental and Social Framework |
| ESMF | Environmental and Social Management Framework |
| ESMP | Environmental and Social Management Plan |
| ESSs | Environmental and Social Standards |
| ESSQ  | Environmental and Social Screening Questionnaire  |
| ET | Evaluation Team |
| EU | European Union |
| EUR | euro (currency) |
| GIIP | Good International Industrial Practice |
| GOM  | Grant Operations Manual |
| GRM | Grievance Redress Mechanism |
| IBRD | International Bank for Reconstruction and Development |
| IFC | International Finance Corporation |
| MSCA PF | Marie Skłodowska-Curie Action Postdoctoral Fellowship |
| MSEY | Ministry of Science, Education and Youth |
| PIU | Project Implementation Unit |
| R&D | Research and development |
| SEP | Stakeholder Engagement Plan |
| US$ | United States dollar |
| VAT | Value added tax |
| WB | World Bank |

#  General requirements for grants

The purpose of the general requirements for grants is to provide clear guidelines and standards to ensure that grants for projects under the DIGIT Project are used effectively and efficiently. This section outlines the conditions regarding exclusion situations, ineligible activities and eligibility of costs, compliance with horizontal principles, environmental and social management goals, and ethical standards, all of which projects must adhere to.

## Exclusion situation

Under this Call for proposals (CfP), grant cannot be awarded to:

* An applicant from whom, as stated in Article 1, point 4.a) of Regulation (European Union (EU)) No 651/2014, based on a previous decision of the Commission declaring the aid unlawful and incompatible with the internal market, a refund of funds is requested;
* An applicant in difficulty as defined in Article 2, point 18 of Regulation (EU) No 651/2014 (not applicable to public research organizations);
* In cases where the economic entity is under bankruptcy proceedings, is insolvent or over-indebted, or in liquidation, where its assets are managed by a bankruptcy trustee or court, if it is in a settlement with creditors, if it has ceased business activities, or is in any similar situation arising from a similar procedure under national laws and regulations, or is in proceedings similar to all the previously mentioned procedures (not applicable to public research organizations);
* If the applicant or a person legally authorized to represent the applicant (persons who are members of the administrative, management, or supervisory body or have the authority to represent, make decisions, or supervise the economic entity) has been finally convicted of any of the following criminal offenses or equivalent offenses according to the laws of the country of the registered office or the country of which the person authorized to represent them is a citizen:
	+ Participation in a criminal organization, based on Article 328 (criminal association) and Article 329 (commission of a criminal offense within a criminal association) of the Criminal Code (Official Gazette (OG) 125/11, 144/12, 56/15, 61/15, 101/17, 118/18, 126/19, 84/21, 114/22,114/23, 36/24), Article 333 (association for the commission of criminal offenses) of the Criminal Code (OG 110/97, 27/98, 50/00, 129/00, 51/01, 111/03, 190/03, 105/04, 84/05, 71/06, 110/07, 152/08, 57/11, 77/11, 143/12);
	+ Terrorism or criminal offenses related to terrorist activities, based on Article 97 (terrorism), Article 99 (public incitement to terrorism), Article 100 (recruitment for terrorism), Article 101 (training for terrorism), Article 101.a (travel for terrorism purposes), and Article 102 (terrorist association) of the Criminal Code (OG 125/11, 144/12, 56/15, 61/15, 101/17, 118/18, 126/19, 84/21, 114/22, 114/23, 36/24) and Article 169 (terrorism), Article 169.a (public incitement to terrorism), and Article 169.b (recruitment and training for terrorism) of the Criminal Code (OG 110/97, 27/98, 50/00, 129/00, 51/01, 111/03, 190/03, 105/04, 84/05, 71/06, 110/07, 152/08, 57/11, 77/11, 143/12);
	+ Money laundering or terrorist financing, based on Article 98 (terrorism financing) and Article 265 (money laundering) of the Criminal Code (OG 125/2011, 144/2012, 56/2015, 61/2015, 101/2017, 118/2018, 126/19, 84/21, 114/22, 114/23, 36/24) and Article 279 (money laundering) of the Criminal Code (OG 110/97, 27/98, 50/00, 129/00, 51/01, 111/03, 190/03, 105/04, 84/05, 71/06, 110/07, 152/08, 57/11, 77/11, 143/12);
	+ Child labor or other forms of human trafficking, based on Article 106 (human trafficking) of the Criminal Code (OG 125/11, 144/12, 56/15, 61/15, 101/17, 118/18, 126/19, 84/21, 114/22, 114/23, 36/24) and Article 175 (human trafficking and slavery) of the Criminal Code (OG 110/97, 27/98, 50/00, 129/00, 51/01, 111/03, 190/03, 105/04, 84/05, 71/06, 110/07, 152/08, 57/11, 77/11, 143/12);
	+ Corruption, based on Article 252 (bribery in business operations), Article 253 (bribery in business operations), Article 254 (abuse in public procurement procedures), Article 291 (abuse of position and authority), Article 292 (illegal favoring), Article 293 (acceptance of bribes), Article 294 (offering of bribes), Article 295 (trading in influence), and Article 296 (offering bribes for trading in influence) of the Criminal Code (OG 125/11, 144/12, 56/15, 61/15, 101/17, 118/18, 126/19, 84/21, 114/22, 114/23, 36/24) and Article 294.a (acceptance of bribes in business operations), Article 294.b (offering bribes in business operations), Article 337 (abuse of position and authority), Article 338 (abuse of performing duties of state authority), Article 343 (illegal mediation), Article 347 (acceptance of bribes), and Article 348 (offering bribes) of the Criminal Code (OG 110/97, 27/98, 50/00, 129/00, 51/01, 111/03, 190/03, 105/04, 84/05, 71/06, 110/07, 152/08, 57/11, 77/11, 143/12);
	+ Fraud, based on Article 236 (fraud), Article 247 (fraud in business operations), Article 256 (tax or customs evasion), and Article 258 (subsidy fraud) of the Criminal Code (OG 125/11, 144/12, 56/15, 61/15, 101/17, 118/18, 126/19, 84/21, 114/22, 114/23, 36/24) and Article 224 (fraud), Article 293 (fraud in business operations), and Article 286 (tax and other levies evasion) of the Criminal Code (OG 110/97, 27/98, 50/00, 129/00, 51/01, 111/03, 190/03, 105/04, 84/05, 71/06, 110/07, 152/08, 57/11, 77/11, 143/12);
* An applicant in case the applicant or a person legally authorized to represent the applicant has been found guilty of a serious professional misconduct;
* An applicant who knew or should have known that they were in a conflict of interest in the subject grant award procedure;
* An applicant who has not returned funds as per decision of the competent authority;
* An applicant who has not paid salaries to employees, made contributions for mandatory insurance (particularly health or pension), or paid taxes in accordance with regulations.

## Ineligible activities

The following activities are ineligible and will not be financed by projects:

A. Activities listed in the International Finance Corporation (IFC) Exclusion list:

* Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls, wildlife or products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and other listed on the IFC exclusion list (as follows);
* Production or trade in weapons and munitions;
* Production or trade in alcoholic beverages (excluding beer and wine);
* Production or trade in tobacco;
* Gambling, casinos and equivalent enterprises;
* Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where considers the radioactive source to be trivial and/or adequately shielded;
* Production or trade in unbounded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
* Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
* Production or activities involving harmful or exploitative forms of forced labor/harmful child labor;
* Commercial logging operations for use in primary tropical moist forest;
* Production or trade in wood or other forestry products other than from sustainably managed forests;
* Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products;
* Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples (if applicable; in case of foreign partner/s);
* Activities that might cause land acquisition or involuntary resettlement will not be eligible for financing.

B. Other ineligible activities related to the DIGIT project:

* Activities that are not eligible within the European Research Council Proof of Concept (ERC PoC) Grant and the Marie Skłodowska-Curie Action Postdoctoral Fellowships (MSCA PF) calls for proposals;
* Activities involving consumption of fossil fuels, including innovation with potential lock in effects and entrapment risk;
* ~~Activities related to fossil fuels, including further use;~~
* Activities within the framework of the EU emissions trading system (ETS) that achieve the predicted emissions of greenhouse gases that are not lower than the relevant reference values;
* Activities related to waste disposal sites, incinerators and facilities for mechanical biological treatment;
* Activities resulting in long-term waste disposal that harms the environment;
* Activities rated with substantial or high environmental and social (E&S) risk according to World Bank (WB) E&S policies;
* Purchase of large quantities of chemicals and hazardous materials (including agents, gases, equipment, liquids, etc.);
* Procurement of pesticides;
* Activities that include: testing on animals (with exception of insects, small planktonic crustaceans Daphnia and the like), collecting samples from animals or humans, procuring/working on samples of animal or human tissue/cells/other body materials, for which the risk has been assessed as high or substantial by a subsequent E&S screening procedure; high and substantial risks, among others, include:
	+ conducting a clinical study using pharmaceuticals, biologicals, radiopharmaceuticals, or advanced therapy medicinal products,
	+ invasive techniques (e.g. surgical or medical interventions, invasive studies on the brain, TMS etc.),
	+ activities involving children (or other persons unable to give consent),
	+ activities involving human stem cells, embryonic stem cells (hESCs) and human embryos (hEs) and other human fetal or embryonic tissues or cells,
	+ activities intended to modify the genetic make-up of human beings that could make such changes heritable,
	+ in vitro cultivation of human tissues and organs (bio-printing),
	+ creation of human-animal hybrid organisms (chimeras), etc.;
* Laboratories with biosafety level 3 (BSL-3) and 4 (BSL-4);
* ~~Activities that include testing on animals, collecting samples from animals or humans, procuring/working on samples of animal or human tissue/cells/other body materials;~~
* ~~Laboratories with biosafety risks 3 or more;~~
* Maritime industry (except maritime transport - research related to small vessels).

