

CONCYTEC

CENTERS FOR EXCELLENCE

REQUEST FOR PROPOSALS

SPECIFICATIONS FOR THE SECOND PROCUREMENT
PROCESS—PRESENTATION OF FINAL PROPOSALS

CONTENTS

The National Council for Science, Technology and Technological Innovation (CONCYTEC), through the FONDECYT, invites the selected parties of the first procurement process to the presentation of final proposals of the “Centers for Excellence” instrument.

The Center of Excellence, from here on CE, has as objectives to strengthen national capabilities in R&D in key areas for competitiveness, to generate a critical mass of collaborative investigation in the country with international standards that allow concrete technological solutions to be given to key sectors of the national economy, as well as to contribute to the development of new industrial sectors through technological innovation and transfer.

1. LEGAL BASE

National Council of Science, Technology and Innovation Law. Law No. 28613 (10/17/2005), Article 16 “the resources of FONDECYT are exclusively applied to the compliance of its objectives and functions. No less than sixty per cent (60%) of resources transferred to CONCYTEC charged to the budget assigned by the Public Treasury, will be destined for technological innovation projects and, at least half of these last ones, to projects with business participation”.

Law No. 29951, The Public Sector’s Budget Law for Fiscal Year 2013, created by the Marco Fund for Innovation, Science and Technology (FOMITEC).

Supreme Decree No. 071-2013-EF that approves Standards for Implementation and Operation of the Marco Fund for Innovation, Science and Technology.

Management Convention for the Implementation of the Centers for Excellence Instrument, between the Ministry of Economy and Finances (MEF) and the National Council of Science, Technology and Technological Innovation (CONCYTEC).

Executive Office Resolution No. 18-2014-FONDECYT-DE (02.26.2014), which approves the Specifications for the First Procurement Process “Presentation of Luminary Proposals for the Centers of Excellence”.

Executive Office Resolution No. 047-2014-FONDECYT-DE (06.20.2014)

Executive Office Resolution No. 036-2014-FONDECYT-DE (05.29.2014)

2. OBJECTIVES AND IMPACT

2.1 GENERAL OBJECTIVE

The objective of the “Centers of Excellence” instrument is to promote the realization of activities of Investigation, Technological Development and Innovation, of cutting edge technology and high impact in its sector, nationally and internationally.

2.2 SPECIFIC OBJECTIVES

The specific objectives that the “centers of excellence” aim for are the following:

2.2.1 Country competitiveness

Contribute to increasing the productivity and competitiveness of Peruvian businesses through the effective technological transfer and commercialization of the R&D results.

Contribute to the competitiveness of the national economy, taking advantage of the R&D capabilities, technological transfer and network of associated foreign centers.

2.2.2 Productive diversification

Generate R&D results, new knowledge, patents and technological breakthroughs, with applicability and relevance for the economic development of the country.
Contribute to the development of the technological based industry (technology or service providers) associated with the R&D results.
Contribute to the development of new products from the R&D results.
Contribute to the development of new ventures, through the effective technological transfer of R&D results.

2.2.3 Development of qualified human capital

Promote the development of new scientific and technological capabilities.
Contribute to the strengthening of training programs.
Establish and develop the capabilities in the country and in the regions.

2.3 EXPECTED IMPACT

Expected impact is understood as the external impact that the CE will produce in the Peruvian innovation ecosystem, in the Peruvian productive system and in the country in general.
The establishment of these centers will allow the surpassing of important gaps relating to the development of scientific and technological capabilities not available locally and its advancement in the short time, as well as facilitate the learning processes of transfer and commercialization of R&D results to the local technological entities.

The expected impact is:

Quicker access to new technologies, knowledge and sources of applied knowledge.
Direct creation of new work opportunities for high qualified professionals (doctors, post-doctors, etc.)
Decrease of the migration of qualified human resources.
Formation of a critical mass of highly specialized personnel.
Contributing to the strengthening of the capabilities in: advanced human capital, infrastructure in advanced science and technology, intellectual capital, networks and competitive institutions for science, technology and innovation and financial capital.
Contributing to the strengthening of the technological transfer culture in national universities and R&D centers.
Development of ventures, new businesses and areas of business starting from the R&D results.
Increase in the productivity of companies starting from the transfer of R&D results and access to new technologies.
Increase in the competitiveness of Peru and its regions starting from the innovation in specific industrial areas.
Development of technology-based industries linked to the application of R&D results performed by the CEs.
Contributing to the establishment of Peru as an innovation and venture pool in the region.

