

hELIos Preparation Programme for ELI

ELI_KFI_09

ELI_INFRA_09

ELI_KOMP_09

Guide for Proposers

2009

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Introduction

Under preparation programme hELIos¹ ELI², the National Office for Research and Technology (hereinafter referred to as: the Office) publishes a call for proposals to support laser R&D&I activities in Hungary.

I. General Information about the Call for Proposals

1. Objectives

General objectives of the call:

1. To strengthen the professional role of the Hungarian centre of ELI and to promote the deployment of ultra-high energy equipment of ELI in Hungary in the future;
2. To support laser R&D&I and business activities in Hungary, to improve the competitiveness thereof and to strengthen Hungarian participation in the full life cycle of ELI by exploiting Hungarian professional capacities as much as possible;

Priority objectives of the call include:

- to strengthen technical-scientific communities and the business sector in the ELI-linked laser fields and applications thereof in Hungary - especially Hungarian SMEs and spin-off companies developing and applying new and cutting-edge technologies creating huge added value, and to strengthen their scientific, technical, technological and organizational qualities;
- to support the result oriented R&D&I activities and efficient cooperation of the Hungarian scientific community and the background industry, to unite and motivate possible suppliers, SMEs and spin-off companies active in the field and to provide them with opportunity;
- to enable the creation of an infrastructure competitive on an international level, and to make existing equipment accessible to external users, also taking efficient use and the needs of international laser-related expert networks into consideration;
- to enhance Hungarian supplier potential throughout the total life cycle of ELI;
- to ensure the unified approach and coherent operation of the Hungarian scientific community and the background industry during the joint implementation of scientific, technical and application objectives linked to ELI;
- to promote the more favourable and more significant participation of Hungarian partners in international cooperations throughout the total life cycle of ELI, and to improve their international relations by transparent implementation and by involving foreign evaluators;
- to promote the external mobility of Hungarian experts and the attraction of foreign experts to Hungary and the better exploitation of our international opportunities by the tools of mobility tailor-made to our objectives linked to ELI;
- to produce tangible scientific and technical results which improve the scientific, technical and organizational level as well as the competitiveness of the sector and its linked fields in a sustainable way;
- to found and strengthen attractive and targeted training and education of experts providing high level and competitive knowledge on an international level in the laser field for the full life cycle of ELI or similar research or background industry equipment.

¹ hELIos: Hungary - ELI Operative Steps

² ELI: Extreme Light Infrastructure: <http://extreme-light-infrastructure.eu>

Priorities:

Only targeted projects closely linked to the designing, construction and operation of ELI, which ensure competitiveness in the following fields or topics on an international level, or which enable, increase or may increase the participation of Hungarian partners in projects directly linked to ELI, or improve the contribution of the Hungarian expert community therein, shall be eligible for funding under this call:

- research and development of laser and other ELI-linked technologies and processes;
- the creation and development of a laser research centre and an infrastructure directly linked to ELI which host research and development of ELI-linked technologies and processes and which serve the development of Hungarian laser science and technology on the long run;
- Inspection, testing and qualification of optical materials and equipment used in ELI and similar high-performance, short impulse laser facilities;
- research of laser light with extreme parameters and the development of applications based thereon;
- education and expert training and the development of conditions thereof; expert exchange, researcher mobility and fellowship programmes.

Project proposals under the call shall have unequivocal and clear objectives. Project proposals shall clearly demonstrate the ways they will serve the general objectives of the call and the ways they are linked to the priority objectives and priorities of the call. Only project proposals which detectably contribute to the implementation of the above objectives may be funded.

If funding is requested not for a full project, but rather for the first phase of a project of big proportions, the full project, including the first phase, has to be described.

Proposals not being able to adequately demonstrate that they will contribute to the strengthening of the professional role of the Hungarian centre of ELI and to deploying the ultra-high energy equipment of ELI to Hungary directly or indirectly - by increasing the quality of scientific research activities, developing the scientific community and improving its professional knowledge as well as by broadening the innovation activities of businesses - shall not be eligible for funding.

2. Source and Legal Grounds of Funding

The source of funding is: the Research and Technology Innovation Fund (hereinafter referred to as: the Fund).

Title of funding: points a), b), c), e), f) and g), paragraph (1) of section 8 of the Act XC/2003 on the Research and Technology Innovation Fund (hereinafter referred to as: the Fund Act).

Further rules of granting and using funds are regulated by Government Decree 217/1998 (XII.30) on the Rules of Operation of Public Finances, Government Decree 133/2004 (IV.29) on the Management and Use of the Research and Technology Innovation Fund and Government Decree 146/2007 (VI. 26) on the Rules of State Aid Provided Under the Research and Technology Innovation Fund.

3. Eligible Applicants

Eligible applicants (GFO³ codes in brackets):

- **Enterprises registered in Hungary:** association (111), joint enterprise (112), limited liability company (113), public limited company (114), other *cooperatives* (129), private enterprises (231-232) and Hungarian *branches* of enterprises registered abroad (226);
- **public bodies and their institutes with legal entity carrying out research activities:** central monitoring public body (311), public body under central monitoring (312), management body of separate government funds (313), municipality executive body (321), public body supervised by municipalities (322), public corporation monitoring public body (341), public body monitored by a public corporation (342);
- **non-profit organizations with legal entity carrying out research activities:** other public corporation (549), public foundation (561), institution of public foundation (562), other foundation (569), non-profit organization with other legal entity (590) and other non-profit organization with legal entity (599);
- and **consortia** with the participation of maximum five of the above organizations

Project proposals shall be submitted by individual applicants or, in case of consortia, jointly by consortium members. Organizations with independent legal entity shall be considered as consortium members (e.g. if several departments of the same university participate in a project, the university shall still be considered as a single member).

4. Budget of Project Funding

To accomplish the objectives of the programme, the Office provides HUF 500 000 000, i.e. five hundred million forints, for project funding from the Fund for the 2009 call.

5. Expected Number of Funded Proposals: 1-10.

6. Form of Project Funding

Form of funding: final grant disbursed to the beneficiary with no repayment obligation (hereinafter referred to as “grant”).

Funding shall be disbursed directly and proportionately to consortium members, according to the funding contract.

7. Eligible Activities

Proposals may be submitted under three sub-programmes:

Sub-programme 1: Support for research, development and technological innovation projects, call acronym: ELI_KFI_09

³ Classification of Statistical Units by Management Forms, the 13th to 15th digits of the statistical number of a given organization

Depending on the legal status of the applicant, with exceptions later described, the following activities shall be eligible:

- a) *basic research*⁴
- b) *industrial research*,
- c) *experimental development*.

Under which categories, the following activities shall also be eligible:

- constructing the physical environment necessary for testing the operation and planned characteristics of new products, technologies or services, creating pilot systems,
- using services necessary to carry out R&D activities only under the project, using technical (e.g. measurement technologies, material testing, and processing, surface finishing, restructuring, etc. techniques) and software development services necessary for manufacturing, testing and certifying prototypes,
- purchasing R&D equipment necessary for R&D project implementation and intangible assets supporting R&D activities (inventions, patents, know-how, licence or software supporting R&D activities),
- dissemination of funded R&D project results.

Exceptions:

If the applicant is an **enterprise**, basic research and the dissemination of funded R&D&I project results shall not be eligible under sub-programme ELI_KFI_09.

If the applicant is a public body, its institution with a legal entity or a non-profit organization with legal entity carrying out research activities, and the contribution provided **qualifies as State aid** as defined in Article 87(1) of the EC-Treaty, the dissemination of funded R&D&I project results shall not be eligible under sub-programme ELI_KFI_09.

Sub-programme 2: Support for the development of R&D infrastructure, call acronym: ELI_INFRA_09

Eligible activities under sub-programme ELI_INFRA_09 include:

- a) purchasing equipment, instruments and intangible assets (inventions, patents, licenses, know-how) needed for research and development in the field of laser technology and those necessary to create or update the infrastructural conditions for *R&D service* activities.

If the applicant is a public body, its institution with a legal entity or a non-profit organization with legal entity carrying out research activities, and the contribution provided **does not qualify as State aid** as defined in Article 87(1) of the EC-Treaty, the following activities shall also be eligible:

- b) technical feasibility study,
- c) construction, reconstruction or upgrading of buildings and rooms necessary to carry out R&D&I activities.

Sub-programme 3: Support for professional competences, call acronym: ELI_KOMP_09

⁴ For definitions of *expressions in italics* under this call see Definitions, which forms an inseparable part of this guide.

Eligible activities under sub-programme ELI_KOMP_09 include:

- a) training: (targeted training of laser researchers, technical experts and technicians, and the new generation thereof), or sending business experts on workshops,
- b) strengthening mobility, sending Hungarian researchers and PhD students to research workshops/units abroad to learn cutting edge technologies linked to the project,
- c) attracting Hungarian and foreign experts working abroad – especially from countries, the support of which we expect during the implementation of our ELI strategy –, expert exchange,
- d) international scientific and technology cooperation in the fields of laser technology and linked applications, founding and further developing professional cooperations,
- e) organizing conferences and exhibitions, compiling publications,
- f) strengthening technology transfer activities,
- g) developing services supporting research and development and technological innovation,

Exceptions:

If the applicant is an **enterprise**, conference and exhibition organizing, or publication compiling activities shall not be eligible.

8. Funding Intensity and Category

If the applicant is an enterprise, or a public body, its institution with a legal entity or a non-profit organization with legal entity carrying out research activities and if this applicant pursues business activities by using project results involving manufacturing products and/or providing services on a given market; or the type, costs and financing of its non-business activities pursued under the project may not be distinctly separated from its business activities, the contribution provided to beneficiary shall qualify as State aid as defined in Article 87(1) of the EC-Treaty.

A/1) Contribution provided under sub-programme **ELI_KFI_09** for eligible activities shall qualify as **R&D project funding** as defined in section 3(a) of Government Decree 146/2007 (VI. 26).

The maximum intensity of **R&D project funding** shall not exceed the following rates:

100% for basic research (enterprises not eligible)

50% for industrial research,

25% for experimental development.

in the case of industrial research or experimental development the above rates may be increased by the following percentages for the following types of applicants

- *small sized enterprise* - by 20% of the funding intensity;

- *medium sized enterprise* - by 10% of the funding intensity.

Funding intensity defined above may be increased by a further 15% up to a maximum of 80%

a) for industrial research and experimental development if the project is implemented through an actual cooperation of at least two independent enterprises under the following conditions:

aa) none of the participating enterprises covers more than 70% of total eligible project costs, and

ba) the research organization covers at least 10% of eligible costs, and

bb) the research organization is entitled to publish the results of the research project if those stem from its own research activity,

c) exclusively for industrial research if project results are disseminated to a wide audience at technical and scientific conferences, or are published in scientific and technology periodicals, or

made available in freely accessible databases (databanks, where anyone can have access to the raw research data), or by means of open source-code and free software.

