Nemzeti Kutatási és Technológiai Hivatal

Nemzeti Technológia Program

Guide for Proposers
2008 - autumn phase

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Introduction

On behalf of the Minister for Research & Development and Technological Innovation, the National Office for Research and Technology (hereinafter referred to as Office) publishes a call for proposals titled National Technology Programme to support application oriented research and development.

I. General Information about the Call for Proposals

1. Objectives

The programme aims at enhancing the competitiveness of the economy and improving the sustainability of development by promoting application-oriented, strategic research and development in the field of state-of-the-art technologies. The objective of funding is to promote innovation taking Hungarian R&D strategies into consideration.

Project proposals under the programme shall have unequivocal and clear objectives applying cross-disciplinary technological solutions.

The aim of the Programme is to promote R&D activities which

- set the scene for **technology based** innovations with significant **economic and social impact** (utilizable by a wider range of users)
- result in the **development of competitive products and services** based on real market demand
- are designed and implemented by **enterprises as key players**,
- build on the **cooperation between enterprises and the R&D sector**, and lead to strategic partnerships,
- secure the supply of researchers for the researcher-community and strengthening this community by involving **PhD students and early stage researchers** in projects
- are implemented using significant **own financial resources and other matching funds**
- are linked to the given topics and expected to achieve competitive, world-class results
- shall facilitate the Hungarian preparation for the 7th Research and Development Framework Programme of the European Union.

Priority shall be provided to project proposals for the results of which there is a detectable demand from the industry, which do not serve the interests of only one company or group of companies, but promote the development of the given sector as a whole, and which are exploitable in the training of experts of the sector.

1.1. Implementation of the Objectives

Those projects will receive funding which aim at elaborating and demonstrating innovative products, devices, procedures, services, technologies and materials with international scientific results or significant intellectual added value in the pre-market phase, and which are implemented through business-to-business and business-to-public research unit co-operation.

1.2. Sub-programmes and Dedicated Topic of the Call

Under its calls in 2008, 2009 and 2010, the programme invites proposals under four sub-programmes to provide R&D solutions for economic and social challenges. Project proposals are invited under one of the sub-programmes depending on their topic (project proposals which are not directly linked to the priority topics under the given sub-programme, but are of the general topic of the given sub-programme may also be submitted).

1. Life sciences (A1)

The aim of this sub-programme is to serve modern healthcare, improve the quality of life, with special view to disease-prevention and health restoration. Research results created - like tools of healthy lifestyle - should foster the preparation of public healthcare and prevention measures.

- The main aims of nanomedicine are to exploit the methods already used in nanotechnology in the field of medical sciences, and to develop methods in the range of nanometre-sized (one millionth of a millimetre) particles serving specifically healing purposes,
- Gene technology: covers technologies and R&D and innovation activities which promote the utilization of living organisms and their products to achieve certain goals by exploiting the tools of genetic engineering. Human healthcare innovation (cell therapy, gene therapy, producing recombinant proteins and antibodies) and industrial development.
- Health risks of natural and social environment, health protection, cardiovascular diseases, neuroscience and tumour diseases.

2. Competitive Industry (A2)

The aim of this sub-programme is to promote the development and exploitation of products, procedures and technologies representing higher added value. Innovative development of traditional Hungarian technologies and industries, thus creating workplaces. Strengthening the competitiveness of domestic industry, improving market positions, fostering market entry as well as promoting IT, environmental industrial and technology R&D, environment protection, prevention of and decreasing pollution of the environment. The aim is to create and introduce cleaner technologies and products, as well as making them competitive.

- Ambient assisted living: the objective is to provide the technical aid to the elderly, disabled people and people receiving aftercare in their homes, which would, besides strengthening their security and feeling secure, enable them to preserve their autonomy as long as possible,
- Transport security: intensifying research activities in the field to increase transport security, finding innovative, interdisciplinary and more narrowly info-communication solutions to mitigate the direct and indirect damages arising from road accidents and to enable proper analysis of those,
- IT solutions: top-priority and support shall be provided to R&D&I projects in all fields of info communication,
- Mobile technology: top-priority and support shall be provided to R&D&I projects of mobile-communication technologies and their applied content providing services.

3. Competitive Agriculture and food industry (A3)

The aim of this sub-programme is to foster the creation and sustaining of agribusiness representing high added value, with special regard to the needs of Hungarian economy and those of world market. Hungarian agribusiness needs breakout points amidst the strong competition, like research and development in highly innovative fields:

- Elaboration of new propagation and production technologies, adaptation of foreign technologies and putting new domestic or adapted species into production as soon as possible in farming and horticulture to improve quality goods production, crop yield averages and crop yield security,

- Modernizing harvesting, storage, pre-product preparation and logistics technologies,
- creation of GMO-free species-selection with low-chemical content which can be used in organic farming,
- Ensuring the verifying system for uniqueness, originality and quality in wine-making and creating brands,
- Quick introduction of new domestic and foreign breed of animals into production, in particular to widen the food market supply ,
- Development of new foddering technologies,
- Improve the competitiveness of Hungaricum (special Hungarian) products,
- Supporting the implementation of food safety R&D tasks throughout the total span of product-life from producer to consumer,
- Food safety and reduced food decay, including integrated food-processing and development of packaging, the safety of treated food and the setting of use-by periods,
- Development of reliable tracking and tracing systems which ensure product safety and validate product origins,
- Development of functional food to promote healthy diet and improved well-being of consumers,
- Examination of microorganisms in food by exploiting functional genomics,
- covers technologies and R&D and innovation activities which promote the utilization of living organisms and their products to achieve certain goals by exploiting the tools of genetic engineering. Aims include animal healthcare innovation, animal or plant breeding and industrial development.

4. Liveable and Sustainable Environment (A4)

The aims of the sub-programme include preserving natural and built environment, applying environment-friendly technologies, preventing pollution. Improving the economic efficiency of technologies applying renewable energy sources.

- Finding alternative and environment-friendly energy sources (biomass, solar- and wind energy etc.) and developing exploitation processes for companies and training programmes,
- developing bioenergetics processes, preserving natural and built environment, applying environment-friendly production and food-processing technologies,
- Safe options for hazardous waste storage,
- Preventing pollution, developing efficient methods and technologies for environment safety, environmental damage protection and elimination
- Elaboration and adaptation of global climate change prevention technologies
- Preserving biodiversity, protection of living and non-living values of the environment,
- Researches aiming at forecasting and preventing natural disasters (frost, storm, hail and drought prevention), as well as researches linked to climatic change,
- Preserving natural and built environment, applying environment-friendly innovative technologies, preventing pollution.
- Development of innovative technologies linked to the indemnification following air-, water- and soil-pollution, as well as to waste management and recycling.