3. CHARACTERIZATION OF CORPORATE CE PROJECTS

The investigation projects must:

Contribute to the objectives and impact of the CE instrument.
Promote the competitiveness and generate technological breakthroughs in the areas investigated.

Rely on a real commitment from the International Center of Excellence, from here on ICE, through the mechanisms and complying with the indicated requirements in section 4.2 for the development of the lines of investigation and generation of new capabilities in Peru.

Clearly present its addition to the existing national capabilities and its complementation with the local associated entities.

Contemplate the development of corporate CE projects, as well as the lines of investigation and applied development.

Include a balanced R&D project portfolio in terms of projects with results of short, medium and long-term and which come from an analysis of market opportunities and the associated R&D challenges.

Rely on the specialized capabilities for the transfer processes and commercialization of results.

Guide the generation of new technologies.

4. ENTITIES WHICH FORM A CE

The CEs will form a new legal entity and will consist, at a minimum, by:

4.1. Peruvian University

4.2. International Center of Excellence (ICE)

4.3. Peruvian entrepreneurial associations or business groups¹ with the demand of R&D services

The formation of the CE will be co-financed in any of its legal forms of organization allowed by the Specifications, installed in the country and that are made up by a Peruvian University, a foreign R&D&i center² and an entrepreneurial group or as a minimum three (3) national companies³.

Additionally, other Associates may participate.

4.1 PERUVIAN UNIVERSITY

The research centers, institutes or laboratories for investigation ascribed to Peruvian universities are considered to qualify as a university. They may participate as long as they count with the support of the legal representative of the Peruvian University.

The University must have the following characteristics:

Availability of a “critical mass”⁴ of high-level scientists: number of researchers with a degree of Doctor and Master.

Relevant scientific production expressed in publications in indexed journals and/or of high impact, cited and h-index.

Applied research, technological or innovation development capabilities, expressed in developed research projects and transferred proprietary technologies.

Capability for the development of highly qualified human capital, at the level of master and doctorate.

¹ Includes companies affiliated with FONAFE and other public companies.

² A foreign or international R&D&i center is an entity dedicated to activities of Research, Development and Innovation; internationally renown and with collaborative projects in different countries. It counts with renown researchers for its academic degrees and its publications in prestigious indexed journals and modern infrastructure for the development of its activities.

³ Public or private companies. Not all private companies can belong to the same economic group.

⁴ Critical mass is understood as the optimal number of scientists to adequately develop the project presented.

4.2 INTERNATIONAL CENTER OF EXCELLENCE (ICE)

The international Center of excellence is understood as those foreign legal entities that perform research and development activities of excellence, that have significant recognition at the international level, and which hold, among others, some of the following characteristics:

- Availability of a “critical mass” of a high level of scientists and technology developers.
- Accumulation of scientific and technologic resources with a high degree of specialization.
- Performance of R&D in accordance with global measurable standards, in terms of scientific production and technological innovation.
- Focus on activities of cutting edge R&D, with leadership, strategic direction, and high levels of visibility and international scientific and industrial connection.
- Capabilities in applied research and technology development and direction to generation of new technologies.
- Relevant production of applicable new knowledge and technological breakthroughs.
- Trajectory of excellence in research and development with merits, accomplishments and impact renown globally.
- Specialized capabilities for the processes of transfer and commercialization of R&D results through the sale or licensing of technologies, the creation of spinoffs or other pertinent modes.
- Relevant contracts of R&D with companies and governments.
- Capabilities and trajectory recognized to integrate related fields and associate complementary capabilities with other international institutions, in collaborative networks of R&D.