## Eligibility of costs

The project must not represent double funding. All the costs must meet the following criteria:

* They are incurred between the first and final dates of eligibility of a project as specified in the Grant Agreement;
* They are connected with the project and they are indicated in the budget plan of the project;
* They are identifiable and verifiable, in particular through being recorded in the accounting records of the applicant and determined according to the applicable accounting standards and generally accepted accounting principles; and
* They comply with the requirements of applicable tax and social legislation.

Ineligible costs are those that are not listed in the project proposal (budget plan) for which the project received the Seal of Excellence certificate.

## Horizontal principles

Applicants are obliged to comply with the legal provisions, which represent the minimum requirements for the implementation of horizontal policies. Respecting the legal provisions, the project is neutral about horizontal policies, and the associated expenditures and activities will not be considered as a contribution to horizontal policies, but as a fulfillment of a legal obligation. If the project contains additional activities with the prescribed minimum compliance with legal provisions, then the project promotes horizontal EU policies. The following horizontal principles will be considered:

* **Sustainable development** - the DIGIT Project encourages the application of principles of sustainability to all aspects related to project implementation. Applicants will be asked to consider the most sustainable and nature-friendly use of all resources that are planned for implementing projects. Sustainable development of the project also implies the dissemination of materials, printouts, meetings, and modes of communication. The applicants are encouraged to use more quality-related and lifecycle-based criteria when planning activities to minimize negative effects on the environment. When feasible, environmental (e.g. green public procurement criteria) and social considerations as well as innovative solutions should be taken into account. Projects need to explain how they will prevent or mitigate the negative impact. Projects with a direct negative impact on the environment and sustainable development will not be funded.
* **Equal opportunities and non-discrimination** - as a general approach, all projects will be requested to integrate these horizontal issues in their activities or, at least, to consider the project’s influence on these. Projects with a direct negative impact on equal opportunities and non-discrimination will not be approved.
* **Gender equality** - beyond the general principle of non-discrimination, the DIGIT Project grant scheme will specifically focus on gender equality. Projects that negatively impact gender equality will not be approved.

## Environmental and social management review procedures

The aim is to ensure that the people and the environment are protected from potential adverse impacts during all phases of project implementation by supporting "green, clean, resilient" paths. This is achieved by ensuring the implementation of projects is in accordance with the operational policies and guidelines of the World Bank, including the World Bank Environment, Health and Safety Guidelines (EHSG), World Bank Environmental and Social Standards (ESSs), Good International Industrial Practice (GIIP) and national environmental and social legislation protection by following adopted Environmental and Social Management Framework (ESMF).

The following environmental and social standards (ESSs) relevant for the project are:

* ESS1 Assessment and Management of Environmental and Social Risks and Impacts;
* ESS2 Labor and Working Conditions;
* ESS3 Resource Efficiency and Pollution Prevention and Management;
* ESS4 Community Health and Safety;
* ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources;
* ESS8 Cultural Heritage;
* ESS10 Stakeholder Engagement and Information Disclosure.

Each ERC PoC Grant and MSCA PF project proposal must undergo environmental and social due diligence during the evaluation process, including screening and assessment compliant with the ESMF, and consequently, Environmental and Social Framework (ESF), following the below described process to identify risks associated with specific projects, screen out any substantial and high-risk activity, identify potential impacts and define measures aimed to prevent or minimize negative impacts. The process also determines the type of management instrument required to meet project standards (Environmental and Social Management Plan (ESMP), ESMP Checklist, Environmental and Social Code of Practice (ESCOP)) or if no management instrument is required.

**Project E&S screening and risk classification**

Based on the provided information in the application form and supporting documentation, MSEY/PIU E&S specialists within the Evaluation Team will conduct an eligibility check. If the eligibility check confirms the proposed activity is eligible for funding, it is further screened for E&S risks. If the results of E&S risk assessment shows that there are no potential significant adverse effects, no further assessment is needed. If the project is assessed as low to moderate risk, E&S assessment is required in accordance with ESMF and GOM. Project activities with substantial and high risk for E&S will not be funded.

The applicant will be required to complete and submit the Environmental and social screening questionnaire (ESSQ) (Annex IV. of the Guidelines for Applicants) for additional relevant details about the project and its activities to enable screening of the E&S risks. The ESSQ will be reviewed by the MSEY/PIU’s E&S specialists and approved by the WB to evaluate the project's eligibility and activities in terms of compliance with E&S standards, as well as to determine the level of potential risk. The findings of this evaluation will be documented in a Screening Report (part of ESSQ which will be filled-out by MSEY/PIU’s E&S specialists). If the ESSQ results indicate the need for specific Environmental and Social (E&S) instruments, the applicant will be responsible for preparing the required documentation (such as the ESCOP, ESMP Checklist or ESMP) with guidance from MSEY/PIU E&S specialists, after which MSEY/PIU E&S specialists, in collaboration with WB experts, will harmonize the final version of the document before the Award decision is made. However, in certain low-risk cases, no E&S instrument will be required. ~~However, the ESSQ may also show that no E&S instrument is necessary, indicating that the project carries no risk.~~

In case projects require further assessment and a proper E&S instrument must be prepared ~~need further assessment and for which proper E&S instrument should be prepared~~ (for low to moderate risk ~~risk is moderate~~), the applicant is obliged to perform the following step-by-step processes:

* **STEP 1: Preparation and disclosure of E&S instrument (before Grant Agreement signing):**

Based on the Screening Report and if applicable, E&S instruments (ESCOP/ESMP Checklist/ESMP), public consultation process (also public presentation for ESMP) must be prepared by the applicant, reviewed by the MSEY/PIU E&S specialists, approved by the WB, publicly disclosed and finalized before the Grant Agreement signing. Where applicable, Stakeholder engagement action plans will be prepared, publicly consulted, and implemented. Stakeholder engagement results will be implemented in the ESMP.

* **STEP 2: Integration of E&S instrument in tender documentation (during project implementation)**

If applicable, E&S instrument (ESCOP/ESMP Checklist/ESMP) needs to be included in the bidding procedure of services and goods (as applicable) and the final version needs to be integrated into tender documentation and in the contracts for their execution to be signed with the selected service providers and goods suppliers.

* **STEP 3: Implementation, project supervision, monitoring and reporting (during project implementation)**

The provider or supplier is responsible for the implementation of E&S instrument (ESCOP/ESMP Checklist/ESMP) (if any) defined mitigation measures and monitoring plan as well as any subsequent corrective measures prescribed by the PIU and WB. The beneficiaries will report the implementation of E&S mitigation measures to the MSEY/PIU as defined in the corresponding E&S instrument (ESCOP/ESMP Checklist/ESMP). The MSEY/PIU shall confirm the overall compliance with the environmental and social management, including any remedial measures if there are gaps.

The following figure provides an overview of the project E&S screening and risk classification.

Figure 1. Project E&S screening and risk classification

Detailed E&S review procedures shall be aligned with the DIGIT Project ESMF. The Stakeholder Engagement Plan (SEP), as an instrument defining planned stakeholder consultation and engagement process for the project, as well as the grievance mechanism for people to raise any concerns about the project activities, is prepared, and it will be updated periodically as necessary.

Inability to establish or maintain E&S compliance in line with the ESMF requirements may result in funding temporary or permanent cancellation.

## Ethics

Every project funded by the DIGIT Project, as well as all service providers and goods suppliers engaged in those projects, are obligated to respect and implement the Code of Ethics for the preparation and implementation of the ~~sub-~~projects funded by the Digital, Innovation, and Green Technology Project (DIGIT Project)[[1]](#footnote-2) (hereafter: Code of Ethics).

The Code of Ethics is aimed at ensuring that all the research and innovation activities under the DIGIT Project comply with applicable EU regulations and international laws, as well as with the following core science & research ethical principles:

1. **Honesty:** ensure honesty in all forms of scientific communication with colleagues, sponsors, and the public.
2. **Objectivity:** avoid bias in all aspects of research.
3. **Integrity:** maintain consistency of thought and action.
4. **Carefulness:** avoid errors or negligence at all times.
5. **Openness:** share information about your research and be open to criticism and new ideas.
6. **Transparency:** disclose all the necessary information needed to evaluate your research.
7. **Accountability:** be responsible for all concerns related to your research.
8. **Intellectual property:** avoid plagiarism, give proper credit to all contributions in your research and honor all forms of intellectual property.
9. **Confidentiality:** protect and safeguard all confidential information recorded in your research.
10. **Responsible publication:** publish for the sole reason of advancing the knowledge in your field.
11. **Responsible mentoring:** help and mentor other researchers and promote their welfare.
12. **Respect for colleagues:** respect and treat all your colleagues fairly.
13. **Social responsibility:** aim to promote social good through your research.
14. **Non-discrimination:** avoid discrimination in all forms against colleagues.
15. **Competence:** improve your competence and promote the competence of science as a whole.
16. **Legality:** obey all relevant laws and policies.
17. **Animal care:** respect and care for all animal species. Causing pain and discomfort to animals shall be avoided.
18. **Human subjects' protection:** respect human dignity and take special precautions wherever needed.
19. **Effectiveness:** put all efforts to reach set objectives.
20. **Efficiency:** achieve more output with less input.
21. **Economy:** put all due efforts into saving the grant funds.

