ЕВРОПЕЙСКИ СЪЮЗ
ЕВРОПЕЙСКИ СТРУКТУРНИ И ИНВЕСТИЦИОННИ ФОНДОВЕ

ОПЕРАТИВНА ПРОГРАМА
НАУКА И ОБРАЗОВАНИЕ ЗА ИНТЕЛИГЕНТЕН РАСТЕЖ

Operational Programme

"SCIENCE AND EDUCATION FOR SMART GROWTH" 2014-2020

GUIDELINES FOR APPLICANTS

under the project proposals selection procedure

BG05M2OP001-.....

CREATION AND DEVELOPMENT OF CENTRES OF EXCELLENCE

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IMPORTANT!!!

IN CASES OF DIFERENCES OR INCOMPIANCE BETWEEN TEXTS IN THE GUIDELINES IN BULGARIAN AND IN ENGLISH, THE LEADING VERSION WILL BE THE ONE IN BULGARIAN.

1. Title of the programme:

Operational Programme "Science and Education for Smart Growth" 2014-2020 (OP SESG)

2. Title of the priority axis: Priority Axis 1. Research and technological development

Investment priority: Investment Priority 1a. Enhancing research and innovation infrastructure and capacities to develop research and innovation excellence, and promoting centres of competence, in particular those of European interest

Specific objective: Specific Objective 1. Enhancing excellent and market-oriented research

3. Title of the procedure:

CREATION AND DEVELOPMENT OF CENTRES OF EXCELLENCE

4. Dimension codes:

Code for the intervention field dimension: 058

Code for the form of finance dimension: 01

Code for the territorial dimension: 07

Code for the territorial delivery mechanisms dimension: 07

5. Territorial scope:

The activities must be implemented within the territory of the Republic of Bulgaria (within the programme area). Some activities may be implemented outside the territory of the Republic of Bulgaria but within the EU, provided that they are for the benefit of the programme area. The Managing Authority will verify compliance with the provisions of Article 70 (2) (b) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council by ensuring that the total amount allocated under the procedure to activities located outside the programme area does not exceed 15% of the support from the ERDF at

the level of Priority Axis 1. In view of the above, when preparing the budget, applicants are requested to group the amounts allocated to activities located outside the territory of the Republic of Bulgaria in a separate sub-section.

Only expenditure incurred within the EU will be considered eligible under the procedure.

6. Purpose of the grant funding to be awarded under the procedure and expected results:

The purpose of the procedure is to support the enhancement of the level and the market orientation of the research activities of leading research organisations in Bulgaria and to improve the capacity for generation of research excellence. The latter will be achieved through support provision for creation, development and/or modernisation of centres of excellence, which will help to overcome the shortage of competitive and internationally recognised research complexes meeting advanced infrastructure and top level research standards in areas of interest to the Bulgarian economy, namely the priority areas of the Innovation Strategy for Smart Specialisation (ISSS).

The centres will set up the best possible conditions for attracting highly qualified researchers for conduction of top level research at European standard in ISSS priority areas and will significantly enhance the potential for applied research, experimental development and innovation.

The purpose is based on the following identified needs:

- Increase the investment in R&D and innovation and enhance research excellence

The persistently low rate of R&D funding in the country has led to a number of negative trends: obsolete research infrastructure, low wages and lack of sufficiently favourable conditions for researchers, emigration of talented and highly qualified young researchers (the brain-drain process), greatly reduced interest in research careers among young people, and a constantly declining interest in pursuing studies in engineering and natural sciences. Coupled with the inefficient and fragmented allocation of public funding, the above factors impede the development of a stable and sustainable research and innovation capacity in Bulgaria.

To overcome these negative trends, R&D funding needs to be significantly increased, including through mobilisation of private investment with a special focus on research excellence.

- Market-oriented research for increased innovation capacity

One of the reasons behind Bulgaria's modest innovation performance is the poor interaction between science, research and business. There is a need to strengthen the cooperation between research organisations, universities and the private sector, which is a two-way process: on the one hand, it involves development of the knowledge supply through academic mobility, scientific publications,

conferences, industry-commissioned and intellectual-property-based research, technology transfer and creation of spin-offs; and on the other, it involves development of the knowledge demand by enterprises through contracting collaborative research and research services.

This will be achieved through support provision for market-oriented R&D activities in ISSS thematic areas.

- Investment in advanced research infrastructures and equipment

The following negative trends have been identified in terms of the state of play of research infrastructure in Bulgaria:

- ✓ Obsolete facilities and inefficient use of the existing facilities;
- ✓ Gaps in the administrative and financial management of the existing infrastructure;
- ✓ Lack of professionally trained and qualified staff to operate the facilities and serve their users;
- ✓ Lack of coordination and complementarity of the existing advanced facilities within the same or between different organisations;
- ✓ Lack of concentration of equipment and, in some cases, a highly individualistic approach and duplication of equipment.

The support for advanced research infrastructure and equipment will be beneficial in several ways leading to: improved opportunities for collaboration between leading research organisations and businesses; much higher quality of staff training in advanced technologies; improved opportunities for participation of Bulgarian research teams in European networks for development of new technologies; and increased interest in pursuing a career in sciences, all of which are key to the development of new advanced technologies.

The expected results of the funding to be awarded under the procedure are:

- Increased public and private expenditure on research as % of GDP;
- Bridging the gap between Bulgarian and leading European and global research centres;

In view of the access provision to resources for quality research, the purchase of top-level research equipment and the attraction of leading local and international scientists, the quality of research, measured in terms of the percentage of the publications in leading journals ranking in the top 10% in the corresponding scientific area (based on Journal Citation Reports, Web of Science) and the number of ordered and registered international patents, the number and value of research contracts with enterprises and, in the long term, the number of start-ups expanding on the basis of the research results of the completed projects, is expected to grow.

- Strengthened interaction between science and business and directing research to areas of business and economic interest to the country;
- Integration of Bulgarian research organisations in the European Research Area and building partner relations with leading European universities and institutes.

7. Indicators[1]:

7.1. Output indicators:

The output indicators to be achieved by this procedure are as follows:

a. 70 new researchers in supported entities (CoE);

b. 100 researchers working in improved research infrastructure facilities;

c. 4 newly built infrastructure complexes in CoEs;

d. 40 joint research projects developed between CoEs and businesses s.

The indicator referred to in item (a) is to be calculated as: the gross new working positions (that did not exist before) to directly perform R&D activities, in full time equivalents. The post must be a consequence of project implementation or completion, be filled (vacant posts are not counted) and increase the total number of research jobs in the organisation. Support staff for R&D (i.e. jobs not directly involved in R&D activities) is not counted. The indicator focuses on employed personnel; the supported entity may be new or already existing.

The emergence of the employer will not be reported separately as long as it directly contributes to the increase of the total number of jobs for researchers in the organisation.

Full-time equivalent (FTE) means: Jobs can be full time, part time or seasonal. Seasonal and part time jobs are to be converted to FTE using International Labour Organisation/statistical/other standards. In the field of RTD the duration of jobs tends to be shorter ("project support"). The jobs created for different projects (including outside the current procedure) should be added up, which fact will not be considered a duplication in the reporting. The new researchers indicator will not impose a requirement for creation of new permanent posts as it will be possible to transform a permanent support staff post into a permanent research staff post (doctor, associate professor, professor, doctoral student), which can then be reported when measuring the performance under the indicator.

The indicator referred to in item (b) is to be calculated as: existing working positions in research infrastructure facilities that (1) directly perform R&D activities and (2) are directly affected by the

[1] Indicate specific requirements for the indicators for the procedure, including, where applicable, indicators that must be included in project proposals.

project. The posts must be filled (vacant posts are not counted). Support staff for R&D (i.e. jobs not directly involved in R&D activities) is not counted. If more researchers will be employed in the facilities as a consequence of the project, thus the numbers of research jobs increases, the new posts are included (including the posts under item (a) which in accordance with their job description or contracts signed are working in the improved research infrastructure facilities). The facilities may be private or public (the indicator is irrespective of the form of ownership).

The project must improve the facilities or quality of equipment, i.e. maintenance or replacement without quality increase is excluded.

For the meaning of *full-time equivalent*, applicants must refer to the information provided in the explanatory notes for the indicator under item (a).

NB:

1) *The Managing Authority will apply a financial correction (a recovery or, alternatively, a reduction) between 6 and 15% of the actually paid amount of the grant in accordance with the terms and conditions of the grant contract where, by 31 December 2018 at the latest, a beneficiary has failed to achieve minimum 85% of the below specified values of the indicators referred to in items (a) and (b), as follows:*

A. *At least 2 new researchers in supported entities (CoE);*

B. *At least 7 researchers working in improved research infrastructure facilities..*

2) *The Managing Authority will apply a financial correction (a recovery or, alternatively, a reduction) between 6 and 15% of the actually paid amount of the grant in accordance with the terms and conditions of the grant contract where, by 31 December 2023 at the latest, a beneficiary has failed to achieve minimum 85% of the below specified values of the indicators referred to in items (a) and (b), as follows:*

A. *At least 23 new researchers in supported entities (CoE);*

B. *At least 33 researchers working in improved research infrastructure facilities..*

7.2. Result indicators:

This procedure will contribute to the achievement of the following result indicators with target value for 2023:

a) Share of scientific publications in the top 10% most cited in ISSS priority areas – 4%;

b) Public expenditure on R&D (GOVERD plus HERD) financed by enterprises accounting for 0.03% of GDP.

NB (regarding the indicator under (a) above): In view of the fact that scientific databases are structured by research area, and not by the ISSS thematic area, the indicator should be interpreted as "the top 10% scientific publications in journals in a research area (based on Journal Citation Report,

Web of Science) corresponding to the priority areas of the ISSS". The achievement of the above indicators will be monitored ex-officio by the Managing Authority.

Information on the achievement of the indicator under item (b) will be provided officially by the National Statistical Institute (NSI).

The National Statistical Institute (NSI) has prepared a uniform metadata document in line with the Euro SDMX Metadata Structure (ESMS). The metadata file for the result indicator "Public expenditure on R&D (GOVERD plus HERD) financed by enterprises as % of GDP" is attached to these Guidelines for Applicants.

7.3. Additional indicators:

In order to qualify for evaluation under the criterion "Evaluation of research and development programmes in the relevant thematic area of ISSS", sub-criterion "Evaluation of the sustainability of the proposed system for monitoring of key performance indicators", applicants are requested to include a full set of output indicators in the Project Justification, which are compliant with and/or complimentary to the indicators referred to in items 7.1. and 7.2. and will contribute to the achievement of Specific Objective 1. Enhancing excellent and market-oriented research of Priority Axis 1, including the mandatory indicators with quantitative and realistic milestones and targets by 31 December 2018 and 31 December 2023. Some examples of additional indicators proposed for inclusion in the Project Justification are:

- Number of young researchers aged up to 34 years involved in R&D activities in the centre;
- Number of leading national and international researchers;
- Number of doctoral students, post-doctoral students and specialising post-graduate students in ISSS thematic areas;
- Number of attracted researchers from other countries and/or Bulgarian researchers having worked in foreign research organisations;
- Number of researchers trained through cross-border mobility and international cooperation;
- Developed and acquired intellectual property rights.

Each applicant must include in the project proposal the main output indicators described in item 7.1 and each indicator must be quantified. In order to qualify for evaluation under the criterion "Evaluation of research and development programmes in the relevant thematic area of ISSS", sub-criterion "Evaluation of the sustainability of the proposed system for monitoring of key performance indicators", applicants are requested to include additional indicators in the Project Justification under item 7.3.

Data reporting must be prepared in accordance with the Statistical Indicator Reporting Data Sheet (Annex IX to the Guidelines for applicants). This form will be used to report on the indicators "Number of new

researchers in supported entities" and "Number of researchers working in enhanced research infrastructures", and on the target-group-based indicators under item 7.3.

The applicant and partners must attach to the documents to be submitted at the application stage **a declaration of consent by the applicant/partner regarding the use and dissemination of aggregate project data by the Managing Authority (MA) and by the NSI**, which is a mandatory NSI requirement arising from Regulation 223/2009, **concerning the transmission of statistical data** in the course of the application procedure and during the entire programme implementation period.

8. Total amount of the grant funding under the procedure:

The total budget of the grant awards available under the procedure is presented below.

Total grant amount	Resources contributed from the European Regional Development Fund	National co-financing
BGN 200,000,000 €102,258,376.24	BGN 170,000,000 €86,919,619.8	BGN 30,000,000 €15,338,756.44

The indicated amounts will be allocated to four components in accordance with the corresponding thematic area of the ISSS as follows:

Component 1. Mechatronics and clean technologies	BGN 70,000,000 €35,790,431.68
Component 2. Informatics and information and communication technologies	BGN 30,000,000 €15,338,756.44
Component 3. Industry for healthy living and biotechnology	BGN 70,000,000 €35,790,431.68
Component 4. New technologies in creative and recreational industries	BGN, 30,000,000 €15,338,756.44

The Managing Authority reserves the right to not allocate the above amounts in the event of insufficient number of satisfactory proposals compliant with the pre-defined criteria.

9. Minimum[2] and maximum amount of the project grant:

Each applicant may submit an application for grant funding (GF) whose project is compliant with the following minimum and maximum values:

[2] Where applicable.

	Minimum amount[3]	Maximum amount
Component 1. Mechatronics and clean technologies	BGN 20,000,000	BGN 70,000,000
Component 2. Informatics and information and communication technologies	BGN 20,000,000	BGN 30,000,000
Component 3. Industry for healthy living and biotechnology	BGN 20,000,000	BGN 70,000,000
Component 4. New technologies in creative and recreational industries	BGN 20,000,000	BGN 30,000,000

Grant awards may amount to less than the specified minimum values only where the evaluation committee has resorted to ex officio reduction of the project budget.

Where, in the course of the implementation and/or after the completion of the project, net revenue has been generated within the meaning of Article 61 (1) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council, the eligible expenditure of the project to be financed under the procedure will be reduced in advance taking into account the potential of the project to generate net revenue over a specific reference period that covers both the implementation of the project and the period after its completion, which for the Research and Innovation sector has been set at 15-25 years.

In accordance with Article 61 of Regulation (EU) No 1303/2013, "net revenue" means cash in-flows directly paid by users for goods or services provided by the operation, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services less any operating costs and replacement costs of short-life equipment incurred during the corresponding period. Operating cost-savings generated by the operation will be treated as net revenue unless they are offset by an equal reduction in operating subsidies.

The potential net revenue will be determined in advance by calculation of the discounted net revenue of the project, taking into account the reference period appropriate to the sector[4] or subsector applicable to the operation, the profitability normally expected of the category of investment concerned, the application of the polluter-pays principle and, if appropriate, considerations of equity linked to the relative prosperity of the Member State or region concerned.

[3] Applicants are reminded that the eligible expenditure on infrastructure/equipment may not amount to less than the BGN 20 million of the specified minimum values.

[4] In accordance with Annex 1 to Commission Delegated Regulation (EU) No 480/2014, the reference period for sector Research and Innovation is 15-25 years. Applicants are reminded that the reference period chosen will affect the result of the calculations in accordance with the method described in Commission Delegated Regulation (EU) No 480/2014 and in item 2.7. of the Guide to Cost-Benefit Analysis of Investment Projects of the European Commission.

The discounted net revenue of a project will be calculated in accordance with the method set out in Articles 15–19 of Commission Delegated Regulation (EU) No 480/2014.

In order to establish the amount of the eligible expenditure in accordance with the above requirements, a financial analysis must be submitted with each project proposal.

For projects generating net income, the maximum amount of the grant will be equal to the amount of the eligible expenditure as per the submitted financial analysis, but may not exceed the maximum project value for the corresponding component.

The financial analysis must be prepared in accordance with Annex III of Commission Implementing Regulation (EU) 2015/207[5] (section "Financial analysis") and the Guide to Cost-Benefit Analysis of investment projects of the European Commission (section "Financial analysis" and section "Research, development and innovation"), available from the following website: http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/cba_guide.pdf, where the eligible expenditure may not exceed the current value of the investment cost less the current value of the net revenue of the investment in the reference period of the project.

The submitted financial analysis must be in Open Formula format (Excel) to allow for examination and evaluation, including for verification of the financial results obtained.

Where, after the completion of a project, revenue has been generated which it was not objectively possible to determine based on the method set out above, the net revenue generated within 3 years of the completion of the project, or by the deadline for submission of documents relating to the closure of OP SESG, whichever is the earlier, will be deducted from the project expenditure declared to the Commission and will be recovered by the beneficiary.

10. Co-financing rate[6]:

The procedure does not require co-financing of beneficiaries. Grants will amount to 100% of the total eligible expenditure. For revenue-generating projects, the amount of the grant will be up to 100% of the eligible expenditure determined in accordance with the instructions set out in item 9, in which case the

[5] Commission Implementing Regulation (EU) 2015/207 of 20 January 2015 laying down detailed rules implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards the models for the progress report, submission of the information of a major project, the joint action plan, the implementation reports for the Investment for growth and jobs goal, the management declaration, the audit strategy, the audit opinion and the annual control report and the methodology for carrying out the cost-benefit analysis and pursuant to Regulation (EU) No 1299/2013 of the European Parliament and of the Council as regards the model for the implementation reports for the European territorial cooperation goal.