4.3 PERUVIAN ENTREPRENEURIAL ASSOCIATIONS OR BUSINESS GROUPS WITH A DEMAND OF R&D SERVICES

The minimum participation of 3 companies or entrepreneurial group is required and must meet the following characteristics:

- The companies may be public or private.
- The representative in the economic sector to which they belong, measured by their participation in the market (market share or profit and loss status).
- Have a research and innovation agency: identified R&D projects. The development of investigation projects in collaboration with universities and/or centers of investigation will be additionally valued.
- Have operations in the country for at least two (02) continuous years prior to the proposal.
- Private companies must not belong to “all the same economic group” (in this part of the process, at least 2 companies of the First Procurement Process-Preliminary Proposals must participate).
- Commitment of monetary contributions to the CE.

ASSOCIATES

The Associate is a legal entity, public or private, for-profit or not, national or foreign, that contributes necessary resources for the development of the proposal, and eventually gives greater relevance to the lines of R&D. These may be linked to the potential demand of the lines of R&D results, and/or be technology-based companies that provide services inherent to the R&D results.

In the case that an associate does not continue to participate in the proposal, the CE will be responsible in obtaining the replacement of contributions committed by the Associates through other sources or with own resources.

The CE proposals that generate national research networks and include as associates other Peruvian universities, public research institutes or private research centers, will be valued positively.

5. TRANSITORY BENEFICIARY

The CE must be formed forming with that established in section 6 of the present Specifications (legal form to be established), the same that will be the Definite Beneficiary of the grant awarded by the FONDECYT. During the installation phase of the CE, the member entities of the winning proposal must elect among them a transitory beneficiary while the CE is formally formed. The transitory beneficiary will act as a representative of these and must be authorized to receive and administer the grant.

The transitory beneficiary may be:

- A legal entity founded in Peru.
- One of the CE members, which is founded in Peru.

As long as the CE is not formed, the transitory beneficiary will be the responsible entity before the FONDECYT for the execution of the proposal. The transitory beneficiary will be an active and passive subject to all the rights and obligations that are established in the Grant Agreement, including detailed reports of expenses and activities, performed by the same or by third parties. After the CE is formed, the transfer of rights and obligations respective to this must be performed.

The mandate must grant sufficient powers to acquire the goods and hold all acts and contracts necessary for the execution of the proposal and to represent the CE before the FONDECYT in all instances while a Definite Beneficiary is not formed. In addition, the Mandate must allow the representative to sign the Grant Agreement with the FONDECYT.

The Mandate must regulate at least the following subjects, which are essential:

- Temporary duration, until the Grant Agreement has been completely processed between FONDECYT and the Definite Beneficiary (CE).
- The demand of transferring the goods and contracts to the definite beneficiary (CE) once the grant agreement has been processed between FONDECYT and the Definite Beneficiary, the latter must take on that performed by the Transitory Beneficiary within the area of the respective mandate.
- The responsibility before FONDECYT in representing the CE, as well as the obligations and rights established in the Grant Agreement with the FONDECYT.

The transitory beneficiary must have at least three of the following characteristics, which will be evaluated by the FONDECYT:

- Capability in project management, service contracting and management of technological contracts.
- Financial capability to be in charge of the guarantees demanded by the delivery of disbursements.
- Ability to contract personnel, national and foreign, from the start date of the proposal.
- Possibility to acquire movable property, while the CE is being formed.

The Transitory Beneficiary must, conforming to the general rules, act in accordance with the terms of the respective mandate. In consequence, the CE may revoke the mandate, and propose a new Transitory Beneficiary to the FONDECYT, which must have the characteristics previously indicated. The replacement must be approved by the Executive Office of FONDECYT.

For these purposes, a new Grant Agreement must be held between the current Transitory Beneficiary and the FONDECYT, who will also appear with the previous Transitory Beneficiary, for the purposes of transferring all goods, rights and obligations coming from the respective Grant Agreement, with the objective to hold the latter, in the same act, the respective settlement.

Additionally, the new Transitory Beneficiary must assume that performed by the previous Transitory Beneficiary. For all legal, contractual, pension and other purposes linked to the Grant Agreements held between the previous Transitory Beneficiary and FONDECYT.

