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



**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 UNDER THE CHALLENGE PROGRAM**

CALL REFERENCE NUMBER: DIGIT.2.1.02

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**Abbreviations and Acronyms**

|  |  |
| --- | --- |
| CITES | Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| CSF | Croatian Science Foundation |
| DIGIT | Digital, Innovation, and Green Technology Project |
| E&S | Environmental and Social |
| EC | Evaluation Committee |
| ESCP | Environmental and Social Commitment Plan |
| EHSG | Environment, Health and Safety Guidelines |
| ESCOP | Environmental and Social Code of Practice |
| 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 |
| 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 |
| MSEY | Ministry of Science, Education and Youth |
| OG | Official Gazette |
| PIU | Project Implementation Unit |
| RDI | Research, development, and innovation |
| 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 be adhere to by the projects.

## Exclusion situations

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

* An applicant and/or partner who do not meet the definitions of eligible applicants and partners as outlined in Sections 5 and 6;
* An applicant/partner that is association, charity organization, or trade business;
* A partner that is an enterprise and does not have a registered establishment or branch in the Republic of Croatia at the moment of payment of the aid (grant funding);
* A partner classified as enterprise that does not employ at least one person based on recorded working hours, as reflected in the annual financial statement of the enterprise;
* A partner that is an enterprise whose business revenue in the year prior to the submission of the project proposal (based on the latest available official data) is less than 50% of the total eligible costs allocated to the partner;
* An applicant/partner who has not returned funds as per the decision of the competent authority, including cases where a refund has been requested due to previously received aid being declared unlawful or incompatible with the applicable regulations;
* An applicant/partner in difficulty, as defined in Article 2, point 18 of Regulation (EU) No. 651/2014 (this does not apply to public research organizations);
* A partner that is in 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 (applicable to enterprises);
* If the applicant/partner or a person legally authorized to represent the applicant/partner (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/partner in case the applicant/partner or a person legally authorized to represent the applicant/partner has been found guilty of a serious professional misconduct;
* An applicant/partner who knew or should have known that they were in a conflict of interest in the subject grant award procedure;
* An applicant/partner who has not paid salaries to employees, made contributions for mandatory insurance (particularly health or pension), or paid taxes in accordance with regulations;
* An applicant/partner who has provided false information within the project proposal.

**The same exclusion situations apply to foreign partners, in accordance with the relevant legislation of the country where their organization is registered.**

## Ineligible activities

The following activities are ineligible and will not be financed:

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 involving consumption of fossil fuels, including innovation with potential lock in effects and entrapment risk;
* 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);
* Maritime industry (except maritime transport -research related to small vessels).

## 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 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 under all program priorities. Sustainable development of the project also implies the dissemination of materials, printouts, meetings, and modes of communication. The applicants and partners 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 into 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 grant schemes 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 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).

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.

Only projects for which funds are available after the evaluation process is complete (after Stage 2) must undergo environmental and social due diligence. This includes E&S screening and assessment in compliance with the ESMF, and consequently, Environmental and Social Framework (ESF). The process integrates stakeholder engagement activities including consultation and feedback, following the process described below 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, and
* Determine the type of management instrument required to meet the project standards (Environmental and Social Management Plan (ESMP), ESMP Checklist, Environmental and Social Code of Practice (ESCOP), or if no management instrument is required),
* E&S assessment and E&S instrument preparation,
* Monitoring and reporting.

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

Projects for which funds are available following the completion of the evaluation process (including eligibility check according to Exclusion list) will be required to complete an Environmental and Social Screening Questionnaire (ESSQ) (Annex VII. of the Guidelines for Applicants), prepared by the applicant.

The ESSQ will be reviewed by the MSEY/PIU’s E&S specialists and approved by the WB to evaluate the 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 results of E&S risk screening/pre-assessment show that there are no potential adverse effects, no further assessment will be needed.

If the ESSQ results indicate the need for specific Environmental and Social (E&S) instruments (low to moderate risk), the applicant will be responsible for preparing the required documentation (such as the ESCOP, ESMP Checklist or ESMP) with guidance from PIU E&S specialists, after which PIU E&S specialists, in collaboration with WB experts, will harmonize the final version of the document before the award decision is made.

**Project activities with substantial and high risk for E&S will not be funded.**

For projects requiring further assessment and for which a proper E&S instrument should be prepared (with low to moderate risk), the applicant/beneficiary is obliged to follow the step-by-step processes outlined below:

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

Based on the Screening report and if applicable, required E&S instrument (ESCOP/ESMP Checklist/ESMP) will be prepared by the applicant, reviewed by the MSEY/PIU E&S specialists and approved by the WB. Applicant must conduct public consultation process on the E&S instrument to enable stakeholders’ feedback. Such consultations can be in the form of public hearing, direct engagement, focus group discussions and/or other fit-for-purpose formats. Where applicable, stakeholder engagement action plans will be prepared, publicly consulted, and implemented. Measures as a result from stakeholder engagement and consultations will be implemented as part of the E&S instrument and/or project implementation where appropriate. E&S instrument must be publicly disclosed and finalized by the applicant before the Grant Agreement signing.

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

E&S instrument (ESCOP/ESMP Checklist/ESMP) needs to be included in the bidding procedure of civil works, 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 contractors, service providers and goods suppliers.

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

The contractor, 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. Implementation of community safety and occupational health and safety (OHS) measures, safety of staff, emergency preparedness, waste management, and others defined in the Environmental and Social Commitment Plan (ESCP) is the responsibility of project beneficiaries as will be defined in the E&S instruments. Reporting for projects is the responsibility of the beneficiaries and will be carried out as defined in the corresponding E&S instrument (ESCOP/ESMP Checklist/ESMP). Beneficiaries are also required to report to the PIU in the event of accidents and/or incidents (environmental or social) and subsequently inform the WB within 48 hours. 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 are outlined in [the DIGIT Project ESMF (Environmental and Social Management Framework)](https://digit.mzom.hr/en/about-digit-project/documents-and-acts/). [The Stakeholder Engagement Plan (SEP)](https://digit.mzom.hr/en/about-digit-project/documents-and-acts/), as an instrument defining planned stakeholder consultation and engagement process for the project, as well as the grievance mechanism for addressing concerns about the project activities, has been prepared, and it will be updated periodically as needed.

## Ethics

Every project funded by the DIGIT Project, along with all service providers, goods suppliers and contractors engaged in those projects, is obligated to respect and implement the Code of Ethics for the preparation and implementation of projects funded by the Digital, Innovation, and Green Technology Project (DIGIT Project)[[1]](#footnote-2) (hereinafter: 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 national 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 numerous opportunities AI raises profound ethical concerns. Therefore, all ethics principles mentioned above require 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, as well as the Organisation for Economic Co-operation and Development (OECD) AI Guiding Principles: <https://www.oecd.org/en/topics/ai-principles.html>.

Projects must be prepared and implemented in accordance with these ethical principles. The applicants/partners must confirm in the application (Annex II. Declaration by the Applicant on participation in the Concept note stage and Annex III. Declaration by the Partner on participation in the Concept note stage) 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 research and development should also be considered.

