

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation
(FONDECYT)

FONDECYT
National Fund for Scientific, Technological Development and
Technological Innovation

GRANT CONDITIONS

2015 – I

“CENTRO DE EXCELENCIA”
(CENTER OF EXCELLENCE)

Lima – 2015

TABLE OF CONTENTS

I. GENERAL ASPECTS

- 1.1. Legal Framework
- 1.2. Definition for a Center of Excellence (CE)
- 1.3. Purpose
- 1.4. Expected Impacts
- 1.5. Parties to this agreement of a CE
- 1.6. Description on nomination proceeding
- 1.7. Some scopes on CE execution stage
- 1.8. Associated procedure for CE members

II. CONDITIONS FOR NOMINATION

- 2.1. Target Population
- 2.2. Eligibility Criteria
- 2.3. Documents for Nomination
 - 2.3.1. Documents for Nomination in the First Phase
 - 2.3.2. Documents for Nomination in the Second Phase
- 2.4. Considerations to be taken into account to develop the proposal
 - 2.4.1. Related to Research Projects
 - 2.4.2. Related to CE Governance Model
 - 2.4.3. Related to CE Management Plans
- 2.5. Nomination Proceeding

III. FINANCING

- 3.1. Financing for the Development of the final Proposal
 - 3.1.1. Monetary and Non-Monetary Contributions
 - 3.1.2. Categories to be financed
 - 3.1.3. Cofinancing
 - 3.1.4. Criteria to be considered in Monetary and Non-Monetary Contributions
- 3.2. Financing for the CE
 - 3.2.1. Monetary and No-Monetary Contributions
 - 3.2.2. Categories to be financed
 - 3.2.3. Cofinancing
 - 3.2.4. Criteria to be considered in Monetary and Non-Monetary Contributions

IV. EVALUATION

- 4.1. Evaluation, selection and results

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation
(FONDECYT)

- 4.1.1. Evaluation Criteria
- 4.1.2. Evaluation and Selection Process
- 4.1.3. Publication of Results
- 4.1.4. Grant Agreement
- 4.2. Evaluation, selection and results
 - 4.2.1. Analysis on Criminal Records
 - 4.2.2. Evaluation Criteria and Considerations
 - 4.2.3. Evaluation and Selection Process
 - 4.2.4. Publication of Results

V. GRANT AGREEMENT

FINAL PROVISIONS

EXHIBITS

CENTER OF EXCELLENCE

I. GENERAL ASPECTS

1.1 Legal Framework

- Supreme Decree No. 001-2006-ED, which approves the National Strategic Plan for Science, Technology and Innovation for Competitiveness and Human Development 2006-2021 (PNCTI)
- Supreme Decree No. 032-2007-ED establishes the creation of the National Fund for Scientific, Technological Development and Technological Innovation (FONDECYT)
- Presidency Resolution No. 142-2013-CONCYTEC-P for opening of the FONDECYT as an Enforceable Unit of the CONCYTEC.
- Law No. 29951, Law on Public Sector Budget for the Tax Year 2013 creating the Framework Fund for Innovation, Science and Technology (FOMITEC).
- Law No. 30056, Law on credit for training expenses, technological scientific research expenses or technological innovation and pre-payment.

1.2 Definition for a Center of Excellence

The CE constitutes a strategic alliance formed by Peruvian renowned research entities, international research centers of excellence and Peruvian companies in conjunction with foreign companies, non-governmental organizations, and governmental institutions, among others which must be formed by a legal entity or sign and register a *consortium agreement* in the context of the Peruvian Legislation, which expresses long-term collaboration commitments accepted by its members in order to become a CE of local, regional or world reference.

The CE is established to give border technology solutions to concrete needs from sectors, subsectors, conglomerates or strategic production *cluster* for competitive development of the country. In order to achieve it, the CE carries out research and development activities (R&D), as well as transfer, innovation, commercialization activities and diffusion of generated technologies by training and creating highly specialized human capital.

1.3 Purposes

- a) General Purpose:

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation
(FONDECYT)

To generate solutions to concrete problems from production sectors of strategic importance for the country by developing R&D lines using state-of-the-art technology in collaboration with researchers from the national and international academy and business sector by promoting an effective technology transfer and commercialization of its results.

b) Specific Purposes:

1. Competitiveness of the Country

- To promote effective technology transfer and commercialization of Research, Development and Innovation (R, D& I) results.
- To establish national and international cooperative networks among the parties related to the research and business.

2. Production Diversification

- To generate R&D results, new knowledge, intellectual property registries and technology breakdown.
- To contribute to develop new undertakings.

3. Highly qualified human capital training

- c) To contribute to highly training of scientific and technology abilities.

1.4 Expected Impacts

Impacts to be expected from a CE establishment are:

- Access to new technologies, knowledge and sources of applied knowledge.
- Creation of new working opportunities for highly qualified professionals (doctors and post doctors and so on).
- Immigration decrease and repatriation of qualified human resources.
- Highly specialized critical mass training.
- Strengthening abilities in advanced human capital, infrastructure in advanced Science and Technology (S&T), intellectual capital, networks and competitive institutionality for science, technology and innovation and financial capital attraction.
- Contribution to strengthen technology transfer in universities and centers of national R&D.
- Development of undertakings, new businesses and scope of businesses from R&D results.

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation (FONDECYT)

- Competitiveness increase of the country and its regions from the innovation in specific industrial scopes.
- Development of technology-based industries related to the application of R&D results carried out by the CE.
- Positioning Peru as a technology production center to be different worldwide.

1.5 Parties to this agreement of a CE

a) Associate Entities of a CE

Associate entities of a CE are legal, public or private entities for profit or not-for-profit, national or foreign ones, responsible for managing the CE allowed to speak and vote in the Board of Directors who must contribute together **monetary and non-monetary resources** for direct development of the CE.