While creating many opportunities AI raises profound ethical concerns. Therefore, all ethics principles mentioned above need special attention from applicants and beneficiaries while using or developing AI systems in their projects. Also, it is necessary to align with and build upon relevant EU legislation such as the Artificial Intelligence Act (Regulation (EU) 2024/1689) and corresponding guidelines, and the Organisation for Economic Co-operation and Development (OECD) AI Guiding Principles: <https://www.oecd.org/en/topics/ai-principles.html>.

Projects must be implemented in accordance with these ethical principles. The applicants must confirm in the application (Annex II. Declaration by the Applicant) that they are familiar with the ethical principles of this document and must undertake to act in accordance with them. The EU codes of ethics for R&D should also be considered.

During the implementation of procedures for the procurement of goods and services (if any), the beneficiaries must inform bidders about the obligation to implement the Code of Ethics, and the bidders must confirm that they accept to implement the same, while sub-contractors will confirm the same to the bidders. During the implementation of the project, contracted entities and sub-contractors are obliged to act in accordance with ethical principles.

Emphasizing open science, the DIGIT Project places significant importance on the principle of open access. The beneficiaries under the DIGIT Project are expected to adhere to the commitment of providing unrestricted access to the published outcomes of their research, encompassing peer-reviewed articles and monographs.

Furthermore, the DIGIT Project advocates for open access to research data, considering it a fundamental principle. Offering free online access to all such materials is the most efficient means of ensuring that the results of its funded research are readily available, readable, and can serve as a foundation for subsequent research and development. Beneficiaries of grants must guarantee open access to all peer-reviewed scientific publications linked to their outcomes.

It is also mandatory for the beneficiaries to establish a Grievance Redress Mechanism (GRM) by providing an e-mail address where the interested public, either groups or individuals, could send complaints, comments and/or suggestions. The beneficiaries must report the e-mail address of established DIGIT GRM of the CSF at grmdigit@hrzz.hr. The beneficiary must publish an e-mail address of his own GRM on the website. Information on such received complaints, comments and suggestions (including those received by the contracted entities) should be archived in a logical framework database and reported to the DIGIT Project GRM of the CSF together with information on the measures taken following to received complaints, comments and/or suggestions.

~~It is also mandatory for the beneficiaries, as well as the service providers and goods suppliers (if any) engaged in the implementation of the projects funded by the DIGIT Project grants, to establish a Grievance Redress Mechanism (GRM) by providing an e-mail address where complaints, comments and/or suggestions could be sent by the interested public, either groups or individuals. The beneficiaries must report the e-mail addresses of established GRMs (including those of contracted entities) to the GRM of the DIGIT Project (e-mail:~~ ~~grmdigit@mzom.hr~~~~). The beneficiary must publish e-mail addresses of his own GRM and GRMs of contracted entities on the website. Information on such received complaints, comments and suggestions (including those received by the contracted entities) should be archived in a logical framework database and reported to the DIGIT Project GRM together with information on the measures taken following to received complaints, comments and/or suggestions.~~

The grievances related to misconduct on the Code of Ethics will be taken further in the Ethics review procedure that focuses on the following four key areas:

* Standard setting through the design and stewardship of ethical policy, practices, decisions, and behavior, while ensuring public confidence;
* Outreach and training to strengthen World Bank Group values, foster a culture of respect and integrity, and build bridges between scientific research and practice in ethical development;
* Advice to applicants by sharing ethics expertise and spotting trends - providing counsel on conflicts of interest and compliance-related issues as needed;
* Addressing misconduct by reviewing concerns, recommending actions, and facilitating resolutions.

The consequences for ethics protocol violations can include the following:

* Project suspension or termination: Immediate suspension or termination of the project and funding. Also, termination of the beneficiary's contract with the contracted parties is included.
* Legal actions: Possible legal actions against the individual or organization responsible.
* Financial penalties: Requirement to return funds received, along with possible fines.
* Reputational damage: Public disclosure of the violation, which may result in reputational harm to the individual or organization.
* Future ineligibility: Barring the individual or organization from applying for future funding under the DIGIT Project.

# Grant award process

This section provides information about the submission of project proposals, stages in the assessment process, and the Grant Agreement signing process.

The process from the submission of project proposal to the signing of the Grant Agreement is shown in the following chart.

*Figure 2. Grant award process*

## Submission of project proposals

In accordance with the instructions in the Guidelines for Applicants (Section 9), applicants must submit their project proposals via the application portal eDIGIT. The MSEY/PIU accepts applications only through this portal and within the prescribed deadline or until all available funds are allocated. The portal automatically confirms receipt and registers the application, sending a notification to the applicant as proof of submission.

## Assessment process

The assessment process is a single-stage process, starting with an administrative and eligibility check and concluding with the Award decision on funding and the signing of the Grant Agreement. During this stage, the administrative compliance and eligibility of the applicant, the project, and the proposed activities are thoroughly reviewed, including the project's alignment with the horizontal principles, environmental and social requirements of the DIGIT Project, and ethical standards.

The submitted proposals undergo an administrative and eligibility check, where the Evaluation Team (ET) will assess whether the applicant has completed the application correctly by marking each criterion in the checklist with a "yes" or "no". This includes verifying that the project proposal complies with the conditions set out in the CfP. The assessment is based on the required documents and eligibility criteria outlined in the CfP.

The checklist for the administrative and eligibility check is provided in the following table.

Table 1. Checklist for the administrative and eligibility check

|  |  |  |
| --- | --- | --- |
| Criteria for administrative and eligibility check | Assessment (YES/NO) | Comment |
| 1. | The project proposal has been submitted through the portal eDIGIT, and all required fields have been completed. |  |  |
| 2. | The application contains the project proposal (application form and supporting documents) as submitted in the EU Funding & Tenders Portal (MSCA PF or ERC PoC Grant calls for proposals). |  |  |
| 3. | The application contains the Seal of Excellence certificate for projects submitted to the MSCA PF or ERC PoC Grant calls. |  |  |
| 4. | The application contains the Evaluation Summary Report for projects submitted to the MSCA PF or ERC PoC Grant calls. |  |  |
| 5. | The application includes a signed Declaration by the Applicant (completed, signed and stamped), in accordance with the provided template. |  |  |
| 6. | The applicant has completed the baseline survey. |  |  |
| 7. | The applicant is eligible according to the criteria in Section 5 of the Guidelines for Applicants. |  |  |
| 8. | The applicant or their legal representative is not in any exclusion situations listed in Section 1.1 of Annex I. Conditions for the preparation and implementation of projects within the DIGIT Project. |  |  |
| 9. | The project proposals has no changes in circumstances, including any changes regarding the partners or consortium involved in the original project proposal (if applicable) for which the Seal of Excellence certificate was awarded. |  |  |
| 10. | The requested grant amount is in accordance with Section 6 of the Guidelines for Applicants. |  |  |
| 11. | The project does not involve double funding. |  |  |
| 12. | The project has not started before the submission of the project proposal. |  |  |
| 13. | At the time of submission, the project is neither physically nor financially completed, and will not be completed before signing the Grant Agreement. |  |  |
| 14. | The project is ready to start and implement its activities, and all project activities and payments will be completed by October 31, 2028. ~~and complete activities.~~ |  |  |
| 15. | The project does not include any of the activities listed in Section 1.2. (exclusion list) of Annex I. Conditions for the preparation and implementation of projects within the DIGIT Project. |  |  |
| 16. | The project is eligible with regard to the horizontal principles and ethical standards outlined in sections 1.4 and 1.6 of Annex I. Conditions for the preparation and implementation of projects within the DIGIT Project. |  |  |
| 17. | The project is eligible with regard to the environmental and social conditions outlined in Section 1.5 of Annex I. Conditions for the preparation and implementation of projects within the DIGIT Project.After the submission of project proposals and before adopting an Award decision on funding, applicants (upon the CSF’s request) must prepare and submit the following:* Environmental and social screening questionnaire (ESSQ) (Annex IV. of the Guidelines for Applicants).

If the ESSQ results indicate the need for specific Environmental and social (E&S) instruments, the applicant will be responsible for preparing the required documentation (such as the Environmental and Social Management Plan (ESMP), ESMP Checklist, Environmental and Social Code of Practice (ESCOP)) before the Award decision on funding is made. |  |  |

If the assessment is "no" for any of the above criteria (even after requesting clarification, if applicable), the project proposal will automatically be rejected. Project proposal that receives a "yes" on all criteria in the checklist successfully pass the administrative and eligibility check. The Croatian Science Foundation (CSF), as the implementing body, will send applicants a notice (either of exclusion or selection for funding), indicating whether they passed the administrative and eligibility check and if they have been provisionally selected for funding. An Award decision will then be made for the successful project proposals, subject to budget availability and compliance with the conditions of this Call.

Applicants have the right to access relevant project proposal documentation upon formal request. They retain the right to withdraw their proposal at any stage of the evaluation process, provided it occurs before the signing of the Grant Agreement.

## Grant Agreement signing

Following an Award decision, the MSEY/PIU extends an invitation to the applicant to sign the Grant Agreement.

After agreeing to the terms of the Grant Agreement (Annex I. of this document), the MSEY and CSF sign the Grant Agreement with the beneficiary.

# Procedures of project implementation management

This section provides information about monitoring and evaluation during project implementation, procurement, payments, and disbursements of project funds, information and visibility measures, and grant refunds.

## Monitoring during project implementation

After the signing of the Grant Agreement, the CSF monitors whether the project is on track to achieve the established goals and results and whether it is implemented following the Grant Agreement, as well as the fulfillment of indicators.