Planned commercials and other marketing activities shall not qualify as “disseminating project results to the wide public”, furthermore subcontracting shall not qualify as “actual cooperation”, thus enterprise applicants shall not be eligible for applying points a), b) or c) above when calculating funding intensity.

R&D project funding must have positive impact, i.e. as a result of funding, the range of R&D and innovation activities of the funded enterprises should be increased. Prior to making the funding decision, the funding body shall examine whether the beneficiary indeed increases its R&D&I activities as a result of funding. In case of large enterprises, to establish the impact of the incentive, the funding body shall compile a comparative analysis or shall have one compiled on the situations before and after the funding. Funding shall only be granted if it justifiably improves the value of one of the following indicators:

- size of project - including the total cost of project, as well as the number of persons participating in R&D and innovation activities;
- range of application, including expected project results;
- pace of project implementation;
- total expenditure spent on R&D and innovation by beneficiary.

A/2) Contribution provided under sub-programme **ELI_INFRA_09** for eligible activities shall qualify as **regional investment funding** as defined in section 3(i) of Government Decree 146/2007 (VI.26). Pursuant to paragraph (1) section 30 of Government Decree 85/2004 (IV. 19), the maximum intensity of regional investment funding provided for projects with the same eligible costs shall not exceed the following rates:

- 50% for the planning-statistical regions of North Hungary, Northern Great Plains, Southern Great Plains, South Trans-Danubia,
- 40% for the planning-statistical region of Central Trans-Danubia,
- 30% for the planning-statistical regions of Western Trans-Danubia and Pest county;
- 25% for Budapest.

The rates set forth above for each region may be increased by the following percentages if -at the time of submission - the applicants are

- a) small sized enterprises - with the exception of the transportation industry and giant investments - by 20%,
- b) medium sized enterprises - with the exception of the transportation industry and giant investments - by 10%.

Funding intensity shall mean the rate of funding value compared to the eligible costs of investment in tangible and intangible assets in percent.

Regional investment funding shall only be granted if the investment in tangible and intangible assets is linked to the construction of a new facility, expansion of an existing one, further diversification of the R&D activities of a facility by new components or to changing the R&D activity of an existing facility fundamentally.

Funding may only be used if beneficiaries undertake to maintain the investment in the given region for at least five years (compulsory operation period) - in the case of small and medium-sized enterprises for at least three years - following the end date of investment (i.e. the start of

operation). However, the above provision shall not hinder the change of the plants or equipment which - due to the quick changes in technology - become outdated during the set maintenance period if the maintenance of business activity is provided for in the given region during the maintenance period. During the maintenance period following the change of outdated plants or equipment, beneficiaries shall not be eligible for funding provided for the changing of plant or equipment.

Funding may only be used if the beneficiary had provided at least 25% of eligible costs from own resources in the case of purchasing tangible or intangible assets, or takeover.

Eligible costs shall be considered at usual market price if those were incurred under a contract between beneficiary and an affiliated person at prices different from usual market prices.

The costs of intangible assets shall only be eligible if

- a) they are exclusively used in the facility receiving regional investment funding;
- b) they qualify as depreciable assets;
- c) they have been purchased at arms'-length-terms from a company, on which beneficiary has no direct or indirect influence as defined by law;
- d) they are kept in the books of beneficiary as intangible assets and they are owned by beneficiary, in case of large enterprises for at least five, in case of small and medium sized enterprises for at least three years.

In case of large enterprises, the rate of the costs of intangible assets may not exceed 50% of eligible costs.

Property or assets created by the supported investment may be utilized or transferred under the conditions set forth by paragraphs (8)-(9) section 18 of Government Decree 133/2004 (IV. 29).

Support shall only be provided if beneficiary has applied for funding before starting works or activities linked to the investment. Prior to deciding on out-of-call funding, in case of large enterprises, in addition to the above, beneficiaries shall prove that at least one of the following criteria is met:

- a) project size shall significantly increase as a result of funding
- b) the range of activities shall significantly be increased as a result of funding,
- c) total funding spent on the project by beneficiary shall be increased by a significantly higher amount than the amount of support received,
- d) project implementation shall significantly be accelerated as a result of funding,
- e) or in case of regional investment funding, in the absence of the support, the investment may not be realized in the supported region.

Pursuant to the above decree, regional investment funding shall not be granted to investments, the costs of which were incurred prior to publishing the call.

The following costs shall be ineligible:

- a) original costs or purchase price - at the takeover of the facility - of *assets serving maintenance purposes*;
- b) original costs of tangible assets already in use, for which beneficiaries, other business organisations or private entrepreneurs have used state aid previously;
- c) original costs of tangible assets which have been purchased by beneficiary from a company under bankruptcy or liquidation proceedings;
- d) original cost of cars;
- e) in the transportation industry, original costs of transportation equipment (vehicles).

Applicants may start the development upon the submission of the proposal at their own risk, but such initiation of the development shall not influence proposal evaluation and shall not constitute any advantage during the evaluation procedure, furthermore, it shall not ensure the granting of the requested funding.

The further dates shall qualify as the start dates of funded investments:

- a) in case of investments involving construction works:
 - aa) the date of the first entry in the construction log book (certified with the construction log book),
 - ab) in case of construction-like works where the use of a construction log book is not compulsory, the declaration of the construction contractor on having started construction works based on the contract;
- b) in the case of investments involving the procurement of machinery, equipment, material or products, the date of order of the machinery, equipment, products, etc.;
- c) in the case of investments linked to other activities, the date of order prior to contracting if there is one, or the date of the first contract concluded for project implementation in the absence of prior order;
- d) if the investment is implemented involving several areas of activity (construction, procurement of machinery or other), then the earliest date among the different start dates of different activities shall be considered as the start date of investment.

Ordering or compiling studies in preparation of the investment shall not qualify as starting the development or investment as defined above.

Having regard to the above, applicants shall not - by the day following the date of submission -

- conclude purchase, transportation or any other contracts, agreements for the procurement of any products or assets forming a part of the project (regardless of the effective date of such contract, even if such effective date is set to be after the submission date)
- file an order for any products, assets or services forming a part of the project (regardless of the effective date of such order, even if such effective date is set to be after the submission date)

The date of issue, performance or due date of invoices, simplified invoices or deposit invoices on the procurement or ordering of any intangible assets, products, machinery, devices or equipment shall not be earlier than the day following submission date.

The date of installation of the last equipment as displayed in the installation log book shall qualify as the actual end date of the project. The maintenance (compulsory operation) period of the project starts with the above date.

A/3) Contribution provided under sub-programme **ELI_KOMP_09** for eligible activities shall qualify as **de minimis aid**, as defined in section 3(j) of Government Decree 146/2007 (VI. 26), the maximum funding intensity of which is 100%.

De minimis aid may be provided pursuant to the provisions of section 40 of Government Decree 146/2007 (VI.26).

De minimis aid may be provided to the enterprises of all industries, pursuant to the provisions set forth by Article 2 of Commission Regulation 1998/2006/EC of 15 December 2006 on the application of Articles 87 and 88 of the EC-Treaty to de minimis aid, with the following exceptions:

- a) enterprises of the fishery and aquaculture sectors;
- b) enterprises carrying out activities linked to the primary production of agricultural products as listed in Annex I to the EC-Treaty;
- c) enterprises carrying out activities linked to the processing and marketing of agricultural products as listed in Annex I to the EC-Treaty if:
 - the amount of funding is fixed on the basis of the price or quantity of such products purchased or put on the market,
 - or is conditional on being partly or entirely passed on to the primary producers;
- d) support for activities linked to export, i.e. support directly linked to running costs related to export quantities, the facility and maintenance of the distribution network or to export activities;
- e) support depending on using domestic products as opposed to imported goods;
- f) enterprises of the coal industry;
- g) for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward,
- h) for *undertakings in difficulty* (as defined under Annex 8 of Government Decree 85/2004 (VI.19)).

Most important provisions concerning de minimis aid:

- De minimis aid provided to any undertaking shall not exceed a HUF amount equivalent to EUR 200 000 - or in case of undertakings active in the road transport sector a HUF amount equivalent to EUR 100 000 - over any period of three years.
- The condition of granting de minimis aid is that applicant/beneficiary makes a declaration on the funding value of de minimis aid it had received during the three preceding financial years.
- When deciding on granting of any new de minimis aid, the total amount of de minimis funds granted during the given and the preceding two financial years shall be taken into consideration.
- De minimis aid should not be cumulated with State aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding that fixed in the specific circumstances of each case by a block exemption Regulation or Decision adopted by the Commission.
- Beneficiaries shall keep all records and documents concerning the funding for ten years following the date of funding decision.

Pursuant to legal provisions, de minimis aid shall be considered granted on the day beneficiary receives the right to use such aid (i.e. the date of the funding decision on the aid).

Please consider possible euro exchange rate changes that may occur until the funding decision when defining the rate of funding requested.

If the beneficiary is a public body, its institution with a legal entity or a non-profit organization with legal entity carrying out research activities and if it meets the criteria of being a “research organization” defined below, then the contribution provided under sub-programmes ELI_KFI_09, ELI_INFRA_09 and ELI_KOMP_09 shall not qualify as State aid as defined in Article 87(1) of the EC-Treaty and maximum funding intensity shall be 100%.

Beneficiaries shall qualify as research organizations if

- they do not pursue business activities by using project results involving manufacturing products and/or providing services on a given market,

- and the type, costs and financing of their non-business activities pursued under the project may be distinctly separated from their business activities.

Pursuant to Community Framework No. 2006/C 323/01, the primary activities of research organisations are considered to be normally of a non-business character, notably:

- education,
- the conduct of independent R&D for more knowledge and better understanding (including collaborative R&D),
- the dissemination of research results,
- technology transfer activities (licensing, spin-off creation or other forms of management of knowledge created by the research organisation) if these activities are of an internal nature and all income from these activities is reinvested in the primary activities of the research organisations.

Applicants are required to provide their own share of project funding - the rate of which shall depend on the type of funded activity and the applicant's company type. According to section 81(4) of Government Decree 217/1998 (XII.30), funding received from the sub-systems of public finances shall not be considered own financial resources, except for financing allocated specifically for the given purpose in the budget of the public body under the sub-systems of public finances applying for project funding or in the budget of its overseeing body. Applicants shall attach a declaration to their proposal (Appendix titled Declarations) that in case their project proposal becomes successful, they shall provide own resources necessary for implementation. Successful applicants shall submit the certificate of existence and form of own financial resources issued by the bank or credit institute of the applicant for concluding the funding contract.