When compiling project proposals in the field of life sciences, please observe the provisions of Health Ministry Decree 23/2002. (V.9.) on biomedical research on human beings and those of

Health Ministry Decree 35/2005. (VIII.26.) on Clinical Trials of Medicinal Products for Human Use and Good Clinical Practice. The project leader must make a statement at submission whether the research plan complies with prevailing legislation and the Declaration of Helsinki of the World Medical Association. In case of successful proposals funding contract shall not be concluded until the consortium receives all necessary permits for project implementation.

To achieve their clear and well-defined objectives and provide complex solutions, proposals may apply several key technologies (biotechnologies, nano- and microtechnologies, material-, production-, information- and communication technologies as well as environmental- and agro-technologies).

Dedicated thematic area:

5. Defence and Security researches (D5)

The aim of the dedicated programme is to promote market-oriented R&D in the fields of defence, security and safety in accordance with European trends, which have large potential market and development opportunities. Topics include the development of technology-oriented products, processes and services, which - while respecting fundamental human and constitutional rights - ensure the safety of citizens, help the fight against terrorism and organized crime and provide protection against natural and industrial disasters. The aim is to finance R&D projects with security and safety objectives, as well as those serving dual - i.e. civil and defence (security) - purposes, first and foremost in the areas of national defence, law enforcement, civil defence, energetic, environmental and healthcare information and communication safety. Besides solving tasks with special objectives, projects should also promote cooperation between the players of the supply and the demand side of civil safety market. When drafting proposals, involving civil sector users may be an advantage.

- Prevention against standard and non-standard (home-made) explosive devices: detection of planted explosive devices, and preventing the operation of detected and undetected devices.
- Personal and property protection: development of new type materials and processes providing ballistic protection and defence against mortar attacks (primarily for vehicles).
- In the fields of border-guarding and perimeter defence: efficient filtering of unwanted persons - amidst the expected increase in migration -, examination of network-based border protection system, and providing real-time monitoring, quick response and prevention.
- In the field of disaster relief: network-based info communication processing of unified evaluation and alarm system of unexpected events, to minimize damages.
- Elaboration of new technologies to destroy hazardous materials, and disarm ammunition and other combat materials. Further development of laser ray marking technology, in order to decrease the use of pollutants (paints, thinners, glues and degreasers) as well as to ensure unequivocal and irremovable identification.
- Applying nanotechnology in the fields of biological, chemical and mechanical sensors as well as in energy supply. Manufacturing intelligent materials.

Under all sub-programmes and the dedicated call, project proposals are evaluated based primarily on the area of the application of their results.

2. Source and Legal Ground of Funding

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

Title of funding: paragraphs (1) a) of section 8 of the Act XC/2003 on the Research and Technology Innovation Fund (hereinafter referred to as Atv.).

Further rules of granting and using funds are regulated by 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.).

3. Eligible Applicants

This programme provides support for R&D projects which are implemented through the efficient cooperation of enterprises, non-profit and public research units or through business-to-business cooperation in the framework of research consortia.
Eligible applicants under all sub-programmes shall include:

- Business enterprises and cooperatives with legal entity and registered seat in Hungary,
- Hungarian branches of enterprises with foreign registered seat,
- non-profit organizations with legal entity, public bodies or their institutes with legal entity,

A joint project proposal shall be submitted by the consortium members according to the instructions of the Call for Proposals and the Guide for Proposers.

A maximum of 6 members may participate in a consortium. The coordinator must be an enterprise carrying out for-profit business activities as its primary activity (non-profit economic entities may not be coordinators).

4. Budget of Project Funding

To achieve the objectives of the programme, the National Office for Research and Technology allocates HUF 30 billion for the purposes of the two calls under the National Technology Programme in 2008 from the Research and Technology Innovation Fund (hereinafter referred to as Fund).

5. Expected Number of Funded Proposals

Expected number of proposals receiving funding under the two calls in 2008: 45-60.

6. Form of Project Funding

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

If the beneficiary is a public body or an institution of a public body, or a non-profit organisation and if the given organization does not pursue economic activities under the project which include manufacturing products and/or providing services on the given market or if the type, costs and financing of their non-economic activities under the project are distinctly separated from their economic activities, the grant shall not be regarded as state subsidy. Pursuant to Community Framework No. 2006/C 323/01, the primary activities of research organisations are considered to be normally of a non-economic 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.

In the case of enterprises (and non-profit organizations, public bodies or institutions of public bodies carrying out economic activities) funding shall be **regarded as state aid**. If economic activities of non-profit organisations, public bodies or institutions of public bodies are funded, the state aid rules for enterprises shall apply.

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

7. Reimbursement Rates of Project Funding

Funding Intensity - under each sub-programme - per applicant

1. Funding provided to enterprises (or non-profit organizations and public bodies carrying out economic activities under the project):
Calculated on the basis of eligible costs, for R&D projects, funding intensity shall be:

Maximum funding intensity
- for basic research: 100%;
- for industrial (applied) research: 50%;
- for experimental development: 25%.

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 percentage points of the funding intensity;
- medium sized enterprise - by 10 percentage points of the funding intensity;

The definition of small- and medium sized enterprises (SME's) is set forth by Article 3 of the Act XXXIV of 2004 on SMEs and subsidizing SME development:
"Article 3 (1) Enterprises shall qualify as SME if
a) their total number of employees is less than 250, and
b) their annual net turnover is a maximum of EUR 50 million in HUF, or their balance sheet total is a maximum of EUR 43 million in HUF.
(2) Within the category of SME, enterprises shall qualify as small sized enterprises if
a) their total number of employees is less than 50, and
b) their annual net turnover or balance sheet total is a maximum of EUR 10 million in HUF.
(3) Within the category of SME, enterprises shall qualify as micro-businesses if
a) their total number of employees is less than 10, and
b) their annual net turnover or balance sheet total is a maximum of EUR 2 million in HUF.
(4) Enterprises in which the state or municipal councils hold a stake over 25% severally or jointly - based on direct or indirect ownership or voting right - shall not qualify as SME's.
(5) The provision under point (4) above shall not be an excluding factor in the case of institutional investors described under point 1, Article 19."