The monitoring process includes activities such as:

* review and approval of the procurement plan (and modification, if any);
* review and approval of the semi-annual and final reports;
* preparation of addendums to the Grant Agreement;
* verification of compliance with rules on sustainable development, and requirements related to equal opportunities and non-discrimination;
* review and verification of compliance with WB ESF;
* verification of compliance with rules on information and visibility (publicity); and
* on-site visits.

The MSEY/PIU will monitor overall project progress, including monitoring of irregularities.

## Procurement

The beneficiary that is subject to the Croatian Law on Public Procurement, applies the Law on Public Procurement (OG 120/16, 114/22) and all applicable regulations arising, as well as changes to the procurement procedures within the project. In case any of the grant beneficiaries are not subject to the Croatian Public Procurement Law, the applicable procurement regulations are Rules on the Implementation of Procurement Procedures for Non-obligators of the Law on Public Procurement (Annex B.).

During project implementation, the beneficiary must comply with the procurement procedures. The beneficiary is obliged to carry out procurement procedures in accordance with all the principles and rules established in this document.

All procurement procedures carried out within the framework of the notified project, and before the date of entry into force of the Grant Agreement, must also be carried out in accordance with the principles and rules prescribed in this document, in order to be considered acceptable.

In accordance with the Procurement Regulations (par. 5.4 c.) and the Loan Agreement, the World Bank requires compliance with its Anti-Corruption Guidelines, including the Bank’s right to sanction, inspect, and audit. Bidders/Proposers must submit a signed acceptance at the time of bidding, confirming adherence to these guidelines, which will be incorporated into any resulting contract. The form of Letter of Acceptance of the World Bank’s Anti-Corruption Guidelines and Sanctions Framework is included in Annex C. of this document.

The MSEY/PIU will provide the Bank with the list of contractors/suppliers and subcontractors/sub-suppliers under these contracts, so that the Bank can ensure that the firms chosen are not and were not at time of contract award or signing on the WB’s List of Debarred Firms. Contracts awarded to firms debarred or suspended by the WB (or those that include debarred or suspended subcontractors/sub-suppliers) will not be eligible for the WB’s financing.

The beneficiaries have obligations concerning the implementation of procurement procedures within the project. The first obligation is to conduct a procurement plan (Annex D. of this document). The procurement plan contains information on all planned procurements within each project, i.e. those that are related to eligible costs as stated in each grant agreement. The procurement plan review process includes, among other things, control that:

* the planned procurement value and the procurement subject correspond to the project budget and the provisions of the Grant Agreement;
* all necessary procurements resulting from the project, regardless of the estimated value, are included in the procurement plan;
* are the planned procurement start dates realistic and in line with the project implementation period;
* there is sufficient justification for the chosen procurement procedure and that the procurement procedure was correctly chosen.

The beneficiaries are obliged to inform the CSF about any changes to the procurement plan.

## Reporting, on-site visits and record keeping

During the execution of the Grant Agreement, the beneficiary submits the following reports to the CSF: semi-annual (progress) reports and final report. The request for lump sum interim payment is part of semi-annual (progress) report, while request for final payment is part of final report. Request for lump sum advance payment can be submitted after the signing of the Grant Agreement and is not part of the reports. The beneficiary shall use templates for reports and request for lump sum advance payment provided by the CSF. E&S compliance reporting will be carried out in line with Environmental and Social Commitment Plan (ESCP) requirements and ESMF guidelines. The reports should contain a summary of complaints or suggestions received through the GRM, along with details of their resolution. Also, the reports should include information on stakeholder engagement and information disclosure.

**Request for lump sum advance payment**

The beneficiary has the right to claim a lump sum advance payment as it is determined by the Grant Agreement. Upon receipt of the request for lump sum advance payment from the beneficiary, the CSF assesses the request and informs the beneficiary about the results. If the request is accepted, a lump sum advance payment is prepared. In case of rejection of the request, the beneficiary is provided with an explanation.

**Semi-annual (progress) reports and final report**

The beneficiary is required to report on the project’s implementation status (narrative part) and incurred eligible costs within the deadlines specified in the Grant Agreement. These reports include semi-annual (progress) reports and a final report.

The CSF conducts the control of the reports.

All the costs must be made in accordance with the rules on eligibility and must follow national legislation and rules for audit. All the supporting documents that justify the occurrence of the costs, for example, procurement contracts (goods and services) (and amendments, if any) with invoices from contractors and suppliers of goods, service providers, acceptance certificates, lists and other documents proving the acceptability of costs (proof of publicity activities (articles, photos, etc.), list of participants, studies, certificates, etc.), must be kept on file, but are not required to be submitted unless explicitly asked for.

For the final report, beneficiaries will need to provide evidence that the activities and outcomes foreseen in their application have been completed in a full and satisfactory manner.

**On-site visits**

On-site visits include verification of project elements (activities and costs) for which, in addition to administrative verification, it is also possible to verify the progress of physical indicators. Performing on-site visit depends on the nature of the project, the amount of financial support, the level of risk and the comprehensiveness of the administrative check.

The goal of on-site visits is first of all to check the reality of the project, i.e. the costs and deliveries, and to obtain information that supports the conclusions of the administrative check, i.e. to provide a guarantee of the regularity and legality of the costs.

**Record keeping**

For the purpose of project audit and controls after projects end, beneficiaries are obliged to keep original documents related to project expenses and implementation of activities for at least five years after the final payment, except those that have to be kept longer according to national legislation.

## Payments of project funds

Payments are made by the MSEY after the CSF approves the beneficiary's requests for advance, interim, or final payments and confirms to the MSEY that the request is satisfactory.

**Lump sum advance payment**

After the Grant Agreement is signed, the beneficiary may request a lump sum advance payment of up to 30% of the total grant amount. The lump sum advance payment will be made following approval of the request for lump sum advance payment and no later than 30 days from the date of approval. The MSEY reserves the right to approve or deny the request, and if denied, an explanation will be provided.

**Lump sum interim payments**

Lump sum interim payments are issued following the approval of semi-annual (progress) reports. These payments will be made within 30 days of the report’s approval. Beneficiaries are required to submit semi-annual (progress) reports within 15 days after the end of each six-month period, starting from the date the Grant Agreement was signed. The amount of each lump sum interim payment is calculated by dividing the outstanding grant amount[[2]](#footnote-3) by the envisaged number of semi-annual (progress) reports and final report.

**Final payment**

The final report has to be submitted within 30 days from the end of the project implementation period. The final payment will be made following approval of the final report and no later than 30 days from the date of approval. The amount of the final payment will depend on the remaining amount for financing with regard to the realized eligible costs, and as recorded in the final report. In the event that the project’s incurred eligible costs are lower than the payments made so far, the MSEY will request the return of the unused funds.

All payments shall be made from MSEY to beneficiary’s bank account or to designated account that will be used exclusively for financing the activities stipulated in the Grant agreement.

Commitments and payments will be carried out in euros (EUR).

**Accounting policies**

The documentation for all financial transactions from grant must be kept by beneficiary in accordance with the requirements of the national legislation and will reflect proper identification of costs.

The costs must be able to be determined, verified and recorded in the accounting records of the beneficiary, and must be determined in accordance with the applicable accounting standards and the usual accounting practice. This requirement also applies to the beneficiary's partners (if any).

The beneficiary is obliged to ensure that the requests for lump sum advance and interim payment request for final payment and other financial data related to the project can be easily and accurately reconciled with his and the partner's (if any) accounting records.

**Audit and control**

The MSEY/PIU or the CSF can hire an independent audit company that will review the implementation of grant-related procedures.

The beneficiary must enable MSEY/PIU, CSF and other authorized auditors/external persons to carry out the necessary controls by reviewing documents, making copies of those documents or performing on-site visits, monitoring the implementation of the project and carrying out the full audit procedure, if necessary, based on accompanying documents for invoices, accounting documentation and any other documents relevant to project financing.

## Information and visibility of project and dissemination of results

The beneficiaries must undertake measures (e.g. announcements and press releases, notice boards, stickers, promotional material, etc.) to inform the public that the projects are financed through the Loan Agreement (Loan No. 9558-HR) for the Digital, Innovation, and Green Technology Project (DIGIT Project).

The beneficiaries undertake to respond to the invitation of the MSEY/PIU to participate in organized information and visibility events. The MSEY/PIU will inform the beneficiaries about organized information and visibility events in a timely manner, no later than seven days before the day of the planned maintenance.

Depending on applicability, the results of the project should be communicated through various platforms to ensure maximum outreach and impact:

* Conferences: Presenting results at national and international conferences can facilitate networking with other stakeholders, allowing for valuable feedback and collaborations that may enhance the project's reach and applicability.
* Publications: Publishing results in academic journals, especially peer-reviewed ones, ensures credibility and broad dissemination within the scientific community, influencing future research and practices.
* Public access repositories: Placing research outcomes in public access repositories makes them accessible to a wider audience, adhering to open science principles and enhancing transparency and reproducibility.
* Free and open source computer programs: If applicable, releasing any developed software or algorithms as free and open source can foster a community of users and developers who can further refine and expand upon the project's technological outputs.
* Newspapers, TV, or other media: The beneficiary must report any public presentation of the project and its results in newspapers, TV, or other media outlets as part of the semi-annual (progress) reports and final report.

These dissemination strategies ensure that the project's impacts are widely understood and accessible, contributing to knowledge expansion and practical application in related fields.

## Grant refunds

The MSEY may suspend or terminate the right of the beneficiary to use the proceeds of the grant or obtain a refund of all or any part of the amount of the withdrawn grant if the beneficiary’s fails to perform any of its obligations under the Grant Agreement.