9. Eligible and Non-Eligible Costs

Applicant may start project implementation on the day following submission date at its own risk. If the applicant is successful, project costs incurred after the submission date shall be eligible. Costs incurred on or preceding the submission date shall not be eligible.

Costs which do not qualify as eligible and/or are not incurred linked to project implementation, shall not be considered for reimbursement.

If the applicant is not entitled for VAT refund under the funded project, the base of total cost calculation for the applicant shall be the gross sum of total expenses of the project including VAT. If the applicant is entitled for VAT refund, the base of total cost calculation for the applicant shall be the net sum of total expenses excluding VAT.

The smallest amount of eligible costs shall be (gross) HUF 2000 on a single invoice, costs smaller than that shall not be eligible.

A/1) Costs eligible for R&D project funding under sub-programme ELI_KFI_09:

In line with Act C. of 2000 on Accounting, only those costs shall be eligible which are incurred during R&D project implementation.

- **Personnel allowance:** Only actual personnel costs of researchers, technicians, other auxiliary staff directly involved in the given research project shall be eligible, exclusively to the extent of their employment in the supported project.

- **Contributions payable by employers:** Wage related charges (taxes and contributions) shall be eligible.
- **Costs of equipment and intangible assets (software, license and know-how supporting R&D activities)** to the extent and period of their use under the project. If those are not used to the end of their useful life during the research project, their depreciation costs proportionate to project duration shall be eligible.

Costs of technological knowledge or licensed patents and R&D equipment purchased or leased from external sources at market prices shall be eligible if the transaction has been carried out between independent parties, the subject of the transaction had not been the product of the acquiring party originally and there is no other sign of collusion.

Having regard to the fact that for research units (research organizations) not carrying out business activities, present funding does not qualify as State aid (thus provisions of Government Decree 146/2007 (VI. 26) shall not apply), costs of purchasing equipment and intangible assets shall be eligible in their case. If the purchase value of a given equipment was accounted for, then depreciation may not be accounted for, for the same equipment. Costs of procurements accounted for under this project must not be accounted for under other funded projects (also including EU co-financed projects), as this would result in double financing.

- **External service contract fee:** Costs of consultancy or other services assisting research & development and innovation shall be eligible if such were exclusively used for research activities under the project and the service agreement has been concluded between independent parties and implemented at arms'-length-terms.
- **Additional general costs** which are incurred directly linked to the research project.
- **Other operational (material) expenses**, including costs of materials, equipment and other similar products, as well as rent and services directly incurred as a result of research activities.

Costs of marketing services, accounting, tax consultancy, public procurement and bank services, as well as procurement costs of or the costs incurred during the use of R&D equipment and intangible assets not necessary for project implementation shall **not be eligible for R&D project funding**.

A/2) Costs eligible for regional investment funding under sub-programme ELI_INFRA_09:

Funding shall be calculated based on tangible or intangible investment costs, or in the case of facility takeover on takeover costs.

Eligible Costs:

- a) costs of assets serving investment purposes
 - aa) purchase price of tangible assets pursuant to Act C. of 2000 on Accounting (hereinafter referred to as Accounting Act);
 - ab) purchase price of tangible assets at the takeover of the facility;
 - ac) original costs of inventions, patents, licences and know-how, as intangible assets, pursuant to the Accounting Act, (hereinafter referred to as: eligible intangible assets);

Section 31 (1) Equipment acquired linked to the funded project must be new, except in case of takeover, or if the beneficiary is a small and medium-sized enterprise. When funding is provided to takeover or to SMEs for purchasing second-hand equipment, the given takeover shall be carried out or the the equipment shall be purchased at usual market prices.

Costs of tangible and intangible assets purchased from external sources at market prices shall be eligible if

- the transaction has been carried out between independent parties at market prices and there is no other sign of collusion,
- the subject of the procurement originally had not been the product of the acquiring party,
- they are depreciable assets,
- they are categorized among the enterprise's assets,
- they stay in the facility receiving regional investment funding for at least another three years,
- they are exclusively used in the facility receiving regional investment funding.

The following costs shall be ineligible under regional investment funding:

- original cost of *means of production*;
- original costs or purchase price - at the takeover of the facility - of assets serving maintenance purposes;
- original costs of tangible assets already in use, for which beneficiaries, other companies or private entrepreneurs have used state aid previously;
- original costs of tangible assets which have been purchased by beneficiary from a company under bankruptcy or liquidation proceedings;
- in the transportation industry, original costs of transportation equipment (vehicles);
- original cost of cars;
- original cost of eligible intangible assets if those are used by beneficiary not exclusively in the facility receiving funding;
- personnel costs,
- costs of materials,
- costs of external service contracts, except for the fee of feasibility studies compiled for the research organization if funding requested for this activity does not qualify as state aid,
- infrastructural and real estate investments,
- costs linked to public procurement.

A3) Costs eligible for de minimis aid under sub-programme ELI_KOMP_09

- **Personnel allowance:** personnel costs of new experts hired under the project (from the day of hire to the end date of the project), and daily allowance provided for the duration of work trips.
- **Contributions payable by employers:** Wage related charges (taxes and contributions) shall be eligible.
- **Fellowship**

- **Costs of intangible assets:** procurement costs of intangible assets necessary for the development of services supporting research and development and technological innovation, and procurement costs of sectoral publications;
- **External service contract fee:** consultancy and expert opinion fees, costs of compiling studies, publications and posters.
- **Other operational (material) expenses:** participation and membership fees (from the membership starting date to project end date), database access fee (from date of providing access to project end date), work trip costs (costs of travel and accommodation), costs of events, rent

Accounting, tax consultancy fees and costs of public procurement shall **not be eligible for de minimis aid**.

B) Eligible costs for funding not qualifying as State aid

If funding does not qualify as State aid as defined in Article 87(1) of the EC-Treaty, then all eligible costs under sub-programmes ELI_KFI_09, ELI_INFRA_09 and ELI_KOMP_09 shall be eligible, furthermore construction costs shall also be eligible under ELI_INFRA_09.

10. Duration of Projects

Duration of planned projects shall be a maximum of **36 months**.

If project implementation is late compared to the original schedule set forth by the contract, then, in justified cases, - with the consent of the funder - project duration may be extended by a maximum of 6 months without increasing the amount of funding.

11. Requested Funding Intensity

A minimum of HUF 25 million and a maximum of HUF 250 million grant may be requested, regardless of the fact whether funding is requested for the implementation of a full project or of the first phase of a bigger project.

12. Exclusion

1. Any applicant who

- a) does not qualify as a taxpayer without public dues, as defined under point 32, section 178 of Act XCII of 2003 on the Rules of Taxation, at the time of proposal submission;

(The fact that an applicant qualifies as a taxpayer without public dues shall be certified by a public deed not older than 30 days, or applicant shall be listed in the database of taxpayers without public dues published on the website of the Hungarian tax authority.)

- b) has been guilty of making false declarations during earlier calls under the Fund or under the targeted allocations provided by paragraph (2) of section (16) of Act XC of 2003 on the Research and Technology Innovation Fund, or has breached its essential obligations arising under an earlier funding contract concluded based on a successful proposal – due to its own default;
- d) has had expired liabilities to the Fund or to the targeted allocations provided by paragraph (2), section (16) of Act XC of 2003 on the Research and Technology Innovation Fund for more than 60 days – due to its own default;

- e) intends to carry out activities or projects not complying with environmental requirements;
 - f) has not got the necessary permits issued by the competent authority for the proposed activities;
 - g) qualifies as an undertaking in difficulty: an undertaking as defined under Annex 8 of Government Decree 85/2004 (IV.19) on regional support maps and procedures concerning state aid defined under Article 87 (1) of the Treaty establishing the European Community;
 - h) has been ordered by a decision of the European Commission to reimburse any aid; shall be ineligible and shall not receive financial contribution under the programme.
2. Furthermore, the following applicants shall be ineligible and shall not receive funding:
- a) anyone participating in the call procedure as a person cooperating in the course of decision preparation⁵ or anyone who is a decision-maker,⁶
 - b) excluded civil servants;⁷
 - c) close relatives of persons described under points a)-b);
 - d) business organisations owned by persons described under points a)-c);
 - e) is a business organisation, foundation, civil organization, church or trade union, or structural units thereof with independent legal entity, which includes a person described under points a)-c) as a senior officer thereof, as a member of management or supervisory body or officer of the foundation, or as a member of the management or representative body of a civil organization, church or trade union;⁸
 - f) any civil organization, church or trade union, or structural units thereof with independent legal entity which
 - a) has concluded or has had a cooperation agreement with a political party registered in Hungary (hereinafter: party) within five years preceding the publication of the call,
 - b) has had a joint candidate running for national or European parliamentary seat or at local elections together with a party within five years preceding the publication of the call;
 - g) anyone whose exclusion has been published on the website pursuant to Section 13 of Act CLXXXI of 2007 on Transparency of Subsidies Provided from Public Funds.

⁵ a person cooperating in the course of decision preparation: pursuant to Section 2.(1) b) of Act CLXXXI of 2007 on Transparency of Subsidies Provided from Public Funds, shall mean any physical person who

- a) participates in preparation of the call for proposals or the funding decision either in an employment relationship or within the framework of civil law relationship,
- b) has consultative rights in the procedure aimed to adopt the funding decision or is a member of a body having such rights.

⁶ decision-maker: pursuant to Section 2.(1) c) of Act CLXXXI of 2007 on Transparency of Subsidies Provided from Public Funds, shall mean any physical person who

- a) is entitled to adopt the funding decision pursuant to his/her competence and scope of duties or is the head or member of the body entitled to do so,
- b) has significant influence in respect of the funding decision pursuant to his/her competence and scope of duties, thus in particular if he/she has a right of consent, veto or approval in connection with the funding decision, or if he/she is the head or member of the body having such rights.

⁷ excluded civil servants: pursuant to Section 2.(1) d) of Act CLXXXI of 2007 on Transparency of Subsidies Provided from Public Funds, shall mean Government members, government commissioners, secretaries of state, special secretaries of state, presidents of the regional development councils, head of the central agency with competence for development policy issues, executive officers of the organizations established by the regional development council pursuant to law, members of the supervisory board and the executive officers of the organizations cooperating with the Sectoral Operative Programmes as well as members of its supervisory body.