During the implementation of procedures for the procurement of works, goods and services, 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](mailto: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.

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 submitting proposals, the stages of the assessment process, and the signing process for grant agreements.

## Application process stages and assessment processes

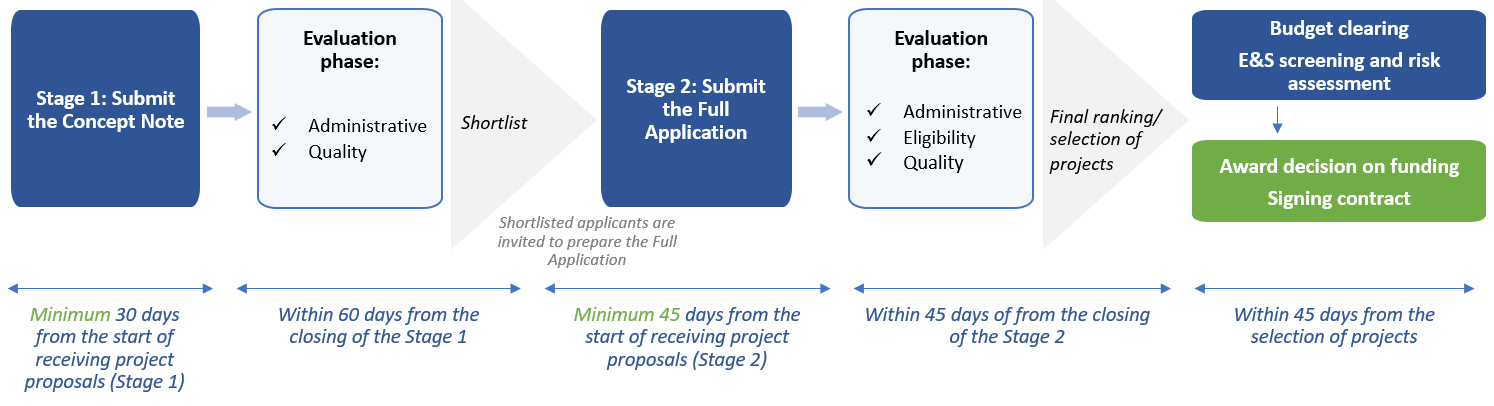
The Call consists of two stages application process:

* Stage 1: Concept note submission, and
* Stage 2: Full application submission.

The two-stage application process is designed to streamline project evaluation by filtering out proposals that do not align with the Call's objectives or requirements. It also reduces applicants' documentary requirements. The process allows project evaluations to be completed promptly and within a shorter time frame.

The grant award process is illustrated in the following figure.

Figure 2. Grant award process



Project assessment and selection processes for both stages are detailed below. In both application stages, the Concept note and the Full application, project proposals must be submitted online via the application portal eDIGIT available on the website <https://digit.mzom.hr/>.

### Stage 1: Concept note submission

In Stage 1, applicants must complete and submit the documentation as described in Section 12.1 of the Guidelines for Applicants.

The Concept note form is available in an online format. Applicants must complete all required fields directly in the eDIGIT portal, ensuring that each section is completed according to the guidelines provided. The Annex IV. Concept note form of the Guidelines for Applicants is identical to the online version, serving as reference to the required information. It is important to include all relevant information in Concept note form, as the evaluation in Stage 1 will be based solely on the content provided in this form.

Applicants will have minimum 30 days from the start of receiving project proposals to prepare and submit their concept notes. The evaluation process of the concept notes will be completed within 60 days following the closing of this stage.

The assessment process for Stage 1 is structured as follows:

**1. Administrative check of the Concept note**

The process starts with the administrative check, where the following criteria will be assessed with a “yes” or “no” response.

Table 1. Criteria for administrative check

|  |  |
| --- | --- |
| Criteria for administrative check | Assessment (yes/no) |
| The application includes a Concept note with all the requested sections and complies with the technical requirements[[2]](#footnote-3) defined in the Call for proposals. |  |
| The project proposal is submitted by an authorized person on behalf of the applicant organization or the project manager employed at the applicant organization. |  |
| The project proposal is written in English and in Latin script. All required documentation has been submitted in the prescribed language, as stated in the Guidelines for Applicants. |  |
| The applicant and partners involved in the project proposal comply with the maximum allowable number of participations as applicants and partners, as specified in Section 7 of the Guidelines for Applicants. If this limit is exceeded, priority will be given to the project proposal submitted earlier. |  |
| The applicant and partners have completed the baseline survey. |  |
| The application includes a signed Declaration by the Applicant, in accordance with the provided template. |  |
| The application includes a signed Declaration by each partner, in accordance with the provided template. |  |
| The application includes a signed JOPPD form(s) (applicable for Croatian private HEIs and research institutes, public ~~higher education institutions~~ HEIs (exceptions are universities with constituents without legal personality) and research institutes). |  |
| The application includes one or more supporting documents related to the validated proof-of-concept. |  |
| The project activities are neither listed on the International Finance Corporation (IFC) [Exclusion list of activities](https://www.ifc.org/content/dam/ifc/doc/mgrt-pub/ifc-exclusion-list.pdf), nor on WB Exclusion list in section 1.2. Ineligible activities of the Annex I. Conditions for the preparation and implementation of projects within the DIGIT Project. |  |

The assessment will be conducted by an Evaluation Committee (EC). If the assessment is “no” for any of the above criteria (if applicable, even after requesting clarification), **the application will be rejected**.

**2. Quality assessment of the Concept note**

A quality assessment of the Concept note will be conducted, for all applicants that pass the administrative check.

The quality assessment of the Concept note will be based on three main criteria: (i) “Excellence”, (ii) “Potential”, and (iii) “Feasibility”. “Excellence” and “Potential” each include one sub-criterion, while Feasibility is assessed through two sub-criteria. The sections of the Concept note form are structured accordingly.

Concept notes will be evaluated using the specific criteria and sub-criteria listed below. Each sub-criterion will be scored on a scale from 0 to 5. Fractional scores, such as 1.5 or 2.5, may also be awarded when deemed appropriate and justified. However, certain sub-criteria scores will be multiplied by a factor of 2, as indicated in Table 2. Please note that evaluators may provide different scores at each stage (Concept note and Full application) and the scores from each stage will not be reviewed cumulatively.