Detailed rules - including calculation methods of the above indicators - are set forth by Articles 4 and 5 of Act XXXIV of 2004.

Funding intensity per member may be increased by a further 15 percentage points 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
ab) the project brings about cooperation with at least one SME or results in cross-border cooperation (i.e. R&D activities are carried out in at least two member countries);
b) for industrial research and experimental development if the project is implemented through an actual cooperation of at least one enterprise and at least one research organization under the following conditions:
ba) one 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.
For the purposes of points a) and b), subcontracting shall not qualify as actual cooperation.

For a given activity type, consortium members may receive a 15 percentage points increase in funding intensity only once and with observing the maximum funding intensity of 80%.
If conditions described under point a) or b) or c) are met under a project,

- in the case of industrial research maximum funding intensity shall be 80% for small sized enterprises, 75% for medium sized enterprises and 65% for large enterprises,
- in the case of experimental development maximum funding intensity shall be 60% for small sized enterprises, 50% for medium sized enterprises and 40% for large enterprises.

If the tasks of a given consortium member under a project include different stages of R&D activities, applicable funding intensity - calculated based on the incurred eligible costs - shall be established by calculating the weighted average of the relevant funding intensity figures. **Priority shall be given to projects which are implemented using significant own financial resources.**

Research organizations are organizations, e.g. universities or research units - regardless of their legal form (whether they are regulated by public law or common law) and form of financing -, whose primary objective is to carry out basic research, industrial research and experimental development and the dissemination of the results thereof by means of education, publications or technology transfer; all their profit is reinvested in such activities, dissemination of their results or education; those enterprises which may have influence upon these organizations, like shareholders or members, do not have preferential access to the research capacities of these institutions or to their research results.

2. In case of non-economic activities carried out by **non-profit organizations with legal entity, public bodies and their institutes with legal entity**: present funding does not qualify as State aid as defined in Article 87(1) of the Treaty, thus funding intensity may be 100% in their case.

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 point (4) Article 81 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 declare (see 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.

Advance payment may be disbursed in accordance with paragraphs (3)-(4), section 18 of Government Decree 133/2004 (IV.29.) and the provisions of the funding contract.

At least 50% of the total funding requested by a given project must be requested by consortium-member enterprises carrying out for-profit business activities as their primary activity.

8. Eligible Activities

This programme provides support for user-demand oriented R&D projects which are implemented through the efficient cooperation of enterprises, public research units and/or research units of non-profit organisations or through business-to-business cooperation.
Projects may be implemented through basic research, industrial (applied) research and experimental development.

Basic research: broadens general scientific and technical knowledge and is not linked to industrial or commercial objectives,
Industrial or applied research: research conducted to acquire new knowledge to be used for developing new products, processes or services or for improving existing products, processes or services,
Experimental (pre-competitive) development: incorporating applied research into designs, i.e. designing new or improved products, processes or services (including the manufacturing of prototypes not intended for commercial use). Routine changes in products, manufacturing processes, procedures or existing services shall not qualify as experimental development, even if those result in the improvement of those products, processes, procedures or services.

Priority shall be given to those projects which propose to exploit original Hungarian ideas (basic and applied research results) in production.

The proportion of different types of research within the project is determined by the nature of the project, but a **maximum rate of 30%** is set for **basic research**. Basic research, however, shall only be funded as part of a project, closely linked to industrial (applied) research and experimental development activities.

Only those enterprises should apply with basic research activities which have competent research teams of at least three members. Further criteria are: members of the research-team must include qualified researchers (3 persons minimum PhD), who have international basic-research publications covering the same field as the proposed project (publications must not be older than five years old).

R&D funding shall only be provided to enterprises if the funding promotes research and development beyond their regular activities.

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. Funding shall only be granted if at least one of the following indicators is improved as a result:
a) size of project - including the total cost of project, as well as the number of persons participating in R&D and innovation activities;
b) range of application, including expected project results;
c) pace of project implementation;
d) total expenditure spent on R&D and innovation by beneficiary.
The expected positive impact (especially in the case of large enterprises) should be described in the proposal.

9. Duration of Projects

The duration of projects described in the proposals shall fall between a **minimum of 18 and a maximum of 48 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 with a maximum of 12 months without increasing the amount of the grant.

In case a project is successfully finished and following the submission of a new work-plan and financial plan - based on the professional and economic opinion of external experts - funding may be extended once for a maximum of 24 months, with proportionately decreasing funding.

10. Amount of Requested Funding

Requested grant for the total duration of the project shall be a **minimum of HUF 200 million** under sub-programme Competitive Agriculture and food industry, and a **minimum of HUF 300 million** under all other sub-programmes and the dedicated call, while a **maximum of HUF 1000 million** under all sub-programmes and the dedicated call.

11. Exclusion

1 Any participant who

a) is subject to bankruptcy or liquidation proceedings, dissolution or debt financing procedure;
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 obligations arising from an earlier funding contract,
c) has overdue public debts (except if these have been relieved (deferred or broken up into instalments) by the relevant tax authority;
d) has had expired liabilities to the Fund or to the targeted allocations provided by paragraph (2) of section (16) of Act XC of 2003 on the Research and Technology Innovation Fund for more than 60 days.
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 as described in 2.1 point of Communication from the Commission No 2004/C 244/02 on State aid for rescuing and restructuring firms in difficulty;

h) has been ordered by a decision of the European Commission to reimburse any aid; shall be ineligible, shall be excluded from the evaluation procedure 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 preparation[1] anyone who is a decision-maker[2];
   b) excluded civil servants[3];
   c) close relatives of persons described under points a)-b);
   d) business organisations owned by persons described under points a)-c);
   e) any 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[4];
   f) any civil organization, church or trade union, or structural units thereof with independent legal entity which
      fa) 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,
      fb) 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.

12. Eligible Costs

In line with Act C. of 2000 on Accounting, exclusively 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.

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[1] **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 natural 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

[2] **decision-maker**: pursuant to Section 2.(1) c) of Act CLXXXI of 2007 on Transparency of Subsidies Provided from Public Funds, shall mean any natural 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

[3] **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

- **Contributions payable by employers:** Wage related charges (taxes and contributions) shall be eligible.