[6] Indicate the percentage of the grant (European and national co-financing) and of the co-financing by the applicant (where applicable).

beneficiary must provide own contribution[7] amounting to the total project value less the value of the grant.

11. Eligible applicants:

11.1. Eligibility criteria for applicants:

11.1.1. Types of eligible applicants:

1) A) The following applicants will be eligible for participation in the project selection procedure: Research institutes, including: institutes or specialised units of the Bulgarian Academy of Sciences and of the Agricultural Academy, and research institutes within the meaning of Article 60 of the Administration Act;

2) Higher education schools and/or their primary units within the meaning of Article 25 (2) of the Higher Education Act;

Due to the lack of separate legal personality, primary units of higher education schools within the meaning of Article 25 (2) of the Higher Education Act may submit an application for the procedure only through the school at which they are established.

3) Bulgarian Academy of Sciences;

4) Agricultural Academy;

B) The eligible applicants under item A), may apply in partnership with other applicants under item A) as well as with the following partners:

1) Existing centres of excellence;

2) Other public and private research organisations[8];

3) Non-profit legal entities[9] and/or innovation clusters[10];

[7] The 20% flat rate for net revenue generation in the sector of research, development and innovation, established in Commission Delegated Regulation (EC) 2015/1516, does not apply to the procedure in view of the following reasons: given the expected high degree of novelty of the research and the research infrastructures to be financed under the procedure and the associated high level of uncertainty regarding the research results, it is expected that the revenue generated by the projects will not be sufficient to cover the operating costs; R&D projects differ significantly from traditional business support measures as the activities supported by such projects are experimental and less market-oriented, and are therefore less profitable. In view of the above and in accordance with the study for establishing a flat rate taking into account the profitability of the sectors or subsectors in the field of (i) ICT, (ii) research, development and innovation, and (iii) energy efficiency applicable to net-revenue-generating operations co-financed through the European Structural and Investment Funds in the period 2014-2020, innovation projects are more likely to generate revenue (20% flat rate) than R&D projects (15% flat rate). According to the same study, the potential of a project to generate revenue is dependent on the institutional structure, technological progress and economic development of the country, where countries with better developed innovation ecosystems and a higher rate of public and private spending on R&D exhibit higher profitability rates.

[8] In accordance with §1 (1) of the Supplementary Regulations to the Research Promotion Act, a research organisation is a legal entity conducting research in accordance with the current legislation.

C) The following types of partnerships of the organisations under items A) and B) are eligible:

C1. Partnerships not registered in accordance with the current legislation and consisting of public and/or private research organisations and/or higher education schools and/or their primary units.

Only partnerships with a leading organisation which is an eligible applicant under item A) are eligible.

In the cases under this item the applicant and all partners must enter in and submit with the project proposal a Partnership Contract in accordance with the form attached to the Guidelines for Applicants (Annex III). The Partnership Contract must specify:

- the leading organisation (one of the organisations under item A));
- the main activity for which the partnership is established;
- the rights and obligations of each partner with regard to the implementation of the project activities;
- the common goals under the corresponding component for whose implementation the partnership is established;
- the property that will be the object of the intervention under the project, its research purpose and way of use, as well as the division of the partners' rights in connection with the property and the acquired assets under the project;
- the rights of ownership of the results and benefits of the project, including the intellectual property rights arising from the implementation of the project and their division between the partners.

In the event of approval of the project, the Partnership Contract will become an integral part of the Administrative Contract.

C2. Partnerships of public and/or private research organisations and/or higher education schools and/or their primary units established as non-profit legal entities in accordance with the Non-Profit Legal Entities Act.

Only partnerships with a leading organisation which is an eligible applicant under item A) are eligible. Leading organization for the purposes of this item C2 is an organization with a leading role in the managing body of the legal non-profit entity.

[9] Provided that its main activity at registration falls within the definition of research and knowledge dissemination organisation set out in item 15 (ee) of the Framework for State aid for research and development and innovation. Any legal entity member of the non-profit legal entities must fall within the definition set out in §1 (1) of the Supplementary Regulations to the Research Promotion Act.

10 "Innovation clusters" means structures or organised groups of independent parties (such as innovative start-ups, small, medium and large enterprises, as well as research and knowledge dissemination organisations, non-for-profit organisations and other related economic actors) designed to stimulate innovative activity by promoting sharing of facilities and exchange of knowledge and expertise and by contributing effectively to knowledge transfer, networking, information dissemination and collaboration among the undertakings and other organisations in the cluster.

In the cases referred to in item C2, shall be submitted the statues or articles of association of the non-profit legal entity specifying:

- the leading organisation (one of the organizations under item A));
- the purpose and main activity of the established partnership;
- the common goals under the corresponding component for whose implementation the partnership is established;
- the rights and obligations of the participants/members with regard to the implementation of the proposed project activities;
- the property that will be the subject of intervention under the project, its research purpose and way of use, as well as the division of the partners' rights in connection with the property and the acquired assets under the project;
- the rights of ownership of the results and benefits of the project, including the intellectual property rights arising from the implementation of the project and their division between the partners.

The partnerships constituting non-profit legal entities must meet the requirements set out in item 11.1.2.

The specific legal form of the partnerships referred to in item C) shall be decided by the legal entities within the applying partnership in accordance with the applicable legislation.

NB: Each applicant is required to ensure the continued operation of the partnership, irrespective of the decided legal form, for a minimum period of 5 years after the completion of the project implementation. This circumstance must be explicitly settled in the statute/articles of association or, alternatively, in the Partnership Contract for the cases referred to in item C1.

11.1.2. Requirements to the applicants referred to in item 11.1.1:

1) Only applicants and partners constituting a "research and knowledge dissemination organisation" within the meaning of item 15 (ee) of the Framework for State aid for research and development and innovation will be eligible under the procedure as follows:

An entity (such as universities or research institutes, technology transfer agencies, innovation intermediaries, research-oriented physical or virtual collaborative entities), irrespective of its legal status (organised under public or private law) or way of financing:

a) Whose primary goal is to independently conduct fundamental research, industrial research or experimental development and/or to widely disseminate the results of such activities by way of teaching, publication or knowledge transfer.

b) Where such entity also pursues economic activities, the financing, the costs and the revenues of those economic activities must be accounted for separately.

c) Undertakings that can exert a decisive influence upon such an entity, for example in the quality of shareholders or members, may not enjoy a preferential access to the results generated by it.

✓ The requirement set out in item (a) will be evidenced by applicants and partners through the submission of the following documents:

- Statute or the articles of association identifying the basic scope of activities, for which the non-profit legal entity has been registered, its members and governance (required for non-profit legal entities);
- Minutes of association meeting and/or act of establishment (applicable to all applicants except for non-profit legal entities);
- Rules of organisation or other rules of procedure, articles or other rules governing the applicant's activities and the manner of their funding (applicable to all applicants except for non-profit legal entities);
- A document certifying that the research organisation is listed in the Register of scientific research activities in the Republic of Bulgaria, maintained by the Ministry of Education and Science (applicable only to the research organisations referred to in item 11.1.1, B), point 2.

✓ The requirement set out in item (b) will be evidenced by applicants and partners through the submission of the following documents:

- Annual financial statements of the applicant/partner for the last completed financial year (in case it has completed financial year) as of the date of submission of the project proposal (including the annual report on the cash performance of the budget, where applicable);
- The annual tax return of the applicant/partner bearing the National Revenue Agency (NRA) reference number for the last completed financial year (in case it has completed financial year) as of the date of submission of the project proposal.

✓ The requirement set out in item (c) will be evidenced by applicants and partners through the submission of the documents evidencing the requirement set out in item (a).

NB: *As regards the partnerships referred to in item 11.1.1, C): where (i) the partnership does not constitute a legal entity, the documents evidencing the requirements set out in items (a), (b) and (c) must be submitted by all participants in the partnership, and respectively where (ii) the partnership is a legal entity, the documents evidencing the requirements set out in item (a) shall be submitted by all participants in the partnership.*

2) The applicants and partners in the procedure must demonstrate a capacity in item 5 of the Annex I "Project Justification" for and must undertake to duly introduce a system to verify the use of the infrastructure almost exclusively for non-economic activities, in observance of the provisions detailed in the Framework, including under item 20, pursuant to item 19 of the Framework.

3) As regards their organisational aspect, applicants must either have or, alternatively, plan to adopt:

- Policy and rules on intellectual property;
- Policy and rules on the exploitation and commercialisation of the research results, including a structure for transfer of knowledge and technologies;
- Rules on the institutional implementation of the European Charter for Researchers and the Code of Conduct for Recruitment of the European Commission;
- Administrative capacity for implementation of projects.

Where an applicant already has the specified policies/rules, the latter must be submitted with the project proposal; and where the documents have not yet been adopted, the plans concerning their preparation and adoption must be described in the Project Justification.

11.2. Ineligible applicants:

1) Potential applicants falling within the provisions for exclusion from participation in public procurement procedures in accordance with Article 54 of the Public Procurement Act[11] may not participate in the project selection procedure and may not receive grant funding where:

a) a person with powers to represent the applicant or a member of management and supervisory bodies of that applicant or a person that has powers of control in decision making therein has been subject of a conviction by final judgement, except in the case of exoneration, for crimes under Article 108 (a), Articles 159 (a)-(d), Article 172, Article 192 (a), Articles 194-217, Articles 219-252, Articles 253-260, Articles 301-307, Article 321, Article 321 (a) and Articles 352-353 (e) of the Criminal Code, or is convicted for similar crime in a member state;

This exclusion ground is applicable until the expiry of 5 years period from the final judgement.

b) they have obligations relating to payment of taxes or social security to the State or the municipal at the seat of the Managing Authority and of the applicant by the sense of Article 162, par. 2, point 1 of the Tax and Social Insurance Procedure Code including interests accrued, unless the obligations are rescheduled, deferred or secured or are not established by effective administrative act;

The exclusion grounds under item b) shall not apply when the amount of the obligations relating to payment of taxes or social security obligations relating does not exceed 1 per cent of the total annual turnover for the last completed financial year.

c) where there is inequality in the cases under article 44, par. 5 of the Public Procurement Act;

d) it has been established that:

[11] Promulgated SG No. 13/2016.

d1. has been guilty of serious misrepresentation in supplying the information required for the verification of the absence of grounds for exclusion or the fulfilment of the selection criteria;

d2. has withheld such information or is not able to submit the supporting documents required for verification of absence of exclusion grounds or for meeting the selection criteria.

e) it has been established by an effective penalty decree or final judgement that during the implementation of public procurement contract Art. 118, Art. 128, Art. 245 and Articles 301 – 305 of the Labour Code or a similar obligations established by act of the competent authority under the legislation of the member state by the place of establishment has been violated;

f) where a conflict of interest cannot be effectively remedied:

Considering the above, non-eligible are applicants which:

f1. In relation to the Managing Authority, staff members of the Managing Authority, procurement service providers acting on behalf of the Managing Authority are in a situation specified in §2, point 21 of the Supplementary Provisions of the Public Procurement Act.

The specified exclusion grounds shall apply to the persons with powers to represent the applicant, the members of management and supervisory bodies of that applicant and the persons that have powers of control in decision making therein.

f2. have members of management and supervisory bodies, including persons temporarily performing such duties, including procurator or managerial agents which are in close links within the meaning of §1 (1) of the Supplementary Regulations to the Conflict of Interest Prevention and Ascertainment Act with the head of the Managing Authority.

f3. are in situations under Article 21 or 22 of the Conflict of Interest Prevention and Ascertainment Act.

g) are bankrupt or are in bankruptcy proceedings, or are in liquidation or are in out-of-court settlement is achieved between the debtor and its creditors by the meaning of Article 740 of the Commerce Act or where its business activities are suspended;

h) has been disqualified of the right to practice a profession or activity under the law of the State in which the violation was omitted;

i) has entered into agreements with other economic operators aimed at distorting competition;

j) has shown deficiencies in the performance of a public procurement contract or a concession contract which led to early termination of that prior contract, damages or other comparable sanctions, except in cases where the deficiencies are less the 50 per cent of the amount or the content of the contract.

k) a person with powers to represent the applicant or a member of management and supervisory bodies of that applicant or a person that has powers of control in decision making therein has undertaken to:

k1. unduly influence the decision-making process of the contracting authority, or

k2. to obtain confidential information that may confer upon it undue advantages in the procedure.

2) In accordance with Article 3 (3) (d) of Regulation (EU) No 1301/2013 of the European Parliament and of the Council[12], the ERDF may not support undertakings in difficulty, as defined under Union State aid rules[13].

Therefore, applicants which are **not budget-funded[14] enterprises** must submit a declaration to the effect that they do not constitute an undertaking in difficulty within the meaning of Article 20 of the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (item 1 of Declaration (Annex) V to the Guidelines for Applicants).

3) Applicants having failed to fulfil a Commission recovery order concerning obtainment of illegal or incompatible aid will be ineligible.

4) Applicants having been and currently being subject to recovery proceedings concerning obtainment of aid within the meaning of and pursuant to Chapter Five, Section II of Order H-3 of 8 July 2016 laying down the rules of payment to beneficiaries, costs verification and certification, recovery and write-off of irregular expenditure and accounting, as well as the terms and rules of completion of end-of-year accounts under the operational programmes and the European territorial cooperation programmes[15] (Annex XXII to these Guidelines for Applicants) will be ineligible.

12. Eligible partners[16]:

12.1. Eligible partners under the project selection procedure will be partners which:

a) Constitute an organisation within the scope of item 11.1.1, A) and B) of the Guidelines for Applicants.

b) Constitute a “research and knowledge dissemination organisation” within the meaning of item 15 (ee)

12 Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.

13 The definition of undertaking in difficulty is laid down in item 20 of the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (2014/C 249/01).

14 By the meaning of §1, point 1 of the Additional provisions of the Accountancy Act, "Budget-funded enterprises" shall mean all persons that apply budgets, accounts for European Union Funds, and accounts for external funds pursuant to the Public Finance Act, including the National Social Security Institute, the National Health Insurance Fund, public institutions of higher education, the Bulgarian Academy of Sciences, the Bulgarian National Television, the Bulgarian National Radio, the Bulgarian News Agency, as well as all other persons that are budgetary organisations within the meaning of § 1(5) of the Public Finance Act.

15 This condition will apply where, after the completion of the implementation of an ERDF-funded project, an applicant/partner shall constitute a debtor in respect of an invitation to recover unduly paid and overpaid funding, as well as illegally obtained and illegally spent funding. Where, as of the contract conclusion date, an applicant/partner shall be liable for outstanding commitments under ERDF-funded projects, the outstanding amount may not exceed 1% of the verified amount of the grant.

16 Where applicable.

of the Framework for State aid for research and development and innovation and meet the requirements set out in item 11.1.2. (1) and (2) of the Guidelines for Applicants.

One and the same partner may appear in more than one project proposal provided that:

- it does not apply for the same activities in the project proposals;
- the project proposal clearly identifies the expenses/equipment which might overlap (if any) or which create a risk of duplication in the events where different project proposals (as an applicant and/or as a partner) have been submitted for co-financing under the OP SESG. The project proposal shall also include a description of the accounting system, providing opportunity for separate accounting of the expenditure associated with each one of the co-financed projects.

The partners will be involved in the project implementation and the expenditure incurred by them will be considered eligible to the same extent as the expenditure incurred by applicants. All expenditure will be accounted for by primary accounting documents.

12.2. Ineligible partners:

1) Potential partners falling within the provisions for exclusion from participation in public procurement procedures in accordance with Article 54 of the Public Procurement Act may not participate in the project selection procedure and may not receive grant funding where:

a) a person with powers to represent the partner or a member of management and supervisory bodies of that partner or a person that has powers of control in decision making therein has been subject of a conviction by final judgement, except in the case of exoneration, for crimes under Article 108 (a), Articles 159 (a)-(d), Article 172, Article 192 (a), Articles 194-217, Articles 219-252, Articles 253-260, Articles 301-307, Article 321, Article 321 (a) and Articles 352-353 (e) of the Criminal Code, or is convicted for similar crime in a member state;

This exclusion ground is applicable until the expiry of 5 years period from the final judgement.

b) they have obligations relating to payment of taxes or social security to the State or the municipal at the seat of the Managing Authority and of the partner by the sense of Article 162, par. 2, point 1 of the Tax and Social Insurance Procedure Code including interests accrued, unless the obligations are rescheduled, deferred or secured or are not established by effective administrative act;

The exclusion grounds under item b) shall not apply when the amount of the obligations relating to payment of taxes or social security obligations relating does not exceed 1 per cent of the total annual turnover for the last completed financial year.

c) where there is inequality in the cases under article 44, par. 5 of the Public Procurement Act;

d) it has been established that:

d1. has been guilty of serious misrepresentation in supplying the information required for the verification of the absence of grounds for exclusion or the fulfilment of the selection criteria;

d2. has withheld such information or is not able to submit the supporting documents required for verification of absence of exclusion grounds or for meeting the selection criteria.

e) it has been established by an effective penalty decree or final judgement that during the implementation of public procurement contract Art. 118, Art. 128, Art. 245 and Articles 301 – 305 of the Labour Code or a similar obligations established by act of the competent authority under the legislation of the member state by the place of establishment has been violated;

f) where a conflict of interest cannot be effectively remedied:

Considering the above, non-eligible are partners which:

f1. In relation to the Managing Authority, staff members of the Managing Authority, procurement service providers acting on behalf of the Managing Authority are in a situation specified in §2, point 21 of the Supplementary Provisions of the Public Procurement Act.