Table 2. Quality assessment criteria of the Concept note stage

|  |  |  |
| --- | --- | --- |
| Excellence  Scoring weight (at the level of all criteria): 40% | | |
| Sub-criteria | **Description** | **Points (max 10)** |
| Mission clarity and challenge relevance | This sub-criterion evaluates the clarity and coherence of the project's mission and objectives, assessing how well it contextualizes the challenges it addresses and demonstrates a thorough understanding of the problem it aims to solve. The evaluation considers the justification for funding, with a focus on the transition from the current state to the desired outcome. Additionally, it assesses the specificity, measurability, achievability, relevance, and time-bound nature of the research objectives. The sub-criterion examines how effectively the project’s transformative solutions tackle significant challenges in digital transformation and/or the green transition, through the use of cutting-edge knowledge. The assessment evaluates the degree of innovation and uniqueness of the proposed approach, technology, or methodology, assessing how it differs from existing solutions and whether it advances beyond the current state-of-the-art. The assessment also considers the plausibility of the proposed research for achieving the targeted breakthrough. | 5 x 2 = 10 |

|  |  |  |
| --- | --- | --- |
| Potential  Scoring weight (at the level of all criteria): 30% | | |
| Sub-criteria | **Description** | **Points (max 10)** |
| Importance of the project outcome(s) with regards to their transformational impact on science, technology and/or society | This sub-criterion evaluates the project's technological achievements, focusing on the new outcomes it aims to deliver and the key features and functionalities of these innovations. It also assesses the potential transformational impact of these outcomes on technology and/or society, considering how the project's results could fundamentally change existing practices. The evaluation examines the broader societal benefits, such as improvements in quality of life, economic growth, and environmental sustainability, with particular attention given to the presented quantitative measures of impact. | 5 x 2 = 10 |

|  |  |  |
| --- | --- | --- |
| Feasibility  Scoring weight (at the level of all criteria): 30% | | |
| Sub-criteria | **Description** | **Points (max 10)** |
| Technological readiness of the innovative solution | This sub-criterion evaluates whether the proposed solution has achieved a validated proof-of-concept (at minimum). The assessment focuses on the clarity and quality of the description of the innovative concept, the indicators or parameters used to validate it, and how well the presented results confirm the core functionality of the solution. The evaluation considers the coherence, credibility, and relevance of the technological description. | 5 |
| Resources and indicative budget | This sub-criterion evaluates the adequacy and alignment of the resources and budget necessary to successfully implement the project. It assesses the clarity and relevance of the identified key research resources, the expertise of personnel, and their roles in executing the proposed activities. The feasibility of the required human resources, infrastructure, and equipment is also considered, along with the overall budget allocation. The project’s financial needs should be realistic and well-structured, demonstrating how the resources will effectively support the achievement of project objectives within the proposed timeframe. | 5 |

Each concept note will be evaluated independently by three different evaluators. Each evaluator will assess the Concept note based on the published criteria. For certain sub-criteria, a weighting factor of 2 will be applied, as specified in the evaluation table. If a project proposal receives a score of 0 for any sub-criterion from all three evaluators, it will be excluded from further evaluation. To be considered for Stage 2 of the application process, each project proposal must achieve a minimum score of 50% for each evaluation criterion, that is, at least 5 points for “Excellence”, 5 points for “Potential”, and 5 points for “Feasibility”, before the weighted score at criteria level is applied. The quality assessment will be coordinated by the members of the EC, who will ensure consistency and compliance with the quality assessment criteria.

The final weighted score of each Concept note will be calculated by applying the assigned weights to each evaluation criterion, using the arithmetic mean of the three individual evaluator scores. Concept notes will be ranked based on this final weighted score.

In the event that two or more project proposals receive the same final score, the proposal with the higher score under the „Excellence“ criterion will be ranked higher. If the scores are still equal, the ranking will be determined based on the score under the „Potential“ criterion, followed by the „Feasibility“ criterion. If the proposals remain equally ranked, the proposal submitted earlier through the eDIGIT portal will be given priority.

The top 20% of project proposals, rounded to the nearest whole number, will be shortlisted for Stage 2. The CSF reserves the right to adjust the number of shortlisted proposals based on the overall quality and number of applications received.

All applicants, regardless of whether they are invited to proceed to Stage 2, will receive feedback based on the evaluation criteria after the assessment is completed.

### Stage 2: Full application

Following the initial Concept note stage, the Full application submission requires detailed project information. Only applicants who are shortlisted from Stage 1 will be invited to Stage 2 to submit a Full application. Please note that being shortlisted does not guarantee success in the Call for proposals. The projects that advance to Stage 2 will be evaluated based on the Full application criteria, and awards will be granted to the highest-scoring projects within the allocated Call for proposals budget. Evaluators will provide separate scores for each Stage, and these scores will not be reviewed cumulatively.

In Stage 2, applicants must submit the documentation as described in Section 12.2 of the Guidelines for Applicants.

If the applicant fails to submit any of the listed documents (if applicable, even after requesting clarification), the Award decision on funding will not be adopted, and **the application will automatically be rejected**.

Shortlisted applicants will have ~~60~~ minimum 45 days to prepare and submit their Full applications. The evaluation process of the Full applications will be completed within 45 days following the closing of Stage 2.

The assessment process in Stage 2 will be structured as follows:

**1. Administrative check of the Full application**

The process starts with the administrative check, during which following criteria will be assessed by giving “yes” or “no” response.

Table 3. Criteria for administrative check

|  |  |
| --- | --- |
| Criteria for administrative check | Assessment (yes/no) |
| The application was submitted by the short-listed applicant and the same partners as in Stage 1. |  |
| The application includes a Full application form with a detailed budget plan. The Full application form includes all the requested sections and complies with the technical requirements defined in the Call for proposals. |  |
| The project proposal is submitted by an authorized person on behalf of the applicant organization or the project manager employed at the applicant organization. |  |
| The project proposal is written in English and in Latin script. All required documentation has been submitted in the prescribed language, as stated in the Guidelines for Applicants. |  |
| The application includes a signed Declaration by the Applicant, in accordance with the provided template from Stage 2. |  |
| The application includes a signed Declaration by the Partner (for each partner), in accordance with the provided template from Stage 2. |  |
| The application includes CVs of key research team members. |  |
| The application includes statutes or equivalent documents proving the legal status of the applicant and partners who are research organizations, if not publicly available. |  |
| The application includes the annual financial statement of the enterprise, for each partner enterprise. |  |
| The application includes the Group statement, for each partner enterprise (only for micro, small, or medium-sized enterprises). |  |

The assessment will be conducted by the EC. If the assessment is “no” for any of the above criteria (if applicable, even after requesting clarification), **the application will be rejected**.

**2. Eligibility check of the applicant, the partners, the project, and activities**

The purpose of this phase is to verify the compliance of the applicant, partners, project, and project proposal activities with the eligibility criteria for each of the mentioned categories, as defined in the documentation of this Call for proposals.

The assessment includes giving a “yes” or “no” to the criteria listed below.