A CE shall be compulsorily formed by:

1. Companies: minimum 3 companies or 1 renowned business community.
2. Peruvian research entities: Universities, Centers, Institutes and research laboratories. It is mandatory the presence of 1 Peruvian university with Postgraduate Faculty.
3. International research center of scientific excellence.

Entities already formed by 3 above-mentioned associates could be nominated.

b) Cooperative Entities of a CE

In addition, the CE can be introduced with cooperative entities. These ones can be natural and/or legal entities, national or international ones, such as companies, business communities, research centers and institutes, non-governmental organizations, governmental entities, among others which can provide monetary and/or non-monetary resources in order to achieve CE's purposes. Those ones can be related to the CE through agreements but are not allowed to speak and vote in the Board of Directors.

1.6 Nomination Proceeding Description

Nomination stages are put into a graph in Figure 1 and detailed as follows:

a) First phase: "Presentation for Preliminary Proposals"

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation
(FONDECYT)

In this phase, nominated entities shall present their Preliminary Proposals in accordance with the item 2.3.1 of these *Conditions*. Also, those ones must appoint the *Cooperative Entity* of this proposal, which shall be responsible for coordinating any aspect related to the nomination proceeding in the Second Phase before the FONDECYT. The *Cooperative Entity* must be one of the associate entities.

As a result of this first phase, up to (8) preliminary proposals shall be selected, which shall receive S/. 150, 000.00 (One hundred fifty thousand and 00/100 Nuevos Soles) as non-refundable financing (grant) in order to prepare Final Proposals to be evaluated in the second phase of nomination.

b) Second Phase: "Presentation for Final Proposals"

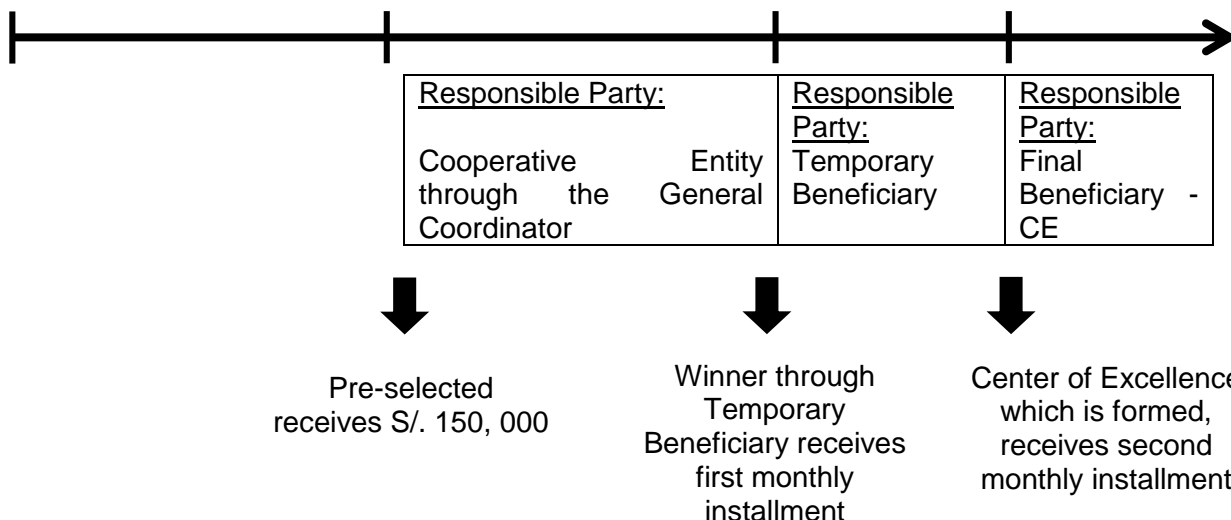
The final proposal is to extend the preliminary proposal and extensively includes the technology scientific proposal, governance model and business model of the CE based on R, D& I productive alliances.

Also, in case the CE is not incorporated, associate entities must appoint one of its associating parties as Temporary Beneficiary which shall be responsible for forming the CE in case those ones win.

As an exception, if associate parties prefer that way, the *Temporary Beneficiary* could be a third party, provided that this one is a legal entity incorporated in Peru and associate parties state their approval in an Order through which confer the responsibility of receiving and managing the grant for the stage of CE establishment (See Exhibit 03 with Order Guidelines).

Figure 1: Nomination proceeding and execution of a Center of Excellence

Nomination Phase I	Nomination Phase II	Execution	
Preparation of preliminary proposal - Introduction of associate potentials and coworkers - Approach of research lines - Abilities for technology research and Infrastructure - Preliminary program of capital human training - Production activities, technology potentials and transfer mechanisms	Preparation of the final proposal: - Introduction of associates, coworkers and temporary Beneficiary, if applicable - Definition of research lines and its proposals - Capital human training program - Business model - Governance model - Management plan of intellectual property - Spin offs training plan	IN CASE THE CE IS NOT FORMED: Establishment process of the Center of Excellence	Starting the operation of the Center of Excellence



1.7 Some scopes on CE execution stage

In case the CE establishment is in charge of a *Temporary Beneficiary* appointed by the associate entities, see item 1.7.a) or on the contrary, the CE shall start operating as *Final Beneficiary* as indicated in item 1.7.b).

a) CE establishment stage in charge of the *Temporary Beneficiary*

While the CE is not formed, entities to be nominated in order to form a CE shall choose the *Temporary Beneficiary* among its associates, which shall be responsible before FONDECYT to manage the execution of the proposal in its initial stage by signing the corresponding *Grant Agreement*. The *Temporary Beneficiary* shall be tax collector and taxpayer of all rights and obligations to be established in such agreement.