The specified exclusion grounds shall apply to the persons with powers to represent the partner, the members of management and supervisory bodies of that partner and the persons that have powers of control in decision making therein.

f2. have members of management and supervisory bodies, including persons temporarily performing such duties, including procurator or managerial agents which are in close links within the meaning of §1 (1) of the Supplementary Regulations to the Conflict of Interest Prevention and Ascertainment Act with the head of the Managing Authority.

f3. are in situations under Article 21 or 22 of the Conflict of Interest Prevention and Ascertainment Act.

g) are bankrupt or are in bankruptcy proceedings, or are in liquidation or are in out-of-court settlement is achieved between the debtor and its creditors by the meaning of Article 740 of the Commerce Act or where its business activities are suspended;

h) has been disqualified of the right to practice a profession or activity under the law of the State in which the violation was omitted;

i) has entered into agreements with other economic operators aimed at distorting competition;

j) has shown deficiencies in the performance of a public procurement contract or a concession contract which led to early termination of that prior contract, damages or other comparable sanctions, except in cases where the deficiencies are less the 50 per cent of the amount or the content of the contract.

k) a person with powers to represent the partner or a member of management and supervisory bodies of that partner or a person that has powers of control in decision making therein has undertaken to:

k1. unduly influence the decision-making process of the contracting authority, or

k2. to obtain confidential information that may confer upon it undue advantages in the procedure.

2) In accordance with Article 3 (3) (d) of Regulation (EU) No 1301/2013 of the European Parliament and of the Council, the ERDF may not support undertakings in difficulty, as defined under Union State aid rules.

Therefore, in the event of partnership as referred to in item 11.1.1 C1), partners which are not budget-funded enterprises must submit a declaration to the effect that they do not constitute an undertaking in difficulty within the meaning of Article 20 of the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (item 1 of Declaration (Annex) V to the Guidelines for applicants).

3) Partners having failed to fulfil a Commission recovery order concerning obtainment of illegal or incompatible aid will be ineligible.

The partners will be involved in the project implementation and the expenditure incurred by them will be considered eligible to the same extent as the expenditure incurred by the applicant. All expenditure will be accounted for by primary accounting documents.

4) Partners having been and currently being subject to recovery proceedings concerning obtainment of aid within the meaning of and pursuant to Chapter Five, Section II of Order H-3 of 8 July 2016 laying down the rules of payment to beneficiaries, costs verification and certification, recovery and write-off of irregular expenditure and accounting, as well as the terms and rules of completion of end-of-year accounts under the operational programmes and the European territorial cooperation programmes[17] (Annex XXII to these Guidelines for Applicants) will be ineligible.

12.3. Associated partners:

Within the meaning of §1 (1) of CMD No 107/2014, "associated partners of grant applicants" are all natural persons and legal entities and consortia thereof constituting an interested party with regard to the project implementation and involved in the implementation of the project activities but which do not spend grant funding.

Eligible associated partners under the procedure will be legal entities supporting the project implementation. The expenditure incurred by the associated partners will not be eligible for

[17] This condition will apply where, after the completion of the implementation of an ERDF-funded project, an applicant/partner shall constitute a debtor in respect of an invitation to recover unduly paid and overpaid funding, as well as illegally obtained and illegally spent funding. Where, as of the contract conclusion date, an applicant/partner shall be liable for outstanding commitments under ERDF-funded projects, the outstanding amount may not exceed 1% of the verified amount of the grant.

reimbursement under the Operational Programme. However, the expenditure planned at the application stage with the project proposal incurred by associated partners must be included in the total cost of the project/planned benefits, including in the co-financing under item 10 of the Guidelines for applicants and item 6 "Financial information – sources of funding" of the Application form. It is not mandatory the associated partners to be eligible beneficiaries under the operational program or eligible applicants / partners under the current procedure.

NB: In the event of engagement of municipalities as associate partners under the procedure the applicant must submit a letter of support for the project implementation from the municipality on whose territory the project activities will be implemented.

Associated partners must be selected on the basis of an unconditional open, transparent and non-discriminatory procedure by applicants, backed up by clear criteria of association. Associated partners may be included during the entire term of implementation of the grant award contract. The applicant must ensure public access to the call for selection of associated partners and the selection criteria by publishing the latter in at least two public sources. In the course of the evaluation only associated partners having been selected on the basis of an unconditional open, transparent and non-discriminatory procedure and having signed a partnership declaration with the applicant for a minimum term of five years will be subject to evaluation.

Associated partners will be ineligible where they:

a) Have a member of the management or supervisory body, or a person temporarily performing such duties, including procurators or commercial agents, which are in close links within the meaning of §1 (1) of the Supplementary Regulations to the Conflict of Interest Prevention and Ascertainment Act with regard to the Head of the Managing Authority;

b) Fall in the cases referred to in Articles 21 or 22 of the Conflict of Interest Prevention and Ascertainment Act.

In view of the above, associated partners must submit a declaration of no conflict of interest (Annex IIa to the Guidelines for Applicants), to be completed and signed by all persons authorised to represent the partner (irrespective of whether the type of representation is joint and/or separate and/or otherwise).

Associated partners may collaborate with the applicant on the preparation and/or the technical implementation of the project, or of project activities specified in advance in the Project Justification (Annex I). The associated partners and the applicant/leading partner must complete a declaration of partnership in accordance with the provided form (Annex IIIa), in which all collaborative activities must be specified.

Associated partners may not enjoy a preferential access under more favourable conditions to the research infrastructure and the results generated by it.

13. Activities eligible for funding:

13.1. Eligible activities:

1) The eligible activities under the procedure must be consistent with the objectives of the Operational Programme and must lead to achieving the specific objective and the expected results of Investment Priority 1 of OP SESG.

In view of the above, the eligible activities under the procedure will be activities related to the creation, development and/or modernisation, as well as the functioning and operation of centres of excellence.

A) In accordance with the definition in the Operational Programme "Science and Education for Smart Growth", a centre of excellence (CoE) means: "top-level research complexes conducting research in accordance with best international standards and practice. The performance of CoEs will be evaluated in terms of the quality, quantity and impact of their research output (e.g. publications in the top 10% scientific publications in journals in the corresponding area). Such complexes should possess an extensive pool of top-level researchers, a well-defined organisational structure and an own research agenda."

B) The supported new or existing CoEs under the procedure must also fall within the scope of the definition of **"research infrastructure"** set out in item 15 (ff) of the Framework for State aid for research and development and innovation, as follows: facilities, resources and related services that are used by the scientific community to conduct research in their respective fields and covers scientific equipment or set of instruments, knowledge-based resources such as collections, archives or structured scientific information, enabling information and communication technology-based infrastructures such as grid, computing, software and communication, or any other entity of a unique nature essential to conduct research. Such infrastructures may be "single-sited" or "distributed" (an organised network of resources);

2) The activities under the procedure must lead to the development of excellent and market-oriented research in accordance with the priority areas of the ISSS (Annex XV to the Guidelines).

As regards the present procedure, four components have been identified as directly correspondent to ISSS thematic areas:

- Component 1. Mechatronics and clean technologies;
- Component 2. Informatics and information and communication technologies;

- Component 3. Industry for healthy living and biotechnology;
- Component 4. New technologies in creative and recreational industries.

3) The project proposals submitted for the procedure may include the following activities:

I. Activities related to the creation and equipment of CoE:

1. Creation of new or substantial modernisation of existing specialised research infrastructures, including preparatory activities;

Isolated renovations [18] of buildings with limited impact on the quality and quantity of the performed will not be eligible under the procedure.

2. Purchase and modernisation of equipment required for the implementation of research agendas;

NB: The built or upgraded infrastructure must be used exclusively for the performance of non-economic activities, whereas any economic activity carried out must remain purely ancillary, that is to say it must be:

- Directly related and necessary for the operation of the research infrastructure; **or**
- Intrinsically linked to the use of the infrastructure, intrinsically linked to to its main non-economic purpose; **and**
- Limited in scope.

This condition will be deemed satisfied where the economic activities consume exactly the same inputs (such as material, equipment, labour and fixed capital) as the non-economic activities and the capacity allocated each year to such activities does not exceed 20% of the relevant entity's overall annual capacity.

Where repair or renovation of existing rooms or buildings has been planned, the project proposal must be accompanied by pictures showing the state of these premises at the time of application.

II. In-house activities at CoEs related to the conduction of independent R&D for more knowledge and better understanding, including collaborative R&D[19] where the research organisation or research infrastructure engages in effective collaboration[20] in observance of the terms of the Framework:

1. Conduction of top research in ISSS priority areas at international standard[21];

[18] The above specified means that the maintenance or replacement without improvement of the research facilities or the quality of research equipment, i.e. maintenance or replacement without quality increase with limited impact on the quality and quantity of the performed research, will not be eligible under the current procedure.

[19] By the meaning of point 15 (h) and point 27 of the Framework

[20] Provision of research services and research on behalf of undertakings does not constitute independent research.

[21] Applicants must justify the conformity of their research with top international standards in Annex I. Project Justification by means of proposed publications (articles in high-impact journals, publications ranking in the top 10% in a corresponding

2. Introduction of new research, teaching and learning methods in the practices of the centres;

3. Attraction of leading researchers and top specialists for conduction of top-level research in ISSS priority areas;

4. Organisation of specialisation training for highly qualified researchers in leading international research centres;

5. Establishment of strategic partnerships and joint research agendas with leading European research centres;

6. Participation in international and cross-border research networks and programmes/partnerships to guarantee a high level of international recognition and research connectivity[22];

7. Delivery of specialisation training to participating researchers, including extensive exchange and mobility;

8. Development of sustainable funding sources and working conditions, including development of sustainable partnerships with businesses and carrying out collaborative projects with private investors.

III. Activities related to the wide dissemination of research results on a non-exclusive and non-discriminatory basis, for example through teaching, open-access databases, open publications or open software, as well as knowledge transfer activities, where they are conducted either by the research organisation or research infrastructure (including their departments or subsidiaries) or jointly with the research infrastructure, or on behalf of other such entities in explicit compliance with the Framework terms:

1. Dissemination and transfer of research results obtained by the participants in the CoE among the scientific community and businesses at international and national level;

NB: All profits from knowledge transfer activities must be reinvested in the primary non-economic activities of the CoE and in other related non-economic activities necessary for the fully effective functioning of the CoE.

IV. In addition to the above, the project proposal must also include:

1. Activities for the organisation and management of the project;
2. Information and publicity activities, consistent with the Uniform Beneficiary's Guide to the Implementation of Information and Communication Rules 2014-2020 (Annex XX to the Guidelines);
3. Independent external audit.

research area based on Journal Citation Report, Web of Science directly related to the corresponding ISSS thematic area), intellectual property rights (including international patents), and wide international recognition.

[22] If activities under Section II, Items 6 and 7 are planned, the applicants must take in to account the requirements under Section 5 "Territorial scope" of the Guidelines for applicants.

4) The following eligibility requirements applicable to the activities under the procedure must be observed:

1. Only activities related to research infrastructure used almost exclusively for non-economic activities will be considered eligible under the procedure. Within the meaning of point 19 of the Framework, non-economic activities are:

a) Education for more and better skilled human resources;

b) Independent R&D for more knowledge and better understanding, i.e. which are not affected by the economic interests of individual enterprises.

Within the meaning of point 15 of the Framework, research and development activities means:

(i) Fundamental research: experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct commercial application or use in view;

(ii) Applied research: industrial research, experimental development, or any combination of both:

- "Industrial research" means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation.

- "Experimental development" means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services. Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily for the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements.

NB: Applicants must bear in mind that in accordance with Priority Axis 1 of OP SESG, one of the main targeted results by the measures under Specific Objective 1 is the significant improvement of the potential for applied research.

c) Collaborative R&D where the research organisation or research infrastructure engages in effective collaboration

"Effective collaboration" within the meaning of point 15 (h) and point 27 of the Framework means collaboration between at least two independent parties to exchange knowledge or technology, or to achieve a common objective based on the division of labour where the parties jointly define the scope of the collaborative project, participate in its design, contribute to its implementation and share its financial, technological, scientific and other risks, as well as its results. One or several parties may bear the full costs of the project and thus relieve other parties of its financial risks. The terms and conditions of a collaboration project, in particular as regards contributions to its costs, the sharing of risks and results, the dissemination of results, access to and rules for allocation of IPR, must be concluded prior to the start of the project. Contract research and provision of research services are not considered to be forms of collaboration.

d) Wide dissemination of research results on a non-exclusive and non-discriminatory basis, for example through teaching, open-access databases, open publications or open software;

e) Knowledge transfer activities, where they are conducted either by the research organisation or research infrastructure (including their departments or subsidiaries) or jointly with, or on behalf of other such entities, and where **all profits from those activities are reinvested in the primary activities of the research organisation or research infrastructure**. The non-economic nature of those activities is not prejudiced by contracting the provision of corresponding services to third parties by way of open tenders.

"Knowledge transfer" within the meaning of point 15 (v) of the Framework means any process which has the aim of acquiring, collecting and sharing explicit and tacit knowledge, including skills and competence in both economic and non-economic activities such as research collaborations, consultancy, licensing, spin-off creation, publication and mobility of researchers and other personnel involved in those activities. Besides scientific and technological knowledge, it includes other kinds of knowledge such as knowledge on the use of standards and regulations embedding them and on conditions of real life operating environments and methods for organisational innovation, as well as management of knowledge related to identifying, acquiring, protecting, defending and exploiting intangible assets.

2. The economic use of the research infrastructure must remain purely ancillary, that is to say it must be:

- Directly related to and necessary for the operation of the research infrastructure or intrinsically linked to the use of the infrastructure, intrinsically linked to its mail non-economic purpose. This will be the case where the economic activities consume exactly the same inputs (such as material, equipment, labour and fixed capital) as the non-economic activities.

- Limited in scope, that is to say the capacity allocated each year to such activities does not exceed 20% of the infrastructure's overall annual capacity.

Within the meaning of point 21 of the Framework, examples of economic activities are: renting out equipment or laboratories to undertakings, supplying services to undertakings or performing contract research.

NB: The total annual capacity of the infrastructure is to be determined through the number of hours of its effective use. Compliance with the limited scope requirement for the economic activities will be verified in accordance with the terms and conditions of the Administrative Contract (Annex XVIII). In the event of failure to comply with the requirement, a claw-back mechanism will be put in place for recovery of the full amount of the obtained public support, including any interest due. Applicants must describe in Annex I. Project Justification the intended ratio of the economic and the non-economic activities, the type of economic and non-economic activities planned for implementation, as well as how they will ensure compliance with the requirements set out in the present item 4.

NB: Beneficiaries must ensure that costs, funding and revenue of the two kinds of activities will be clearly separated, as well as must ensure separate reporting for the economic and the non-economic activities of the infrastructure. They must further ensure the reinvestment of the profits from knowledge transfer activities in the non-economic activities of the infrastructure. In view of the above, beneficiaries must maintain separate accounting enabling a clear traceability of the project funding and a differentiation between the economic and the non-economic activities of the research infrastructure, where, before payment, beneficiaries must present an approved chart of accounts with separate accounts reflecting the above requirements together with the first claim for payment submitted to the MA. These requirements will apply until the end of the amortisation period of the infrastructure/investment under the project.

3. In cases of collaborative R&D, where the research organisation or research infrastructure engages in effective collaboration in accordance with item 1 (c), the following conditions must be fulfilled <u>where the collaborative project is carried out jointly with undertakings</u>:

a) The participating undertakings bear the full cost of the R&D[23] project; **or**

b) The results of the collaboration, which do not give rise to IPR, may be widely disseminated and any IPR resulting from the activities of research organisations or research infrastructures are fully allocated to the research organisations/infrastructures; **or**

c) Any IPR resulting from the R&D project, as well as related access rights are allocated to the different collaboration partners in a manner which adequately reflects their work packages, contributions and respective interests; **or**

d) The research organisations or research infrastructures receive compensation equivalent to the market price for the IPR which result from their activities and are assigned to the participating undertakings, or to which participating undertakings are allocated access rights. The absolute amount of the value of any contribution, both financial and non-financial, of the participating undertakings to the costs of the research organisations or research infrastructures' activities that resulted in the IPR concerned, may be deducted from that compensation.

e) The compensation received in accordance with item (d) is equivalent to the market price of the IRR if it enables the research organisations or research infrastructures concerned to enjoy the full economic benefit of those rights, where one of the following conditions is fulfilled:

i) The amount of the compensation has been established by means of an open, transparent and non-discriminatory competitive sale procedure; **or**

ii) An independent expert valuation confirms that the amount of the compensation is at least equal to the market price; **or**

iii) The research organisation or research infrastructure, as seller, can demonstrate that it effectively negotiated the compensation, at arm's length[24] conditions, in order to obtain the maximum economic benefit at the moment when the contract is concluded, while considering its statutory objectives; **or**

iv) In cases where the collaboration agreement provides the collaborating undertaking with a right of first refusal as regards IPR generated by the collaborating research organisations or research infrastructures, those research organisations or research infrastructures exercise a reciprocal right to solicit more economically advantageous offers from third parties so that the collaborating undertaking has to match its offer accordingly;

[23] Research and development.