13. Evaluation Criteria of Project Proposals:

Evaluation Criteria:

- correspondence to the objectives of the call and to other projects already running under the programme (strategic and tactical value; contribution to programme coherence);
- project necessity and efficiency for reaching the objectives, its links to ELI;
- professional content of the project from the point of programme objectives (excellence of technical, scientific and other professional content);
- the impact of the results on supplier capabilities, international competitiveness, economic and social exploitability (with special regard to the rate of contribution to the construction and maintenance of ELI and to improving cooperation positions);
- sustainability: do long term impacts exist, is the implementation of applied solutions and created infrastructure modular and can they be improved, is targeted quality education and training ensured, is there an impact on efficient and sustainable Hungarian and international cooperation forms;
- are other sources involved, and can the leverage and synergy effects be replaced, and to what extent;
- international scientific, technical and marketing value of the project;
- scheduling, result oriented nature and transparency of project;
- competence of participating organizations and persons;
- validity of the financial plan of the project;

During evaluation, for each criterion, the project's impact on strengthening the professional role of the Hungarian centre of ELI and on promoting the deployment of ultra-high energy equipment of ELI in Hungary shall be considered.

14. Indicators

One group of indicators measure the progress and check the implementation of the project, they also detect if project objectives are reached. The other group of indicators serve the gathering of statistical data.

Target values should be set on project level (i.e. not for each consortium member) **in the proposal**, target values set in the proposal shall be attached as a Schedule to the funding contract. Target values in the project proposal must be realistic, not meeting those values shall only be allowed in justified cases. Beneficiaries shall provide indicator data at the submission of reports and at other milestones defined by the provisions of the funding contract. Indicators are included in Table 5.

For all applicants/ consortia, requested target values of indicators at the end of the project:

- ❖ development of at least 1 (one) new or improved competitive
 - product or material prototype, or
 - service technology, or a prototype of an equipment as a technical condition for service, or
 - prototype of an equipment or pilot system representing new or improved technology, or
 - application, or
 - service supporting laser R&D&I activities, or
- ❖ reaching and publishing a new research result or the business exploitation thereof: at least 1 (one), or

- ❖ designing, construction of R&D equipment, pilot system or test environment: at least 1 (one), or
- ❖ equipping or setting up a training laboratory: at least 1 (one), or
- ❖ the number of laser experts trained in Hungarian workshops or trainings shall be:
 - at least 1 expert in case of enterprises,
 - at least 20 experts in case of tertiary-level education institutes, or
- ❖ the number of laser experts trained abroad shall be:
 - at least 1 expert in case of enterprises,
 - at least 5 experts in case of public bodies or their institutes with legal entity, as well as non-profit organizations with legal entity carrying out research activities, or
- ❖ attracting experts working abroad to Hungarian research groups: at least 1 (one), or
- ❖ the number of patent and industrial design applications (in Hungary and abroad): at least 1 (one).

Applicants may undertake to reach additional indicator target values, which shall earn them extra scores during evaluation. Projects not including compulsory indicators relevant for project objectives in an adequate number shall not receive funding.

15. Disclosure of Data of Public Interest

Pursuant to the Act CLXXXI of 2007 on Transparency of Subsidies Provided from Public Funds, the Office shall publish the following data set forth by the Act on the website operated by Ministry of Local Government (www.kozpenzpanyazat.gov.hu):

- a) subject and publisher of the call,
- b) applicant,
- c) requested funding if possible,
- d) involvement pursuant to section 8 of the Act.

The Office shall publish the name of the decision-maker within 15 days upon proposal evaluation, and

- a) deletes the given data of unsuccessful proposals, or
- b) publishes the amount of funding provided.

The Office shall publish - with the exception of invoices and bills - the submitted and approved final financial report of the project. Any business secrets in the published report shall be made illegible.

The Office shall erase published data at the end of the fifth year following the last day of the calendar year in which the applicant became entitled to apply.

The data published on the website can be searched and browsed by anyone free of charge.

To ensure the publication of prescribed data, all applicants shall fill in the field on involvement and conflict of interest (21m) on the page containing the data of the applicant in the Application form.

The publication of the above data shall not result in the disclosure of data - especially concerning technological procedures and solutions, manufacturing processes, work management and logistics methods, as well as know-how - the availability of which would result in disproportionate harm to the business activities, provided this right shall not hinder the disclosure of data of public interest.

II. Guide to Compiling Proposals

1. Detailed Description of Project

1.1 Title Page and Table of Contents of Project Proposal

For individual applicants:

hELIos Preparation Programme for ELI

<i>Year of proposal submission</i>	
<i>Code and name of sub-programme</i>	
<i>Project acronym</i>	
<i>Title of project</i>	
<i>Name of the applicant organization:</i>	
<i>Name of project leader (person representing the applicant organization)</i>	

For consortia:

hELIos Preparation Programme for ELI

<i>Year of proposal submission</i>	
<i>Code and name of sub-programme</i>	
<i>Project acronym</i>	
<i>Title of project</i>	
<i>Name of coordinator enterprise</i>	
<i>Name of project leader (person representing the consortium)</i>	

The eight-digit acronym of the project is provided by the individual applicant or the consortium. **If your present proposal is an updated version of a rejected one submitted earlier to a previous call, please use the first 7 digits of the 8-digit acronym of the previously submitted proposal.**

Table of Contents

To make references easier, please compile the table of contents of the proposal.

1.2 Forms

Application Form

An Excel file titled **2009InnovAlapKitoltesiUtmutato** contains a guide to the Application Form. The Application Form can be found in another Excel file titled **2009InnovAlapPalyUrlap**. The form and its guide are available for download from: www.nkth.gov.hu. (The links are located right next to the Call for Proposals). Please read the instructions of the guide carefully and fill in the form accordingly.

The Application Form has a twofold function: on the one hand, it contains the details of the project, on the other hand, that of the consortium members, as well as the financial plan breakdown for different reporting periods in both cases. **It is strongly recommended that the financial plan in the Application form should be filled in after the work-plan has been compiled (including the description of work packages and corresponding activity periods).**

Start with filling in the first four worksheets (details of the project) of the excel file. Those are:

- worksheet titled “11 Details of the Project/Proposal”. Please first choose the call code under which you wish to apply in the upper-right corner of the page, then provide the 8-digit acronym chosen by the applicant. **Tasks financed by the required funding must be carried out in Hungary, thus only Hungarian addresses may be provided under 'main locations of implementation' in 11h.** If your project needs any permission (from an authority or an ethical permit), please indicate this fact in line 11m. Coordinators are kindly requested to provide an email address under 11z which they check regularly, as all requests (e.g. for correction) and information regarding the proposal shall be sent to that address.
- worksheet titled “11a Details of the Project/Proposal-Continued”. **Please provide the Hungarian and English language short description of the project in approximately 1000 characters which may be published as a press release.**
- worksheet titled “11b Details of the Project/Proposal-Continued”. For section number 11bc, please indicate the experts playing a key role in project implementation and their work-time spent on the project. Section 11bd shall automatically calculate a summary of all participants registered under 21p on the page containing the data of given applicants.
- on worksheet titled “12 Budget of the Project/Proposal”, dates of activity periods must be filled in, which will be automatically displayed in the budget charts of each consortium member. Budget of the project box cannot be filled in directly, it is filled in automatically as a total of the budgets of all members.

Then each consortium member must fill in 2 worksheets in the following order:

- start with the coordinator institute,
 - then carry on with consortium members applying for funding,
 - finally consortium members using their own resources exclusively;
- worksheet titled “21 Details of the Applicant”. Those non-profit and public organizations which carry out business activities under the project must indicate this fact in line 21h. (This is the line where applicants are required to indicate whether they wish to use funding pursuant to sub-chapter A or B of chapter 8, part I of the guide.) Regardless of the above, all applicants shall fill in the following under field 21n:
- in case of KFI (R&D&I), the field “K+F és KKV iparjogvédelem” (R&D and protection of SME industrial rights);

- in case of INFRA, the field “nem áll. tám. vagy egyéb fel nem sorolt” (not state aid or other not listed);
 - in case of KOMP, the field “de minimis”.
- Pursuant to the Act CLXXXI of 2007 on Transparency of Subsidies Provided from Public Funds, all applicants shall fill in the fields on involvement and conflict of interest (21m) to ensure the publication of prescribed data. In case of tertiary-level education institutions, please indicate the names and codes (available at <http://www.nkth.gov.hu/egyseg szintu-azonosito>) of participating organizational units (e.g. departments) in points 21.b and 21.d.
 - and worksheet titled “22 Budget of the Applicant”. **If you are entitled to VAT-refund, do not forget to fill in fields 22c and 22at,**
 - **if you use de minimis aid, please indicate the amounts of de minimis aid received in the given financial year and preceding two financial years in line 22b,**
 - **do not fill in lines “Beruházás” (Investment), “Működésből koordinációs költség” (Coordination costs out of operation costs) and “Működésből tájékoztatási költség” (Dissemination costs out of operation costs).**

Guidelines for filling in the budget fields

- The total budget of an activity period should be indicated in the year when the given activity period ends, i.e. when the financial report is submitted. Always fill in the first cost-column under a given year, and only use the second if you are planning 2 reporting periods for the given year.
- For the total duration of the project, **the amount of total advance payment may be 100% for public institutions, and maximum 90% of the receivable funding for other institutions** (enterprises, non-profit organizations). When determining advance payment scheduling, please note that for the last 10% of the state contribution advance payment shall not be provided (e.g. for a project with two activity periods, applicants may request 100% of the contribution for the first activity period as advance payment, however, for the second activity period, applicants may only request advance payment to the extent to ensure that 10% of the total funding receivable by the given applicant shall remain unpaid). The advance payment received must be accounted for within the period set forth by Government Decree 133/2004. (IV.29). Advance payment instalments shall be scheduled corresponding to activity periods. Advance payment instalments shall only be transferred following the approval of the activity report on using the previous instalment and following the submission of the relevant financial report.
- Advance payment should be indicated in the column of the activity period when the advance payment is to be used.
- All costs indicated in financial charts (including the total costs field) must include non-deductible VAT. The fields "Total costs incl. VAT" must contain deductible VAT also.
- VAT-deduction right must be indicated in accordance with the declaration.
- Following the completion of financial plans, check the funding intensity of consortium-members one-by-one.

In the Application Form only the yellow and green fields (the latter for authorized signature) can be filled in directly, all the other fields are write protected. **Orange fields are filled in either**

automatically based on data in other fields, or by selecting an item from a pop-up list. A few fields are filled in using the yellow buttons next to them. Thus it is not possible to modify white fields or directly type in orange fields.

Please fill in all fields accurately, as the formal assessment is automatically generated from the electronically submitted application form, and in case of missing or incorrectly filled in data, the proposal shall be ineligible.