Table 4. Eligibility of the applicant and partners

|  |  |
| --- | --- |
| Eligibility criteria for the applicant and partner | Assessment (yes/no) |
| The applicant and all the proposed partners meet the eligibility criteria outlined in the Call fall into one of the eligible applicant/partner categories, as defined in the Call.  *Source of verification: Full application form, court register or other relevant register, statute or other legal act, Group statement, other available sources of information.* |  |
| Each partner classified as an enterprise already has or will have at the moment of payment of the aid (grant funding), a registered establishment or branch in the Republic of Croatia.  *Source of verification:* *Declaration by the partner, court register or other relevant register, other available sources of information.* |  |
| Each enterprise employs at least one person based on recorded working hours, as reflected in the annual financial statement of the enterprise.  *Source of verification: Annual financial statement or equivalent report, other available sources of information.* |  |
| Each partner that is an enterprise is not in the following situation:   * A partner whose business revenue in the year prior to the submission of the project proposal (based on the latest available official data) is less than 50% of the total eligible costs allocated to the partner.   *Source of verification: Full application form, annual financial statement or equivalent report, other available sources of information.* |  |
| The Applicant and each partner are not in the following situation:   * An applicant or partner who has not returned funds as per the decision of the competent authority, including cases where a refund has been requested due to previously received aid being declared unlawful or incompatible with the applicable regulations.   *Source of verification: Declarations by the Applicant and partners, other available sources of information.* |  |
| The Applicant and none of the partners are in difficulty, as defined in Article 2, point 18 of Regulation (EU) No 651/2014) (this does not apply to public research organizations).  *Source of verification: Declarations by the Applicant and partner(s), annual financial statement(s) or equivalent report(s), other available sources of information.* |  |
| Each partner that is an enterprise is not in the following situation:   * A partner that is in 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 (applicable to enterprises).   *Source of verification: Declarations by the Applicant and partners, other available sources of information.* |  |
| The Applicant and each partner are not in the following situations:  If the applicant/partner or a person legally authorized to represent the applicant/partner (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 their equivalent under 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).   *Source of verification: Declarations by the Applicant and partners, other available sources of information.* |  |
| The Applicant/Partner is not in the following situation:   * An applicant/partner in case the applicant/partner or a person legally authorized to represent the applicant/partner has been found guilty of serious professional misconduct.   *Source of verification: Declarations by the Applicant and partners, other available sources of information.* |  |
| The Applicant/Partner is not in the following situation:   * An applicant/partner is knowingly or negligently in a conflict of interest in the subject grant award procedure.   *Source of verification: Declarations by the Applicant and partners, other available sources of information.* |  |
| The Applicant/Partner is not in the following situation:   * An applicant/partner who has not paid salaries to employees, made contributions for mandatory insurance (particularly health or pension), or paid taxes in accordance with regulations.   *Source of verification: Declarations by the Applicant and partners, other available sources of information.* |  |
| The applicant/partner has provided false information within the project proposal.  *Source of verification: Declarations by the Applicant and partners, other available sources of information.* |  |

Table 5. Eligibility of the project and activities

|  |  |
| --- | --- |
| Eligibility criteria for the project and activities | Assessment (yes/no) |
| The mission proposed within the project proposal aligns with the challenge defined in Call, adheres to the objective of the Call, and contributes to the results framework of the Call.  *Source of verification: Full application form.* |  |
| The consortium structure is in line with the Call requirements.  *Source of verification: Full application form, declarations by the Applicant and partners.* |  |
| The project will be implemented in the eligible location (Croatia) (regardless of foreign partners and travel abroad).  *Source of verification: Full application form.* |  |
| A project and research teams are planned in the project proposal.  *Source of verification: Full application form, CVs.* |  |
| The amount of requested grant is within the prescribed allowable amount of grant funds.  *Source of verification: Full application form.* |  |
| The applicant’s share of the total project eligible costs within the budget is between 50% and 75%.  *Source of verification: Full application form.* |  |
| The applicant and partners confirmed in their Declarations that:   * the project proposal had not commenced implementation before the submission of the project proposal in Stage 1: Concept note, except for the preparation of project-technical documentation, which may be incurred from December 1, 2023 onwards; * the project proposal is neither physically nor financially completed, nor will it be completed before the signing of the Grant Agreement; * the project proposal is ready for the start of the activities, with an anticipated duration of up to 36 months, ensuring that all activities and payments are completed by October 31, 2028; * the project proposal respects the principle of non-cumulativeness, i.e. it does not represent double financing.   *Source of verification: Full application form, declarations by the Applicant and partners, other available sources of information.* |  |
| The activities listed in the project proposal are eligible, as defined in the Call for proposals.  *Source of verification: Full application form and supporting documentation, as applicable.* |  |
| The project proposal is in accordance with Horizontal principles and Ethics as described in Annex I. Conditions for the preparation and implementation of projects within the DIGIT Project.  *Source of verification: Full application form, declarations by the Applicant and partners, and supporting documentation, as applicable.* |  |
| The project proposal complies with the environmental and social conditions outlined in Section 1.4 of Annex I. Conditions for the preparation and implementation of projects within the DIGIT Project.  Note: The final determination of compliance with environmental and social conditions will be made after the quality assessment stage.  *Source of verification: Full application form and supporting documentation, as applicable* |  |

The assessment will be conducted by the EC. If the assessment is “no” for any of the above criteria (if applicable, even after requesting clarification), **the application will automatically be rejected**.

**3. Quality assessment of the Full application**

A quality assessment of the Full application will be conducted for all projects that pass the administrative and eligibility checks.

The quality assessment of the Full application will continue to rely on the three main selection criteria, (i) Excellence, (ii) Potential, and (iii) Feasibility. However, at this stage, these criteria are expanded and require applicants to provide more detailed explanations. Shortlisted applicants and projects invited to Stage 2 of the application process will be evaluated according to the criteria and sub-criteria listed below. Each sub-criterion will be scored on a scale from 0 to 5. Fractional scores, such as 1.5 or 2.5, may also be awarded when deemed appropriate and justified. However, certain sub-criteria scores will be multiplied by a factor of 2, as indicated in Table 6. Please note that different scores may be provided by evaluators at each stage (Concept note and Full application) and scores will not be reviewed cumulatively across evaluation stages.

Table 6. Quality assessment criteria of the Full application stage

|  |  |  |
| --- | --- | --- |
| Excellence  Scoring weight (at the level of all criteria): 40% | | |
| Sub-criteria | **Description** | **Points (max 20)** |
| Mission clarity and challenge relevance | This sub-criterion assesses how clearly and coherently the project articulates its mission and objectives, including a contextualization of the challenge being addressed. It evaluates how well the project defines the problem it seeks to solve, supported by relevant data. The evaluation includes the justification for funding, assessing the transition from the current state to the desired outcome, and how the research objectives are specific, measurable, achievable, relevant, and time-bound. The sub-criterion also examines how the project’s solutions contribute to digitalization and/or the green transition, with aa emphasis on scientific breakthroughs and impactful contributions. Additionally, it evaluates the role of interdisciplinarity and intersectorality, exploring how research disciplines and industry-science collaboration enhance the project’s potential. Alignment with relevant national and EU strategies is also considered. | 5 x 2 = 10 |
| Proposed novelty and originality | This sub-criterion evaluates the degree of innovation and uniqueness by assessing how its approach, methodology, or solutions differ from existing solutions or advance beyond the current state-of-the-art. It examines the project's novelty, including new technologies, methods, or ideas and whether it incorporates cutting-edge knowledge. It also considers the project's contribution to scientific progress, providing evidence from scientific literature and case studies. The evaluation also considers the project’s uniqueness, including its market analysis, identification of existing gaps, and regulatory compliance. | 5 |
| Appropriateness and effectiveness of research methodology | This sub-criterion evaluates the effectiveness and appropriateness of the proposed research methodology. It examines how well the methodology addresses scientific and technological risks and its suitability for achieving the project’s objectives. It also considers the exploration of alternative approaches and the justification of the chosen methodology in achieving the desired breakthroughs. | 5 |