[24] e) "Arm's length" means that the conditions of the transaction between the contracting parties do not differ from those which would be stipulated between independent enterprises and contain no element of collusion. Any transaction that results from an open, transparent and non-discriminatory procedure is considered as meeting the arm's length principle.

e) If none of the conditions set out in items (a) to (e) are fulfilled, the full value of the contribution of the research organisations or research infrastructures to the project will be considered as an economic advantage and State aid rules will apply, including for recovery of illegal and incompatible State aid.

4. In the event of economic activities as referred to in item 2, where a research infrastructure is used to perform contract research or provide a research service to an undertaking (that is to say where the undertaking specifies the terms and conditions of the contract, owns the results of the research activities and carries the risk of failure), the research organisation or research infrastructure will receive payment of an adequate remuneration for its services, particularly where one of the following conditions is fulfilled:

a) The research organisation or research infrastructure provides its research service or contract research at market price[25]; **or**

b) Where there is no market price, the research organisation or research infrastructure provides its research service or contract research at a price which:

- Reflects the full costs of the service and generally includes a margin established by reference to those commonly applied by undertakings active in the sector of the service concerned; or

- Is the result of arm's length negotiations where the research organisation or research infrastructure, in its capacity as service provider, negotiates in order to obtain the maximum economic benefit at the moment when the contract is concluded and covers at least its marginal costs.

5) Other eligibility requirements for the activities:

1. In the course of the implementation of the project activities, the environmental sustainability principle must be observed in accordance with the Guidelines on the Application of the Environmental Sustainability Principle under OP SESG (Annex XXI to the Guidelines for applicants).

2. Regarding the implementation of the project activities, information on scheduled public procurements must be included in item 10 "Contracting Schedule" of the Application Form (applicable to entities constituting a contracting authority within the meaning of the Public Procurement Act (PPA)).

In the course of the project implementation, beneficiaries may contract the execution of certain project activities. Where a beneficiary constitutes a contracting authority within the meaning of the PPA, in any contractor selection procedure the beneficiary concerned must apply the provisions of the PPA and its implementing regulations, as well as the instructions set out in the manual on the implementation of

[25] Where the research organisation or research infrastructure provides a specific research service or carries out contract research for the first time on behalf of a given undertaking, on a trial basis and during a clearly limited period of time, the price charged will be considered as a market price where that research service or contract research is unique and it can be shown that there is no market for it.

administrative contracts under priority axis 1. Where a beneficiary does not constitute a contracting authority within the meaning of the PPA, in any contractor selection procedure, the beneficiary concerned must apply the provisions of Chapter Four of the ESIFMA and its implementing regulations concerning the terms and conditions for contractor selection by grant beneficiaries, as well as the instructions set out in the manual on the implementation of the administrative contract under priority axis 1.

Upon submission of the interim/final report on the project implementation, the Managing Authority will perform a mandatory ex-post control and verification of compliance with the rules governing the selection of contractor and, in the event of incompliance with the specified rules, will refuse to pay fully or partially any expenditure incurred for such activities.

In the preparation of the project proposal, applicants must consider the need for contractor selection procedures and duly reflect any such need in the deadlines for the implementation of the project activities under item 7 of the Application Form.

3. Independent external audit activities may be performed after the term for implementation of the project activities but not later than the deadline for submission of the final report.

4. The project activities must correspond to at least one of the EU horizontal policies specified in item 17 of the Guidelines for Applicants. Compliance with the horizontal policies will be verified during the project implementation.

NB: In view of the requirements set out in Article 5 (3) of Commission Implementing Regulation (EU) No 215/2014, in accordance with which output indicators refer to operations, where all the actions leading to outputs have been implemented in full, but for which not all the payments have necessarily been made, and given the need to report on the implementation of output indicators which are mandatory for inclusion in the project proposal, in the description of the project activities in item 7 of the Application Form, applicants must group the project activities into stages of the implementation of the project. <u>Output indicators may be considered fulfilled only after a project stage has been reported as completed.</u> The submission of interim reports and the completion of interim payments will not be dependent on the stages of the project implementation.

In the description of the activities in the Application Form, it should be noted that the contractor selection procedures, the selection of contractors, etc. are not separate activities and therefore **should not be filled** in the name of the activity (field "Activity") of item 7 "Implementation Plan" but shall be filled in field "Way of implementation" as a method / tool for the implementation of the relevant activity under item 3).

The MA will be entitled to exclude any ineligible activities, as well as any activities corresponding to ineligible expenditure at the evaluation stage.

13.2. The following activities will be ineligible under the procedure:

• Activities whose implementation was launched before the submission of the project proposal, except for advisory services related to the preparation and/or completion of the application documents for the procedure;

• Activities implemented after the project implementation period;

• Purchase of second-hand fixed assets;

• Activities related to the decommissioning or the construction of nuclear power stations;

• Investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC;

• Activities related to the manufacturing, processing and marketing of tobacco and tobacco products;

• Investment in airport infrastructure;

• Economic activities which are not purely ancillary and of limited scope, i.e. economic activities which do not consume exactly the same outputs (such as material, equipment, labour and fixed capital) as the non-economic activities and which exceed 20% of the overall annual capacity of the research infrastructure, will be ineligible;

• Isolated renovations[26] of buildings with limited impact on the quality and quantity of the performed research;;

• Activities which do not comply with the requirements set out in item 13.1.

14. Categories of eligible expenditure[27]:

Only the eligible expenditure described in detail below will be considered for the award of grants under the procedure. The budget (item 5 of the Application Form) is an estimate of the expected costs and must accurately reflect the value specified in the project. The budget is both an estimate of the expected costs and a representation of the maximum amount of the eligible expenditure.

It is possible that in the evaluation of project proposals circumstances may be found which may necessitate an adjustment of the budget. These circumstances may also require the evaluation committee to request additional clarifications and information of the applicant, as well as to reduce the proposed

[26] The above specified means that the maintenance or replacement without improvement of the research facilities or the quality of research equipment, i.e. maintenance or replacement without quality increase with limited impact on the quality and quantity of the performed research, will not be eligible under the current procedure.

[27] Where applicable, also include ineligible expenditure, as well as the relevant information in accordance with the requirements of Article 59 (2) of the European Structural and Investment Funds Management Act (prom., SG, 101 of 2015).

budget. Possible amendments to the budget **may not** lead to an increase in the amount of the requested grant under the procedure.

NB: In connection with the non-profit principle applicable to grant awards, any profits generated will be subject to recovery.

14.1. Requirements for the eligibility of expenditure:

To be considered eligible, any expenditure incurred under the grant award procedure must meet the following requirements:

1) The expenditure must be necessary for the implementation of the project and consistent with the principles of sound financial management: economy, efficiency and effectiveness of resources.

Any expenditure for which no justification has been included in item 7 of the Application Form and in the Financial Justification will be removed from the project budget (item 5 of the Application Form) ex officio by the evaluation committee.

With a view to establishing the feasibility of the planned purchase of assets, applicants must attach a Financial Justification to the Application Form, which must include the following detailed information about the required funding for the implementation of each project activity as per the proposed budget: a breakdown by budget item and the method of formation of the budget items, as well as data on the research conducted regarding analogous goods or services or works, including on the Internet, referencing or quoting a link to the corresponding source of information, where applicable.

In accordance with Article 30 of Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council, the principles of economy, efficiency and effectiveness are determined as follows:

- ✓ The principle of economy requires that the resources used in the pursuit of the activities shall be made available in due time, in appropriate quantity and quality and at the best price.
- ✓ The principle of efficiency concerns the best relationship between resources employed and results achieved.
- ✓ The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

2) The expenditure must be incurred after the date of submission of the project proposal and before the expiration of the deadline for the implementation of the project, except for expenditure related to the preparation of the project proposal (advisory services related to the preparation and/or the completion of the application, including on notarial services and other fees).

Expenditure on preparation of the project proposal must be incurred before the submission date of the project and after the launch date of the present procedure, and the corresponding payment must be made no later than the expiration of the deadline for submission of the final report on the implementation of the project activities.

Projects having been physically completed or fully implemented before the submission of the project proposal to the Managing Authority by the beneficiary will be considered ineligible irrespective of whether all related payments have been completed by the beneficiary or not.

Cost substantiation documents related to the implementation of eligible project activities must be issued during the eligibility period for the project expenditure. Payments may also be made after the completion of the project but not later than 31 December 2023 and by the deadline for submission of the final report on the implementation of the project activities.

3) The expenditure must be consistent with the categories of expenditure specified in the Administrative Contract, as well as with the approved project proposal and the requirements set out in these Guidelines.

4) The expenditure must be substantiated by an adequate audit trail in accordance with the minimum requirements set out in Article 25 of Commission Delegated Regulation (EU) No 480/2014, including compliance with the requirements concerning the availability of documents set out in Article 140 of Regulation (EU) No 1303/2013.

5) The expenditure must be actually paid (i.e. payment of the full amounts of the submitted invoices or other primary accounting documents, including any VAT costs) by bank transfer or by cash not later than the date of submission of the interim/final project report by the beneficiary. Expenditure substantiated by offset protocols will not be considered eligible.

6) The expenditure must be incurred for products, services and construction actually delivered and performed.

7) The expenditure must be reflected in the accounting records of the beneficiary: in separate detailed accounts or in a separate accounting system.

8) The expenditure must be identifiable and verifiable and backed by original cost substantiation documents.

9) The expenditure must be incurred by eligible beneficiaries or by their partners, where eligible in accordance with the operation selection criteria approved by the Monitoring Committee. Expenditure incurred by associated partners will be ineligible under the procedure.

10) The selection of contractors for the implementation of the activities (services, and/or supplies,

and/or construction) must be carried out in accordance with the current national and European legislation.

11) The expenditure must be incurred in a lawful manner, in accordance with the applicable European and Bulgarian law.

12) The expenditure must be consistent with the applicable State aid rules.

The budget (item 5 of the Application Form) must reflect the eligible expenditure associated with the project implementation. Expenditure associated with recoverable VAT arising with regard to the project implementation will not be eligible. Ineligible VAT recovery costs will not count as own contribution on the part of the beneficiary.

NB: When preparing the budget, applicants must group the amounts allocated to activities located outside the territory of the Republic of Bulgaria in a separate sub-section.

14.2. Eligible expenditure

Eligible expenditure may not contravene the rules laid down in Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006, Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006, the European Structural and Investment Funds Management Act and CMD No 189/2016 laying down national rules on the eligibility of expenditure under operational programmes co-financed from the European Structural and Investment Funds for the programme period 2014-2020..

Expenditure pertaining to activities under item 13.1 (3):

I. Expenditure pertaining to activities under item I:

1. Expenditure on purchase of undeveloped property and developed property will be considered eligible where the value does not exceed 10 percent of the total eligible expenditure under the project[28]:

1.1. Expenditure on purchase of land and/or acquisition of limited real rights will be eligible and may be

[28] In accordance with Article 19 of CMD No 189/2016.

reimbursed only upon compliance with the following conditions:

a) As of the date of purchase, the land is free of any real burdens and encumbrances restricting its free use for the needs of the project, evidenced by means of official documents issued by the competent state authorities.

b) The seller has not purchased the land by means of a public grant, not even in part, in the 10 years preceding the submission of the project proposal.

c) A direct relation exists between the purchase of the land and/or the acquisition of limited real rights and the project purpose, which is reflected in the Administrative Contract.

d) A document is available which has been issued by a chartered surveyor or by a duly authorised official body certifying that the cost of acquisition does not exceed the market value.

1.2. Expenditure on purchase of developed real property will be considered eligible and may be reimbursed only upon compliance with the following conditions:

a) A document is available which has been issued by an independent surveyor registered in accordance with the Independent Surveyors Act or by a duly authorised official body certifying that the building is constructed in accordance with the national legislation, or describing the non-compliant parts which will be made compliant during the implementation of the project. The surveyor's review must certify that the cost of acquisition of the property does not exceed the market value.

b) As of the date of purchase, the property is free of any real burdens or encumbrances restricting its free use for the needs of the project, evidenced by means of official documents issued by the competent state authorities.

c) The seller has not purchased the property (building and/or land) by means of a public grant, not even in part, in the 10 years preceding the submission of the project proposal.

2. Expenditure on preparatory activities related to the building/substantial modernisation (construction and installation work) of the centre of excellence (CoE) and its entry into operation:

Expenditure on preparation and acquisition of the necessary documentation (including for outside services and fees) for the design and construction of the CoE, including for:

- Carrying out preliminary (feasibility) studies;
- Spatial analysis;
- Source data and documents;
- Terms of reference for the design;
- Adoption of new or amendment of existing development plans;
- Issuance of planning permission;

- Other documentation relevant to the preparation of the investment project;
- Activities related to the preparation of the construction site, including demolition and site clearing costs (where applicable);

3. Expenditure on preparation of the investment project and designer supervision during the construction.

Expenditure on preparation of the investment project consisting of the following phases:

3.1. Conceptual design;

3.2. Technical design;

3.3. Detailed design (drawings and details),

as well as designer supervision during the construction governed by virtue of a contract concluded between the contracting authority and the designer.

4. Expenditure on construction and installation works related to the construction/modernisation of the CoE, including sites, facilities, buildings, systems, installations, telecommunications networks, technical infrastructure, implementation of landscaping design and other necessary activities for the construction/modernisation including:

The construction/modernisation activities for the CoE must be carried out according to the category of construction and in observance of the requirements of the applicable legislation, the building permit, the approved design documentation and the terms of reference for the contractor selection procedure carried out in accordance with the provisions of the PPA.

Construction of adjoining technical infrastructure will be eligible where it serves only the object of the investment financed through the grant and does not extend to other users. In such cases, opinions and/or contracts must be requested of the relevant utility companies, as well as their technical capacity to join the technical infrastructure (for example, building a power substation for the needs of the CoE or connections to district heating, gas supply etc.)

The designer must attach to the investment project a bill of quantities for the required types of construction and installation work to be carried out.

Isolated renovations[29] of buildings with limited impact on the quality and quantity of the performed research will not be eligible under the procedure. .

5. Expenditure on construction supervision and conformity assessment:

- Assessment of the conformity of the design with fundamental construction requirements;

[29] The above specified means that the maintenance or replacement without improvement of the research facilities or the quality of research equipment, i.e. maintenance or replacement without quality increase with limited impact on the quality and quantity of the performed research, will not be eligible under the current procedure.

- Acts and protocols during the construction and final report to the contracting authority;
- Preparation and receipt of documents related to the building permission and entry into operation or of documents required in accordance with the SPA and obtaining permission for use.

6. Expenditure on investment control/consultancy during the construction and entry into operation:

- Agreement and approval of the investment project;
- Other documents related to the issuance of a building permit;
- Including for preparation of documentation and for conducting public procurement procedures.

Applicants may, at their discretion, apply contracting of engineering services (design with supervision and construction), or any of the other options provided in Article 3, para. 1, point 1 of the Public Procurement Act by reflecting this in the budget under item 5 "Budget", item 7 "Implementation Plan" and item 10 "Contracting Schedule" of the Application Form, in, and in the Financial Justification.

7. Expenditure on purchase and modernisation of the equipment required for the implementation of the research agenda:

Only expenditure on equipment which the applicant has clearly justified as necessary for the implementation of the strategic R&D development programme in item 6 of Annex I. Project Justification will be eligible.

8. Expenditure on intangible assets (incl. knowledge-based resources such as collections, archives or structured scientific information, enabling information and communication technology-based infrastructures, software and communication) necessary for the establishment/modernization of the research infrastructure by the meaning of item 13.1, 1), B).

II. Expenditure pertaining to activities under item II:

1. Expenditure on preparation and adoption of:

- Policy and rules on intellectual property;
- Policy and rules on the exploitation and commercialisation of the research results, including a structure for transfer of knowledge and technologies;
- Rules on the institutional implementation of the European Charter for Researchers and of the Code of Conduct for Recruitment of the European Commission.

Expenditure on services and fixed intangible assets and other types of expenditure pertaining to the present item 1 will be considered eligible where, in the project budget or in the Financial Justification, the type of expenditure has been specified and its direct connection with the preparation and adoption of the documents referred to above has been justified.

2. Expenditure on wages and salaries (including compulsory health and social security contributions

borne by the social insurance contributor as well as all compulsory payments borne by the employer) of CoE staff with scientific or technical expertise, including doctoral students, young scholars, leading researchers[30] and highly qualified[31] specialists needed for the conduction of top-level research, engineers, laboratory and other technicians, and other maintenance staff needed for the implementation of the project activities.

CoE staff should be engaged under employment terms on a basic labour contract for a minimum of four hours a day or on an additional (second) labour contract. Staff engaged under an additional labour contract may not conclude other additional contracts with the same or with a different employer.