- **Costs of instruments and equipment** to the extent and period of their use under the project. If the given equipment and instruments are not used to the end of their useful life during the research project, their depreciation costs proportionate to project duration shall be eligible.

- The above paragraph shall govern the acquisition of **intangible assets**, except for licensed patents.

  With a view to the fact that for non-profit organizations with legal entity and public bodies and their institutes with legal entity not carrying out economic activities, present funding does not qualify as State aid (thus provisions under 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 to the extent it was used under the project, than depreciation may not be accounted 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:** Costs incurred for consultancy or equivalent services exclusively and continuously used for research activities, including contracted research, the acquiring of patents, utility model or plant variety protection by national, European application or applied for under the Patent Cooperation Treaty (PCT), technological knowledge purchased or leased from outside sources at market prices or licensed patents if the transaction has been carried out between independent parties and there is no sign of collusion. These costs shall be eligible only for 35% of total eligible project costs, which rate may only be increased in justified cases with the special consent of the funder.

- **Other operational (material) costs**, including costs of materials, equipment and other similar products directly incurred during or linked to research activities.

  Out of the above, **additional general costs**, i.e. actual overheads incurred under the project are eligible. However, it must be noted that total overheads cost per consortium-member must not exceed 10% of the total of the grant and that of the own resources of each member. For overheads costs not exceeding 5%, there is no need to justify them with bills and invoices.

  The overheads actually incurred during the implementation of the project must be accounted for in accordance with the proportions established on the basis of the principles determined in the Cost Accounting Standards for Subsidized Costs, promptly supported by calculations. Overheads 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, rent, servicing, maintenance etc.

Co-ordination costs: A maximum of 2% of the grant received for a project can be used to cover the costs of co-ordination activities. The distribution of this 2% among participants should be specified by the consortium agreement. Coordination costs may only be operation costs (e.g. personnel costs and their charges as well as material expenses).

Informing the public, dissemination of results. Beneficiaries shall inform the public about the objectives and benefits of successful proposals, and in the second half of projects also about their results. For industrial research, project results may be disseminated at technical and scientific conferences, in scientific and technology periodicals, in freely accessible databases, or by means of open source-code and free software. A maximum of 2% of the grant received for a project may be used to cover the costs of dissemination activities. The distribution of this 2% among participants should be specified by the consortium agreement. A financial plan on dissemination shall be compiled, which shall be a part of the communication plan. Informing the public and dissemination of results shall include the following:

- Creating a Project-board, which shall be placed on the wall of the institution, undertaking, laboratory etc. concerned. The board shall contain the name and duration of funding;
- Organizing conferences, workshops, exhibitions and auxiliary equipment for them: boards, molinos, brochures, invitation cards etc.;
- Creating a website, or using an existing one;
- Publication (print or electronic, i.e. books, articles in periodicals, CD, etc.);
- Other communication tools which suit the given project.

The maximum rate of costs spent on coordination and informing the public was set to be 2% of the grant, thus this amount may be distributed freely among consortium-members (even one member may carry out the relevant tasks and cover their costs).

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.

Consortium members shall only conclude private contracts necessary for the R&D project implementation (including all contracts involving issuing invoices) with each other - having notified the other consortium members - exclusively with the prior written consent of NKTH.

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

Costs of the project may be charged to the beneficiary's own resources from the submission of the proposal, and to the funding, from the date of the funding decision.

13. Evaluation Criteria of Project Proposals

- conformity of the project proposal with the objectives of the programme
- scientific, technology and innovation content of the project proposal, economic and social exploitation and necessity of its results, and its contribution to the development of a given field in Hungarian and international environment,
- feasibility of the project proposal, whether it is well-founded from a business point of view, marketability of results, export possibilities, quality of the submitted business plan and communication plan,
- professional and business competence of participating organizations, whether the financial background is adequate for providing the own share of financing, and the amount of the own share or external source as matching funds,

- number of new, knowledge intensive workplaces to employ researchers with university diplomas and five years of relevant professional experience, engineers, number of PhD students and early stage researchers,
- contribution of the project to strengthening synergy with EU (especially FP7) projects,

14. Indicators

Indicators are used for monitoring the progress and efficiency of projects under the programme.

Target values should be set on consortium level **in the proposal**, **target values** set in the proposal shall be included in the funding contract. Target values in the project proposal must be realistic, not meeting those values shall trigger sanctions, pursuant to the provisions of the funding contract. Consortiums 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 4.

For all applicant consortia, compulsory target indicators at the end of the project are as follows:

- Number of products or services or technologies or prototypes or candidate varieties in the pre-market phase: minimum 1.
- number of involved PhD students and/or postdoctors[5] and/or early stage researchers: minimum 3 persons working at least 50 days per year each on the project.
- Number of domestic and international publications: minimum 10 altogether
- Detailed presentation of project results at international conferences: 1

15. Disclosure of Data of Public Interest

Pursuant to the Act CLXXXI of 2007 on Transparency of Subsidies Provided from Public Funds, the body receiving project proposals shall publish the data set forth by the Act on the website operated by Ministry of Local Government and Rural Development (www.kozpenzpalyazat.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 body receiving proposals publishes 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 body receiving proposals 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 body receiving proposals 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 form for the transparency of subsidies provided from public funds.

[5] see Government Decree 156/1997. (IX.19.) on post-doctoral employment and on János Bólyai Research Scholarship

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 of Project Proposal

National Technology Programme

Year of proposal submission	
Code and name of sub-programme	
Project acronym	
Title of project	
Name of co-ordinator enterprise	
Name of project leader (person representing the consortium)	

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

1.2 Forms

Application Form
An Excel file titled **2008InnovAlapKitoltesiUtmutato** contains a guide to the Application Form. The Application Form is an Excel file titled **2008InnovAlapPalyUrlap**. The form and its guide are available for download from: www.nkth.gov.hu and www.magzrt.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 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 (including the work packages and the corresponding activity periods) has been compiled!**