The *Temporary Beneficiary* shall have, at least, the following characteristics which shall be evaluated by FONDECYT:

- Capability for project management, service agreement and technology contract management.
- Financial capability in order to be in charge of guarantees demanding payment transfer.
- Powers to hire national and foreign staff from the date of starting the proposal.
- Powers to be able to buy personal property while CE is formed.

b) Execution stage in charge of the *Final Beneficiary* or *Center of Excellence*

Once CE is formed as legal entity or signed and registered a *consortium agreement* in the context of the Peruvian Legislation, this one shall be the *Final Beneficiary* for the grant and the entity FONDECYT shall sign with a new Grant Agreement with the CE.

As *Final Beneficiary*, the CE shall be, hereinafter, the responsible before FONDECYT for the execution of the proposal being tax collector and taxpayer of all rights and obligations to be established in the new *Grant Agreement*. The *Temporary Beneficiary* shall confer the CE (Assignment of contractual position) the rights and obligations assigned.

1.8 Associated procedure for CE Members

CE members must be formed as a legal entity or establish a *consortium* agreement in the context of the Peruvian Legislation through the following figures:

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation (FONDECYT)

- Incorporation,
- Incorporated Foundation or Partnership
- Consortium Agreement (signed and registered)

Consortium Agreement Alternatives:

In case CE members decide to sign a consortium agreement, this one could be carried out under the following modalities:

- Agreement made in Peru, signed by legal representatives of the members in Peru (national members) and abroad (foreign members) to be presented before FONDECYT;
- Agreement made in Peru, signed by legal representatives of the members with authenticated signature before the Public Notary or Officer acting for it. In the case of foreign entities, we can require an apostilled document (countries which have signed the Hague Convention); or
- The agreement can be signed in Peru by national entities and a representative appointed by each foreign entity with sufficient legal capacity to represent it in the act or agreement to be executed in Peru. All these documents must be legalized by the Consulate (before the Peruvian Consul) or apostilled.

The legal entity or consortium to be incorporated and established in the country must have as aim or purposes, as appropriate, the execution of research and development activities. Also, this one must include mechanisms to guarantee the effective interest of its associates in its cooperative government structure.

For the purposes of this instrument, it shall be understood that the CE has been created when the legal entity or consortium was incorporated and established in Peru.

II. NOMINATION CONDITIONS

2.1 Target Population

Public or private entities, national or international ones could be nominated to CE with the ability to assemble and incorporate a leading organization in the areas of research and innovation, that is, renowned, having resources and necessary alliances to allow the incorporation of this new entity.

2.2 Eligibility Criteria

a) General Criteria

A CE proposal must comply with the following requirements to be considered eligible:

- To comply with the minimum structure of associates of a CE (see item 1.4)
- To designate a Coordinating Entity responsible for the presentation of the proposal and representative before the FONDECYT during the nomination proceeding.
- File the complete proposal and exhibits through the online system.
- Not to be in breach of non-compliance of contractual obligations with CONCYTEC and FONDECYT.

b) Specific criteria by the associates

i. Companies or business communities

- To be legally incorporated in Peru, at least more than five (5) years old to the date of nomination. In case it is about a Peruvian company, subsidiary of a renowned transnational, must be, at least, more than two (2) years old incorporated in Peru.

- To have active and not registered Unit Taxpayer Registry (RUC).

ii. Peruvian research entities

- To have Postgraduate Faculties offering master's degree and doctoral degree programs related to lines and/or projects to be developed by the CE.

iii. International Research Center

- To have "critical mass" availability of scientists and highly specialized technology developer and applicable research ability: researchers with doctoral degree, candidate to be a doctor and postdoctoral degree. These researchers and their scientific production must be related to the lines and/or projects to be developed by the CE.

- To have equivalent organic units managing intellectual property and/or technology transfer.

2.3 Nomination documents

2.3.1. FIRST PHASE

1. Letter of introduction on the Preliminary Proposal signed by the legal representative of the *Coordinating Entity* (Exhibit 1)

2. Letters expressing interest and approval of the *Coordinating Entity*¹ signed by the legal representative of each participant entity, associates and coworkers (Exhibit 02).

In the case of international institutions, the competent authority shall sign it according to its uses and customs.

3. Preliminary Proposal duly filled on the online form (Form 01). Among others, the following points are included:

- Introduction of potential associates and coworkers
- Approach of research lines
- Research abilities and available technology infrastructure
- Preliminary program of human capital training
- Production activities, technology potentials and transfer mechanisms

4. Working plan and budget for the Final Proposal preparation (Form 03; a and b)

5. Evidence of Entity on credit reporting bureaus of associate entities in which is recorded that there is no delay in payment more than a month in the financial system.

6. Evidence of Registry of incorporation issued by the Superintendent of Public Registries (SUNARP) of Peruvian associate entities issued in the last 3 months.

7. Evidence of RUC Card issued by National Superintendency of Tax Administration (SUNAT) in the last 15 days for Peruvian associate entities.

8. As for Universities: Document proving the operation of a Postgraduate faculty (Master's degree and/or Doctoral degree).

¹ The Coordinating Entity shall be any of the associate entities

9. Updated curriculum vitae of all members of the team. It shall be mandatory for Peruvian participants to file it through the National Board of Directors for Researchers and Innovators (DINA): <http://dina.concytec.gob.pe> .

2.3.2. SECOND PHASE

1. Commitment Letter on Cofinancing (monetary and non-monetary) and appointment for the Temporary Beneficiary signed by the legal representative of each member entity (Exhibit 03). In the case of international institutions, the competent authority shall sign it according to its uses and customs.