|  |  |  |
| --- | --- | --- |
| Potential  Scoring weight (at the level of all criteria): 30% | | |
| Sub-criteria | **Description** | **Points (max 20)** |
| Importance of the project outcome(s) with regards to their transformational impact on science, technology and/or society | This sub-criterion assesses the significance of the project's technological outcomes and their potential to transform existing technologies or practices. It evaluates how the project’s results could lead to societal benefits such as improved quality of life, economic growth, and environmental sustainability, with particular attention to quantitative measures of impact. The evaluation also considers the target audience, identifying primary and secondary stakeholders and explaining how the project will ensure that its outcomes are accessible and beneficial to these groups. The engagement strategies with stakeholders and the integration of feedback into the project are also evaluated. | 5 x 2 = 10 |
| Level of scalability and sustainability | This sub-criterion evaluates the potential for scaling the project’s outcomes beyond its initial scope. It considers the adaptability of the technology or solution to other contexts or regions and its potential for attracting further investment or partnerships. Additionally, the sub-criterion examines the long-term sustainability of the project, evaluating the plans for continued benefits after the initial funding period. The assessment includes any partnerships, business models, or funding strategies that ensure the ongoing success and maintenance of the project’s outcomes, as well as any environmental, social, or economic sustainability considerations. | 5 x 2 = 10 |

|  |  |  |
| --- | --- | --- |
| Feasibility  Scoring weight (at the level of all criteria): 30% | | |
| Sub-criteria | **Description** | **Points (max 20)** |
| Feasibility of implementation plan | This sub-criterion evaluates the clarity and reality of the project's timeline, milestones, and tasks. It assesses whether the implementation plan provides a clear structure for the project’s implementation, including key stages and responsibilities, ensuring efficient execution aligned with project objectives. This sub-criterion also considers the current stage of development of the proposed solution and whether the activities are appropriately sequenced to build upon any preparatory work already undertaken. | 5 |
| Project management | This sub-criterion evaluates the proposed organizational structure for project management and decision-making processes. It considers the efficiency of the management structure and how well it ensures effective execution of the project, including financial, procurement, staffing, and reporting processes. | 5 |
| Risk and mitigation | This sub-criterion evaluates the identification of potential risks in project implementation, including both internal and external risks (including environmental, and social, technology and none-technology ones). It assesses the adequacy of the proposed risk mitigation strategies and the thoroughness of the measures planned to address critical risks. | 5 |
| Resources and budget | This sub-criterion assesses the adequacy and alignment of resources and expertise for the project. It evaluates the competencies of the consortium, the infrastructure and equipment available, and the expertise of key personnel. It also examines the project’s budget allocation, ensuring the financial resources are realistic and support the achievement of project objectives. | 5 |

Each full application will be evaluated by three different evaluators. The evaluators will assess the Full application based on the published criteria. Based on their assessments, a consensus report will be prepared by a rapporteur, who is one of the three evaluators. The consensus report reflects the collective assessment of all evaluators. For certain sub-criteria, a weighting factor of 2 will be applied, as specified in the evaluation table. If a project proposal receives a score of 0 for any sub-criterion from all three evaluators, it will be excluded from further evaluation. The quality assessment will be coordinated by the members of the EC, who will ensure consistency and compliance with the quality assessment criteria.

Project proposals will be ranked according to their final weighted score, which is calculated by applying the assigned weights to the consensus scores for each criterion. In the event that two or more project proposals receive the same final score, the proposal with the higher score under the „Excellence“ criterion will be ranked higher. If the scores are still equal, the ranking will be determined based on the score under the „Potential“ criterion, followed by the „Feasibility“ criterion. If the proposals remain equally ranked, the proposal submitted earlier through the eDIGIT portal will be given priority.

Each applicant, regardless of the outcome, will receive a consensus evaluation report once the process is completed.

**4. Eligibility of costs and budget cleaning**

Cost eligibility verification involves reviewing the project budget and comparing proposed cost items against the eligibility criteria specified in the Call. The budget cleaning process includes excluding costs that are deemed ineligible, not aligned with the project’s objectives, or unrealistic in their amount. The process will be conducted by the EC.

Table 7. Eligibility of costs and budget cleaning

|  |  |
| --- | --- |
| Eligibility criteria for costs and budget cleaning | Assessment (yes/no) |
| The costs listed in the project proposal and budget are eligible, as defined in the Call for proposals. |  |
| The costs are determined in accordance with the purpose of the project, and their amounts are proportionate to the project's purpose and based on realistic prices. |  |
| Correct co-funding intensity has been applied to each cost category. |  |
| The calculation of salaries for project personnel is based on the prescribed methodology. |  |
| After the process of verifying the eligibility of costs, and if necessary, excluding ineligible costs, the purpose and goal of the project remain unquestionable (if applicable). |  |
| After the process of verifying the eligibility of costs, and if necessary, excluding ineligible costs, the applicant’s share of the total project eligible costs within the budget remains between ~~50%~~ 40% and 75%. No individual partner is allocated more than 40% of the total eligible project costs within the budget. |  |
| After the process of verifying the eligibility of costs, and if necessary, excluding ineligible costs, the project proposal still meets the eligibility criteria related to the amount of funds, the intensity of support as specified in the grant award documentation, and proof of own co-funding. |  |

**5. E&S screening and risk assessment**

Before adopting an Award decision on funding, applicants (upon the CSF’s request) must prepare and submit Environmental and social screening questionnaire (ESSQ) (Annex VII. of the Guidelines for Applicants). Only low and moderate risk activities can be eligible for financing/awarded. If the ESSQ results indicate the need for specific E&S instruments, the applicant will be responsible for preparing the required documentation (such as the ESMP, ESMP Checklist, ESCOP) before the Award decision on funding is made. Failure to submit any of the required documents will result in the application being automatically rejected, and an Award decision on funding will not be adopted.

## 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 A. 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 during project implementation, procurement, payments, and disbursements of project funds, information and visibility measures, and grant refunds.

## Monitoring during project implementation

After the Grant Agreement is signed, the CSF monitors whether the project is on track to achieve the established goals and results, whether its implementation aligns with 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 requests for advance payments (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 as elaborated in the ESMF, SEP and project-level ESCP;
* verification of compliance with rules on information and visibility (publicity); and
* on-site visits.

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

## Procurement

The beneficiary that is subject to the Croatian Law on Public Procurement (OG 120/16, 114/22) must comply with the law and all applicable regulations, as well as any amendments to the procurement procedures within the project. In case any of the grant beneficiaries are not subject to the Croatian Public Procurement Law, they must adhere to applicable procurement regulations outlined in the Rules on the Implementation of Procurement Procedures for Non-obligators of the Law on Public Procurement (Annex B. of this document).