The CE must be formed within A maximum of six months starting from the first disbursement, except for duly justified exceptions. The second disbursement is conditional to the formation of the CE.

5.1 DEFINITE BENEFICIARY OR CENTER OF EXCELLENCE

Corresponds to the legal entity formed in accordance with some of the established forms in section 6 of the present Specifications, who will be Definite Beneficiary of the grant, and named in these Specifications, as well as CE.

Once the Directorial Resolution has been emitted that approves the Grant Agreement with the Definite Beneficiary, it will be the responsible entity before the FONDECYT for the execution of the proposal. The Definite Beneficiary will be active and passive subject of all rights and obligations established in the Grant Agreement, including detailed reports of expenses and activities performed by the same or third parties.

6. LEGAL FORM TO BE ESTABLISHED

The CE must be established as a new legal entity between a Peruvian university, an ICE and the members of the business sector. It must be installed in the country through the following forms:

Formation of a corporation, conforming to Peruvian laws.

Formation of a foundation or association, conforming to Peruvian laws.

The legal entity that is formed and established in the country, must have within its objective or purposes, accordingly, the performance of research and development activities, and must also have in its corporate government structure mechanisms that ensure the effective participation of partners in the legal entity formed in the country, being it the final beneficiary of the awarded grant.

For the purposes of the present instrument, it will be understood that the CE has been created when the legal entity has been formed and established in the country.

The beneficiary entities of the instrument are legal entities of private law. As such, the instrument and its lines of intervention do not require a technical record to be backed up by the National System of Public Investment.

7. BUDGET

FONDECYT has as an objective to co-finance up to four (4) centers of excellence, in two (2) requests for proposals.

Each request for proposals consists of two (2) steps⁵, having performed the first step during the six (6) months of the current year, of which six (6) preliminary proposals were selected, which received a financing of up to S/.150,000 for the preparation of a final proposal, which must be presented for this second step.

The first request for proposal is foreseen to grant financing for one (1) CE, being able to be expanded in accordance with the budgetary availability of FONDECYT.

The total cost of these two request for proposals rises to S/. 83,184,000 Nuevos Soles, and must count on a cofinancing of S/. 240,000,000 Nuevos Soles.

7.1 MONETARY AND NONMONETARY CONTRIBUTIONS

The award granted through the FONDECYT for each CE will cover up to 25% of the total budget, not exceeding S/.20,000,000 Nuevos Soles for each CE. The award will be delivered through periodic disbursements during five (5) years. To this maximum award amount, the grant awarded in the First Step will be deducted (S/. 150,000 Nuevos Soles).

The member entities of the CE must co-finance at least 75% of the total budget of the CE approved by the FONDECYT, of which 35% correspond to monetary contributions and 40% to nonmonetary contributions; both apply to financial areas in which will be at the disposition of the CE annually during the five (5) years and in accordance with the Plan and Timeline of Activities. The transfer of monetary and nonmonetary contributions will be reported in the financial statements and economic reports presented to the FONDECYT.

The FONDECYT will contribute to the cofinancing of the proposal that results approved through the assignment of the grant, calculated on the cofinancing of the monetary and nonmonetary contributions of the member entities of the CE.

The annual disbursement of the grant carried out by FONDECYT to the CE winners will be in different steps with prior evaluation of meeting the goals and of technical and economical update and final reports. As a maximum, the FONDECYT may assign up to S/. 6 million soles annually per CE.

Chart 1

As shown in the example, in the case that FONDECYT awards up to S/.20,000,000 Nuevos Soles as a grant, the member entities of the CE are obligated to contribute the amounts indicated.
(In Nuevos Soles)

Financing	Amount Areas to be financed		Year					TOTAL S/.
	80,000,000	%	1	2	3	4	5	
Financing								

⁵ First Request for Proposal (Presentation of preliminary proposals)
Second Request for Proposal (Presentation of final proposals)

given by								
FONDECYT	20,000,000	25	2,000,000	6,000,000	6,000,000	3,000,000	3,000,000	20,000,000
Cofinancing of the CE (monetary)	28,000,000	35	2,800,000	7,000,000	7,000,000	5,600,000	5,600,000	28,000,000
Cofinancing of the CE (nonmonetary)	32,000,000	40	3,200,000	8,000,000	8,000,000	6,400,000	6,400,000	32,000,000
Total	80,000,000	100						

Note: the example is for reference for a maximum amount of S/.20,000,000 Nuevos Soles, the actual amounts in each proposal will be in function of the respective Agreements.