2. Final Proposal duly filled out in the online form (Form 03) containing the following points:

- Introduction of associates, coworkers and the Temporary Beneficiary, when applicable.
- Definition of research lines and its projects
- Human capital training program
- Business model must include the technology transfer plan.
- Governance model
- Management Plan of intellectual property
- *Spin offs* training plan

3. Working plan and final general budget of the CE (Form 04 a and b)

For Companies and/or business communities²

4. Copies of Financial Statements from the last 3 years preferentially audited or submitted to the SUNAT³.

5. Copy of Board of Directors' Agreement or the equivalent document issued by the competent body in which the amount of monetary and non-monetary Cofinancing is indicated to the CE.

² Not all companies can belong to the same economic group.

³ In case of subsidiaries of transnational companies less than three years, must submit the financial statements for at least two years

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation
(FONDECYT)

6. Document in which the appointment of legal representative is recorded (Power in force) issued during the last month.

For Peruvian research entities

7. Evidence of Registry of incorporation issued by SUNARP not greater than the last 3 months
8. Power in force of its directors or legal representatives or official document for the appointment of the competent authority and/or Order for the appointment of the legal representative authorized for the subscription of agreements.

For cooperative Entities

9. Commitment Letters for the cooperation of cooperative entities, if any, by specifying the role or contribution in the CE (Exhibit 05)

All associate entities which form part of the CE could attach other documents to allow verifying the needed information and requirements (optional).

NOTE: In case the FONDECYT approves the incorporation of new associate entities for the second phase, these ones must submit the corresponding requirements to each entity needed in the first phase.

2.4 Considerations to be taken into account to develop the proposal

2.4.1 Related to research projects

Research projects must:

- To contribute to the purposes and impacts of CE instrument.
- To promote competitiveness and generate technology breakdowns in the areas subject to research.
- To clearly submit the additionality regarding the national existing abilities and its complementarity with local associate entities.

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation (FONDECYT)

- Portfolio of R, D&I projects must be balanced out in terms of projects with short, medium and long-term results from an analysis of market opportunities and associated R, D&I challenges.
- To have specialized abilities for transfer processes and commercialization of its results.
- To guide new technology generations.

2.4.2 Related to governance model⁴

The highest authority of the CE, the *Board of Directors or Directorate* shall look after the governability of this one. Such one must hold a meeting three times a year at least and shall be formed by members of institutions who take part of the CE and an Officer of the CONCYTEC and FONDECYT, who shall have the right to vote. (Instructions and Guidelines for CE incorporation).

Within its structure must have the following Advisory Councils which must meet, at least, once a year:

- *Advisory Scientific Council*, among whose members must include international experts.
- *Advisory Business Council* whose members must be related to the research field contributing to the sector perspective to determine priorities.
- *The Board of Directors* shall propose mechanisms for joint view between both councils.

2.4.3 Related to CE management plans

a) Regarding Intellectual Property

Policy for protection and management of intellectual and industrial property must establish standards for a regulation including the following points:

⁴ The governance model refers to documents containing guidelines and directives for the organization, effectiveness and management of the CE.

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation
(FONDECYT)

- The rights resulting from research, development and other activities of the CE shall be property of the CE. The participation and incomes generated by this property may be shared according to the direct contribution to its financing and execution. This shall be established in the proper Agreements.
- Preferential access of the CE companies to the intellectual property generated in the technology application. This shall be established in the proper Agreements between the partners.
- The applicable legal framework (national and international) and the guidelines for the management of intellectual property provided in these Conditions shall be respected (See Guide 01 of PI).

b) Regarding publications and spreading

The outcomes of the researches or innovations generated by the CE which are the subject of spreading, shall be published in indexed and/or the most important scientific journals in the industry or respective discipline, with authorship or co-authorship of the CE researchers.

c) Regarding the Executive Director and the Operational Units

i. Human Resources Management:

- The CE shall have profiles and processes of the selection and recruitment for all the center staff, as well as the staff recruited to specific works.
- The work days and functions required shall be detailed and justified. The CE shall have an established range of fees and remunerations, distinguishing the time commitment⁵ and rank scale of Manual of Organization and Functions.
- Each research area shall have a main researcher as direct responsible, as well as an attached Researcher, one of them preferentially from the International Research Center that shall be expressly identified in the proposal application. These researchers are responsible for leading the research areas and with a known career.

ii. About the Executive Director or Manager:

- He or she shall be a professional with a recognized international career in the themes developed in the CE, as well as a prominent experience in managing centers of R+D+R, departments of R+D+R or technology companies and with experience in technology transfer and commercialization of R+D+R.

⁵ The time commitment shall be coherent in case of the human resource participates in other projects of research funded by public resources.

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation
(FONDECYT)

- He or she shall be committed to administration, management and development of the CE activities.
- He or she shall ensure compliance with CE goals and aims. The Executive Director or Manager shall be regularly evaluated. The outcome of such evaluation shall be reported to the FONDECYT through the reports. The FONDECYT may object to the CE Executive Director or Manager continuity if he or she does not meet the goals proposed in the operational plan and regulations.

2.5 Application Process

The application process, for both phases, will be carried out through the online platform available in the website:

<http://postulacion.concytec.gob.pe/ventanillaweb/>

The attached documents in the website should be in text documents, electronic templates or other files compatible with the system (such as doc, xls, jpg, pdf).

The final proposal for the CE shall be submitted in Spanish and English upon request.

The Call schedule will establish the date and closing time of applications to both phases, establishing 13:00 hours as local closing hour (time difference – standard time- UTC/GMT- 5 hours).

The frequent questions, footnote and official documents generated for the competence will be an integral part of these Conditions for all the legal effects. The electronic mail for these purposes will be indicated in each call.