During project implementation, the beneficiary must comply with the procurement procedures outlined in this document and ensure compliance with all established principles and rules.

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 comply 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 chosen firms are not and were not at the 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 involving 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 after the Grant Agreement signing is to prepare 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 outlined in the Grant Agreement. The procurement plan review process includes, among other things, verifying 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 are realistic and correspond with the project implementation period;
* there is sufficient justification for the chosen procurement procedure and that the appropriate procurement procedure has been correctly selected.

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 interim payment is part of the semi-annual (progress) report, while the request for final payment is part of the final report. Request for 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 requests for 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. The reports should also include information on stakeholder engagement and information disclosure.

**Request for advance payment**

The beneficiary has the right to claim an advance payment as specified by the Grant Agreement. Upon receipt of the request for advance payment from the beneficiary, the CSF assesses the request and informs the beneficiary of the outcome. If the request is accepted, an 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 is responsible for reviewing the reports.

All the costs must comply with the rules on eligibility and must adhere to national legislation and audit requirements. All the supporting documents that justify the incurred costs, for example, procurement contracts (adaptation works, goods and services) (and amendments, if any) with invoices from contractors and suppliers, service providers, acceptance certificates, lists and other documents proving the acceptability of costs (proof of publicity activities such as articles, photos, etc.), list of participants, studies, certificates, etc.), must be provided for verification within reports.

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

**On-site visits**

On-site visits include verification of project activities and costs for which, in addition to administrative verification, it is also possible to verify the progress of physical indicators. The need for on-site visits 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 to verify the actual implementation 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.

Midway through the project and following the submission of the final report, an on-site visit will be organized by a technology expert appointed by MSEY/CSF to assess the project's progress and implementation with regard to its technological aspects.

**Record keeping**

For the purpose of project audit and controls after project completion, beneficiaries/partners are obliged to keep original documents related to project expenses and implementation of activities for at least five years after the final payment, unless a longer retention period is required by 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.

**Advance payment**

After the Grant Agreement is signed, the beneficiary may request an advance payment of up to 30% of the total grant amount. The advance payment will be made following approval of the request for 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. The advance payment must be justified by the final payment.

**Interim payments**

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.

All payments must align with the budget plan and be approved by the CSF. The beneficiary can choose whether to claim costs by reimbursement method, payment method, or a combination of both.

Payment method: Payments can be made to the beneficiary’s account based on the submitted request for payment after the costs are approved by the CSF. All requested payments must align with the accepted budget plan and be supported with relevant financial documentation. The beneficiary is obligated to provide proof of payment for the listed costs within 10 days after receiving the grant.

Reimbursement method: Reimbursements for incurred expenses can be made after the beneficiary submits request for payment with the proof that all listed payments have been conducted. All payment requests should be submitted with supporting documentation.

**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. Final payment can only be made using the reimbursement method. Its amount of will depend on the remaining financing balance based on the eligible costs incurred, as documented 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).

Unaddressed and/or repeated non-compliance with ESF, ESMF and/or E&S instrument requirements and measures may trigger payment suspension, and in the worst case, cancellation.

**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 partner(s).

The beneficiary is obliged to ensure that the requests for advance, interim and final payment and other financial data related to the project can be easily and accurately reconciled with his and the partner's 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 costs must be able to be identifiable, verifiable and recorded in the beneficiary’s accounting records, following applicable accounting standards and the usual accounting practice. This requirement also applies to the beneficiary's partner(s).

The beneficiary is obliged to ensure that the requests for advance, interim and final payment, as well as other financial data related to the project can be easily and accurately reconciled with their own and the partner's accounting records.

## 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 their project is financed through the Loan Agreement (Loan No. 9558-HR) for the Digital, Innovation, and Green Technology Project (DIGIT Project).

The beneficiary/partner(s) must enable MSEY/PIU, CSF and other authorized auditors/external persons to conduct necessary controls, including reviewing documents, making of relevant records, on-site visits, project monitoring, and a full audit procedure if required. This includes providing documents for invoices, accounting documentation and any other documents relevant to project financing.

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.

## Grants 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 UNDER THE CHALLENGE PROGRAM**

**Reference of the Call: DIGIT.2.1.02**

**Name of the Program**: **Challenge program**

**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 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: https://mzom.gov.hr, 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 and 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 MSEY and CSF.
4. The Beneficiary undertakes to:
   * 1. carry out the Project in accordance with the Call for proposals under the Challenge program – DIGIT.2.1.02, 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 (ESMF), Stakeholder Engagement Plan (SEP), and Environmental and Social Commitment Plan (ESCP) 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 MSEY and CSF regular (progress reports and final report) and, upon a request by MSEY and 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, works 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 Challenge program – DIGIT.2.1.02;
     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 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 or the MSEY and 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 and 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 funds, that is, the MSEY and 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 MSEY and CSF as part of the Call for proposals under the Challenge program - DIGIT.2.1.02.
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 an advance payment. The total amount of the advance cannot be higher than 30% of the approved grant.
8. 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. The Beneficiary can choose whether to claim expenses by reimbursement method, payment method or by a combination of the mentioned methods, excluding the final report (only reimbursement method).
11. 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.

**Partners**

**Article 5.**

1. The Project will be implemented by the Beneficiary and the following partner(s) in the partnership/consortium:

<Full official name, OIB and address of the partner(s)>

<The partnership/consortium agreement is an attachment to this Agreement, which the Beneficiary is obliged to submit in accordance with the Guidelines for Applicants>

**Ineligible costs**

**Article 6.**

1. Ineligible costs are all expenses listed as ineligible in the evaluation of the acceptability of expenditures within Call for proposals under the Challenge program – DIGIT.2.1.02, including all expenses that are not consistent with the terms and conditions of this Agreement.

**Project assets management and contract transfer**

**Article 7.**

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 8.**

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 indicators 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 and/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, 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. Further payments shall depend on the severity of the problem, and it will be suspended until the deficiencies are corrected. 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 9.**

1. The Beneficiary and the MSEY and 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 10.**

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 and Partner(s)
4. Annex III. Partnership Agreement
5. Annex IV. Conditions for the preparation and implementation of projects within the DIGIT Project.
6. <Annex V.>

**Final provisions**

**Article 11.**

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](mailto:grmdigit@mzom.hr) or the Croatian Science Foundation at the e-mail address [grmdigit@hrzz.hr](mailto: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



## Annex E. Guidelines related to the application of state aid rules

The purpose of this Annex is to inform potential applicants and partners about the state aid rules applicable to the area of research, development, and innovation. Applicants and partners are encouraged to study these Guidelines in order to understand the concept of state aid, and which rules must be followed by state aid beneficiaries – entrepreneurs, and which rules apply to research organizations, so that the funds allocated under this Call do not constitute state aid.