# Annexes

## Annex A. Template of a Grant Agreement

**GRANT AGREEMENT**

**[*reference number of the Grant Agreement*]**

**[*Name of the Project*]**

**CALL FOR PROPOSALS “SEAL OF EXCELLENCE UNDER THE SYNERGIES PROGRAM”**

**Reference of the Call: DIGIT.2.2.01**

**Name of the Program**: **Synergies program**

**Name of the Sub-program***:* **Seal of Excellence**

**Ministry of Science, Education and Youth** (hereinafter: MSEY) as the authority responsible for the implementation of the Digital, Innovation, and Green Technology Project (hereinafter: DIGIT Project), OIB: 49508397045, Donje Svetice 38, 10 000 Zagreb,

**Croatian Science Foundation** (hereinafter: CSF) as the support implementing body for Component 2 “Programs for digital and green research and innovation” of the DIGIT Project, OIB: 88776522763, Ilica 24, 10 000 Zagreb,

and

**BENEFICIARY**

*<Full official name, OIB and address of the Beneficiary>*

*<financial institution holding the Beneficiary bank account and bank account number>*

(hereinafter: Beneficiary)

(hereinafter: Contracting Parties) have agreed as follows:

**Purpose**

**Article 1.**

1. The purpose of this Grant Agreement (hereinafter: Agreement) is to award a grant to the Beneficiary for the purpose of implementing the Project <Project name> (hereinafter: Project) described in <Annex I. Application form> of this Agreement (hereinafter: Annex I.).
2. Grant is awarded to the Beneficiary in accordance with the conditions set forth in this Agreement, including the Grants Operations Manual dated May 23, 2024 and published at: [*insert website*], as set forth in the Loan Agreement (Loan No. 9558-HR) between the Republic of Croatia and the International Bank for Reconstruction and Development (WB or World Bank) for the Digital, Innovation, and Green Technology Project (DIGIT Project). The Beneficiary hereby declares that he has taken full note of the terms of the Agreement, and that he has understood and accepted them.
3. The Beneficiary undertakes to implement the Project in accordance with the description and scope of the Project as specified in the terms of this Agreement and Annex I., and any approved subsequent amendments to the Agreement.

**Rights of the MSEY and CSF**

**Article 2.**

1. The MSEY or CSF may suspend or terminate the right of the Beneficiary to use the proceeds of the Grant, or obtain a refund of all advances that have not been used for eligible expenditures or any part of the amount of the Grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under this Grant Agreement.

**Implementation of the Project**

**Article 3.**

1. This Agreement takes effect on the day it is signed by the last Contracting Party and is effective until all the rights and obligations of the Contracting Parties have been fulfilled, or until the date of termination of the Agreement.
2. The Project implementation period is from <…> to <…>.
3. The period of eligibility for Project costs is from <…> to <…>, unless an extension is communicated in writing to the Beneficiary by the CSF.
4. The Beneficiary undertakes to:
	* 1. carry out the Project in accordance with the Call for proposals under the Synergies program - DIGIT.2.2.01, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards (including any documents required under the Environmental and Social Management Framework) and practices satisfactory to the WB, including in accordance with the applicable provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016, and without limitation the World Bank’s right to sanction and the World Bank’s inspection and audit rights;
		2. submit to the CSF regular reports (progress reports and final report) and, upon a request by MSEY, CSF or the WB, ad hoc reports on the implementation of the Project, achievement of indicators, horizontal issues or other information necessary for reporting or implementation;
		3. procure the goods and services to be financed out of the Grant in accordance with the provisions of the Annex I. Conditions for the preparation and implementation of projects within the DIGIT Project which is part of the Call for proposals under the Synergies program - DIGIT.2.2.01;
		4. maintain policies and procedures adequate to enable it to monitor the progress of the Project and the achievement of its objectives;
		5. (a) maintain a financial management system and prepare financial statements (if any) in accordance with consistently applied accounting standards, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (b) at the WB’s, MSEY’s or CSF’s request, have such financial statements audited by independent auditors acceptable to the WB and promptly furnish the statements as so audited to the MSEY, CSF and the WB; and
		6. prepare and furnish to the MSEY, CSF and the WB all such information as the MSEY, CSF and the WB shall reasonably request relating to the foregoing.
5. The Beneficiary may lose the right to grant, that is, the MSEY or CSF may terminate the Agreement with the Beneficiary if the Beneficiary's actions or failure to act did not result in disbursement of funds based on the Agreement, within seven (7) months from the date of its signing.
6. Amendments to the Agreement agreed upon by all Contracting Parties are compiled in the form of a written addendum to the Agreement, which is signed by all Contracting Parties. The Agreement cannot be modified for a purpose or with an effect that would call into question the conditions of eligibility and the contribution to achieving the project's objectives, and that would affect significant changes within the evaluation process that was carried out, as well as compliance with the principle of equal treatment.

**Grant amount and arrangement of payments**

**Article 4.**

1. The total value of the Project is determined in the amount of EUR <...>.
2. The total eligible costs of the Project amount to EUR <…>, as set out in Annex I.
3. As part of the Project, eligible costs are those costs approved by the CSF as part of the Call for proposals under the Synergies program - DIGIT.2.2.01.
4. Grant is awarded in the amount of EUR <...>, which is the highest possible amount of financing of the total determined value of the eligible costs of the Project specified in paragraph 2. of this article.
5. The Beneficiary is obliged to provide funds for the difference between the total value of the project and the allocated grant.
6. The Beneficiary is obliged to provide funds to cover costs that are subsequently determined to be ineligible.
7. The Beneficiary has the right to request for lump sum advance payment. The total amount of the lump sum advance is 30% of the approved grant.
8. Lump sum interim payments shall be made following the approval of project semi-annual reports (progress reports) and no later than 30 days from the date of approval. Reports should be submitted within 15 days from the end of every six months from the conclusion of this Agreement.
9. The final report has to be submitted within 30 days from the end of the project implementation period. The final payment will be made following approval of the final report and no later than one month from the date of approval. The amount of the final payment will depend on the remaining amount for financing with regard to the realized eligible costs, and as recorded in the final report. In the event that the project’s realized eligible costs are lower than the payments made so far, the MSEY will request the return of the unused funds.
10. If the Beneficiary does not act in accordance with the decision ordering the return of funds, and/or the Beneficiary's bank account is blocked due to forced collection of claims, further payments to the Beneficiary are suspended.

**Ineligible costs**

**Article 5.**

1. Ineligible costs are all expenses listed as ineligible in the Call for Proposals Seal of Excellence under the Synergies Program - DIGIT.2.2.01, including any expenses that are not consistent with the terms and conditions of this Agreement.

**Project assets management and contract transfer**

**Article 6.**

1. The property acquired in the Project must be used in accordance with the description of the Project contained in Annex I. of this Agreement and in accordance with the durability requirements.

**Other conditions**

**Article 7.**

1. The Beneficiary is obliged to keep documentation related to the Project for five (5) years after the final payment.
2. The Beneficiary is obliged to achieve the outcomes specified in Annex I. of this Agreement.
3. The Beneficiary undertakes upon completion and within five (5) years after the implementation of the projects to participate in surveys and to give consent for the use of collected data to evaluate the impact of the implementation.
4. MSEY or CSF can check the accuracy of the data specified in the Project proposal at any stage of the Project implementation.
5. Financial corrections related to the non-achievement of the indicators as listed in Annex I. of this Agreement will not be applied if they were achieved due to the occurrence of force majeure, socio-economic or environmental factors, i.e., the occurrence of important changes in economic or environmental conditions in the country, which affected achievement of Project indicators. The competent authority evaluates each specific case and determines the realization of the mentioned factors, as well as the possibility of achieving the given indicators.
6. MSEY, CSF and the WB can perform monitoring visits (on-site visits). The MSEY, CSF and the WB shall notify the Beneficiary in advance about the monitoring visit. Monitoring visits will typically include a review of Project implementation (e.g. procedures, milestones with measurable results, timelines, tasks, agreements, policies, and financial documentation, etc.) as well as in-person meetings with relevant project team members. At the end of each monitoring visit, the MSEY or CSF will discuss findings from the meeting with relevant project team members and clarify which corrective actions to pursue after the visit, if any. If the monitoring visit has identified any concerns, the Beneficiary will be required to correct these deficiencies within the agreed timelines. Nonetheless, the MSEY, CSF and the WB reserves the right to conduct ad hoc monitoring visits, if deemed necessary.

**Communication of the Contracting Parties**

**Article 8.**

1. The Beneficiary, the MSEY and the CSF use e-mail communication during implementation and the defined reporting period after the implementation of the Project. In every type of communication-related to this Agreement, the reference number of the Agreement (Project code) is indicated.

**Annexes**

**Article 9.**

1. The following annexes are an integral part of the Agreement, and the Contracting Parties hereby confirm that they have understood and, by signing the Agreement, accept them:
2. Annex I. Application form
3. Annex II. Declaration by the Applicant
4. Annex III. Conditions for the preparation and implementation of projects within the DIGIT Project.
5. <Annex IV.>

**Final provisions**

**Article 10.**

1. This Agreement is made in three identical copies, each with the power of the original, of which each Contracting Party retains one copy.

|  |  |
| --- | --- |
| **For the Ministry of Science, Education and Youth** | **For the Croatian Science Foundation**  |
| Name: |  | Name: |  |
| Function: |  | Function: |  |
| Signature: |  | Signature: |  |
| Date:Class:Registry number: |  | Date:Class:Registry number: |  |
| **For the Beneficiary**  |
| Name: |
| Function: |
| Signature:Date: |

## Annex B. Rules on the Implementation of Procurement Procedures for Non-obligators of the Law on Public Procurement

**RULES ON THE IMPLEMENTATION OF PROCUREMENT PROCEDURES FOR NON-OBLIGATORS OF THE LAW ON PUBLIC PROCUREMENT**

**Introductory provisions**

**Article 1.**

(1) These Rules on the Implementation of Procurement Procedures for Non-obligators of the Law on Public Procurement (hereinafter: Rules) apply to all subjects, except for those listed in Articles 6 and 7 of the Law on Public Procurement (Croatian Official Gazette, no. 120/16 and 114/22).