The hourly rate of researchers'' wages and salaries (including compulsory health and social security contributions borne by the employer) may not exceed the hourly rate for the respective position[32] as follows:

- ✓ *BGN 45.63 per hour for leading researchers[33];*
- ✓ *BGN 30.54 per hour for researchers not holding a scientific degree[34].*

Expenditure on wages and salaries of other CoE staff may not exceed the hourly rate for the respective position in accordance with the requirements applicable to activity 5 specified in Annex XIV. Standard tables of the eligible amounts of the hourly rates of persons engaged in connection with the implementation and management of projects under Priority Axis 1 of OP SESG.

Expenditure on wages and salaries of staff currently employed or that will be employed will be eligible. Applicants whose budgets include wages and salaries are required to provide information in the Annex I "Project Justification" about the requirements regarding the education, qualifications, professional experience and functions (duties and responsibilities) of researchers, specialised technical staff and

[30] Habilitated *h*-index scientists (the number of papers (*h*) published by a scholar, each of which has been cited at least *h* number of times), where *h* is higher than 8 (the index will be calculated in accordance with the Rules for monitoring and evaluation of the research undertaken by universities and scientific organisations, as well as of the activities of the National Fund for Scientific Research), having at least 10 posts in the five years preceding the submission of the project proposal in journals referenced and indexed in the SCOPUS, WEB of SCIENCE, Harzing's Publish or Perish (Google Scholar) databases.

[31] Staff with higher education having minimum five years of relevant employment experience, which may also include training under doctoral programmes.

[32] The maximum amount of the hourly rate for leading researchers has been calculated on the basis of the maximum amount of the monthly wage of research scientists in accordance with the EU Framework Programme for Research and Innovtion for the period 2014-2020 – Horizon 2020 applicabble to Bulgaria..

[33] In accordance with categories R4, R3 and R2 set out in Commission Communication "Towards a European Framework for Research Careers" of 21 July 2011, namely: R4 – reseachers holding a PhD degree leading their research area or degree, **or** R3 – researchers holding a PhD degree who have developed a level of independence in research conduction, **or** R2 – researchers holding a PhD degree who are not yet fully independent.

[34] In accordance with category R1 set out in Commission Communication "Towards a European Framework for Research Careers" of 21 July 2011, namely: R1 – researchers up to the point of PhD.

other expert staff whose remuneration is to be funded from the project grant.

3. Expenditure on training of laboratory technicians, engineers and young scholars engaged by the CoE and for specialisation training in leading research centres abroad[35].

4. *Training expenditure will include training fees or salaries/wages as well as trainers' and trainees' operational costs and other expenditure associated with the training delivery.* Expenditure on exchanges between the research agenda team and the teams of leading European research centres.

5. Expenditure on missions of CoE staff and of the project research team for participation in specialisation training and international conferences thematically related to the project[36].

Where the expenditure pertaining to items 3 and 5 includes mission costs, such expenditure will be eligible to the extent and in accordance with the terms of the Ordinance on Business Travel in-Country and the Ordinance on Business Travel and Specialisations Abroad or of the relevant regulations of another Member State, where Bulgarian law does not apply.

6. Expenditure on purchase of materials and supplies required for the implementation of the project activities and the conduction of the research activities.

7. Expenditure on ongoing maintenance (including overheads): the maximum value of such expenditure may not exceed 5% of the total eligible project expenditure.

III. Expenditure pertaining to activities under item III:

1. Expenditure on publication of scientific papers.

2. Expenditure on protection and maintenance of intellectual property.

3. Expenditure on exploitation and commercialisation of the research results, including a structure for transfer of knowledge and technologies.

4. Expenditure on organisation of seminars and conferences, dissemination of the results and other activities where these activities are directly related to the project.

The specified groups of expenditure may include service costs, including for intellectual property representatives, fees, expertise, studies, independent assessment and others deemed appropriate by the applicant and which will facilitate the achievement of the results specified in items 1 to 4.

IV. Other types of eligible expenditure:

1. Expenditure on advisory services related to the preparation and/or the completion of the application,

[35] If expenditure under Section II, Items 3 and 5 has been planned, the applicants must take in to account the requirements under Section 5 "Territorial scope" of these Guidelines for Applicants.

[36] If expenditure under Section II, items 3 and 4 has been planned, applicants must take into account the requirements under item 5 "Territorial scope" of these Guidelines for Applicants.

including on notarial services and other fees – up to 0.1 percent of the total eligible expenditure.

Such expenditure may include:

1.1. *Expenditure on wages and salaries of persons directly involved in activities related to the management and/or implementation of the project, including the compulsory health and social security contributions borne by the social insurance contributor*[37]*; and*

1.2. *Expenditure on missions (travel, subsistence and accommodation) – in accordance with the Ordinance on Business Travel in-Country and the Ordinance on Business Travel and Specialisations Abroad or with the relevant regulations of another Member State, where Bulgarian law does not apply;*

1.3. *Administrative expenditure on project management (overheads, consumables and supplies, rent, mission costs).*

NB: Applicants may, at their own discretion, contract the activities related to the project organisation and management; contractors for such activities must be selected in accordance with the applicable procurement rules depending on their estimated value.

2. Expenditure on publicity and visualisation – up to 0.5 percent of the total eligible expenditure.

3. Expenditure on irrecoverable VAT (to be included in the value of the eligible expenditure on the corresponding goods and/or services). The costs of irrecoverable VAT will be considered eligible expenditure under the project and must be planned and included in the value of the corresponding type of expenditure in section 5 "Budget" of the Application Form. The rules governing the Value Added Tax are laid down in Instructions of the Minister of Finance НФ-5/28.07.2014 on the treatment of VAT as eligible expenditure in the implementation of projects under operational programmes co-financed from the European Regional Development Fund, the European Social Fund, the Cohesion Fund of the European Union, and the European Maritime and Fisheries Fund for the financial framework 2014-2020 (Annex XXIV).

4. Insurance costs for the fixed tangible assets acquired as a result of the activities by the end of the project.

5. Audit expenditure.

NB: The investment in infrastructure/equipment (the expenditure under item I, including any fixed assets expenditure) must amount to **no less than BGN 20,000,000 and must account for at least 75% of the**

[37] The value of the wages and salaries may not exceed the hourly rate for the respective position in accordance with the requirements applicable to activity 5 specified in Annex XIV Standard tables of the eligible amounts of the hourly rates of persons engaged in connection with the implementation and management of projects under Priority Axis 1 of OP SESG.

total amount of the grant so as to ensure the sustainable development of the research infrastructure. Isolated renovations of buildings with limited impact on the quality and quantity of the performed research[38]. .

NB: No expenditure may be included in the budget which has not been justified and tied with a specific activity in the project proposal. All expenditure included in the project budget must be consistent with the description of the activities in the Application Form. The activities must be tied with specific, measurable, achievable, relevant and time-bound targets. The budgeted values must correspond to the description of the project activities and the stages of their implementation, and the resources for the implementation of the activities must be planned appropriately in terms of both quantity and quality, and at the best price, and must be described in detail in the presentation of the corresponding activity. At the budgeting stage, applicants must aim for the most advantageous balance between the resources used to attain the specific objectives and the achievement of the planned results.

The budget must be in Bulgarian leva (BGN). The values must be rounded off to the second decimal place.

14.3. Ineligible expenditure

The following types of expenditure will not be eligible under the procedure:

Expenditure which have already been financed with ESIF resources or through other instruments of the European Union in accordance with Article 65, paragraph 11 of Regulation (EU) No 1303/2013, as well as with other public resources than those of the beneficiary.

- Commissions and losses from differences in exchange rates where foreign currency is exchanged;
- Value Added Tax unless otherwise recoverable;
- Purchase of second-hand fixed tangible assets;
- Expenditure on guarantees issued by a bank or by another financial institution;
- Interest on debt;
- Expenditure on financial transactions;
- Expenditure on decommissioning or the construction of nuclear power stations;
- Investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I

[38] The above specified means that the maintenance or replacement without improvement of the research facilities or the quality of research equipment, i.e. maintenance or replacement without quality increase with limited impact on the quality and quantity of the performed research, will not be eligible under the current procedure.

to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ, L 275, 25.10.2003, p. 32);

- Expenditure on manufacturing, processing and marketing of tobacco and tobacco products;
- Undertakings in difficulty, as defined under Union State aid rules;
- Investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact;
- Expenditure on activities whose implementation was launched before the submission of the project proposal, except for advisory services related to the preparation of the application documents for the procedure;
- Expenditure on economic activities which are not purely ancillary and of limited scope, i.e. economic activities which do not consume exactly the same outputs (such as material, equipment, labour and fixed capital) as the non-economic activities and which exceed 20% of the overall annual capacity of the research infrastructure;
- All unplanned expenditure associated with the eligible activities under the procedure, including on activities not described in the Application Form or for which it is not possible to determine a corresponding activity or whether such activity is eligible from the description provided.

15. Eligible target groups[39]:

- Researchers;
- Entrepreneurs;
- Innovators;
- Teachers and professors;
- Doctoral students;
- Post-doctoral students;
- Young scholars;
- Specialising post-graduate students;
- Research participants;
- University students;
- School students.

[39] Where applicable.

The procedure is expected to have a positive impact on the above target groups as follows: i) entrepreneurship benefits: creation of spin-offs and start-ups; development of new/improved products and processes; knowledge transfer; ii) benefits for the other target groups and public benefits: generation of new research, formation of human capital, development of social capital.

16. Applicable de minimis/State aid framework:

The grant funding to be awarded under the procedure does not constitute State aid within the meaning of Article 107 of the Treaty on the Functioning of the European Union as it will be awarded in accordance with item 20 of the Framework for State aid for research and development and innovation (the Framework). In accordance with item 20 of the Framework, where: (i) a research organisation or (ii) research infrastructure is used (iii) almost exclusively for a non-economic activity, its funding may fall outside State aid rules in its entirety, provided that (iv) the economic use remains purely ancillary, that is to say corresponds to an activity which is directly related to and necessary for the operation of the research organisation or research infrastructure or intrinsically linked to its main non-economic use, and which is (v) limited in scope. This will be considered to be the case where the economic activities consume exactly the same inputs (such as material, equipment, labour and fixed capital) as the non-economic activities and the capacity allocated each year to such economic activities does not exceed 20% of the relevant entity's overall annual capacity.

The procedure is compliant with the above provisions as follows:

(i) Only applicants and partners constituting research organisations within the meaning of item 15 (ee) of the Framework will be eligible under the procedure.

The above will be ensured by means of the following conditions:

- The majority of the eligible applicants listed in item 11.1.1 fall within the definition based on legal status and operations;
- Applicants will be requested to submit a memorandum of association or other such documents, rules of organisation or other rules of procedure, articles or other rules governing the applicant's activities and the manner of their funding, as well as the annual financial statements for the last completed financial year as of the date of submission of the document (including the annual report on the cash performance of the budget, where applicable), and the annual tax return for the last completed financial year in order to verify compliance with the above definition.

(ii) Only activities associated with the creation, development and/or modernisation, as well as with the

functioning and operation of centres of excellence falling within the scope of the definition of "research infrastructure" under point 15 (ff) of the Framework will be eligible under the procedure.

(iii) Only activities associated with research infrastructure used almost exclusively for non-economic activities within the scope of point 19 of the Framework will be eligible under the procedure.

(iv) Only economic activities within the meaning of point 21 of the Framework which are purely ancillary and limited in scope and in regard to which the capacity allocated each year to such activities does not exceed 20% of the relevant overall annual infrastructure capacity will be eligible under the procedure.
The above will be ensured by means of the following conditions:
- Compliance with the requirement for the limited scope of the economic activities will be verified in accordance with the terms and conditions of the Administrative Contract (Annex XVIII). In the event of failure to comply with this requirement, a recovery mechanism will be put in place in accordance with the Administrative Contract. Applicants must describe in Annex I. Project Justification the intended ratio of the economic and the non-economic activities, the type of economic and non-economic activities planned for implementation, as well as how they will ensure compliance with the applicable requirements.
- Mandatory requirement for differentiation between expenditure, funding and revenue; separate reporting for the economic and the non-economic activities of the infrastructure; and assurance of the reinvestment of profits from knowledge transfer activities in the non-economic activities of the infrastructure.
- Mandatory requirement for separate accounting for both the project funding and the economic and the non-economic activities of the research infrastructure, where, before payment, beneficiaries must submit a chart of accounts with separate accounts reflecting the above requirements.
(v) The procedure contains provisions ensuring the avoidance of indirect aid by means of mandatory compliance with the requirements set out in point 25, respectively point 28-30, of the Framework and enforcement of the PPA, respectively the rules for contractor selection.

17. Horizontal policies[40]:

The implementation of the activities under the procedure must be consistent with the following horizontal principles referred to in Section 11 of OP SESG 2014-2020 and in Article 7, Article 8 and item 5 of Annex I to Regulation 1303/2013:

1. Sustainable development;

[40] Describe the requirements for compliance with the horizontal policies of the EU and, where applicable, any contribution towards their implementation.

2. Promotion of equality and non-discrimination;

3. Promotion of equality between men and women.

Applicants must justify in their project proposals how the proposed activities will be consistent with and will contribute to the implementation of the horizontal policies.

The implementation of the planned project principles will be verified at the implementation stage of the project proposal.

18. Minimum and maximum period for the implementation of the project[41]:

The period for the implementation of each project may not exceed **72 month** as of the date of signature of the Administrative Contract, **but not later than 31 December 2023.**

In the proposed periods for project procedures, applicants must ensure sufficient time for preparation and approval of technical documentation, issuance of the necessary permits and approval documents, preparation and implementation of public procurement procedures for construction, services and/or supplies, construction and entry into operation, reporting, final payments to contractors etc.

19. Procedure for evaluation of project concepts[42]:

20. Criteria and methodology for evaluation of project concepts[43]:

21. Procedure for evaluation of project proposals:

The evaluation and ranking of the project proposals submitted under the procedure will be performed by a committee/by committees appointed by order of the Head of the Managing Authority. All project proposals submitted by the deadline for submission of project proposals for the respective component will be evaluated in accordance with the criteria and methodology for evaluation of project proposals described in Annex VII to the Guidelines for applicants. No additional criteria may be introduced, nor may existing criteria be amended during the evaluation of the submitted project proposals except in the cases referred to in Article 26, para. 7 ESIFMA.

[41] Where applicable.

[42] To be completed only where the procedure includes preliminary selection of project concepts within the meaning of Article 31, para. 1 of the European Structural and Investment Funds Management Act.

[43] To be completed only where the procedure includes preliminary selection of project concepts within the meaning of Article 31, para. 1 of the European Structural and Investment Funds Management Act.

The evaluation and ranking of project proposals will consist of:

Stage I: Assessment of the administrative compliance and eligibility;

Stage II: Technical and financial evaluation.

In accordance with Article 33, para. 2 ESIFMA and Chapter Two, Section I of CMD No 162 of 5 July 2016, the committee will evaluate and rank the project proposals within three months, for each individual procedure (within the meaning of Article 30, para. 2 ESIFMA), unless, by exception, a longer deadline has been specified in the appointment order, which may not exceed 4 months.

The stages will consist of:

Stage I: Assessment of the administrative compliance and eligibility – this stage will include a verification of the formal compliance of each project proposal and of the eligibility of each applicant and all project activities with the eligibility criteria specified in item 11, item 13 and item 18 of the Guidelines for Applicants.

In accordance with article 34, para. 2 ESIFMA, where, in the above cases, instances of missing documents and/or another irregularities are established, the committee will notify the applicant of these irregularities and will specify a reasonable deadline for their adjustment, which may not be shorter than one week. The notification will further specify that failure to fix the irregularities may lead to termination of proceedings for the applicant. The adjustment of irregularities may not lead to improvement of the quality of the project proposal.

Only project proposals having successfully passed the assessment of the administrative compliance and eligibility will be admitted to further examination and evaluation.

Based on the verification of the administrative compliance and eligibility, the committee will draw a list of the project proposals which will be excluded from technical and financial evaluation. The list will also indicate the reasons for exclusion and will be published on the website of the Operational Programme (http://sf.mon.bg) and uploaded on to EUMIS 2020, whereas the decision for exclusion will be communicated to each applicant appearing in the list pursuant to Article 61 of the Administrative Procedure Code.

Any applicant whose project proposal appears in the list of project proposals excluded from technical and financial evaluation will be entitled to send a written objection to the Head of the Managing Authority within one week of the notification.

The Head of the Managing Authority will decide on the grounds of the objection within one week of receipt and will:

1. Return the project proposal for technical and financial evaluation;

2. Terminate proceedings for the applicant.

The decision referred to in item 2 may be contested within one week of the notification pursuant to Chapter Ten, Section IV of the Administrative Procedure Code. The contestation will not suspend the further conduction of the grant award procedure.

Stage II: Technical and financial evaluation – this stage will include an evaluation of the merits of the project proposals carried out in accordance with the project evaluation criteria.

The criteria for the technical and financial evaluation of project proposals are divided into sections and sub-sections, as indicated in the Table of Technical and Financial Evaluation Criteria in item 22. The criteria for the technical and financial evaluation of projects proposals under the procedure are described in detail in Annex VII to the Guidelines for applicants.