The Guidelines are based on the provisions of the - Communication from the Commission - Framework for State Aid for Research and Development and Innovation[[11]](#footnote-12) (2022/C 414/01) (hereinafter: Framework) which sets out detailed rules regarding the existence of state aid in research and development projects, and the Commission Regulation (EU) No. 651/2014 of 17 June 2014 on the assessment of certain categories of aid compatible with the internal market in application of Articles 107 and 108[[12]](#footnote-13), Commission Regulation (EU) No. 2017/1084 of 14 June 2017 amending Regulation (EU) No. 651/2014 in relation to aid for port and airport infrastructure, thresholds for aid applications for culture and heritage conservation, and for aid for sports and multi-purpose recreational infrastructure, and regional operational aid programs for the outermost regions, and amending Regulation (EU) No. 702/2014 concerning the calculation of eligible costs[[13]](#footnote-14), Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No. 1407/2013 regarding its extension and amending Regulation (EU) No. 651/2014 concerning its extension and related adjustments[[14]](#footnote-15), Commission Regulation (EU) 2021/1237 of 23 July 2021 amending Regulation (EU) No. 651/2014 on the assessment of certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty[[15]](#footnote-16), and Commission Regulation (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No. 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty[[16]](#footnote-17).

The concept of state aid requires that the following four criteria be cumulatively met[[17]](#footnote-18):

1. The funds are granted by the State or from state resources in any form;
2. The aid provides a selective economic advantage by placing certain entrepreneurs or the production of certain goods in a more favorable position;
3. The aid distorts or threatens to distort market competition;
4. It affects trade between member states.

**Conditions for research organizations**

Research organizations in the role of applicants or partners under this Call do not receive state aid and are categorized as "Research Organizations" according to the definition below:

“Research and knowledge-dissemination organization” or “research organization” means an entity (in case of this Call, higher education institutions, research institutes or other research institutions), irrespective of its legal status (organized under public or private law) or way of financing, whose primary goal is to independently conduct fundamental research, industrial research or experimental development or to widely disseminate the results of such activities by way of teaching, publication or knowledge transfer. Where such entity also pursues economic activities the financing, the costs and the revenues of those economic activities must be accounted for separately. Undertakings that can exert a decisive influence upon such an entity, in the quality of, for example, shareholders or members, may not enjoy preferential access to the results generated by it.

Funds allocated for activities of a non-economic nature are not considered state aid.

Funds allocated under this Call for research organizations in the role of applicant or partner must not be used for economic activities, and this must be stated in the Declaration by the Applicant on participation in the Full Application stage or the Declaration by the Partner on participation in the Full Application stage. Consequently, this means that such funds do not represent state aid.

According to the Community Framework, the Commission considers the following activities of research organizations to be generally non-economic:

|  |
| --- |
| **a)** **Primary activities of research organizations:**   * Education aimed at increasing the number of qualified human resources. Public education organized within the national education system, which is mainly or fully financed by the state and is under state supervision, is considered a non-economic activity[[18]](#footnote-19); * Independent research and development for more knowledge and better understanding, including collaborative R&D where research organizations effectively collaborate; * Non-exclusive and non-discriminatory dissemination of research results, for example through teaching, open access databases, open publications, or open-source software programs.   **b)** **Knowledge transfer activities**[[19]](#footnote-20), if carried out by a research organization (including its departments or branches) or in collaboration with such bodies or on behalf of other such entities, where all income from such activities is reinvested into the primary activities of the research organization. |

The following is considered an exception:

|  |
| --- |
| If a specific scientific organization carries out almost exclusively non-economic activities, its financing can be fully excluded from the scope of state aid rules, provided that:   1. The economic activity is exclusively auxiliary, meaning it is:  * Directly related to the work of the research/scientific organization and essential for that work, or * Inseparably linked to their main non-economic use, and   b) Its scope is limited.  This is the case if the economic activities consume exactly the same inputs (e.g., materials, equipment, labor, and fixed capital) as the non-economic activities, and the capacities allocated to these economic activities each year do not exceed 20% of the total annual capacities of the subject entity[[20]](#footnote-21). |

The term “subject entity” refers, for example, to a laboratory, center, institute, or organizational unit within which equipment is purchased. If the equipment being purchased can be separately understood as the subject entity, i.e., if its purpose does not depend on other equipment and is not part of a larger whole, then the equipment can be considered the subject entity for calculating the capacity. Otherwise, if the equipment acquired under the project is part of a whole (i.e., depends on the operation of other equipment or will be used as part of a whole for research purposes), then the smallest functional unit is considered the subject entity.

If the same entity engages in both economic and non-economic activities, public financing of non-economic activities will not be covered by Article 107(1) of the Treaty if the two types of activities, their costs, financing, and revenues can be clearly separated to effectively avoid cross-subsidization of the economic activity. In this case, it is necessary to introduce the separation of economic and non-economic activities (allocation of costs, sources of financial resources, and revenues), which must be clearly visible in the gross balance sheet and the annual financial statements of the relevant entity.

**Controls and refunds**

The conditions for financing non-economic activities of research organizations are subject to control. The control includes reviewing the Capacity use report for the period after the completion of the project until the depreciation period of the acquired equipment expires, as well as financial reports showing that the financing, costs, and revenues of economic and non-economic activities are separated (if applicable).

Capacity use reports

The beneficiary (including partner(s)) (research organization) must indicate in the annual report how many working hours of the subject entity equipped under the project (e.g., laboratory, center, organizational unit) were used for non-economic and auxiliary economic activities, based on the use of scientific-research equipment. Along with the report, the beneficiary must provide an internal log of the capacity use of the subject entity. The reporting period begins when the project implementation ends and lasts until the depreciation period of the newly acquired equipment expires. The depreciation period lasts until the last piece of newly acquired equipment is fully written off. Reports are submitted annually, upon request by the MSEY/CSF.

If the beneficiary uses more than 20% of the capacity of the subject entity for economic activities annually, a refund of part of the funds is required, corresponding to the ratio of these economic activities.

If the research organization has equipped the same subject entity through multiple contracts under this Call (Section 7. of Guidelines for Applicants), it is important to note that the total capacity of the entity will be considered, and it must not exceed 20% of the capacity for economic activities in order to avoid a refund of funds.

Example of refund calculation:

*If the beneficiary acquired equipment worth €32,000, and the depreciation period of the equipment lasts 8 years (e.g., using the linear depreciation method), the annual depreciation amount is €4,000. If, in one of the 8 years, the subject entity has 25% economic activities, the beneficiary must refund 25% of €4,000, as the entire 25% is considered an economic activity that is not allowed, regardless of the 20% provision for auxiliary economic activities.*

Financial reports

If applicable, that is, if the beneficiary engages in both non-economic and economic activities, the research organization must submit financial reports showing the distribution of economic and non-economic activities (allocation of costs, sources of financial resources, and revenues). Financial reports must be submitted along with the Capacity use reports and within the same deadline.

In formal terms, applicants must:

* In the Declaration by the Applicant on participation in the Full Application stage or the Declaration by the Partner on participation in the Full Application stage, state that the funds allocated under this Call will not be used for economic activities,
* In the Declaration by the Applicant on participation in the Full Application stage or the Declaration by the Partner on participation in the Full Application stage, state that they will separate economic and non-economic activities, if applicable,
* In the Declaration by the Applicant on participation in the Full Application stage or the Declaration by the Partner on participation in the Full Application stage, state that the economic activities consisting of offering products or services on a specific market do not exceed 20% of the total annual capacity of the research organization,
* After the project implementation and until the depreciation period expires, submit financial reports showing the separate financing, costs, and revenues of economic and non-economic activities, if applicable,
* After the project implementation and until the depreciation period expires, submit capacity use reports.