The FONDECYT will award financing for five (5) years. The first three (3) years will be awarded in accordance with that indicated in Chart 1. The following two years may be awarded in accordance to the requirements of the CE. The member entities of the CE must honor the monetary and nonmonetary resources conforming to the minimum percentages established and which is shown in both charts. The maximum amounts to be awarded during the first three years correspond to 10%, 30% and 30% speculatively of the total amount awarded by FONDECYT, as shown in Chart 2.

Chart 2
(In percentage %)

Financing	Amount Areas to be financed	%	Year					TOTAL %
	S/.80,000,000	%	1	2	3	4	5	
Nonreimbursed resources-FONDECYT	S/.20,000,000	25	10.00	30.00	30.00	15.00	15.00	100.00
Monetary resources-CE	S/.28,000,000	35	10.00	25.00	25.00	20.00	20.00	100.00
Nonmonetary resources-CE	S/.32,000,000	40	10.00	25.00	25.00	20.00	20.00	100.00
Total	S/.80,000,000	100						

For the last 2 years and on an exceptional basis, the percentages may be modified in accordance to the requirements of the proposal, without exceeding 100% in any of the forms of financing (grant, monetary and nonmonetary).

7.2 AREAS THAT CAN BE FINANCED

The proposal must distinguish between the activities that are proper to the lines of research and development, from those that are proper of the installation and operation of the CE in the country, which will have a general characteristic, including as much the financial activities by the FONDECYT, as the contributions carried out by different member entities of the CE.

AREAS	Concept
1. Human resources	Includes compensation (total) and fees of technical and professional personnel contracted by the beneficiary (transitory or definite), directly linked to the activities of the proposal (includes experts and/or counselors). The main

	<p>human resources of the project must identify themselves by annexing their curricular records.</p> <p>Additionally, it may also be budgeted in this account, the legal obligations (nonvoluntary) of Social Security, regarding the professionals contracted by the CE, which are in charge of the employer.</p> <p>It may be budgeted into this account, additional income of pre-existing personnel that performs additional work directly related to the project.</p> <p>Furthermore, readjustments and increases in compensation and fees may be budgeted for the different annual periods of execution. In the accountability of expenses, such readjustments and increases must be supported with the corresponding modifications of work contracts or services provided.</p> <p>It does not include the contracting of legal entities.</p> <p>Having met the obligations of protection and good use of public resources, FONDECYT will take measures to ensure that the payments of the man hours of researchers is adjusted to the market values and being justified.</p>
2. Operational expenses	<p>Corresponds to the direct expenses to the execution of the proposal, such as materials; renting physical space; transport, vehicle rentals; purchase of goods that cannot be inventoried related with the activities of the proposal; fare costs of national and international travel, being able to finance as a maximum the value equal to economic class; national and international travel costs; national and international exhibitor fees; financial cost of guarantees, insurance costs; activities of dissemination, training, for example: event organization (seminars, workshops, forums), company visits, exhibitions and publications.</p> <p>External activities may also be budgeted (for which the execution is contracted to 3rd parties) in this account, which must be identified in the application.</p> <p>The use of pre-existing installations, of which the participants hold any title at the moment of application, may not be budgeted against the grant.</p> <p>FONDECYT will take the safeguards and corrective measures to ensure that the amount of the financed expenses is reasonable and is adjusted to the planned objectives and to the market values.</p>
3. Investment expenses	<p>Corresponds to the expenses of equipment acquisition, immobilized fixed assets, improvements to goods that can be inventoried and/or adjustments of infrastructure, destined directly to the execution of the proposal activities.</p> <p>These expenses must be justified relating to its link with the proposal, and in the case of acquisition, it will be financed proportionally to the anticipated use of the same.</p> <p>The investment expenses may be accepted if they meet with the general requirements, independent of its form of financing.</p> <p>FONDECYT will only finance this item, as long as it is fully justified and allows the accomplishment of the objectives of the proposal. The percentage to co-finance by FONDECYT this account will have a maximum ceiling of 10% of the awarded grant and being able to be increased upon request, prior evaluation by part of FONDECYT.</p>
4. Administrative expenses	<p>Indirect expenses to the execution of this proposal may be budgeted against this account, such as basic services (electricity, water, gas, cleaning, Internet, telephone and mobile telephone), accounting services and administrative support personnel.</p> <p>FONDECYT will only finance this item, as long as it is fully justified and allows</p>