The technical and financial evaluation of the project proposals will also include a verification and assessment of the viability, effectiveness and eligibility of all proposed activities and expenditure. Where, in the course of the technical and financial evaluation, instances such as inclusion of ineligible activities in the project proposal, ineligible and/or unrealistic expenditure, duplication of proposed activities and/or expenditure etc. are established, this may result in amendments to the project budget (item 5 of the Application Form). Applicants are reminded that budget amendments may not lead to increasing the size of the grant award, inability to fulfil the project objectives or implement the project activities, improve the quality of the project proposal or breach the provisions of Article 29 (1) (1) ESIFMA. Therefore, it is in the best interest of applicants to plan the activities and the budget in such a way so as to ensure their viability and effectiveness in terms of the project purpose and the planned expenditure.

Where, in the course of the financial evaluation, instances of exceedance of the maximum amount of the grant award or of the maximum amount of the expenditure specified in these Guidelines are established, the evaluation committee will resort to ex officio reduction to the maximum allowable size.

Where, in the course of the financial evaluation, instances of ineligible expenditure or of expenditure not justified in the Financial Justification are established, the evaluation committee will resort to ex officio adjustment/removal of the expenditure concerned from the project budget (item 5 of the Application Form).

The budget adjustment will be the final stage of the technical and financial evaluation of the project proposals. In the event of resort to ex officio adjustment of budget data in accordance with Annex VII of the application package (criteria and methodology for evaluation of project proposals) during the technical and financial stage of the evaluation, the evaluation committee will not proceed to re-examine the criteria on which the adjusted budget data might have an effect.

Besides the above examination, it is possible that other circumstances may be established which may necessitate the request of additional clarifications or documents of applicants regarding the circumstances declared and the documents submitted in accordance with item 24 of the Guidelines for Applicants.

Additional explanatory information may be requested of applicants by allowing at least a week as of the date of receipt of the request for the additional explanatory information for its submission, where the day of receipt of the request will not count.

Notifications of irregularities, in the course of both the administrative compliance and eligibility stage and the technical and financial evaluation stage, will be sent via EUMIS 2020 using the electronic profile of the applicant, of which the latter will be notified by e-mail sent to the electronic address provided by the applicant in the electronic profile. The date of receipt of the notification will be the date registered in EUMIS 2020 as the date on which the applicant has accessed the EUMIS account to check the content of the notification sent via the system. Where no such action has been registered in EUMIS 2020 within 3 days of sending the notification, the deadline for submission of the additional explanatory information will become effective on the day following the expiry of the 3-day deadline. Additional information may be submitted only at the request of the evaluation committee but it may not lead to improving the quality of the project proposal and breaching the provisions of Article 29, (1) and (2) ESIFMA.

The technical procedure for submission of additional explanatory information is described in the User's Manual for the "E-application" module in EUMIS 2020[44].

A refusal of grant aid may ensue where:

- The proposal is incomplete or does not, in other ways, meet the specified eligibility criteria;
- The applicant does not meet the eligibility criteria;
- The project does not meet the eligibility criteria;
- Other criteria specified in the Guidelines for Applicants have not been met;
- The score awarded to the project proposal at the technical and financial evaluation stage is below the minimum required score in accordance with item 22.
- The applicant has intentionally submitted false information in order to obtain a grant under the procedure or, alternatively, has failed to submit the mandatory required information in accordance with the Guidelines for Applicants.

22. Criteria and methodology for evaluation of project proposals:

[44] The Manual is available at: https://eumis2020.government.bg/docs/guide.pdf

The criteria for the technical and financial evaluation of project proposals are divided into sections and sub-sections, as indicated in the Table of Technical and Financial Evaluation Criteria in item 22. The criteria for the technical and financial evaluation of projects proposals under the procedure are described in detail in Annex VII to the Guidelines for applicants.

Evaluation criteria	**Maximum score**
I. EVALUATION OF PROJECT PROPOSALS	**100 points**
1. Evaluation of the proposed structure of the CoE	**6**
2. Evaluation of research and development programmes in the relevant thematic area of ISSS	**36**
3. Evaluation of the economic impact of the research programme	**8**
4. Evaluation of the plan on the use of the newly built research infrastructure	**10**
5. Financing plan: cost effectiveness and sustainability of investment in research infrastructure	**18**
6. Assessment of the scientific, administrative and management capacity of the project team	**17**
7. Bonus points for projects short-listed in "Teaming" call The number of points obtained by ranking under "Teaming" – 10 points.	**5**
Where a project proposal is awarded a score of less than 70 points in the evaluation under Section I, the proposal will be rejected by the evaluation committee.	
II. ASSESSMENT OF THE RESEARCH POTENTIAL OF THE APPLYING RESEARCH ORGANISATION	**100 points**
8. Evaluation of the scientific achievements of the organisations in the project proposal field for the past five years (2011-2015).	**30**
9. Evaluation of the existing human research potential in the field of the project proposal	**30**
10. Assessment of the type of use of the available scientific equipment	**20**
11. Evaluation of the scientific quality of the associate partners	**20**
Complex assessment and relative weight of the criteria under Section I and Section II: **KO1 = K1 × 0.70 + K2 × 0.30,**	

where: KO1 is the Complex assessment; K1 is the score awarded under Section I; K2 is the score awarded under Section II.

Where a project proposal is awarded a Complex assessment of less than 70 points, the proposal will be rejected by the evaluation committee.

Project proposals having scored **minimum 70 points** at the technical and financial evaluation stage will be ranked in descending order according to score in separate ranking lists for each component applied for.

Project proposals having been awarded an equal average score at the technical and financial evaluation stage will be ranked as follows: The project proposals will be ranked according to the score awarded under section I "Evaluation of project proposals", criterion 6 "Assessment of the scientific, administrative and management capacity of the project team".

23. Submission of project proposals/concepts:

IMPORTANT!

1. **THE PROJECT PROPOSAL AND ALL SUPPORTING DOCUMENTS MUST BE SUBMITTED IN BULGARIAN. WHEN SOME OF THE SUPPORTING DOCUMENTS IS CREATED IN A FOREIGN LANGUAGE IT SHOULD BE ACCOMPANIED BY AN EXACT TRANSLATION IN BULGARIAN BY A SWORN TRANSLATOR.**
2. **ALL DOCUMENTS IN P.1 (THE PROJECT PROPOSAL AND ALL SUPPORTING DOCUMENTS), MUST ALSO BE SUBMITTED IN AN ENGLISH TRANSLATION BY A SWORN TRANSLATOR AND THE VERSION IN ENGLISH MUST BE IDENTICAL WITH THE ONE IN BULGARIAN. ALL DOCUMENTS IN P.2 (IN ENGLISH) MUST BE SUMITTED AS ATTACHED ARCHIVED FILES IN SECTION 12 IN UMIS2020**.

Project proposals under this project selection procedure should be submitted only electronically using the "E-application" module in the Information System for Management and Monitoring of the EU Structural Instruments in Bulgaria (EUMIS 2020)) - https://eumis2020.government.bg. The submission of project proposal will be done by completing an online Application Form and submitting it by the applicant, and both the Application Form and the documents attached will be signed with a Qualified Electronic Signature (QES) of the person, authorised to represent the applicant. In the event of partnership which

does not constitute a legal entity, the Application Form shall be signed together with the attached documents with QES by the persons entitled to represent the leading organisation.

Signing of documents with QES has been adopted under this procedure, since pursuant to Article 13(4) of the Electronic Document and Electronic Signature Act, the QES has the validity of a handwritten signature. The preparation, submission and registration of the project proposal in EUMIS 2020 will be done as follows:

- The applicant will access EUMIS 2020 through "E-application" module at https://eumis2020.government.bg;
- The applicant will register in the system as a new user, and then will be able to log in with a username (e-mail) and a password. The e-mail specified at the registration of the applicant as a user will be used for communication during the evaluation of the project proposal;
- The applicant will select procedure BG05M2OP001-..... "Creation and Development of Centres of Excellence" from the available procedures open for application;
- The applicant will complete the Application Form for the relevant procedure;
- The Applicant will fill in their UIC/Bulstat number in the form;
- Where technically possible the system will check whether the applicant has been registered in EUMIS 2020, by checking in both the Bulstat Register and in the Commercial Register maintained by the Registry Agency and will extract the necessary data from there;
- If information for the relevant applicant is missing, the system will allow the data to be entered;
- After the data is extracted and uploaded from the Bulstat and Commercial Registers, the system will allow the data to be amended;
- The applicant will complete the Application Form for the procedure BG05M2OP001-..... "Creation and Development of Centres of Excellence", following the User's Manual for "E-application" module (Annex XII). The system will allow correction, saving and adding information in the form, while it is in active mode (draft). Each form may be saved locally as a file in a special format, which can be opened only by EUMIS 2020. The system allows the opening of locally saved file of an Application Form and its editing by a different user registered in the system, where necessary;
- The user will attach to the Application Form the additionally requested by the MA documents (specified in item 24 of the Guidelines for Applicants) by uploading them in a special separate section. Each one of the uploaded documents should be signed with the qualified electronic signature (QES) of the person authorised to represent the applicant. The applicant will indicate in the system that they are finalising the Application Form. Prior to finalising the Application Form the applicant

may check for errors with the key "Check the form for errors" from the menu in the bottom of the screen;

- The system allows saving the created application form on the applicant's computer, signing it by one or more representatives of the applicant with QES, and uploading the generated files;
- Where the specified actions were performed correctly the applicant will submit the Application Form and the documents attached to it via the system;
- The system will register the submitted project proposal and will generate a registration number;
- The system will send a notification to the specified user's e-mail that the project proposal has been registered with the corresponding registration number.

Until the completion of the work of the Evaluation Committee the applicant will have the opportunity to withdraw their proposal by submitting a written request to the Head of the MA of the OP SESG on paper, and this circumstance will be registered in EUMIS 2020 by a system user with the relevant rights.

The applicants should complete carefully and consistently the sections of the Application Form, since errors or inconsistencies made during its completion may result in rejection of the project proposal.

The supporting documents to the Application Form as requested in item 24 of the Guidelines for Applicants shall also be submitted only electronically. The specified documents will be listed in item 12 of the Application Form before its submission.

NB: The project proposal will be submitted electronically via the EUMIS 2020, and will be signed with QES by a person authorised to represent the applicant. Where the applicant is represented jointly by several natural persons the project proposal will be signed by each one of them at submission.

Please note that it is recommended the project proposal to be submitted always from the applicant's profile, and not from a different profile, because later this is precisely the profile to be used for communication with the Managing Authority, and for removal of any inaccuracies identified during the evaluation of the project proposals. The applicants should be aware that it will not be possible to change the specified profile.

Please note that only the Application Form and the documents required at the application stage will be evaluated. Therefore it is of utmost importance that these documents will contain all the necessary information.

When drafting item 5 "Budget" of the Application Form it should be taken into account that it will be spent in compliance with the rules of the applicable national legislation, as follows:

- the beneficiaries which are not contracting authorities pursuant to the PPA will apply Chapter Four of the European Structural and Investment Funds Management Act (ESIFMA) and its implementing regulations laying down the terms and conditions for selection of contractors by grant beneficiaries.
- the Public Procurement Act and its implementing regulations.

The applicants should take into consideration that pursuant to the specified national legislation the terms for carrying out the procedures for selecting contractor(s) will be determined based on the value and the subject of the service or supply, regardless in which budget section or item the relevant expenditure was planned. No division of the subject of a service or supply contract will be allowed, aimed at avoiding the application of the specified statutory acts.

The applicant will bear the sole responsibility for the accuracy of the financial information, presented in item 5 "Budget" of the Application Form.

24. List of documents to be submitted at application stage[45]:

The submission of the project proposal will be done by completing an online Application Form, with the project proposal signed with qualified electronic signature (QES) of the person, authorised to represent the applicant. In the event where the partnership is not a legal entity the Application Form shall be signed together with the attached documents with QES by the persons authorised to represent the leading organisation.

To the Application Form the applicant should upload in EUMIS 2020 the following documents, signed with QES by the person authorised to represent it:

24.1. Explanatory information which cannot be requested additionally, and in the event that it is not submitted with the application documents, the project proposal will be rejected:

a) Project Justification in accordance with the model given in **Annex I signed with QES by a person authorised to represent the applicant; to be uploaded in EUMIS 2020;**

NB: To be submitted in both Bulgarian and English[46]**.** Where the Project Justification (Annex I) is not submitted in the required model or not all sections are completed, it could not be requested additionally

[45] In the event where under the procedure a pre-selection of project concepts is carried out, the documents to be submitted at this stage will be specified separately.

[46] The project proposal and all supporting documents must be submitted in Bulgarian. when some of the supporting documents is created in a foreign language it should be accompanied by an exact translation in Bulgarian by a sworn translator.
All documents (the project proposal and all supporting documents), must also be submitted in an English translation by a sworn translator and the version in English must be identical with the one in Bulgarian. All documents (in English) must be sumitted as attached archived files in section 12 in UMIS2020.

from the applicants. In the event it is not submitted the project proposal will be rejected, as it's submission at a later stage will result in improving the quality of the project proposal and breaching the principles of Article 29 (2) and Article 34 (2), last sentence of the European Structural and Investment Funds management Act (ESIFMA). The document will be signed by a person entitled to represent the applicant. Where no English translation is submitted, it can be requested additionally. Where the applicant is represented jointly by several natural persons the Project Justification will be signed by each one of them. In the event of a partnership which is not a legal entity the document will be signed by a person entitled to represent each one of the persons forming the partnership.

24.2. Additional explanatory information, which can be requested additionally and in the event that it is not submitted after having been additionally requested, the project proposal will be rejected:

b) Financial Justification**, signed with QES by a person entitled to represent the applicant/leading organisation, to be uploaded in EUMIS 2020;**

The financial justification should contain detailed information (breakdown by budget items and the method of formation of the budget items) about the required funding for the implementation of each project activity as per the proposed budget, as well as data on the research conducted regarding analogous goods or services or works, including on the Internet, referencing or quoting a link to the corresponding source of information, where applicable.

c) Financial Analysis, signed with QES by a person entitled to represent the applicant/leading organisation, to be uploaded in EUMIS 2020;

The financial analysis shall be drawn up in accordance with the methodology set out in Annex III to the Commission Implementing Regulation (EU) 2015/207 (in the part Financial Analysis) and the European Commission Guide to Cost-Benefit Analysis of Investment Projects (in the part "Financial Analysis" and in the part "Research, development and innovation"). The financial analysis should be submitted in Open Formula format (Excel) to allow its review and evaluation, including verification of the obtained financial results.

d) Declaration under art. 25, par. 2 of the Management of Resources from the European Structural and Investment Funds Act completed in accordance with the model in Annex II to the Guidelines for applicants**, signed with QES and uploaded in EUMIS 2020. NB:** Where the partnership is not a legal entity the said declaration will be submitted by each one of the participants in the partnership, excluding for the associated partners.

e) Declaration of no conflict of interest completed in accordance with the model in Annex IIa to the Guidelines for applicants**, signed with QES and uploaded in EUMIS 2020**. **f)** Partnership contract, completed in accordance with the model in Annex III to the Guidelines for applicants**, signed with QES and uploaded in EUMIS 2020.** Will be requested for partnerships which are not legal entities and will be signed by the persons entitled to represent the participants in the partnership.

The following documents should be annexed to the contract: The rules for distribution of intellectual property rights between the partners; Policies/rules for access to the equipment by outside organisations.

g) Declaration on the collaborative activities implemented with associated partners completed in accordance with the provided model (Annex IIIa) to the Guidelines for applicants, **signed with QES and uploaded in EUMIS 2020**, as well as, where applicable, a letter of support for the realisation of the project from the municipality on whose territory the project activities will be implemented. Will be requested in cases where associated partners are included. It shall be signed by the persons entitled to represent the applicant/leading organisation and the associated partners;

h) Declaration of compliance with the requirements of the Framework for State aid for research and development and innovation completed in accordance with the model (Annex IV) to the Guidelines for applicants, **signed with QES and uploaded in EUMIS 2020**.

NB: Where the partnership is not a legal entity the said declaration will be signed by a person entitled to represent each one of the participants in the partnership, excluding for the associated partners.

i) Declaration that the applicant/partner does not constitute an undertaking in difficulty, is not subject to outstanding recovery order as a result of a prior decision of the European Commission, and on the absence of double financing, in accordance to Annex V**, signed with QES and uploaded in EUMIS 2020.**

NB: In cases of a partnership the said declaration will be submitted by each one of the participants in the partnership, excluding for the associated partners**.**

j) Declaration of consent by the applicant/partner(s) concerning the use and dissemination of aggregated project data by the MA and NSI (Annex VI), **signed with QES and uploaded in EUMIS 2020.**

NB: Where the partnership is not a legal entity the said declaration will be submitted by each one of the participants in the partnership, excluding for the associated partners.

NB: The declarations referred to in g) h) i) and j) shall be signed and completed by a person entitled to represent the applicant/partner/associated partner. Where the applicant/partner/associated partner is represented jointly by several natural persons declarations should be completed with the details of and

signed with the QES of either each one of them or by this one of them who is authorised by notary certified power of attorney.

The declaration under item d) shall be signed and completed by all persons with powers to represent the applicant/partner, the members of management and supervisory bodies of that applicant/partner and the persons that have powers of control in decision making therein..