III. Financing

3.1 Financing for the Elaboration of a Final Proposal (Second Phase)

3.1.1 Amount and Period

Those selected in the first phase, will receive a single grant of up to S/. 150,000 (One hundred and fifty thousand 00/100 Nuevos Soles) for elaborating the final proposal to be submitted in the Second Phase.

The FONDECYT shall assign the subsidy number taking into account its budget availability and the outcomes obtained from the evaluation process.

The period for the elaboration and submit of the final proposal will be specified in the proper Call.

3.1.2 Fundable Areas

a) Human Resources: including the fees of technical and professional staff participating in the proposal elaboration.

b) Travel Expenses: 30% subsidy as maximum shall be intended to pay tickets, allowances to:

- generate strategic alliances for the project
- coordination meetings between the partners
- visits to an International Center of Excellence or similar, preferably related to the field

c) Consultancy services and/or different national or international consultancies (for the elaboration of the business plan, institutional agreement, management design of the intellectual property, related studies, among others)

d) Administrative expenses: notarial and register expenses, tools, courier services, local transport, print expenses, equipment hire and other expenses related to the form proposed.

Visas, infringements, debts, interests, fines, taxes, costs already funded, costs unrelated to the proposal and losses by exchange rate are not included.

3.2 CE Financing

3.2.1 Amount and Period

The FONDECYT will grant a subsidy of up to s/. 20'000.000 (Twenty million 00/100 Nuevos Soles) to each winning CE. The subsidy will be granted by regular payments for 5 years. This maximum subsidy amount will be deducted from the subsidy executed in the previous phase.

The CE financing by the FONDECYT may be renewed once if they have got a good evaluation of their achievements and if there are available resources for it.⁶

The FONDECYT will assign a subsidy number taking into account its budget availability and the outcomes obtained in the evaluation process.

⁶ The renewal will be granted within 5 additional years, only under exceptional circumstances and prior merit evaluation. The financing structure will have the same conditions that the call in which the CE was benefited.

3.2.2 Funded Areas

The proposal shall differentiate the activities related to the research and Development areas from those related to CE administration in the country.

Table 01: Funded Areas

AREAS	DEFINITION
1. Human resources	<ul style="list-style-type: none"> - Compensations and fees of the technical and professional staff recruited by the beneficiary (transitory or final), directly related to the activities proposed (including experts and/or advisers). - Social benefits, according to the professionals recruited by the CE, payable by the employer. - Additional incomes of the pre-existing staff, making additional works directly related to the project. - Setting costs for non-Peruvian residents. <p><u>Considerations</u></p> <ul style="list-style-type: none"> - The recruitment of legal entities is not permitted.
2. Operation and Maintenance Costs	<ul style="list-style-type: none"> - Materials and supplies - Physical space Lease - Transport or vehicles rent - Minor equipment - Travel costs: costs of national and international tickets⁷, insurance and allowances
	<ul style="list-style-type: none"> - Costs of spreading, training and/or entertainment activities (event and publications organization and/ or participation) - Third party services - Consultancies and advisers - Related studies - Equipment maintenance <p><u>Considerations</u></p> <ul style="list-style-type: none"> - The use of pre-existing facilities, which are used by the participants at any tittle at the application moment, shall not be budgeted with a charge to the subsidy.
3. Investment costs	<ul style="list-style-type: none"> - Fixed assets. - Improvements of inventoried assets and/or infrastructure adaptation, directly intended to the activities execution of the proposal. <p><u>Considerations</u></p>

⁷ Only economic –class

	<ul style="list-style-type: none"> - Up to 25% of the subsidy granted, it can be extended at request, prior to evaluation by the FONDECYT. - The purchases are only financed in a proportional way to the use of them - The costs may be accepted if meet the general requirements of an investment project.
4. Administrative Costs	<ul style="list-style-type: none"> - Basic services (electricity, water, gas, hygiene, internet, fixed telephone and mobile) - Accounting Services - Administrative staff of support - Financing cost of guarantees - Insurance costs <p><u>Considerations</u></p> <ul style="list-style-type: none"> - Up to 10%, as maximum, of the subsidy granted⁸.

Providing safeguard and the good use of public resources, FONDECYT will take into account the measures aimed to the amount of the funded costs are reasonable and adjusted to the planned goals and market values.

In addition, all the costs shall be justified in relation to its link to the proposal.

3.2.3 Co-financing

The subsidy granted by the FONDECYT to each CE will cover up to 25% of the total budget, which may not exceed S/.20'000.000 Nuevos Soles by the CE. The contribution of the units included in the CE (co-financing) shall be 75% at least of the total budget of the CE approved by the FONDECYT. This co-financing shall include:

Money contributions: 35% at least of the total financing of the CE

No-money contributions: 40% as maximum of the total financing of the CE

The co-financing structure to access the maximum contribution of the FONDECYT should be as indicated in the Chart 1.

⁸ Exceptionally and by the due basis, the FONDECYT may re-evaluate the maximum limits which are related to the funded areas.

Chart 1. Total Financing Structure of a CE

FONDECYT MONEY	CENTER OF EXCELLENCE		TOTAL
	MONEY	NO-MONEY	
Up to 25% of the total amount of the proposal <u>Maximum Amount:</u> <u>S/.20'000.000</u>	35% (*)	40%	100%

(*) See considerations in item 3.2.3.1

Examples of possible financial structures:

	FONDECYT	CENTER OF EXCELLENCE		TOTAL
	MONEY	MONEY	NO-MONEY	
1	20,000,000.00 25%	28,000,000.00 35%	32,000,000.00 40%	80,000,000.00 100%

2	20,000,000.00 20%	35,000,000.00 35%	45,000,000.00 45%	100,000,000.00 100%
---	----------------------	----------------------	----------------------	------------------------

3	15,000,000.00 25%	21,000,000.00 35%	24,000,000.00 40%	60,000,000.00 100%
---	----------------------	----------------------	----------------------	-----------------------

Both the money and no-money contribution shall be applied to financing areas and be available to the CE annually and for five (5) years and according to the Plan and Schedule of Activities. The money and no-money contribution transfer will be reported in the financial statements and economic reports submitted to the FONDECYT.