In the case of consortia, the first four pages of the printed Application Form contain data about the project, while further worksheets contain the details of consortium members. On top of the 4 + 2 pages (the latter per consortium member) there is no need for printing out additional, empty worksheets. Please provide authorized signatures on the form (pages concerning the project shall be signed by the coordinator, while pages concerning members shall be signed by the given consortium member).

Indicator Form

The form has to be filled in having regard to the planned project (i.e. one indicator form has to be filled in for each project). Target values of monitoring indicators (at project closing) shall be filled in on the form. The system automatically sends an error message if any of the compulsory fields of the form is blank. Thus if you do not undertake a target value for a given indicator, please display zero in the given field. The coordinator shall provide the authorized signature on the form. The indicator form was created only in Hungarian; its electronic submission serves data summary purposes. Data provided in Table 4 titled “Project monitoring indicators” of the project proposal must be identical with those provided in the form. Professional reports must include meeting indicator target values. Data provided on the indicator form shall be submitted to indikator2009@nkth.gov.hu e-mail address.

1.3. Work plan

The **work-plan** of the proposed project, **including the tables, should not exceed 60 pages**. Please note that proposals shall be evaluated pursuant to the criteria set forth under Table 8, so aim at including components which can be evaluated and checked against the criteria into the work-plan.

Tables and Charts to be Filled in Accordance with the Work-Plan

Table 1: Content requirements of the **work-plan**:

1. Description of project objectives, links to call objectives and factors verifying those
2. Description of R&D results to be achieved, R&D infrastructure to be established and service or training to be set up

3. Novelty of R&D results to be achieved, R&D infrastructure to be established and service or training to be set up in the Hungarian and international context. Please check what Hungarian and international patents exist under the topic of the project, and what is the novelty and innovation content of your planned project as compared to existing patents and professional publications in view of the present state of technology.⁹ Please also consider that certain topics may not be patented!

4. Description of planned activities under the project. Justification and coherence of work packages planned under the project. Professional and scientific content, implementation steps, scheduling and deliverables of tasks. Sum up the planned tasks according to Table 2, then, in Table 4 describe the distribution of tasks among consortium members in each activity period. Please describe task distribution clearly, as in case of successful proposals receiving funding with unchanged contents, Table 4 shall be included in the funding contract. Describe project implementation by a Gantt-chart, too. All tasks on the Gantt-chart are indicated by stripes, the length of which is proportionate to the duration of respective work packages, and logical links between them are indicated by arrows. (Instead of A, B, and C, indicated in Chart 3 bellow, use the number of relevant work packages.)

5. Description of the professional activities of organizations participating in project implementation. Describe the professional activities of applicant organizations and persons having a key role in the project (for each consortium member).

The professional activities of applicant organizations (maximum half a page per organization) and key persons (maximum half a page per person) should be described specifically, with respect to the topic of the project proposal. Provide a brief description of the way of involvement of postdocs, PhD students and early-stage researchers in the project and the tasks to be carried out by them. Please indicate if you are creating a researcher position calculated in FTE (such value may be calculated for the full duration of the project on the basis of FTE/year by adding up the FTE values of several new part-time colleagues). Provide a list of persons participating in task implementation under **Table 6**.

6. Description on project management. Describe project management structures, with a special emphasis on the various decision-making mechanisms to be used during the project, how the flow of information will be ensured among consortium members and what measures will be taken to guarantee quality of work. The description should not be longer than 1 page. The name of the financial director designated by the institution responsible for the project should also be indicated.

⁹ useful databases include e.g.:

- <http://elajstrom.hpo.hu/?service=PIPACS&lang=EN>
- http://ep.espacenet.com/advancedSearch?locale=en_ep
- <http://www.wipo.int/pctdb/en/index.jsp>
- <http://www.google.com/patents>
- <http://scholar.google.com/>
- www.eisz.hu
-

7. Exploitation plan. The exploitation plan must be in harmony with undertaken indicator target values.

Applicant enterprises must submit a business plan. In the business plan describe the plans and opportunities linked to exploitation. Demonstrate the expected direct and indirect impacts of the project, e.g. expected results of marketing new products, processes or services as results of development activities at international and Hungarian level (amount, lifecycle period, economic result over investment, improvement in productivity, development of industry, improvement of quality, social and environmental advantages, etc). In the plan, describe the following:

- a. Market analysis, market entry
Targeted markets, product positioning, exploitation/method of entering the market (e.g. technology transfer: licence, spin off company, direct sales) introducing competitors and competition analysis, competitive edge, sales channels.
- b. Risk assessment
Main risks of the business exploitation of products, technologies, processes and services, as well as the mitigation opportunities thereof.
- c. Estimated capital needs beyond project duration
Amount and scheduling of the capital needed for further development.
- d. Financial plan describing the exploitation of project results
Business model, revenue-expense plan, description of costs-structure, output plan.

Research organizations of the public or the non-profit sector shall describe plans and opportunities concerning the exploitation of R&D project results, potential users, the economic and social significance of exploitation. In case of projects on infrastructural development, applicants shall describe the research area in which or R&D programmes under which they wish to exploit the procured assets following the actual end date of the project. Justify the necessity of equipment and intangible assets required. Aim at expressing ideas and opportunities in figures.

Table 2: Description of project tasks

For applying research units:

Nu- m- ber	Name of task	Task leader (person)	Start date	End date	Cost of task (1000 HUF) ¹⁰	Request ed funding (1000 HUF)	Type of task ¹¹	Funding category ¹²
1.			yy,mm,dd	yy,mm,dd				
2.								

¹⁰ The sum shall include non-deductible VAT

¹¹ code of eligible activities pursuant to chapter 7: a) or b) or c) etc.

¹² Codes A/1, A/2, A/3 or B shall be used pursuant to chapter 8.

For consortium members:

Num-ber	Name of task	Numbe r of consorti um member	Task leader	Start date	End date	Cost of task (1000 HUF)	Request ed funding (1000 HUF)	Type of task	Funding category
1.				Year, month, day	Year, month, day				
2.									

Table 3: Gantt chart

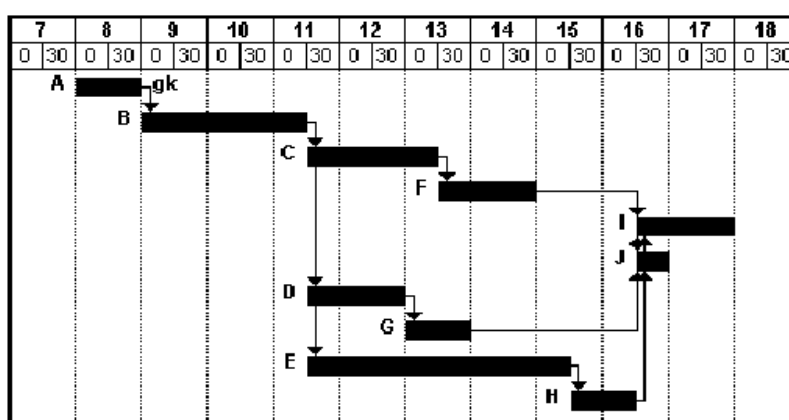


Table 4: Activity Periods of the Project

Design the activity periods of the project according to the work plan. Each reporting period must end with compiling an activity report and a financial report. **Please note that following the end date of an activity period, the relevant activity and financial reports must be submitted within 15 days.** Plan 1 reporting period annually.

Then, **in Table 4**, list which work packages (of the tasks described in Table 3) are going to be carried out **by** which **consortium member** for each period. Also put down the estimated costs of each consortium member per period. Costs must include non-deductible VAT.

There is no limit to the number of planned work packages per activity period. Each activity period must end by compiling an activity report and a financial report. Please note that if you plan a reporting deadline after 30th September, the transfer of the reimbursement of the corresponding activity period may be postponed to the following calendar year due to possible delays in the approval procedure.

Make sure that dates and costs provided in Table 4 correspond to the data in the relevant fields of the Application Form.

For individual applicants:

Report number:	Start and end of activity period: <i>yy,mm,dd</i>
Name of work packages	Scientific content of work packages in the given reporting period
Deliverables:	
Form of documenting tasks and deliverables:	
Publication of results:	
Total costs (in thousand forints)	

For applying consortia, each member shall fill in one:

Name of consortium member:	
Report number:	Start and end of activity period: <i>yy,mm,dd</i>
Name of work packages	Scientific content of work packages in the given reporting period
Deliverables:	
Form of documenting tasks and deliverables:	
Publication of results:	
Total costs (in thousand forints)	

Table 5: Project monitoring indicators

Certainly, only those lines of the Table must be filled in which are relevant to the project. Indicate zero in all other lines. Please note that you must undertake to meet the minimum level of required target indicators referred to in Part I. Please submit target indicators undertaken in the

form electronically, too. **Please indicate** the target values to be achieved by the end of the project (points 1-4) and in 3-5 years following the end of the project (point 5) **on the form**.

Indicators	Target value piece/person	Target value FTE
1. Project results with direct exploitability		
Number of newly developed products		
Number of newly developed services		
Number of newly developed technologies		
Number of newly developed prototypes		
Number of patent applications		
number of Hungarian patents out of the above		
number of international patents out of the above		
Number of patents granted		
number of Hungarian patents granted		
number of international patents granted		
Number of Hungarian utility model protection applications		
Number of Hungarian utility models protected		
Number of Hungarian design protection applications		
Number of Hungarian designs protected		
Number of Hungarian plant variety protection applications		
Number of Hungarian plant varieties protected		
Number of candidate varieties reported for classification		
Number of candidate varieties classified		
Number of new projects as results of the original project		
number of Hungarian projects out of the above		

number of international projects out of the above		
Number of Hungarian intellectual property rights utilised in the project		
2. Human resources		
Total number of employees included in the project (persons, FTE)		
number of women involved in the project out of the above (persons, FTE)		
total number of PhD students involved in the project out of the above (persons, FTE)		
total number of female PhD students involved in the project out of the above (persons, FTE)		
total number of postdocs involved in the project out of the above (persons, FTE)		
total number of female postdocs involved in the project out of the above (persons, FTE)		
number of early stage researchers involved in the project out of the above (persons, FTE)		
number of female early stage researchers involved in the project out of the above (persons, FTE)		
total number of research workplaces created by the project out of the above		
number of researchers with scientific degrees involved in the project out of the above (persons, FTE)		
number of researchers without scientific degrees involved in the project out of the above (persons, FTE)		
Number of researchers participating in the project (persons, FTE)		
researchers under 35 out of the above (persons, FTE)		
female researchers under 35 out of the above (persons, FTE)		
researchers between 36-55 out of the above (persons, FTE)		
female researchers between 36-55 out of the above (persons, FTE)		
researchers between 56-65 out of the above (persons, FTE)		
female researchers between 56-65 out of the above (persons, FTE)		
researchers over 65 out of the above (persons, FTE)		
female researchers over 65 out of the above (persons, FTE)		
Number of researchers returning to Hungary as a result of the project (persons)		