The declaration under item e) shall be signed and completed by all persons entitled to represent the associated partner (regardless whether jointly and/or severally, and/or otherwise).

k) Certificate for current status issued by the relevant court not earlier than 3 months prior to the date of its submission by the applicant/partner(s) (only for non-profit legal entities), **signed with QES and uploaded in EUMIS 2020.**

l) Statute or Articles of Association identifying the basic scope of activities, for which the non-profit legal entity has been registered, its members and governance (for partnership/partner that is a non-profit legal entity), **signed with QES and uploaded in EUMIS 2020.**

m) Minutes of association meeting and/or Act of establishment (applicable to all applicants/partners except for non-profit legal entities), **signed with QES and uploaded in EUMIS 2020.**

n) Rules of organisation or other rules of procedure, articles or other rules governing the applicant's activities and the manner of their funding (applicable to all applicants/partners except for non-profit legal entities), **signed with QES and uploaded in EUMIS 2020**.

o) Document certifying that the relevant research organisation is listed in the Register of scientific research activities in the Republic of Bulgaria, maintained by the Ministry of Education and Science (applicable only to applicants/partners which are research organisation, as referred to in item 11.1.1, B), point 2, **signed with QES and uploaded in EUMIS 2020**.

p) Annual financial statements of the applicant/partner for the last completed financial year (in case it has completed financial year) as of the date of submission of the document (including the annual report on the cash performance of the budget, where applicable), **signed with QES and uploaded in EUMIS 2020.**

q) Annual tax return of the applicant/partner bearing the National Revenue Agency (NRA) reference number for the last completed financial year (in case it has completed financial year) as of the date of submission of the document, **signed with QES and uploaded in EUMIS 2020;**

NB: In case of partnership which is not in the form of a legal entity, the documents referred to in items k) to q) shall be submitted by all of the participants in the partnership, to which the relevant documents are

applicable. In case of partnership which is in the form of legal entity the documents referred to in items k) to o) shall be submitted by all of the participants in the partnership, to which the relevant documents are applicable.

r) Policy and rules on intellectual property; policy and rules on the exploitation and commercialisation of the research results, including a structure for transfer of knowledge and technologies; rules on the institutional implementation of the European Charter for Researchers and the Code of Conduct for Recruitment of the European Commission, **signed with QES and uploaded in EUMIS 2020;** In the event of partnership shall be submitted the policies and rules of one of the partners which will be used by the Centre of Excellence.

Where the documents have not yet been adopted, the plans concerning their preparation and adoption must be described in Annex I "Project Justification".

r1) Pictures showing the state of the rooms/building at the time of application (applicable if repair/renovation of existing rooms/buildings has been planned).

24.3. Documents which are necessary for the technical and financial evaluation, and if not submitted upon being additionally requested, the project proposal will not be rejected however will be assigned lower number of points

s) A preliminary survey of the potential partners/associated partners with regard to the main partnership members, **signed with QES and uploaded in EUMIS 2020;** To be submitted by the leading organisation, and where the partnership is in the form of a legal entity, the preliminary survey might have been carried out by any one of the participants in the partnership**.**

t) Documents certifying that persons/legal entities outside the applicants/partners have expressed interest in using the infrastructure (CoE)**, signed with QES and uploaded in EUMIS 2020.**

u) Documents applicable for evaluation under the criteria referred to in Section I, subsection 6 of the Criteria for technical and financial evaluation, set out in Annex VII to the Guidelines for applicants:

u1. Documents for the education, experience and qualification of the members of the project management team**, signed with QES and uploaded in EUMIS 2020.**

The applicants/partners should attach the following documents for the team members referred to in item 9 of the Application form, certifying the education, experience and qualification of the persons specified in item 10.1 of the Project Justification:

- Higher education diploma – to certify the compliance with the education requirements. Diplomas issued by foreign higher education institutions must be legalized, translated and certified in accordance with the regulations set in international agreements between the Republic of Bulgaria and the issuing state, and if

there are no such regulations – in accordance with the common practice on legalization, translation and certification of documents;

- Professional experience record, civil service record, social security record, certificate from employer, references, recommendations, copies of civil contracts; certificate for completed course and/or certificate for vocational training/re-training and/or diploma or other relevant official documents – concerning the certification of the compliance with the requirements for professional qualification and experience;
- Employment contracts between applicant/partners and the team members or respectively declarations of commitment (of availability) by the team members.

u2. Documents concerning the areas of competency of the research team**, signed with QES and uploaded in EUMIS 2020.**

Applicants/partners should upload the following documents, certifying compliance of the competencies of the team members specified in item 10.2 of the Project Justification with the project proposal:

- a list of research publications of the team members with links to its reference or citation;
- a list of patents, patent applications, or other registered or protected intellectual property with full or shared authorship of the team members with references to the relevant websites or respectively the documents certifying the relevant property rights;
- a list of participations in conferences of international importance with specified or annexed source of information concerning participation;
- a list with number and topic of projects on a competitive basis in which the member of the team has been involved with references to relevant sources of information, respectively scanned cover page of the project, list of the team of the project, page with the signatures of the respective contract for the purpose of authentication of the participation in a research project;
- a list of contracts with Bulgarian and foreign enterprises and of the implemented technological solutions;
- a list of participations in European research networks and/or in joint international research teams due to invitation to participate in certain research tasks, as evidenced by a joint scientific publications in reference journals with impact factor, etc.;
- documents for the education and professional experience of the relevant specialists and technical staff in the relevant area of competence, applicable with regard to the envisaged project activities;
- employment contracts between the applicant/partners and the team members or respectively declarations of commitment (of availability) by the team members.

v) Documents applicable for evaluation under the criteria referred to in sub-section 7 and 8 of the Criteria for technical and financial evaluation, set out in Annex VII of the Guidelines for Applicants, **signed with QES and uploaded in EUMIS 2020.**

v1. A list containing objectively verifiable information concerning the publications of the members of the applicant/partners research team in scientific journals and books, refereed in SCOPUS or WoS in the relevant ISSS thematic area of the proposal, in the last 5 years (2011-2015).

In case of partnerships shall be submitted a joint list for the leading organisation and the partners, arranged in the following order: surname of the author in alphabetical order, and then the next authors.

The list should contain:

- the authors of the publication with the names of the relevant members of research team in bold[47];
- publication title;
- the name of the journal / book, year, volume, initial and final page of the publication;
- scientific field of the publication related with the relevant ISSS thematic area;
- Internet link to the reference of the publication in SCOPUS or WoS;

v2. List of cited publications containing objectively verifiable information concerning the citations of the members of the applicant/partners research team in SCOPUS or WoS in the relevant to the project proposal ISSS thematic area in the last 5 years (2011 – 2015).

In case of partnerships shall be submitted a joint list for the leading organisation and the partners, arranged in the following order: surname of the author in alphabetical order, and then the next authors

The list should contain the following information for each cited publication:

- the authors of the publication with the names of the relevant members of research team in bold;;
- publication title;
- the name of the journal / book, year, volume, initial and final page of the publication;
- the number of citations (with excluded auto citations) for the period 2011 – 2015; ;
- Scientific field of the publication related with the relevant ISSS thematic area;
- document in which the publication is cited; date and authors of the document; auto citations by the publication authors will be excluded;
- research area of the document in which the publication is cited and connection with the relevant ISSS thematic area;
- Internet link to the citations of the publications in SCOPUS or WoS;

[47] Articles with more than 15 authors may not be included.

v3. Contracts for financing of projects under the EU Framework Programmes and Horizon 2020 in the relevant to the project proposal research area, certifying that the applicant/partner has performed the role of coordinator, during the last 5 years (2011-2015);

v4. Documents for approval by the financing institution of the final report under FP7, Horizon 2020 and COST Actions or other similar documents issued by the financing institution, proving the successful implementation of a project under FP7, and Horizon 2020 or respective participation in COST Actions in the area of the project proposal in the last 5 years (2011-2015).

v5. Contracts, recommendations or other similar documents, certifying the implementation of collaborative project with an enterprise for developing innovation in the last 5 years (2011-2015).

v6. Letter on the evaluation results, print-out of published results or other document certifying that the project has passed the first phase of the "TEAMING" call, under Horizon 2020, has been approved at the pre-selection stage and has received at least 10 points. The specified documents should certify that the project under TEAMING is on a similar theme with the project proposal submitted under this procedure, as well as that the participants in the project under TEAMING[48] are also participants in the partnership under this procedure[49].

w) Documents applicable for evaluation under the criteria referred to in Section II, sub-sections 9 and 10 of the Criteria for technical and financial evaluation, set out in Annex VII to the Guidelines for Applicants.

w1. Financing contracts or other documents certifying the award of *Marie-Curie*, *Humboldt*, *Fulbright* and *Sciex* fellowships for researchers in the last 5 years (2011-2015), as well as a document certifying that the relevant researcher has been enrolled as a doctoral student or is employed by the applicant/partner in the event where he/she is not entered in the Bulgarian Current Research Information System (BulCRIS).

w2. Diplomas or other documents certifying the international or national awards for scientific achievements received by the research team of the applicant/partner in the last 5 years (2011-2015);

w3. List of the doctoral students enrolled within the applicant/partner, entered in the register referred to in Article 10 (2), item 3, (c) of the Higher Education Act, as well as a list of the post-doctoral students[50], with the dates of acquiring the "PhD" degree. In the event where the post-doctoral students are not

[48] The participants in the Teaming project which are foreign research organisations shall be included in the project proposals as associated partners.

[49] Projects under the current procedure may also include other partners, in addition to project participants in the TEAMING project.

[50] Within the meaning of §1, item 7 of the Research Promotion Act.

entered as researchers in the Bulgarian Current Research Information System (BulCRIS), documents will also be submitted certifying their relationships with the applicant/partner.

w4. Employment contracts, accompanied by CVs of the persons at the positions of technicians, associate professionals and engineers, containing information regarding their qualification and experience to work with the available at the applicant/partner research equipment;

w5. Grant contracts under projects for training and participation of students in international and/or European education programmes.

w6. List of researchers with research experience in applied field at the disposal of the applicant/partner with short description of the experience gained. Where the said researchers are not entered as researchers in the Bulgarian Current Research Information System (BulCRIS), documents on their relationships with the applicant/partner shall also be submitted (labour contracts or declarations for commitment (availability).

w7. Policies/rules of the applicant/partner on the access to the equipment by external organisations. In the event of partnership shall be submitted the policies and rules of one of the partners which will be used by the Centre of Excellence.

w8. Contracts concerning the participation of the applicant/partner in pan-European research infrastructures.

x) Documents applicable for evaluation under the criteria referred to in Section II, sub-section 11 of the Criteria for technical and financial evaluation, set out in Annex VII to the Guidelines for Applicants**, signed with QES and uploaded in EUMIS 2020;**

x1. A list containing objectively verifiable information concerning the publications of the associated partner in scientific journals and books refereed in SCOPUS or WoS in the last 5 years (2011-2015).

A joint list for the associated partners, arranged in the following order: surname of the author in alphabetical order, and then the next authors shall be submitted. The list should contain:

- the authors of the publication with the names of the relevant members of research team in bold ;
- publication title;
- the name of the journal / book, year, volume, initial and final page of the publication
- publication date;
- scientific field of the publication related with the relevant ISSS thematic area;
- Internet links to the reference of the publication in SCOPUS or WoS;

x2. Extract of graph/table and/or other data/information in Web of Science, certifying the percentage of publications of the associated partner in the last 5 years (2011-2015), falling with in the 1%* most cited publications in the respective area according to the Essential Science Indicators in Web of Science.

x3. Contracts for grants received by the associated partner from the European Research Council;

x4. Contracts for financing of projects under the EU Framework Programmes and Horizon 2020, certifying that the associated partner has performed the role of coordinator;

x5. Data sheet on the R&D activities for 2011, 2012, 2013, 2014 and 2015[51] (depending on the number of completed financial years) - signed with QES and uploaded in EUMIS 2020. Applicable to associated partners which are enterprises.

Where the said documents are published in the Commercial Register as of the application date, ex officio verification of this circumstance will be carried out in accordance with Art. 23 (6) of the Commercial Register Act.

x6. Profit and loss accounts for 2011, 2012, 2013, 2014 and 2015 (depending on the number of completed financial years), signed with QES and uploaded in EUMIS 2020. Applicable to associated partners which are enterprises.

Where the said documents are published in the Commercial Register as of the application date, ex officio verification of this circumstance will be carried out in accordance with Art. 23 (6) of the Commercial Register Act.

x7. Strategy for innovations, IPR policy and rules, signed with QES and uploaded in EUMIS 2020.

x8. Research or innovation project contracts implemented in collaboration with a research organisations, signed with QES and uploaded in EUMIS 2020.

y) Financing plan, in accordance with a model – Annex VIII, containing indicative budget for the Centre's development for a period of 10 years and sources of financing the costs.

z) Notary certified power of attorney**, signed with QES and uploaded in EUMIS 2020.** Will be requested in the event where one of the persons representing the applicant/partner/associated partner is authorised to sign the declarations under f), g), h), i) and j).

[51] The specified document is a part of the annual activity report. Pursuant to Article 92(3), Article 219(4), Article.252(2), Article.259(3) of the CITA and Article 51 of the ITNPA, the legal and natural persons together with their annual tax return submit also Annual Report of Operations (in force as of 01.01.2010).

* This revision in the Criteria and Methodology for evacuation of project proposals is related to the way statistically reporting such information in WoS. The revision is purely technical and is meant to facilitate the work of the evaluators.

Important: 1. The documents under items x1 - x4 are applicable only to associated partners which are research organisations. The documents under x5 - x8 are applicable only to associated partners which are enterprises.

2. The documents under items s) - y) are not mandatory, however they are necessary for carrying out the technical and financial evaluation. Where the relevant document is not submitted this will not result in rejection of the project proposal, however the applicant will not be awarded points for the relevant criterion for technical and financial evaluation, which may lead to a decision for rejection to award a grant due to not reaching the requested minimum score.

3. Where the partnership is a legal entity the documents referred to in items s) to w) may be submitted with respect to the members of the legal entity.

Applicants need to ensure that all documents are submitted in the requested form (all declarations are completed in accordance with the model and are signed with QES by as many persons – as required in accordance to these Guidelines for Applicants).

In the event where the applicant has not submitted one or more of the documents referred to in items b) to z) or has submitted them, but they are not in the requested format, the Evaluation Committee may request additional explanatory information, for which purpose a period of not less than one week of the receipt of the request for submitting additional explanatory information will be allowed, excluding the day of receipt. The request for submitting additional explanatory information will be forwarded via UMIS 2020 through the e-profile of the applicant, and the applicant will be notified about that electronically on their e-mail associated to their profile. The date registered in EUMIS 2020 on which the applicant has accessed its profile to check the content of the request forwarded via EUMIS will be considered as the date of receipt of the request for additional explanatory information. Where the said activity is not registered in EUMIS within 3 days of forwarding the request, the period for submission of additional explanatory information will start to run on the date following the expiration of the 3-day period.

In the event of failure to submit the requested explanatory information upon its request, or upon its submission but not in the requested form, or its submission, but after the set deadline, the award of grant will be rejected or the project proposal will receive a lower number of points.

The Evaluation Committee may at any time check the data declared by the applicant, as well as request additional explanatory information with regards to the submitted documents referred to in item 24 of the Guidelines for Applicants.

The submitted explanatory information may in no case and under no circumstances alter the original conditions of the submitted project proposals.

Any information submitted beyond the information officially requested by the Evaluation Committee will be disregarded. As an exception the applicant may provide some informative data (e.g. change of the mailing address, the legal form, the person representing the company and other similar circumstances), which does not result in improving the original project proposal, and which will be submitted in writing to the MA.

The technical process for submission of additional explanatory information is described in the User's Manual for the "E-application" module in EUMIS 2020.

NB: In the event where applicants have declared false data, the prosecution authorities will be notified**.**

25. Deadline for submission of project proposals[52]:

The deadline for submission of project proposals for this procedure will be: **no later than by 7.00 pm on January 23rd 2017**.

<u>One legal entity may participate as a leading organisation with not more than one project proposal under the same component.</u>

Pursuant to Article 26 (8) of ESIFMA the applicants may ask for clarifications on the published documents not later than three weeks before the relevant deadline for submission of project proposals. The clarifications may be requested in writing by e-mail at: infosf@mon.bg with clear indication of the title of the grant award procedure.

The clarifications shall be provided with regard to the Guidelines for Applicants, shall not contain an opinion on the quality of the project proposal and shall be mandatory for all applicants.

The clarifications will be communicated within 10 days of the receipt of the request but not later than two weeks before the deadline for submission of applications as follows: The questions of the applicants and the clarifications by the MA will be published on the MA website: http://sf.mon.bg and on the EUMIS2020: https://eumis2020.government.bg (next to the documents for the procedure), and the clarifications shall be approved in advance by the Head of the Managing Authority or by a person authorised thereby.

[52] In the event where under the procedure a pre-selection of project concepts is carried out, a deadline will be specified for submission of the project concepts.

The presented under the procedure specified above clarifications will be mandatory for the Managing Authority, the Evaluation Committee and for the applicants.