	the accomplishment of the objectives of this proposal. The percentage to co-finance by FONDECYT for this account, will have as a maximum ceiling of 5% of the awarded grant.
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7.3 COFINANCING

7.3.1 Of the International Center of Excellence – ICE

On an exceptional basis and only for the foreign centers of R&D, monetary contributions may be considered as the following:

Compensation and/or fees of research personnel such centers that perform activities in Peru, directly related with the projects or lines of investigation of the CE. In this case, only the research personnel that dedicates 100% of their work day to the activities proper of the CE will be considered.

Direct financing of R&D projects underway or to be started that are framed in the lines of investigation of the CE and are included as part of the work plan.

7.3.2 Of other participating entities of the CE

Monetary or pecuniary contributions may be considered as the following:

Compensation and/or fees of research personnel belonging to the CE that performs, in Peru, activities directly related with the projects or lines of investigation of the CE, corresponding to the fraction of time dedicated to them.

Compensation and/or fees of research personnel belonging to the CE that performs, abroad, activities directly related with the projects or lines of investigation of the CE, corresponding to the fraction of time dedicated to them. In this case, only the research personnel that dedicates more than 20% of its work day to the activities proper of the CE will be considered.

Direct financing of R&D projects underway or to be started and that is framed in the lines of investigation of the CE and which are included as part of the work plan. This financing must not come from grants of the Peruvian State.

The physical infrastructure of the CE (building) may be considered as a monetary contribution, as long as a paid contract exists respective to the period equal or greater to that scribes in the Grant Agreement signed with the FONDECYT, which may not exceed 1% of the total monetary cofinancing.

The equipment acquired by the universities, within the period of the Agreement, may form part of the monetary contribution, as long as the title is transferred to the CE. The value of the equipment is subject to 30% annual depreciation, taking into account the purchase date.

7.4 CRITERIA TO BE CONSIDERED IN THE MONETARY AND NONMONETARY CONTRIBUTIONS

In relation to the contributions of the member entities of the CE that count with the public support of funds from CONCYTEC, FONDECYT, FINCYT, among others, the resources financed by other funds, may not be recognized as counterpart monetary contributions to the proposal.

The committed contributions of all member entities of the CE must be documented through letters of contribution commitment at the moment of presenting the proposal, detailing the period in which the contributions will be delivered and the corresponding

items, indicating separately the value of the contributions, both the monetary and nonmonetary contributions.

8. PROPOSAL CHARACTERISTICS

The proposal must have an associative research proposal for the creation and operation of a CE, in which the University (centers of research and development) and the business sector participate, both Peruvian, in collaboration with an ICE. The proposal must have the technical, financial and legal records requested.

The proposals of CE creation must have the following characteristics:

1. Contribute to the obtainment of the objectives, results and impact of the CE.
2. Counts on a real commitment of the ICE through the mechanisms and compliance of the requirements that are established in the present document for the development of lines of investigation and generation of new capabilities in strategic areas for national competitiveness. The commitment must be expressed in terms of contributions to the creation and functioning of the CE (monetary and nonmonetary contributions).
3. Clearly presents its contribution in respect to the existing national capabilities and its complementarity with associated local entities, being of particular importance the research direction to be resolved, relevant problems for the country, advance the development, transfer and commercialization of technologies (example, relevance for local industries).
4. Present a Plan of Activities (list of activities with budget programming, timeline of objectives). Include the development of corporate CE projects (section 3 of the Specifications) as well as the lines of research and development applied in areas of clear relevance for the industry. The CEs will explain their strategy to perform the following activities, considered as essential in their proposal (and in line with the list of areas to be financed established in the present document):