3. Social and economic exploitation		
Implementation of horizontal approaches (sustainable development, environmental protection, equal opportunities, security, reducing regional disparities)		
Number; and type of dissertations (MSc, PhD, HAS doctor)		
Public dissemination of project results e.g. at public fora (form and number)		
at Hungarian fora (number of events)		
at international fora (number of events)		
Form and number of results exploited in education / training		
Number of publications presenting project results		
number of Hungarian publications out of the above		
number of international publications out of the above		
Total number of entities exploiting project results		
number of SMEs out of the above, registered seat(s)		
large enterprises out of the above, registered seat(s)		
international out of the above, registered seat(s)		
Number of spin-off companies created		
Number of new industrial relationships created by the project		
4. Financial resources		
Own financial resources used in the project (thousand HUF)		
Total amount of external capital used as own resources (e.g. venture capital, bank loan etc.) (thousand HUF)		
Hungarian capital investment out of the above (thousand HUF)		
foreign capital investment out of the above (thousand HUF)		
5. Long term economic exploitation (3-5 years following the end of project)		
Number and seat of companies, institutions, cooperatives and enterprises exploiting the results		
Total number of entities exploiting project results		

number of SMEs out of the above, registered seat(s)		
large enterprises out of the above, registered seat(s)		
international out of the above, registered seat(s)		
Number of workplaces retained		
Number of Hungarian intellectual property utilised in the project		
Number of relevant projects preceding this one		
domestic out of the above		
international out of the above		
Amount of extra turnover as a result of the project (thousand HUF)		
extra turnover inland out of the above (thousand HUF)		
extra turnover generated abroad out of the above (thousand HUF), and the list of countries where the turnover was generated		
Cost reduction and savings as a result of the project (thousand HUF)		
Further co-operation with universities, research institutions (names of projects)		
Number of new projects as results of the original project		
domestic out of the above		
international out of the above		
6. Other special monitoring indicators applying specifically to the project provided by the applicants		
developed new laser applications (number)		
value of laser research infrastructure serving as a basis for international cooperation or of other research infrastructure created under the project supporting linked measurements (thousand HUF)		
designing and setting up laser R&D equipment (number)		
setting up pilot systems or test environments or equipping training laboratories (number)		
the number of laser experts trained in Hungarian workshops (persons)		
technicians out of the above (persons)		

engineers out of the above (persons)		
PhD out of the above (persons)		
scientific researchers out of the above (persons)		
the number of laser experts trained abroad (persons)		
engineers out of the above (persons)		
PhD out of the above (persons)		
scientific researchers out of the above (persons)		
attracting experts working abroad to Hungarian research groups (persons)		

Table 6: Persons participating in project implementation

Please make sure that **one person is indicated only once in the table** and the indicated work-time spent is realistic.

If they wish to be registered in the Office’s expert database, the key experts whose names are listed on the form should fill in and electronically submit the expert form. If they have registered themselves earlier, then they may update their data as and when necessary. During expert registration, in addition to providing the compulsory data, please provide at least the information introducing the expert in the project proposal (field of expertise, place(s) of work, relevant research areas, language knowledge), furthermore, if the expert also wishes to become an evaluator, this should be indicated on the expert form. The expert form shall not be attached to the proposal.

More names may be indicated in Table 6 as on page 11b of the Application Form, however, pay attention to the coherence of the data provided.

Name of expert	Acronym of expert	Status of participant*	Number of consortium member**	Number of tasks	Work time spent (FTE days)

Total (FTE days)					

FTE	
Number of participants in the project (persons)	

* Please use the following categories when filling in the 'Status of R&D participant' column: doctor of HAS, researcher with PhD degree, researcher without PhD degree, postdoctor (early-stage researcher with a PhD degree), early-stage researcher without PhD degree, PhD student, university student, technician/assistant, project manager.

** For individual applicants 1.

If there are R&D participants (e.g. PhD students) whom are unidentified at the time of proposal submission, than please fill in all the data except for the name.

The Full Time Equivalent (FTE) of staff (researchers, developers) working on the project should be calculated on the basis of 262 days/year.

Table 7: Description of projects and project proposals of similar topics

National and international research and development **projects** (of each member in case of consortia) which have been carried out in the same or **similar** topic and either received funding in the year of application and in the preceding 3 years or are still under evaluation should be presented **according to the Table 7**.

Title		
Objective (max. 250 characters)		
Partners		
Experts participating in both this proposal and the project referred to		
Own role		
Publisher of Call, funding organization, (in the case of the Office, call acronym)		
Funding received or required		
Beginning:	End:	Status (in %):

Results (max. 250 characters)	
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Link to the projects of the European Union

In case a project is linked to the R&D programmes of the European Union, it should be described how the proposed project is related to the international project, what are the similarities and differences between them, which organizations participate and carry out what tasks and what are the deliverables. A summary should be provided of the tasks of the applicants in the two projects, especially with regards to funding resources.

If a funded enterprise takes part in a project and it receives public contribution for the same tasks (from the sub-systems of public finances as well as from international sources, on the basis of intergovernmental agreements, including the European Union), the use of the double funding falls under the restrictions concerning the maximum funding intensity.

1.4. Financial plan

Describe in detail and justify the following costs in the Financial plan for each consortium member:

- the amount, scheduling and necessity of advance payment (for all relevant activity periods), if requested;
- if you want to receive reimbursement on general costs (overheads), its expected amount;
- other material expenses which exceed net HUF 5 million;
- justify the necessity of equipment and intangible assets ;
- if you involve other financial resources in the project, provide its form (funding from another organization) and amount. Please take note that when calculating funding intensity, other Public funding provided for the project shall be added to the funding amount requested under this call.
- the form, source and amount of own resources. Please describe in detail if you involve external capital as own resources and indicate its amount;
- if the planned total cost of subcontracting exceeds 10% of the total project budget or HUF 20 million, describe the tasks to be carried out by subcontractors and their expected costs. If, during implementation, the actual subcontracting fees deviate from the planned figures by more than 10%, describe the reasons for the deviation in the activity report. Please note that during project planning and implementation, applicants must observe the relevant provisions of public procurement legislation (if selection of subcontractors may exclusively be carried out in a public procurement procedure, the project proposal may not include the name of the subcontractor).

Budget plan must be realistic, as proposals containing unjustified costs may be refused.

Description of the management of applicants

To demonstrate the management of the previous 2 years, please fill in the requested data in the Application Form. If the organization has been operating for less than a year, the data should be

projected for the period of a year. Public organizations do not have to describe their financial management.

2. Compiling the proposal

Please compile the project proposal in Hungarian on A4-size sheets, the proposal should consist of the following parts bound in the appropriate order (see description). The heading of each page of the proposal must include the code of the call (ELI_09) and the acronym as displayed on the form. The pages (including enclosed documents) should be numbered consecutively. All pages of the original copies must be signed by the project leader.

The proposal should contain the following parts in the following order:

- Detailed description of project (title page, table of contents, application form, indicator form, work-plan and financial plan).
- In case of consortia, the declaration of intent to establish the consortium.
- Appendix titled Declarations.

If an applicant is not listed in the database of taxpayers without public dues published on the website of the Hungarian tax authority, then it shall also attach a public deed not older than 30 days certifying that applicant qualifies as a taxpayer without public dues.

Each proposal compiled in compliance with the Guide for Proposers should be submitted in 1 original copy, as a bound volume in a closed parcel.

Apart from the address, please display the call code and the proposal acronym on the parcel.

Compiling the electronic proposal:

Electronic forms have to be submitted to the following e-mail addresses:

- data of the correctly filled in Application Form to: alap2009@nkth.gov.hu,
- data of the indicator form to: indikator2009@nkth.gov.hu.

Upon receiving the files, the receiving server of the Office sends an automated response. If you receive an error message in the response, please correct the given file and resend it. The system takes the last sent file into consideration. Please attach the version of the forms to the electronic application which have not generated an error message in the system.

The Hungarian and the English language version of the full project proposal - excluding the forms - (in 2 separate pdf files) and the application and indicator forms without syntactic errors (as xml format) should be compressed into a single zip file and sent to eli@nkth.gov.hu. Pdf files should include the Schedules without signature. The Office shall send a confirmation of receipt within 3 workdays upon receiving this zip file (following the processing of letters). Please make sure that the size of the letter to be submitted does not exceed 5MB, as the mail server of the Office will bounce files exceeding that limit, also check whether your mail server is capable of sending a file of that size.

Filename convention for the two pdf files: ELI_X_09-xxxxxxx-zz, where X stands for the code of the sub-programme (KFI, INFRA or KOMP), x-s stand for the 8-digit acronym given by the applicant, and zz stands for the language code (hu or en). The names of the third and fourth files

(.xml) are automatically generated when saving the data-content of the Forms (Application Form and Indicator Form).

The name of the compressed (zip) file containing the four files above should be the same as the name of the pdf files containing the project without the language code (e.g.: ELI_INFRA_09-abcd1234). Please include the 8-digit acronym in the subject of the letter. **Please note that evaluation is carried out based on the electronic project proposals!**

III. Information on the Selection Procedure of the Call for funding R&D projects, on contracting and implementation

1. Submission and formal assessment of proposals

In order to ensure the preparation of efficient and professional evaluation, please **submit a draft of the application form** to alap2009@nkth.gov.hu **two weeks prior to submission deadline**. The data in the form (including the financial plan) are indicative and may be changed by submission deadline. Any new version of the form sent by the submission deadline shall automatically overwrite the old one, thus the latest version before the deadline shall be considered.

The **hard copy of the final proposals** should be prepared according to the instructions of the previous section and sent in closed parcels by post to the following address:

**The National Office for Research and Technology
1519 Budapest, Pf. 506.**

Please note that there is no room for personal submission.

Submission deadline (receipt of the hard copy at the above address and submission of the electronic proposal to eli@nkth.gov.hu):

1. February 2010

The call for proposals, the detailed guide for proposers, the definitions, the application form and the guide to the application form are available for download from:

the website of the **National Office for Research and Technology** (www.nkth.gov.hu).

You may ask questions concerning the call and the elaboration of proposals via e-mail sent to eli@nkth.gov.hu. The acronym of the proposal and the name of the programme (ELI) should be indicated in the subject field. Questions are answered within 5 work days.