3.2.3.1. Money contribution Considerations:

- All money contribution is recognized as such, provided that it is executed within the Agreement period.
- A money contribution will be considered as the external financing obtained by one of the partners to the projects of I+D+I in progress or to be initiated and included in the research areas of the CE and included as part of the work plan.
- The equipment purchased by the universities, within the Agreement period, may be part of the money contribution, provided that they pass their ownership to the CE.

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation (FONDECYT)

- Exceptionally, a money contribution of the International Research Center will be considered those contributions that though been intended to the exclusive use of the CE, they cannot be monetized, for example, among others, compensations and/or fees of the researcher staff of such center of 100% and activities made in Peru directly related to the projects or research areas of the CE.

All those from the public support such as CONCYTEC, FONDECYT, FINCYT, among others, shall not be considered as money contributions of the CE members.

The projects developed in the CE will be subject to the applicable laws in force in relation to the tax incentive.

3.2.4 Annual Payments Structures

The FONDECYT shall grant the financing for five (5) years. The first installment will be up to 10% of the total budget approved in the final proposal. The following installments will be performed according to the payments plan⁹. The FONDECYT contribution will never be higher than 50% of the total budget per year, with some exceptions due justified and previously approved by the FONDECYT.

The units of the CE shall honor the money and no-money resources according to the amounts committed of the final proposal.

IV. Evaluation, selection and outcomes

4.1 Evaluation criteria

4.1.1 FIRST PHASE

CRITERIA		Mark
1.- Proposal quality	Relevance of the CE with regard to the problem identified	25
	Coherence of the work plan for the elaboration of the final proposal	
	Relevance of the research area to the productive sector	
	Project coherence	
2.- Participating entities complementarity	Suitability of the participating entities	25
	Collaborative experience	
3.- Participating entities competence	Trajectory	30
	Suitability of the entity	
	Infrastructure available to the CE	
	Human equipment competence	
	Contribution to the competitively	

⁹ The payment plan will be approved by the FONDECYT based on the activities plan

4.- Impact	Formation of human capital highly qualified in the country	20
	Scientific and technology impact (new technology and improved technology)	

4.1.2 SECOND PHASE

CRITERIA		Mark
1.- Proposal quality	Relevance of the CE with regard to the problem identified Coherence of the work plan of the CE Business Model Governance Model Management Plan of Intellectual Property Formation plan of spin offs Scientific quality of the projects Relevance of the research area to the productive sector Project coherence Additionality	45
2.- participating entities complementarity	Suitability of the participating entities Collaborative experiences	15
3.- participating entities competence	Trajectory Suitability of the entity Infrastructure available to the CE Co-financing commitment Human equipment competence	15
4.- Impact	Contribution to the competitively Formation of human capital highly qualified in the country Scientific and technology impact (new technology and improved technology) Contribution through the Technology and Knowledge Transfer Potential technological association	25

4.2 Evaluation and Selection Process

The Evaluation and Selection Unit of the FONDECYT is responsible for the processes of selection and evaluation of the cases submitted until the outcome delivery, both first and second phase. Therefore, it shall implement a Management Committee which will support the actors involved in the process.

The whole process of Evaluation and Selection can be seen in Figure 2.

4.2.1 Eligibility Phase

This phase is applied in both first and second phases. It consists of verifying the meet of requirements submitted by the participants for each phase.

The FONDECYT may ask by electronic mail, explanations and/or additional or complementary record. This information shall be resent to FONDECYT by the e-mail: ce@fondecyt.gob.pe, within 48 hours from its requirement. In case of the asked records are not submitted, the proposal won't pass to the next phases of evaluations.

As a result of this phase, the competent records (eligible) will be established to the next phase of evaluation. This outcome will be reported to the applicants by an electronic mail.

4.2.2 Evaluation Phase

4.2.2.1. FIRST PHASE

The Management committee shall call a board for the evaluation of each of the proposals that met the eligibility. The board shall consist of national and international members including specialized researchers and agents of the commercial sector with a recognized career.

The board will make the finalist list, based on the preliminary proposals presenting the best conditions to access to the financing according to the evaluation criteria to be established.

The members of this board may be called to the second phase according to the specialization and availability.

4.2.2.2. SECOND PHASE

a) Specialized jury Phase

A specialized jury (01) will be called for each important area related to the proposals that met the eligibility. This jury will include evaluators at international level and will consist of scientific experts, business experts and experts in business plans.

The members of each Specialized Jury will carry out an evaluation in an individual way at the Area System, and then all the members, all together will review such evaluations to elaborate an agreed report with the strengths and weaknesses of the proposal. The proposal qualified as approved will pass to the next phase: Final evaluation Board. This outcome will be reported to the applicants through electronic mail.