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", KfPalyazat#2-1_11. Please first provide the 8-digit acronym chosen by the consortium. **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. Project leaders are kindly requested to provide an email address under 11z which they check regularly, as all questions and information regarding the proposal shall be sent to that address.
- worksheet titled "11a Details of the Project/Proposal-Continued", KfPalyazat#2-1a_11a. **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", KfPalyazat#2-1b_11b. Section number 11bb does not concern the Technology Call, thus it is unnecessary to fill it in. For section number 11bc, please indicate the experts playing a key role in project implementation and their work-time spent on the project, and for section 11bd, a summary of all further participants.
- on worksheet titled "12 Budget of the Project/Proposal", KfPalyazat#2-2_12 end 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 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 co-ordinator 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 economic activities under the project must indicate this fact in line 21h.
- and worksheet titled "22 Budget of the Applicant". **If you are entitled to VAT-refund, do not forget to fill in field 22c.**

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 impossible to modify white fields or directly type in orange fields.**
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 95% for public institutions, and maximum 90% of the receivable funding for other institutions (enterprises, foundations etc.). When determining advance payment scheduling, please note that for the last 5% or 10% of the state contribution advance payment shall not be provided (e.g. for a project with three activity periods, applicants may request 100% of the contribution for the first and second activity periods as advance payment, - if the funding for the first two activity periods does not exceed 90% or 95% of total funding for the given member - however, for the third activity period, applicants may only request advance payment to the extent to ensure that 5% or 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 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.

- The lines: "Included overheads, co-ordination, dissemination" of the charts are not extra costs, these costs are already included in the lines indicating operation costs. These fields must be filled in. Coordination and dissemination costs must only be indicated for the grant.

- Following the completion of financial plans, check the funding intensity of consortium-members one-by-one.

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 automatic checking shows ineligibility!

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.

Indicator Form
Target values of monitoring indicators undertaken by the applicant consortium must be filled in the form. Professional reports must include meeting indicator target values.

Form for the transparency of subsidies provided from public funds
Pursuant to the Act CLXXXI of 2007 on Transparency of Subsidies Provided from Public Funds, all applicants shall fill in the form for the transparency of subsidies provided from public funds to ensure the publication of prescribed data.

1.3. Work plan

Please compile the **work-plan** of the proposed project in **approximately 25 pages**. Content requirements of the work-plan:

- Describe the objective(s) of the project. **Describe the innovative nature of the objectives in Hungarian and international context.**

- Give a summary of the applicants' activities preceding the project and providing grounds for it. Present the results already achieved by the applying R&D organizations.

- Present earlier R&D activities and achieved results as well as references of consortium members.

- **Describe the activities of the proposed project**. Coherence and justification of planned work packages, basic research, industrial (applied) research and experimental development activities. Professional and scientific content, implementation steps, scheduling and deliverables of tasks. Sum up the planned tasks according to **Table 1**. Describe project implementation by a **Gantt-chart**, too. **(Table 2)** Tasks on the Gantt-chart are indicated by stripes, the length of which are 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 the example-chart bellow, use the number of work package.)

- **Dissemination plan for disseminating results.** For industrial research, the dissemination plan shall include dissemination to a wide audience at technical and scientific conferences, and/or in scientific and technology periodicals, and/or in freely accessible databases, and/or by means of open and shareware software. A dissemination plan must be compiled, and it shall include the following:

1. a short and clear description of project objective,
2. objective and target audience of the dissemination plan, and
3. applicable tools and activities,
4. scheduling
5. financial plan.

– **Exploitation plan.** Detailed description of expected economic results and other direct or indirect impacts of the project. 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 etc). Make a professional business plan concerning project implementation, and an exploitation plan concerning project results.

In the exploitation plan, describe the following:

1. Marketing of the products created as a result of the project
(giving market analysis, product positioning and creating value proposition, introducing competitors and analysis of competition, distribution channels, promotion)
2. Risk assessment
(main risks and possibilities for risk reduction)
3. Capital needs beyond project duration
(amount and scheduling capital needed for development, securities or investors, withdrawal strategies)
4. Financial plan describing the exploitation of project results
(income-expense plan, cost-structure, financial profit/loss plan)

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

As an appendix to the approximately 25-page work-plan, please fill in the following tables.

Table 1: Description of project tasks

Num-ber	Name of task	Number of consortium member involved	Leader of the task (person)	Start date	End date	Cost of task* (1000 HUF)	Type of task**
1				yy,mm,dd	yy,mm,dd		

* The sum must contain non-deductible VAT
** Basic research, industrial (applied) research, experimental development

Table 2: Gantt chart

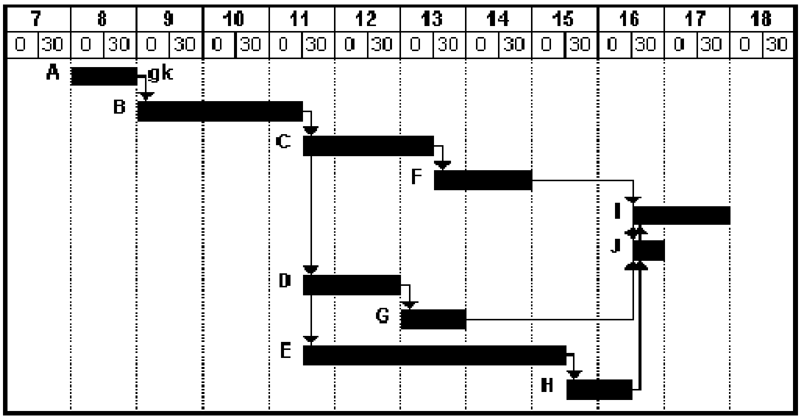

Table 3: Activity Periods of the Project

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 the end date of an activity period shall be the submission date of the relevant activity and financial reports.** Plan 1 – or in exceptional cases 2 – reporting period(s) annually.

Then, **in Table 3**, list which work packages (of the tasks described in Table 1) 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 period. Each reporting period must end with 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 3* correspond to the data in the Application Form.

Table 3

Name of consortium member:	
Report number:	Start and end of activity period: yy,mm,dd
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 4: Project monitoring indicators

Certainly, only those lines of the Table must be filled in which are relevant to the project. Please note that you must undertake to meet the minimum level of required target indicators referred to in the previous chapter. Please submit target indicators undertaken in the form electronically, too.