Applicants are kindly asked to read the call for proposals, the guide for proposers and the definitions as well as the list of Frequently Asked Questions available at www.nkth.gov.hu, as their questions might be answered immediately without the 5-work-day delay.

The Guide for Proposers, the Application Form and its Guide as well as the definitions are integral parts of the Call for Proposals. These documents together contain all necessary requirements for proposals.

Applicants shall be informed in writing of the registration of their proposals.

Submitted proposals shall be checked against formal requirements. Exclusively those project proposals shall be forwarded for evaluation which meet formal requirements.

The project proposal is automatically rejected for formal reasons if:

1. the applicant has not submitted the proposal package in the way specified in the call,

2. the printed proposal package has not been submitted,
3. the proposal package has not been submitted by the deadline specified in the call,
4. the consortium/ applicant has not submitted the Hungarian and the English language project proposal and the application form without syntactic errors electronically (pursuant to the project proposal and the declarations in a consistent way) in the prescribed format to the e-mail addresses set forth by the guide by the deadline,
5. there is inconsistency between the paper and electronic versions or between the Hungarian and English versions of the proposal (also including the forms),
6. The proposal package does not meet formal requirements:
 - a. the applicant failed to attach the filled in application form, or has filled it in by hand, or used another application form,
 - b. the detailed description of the project proposal (work-plan), the list of work packages and the itemized list of related costs by activities, the business plan or the exploitation plan is missing from the hard copy and/or the electronic version of the proposal,
 - c. required declarations have not been attached to the proposal,
 - d. declaration of intent to establish a consortium, in case of consortia,
7. the applicant requests funding for ineligible activities,
8. the applicants indicates ineligible costs on the form,
9. the applicant failed to provide an authorized signature on the declaration,
10. applicants entitled to VAT refund used gross costs during the budget calculation, applicants not entitled to VAT refund used net costs during the budget calculation, there is discrepancy between the forms and the declaration,
11. funding intensity of the applicant exceeds the prescribed limits, or the "qualification code" under point 21[h] of the Application Form is not filled in, or the necessary data for funding intensity calculation are not included in the Application Form submitted in hard copy or via e-mail,
12. the funding requested by the applicant is not in line with the minimum and maximum amounts of funding set forth by the guide,
13. project duration is not in line with the guide,
14. the scheduling of the project by activity periods is not unequivocal, there is discrepancy between the work-plan and the financial plan,
15. the applicant failed to undertake to meet the requested target indicators,
16. any of the consortium members/applicants do not fall under the definition of eligible applicants at the time of proposal submission or they are excluded on a legal basis or on the basis of reasons determined in this call for proposals (chapters 3 and 11 of the guide for proposers),
17. the work-plan of the project exceeds 30 pages (without the forms),
18. the proposal contains false data,
19. the applicant requests funding for a development started prior to proposal submission,
20. project objectives cannot be identified, or those do not comply with the objectives of the call,
21. the applicant fails to correct deficiencies or to supply missing data, or fails to do so in the way requested or by the deadline set.

In case of minor deficiency (missing information), the coordinator shall receive an e-mail to the address provided on the Application Form requesting the coordinator to submit missing data within 5 workdays. Missing information qualifies as such deficiency if:

1. the coordinator did not sign one or more pages,
2. the applicant did not send the indicator form without syntactic errors to the e-mail address provided above,

3. the coordinator failed to sign the indicator form,
4. financial / management data was not provided on the form or those were incomplete,
5. requested data for the transparency of subsidies provided from public funds were not provided correctly (in particular in fields[21j] and [21m]),
6. the applicant failed to attach a public deed not older than 30 days certifying that applicant qualifies as a taxpayer without public dues (if applicant is not listed in the database of taxpayers without public dues published on the website of the Hungarian tax authority).

If missing data are not posted within 5 workdays by the applicant, the proposal shall be ineligible. There is no exceptions from the above even if the applicant provided an incorrect e-mail address or checks the address provided only rarely.

Applicants are informed about rejection or eligibility of the proposal.

2. Evaluation and decision-making

2.1 Evaluation and the decision-making process

For the duration of project implementation, the commissioner for the Hungarian government strategy of ELI shall form a permanent committee by involving experts of internationally renowned institutions of the area. Having regard to the role the committee plays in the evaluation process, we shall strive at excluding any conflicts of interest as well as at protecting intellectual property rights and business secrets when selecting committee members.

In the first phase, the permanent committee selects proposals closely linked to the designing, construction and operation of ELI, which strengthen the professional role of the Hungarian centre of ELI and promote the deployment of ultra-high energy equipment of ELI in Hungary, which improve the competitiveness of Hungarian laser R&D&I activities and enterprises on an international level, and which enable, increase or may increase the participation of Hungarian partners in projects directly linked to ELI, or improve the contribution of the Hungarian expert community therein.

The Office shall inform the applicants of rejected proposals in writing about the reasons for rejection, and shall initiate the evaluation of selected proposals. To ensure the transparent implementation of the programme, project proposals shall be evaluated by 2 independent foreign evaluators pursuant to the evaluation criteria defined under **Table 8**. Based on the detailed evaluation criteria, the maximum score is 100. Project proposals receiving at least 70 scores from both evaluators and reaching the threshold levels for each criterion may be recommended for funding. If the recommendations of the two evaluators concerning whether funding should be granted to a given project contradict, the Office shall invite a third evaluator. Based on the evaluation of foreign experts, the permanent committee ranks projects and prepares a proposal for decision. Funding decisions shall be made by the President of the Office.

Table 8

Evaluation Criteria	Maximum score	Score awarded
1. Correspondence of the project proposal to the objectives and priorities of the programme (maximum score: 20, threshold: 10)		

1.1 Correspondence of project to the primary objectives of the call	0-5	
<ul style="list-style-type: none"> correspondence to objectives is established (the higher the correspondence rate, the higher the score awarded) 	1-5	
<ul style="list-style-type: none"> no correspondence to the objectives can be established 	0	
Correspondence of project to the priorities of the call (the rate of the costs of priority activities compared to total project costs calculated in percent)	0-5	
91 - 100 %	5	
71 – 90 %	4	
51 – 70 %	3	
31 – 50 %	2	
11 – 30 %	1	
maximum 10%, or cannot be established	0	
1.3 Significance and importance of undertaken extra indicator values on top of the compulsory target values (higher score means higher scientific, etc. added value)	0-10	
<ul style="list-style-type: none"> significance and importance of extra indicator values compared to the required ones 	1-10	
<ul style="list-style-type: none"> 0 extra values undertaken 	0	
2. Scientific and technical novelty content, professional excellence of the project proposal and its contribution to the development of the given field measured against Hungarian and international standards (maximum score: 30, threshold: 20)		
2.1 International scientific and technical value and novelty content of the project. Top scores may be awarded for opening new research areas or new market segments, medium scores for further development of existing results, while lower scores for the volume extension of market, research, service and educational activities.	0-10	
<ul style="list-style-type: none"> Improvement in international scientific research, international markets, internationally competitive technologies, services or expert training. 	8-10	
<ul style="list-style-type: none"> Staying on the market or catching up with international standards in research and expert training 	3-7	
<ul style="list-style-type: none"> Improvement in Hungarian scientific research, 	0-2	

Hungarian markets and competitive technologies, services or expert training on the Hungarian level.		
2.2 Value of project results in respect of participation in construction and maintenance of ELI (Higher scores shall reflect higher probability of filling in the given position.)	0-8	
<ul style="list-style-type: none"> possibility of filling in the project leader's position and of implementation in Hungary 	7-10	
<ul style="list-style-type: none"> possibility of filling in the project leader's position 	3-6	
<ul style="list-style-type: none"> possibility of participation in the elaboration of a project 	0-2	
2.3 Value of project results in respect of deploying ultra-high energy equipment of ELI to Hungary (Higher scores shall reflect higher probability of winning the tender for deployment.)	0-10	
<ul style="list-style-type: none"> the project aims at developing key technologies inevitable in the development of ultra-high energy equipment, and the project is expected to influence decision-makers in selecting the location of deployment 	7-10	
<ul style="list-style-type: none"> may influence decision-makers in selecting the location of deployment 	1-6	
<ul style="list-style-type: none"> no influence, or no impact can be established 	0	
3. Feasibility, as well as professional and business validity of the project, quality and actuality of the exploitation plan (maximum score: 20, threshold: 10)		
3.1 Are project objectives and results feasible by implementing the tasks described in view of the present state of science? Is the use of chosen methods justified and are they apt for implementing the tasks?	0-4	
<ul style="list-style-type: none"> Yes 	4	
<ul style="list-style-type: none"> Partially 	1-3	
<ul style="list-style-type: none"> No 	0	
3.2 Are the tasks defined necessary and sufficient to achieve the objective and the desired result?	0-3	
<ul style="list-style-type: none"> Yes 	3	
<ul style="list-style-type: none"> Partially 	1-2	
<ul style="list-style-type: none"> No 	0	

3.3 Can the tasks set by the project be carried out during the planned duration?	0-3	
• Yes	3	
• Partially	1-2	
• No	0	
3.4 The marketability of results and validity of the project, based on the exploitation plan	0-10	
• Valid	10	
• Partially valid	1-9	
• Invalid, or based on a faulty concept	0	
4. Professional and business competence of participating organizations, whether their financial background is adequate for providing the own share of financing (maximum score: 15, threshold: 10)		
4.1 Does the financial situation of consortium members (e.g. from the point of providing their own financial resources) guarantee successful project implementation?	0-5	
• Yes	3	
• Partially	1-4	
• No	0	
4.2 Based on their reference works, are participating organizations capable of project implementation from a professional point of view? Have they had results in similar topics prior to the project?	0-5	
• Yes	5	
• Partially	1-4	
• No	0	
4.3 Are participating persons and project management capable of project implementation?	0-5	
• Key experts have international experience in the topic	4-5	
• Key experts have Hungarian experience in the topic	1-3	
• No experience	0	

5. Economic and social exploitability of project proposal (maximum score: 15, threshold: 10)		
5.1 Can the sustainability of project results be established: do long term impacts exist, is the implementation of applied solutions and created infrastructure modular and can they be improved, is targeted quality education and training ensured, is there an impact on efficient and sustainable Hungarian and international cooperation forms?	0-7	
• Yes	5-7	
• Partially	1-4	
• No	0	
5.2 Can other sources be involved, and the leverage and synergy effects be replaced, and to what extent	0-8	
• Yes	6-8	
• Partially	1-5	
• No	0	
Total	0-100	

The list of successful proposals and applicants, as well as the amount of funding is published on the website of Office within 5 days following the financial approval of the decision. The short description of successful proposals (based on the description provided by the applicants in the Application Form) may be published by Office.