During this phase, the jury will performance interviews to leaders and researchers of the proposals.

b) Final Evaluation Board Phase

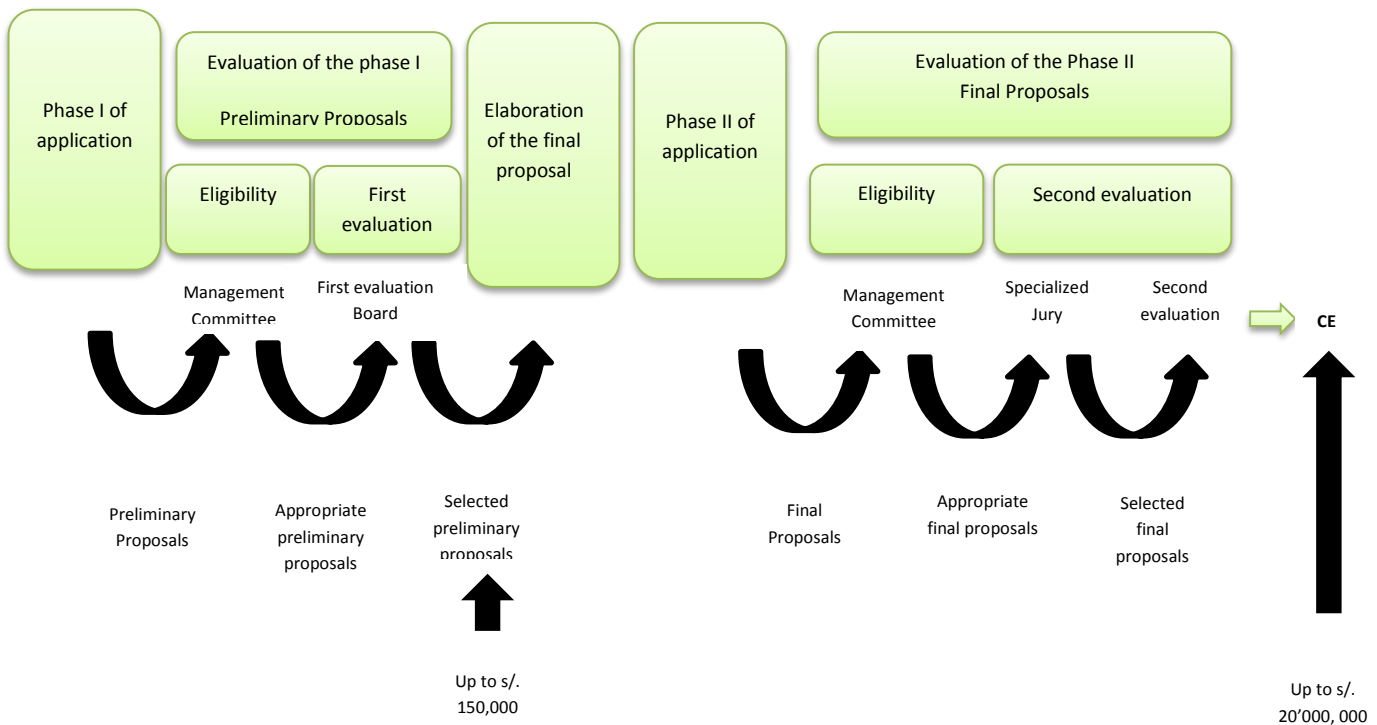
The Final Evaluation Board will be only one for all the proposals and will be consisted of specialists related to important areas of the proposals approved in the phase of Specialized Jury. This Board will carry out a comprehensive and strategic evaluation of all proposals and will include researchers, businessmen and experts in collaborative research university-company, technology innovation and commercialization.

The evaluation process by the board considers the proposal submit by three members of the proposed CE at least.

Based on the evaluation of the Board, it will be elaborated a minutes of strengths and weaknesses of the proposals submitted. The Management Committee of the FONDECYT is responsible for elaborating a Final Minutes indicating the winners.

The Executive Directorate of the FONDECYT will report to the Managing Board of the FONDECYT the outcomes of the competition for its confirmation and approval.

Figure 2: Evaluation Process



4.1 Outcome Publication

The Executive Directorate of FONDECYT will approve through Directorate Resolution the evaluation outcomes of both preliminary and final proposals that will be published in the website of the FONDECYT. The outcomes are final and unquestionable.

The FONDECYT, through the Evaluation and Selection Unit, will communicate (via electronic mail) to the winners of the selection process in both phases and will carry out the administrative tasks for signing the proper agreements.

Those selected will have 5 labor days to communicate in writing to the FONDECYT their acceptance or withdrawal of the subsidy. This period will start from the notice receipt indicating the winner. If after the period there is not a response as acceptance, it will be understood as withdrawal. After the five days, in case of withdrawal of subsidy, the FONDECYT will void the subsidy commitment by an Executive Directorate Resolution.

In case of the withdrawal has not been due supported, the applicant institution won't ask a subsidy again to the FONDECYT by any reason during the next 12 months.

I. Grant Agreement

Generally, for signing the Grant Agreements, it is established that:

- The agreement will be subjected to those indicated in these Conditions, Call and other attachments, as necessary. These Conditions will be part of the grant agreement.
- Prior to the agreement signature, if necessary, the FONDECYT will verify the accuracy of the records submitted in the application, the proper certifies or documents supporting, as well as the compliance with the requirements and conditions established. In case of any infringement, the grantee selected shall be without effect.
- The FONDECYT reserves the right of demanding the original documents and additional to the entities subsidized for the signature of the Agreement.
- Those selected will have 25 days upon communication of the Evaluation and Selection Unit for signing the Agreement. If within that period the contract has not been signed by the selected, the FONDECYT will have the power to grant subsidy to a proxy capable applicant.

5.1 Agreement for elaborating the Final Proposal

This agreement will be signed between the FONDECYT and the Coordinator Entity, the entity that proposes the Preliminary Proposal selected, and which will receive a subsidy of up to s/. 150,000 to elaborate the Final Proposal of the CE.

By signing the agreement, the grantee in case of private entity, will submit a bank guarantee with a term of 12 months by an amount equal to up to 20% of the first and single installment. For public institutions, in case of infringements, will be subject to sanctions applied to the governmental bodies according the laws in force.

The grantee has to submit the Final Proposal. In case of non-compliance with this, she or he will be subject to proper sanctions and penalties determined by the FONDECYT.