These provisions apply to research organizations in the role of applicants, as well as in the role of partners.

**Conditions for enterprises**

Under this Call, micro, small, and medium-sized enterprises (or "SMEs") that meet the requirements set out in Annex I. of Regulation 651/2014 and Regulation 1084/2017, as well as large enterprises that do not meet the definition in Annex I of Regulation 651/2014, are eligible as partners.

Compliance with the conditions outlined in Annex I. of Regulation 651/2014 is demonstrated by enterprises through the Group Statement (Annex IX. of Guidelines for Applicants).

Grant funds allocated to enterprises under this Call represent state aid and are granted:

* As aid research and development and innovation based on Article 25 of Regulation 651/2014.

The percentage (intensity) of funding from grants to which an enterprise is eligible to receive as per the Call depends on the type of aid and the size of the enterprise, as shown in the table below:

|  |  |
| --- | --- |
| Enterprises | Aid for research and development (industrial research and experimental development) |
| Croatian micro and small enterprises | up to 60% |
| Croatian medium-sized enterprises | up to 50% |
| Croatian large enterprises | up to 40% |

The Call intensities are in line with Article 25 of Regulation 651/2014. ~~According to the Regulation,~~ However, the base aid intensity for each partner shall not exceed:

* ~~50% of the eligible costs for industrial research;~~
* 25% of the eligible costs for industrial research and experimental development.

The aid intensities in the table above have been defined in accordance with Commission Regulation (EU) No. 651/2014, which allows for increasing the aid intensities for industrial research and experimental development, under the following conditions:

1. by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises;
2. by 15 percentage points if the project involves **effective collaboration**: between an undertaking and one or more research organizations, where the latter bear at least 10% of the eligible costs and have the right to publish their own research results.

According to the Call rules, baseline intensities defined in the Regulation have been increased up to **the maximum intensities defined in the table above.**

**All partners are required to comply with the listed conditions, in order to be eligible to receive funding through the Call, as listed in the Guidelines for Applicants, and the table above.**

Eligible costs are defined in Guidelines for Applicants (Section 10.3. Eligible and ineligible costs).

**Incentive effect**

State aid for research, development, and innovation can only be granted if it has an incentive effect, meaning it must not be granted for activities that the enterprise would carry out without the aid.

In accordance with Article 10 of the State Aid Program for projects under the Challenge program within DIGIT Project, the enterprise must submit a written request for aid before starting work on the project. The request is part of the mandatory project proposal documentation and is completed in Annex X. State aid request.

**Controls**

In accordance with the provisions of the State Aid Act (OG 47/2014, 69/17), state aid providers, in this case, the MSEY, analyze the effectiveness of the allocated state aid and inform the Ministry of Finance.

To analyze the effectiveness of state aid, beneficiaries must, upon the request of the PIU/MSEY and/or CSF, provide the following data:

* The positive consequences that have arisen for the beneficiary of the state aid as a result of receiving the aid,
* The achieved values of the following indicators, noting that applicants, when submitting the project proposal, have the option to choose from some indicators, and the achievement of indicator values will be tracked based on the chosen indicators:
  + Number of supported infrastructure adaptation activities,
  + Value of acquired research equipment,
  + Number of supported collaborative research projects (between research organizations and enterprises),
  + Number of beneficiaries (digital, green),
  + Value of private investment matching public support,
  + Number of advanced solutions developed (digital, green),
  + Number of technology transfer activities supported,
  + Number of documents prepared for the purpose of innovation commercialization,
  + Number of capacity building and networking activities organized,
  + Number of persons trained.
  + Number of product innovations introduced (digital, green),
  + Number of process innovations introduced (digital, green),
  + Number of technology transfers realized,
  + Number of intellectual property applications filed,
  + Other information related to the impact of state aid.

In formal terms, enterprises must:

* Submit a written request for aid before starting work on the project, by completing Annex X. State aid request,
* The Partnership Agreement must reflect the requirements aimed at preventing the allocation of indirect aid to enterprise partners, as outlined in this Annex VIII.
* Provide data on the effectiveness of state aid upon the MSEY’s request.

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| **Failure to comply with state aid rules during and after the project implementation will result in material and criminal liability for the beneficiary and partners, and will be grounds for action by the relevant authorities.** |

1. Code of Ethics, [link](https://digit.mzom.hr/en/about-digit-project/documents-and-acts/) [↑](#footnote-ref-2)
2. Applicants must ensure that all the documents are uploaded as defined in Call (correct format, language, signed, and stamped, where applicable) and that the form is correctly completed. [↑](#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)
11. <http://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:52014XC0627(01)&from=HR> [↑](#footnote-ref-12)
12. <http://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:32014R0651&from=HR> [↑](#footnote-ref-13)
13. <https://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:32017R1084&from=HR> [↑](#footnote-ref-14)
14. <https://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:32020R0972&from=HR> [↑](#footnote-ref-15)
15. <https://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:32021R1237> [↑](#footnote-ref-16)
16. <https://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:32023R1315> [↑](#footnote-ref-17)
17. The first paragraph of Article 107 of the Treaty on the Functioning of the European Union defines the elements of state aid, stating that "any aid granted by a Member State or through state resources in any form which distorts or threatens to distort competition by favoring certain undertakings or the production of certain goods, is incompatible with the internal market in so far as it affects trade between Member States," Treaty on the Functioning of the European Union (TFEU, consolidated version, OJ C 115/47, 9.5.2008). [↑](#footnote-ref-18)
18. It should be noted that this does not include workforce training, which, as defined in the state aid rules for training, does not constitute a non-economic primary activity of research organizations. See Article 31 of Regulation 651/2014 and Regulation 1084/2017, which lists certain categories of aid that are compatible with the internal market under the application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1). [↑](#footnote-ref-19)
19. According to the Community Framework, knowledge transfer means any process aimed at acquiring, gathering, and sharing explicit and tacit knowledge, including skills and capabilities in both economic and non-economic activities such as research collaboration, consulting, licensing, setting up new businesses, publishing, and researcher mobility, as well as other staff involved in these activities. In addition to scientific and technological knowledge, knowledge transfer also includes other forms of knowledge, such as knowledge about the use of standards and regulations that contain them, as well as knowledge about conditions in real working environments and methods for business innovation and managing knowledge related to identifying, acquiring, protecting, defending, and exploiting intangible assets. [↑](#footnote-ref-20)
20. If the same subject entity within a research organization is equipped through multiple Grant Agreements, the provision on auxiliary economic activity (up to 20% of total annual capacity) will be monitored at the level of the subject entity's capacity, regardless of the number of contracts contributing to its equipment. This does not change the obligation of each individual beneficiary of the contract to submit annual reports. [↑](#footnote-ref-21)