Indicators	Target value
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	
Total number of patent applications	
Domestic out of the above	
International out of the above	
Number of patents granted	
Domestic out of the above	
International out of the above	
Number of candidate varieties reported for classification	
Number of other protected industrial property	
Number of publications	
Domestic out of the above	
International out of the above	
Number; and type of dissertations	
Number of new projects as results of the original project	
Domestic out of the above	
International out of the above	
2. Human resources	
Number of staff employed in R&D positions under the project	
Number of PhD students involved in the project (persons, FTE)	
Number of postdocs involved in the project[6] (persons, FTE)	
Number of early stage researchers involved in the project (persons, FTE)	
Number of women involved in the project (persons, FTE)	
Number of workplaces created by the project	
Number of new research workplaces out of the above	
Number of researchers participating in the project (persons)	
Labour time of participants in the project (FTE)	
Number of workplaces retained following project closing	
3. Social and economic exploitation	
Implementation of horizontal approaches (sustainable development, environmental protection, equal opportunities, security, reducing regional disparities)	
Dissemination of project results (e.g. presentation at open fora) (form and quantity)	
at Hungarian conferences	
at international conferences	
Form and number of results exploited in education / training	
Economic exploitability and accessibility for public use (group of users, number of enterprises)	
Number of spin-off companies	
4. Financial resources	
Own financial resources used in the project (HUF)	

[6] see Government Decree 156/1997. (IX.19.) on post-doctoral employment and on János Bólyai Research Scholarship

Amount of external capital used as own resources (e.g. venture capital, bank loan etc.) (HUF)	
5. Long term economic exploitation (3-5 years following the end of project)	
Number of companies, institutions, cooperatives and enterprises exploiting the results	
Number of workplaces retained	
Number of Hungarian intellectual property utilised in the project	
Amount of extra export turnover (HUF) and/or income-generating ability, increased market share as a result of the project,	
Countries in which project results are used	
Further co-operation with universities, research institutions	
6. Other special monitoring indicators applying specifically to the project provided by the applicants	

1.5. Description of the professional activities of applicants

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 persons (maximum one page per person) should be described specifically, with respect to the topic of the project proposal. Provide brief professional biographies and reference lists of the project leader, the work package leaders and any other persons having a key role in the project (if the company carrying out basic research under the project fails to introduce its researchers with relevant background, than its basic research activities and requested funding intensity linked to them shall be deemed to be unfounded). Apart from the key persons, provide a comprehensive list of other R&D contributors, postdocs, PhD students, early stage researchers, technicians in **Table 5**. 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 make sure that one person is indicated only once in the table and the indicated work-time spent is realistic. More names may be indicated in Table 5 as on page 11b of the Application Form, however, pay attention to the coherence of the data provided.
Key experts indicated on the form should register in the expert database of NKTH by filling in and submitting the Expert Form - if they have registered earlier, they should update their data. Please make sure that the acronym of all experts are indicated on the form, as missing acronyms shall result in formal ineligibility.

Table 5

Name of expert	**Acronym of expert**	**Status of R&D participant***	**Number of consortium member**	**Number of tasks**	**Work time spent (FTE)**
Total (FTE)					
The Full Time Equivalent (FTE) of research staff					

* Please use the following categories when filling in the 'Status of R&D participant' column: academy doctor, researcher with PhD degree, researcher without PhD degree, early-stage researcher with or without PhD degree, postdoctor, PhD student, university student, technician or assistant, project management.

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. With a view to the concentration of intellectual resources and focussed research and development, for **all sub-programmes**, the aim is to achieve that **the total work time of R&D staff participating in the project should be at least as much as the Full Time Equivalent calculated for 10 R&D staff members during the total duration of the project. (Full Time Equivalent, FTE).** For example, if the project lasts for 3 years, the FTE field shall contain at least 30 (i.e. there shall be an average of 10 people working on the project annually). The activity reports of successful projects shall include the number of persons actually participating in the given activity period and their work time.

1.6. Description of 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 coordinator must be an enterprise carrying out for-profit business activities as its primary activity. The name of the financial director designated by the institution responsible for the project should also be indicated.

1.7. Description of projects and project proposals of similar topics

National and international research and development **projects** (of each consortium member) which have been carried out in the same or a **similar** topic and either received funding in the last 3 years or are still under evaluation should be presented according to the **Table 6**.

Table 6

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 NKTH, call acronym)		
Funding received or required		
Beginning:	End:	Status (in %):
Results (max. 250 characters)		

1.8. Link to the projects of the European Community

If a programme is linked to the RTD Framework Programme of the European Union, it should be described how the programme 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.

1.9. 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 of point 1.8 (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 provide 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.

1.10. Description of the financial management of applicants

To demonstrate the financial 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. Compilation of the proposal

Please compile the project proposal in Hungarian and in English on A4-size sheets, the proposal should comprise of the following parts bound in the appropriate order (see description). The heading of each page of the proposal must include 'National Technology Programme', the code of the sub-programme (e.g. A1 or A2) 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 **Hungarian** and **English** copy should contain the following parts in the following order:

- Title page
- Table of Contents
- Application Form

- Indicator Form
- Form for the transparency of subsidies provided from public funds
- Detailed Description of Project
- Declaration of intent to establish a consortium
- Declaration about meeting staff requirements
- Appendix titled Declarations

Each proposal compiled in compliance with the Guide for Proposers should be submitted in Hungarian (1 original copy) and English (1 original copy) languages, in separately bound volumes in a closed parcel.
Apart from the address, please display 'National Technology Programme', the number of sub-programme and the proposal acronym on the parcel

Compiling the electronic proposal:
Please compile the electronic proposal following the submission of the data content of the forms in the correct format to the email addresses bellow:

- the correctly filled in Application Form to: alap2008@nkth.gov.hu,
- the indicator form: indikator2008@nkth.gov.hu
- the form for the transparency of subsidies provided from public funds: kozpenz2008@nkth.gov.hu (see: the Guide to the Application Form).

Upon receiving the files, the receiving server of NKTH 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.

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 technologia@nkth.gov.hu. Pdf files should include the annexes without signature. NKTH 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 NKTH 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: TECH_08_A4-xxxxxxxx-zz, where A4 stands for the number of the sub-programme, x-s stand for the 8-digit acronym given by the applicant, and zz stands for the language code (en or hu). Thus the two files of a life sciences proposal may be named as follows: TECH_08_A1-elovilag-hu, and TECH_08_A1-elovilag-en. The names of the third and fourth files (.xml) are automatically generated when saving the data-content of the Forms.
The name of the compressed (zip) file containing the four files above should be the same as the first 19 characters of the name of the pdf files containing the project (the names of the call and the proposal separated by a hyphen). 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 National Technology Programme, on contracting and implementation

1. Submission and formal assessment of proposals

Proposals should be prepared according to the instructions of the previous section and submitted in closed parcels by post to the following address:

MAG - Magyar Gazdaságfejlesztési Központ Zrt.
(Address: 1539 Budapest, Postafiók 684.)