5.2 Agreement for implementing and start of CE activities

This agreement will be signed between the FONDECYT and the CE, or failing that, the Transitory Beneficiary¹⁰, when the CE is not constituted, and will receive the amount corresponding to the first installment according to the agreement upon its signature (see item 3.2.4).

By signing the agreement, the grantee in case of a private entity, will submit a bank guarantee with a term of 12 months by an amount equal to up to 10% of the subsidy granted as subsidy contract. For public institutions, in case of infringements, the grantee will be subject to sanctions applied to the governmental bodies according the laws in force.

5.3 Responsibilities of the grantee¹¹

- To submit the technical and financial reports until 10 labor days after the month scheduled.
- To provide all the documents asked in the forms and terms established by the Monitoring and Follow-up Unit of the FONDECYT.
- To guarantee the compliance with the agreement and ensure the activities execution
- To guarantee the proper use of resources. The subsidy granted by the FONDECYT shall be used to cover those approved in the proposal.
- In no case, it shall be used to pay direct costs or related to paperwork not considered in the call.

¹⁰ The transitory beneficiary shall submit (a) simple copy of the creation document and its alterations, (b) faculty validity of the legal agent, within the 30 days, (c) Agreement order to attachment 04

¹¹ This paragraph will be in accordance with those established in the Monitoring and Follow-up Guide of the FONDECYT Projects.

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation
(FONDECYT)

- To return to FONDECYT the amounts not used
- To report the FONDECYT in case of any problem affecting the compliance with those indicated in the agreement. Furthermore, if amendments to the agreement are required, they must be timely; due justified and will be subject to approval by the FONDECYT. The FONDECYT may authorize to extent the terms established without transfer additional resources. For that, the beneficiary will send a written ask to FONDECYT, indicating the extension of time asked and the reasons of such ask. Exceptionally, in case of the schedule of the proposal is not fulfilled (by causes due justified) the grantee will communicate the FONDECYT, within the 48 hours upon knowledge of such event, attaching the supporting documents. This schedule amendment will not include the increase of the subsidy granted by the FONDECYT.
- Term to ask amendments: the amendments will be asked within 30 days before starting the next event, which won't affect the ongoing event.
- To submit and maintain in force the bank guarantee.
- Keep FONDECYT informed in case of any amendment in the contact person information.
- For all spreading activities, it should be applied the legal provisions in force. The grantee has to confirm in a visible way and position, the financial support of CONCYTEC/FONDECYT in all documents of spreading: poster, triptych, press release and journalist comment, presentation summary, etc. the FONDECYT will provide the winning entities with the logo.
- To supervise the compliance with the collaborative entities.
- To guarantee the commitment/ term of the human resources involved.
- To ensure the procedures for purchasing and recruitments; and take precautions of the insurances and maintenance of those goods and equipment purchased and establish an agreement to distribute the property at the end, if necessary.
- To guarantee the compliance with the appropriate ethical, ecological and safety laws.
- To manage the confidential information.

5.4 Contract Resolution

The following shall be reason for contract resolution:

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation
(FONDECYT)

- If the Final Beneficiary or CE is not constituted as a legal entity or company within the first 6 months.
- If the scheduled activities are not performed 40 days after the initial visit, without the justification due proved and reported in a timely and formal manner to the FONDECYT.
- If the partial or total use of the subsidy fund is aimed to purposes different from those approved.
- If data in the proposal and/or reports are changed or omitted.
- Unjustified delay in the compliance with the submit of their technical and financial reports; as well as the regular submit of reports not meeting the conditions to be approved by the Follow-up and Monitoring Unit of the FONDECYT.

Other infringement cases of commitment/responsibilities stated in the contract/agreement will be solved by the Executive Directorate of FONDECYT.

5.5 Sanctions

FONDECYT may permanently or temporally suspend the payments if it confirms that the proposal is not satisfactory developed or the beneficiary has fail to fulfill, totally or partially, his or her obligations. In these cases, FONDECYT will take proper measures to correct the deficiencies found or terminate in advance the contract/agreement.

Those subsidies that are late in submitting the technical and financial reports, in a future they won't applicate to any subsidy of the FONDECYT until the compliance with their obligation.

The beneficiary will have to inform the FONDECYT and propose the termination in advance of the proposal, in case of he or she is convinced that it won't achieve the expected outcomes or won't be executed within reasonable parameters.

FONDECYT reserves the right of demanding grantee the total or partial return of the paid subsidy in case of infringement. The return will include the law interests on the payment date, as established in the articles 1242 and the followings of the Civil Code.

FONDECYT will be able to, prior to the formal communication of the Agreement resolution terminating the proposal in advance, order the beneficiary to refrain from to continue carrying out costs at the delivered subsidy's expense. In that case, the activities carried to the communication date will be allowed.

Peru - The Presidency of the Council of Ministers
National Council for Science, Technology and Technological Innovation (CONCYTEC)
National Fund for Scientific, Technological Development and Technological Innovation
(FONDECYT)

After exhausting the administrative proceedings regarding the grantees which fail to comply with the contract and these Conditions, the Unit of Legal Counsel of the FONDECYT will submit the case before the Attorney General's Office to recover the subsidized amounts.

FINAL PROVISIONS

- ONE The grant contract will include aspects not regulated in these Conditions and on the other hand, the cases not established will be solved by the Executive Directorate of FONDECYT.
- TWO The grantee will be subject to the follow-up and monitoring processes of FONDECYT.
- THREE The applications are subject to cancelation in each call, if the applicant is not beneficiary he or she can apply the next call. In addition, an applicant can submit more than one proposal, however, will be granted by one grant; this will be determined by the Evaluation and Follow-up Unit of FONDECYT. An applicant is the entity or if it be the case the appropriate unit, laboratory or faculty.