(2) Entities from paragraph 1 of this article are Beneficiaries or Partners of Beneficiaries of grants and are obliged to carry out the procurement of works, goods and services with the attention of a good businessman while taking into account the rational and efficient spending of allocated funds in such a way that goods, works and the services they procure correspond to the purpose of the project (hereinafter: Subjects).

(3) Deadlines defined by the Rules are calculated by excluding the day on which the invitation to submit bids or the notification was delivered. The deadline begins on the following day. If the last day of the deadline falls on a public holiday in the Republic of Croatia, a Saturday, or a Sunday, the deadline is extended to the next working day. For deadlines expressed in months or years, the deadline ends on the day of the final month or year that corresponds to the date of delivery of the invitation or notification. If that date does not exist in the final month (e.g. February 30), the deadline ends on the last day of that month. Saturdays, Sundays, and public holidays do not affect when the deadline begins or how it is counted, except when they fall on the final day of the deadline.

**Principles of procurement procedures**

**Article 2.**

(1) The Subject of application of the Rules is obliged to respect **the principle of Value for Money (VfM)**. The principle of VfM means the effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits, along with an assessment of risks, and non-price attributes and/or life cycle costs, as appropriate. Price alone may not necessarily represent VfM.

(2) The Subject of application of the Rules is obliged to respect the **principle of economy (the** **principle of rational and economical spending** **of funds)** in the context of comparing prices and the current market value of the procurement object. The principle of economy takes into consideration factors such as sustainability, quality, non-price attributes and/or life cycle cost where appropriate. It allows the integration of agreed economic, environmental, and social considerations into the procurement process.

If there is reason to believe that the agreed price with the selected bidder is unreasonably high, specifically, more than 20% above the eligible cost stated in the Grant Agreement, the Ministry of Science, Education and Youth and/or Croatian Science Foundation may request additional supporting documents and explanations from the Subject to clarify and justify the price. The Ministry of Science, Education and Youth and/or the Croatian Science Foundation reserve the right to deem costs that unjustifiably exceed the estimated value of the procurement object as ineligible during the cost/expenditure eligibility review process.

(3) The Subject is obliged to respect the **principle of** **integrity.** The principle of integrity refers to the use of funds, resources, assets, and authority according to the intended purposes and in a manner, that is well-informed, aligned with the public interest, and aligned with broader principles of good governance. It is required that all parties involved in the procurement process, and their personnel, observe the highest standard of ethics during the procurement process and refrain from fraud and corruption.

(4) The Subject is obliged to respect the **principle of proportionality (fit for purpose).** The principle of fit for purpose means tailoring the procurement approach and methodology to meet the project development objectives and outcomes, taking into account the context and the risk, value, and complexity of the procurement. This principle ensures that any measure chosen is necessary and appropriate according to the purpose of procurement. The criteria for the selection of bids prescribed in the invitation to submit bids and applied during the review and evaluation of bids must be commensurate with the size, nature and complexity of the procurement and the contract resulting from it.

(5) The Subject is obliged to respect the **principle of efficiency.** The principle of efficiency requires that procurement processes be proportional to the value and risks of the underlying project activities. Procurement arrangements are generally time-sensitive and strive to avoid delays.

(6) The Subject is obliged to respect the **principle of transparency.** The principle of transparency requires that stakeholders enable appropriate reviews of procurement activities, supported by appropriate documentation and disclosure. Transparency requires:

1. that relevant procurement information be made publicly available to all interested parties, consistently and in a timely manner, through readily accessible and widely available sources at reasonable or no cost;
2. there is appropriate reporting of procurement activities;
3. confidentiality provisions in contracts are used only where justified.

(7) The Subject must comply with the **principle of equal treatment and non-discrimination (fairness)**. The principle of fairness refers to ensuring impartial, objective, and comprehensive treatment of all participants at every stage of the procurement procedure. The Subject must not set participation requirements in a way that creates an unjustified barrier for certain (e.g. foreign) bidders. Discriminatory eligibility requirements for foreign bidders, such as requiring registration in specific registries or possession of special permits/licenses to operate in Croatia under specific regulations are not allowed.(8) When choosing the procurement procedure, the Subject must take care not to artificially divide the object[[3]](#footnote-4) of procurement in order to avoid a more complex/transparent procurement procedure in accordance with the provisions of these Rules (Article 4).

**Article 3.**

(1) Subjects are obliged to apply the principle of avoiding conflicts of interest by excluding from the procurement procedure persons who are in a conflict of interest in relation to related companies and related persons, i.e. apply appropriate measures to eliminate the conflict of interest. An exception to this applies only if the related entity is the sole provider capable of delivering the goods, works, or services due to technical reasons or exclusive rights related to the object of procurement, which the Subject must substantiate and prove.

(2) The principle of avoiding conflicts of interest applies to all Subjects and all procurements, regardless of the estimated value of the procurement.

(3) Annex 1 Declaration on the (non)existence of conflicts of interest for Subjects is an integral part of this Rules.

(4) The Subject performs a conflict of interest check in relation to all bidders, through search engines and publicly available registers (e.g. court register).

(5) The Subject is obliged to take appropriate measures to effectively prevent, identify and remove conflicts of interest in connection with the procurement process in order to avoid distortion of market competition and ensure equal treatment of all economic entities.

(6) A conflict of interest between the Subject and an economic operator arises in situations where representatives of the Subject or representatives of a procurement service provider acting on behalf of the Subject who are involved in the implementation of the procurement procedure or are able to influence its outcome and have, directly or indirectly, a financial, economic, or any other personal interest that could be considered detrimental to their impartiality and independence within the procedure. In particular, a conflict of interest exists when:

* + 1. if the Subject's representative simultaneously performs management tasks in the economic entity, or
		2. if the Subject's representative is the owner of a business share, stocks or other rights on the basis of which he participates in the management or in the capital of that economic entity with more than 0.5%.
1. For the purposes of this Article, the representative of the Subject shall be deemed to be:
	* + 1. heads and members of the Subject's management, steering or supervisory body
			2. member of the procurement Evaluation Committee
			3. another person who is involved in the implementation or who can influence the decision-making process in the procurement procedure, and
			4. persons from points 1, 2 and 3 of this paragraph at procurement service providers acting on behalf of the Subject.

(8) The economic entity referred to in paragraph 7 of this Article shall be considered the bidder, member of the joint venture and subcontractor.

(9) The provisions of Article 3, paragraph 6 of this Act shall be applied in an appropriate manner to relatives by blood in the direct line or in the collateral line up to the fourth degree, relatives by in-laws up to the second degree, spouse or common-law partner, regardless of whether the marriage has ended, and the adoptive parents and adopted children (hereinafter: related persons) of the representative of the Subject from Article 3, paragraph 7, point 1 of this Rules.

(10) Exceptionally, a conflict of interest does not exist if the related person of the representative of the Subject has a business share, stocks or other rights on the basis of which he participates in the management or in the capital of the economic entity with more than 0.5% acquired in a period of at least two years before the appointment or taking up the duties of representative of the Subject with whom he is connected.

**Publishing Invitation to submit bids**

**Article 4.**

(1) The application of the principle of transparency is ensured by making the Invitation to submit bids and any changes to the Invitation to submit bids publicly available on the Subject's website, and/or the other national or regional/local media, whereby the obligation to publish the Invitation to submit bids in relation to procurements with an estimated value above **EUR 130,000.00** **excluding VAT for goods and services, i.e. over EUR 660,000.00 without VAT for works** with an exception for research and development projects, which are primarily related to experimental development, for example, the development of a marketable prototype or pilot project that is necessarily the final product, regardless of the estimate amount of the object of procurement.

(2) Subjects can choose a simplified procurement procedure for **procurements** **below thresholds** from paragraph 1 of this article. They can conclude a written contract with a service provider/goods supplier/contractor or issue a purchase order for **one bidder**. The contract on the goods, works or services procured in this way, or the purchase order serves as proof of the execution of the procurement.

(3) In the procurement process with one bidder, the Subject is obliged to decline the offer, if the offered price of the service provider/supplier of goods/contractor is higher than the threshold set out in paragraph 1. of this Article.

(4) Appropriate means of publication shall be deemed those channels through which the invitation to submit bids is made publicly available in a manner that ensures accessibility for all interested bidders, thereby enabling them to obtain relevant information about the procurement procedure and submit a bid or express interest in participation. Such publication must comply with the basic standards of transparency and accessibility, including but not limited to publication on the Subject’s official website, and/or in other national, regional, or local media outlets.

(5) The invitation to submit bids from paragraph 1 of this Article is published for a period of minimum of **ten calendar days**. In the event of any amendments to the Invitation, such amendments must also be published and remain publicly available for a minimum of **six calendar days**. This period shall be calculated from the day following the date of publication of the amendment up to and including the final day of the deadline for the submission of bids.

(6) Subjects may send link to the published Invitation to submit bids to economic entities of their choice.