Please send as parcel and also display the following on the cover of the parcel: "**MAG – Magyar Gazdaságfejlesztési Központ Zrt. 1448 Budapest, Rb.: 684**". Please remember putting the name of the call and project acronym on the parcel.
Please note that there is no room for personal submission!

Submission (posting and electronic submission) deadline: **15 September 2008**

Funding can be provided as long as budget is available.

The *Call for Proposals*, the *Guide for Proposers*, the *Application Form* and the *Guide to the Application Form* are available for download from the following websites:

National Office for Research and Technology (www.nkth.gov.hu),
and from the website of MAG - Magyar Gazdaságfejlesztési Központ Zrt. www.magzrt.hu.

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

Applicants are kindly asked to read the Call for Proposals and the Guide for Proposers 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 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.
Exclusively those project proposals shall be forwarded for evaluation which meet formal requirements. Submitted proposals shall be checked against formal requirements. In case of the absence of some minor details, the applicant concerned shall be invited to submit the missing documents within five workdays. In case of major reasons for ineligibility, the proposal is excluded from further stages of evaluation.

The project proposal is automatically rejected for formal reasons if:

1. the proposal package has not been submitted by post,
2. the proposal package has not been submitted by the deadline specified in the call,

3. the consortium has not submitted the English and the Hungarian language project proposal, the indicator form and the application form without syntactic errors together with the form for the transparency of subsidies provided from public funds electronically, by the deadline
4. there is inconsistency between the electronic and paper versions of the proposal (also including the Application Form)
5. the printed proposal package has not been submitted, or it only contains either the Hungarian or the English version,
6. 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 via e-mail,
7. The funding requested by the consortium is not in line with the minimum and maximum amounts of funding set forth by the guide,
8. Project duration is not in line with the guide,
9. the total funding of enterprises carrying out for-profit business activities as primary activities does not reach 50 % in the project,
10. the coordinator is not an enterprise carrying out for-profit business activities as its primary activity,
11. the proportion of basic research in the project exceeds 30%,
12. if the company carrying out basic research under the project fails to introduce its researchers with relevant background, than its basic research activities and requested funding intensity linked to them shall be deemed to be unfounded,
13. The FTE headcount of employees working under the project continuously throughout the total project duration is less than 10,
14. the Application Form does not include the acronym of each expert received during registration
15. the applicant failed to undertake the compulsory target indicators,
16. the detailed description of the project (work-plan), the exploitation plan or the dissemination plan is missing from the hard copy or the electronic version of the proposal,
17. any of the consortium members 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,
18. the project proposal has not been compiled in accordance with the Guide (except for those cases where the Guide explicitly provides room for submitting missing data).
19. the proposal contains false data.

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

1. the project leader did not sign one or more pages,
2. for consortium member enterprises and non-profit organizations, financial data of the previous two years are missing from the application form,
3. the signature of any of the consortium members is missing from the Application Form, the public funds form or from the annexes: "declarations", "declaration of intent to establish a consortium", or "Declaration about meeting staff requirements",

If missing data are not posted within 5 workdays by the consortium, the proposal shall be ineligible.

Applicants are informed about rejection or eligibility of the proposal.

2. Evaluation criteria, decision-making

2.1 Evaluation criteria, decision-making

Evaluation takes place following each call. Evaluation criteria and available scores are included in **Table 7**.

Table 7

Evaluation Criteria	Maximum score	Score given
1. Correspondence of project proposal to the objectives (maximum 3 points)		
1.1 To what extent does the project proposal match the objectives and priorities of the programme, sub-programme?	0-3	
2. Professional, scientific, technology and innovation content of the project (maximum 30 points)		
2.1 Where do R&D results created as a result of the project represent scientific-technological novelty?	0-10	
• At international level	5-10	
• In Hungary	4-0	
2.2 Scientific content and significance of the project	0-10	
2.3 Has the project proposal got well-defined and clear objectives?	0-3	
• Yes	3	
• Partially	1-2	
• No	0	
Are selected key-technologies suitable for the complex implementation of the task?	0-2	
• Yes	2	
• Partially	1	
• No	0	
2.5 The applicants' R&D results concerning the topic, prior to the project	0-5	
• The project leader has successful international projects	5	

under the topic		
• Consortium members have successful international projects under the topic	3-4	
• Consortium members have successful domestic projects under the topic	1-2	
• Consortium members have no earlier research results under the topic	0	
3. Feasibility of the project proposal (maximum 10 points)		
3.1 Are project objectives and results achievable by implementing the tasks described in view of the present state of science?	0-2	
• Yes	2	
• Partially	1	
• No	0	
3.2 Are the tasks described necessary and sufficient to achieve the objective and the desired result?	0-2	
• Yes	2	
• Partially	1	
• No	0	
3.3 Can the tasks set by the project be carried out during the planned duration?	0-2	
• Yes	2	
• Partially	1	
• No	0	
3.4 Can work package implementation be supervised?	0-2	
• Yes	2	
• Partially	1	
• No	0	
3.5 Is the project management capable of carrying out the tasks?	0-2	
• Yes	2	
• Partially	1	
• No	0	
4. Budget of the project proposal, economic background of applicants (maximum 12 points)		
4.1 Is the planned use of equipment justified for meeting project objectives?	0-1	
• Yes	1	
• No	0	
4.2 Is the planned use of intangible assets justified for meeting project objectives?	0-1	
• Yes	1	
• No	0	
4.3. 4.1 Are the planned other material costs justified for meeting project objectives?	0-1	
• Yes	1	
• No	0	
4.4 Are the planned external service contracts justified for meeting project objectives?	0-2	