Pursuant to Article 26(8) of the ESIFMA no clarifications will be provided which contain an opinion with regard to the quality a specific project proposal. No answers will be given to questions asked by phone. No answers to questions asked by the applicants will be sent individually under this procedure.

26. Address for submission of project proposal/project concepts[53]:

Project proposals under this grant award procedure **should be submitted only electronically with QES** by using the Information System for Management and Monitoring of the EU Structural Instruments in Bulgaria (EUMIS 2020) - https://eumis2020.government.bg.

Project proposals submitted on paper will not be admitted to evaluation.

27. Additional information[54]:

27.1. Signing Administrative Grant Contract

Within 10 days of the approval of the Evaluation Report, the MA will invite the approved applicants either electronically or on paper to submit additional documents within a 10-day period for the purpose of signing the **Administrative Grant Contract** in accordance with the provisions of Article 36 (2) ESIFMA.

Within 10 days of the approval of the Evaluation Report, the Head of the Managing Authority will issue a reasoned decision rejecting to award a grant, and will notify in writing within the deadlines set out in the Administrative Procedure Code each one of the applicants in the list of rejected project proposals.

The written invitation to the approved for financing applicants will contain also a request for submission of the following documents by the applicants and partners, necessary for signing the Administrative Contract:

1. Certificate attesting that the applicant/partner is not in liquidation, issued by the relevant authorised authority not earlier than 3 months before the date of its submission by the applicant (**applicable only to non-profit legal entities**);

[53] In the event of submission on paper.
[54] At the discretion of the Managing Authority.

2. Certificate attesting that the applicant/partner is not in bankruptcy proceedings, issued by the relevant authorised authority not earlier than 3 months before the date of its submission by the applicant (**applicable only to non-profit legal entities**);
3. Certificate issued by the National Revenue Agency and by the Municipality at the seat of the Managing Authority and the applicant/partner of no outstanding liabilities on the part of the applicant/partner (issued not earlier than 6 months before the date of is submission);
4. Conviction Status Certificate for all persons with powers to represent the applicant/partner, the members of management and supervisory bodies of that applicant/partner and the persons that have powers of control in decision making therein, , issued not earlier than 6 months before the deadline of its submission.
5. Where for any of the persons specified above the Conviction Status Certificate is subject of issuing by a foreign authority, the document will be submitted in certified translation. Where the relevant foreign country issues no Conviction Status Certificates or equivalent documents, the person specified above should submit a declaration in accordance with the legislation of the country he/she is established in. Certificate issued by the General Labour Inspectorate Executive Agency on the no violation of Art. 118, Art. 128, Art. 245 and Articles 301 – 305 of the Labour Code. In case the certificate contains information on effective penalty decree or final judgement for the specified violations the applicant/partner shall submit a declaration that the violation is not omitted during the implementation of public procurement contract.
6. Notary certified power of attorney in the events where the Administrative Grant Contract will be signed by a person other than the legal representative(s) of the applicant/partner.

The above specified documents shall be presented in original or as or a copy certified by the applicant / partner. The deadline for submission of the specified above documents is within 10 days of the date on which the invitation has been received.

In the event of missing requested document(s) and/or such that do not comply with the requirements, and where the applicant/ partner has declared in writing the reasons for that by attaching/providing evidence that the failure to submit the relevant document(s) is for reasons beyond the applicant's /partner's control, additional period for submitting the necessary documents, may be provided.

Where a need has been identified for additional clarifications and/or evidence with regard to the data declared in the Administrative Grant Contract will not be presented for signature and will be given additional period for providing it/them.

Upon submission of the additional clarifications and/or evidence and their verification, the Managing Authority will assess whether the Administrative Grant Contract will be signed or a Decision will be issued to refuse the grant, in accordance with Article 38, item 3 of the ESIFMA.

Administrative grant contracts will be signed with all applicants/ partners who submit the missing and/or not compliant with the requirements documents within the additional period provided. With applicants/ partners which do not submit the missing documents or submit again documents which do not comply with the requirements, no contracts will be signed, and a reasoned decision will be issued refusing to award grant. In their place for contracting will be invited the respective number of applicants from the reserve list (in the event such a list was made) according to the order of their ranking until the total available budget under the procedure is exhausted.

In the event where during the substantive examination of the documents submitted by the applicant at the time of signing the Administrative Grant Contract is identified discrepancy between the declared data at the stage of application and the information as specified in the submitted documents, no contracts will be signed, and in their place for contracting will be invited the respective number of applicants from the reserve list (in the event such a list was made) according to the order of their ranking in the relevant ISSS thematic area, until the total available budget under the procedure is exhausted.

In the event where an applicant with an approved for financing project would express disagreement to conclude Administrative Grant Contract, contract(s) will then be concluded with applicants from the reserve list (in the event such a list was made) according to the order of their ranking until the total available budget under the procedure is exhausted.

Applicants from the reserve list may be invited also in the event where within a six-month period from the date of signing the last grant contract under the procedure, financial resources become available due to failure to conclude a contract with a selected applicant or due to termination of any of the concluded grant contracts termination of any of the concluded grant contracts.

Prior to concluding the Administrative Grant Contract a check of the activities proposed by the potential beneficiaries of the OP SESG support will be carried out in order to avoid double financing of activities.

In order to carry out the check will be used:

a) information from the check for double financing made in EUMIS 2020;

b) the information, provided by the applicant in the project proposal;

c) in the event of suspicion of incomplete or false information provided by the applicant, a written request will be sent to the authority which has concluded a contract for financing a project with the same applicant, for provision of additional information regarding the nature of the activities financed;

d) other means which at the discretion of the contracting team under the procedure are applicable to check for absence of double financing;

Where as a result of the check carried out, double financing has been identified, the Head of the Managing Authority will issue a reasoned decision for refusing to award grant, in accordance with Article 38 (4) of the ESIFMA.

The Head of the Managing Authority may issue a reasoned **decision rejecting to award grant:**

1. to each project proposal included in the list of the project proposals proposed for rejection;

2. in the event where the applicant would not agree to conclude Administrative Contract;

3. to an applicant not meeting the requirements for a beneficiary or not having submitted within the set time limits evidence thereof,

4. to project proposals which envisage financing in breach of Article 4(4) of the ESIFMA (in the event of expenditures which have already been supported by the ESIF or via other EU instruments, as referred to in Article 65(11) of Regulation (EU) No 1303/2013).

5. to project proposals where the state aid is not allowed or exceeds the threshold of the allowed state aid, or *de minimis* thresholds set out in an act of the European Union.

When concluding Administrative Grant Contract, the beneficiary will sign a Declaration on Irregularities (Annex XVII). In the event where at the date of concluding the grant contract changes have occurred in the declared at the application stage circumstances in the Declaration in accordance with Article 25, par. 2 of the Management of Resources from the European Structural and Investment Funds Act, the latter shall be completed and submitted once again.

27.2. Administrative grant contract

The rights and responsibilities, arising for the beneficiary are described in the attached model of **Administrative Grant Contract** under the current procedure (Annex XVIII) and the **general conditions** for awarding grants under priority axis 1 of Operational Programme “Science and Education for Smart Growth” 2014-2020 (integral part of the administrative grant contract). In the course of project

implementation the beneficiaries should adhere to the rules and procedures, described in the Guide for implementation of Administrative Contracts under priority axis 1 of the OP SESG.

The implementation of the project for which the grant was awarded, will start upon concluding the Administrative Grant Contract. All activities should be implemented upon concluding of the contract and prior to the expiration of the project implementation deadline.

27.3. Selection of contractors

In the course of project implementation the beneficiaries may award to contractors (subcontractors) the implementation of specific project activities. The contractors are not partners in the project implementation and will be selected in compliance with the procedures for selection of contractors by the European Structural and Investment Funds (ESIF) grant beneficiaries. In the event where the beneficiary/partner, responsible for the implementation of a specific activity, is a contracting authority within the meaning of the Public Procurement Act (PPA), when selecting contractors the said beneficiary/partner must apply the provisions of the PPA and its implementing regulations, as well as the instructions laid down in the Guide for implementation of Administrative Contracts under priority axis 1 of the OP SESG. In the event where the beneficiary/partner, responsible for the implementation of a specific activity, is not a contracting authority within the meaning of the PPA, when selecting contractors the said beneficiary/partner must apply the provisions of Chapter Four of the ESIFMA and its implementing regulations laying down the terms and procedures for selecting contractors by grant beneficiaries, as well as the instructions laid down in the Guide for implementation of Administrative Contracts under priority axis 1 of the OP SESG.

Upon submission of interim/final report on the project implementation, the Managing Authority will carry out mandatory ex-post control and check for compliance with the rules for selection of contractors, and in the event where violations are identified, the MA will impose financial corrections pursuant to the provisions in applicable national and EU legislation.

When preparing the project proposal the applicant should take into account the need to implement procedures for selection of contractor and to specify that as part of the relevant activities to be implemented and reflect it in the project implementation plan in the Application Form.

When carrying out the procedure(s) for selection of contractor(s), the beneficiary/partner, responsible for the implementation of the relevant activity, should adhere to the principles of publicity and transparency;

proportionality, free and fair competition; equality and non-discrimination and other, specified in the relevant statutory document, regulating the terms and procedures for selecting contractors.

The beneficiary may request of the MA advance payment to the amount of maximum 10% of the grant amount, and, pursuant to Article 7 (5) of Order H-3 of 8 July 2016 laying down the rules of payment to beneficiaries, costs verification and certification, recovery and write-off of irregular expenditure and accounting, as well as the terms and rules of completion of end-of-year accounts under the operational programmes and the European territorial cooperation programmes, initially 1% of the grant amount will be paid, and the outstanding amount to the 10% will be paid upon the signing of the first works contract or contract for supply of equipment, provided that the said supply constitutes a main supply according to the project proposal. The Managing Authority will make advance payment when a disposable limit is available, within two-week period of the date of submission by the beneficiary of a payment request in accordance with the model, and a financial identification form and a promissory note/bank guarantee (at the discretion of the beneficiary) for the amount of the advance payment under the conditions specified in Article 61(3) of the ESIFMA. **The Managing Authority will transfer the approved amount of the advance payment to the bank account of the beneficiary.** If the beneficiary fails to perform the activities, set out in the Administrative Contract, the payments will not be made in full or in part depending on the volume of the outstanding part.

Amendments to the Administrative Grant Contract, including to the project approved with the contract will be made in accordance with the provisions of Article 39 of the ESIFMA

In accordance with the rules of Regulation (EU) No 1303/2013, the MA will perform checks to verify the administrative, financial, technical and physical aspects of the project implementation. The checks may me both administrative – verification of documents submitted in connection with reimbursement of expenditure, and on-the-spot checks of the implementation of the activities set out in the project. The beneficiary will be obliged to provide direct access (both during the project implementation and after its completion) to MA representatives, and/or other inspecting institutions to conduct on-the-spot-checks of the project implementation results.

The beneficiary will be obliged to provide reports on the project implementation in compliance with the models, annexed to the Guide for implementation of Administrative Contracts under priority axis 1 of the OP SESG,

The beneficiary should keep accurate and regular documentation and accounts, reflecting the project implementation, using appropriate system of document flow and accounting. Together with each request for interim payment, in the course of the contract implementation, the beneficiary must draft and submit to the MA a technical and financial report, containing the necessary annexes with complete information on all aspects of the implementation in the reporting period. After the completion of the activities under the grant contract, the beneficiary must draft and submit to the MA final technical and financial report, containing information on the last not reported until then period of implementation of the activities and the results achieved. The reports will be drafted in accordance with the models annexed to the Guide for implementation of Administrative Contracts under priority axis 1 of the OP SESG. These reports must demonstrate also the achievement of the project results and objectives in relation to the predefined indicators, and show the actual implementation of the set out expected results. The reports should reflect also the conformity of the activities with the horizontal EU policies, describe the main problems, which have occurred in the course of the project implementation, as well as how these problems were resolved or the reasons for the failure to overcome them.

Additionally in the course of the project implementation, the Head of the Managing Authority may request from the beneficiary to submit reports and/or additional information concerning the progress made under the project.

All written instructions of the Head of the MA, related to the project implementation, including those, provided after the entry into force of the Administrative Grant Contract, are mandatory for the beneficiaries under this grant procedure.

27.4. Grant amount

It is obligatory to specify the maximum amount of the grant in the Administrative Grant Contract. The grant amount fixed in the contract is final, however the actual grant amount to be paid will be determined upon completion of all eligible project activities, and will depend on their duly certification and on the approval of the expenditures actually incurred.

Any changes in the budget resulting in an increase of the amount of the budget initially agreed, of the grant amount under the contract, and/or resulting in exceeding the amount of the budget items for which maximum amount/percentage has been specified in the Guidelines for Applicants will not be eligible.

27.5 Information and publicity measures

NB: Failure to comply with the visualisation rules may result in finding part or the full amount of the project expenditure incurred not eligible.

All beneficiaries should implement appropriate information and publicity measures in accordance with the rules set out in Annex XII of Regulation (EU) No 1303/2013 and the Uniform Beneficiary's Guide to the Implementation of Information and Communication Rules 2014-2020 (Annex XX).

The beneficiaries must indicate the ESIF financial contribution under the Operational Programme "Science and Education for Smart Growth" 2014-2020 in the information drafted and provided with regards to the project implementation in all reports on the contract implementation (interim and final), as well as in all other documents, relating to the implementation of a given project activity. In all announcements and publications related to the project implementation, the beneficiary must announce that the project has received financing from the ESIF under the OP SESG.

In accordance with the relevant ESIFMA implementing regulations, after announcing the procedure the Managing Authority will organise in coordination with the network of information centres an information campaign for the potential beneficiaries, within 30 days of the date of publication of the call for opening the procedure.

NB: The Managing Authority will reserve the right to make amendments to the Guidelines for Applicants in accordance with the provisions of Article 26(7) of the ESIFMA and Article 62 of the APC.

27.6. The Guidelines for applicants are subject to contestation pursuant to the provisions of Article 27(2) of the ESIFMA within the time limits envisaged for contestation of an individual administrative act.

28. Annexes to the Guidelines for Applicants

- Model of Project Justification (Annex I);
- Model of Declaration in accordance with Article 25, par.2 of Management of Resources from the European Structural and Investment Funds Act (Annex II);
- Model of Declaration of no conflict of interest (only for associated partners) (Annex IIa);
- Model of Partnership Contract (only for partnerships which are not legal entities) (Annex III);
- Model of Declaration on implementation of collaborative activities with associated partners (Annex IIIa);

- Model of Declaration of compliance with the requirements of the Framework for State aid for research and development and innovation (Annex IV);
- Model of Declaration that the applicant/partner does not constitute an undertaking in difficulty, is not subject to outstanding recovery order as a result of a prior decision of the European Commission, and on the absence of double financing (Annex V);
- Declaration of consent by the applicant/partner concerning the use and dissemination of aggregate project data by the MA and NSI (Annex VI);
- Criteria and methodology for evaluation of project proposals (Annex VII);
- Model of Financing Plan (Annex VIII);
- Model of Statistical Indicator Reporting Data Sheet (Annex IX);
- Metadata for the result indicator "Public expenditure on R&D (GOVERD plus HERD) financed by enterprises as % of GDP" (Annex X);
- Instructions for the procedures for submission of project proposals and their evaluation electronically via the Management and Monitoring Information System 2020 (EUMIS 2020), approved by the Deputy Prime Minister for EU Funds and Economic Policies (Annex XI);
- User's Manual for the "E-application" module (Annex XII);
- Instructions (specific to the procedure) of the MA for completing the online application form (Annex XIII);
- Standard tables of the eligible amounts of the hourly rates of persons engaged in connection with the implementation and management of projects under Priority Axis 1 of OP SESG and a Methodology justifying the amounts of the expenditures provided in the table (Annex XIV);
- Innovation Strategy for Smart Specialisation of Republic of Bulgaria 2014-2020 and its Annex 1, adopted by CM Decision No. 857/03.11.2015 (Annex XV)
- Guide to Cost-Benefit Analysis of Investment Projects of the European Commission (Annex XVI);
- Model of Declaration on Irregularities (Annex XVII);
- Model of Administrative Contract (Annex XVIII);
- General Conditions to Administrative Contracts under priority axis 1 of the Operational Programme "Science and Education for Smart Growth" 2014-2020 (Annex XIX);
- Uniform Beneficiary's Guide to the Implementation of Information and Communication Rules 2014-2020 (Annex XX);
- Guidelines on the Application of the Environmental Sustainability Principle under OP SESG (Annex XXI);

- Order H-3 of 8 July 2016 laying down the rules of payment to beneficiaries, costs verification and certification, recovery and write-off of irregular expenditure and accounting, as well as the terms and rules of completion of end-of-year accounts under the operational programmes and the European territorial cooperation programmes (Annex XXII);
- Instructions of the Minister of Finance НФ-5/28.07.2014 on the treatment of VAT as eligible expenditure during the implementation of projects under operational programmes co-financed from the European Regional Development Fund, the European Social Fund, the Cohesion Fund of the European Union, the Youth Employment Initiative and the Fund for European Aid to the Most Deprived for the financial framework 2014 – 2020 (Annex XXIII).