(7) The invitation to submit bids contains at least:

* name and address and at least one contact information of the Subject;
* basic information about the object of procurement;
* technical specifications and/or job description and/or all relevant technical details of the object of procurement;
* data on the type, scope and general nature of the works/type, quantity and method of delivery of the goods/description and the scope of services procured;
* if the object of procurement is divided into groups, a statement about the possibility of submitting bids for one, more or all groups;
* place of execution/execution of works, delivery of goods or provision of services;
* deadline for the execution of works/delivery of goods/provision of services;
* template of the statement of grounds for exclusion (usually as the Annex of the Invitation);
* specification of the criteria for the selection of the bid that are applied in the procurement process;
* the deadline for the delivery of bids, which must not be shorter than 10 calendar days (date and time);
* method of delivery of bids;
* the address (postal or electronic) to which the bids are submitted;
* name, surname, telephone number and e-mail address of the contact person.
* In addition to the above, the Invitation to submit bids may contain the required guarantees, but it is not a mandatory condition. In case of requesting a guarantee, the guarantee must be submitted within the term, form, amount and duration required by the invitation to submit bids.

(8) The Subject can (it is not mandatory) specify capability conditions for bidders for a particular procurement in the Invitation to submit bids. If it does, it should take care of equal opportunity to compete for domestic and foreign bidders as set out in paragraph 7 of the Article 2 of the Rules. The Subject is obliged to describe the object of procurement in a clear manner, enabling bidders submission of bids that fully reflect the needs of the Subject for the specified object of procurement, as well as the comparability of the bids in relation to the requirements set forth.

(9) Where the Invitation to bidders refers to specific brands, trademarks, patents, or particular products, the Subject shall be obliged to allow the submission of equivalent products. Such references must be accompanied by the words 'or equivalent', 'like', 'type', 'similar', or other appropriate terms indicating the acceptance of equivalent solutions.

(10) The criterion for the selection of the bid (with the condition that the bid meets all the conditions from the Invitation to submit bid) can be:

* **the lowest price**, or
* **the most economically advantageous bid** (when the criterion for choosing the offer is the best value for money, based on quality, price, technical advantages, functional features, environmental characteristics, operating costs, delivery date or similar - it is necessary to determine the relative importance assigned to each individual criterion selected in the purpose of determining the most favorable bid and the method of its calculation).

(11) The Subject is obliged, on the basis of the results of the examination and evaluation of bids, to reject:

* a bid that is not complete (it does not contain all the mandatory elements stipulated in the Invitation to submit bids),
* a bid that does not comply with the provisions of the Invitation to submit bids,
* a bid in which the price is not stated in absolute amount;
* a bid that contains errors, defects or ambiguities if errors, defects i.e. ambiguities cannot be removed,
* a bid in which an error, deficiency, or ambiguity has not been remedied through clarification or completion in accordance with these Rules ,
* a bid for which the bidder did not accept in writing the correction of the calculation error,
* if the required guarantees have not been submitted.

(12) The Subject can reject an offer whose price is higher than the secured funds for procurement.

(13) The Subject may not change the conditions prescribed in the Invitation to submit bids during the evaluation of bids.

(14) If the information or documentation that should have been submitted by the bidder is incomplete or incorrect or appear to be such or if certain documents are missing, the Subject can, respecting the principles of equal treatment and transparency, require the relevant bidders to supplement, clarify, complete or provide the necessary information or documentation within an appropriate deadline. The aforementioned procedure must not result in negotiations, nor may it lead to changes in the criteria for selecting the bid and originally offered prices.

**Grounds for exclusion**

**Article 5.**

(1) Subjects are obliged to request proof that there are no **grounds for exclusion** from the bidders in the case of procurement from Article 4, paragraph 1 of these Rules.

(2) In accordance with paragraph 1 of this Article, the Subjects shall exclude the bidder from the procurement procedure:

* + if the bidder or a person authorized by law to represent the bidder (a person who is a member of the steering committee, management committee or supervisory board or has the authority to represent, make decisions or supervise that bidder) has been convicted by a final judgment of any of the following criminal offenses or corresponding criminal offenses according to the regulations of the state of the bidder's headquarters or the state whose citizen is a person authorized by law to represent the bidder: participation in a criminal organization, criminal association, commission of a criminal offense as part of a criminal association, association to commit criminal offenses, terrorism or criminal offenses related to terrorist activities, money laundering money or terrorist financing, child labor or other forms of human trafficking, corruption, accepting bribes in business operations, giving bribes in business operations, abuse in the public procurement process, abuse of position and authority, illegal favoritism, trading in influence, paying bribes for influence trading, abuse of state authority duties, illegal mediation, fraud, fraud in business operations, tax or customs evasion, subsidy/grant fraud;
	+ if he has not fulfilled his obligation to pay due tax obligations and obligations for pension and health insurance unless in accordance with special rules a postponement of the payment of said obligations has been approved, and if the amount of his due and unpaid obligations does not exceed EUR 26,54.

(3) Subjects shall accept as proof that the bidder is not in one of the situations specified in paragraph 1 of this Article the written statement of the person authorized to represent the bidder (in relation to paragraph 1) which are submitted in the offer. "Annex 2. - Statement on the absence of grounds for exclusion" is an integral part of these Rules.

**Evaluation of bids**

**Article 6.**

(1) For procurements from article 4., paragraph 1 evaluation of submitted bids is conducted by the Evaluation Committee, involving at least two employees of the Subject appointed by the director/person authorized for representation of the Subject.

(2) Subjects evaluate submitted bids based on the Invitation to submit bids and select the bid based on the criteria of the most economically advantageous bid or the criterion of the lowest price, on which they draw up an evaluation report as evidence of the receipt of bids and their equal treatment in receipt, review and scoring the bid.

(3) The criterion from paragraph 2 of this article is stated and explained in the Invitation to submit bids. The Subject opens and evaluates submitted bids, based on the conditions prescribed in the Invitation to submit bids, on which the evaluation report is drawn up.

(4) The evaluation report contains at least:

* + name and headquarters of the Subjects,,
	+ the place and date and time of the start and end of the bid opening,
	+ the object of procurement,
	+ type of procurement procedure (in accordance with these Rules),
	+ name and surname of the persons authorized for representation of bidder and his/her/their signatures,
	+ name and headquarters of the bidder, according to the order of receipt of bids,
	+ the offer price excluding VAT and the offer price including VAT,
	+ date of start and end of bid review and evaluation,
	+ information on clarification regarding documents/offers (including information on corrections of calculation errors), if any,
	+ a list of requested and submitted guarantees for the seriousness of the offer, if the Subject requested them,
	+ analysis of bids related to the fulfillment of requirements regarding the description of the object of procurement and technical specifications,
	+ analysis and scoring of the criteria for selecting bids, i.e. evaluation of bids,
	+ the name and headquarters of the bidder whose offers are rejected, with an explanation of the reasons for rejection (also in the case of an unusually low price),
	+ the name of the bidder with whom the Subject intends to enter into a procurement contract,
	+ list of attachments to the record (requested/supplied documents, clarifications, explanations), if applicable.

(5) The Subject publishes the Decision on the selected bidder and the total value of the selected bid at the same place where the Invitation to submit bids was published, no later than seven days from the end of the procurement procedure, attached to which is the record from paragraph 4 of this article. The contract with the selected bidder is concluded after the publishing of the Decision on the selected bidder.

**Procurement Contract**

**Article 7.**

(1) Subjects of the Application of the Rules for the PP Non-obligators concludes a Procurement Contract with the selected bidder for procurements above thresholds set out in Article 4., paragraph 1, while for procurements below those thresholds it can conclude in a form of contract or a purchase order.

(2) The procurement contract is concluded on the basis of the conditions from the invitation to submit bid. The procurement contract/purchase order contains at least the following information:

* name, address, OIB (ID if applicable) of the Subject and the selected bidder,
* description of the object of procurement, which must be clearly derived from the selected offer,
* data on the amount of the contract that corresponds to the amount of the selected bid,
* method and terms of payment.

(3) During the execution of the procurement contract, changes to the elements of the contract determined in the Invitation to submit bids must not be in conflict with the applicable Rules:

1. any increase in the contracted amount may not exceed 50% of the value of the basic contract;
2. changes to the contract that include the following situations are also prohibited:
* the amendment introduces conditions which, if they had been part of the procurement procedure, would have enabled the inclusion of other bidders other than those selected;
* would lead to the conclusion of a contract with an entity different from the one with which the contract was concluded;
* lead to a significant change in the scope of the contract in such a way that it includes works/services/goods that were not the object of the procurement procedure and were not initially requested and did not prove to be necessary;
* the economic balance changes in favor of the contractor in a way that is not provided for in the contract.

**Application of the Law on Public Procurement**

**Article 8.**

(1) Subjects of application of the Rules for the PP Non-obligators shall apply Article 39 of the Law on Public Procurement (Croatian Official Gazette, no. 120/16 and 114/22), when the conditions are met.

**Suspicion of irregularity**

**Article 9.**

(1) In the case of suspicion of irregularity in the procurement procedure carried out by the Subjects, everyone has the right, regardless of whether he participates in the procurement procedure, to report the suspicion in question, among others, to the Ministry of Science, Education and Youth at the e-mail address grmdigit@mzom.hr or the Croatian Science Foundation at the e-mail address grmdigit@hrzz.hr.

(2) The application referred to in paragraph 1 of this article may be the basis for performing additional and unannounced checks on the execution of the contract by which the grant funds were allocated for use. The application does not delay the effects of the selection of the bidder or the issued purchase order or the concluded procurement contract in the relevant procurement procedure.