The applicant receives a written notification about the funding or rejection of the proposal within 10 days following decision.

There is no room for appeal or recourse of any kind against funding decisions. Upon request, the summary of evaluation reports (without scores) is made available to the applicants within 30 days after the decision without disclosing the names of the evaluators.

Applicants may request the summary of evaluation reports by sending an e-mail to eli@nkth.gov.hu, indicating the call acronym and the eight digit acronym of the proposal.

3. Concluding a contract and financing procedures

Every project leader receives a notification about the decision within 10 work days. In case of a successful proposal, the **contract proposal** is also enclosed. The funding contract and its schedules shall be sent to the e-mail address of the coordinator provided in the application form.

The **contract proposal is valid for a maximum of 60 days** upon receipt of the notification on the decision (Government Decree 133/2004. (IV. 29.)). Until that deadline, the rules of proposal commitment apply to the decision. If the contract is not signed until the deadline of the beneficiary's fault, the funding decision becomes automatically null and void.

First, organizations concerned should sign a multi-lateral consortium agreement (rights and obligations of the members, regulation of mutual relations, joining and leaving, intellectual property rights), which becomes valid with the authorized signature of each participant. The coordinator must make a declaration about having concluded a consortium agreement. This document is a prerequisite of the funding contract. The work plan and the financial plan of the successful proposal constitute the basis for the contract.

The following must be enclosed with the contract:

- depending on the legal status of the beneficiaries
 1. for business partnerships, a genuine copy of a valid certificate of incorporation not older than a month or a copy thereof certified by a notary public not earlier than 30 days before (instead of a certificate of incorporation, an official certificate issued by Company Registration and Company Information Service working beside the Ministry of Justice is equally acceptable);
 2. for public bodies, a certified copy of the deed of foundation or the statutes, not older than 30 days; for bodies created by law, a copy of the law with the indication of the place and date of publication (title of official review/journal, year of publication, issue number; e.g. Magyar Közlöny 2004);
 3. for organizations obliged to be registered by court, a genuine copy of a court certificate not older than 30 days or a copy thereof certified by a notary public, which clearly shows who is entitled to represent the organization and in what ways (joint/independent representation);
- a genuine copy of a valid specimen signature, or a copy thereof certified by a notary public;
- the actual version of *Declarations* attached to the proposal;
- for beneficiaries, a prompt collection order for all bank accounts of the beneficiaries open to transactions during the duration of the contract;
- Certificate of existence of own financial resources.

Funding can be appropriated according to the financial plan laid out in the contract. The Office makes the funding available after checking and approving the implementation of the tasks and transfers it to the beneficiary upon latter's request, proportionately to the funding.

Advance payment instalments shall be scheduled corresponding to activity periods. Advance payment instalments shall only be transferred following the approval of the activity report on using the previous instalment and following the submission of the relevant financial report if beneficiary has no payment obligations payable to the Fund or to budget provisions specified in Paragraph (2), Section 16 of the Fund Act. overdue by more than 60 days (e.g. unaccounted advance payment).

The advance payment received must be accounted for within the period set forth by Government Decree 133/2004. (IV.29).

Except for public bodies, the final 10% of total funding may only be transferred after the approval of the final activity and financial reports.

4. Monitoring the use of funding

With the help of independent experts, the implementation of the R&D project is evaluated at each activity period, based on the work-plan and on dates specified by the work-plan of the project.

Each activity period must be closed by the submission of an activity report and a financial report on the date specified in the funding contract. The report is complete if it contains the activity report as described below, as well as, in case of consortia, the cost reports of all consortium members concerned, and the cost report summary by the coordinator, together with the appendices specified by the funding contract.

4.1 Activity report

Activity reports also to be submitted electronically must include a detailed description of the activities of the research and development activities in the given period set out in the work and financial plans of the project as well as the results. The activity report should follow the work plan of the given activity period on the basis of the work and financial plans, and it should contain the following parts:

- title page: on the title page display the title and the acronym of the project, the number of the funding contract, the number of the activity period, the actual start and end date of the reporting period, the name of beneficiaries, the coordinator's name and the website of the project if there is one;
- contents page;
- a brief summary of the results of previous reporting periods;
- list and status of work packages undertaken for the given reporting period or rescheduled from a previous/later period (finished, partly finished, postponed, advanced, cancelled, etc.) with a justification of the differences;
- description of tasks accomplished and results achieved in the given reporting period in not more than 15, in case of consortia 25 pages (due to this limit, all extra information easing evaluation and not constituting business secret - e.g. minutes, charts, pictures, newspaper clippings - may be published on the website of the project);
- the list of the publications linked to the project, published or approved, in the given activity period (articles, presentations), print or electronic publications, patents, etc; (the Office should be displayed as sponsor on publications)
- a comprehensive table of the costs planned and actually incurred during the activity period (with justification), and with the explanation for deviations;
- the name as well as the planned and actual total work time of participants spent on R&D activities in a given reporting period with a justification of any differences;
- monitoring data, with regards to target values described in the professional appendix of the proposal. Please submit the indicator form containing the achieved, cumulated indicator data electronically to indikator2009@nkth.gov.hu;
- measures concerning publicity and dissemination of information in the given reporting period;
- describing the positive impact of funding received.

If there is a difference between the work packages planned and those actually accomplished, justification is necessary. The activity report must be signed by the coordinator. Reports must be compiled according to the specific properties of each proposal. The contents of activity reports - apart from confidential data - may be published.

The activity report is evaluated based on the electronic version.

The Office may proportionately decrease the amount of funding if the independent experts involved in the evaluation of the report have not or have only partly accepted the implementation of tasks undertaken in the contract.

Based on the report, the permanent committee shall decide on proceeding with project implementation pursuant to the original plan, on its amended implementation or on suspending its implementation.

4.2 Financial report

Beneficiaries must keep separate accounting of the costs of the project complying with relevant legislation (e.g. with the Accounting Act). Costs of the project must be accounted for in accordance with the financial plan included in the appendix of the funding contract regarding the received funding, as well as own and other financial resources.

Project costs shall be eligible only following submission date, i.e. invoices and costs shall only be considered if they are dated and incurred after submission.

The financial report will only be approved upon approval of the activity report. The financial report must correspond to the performance displayed in the activity report. If, according to the opinion of independent experts, a task has not or not fully been carried out, costs linked to the task shall be proportionately reduced and approved proportionately to the performance.

Financial reporting is governed by the funding contract. The person entitled to represent the beneficiary, assuming all responsibilities, makes a statement about the costs incurred in the reporting period and - documented by invoices or other conclusive receipts - states their exact amounts and resources. The beneficiary must provide an authorized signature, which must be countersigned by the auditor of the beneficiary. A cost report and a summary invoice statement must be enclosed with the declaration, all of which have to be submitted electronically, too. The acronym of the project and the sum charged to the project must be indicated by beneficiary on each item of the documentation to be accounted for.

In case of consortia, the declaration by the coordinator of successful projects – about total costs incurred during the project reporting period – shall also be submitted.

The procedure of accounting for advance payments coincides with and is identical to that of the financial reporting.

Additional general costs actually incurred during project implementation must be accounted for in accordance with the proportions established on the basis of the principles determined in the Accounting policy and the Cost Accounting Standards for Subsidized Costs of the beneficiary, promptly supported by calculations. Additional general costs include a proportionate part of the following with regards to the project: public utilities fees documented by an invoice, telephone, mobile phone subscription (pre-paid phone cards are not eligible), internet subscription fee, fuel costs, postage, rents, etc. Costs eligible as additional general costs can **exclusively** be accounted for as general costs among material expenses.

Pursuant to Section 87 (11) of Government Decree 217/1998 (XII.30.), if total project costs are reduced compared to the planned total, the amount of funding shall also be reduced proportionately to the decrease in total costs corresponding to the original funding rates.

The Office and certain organizations eligible under the law are entitled to monitor or check the implementation of the total project and to monitor the proper use of funds, as well as that of the own and other financial resources. During these checks, all documents must be presented which prove that the disbursements have been made to achieve project objectives and which support the price-value ratio.

4.3. Monitoring funded projects

As the manager of the Fund, the Office is responsible for the efficient and transparent use of the resources of the Fund. This requires the continuous follow-up of programmes and R&D projects implemented with the financial contribution from the Fund, as well as the monitoring of the progress thereof, i.e. the creation and operation of a monitoring system pursuant to the provisions of Government Decree 198/2005 (IX. 22).

In line with the above, the Office shall monitor projects funded under the call to support R&D projects in 2009 to supervise effective project implementation, the achievement of project objectives, the performance of R&D tasks under the funding contract and project implementation according to schedule. Monitoring tasks include: collection and statistical analysis of project indicators, verbal hearing and on-spot supervision.

Monitoring process runs independently of project reports and activity periods. Monitoring of R&D projects shall be carried out by sectoral bodies set up by the Office, which - based on the monitoring process - shall be entitled to propose the amendment of the objectives and the funding contract of monitored projects, to recommend to reduce funding or the termination of the contract in justified cases.

4.4 Sanctions for breaching the funding contract

Sanctions for breaching of the funding contract include:

- suspension of funding;
- paying liquidated damages in the amount set forth by paragraph (1) Section 88/A of Government Decree 217/1998. (XII. 30.) (the daily rate of liquidated damages is 1/365th of 10% of the relevant funding; detailed rules are set forth by Section 88/A of Government Decree 217/1998. (XII. 30.) and the funding contract).
- rescission of the contract, funding already issued must be returned in a lump sum within 15 days, adding interest (twice the central bank base rate at the time of rescission but at least 20%, pursuant to paragraph (4) Section 88 of Government Decree 217/1998. (XII. 30.)) and other expenses,
- immediate termination of contract by the Office,
- exclusion from the support-system.

Detailed regulations are set forth by Sections 87-88/A of Government Decree 217/1998 (XII.30) and Section 18 of Government Decree 133/2004 (IV.29) and by the funding contract.

4.5. Closing the project

At the end of the project, besides the regular activity and financial reports, the final report has to be compiled. The final report describes the scientific and technical content of project results, the relationship of the financial plan to the use of funding, the economic and social exploitability of results and also provides a summary evaluation of the project which is appropriate for publication.

The project can be considered as implemented if objectives and tasks defined in the funding contract are implemented according to the contract. This may be included in the final protocol. If project costs of beneficiaries, thus total project costs are reduced compared to the planned total, the amount of funding shall also be reduced proportionately.