• Yes	2	
• Partially	1	
• No	0	
4.5 Have external service contract fees been calculated at the usual market price in the given area?	0-1	
• Yes	1	
• No	0	
4.6 Are planned personnel costs linked to the implementation of tasks justified and do they correspond to the usual wages in the given area?	0-1	
• Yes	1	
• No	0	
4.7 Are the cost distribution among consortium members and the share of enterprises thereof appropriate?	0-2	
4.8. Consortium members contribute to the project with significant own resources	0-2	
• Requested funding intensity % / maximum intensity % < 80%	2	
• 80% ≤requested funding intensity % / maximum intensity % ≤90%	1	
• Requested funding intensity % / maximum intensity % > 90 %	0	
4.9 Is the financial situation of consortium members (e.g. from the point of providing their own financial resources) appropriate?	0-1	
5. Competence of organizations and persons involved in the project (maximum 20 points)		
5.1 Are participating organizations capable of project implementation?	0-6	
• Yes	6	
• Partially	1-5	
• No	0	
5.2 Are participating persons capable of project implementation?	0-8	
• Yes (key-persons have international experience in the topic)	6-8	
• Partially (key-persons have domestic experience in the topic)	1-5	
• No (no R&D experience)	0	
5.3 Number of research positions created	0-2	
5.4 More than 3 PhD students, postdocs or early-stage researchers to be employed	0-2	
5.5 Does the total labour time spent of at least half of the key-persons on the project account for more than 50% of their full labour time?	0-2	
6. Social and economic exploitation of results (maximum 22 points)		
6.1 Does the project proposal contribute to solving a priority problem?	0-4	
• At international level	3-4	
• At national level	1-2	

• No	0	
6.2 The R&D result of the project enables the consortium to enter directly to the	0-4	
• international market	2-4	
• domestic market	1-0	
6.3 Validity of the business plan, introduction of competitors (planned expenses - incomes, cost efficiency, cost saving)	0-8	
6.4 Number and significance of undertaken product(s), service(s), technology(ies), prototype(s) and candidate variety(ies) (minimum 1 is compulsory)	0-2	
6.4 The number of undertaken target indicators (on top of the required ones):	0-3	
3 or more	3	
2	2	
1	1	
0	0	
6.5 Is the project proposal linked to the 7th Research and Development Framework Programme of the European Union?	0-1	
7. Dissemination plan (maximum 3 points)		
7.1 Way of reaching the target audience, clear description of project objectives and cost effective use	0-1	
7.2 Dissemination of project results at conference(s) with international participation (at least 1 conference is compulsory)	0-1	
7.3 Dissemination of project results through international and domestic publications (at least 10 publications are compulsory)	0-1	
Total	**0-100**	

Please note that if a project proposal does not meet the evaluation criteria under 1.1 (e.g. it may not be considered a research project, or has no relevance to any of the topics under the given call), the given proposal shall be rejected during evaluation.

Proposal evaluation takes place in two-steps:

1. Project proposals are evaluated by independent, external experts of the fields concerned giving scores and written evaluation. The relevant Evaluation Committee shall not discuss those proposals which have not received 70 points on average from external experts, and which belong to the lower 30% of the ranking list set up based on the average points.

2. Evaluation Committees are set up for each sub-programme. Having read the opinion of the independent external experts, Evaluation Committees shall evaluate and rank project proposals before them independently. Evaluation Committees evaluate proposals from professional quality, exploitation and efficiency point of view. Evaluation Committees set up a ranking list of proposals for each sub-programme.

3. An Evaluation Board is set up for the whole programme, the members of which are the chairs and 1 further member of each Evaluation Committee. Evaluation Board may invite representatives of consortia for consultation to present the selected project and answer questions. The final ranking order of proposals is recommended by the Evaluation Board to the president of NKTH.

International experts participating in the selection procedure guarantee the international quality of project proposals.

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

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

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

3. Entering into 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 **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. NKTH makes the funding available after checking and approving the implementation of the tasks and remits it to the beneficiary upon latter's request, proportionately to the funding.

Under certain justifiable circumstances, an advance payment may be made from the funding as many times as reporting periods are planned by the applicants during the project, to the extent of the costs of the reporting period and in accordance with Government Decree 133/2004. (IV. 29.). Please note that disbursing advance payment is an opportunity provided for in a Decree, which may be given in justified cases.

A second or further advance payment shall only be made if the request for advance payment is justified. Further criteria of disbursement of advance payment or funding is that the beneficiary has used the advance payment earlier received as well as the share of its own resources planned for the given activity period, has accounted for it, and the relevant activity and financial reports have been approved, and the beneficiary has no payment obligations payable to the Fund or to budget provisions specified in Paragraph (2), Section 16 of Atv. 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).

The final 10% - for public bodies 5% - 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. 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 bellow, as well as the cost reports of all 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 project leader'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 25 pages if possible;
- 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; (NKTH should be displayed as sponsor on publications);
- a comprehensive table of the costs planned and actually incurred during the activity period (with justification), also providing dissemination costs and an explanation of any differences;
- 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;
- 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 project leader. Reports must be compiled according to the specific properties of each proposal. The contents of activity reports - apart from confidential data - may be published. NKTH may ask the representative of the consortium to present the professional development of the project in front of the monitoring body appointed by NKTH or at an open forum.
The activity report is evaluated based on the electronic version.

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.

Costs of the project may be charged to the beneficiary's own resources from the submission deadline of the proposal, and to the funding, from the date of the funding decision.

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 expert opinion, a task has not or not fully been carried out, costs linked to the task shall be proportionately decreased 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 the consortium member concerned on each item of the documentation to be accounted for.

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 is identical to that of accounting for partial performances; they may entirely coincide.

The overheads actually incurred during the implementation of the project must be accounted for in accordance with the proportions established on the basis of the principles determined in the Cost Accounting Standards for Subsidized Costs, promptly supported by calculations. Overheads 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 overheads can **exclusively** be accounted for as overheads 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 funder 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.

4.3. Sanctions for breaching of the funding contract:

Sanctions for breaching of the funding contract are the following:

- suspension of funding;
- paying liquidated damages in the amount set forth by paragraph (1) Article 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 Article 88/A of Government Decree 217/1998. (XII. 30.) and the funding contract).
- withdrawal from 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 withdrawal but at least 20%, pursuant to paragraph (4) Article 88 of Government Decree 217/1998. (XII. 30.)) and other expenses,
- immediate termination of contract,
- 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.

4.4 Closing the project

At the end of the project, a final evaluation form and a final report must be prepared in addition to the periodical activity and financial reports. 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 the project costs per beneficiary, thus total project costs are reduced compared to the planned total, the amount of funding shall also be reduced proportionately.