(3) Any dispute in the procurement process or in connection with the procurement process or the procurement contract, or other act that regulates the relations between the Subject and the bidder or the selected bidder or the contractor shall be resolved by the Subject and the bidder or the selected bidder or contractor.

**Annex 1.**

**DECLARATION ON THE (NON)EXISTENCE OF CONFLICTS OF INTEREST**

for the representative(s) of the Subject of the application of the Rules on the implementation of procurement procedures for non-obligators of the Law on Public Procurement (Rules for the PP Non-obligators)

**STATEMENT\***

(\*This Statement is signed by representatives of the Subject set out in paragraph 7. 1 of the Article 3 before the implementation of the first procurement procedure regardless of the value and applied thresholds and should be kept updated throughout the project implementation.)

by which I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [first and last name, OIB]) as a member of the steering committee, management committee or supervisory board[[4]](#footnote-5), a member of the evaluation committee for procurement, a representative of another body at the Subject of application of the Rules for the PP Non-obligators, another person who is involved in the preparation and implementation of the procurement procedure and the execution of the procurement contract, or who can influence the decision-making in that processes [*underline the appropriate*] (hereinafter: representative of the Subject of the application of the Rules for the PP Non-obligators) in relation to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [Subject of the application of the Rules for the PP Non-obligators, OIB]

I declare that I am / I am not [*underline the appropriate*] in a conflict of interest as defined in Article 3 of the Rules for the PP Non-obligators in terms of the existence of the following situation:

* 1. simultaneously performing the duties management tasks in the economic entity

and/or

* 1. the owner of a business share, stocks or other rights on the basis of which I participates in the management or in the capital of that economic entity with more than 0.5%[[5]](#footnote-6)
	2. and/or

in following economic operators:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ *[name and address OIB economic operator]*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ *[name and address OIB economic operator]*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ *[name and address OIB economic operator]*

*……..*

I undertake to update this Statement without delay if there are changes related to the above-mentioned circumstances.

The above-mentioned circumstances represent situations of conflict of interest between the subject of the application of the Rules for the PP Non-obligators and the economic entity that is the bidder, a member of the joint venture or a subcontractor.

I undertake to withdraw immediately upon learning of the existence of a conflict of interest and to notify the responsible person of the Subject of the Application of the Rules for the PP Non-obligators in order to eliminate the conflict of interest.

In the event that any of the previously described circumstances exist, a conflict of interest shall be deemed to exist, and the burden of proving otherwise lies with the representative of the Subject of application of the Rules for PP Non-obligators.

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 [date and signature]

*On the basis of this Statement, the Subject of the application of the Rules for the PP Non-obligators is obliged in the invitation to submit a bid for a particular procurement procedure to state a list of related entities with which it has a conflict of interest, or to state that there are none.*

**Annex 2.**

**STATEMENT ON THE ABSENCE OF GROUNDS FOR EXCLUSION OF THE OFFER**

If the economic entity is represented by a legal representative with at least one other person or more legal representatives, all authorized persons give the statement!

**STATEMENT**

By which I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, OIB: \_\_\_\_\_\_\_\_\_\_\_\_\_, and

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, OIB:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

[add lines as needed, if applicable]

Authorized persons to represent the economic entity \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, OIB: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Under material and criminal liability, I declare that:

* neither I, nor the bidder I represent, have been convicted by a final judgment of any of the following criminal offenses or corresponding criminal offenses: participation in a criminal organization, criminal association, commission of a criminal offense as part of a criminal association, association to commit criminal offenses, terrorism or criminal offenses related to terrorist activities, money laundering money or terrorist financing, child labor or other forms of human trafficking, corruption, accepting bribes in business operations, giving bribes in business operations, abuse in the public procurement process, abuse of position and authority, illegal favoritism, trading in influence, paying bribes for influence trading, abuse of state authority duties, illegal mediation, fraud, fraud in business operations, tax or customs evasion, subsidy/grant fraud;
* and that the bidder I represent fulfilled its obligation to pay due tax obligations and obligations for pension and health insurance, unless in accordance with special rules a postponement of the payment of said obligations has been approved, and if the amount of his due and unpaid obligations does not exceed EUR 26,54.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Place and date)

 FOR THE BIDDER:

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Name, surname, position and signature of the authorized person)

## Annex C. Letter of Acceptance of the World Bank’s Anticorruption Guidelines and Sanctions Framework

**LETTER OF ACCEPTANCE OF THE WORLD BANK’S ANTICORRUPTION GUIDELINES AND SANCTIONS FRAMEWORK**[[6]](#footnote-7)

Date:

Contract # \_\_\_\_\_\_\_\_\_

Contract Description:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

To: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

We, along with our sub-contractors, sub-consultants, service providers, suppliers, agents (whether declared or not) consultants and personnel, acknowledge and agree to abide by the World Bank’s policy regarding Fraud and Corruption (corrupt, fraudulent, collusive, coercive, and obstructive practices), as set out and defined in the World Bank’s Anti-Corruption Guidelines[[7]](#footnote-8) in connection with the procurement and execution of the contract described above (“the Contract”), including any amendments thereto.

We declare and warrant that we, along our sub-contractors, sub-consultants, service providers, suppliers, agents (whether declared or not), consultants and personnel, are not subject to, and are not controlled by any entity or individual that is subject to, a temporary suspension, early temporary suspension, or debarment imposed by a member of the World Bank Group, including, inter alia, a cross-debarment imposed by the World Bank Group as agreed with other international financial institutions (including multilateral development banks), or through the application of a World Bank Group finding of non-responsibility on the basis of Fraud and Corruption in connection with World Bank Group corporate procurement.

We confirm our understanding of the consequences of not complying with the World Bank’s Anti-Corruption Guidelines, which may include sanctions, pursuant to the Bank’s Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the Bank’s Sanctions Framework. This may include a public declaration of ineligibility, either indefinitely or for a stated period of time, (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner;[[8]](#footnote-9) (ii) to be a nominated[[9]](#footnote-10) sub-contractor, sub-consultant, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract; and (iii) to receive the proceeds of any loan made by the Bank or otherwise to participate further in the preparation or implementation of any Bank-financed project.

We understand that we may be declared ineligible as set out above upon:

1. completion of World Bank Group sanctions proceedings according to its prevailing sanctions procedures;
2. cross-debarment as agreed with other international financial institutions (including multilateral development banks);
3. the application of a World Bank Group finding of non-responsibility on the basis of Fraud and Corruption in connection with World Bank Group corporate procurement; or
4. temporary suspension or early temporary suspension in connection with an ongoing World Bank Group sanctions proceeding.]

We shall permit, and shall cause our sub-contractors, sub-consultants, agents (whether declared or not), personnel, consultants, service providers or suppliers, to permit the Bank to inspect[[10]](#footnote-11) all accounts, records, and other documents relating to the procurement process and/or Contract execution , and to have them audited by auditors appointed by the Bank.

We agree to preserve all accounts, records, and other documents (whether in hard copy or electronic format) related to the procurement and execution of the Contract.

Name of the Contractor:

Name of the person duly authorized to sign the Contract: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title of the person signing the Letter:

## Annex D. Procurement plan



1. Code of ethics, [link](https://digit.mzom.hr/en/about-digit-project/documents-and-acts/) [↑](#footnote-ref-2)
2. If the beneficiary received a lump sum advance payment, the outstanding grant amount is equal to the approved grant amount reduced by the advance payment amount. [↑](#footnote-ref-3)
3. In the case of the award of a contract whose object is different types of procurement (works and goods/services), it is considered that the object of procurement is works if the share of the estimated procurement value related to works is 50% or more. [↑](#footnote-ref-4)
4. Members of the steering committee, management committee or supervisory board shall also state economic operators in this Statement with which their relatives by blood in the direct line or in the collateral line up to the fourth degree, relatives by in-laws up to the second degree, spouse or common-law partner, regardless of whether the marriage has ended, and the adoptive parents and adopted children are in a conflict of interest as defined in Article 3 paragraph 6 and 7 [↑](#footnote-ref-5)
5. In accordance with the Rules for PP Non-obligators, a conflict of interest does not exist if the related person has acquired business shares, shares or other rights on the basis of which he participates in the management or in the capital of the economic entity with more than 0.5% in a period of at least two years before the appointment or taking up the duties of the representative of the client with whom she/he is connected. [↑](#footnote-ref-6)
6. Drafting note: This document shall be signed by the contractor/consultant/supplier and maintained by the Borrower in the project files. [↑](#footnote-ref-7)
7. *Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by International Bank for Reconstruction and Development Loans and the International Development Agency Credits and Grants*, dated October 15, 2006, and revised in January 2011 and July 2016, as they may be revised from time to time. [↑](#footnote-ref-8)
8. For the avoidance of doubt, a sanctioned party’s ineligibility to be awarded a contract shall include, without limitation, (i) applying for pre-qualification or initial selection), expressing interest in a consultancy, and bidding, either directly or as a nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider, in respect of such contract, and (ii) entering into an addendum or amendment introducing a material modification to any existing contract. [↑](#footnote-ref-9)
9. A nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider (different names are used depending on the bidding document) is one which has been: (i) included by the bidder in its pre-qualification or initial selection application or bid because it brings specific and critical experience and know-how that allow the bidder to meet the qualification requirements for the particular bid; or (ii) appointed by the Borrower. [↑](#footnote-ref-10)
10. Inspections in this context are usually investigative (i.e., forensic) in nature: they involve fact-finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data, and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third-party verification of information. [↑](#footnote-ref-11)