Capable of translating the problems of the productive sectors in the lines of research and development of concrete and high quality solutions and future projection;

Interaction with the industry. Plans and/or proposals to establish contracts and/or collaboration in R&D which companies to apply the knowledge and the capabilities generated by the company needs; feasibility of future technological consortiums;

Present plans for the formation of researchers and their recruitment. Formation of highly trained personnel at the level of master and doctorate in R&D activities pertaining to the productive sectors.

Prepare a clear strategy of technological transfer to the business sector; and

Prepare a clear strategy of dissemination of its activities and results to the civil society.

5. Have expected efficiency of the proposed governance model (such as the conformation of the Board of Directors, counseling scientific committee, industrial committee, participation of the CE partners).
6. Characterization of the CE partners (example, count with an international recognition and plans of international collaboration).
7. Complementarity to the capabilities of different member entities of the proposal (equipment, experience, human resources).
8. Milestones for the attraction of international and entrepreneurial financing.
9. Expected efficiency of the proposed business and organizational model (example quality of principal directors).

9. APPLICATION

The request for proposal will be published on the website: www.concytec.gob.pe with the following information: instrument identification, date and place in which the specifications will become available, starting date for applications, email for consults and the medium for application.

The proposals will enter through the online platform available on the website <http://postulacion.concytec.gob.pe/ventanilla.web>. The documents attached in the electronic system must be in text documents, electronic forms or other files compatible with the system (such as doc, xls, jpg, pdf).

The final proposals for CE must mandatorily be presented in Spanish and English; proposals that are not in both languages will not be considered.

9.1 APPLICATION DOCUMENTS

- 9.1.1 The Centers of Investigation, institutes or laboratories of research that are affiliated with Peruvian universities, which qualify as a university, must present the following:

Copy of the Registration Record emitted by the Registry of Legal Entities of the Public Records (issued within the last 3 months) and the validity of the power of its directors or legal representatives. Include the official document of designation of the competent authority.

Resolution of Naming the Legal representative, authorized for signing agreements.

Letter of contribution commitment of monetary and nonmonetary cofinancing, duly signed (Annex 2).

Letter of a competent authority of each member entity of the CE which recognizes the Transitory Beneficiary.

Additionally, all legal records must be attached which serve as a form of verification to the documentation presented.

- 9.1.2 The applicant International Center of Excellence must present a sworn declaration pronouncing the following aspects:

Type of legal entity, complete name of legal entity and legislation in accordance to which it is formed;

issue date and type of document where it's legal constitution is found and its current statutes;

Objective of the legal entity according to its constitution and/or in its statutes;

Organism or person in charge of the administration;

Designation of the representative(s) of the ICE and document or act when confirms such designation;

Letter of contribution commitment of monetary and nonmonetary cofinancing, duly signed (Annex 2).

Letter of competent authority for each member entity of the CE recognizing the Transitory Beneficiary.

Additionally, all legal records must be attached which serve as a form of verification to the documentation presented

9.1.3 Relating to the Peruvian Entrepreneurial Associations or Business Groups⁶ with demand of R&D services

Financial statements, preferably audited, of the last 2 years.

Financial ratio reports and ROI

Brief institutional profile

Copy of the Board of Directors Agreement in which the amount of monetary and nonmonetary cofinancing to the CE is indicated

Letter of contribution commitment, duly signed (Annex 2).

Designation of the representative(s) of the entrepreneurial Association or companies and document in which such designation is found.

Additionally, all legal records must be attached which serve as a form of verification to the documentation presented

9.2 FINAL PROPOSAL OF THE CE

The final proposals for the creation of the CE must contain the following documents:

1. CE Proposal Summary
2. General objective and specific objectives of the CE
3. Characterization of the CE partners, confirming the following information:
 - a. Peruvian universities/centers of investigation:
 - Researchers (master/doctorate, h-index)
 - Scientific production of the institution and/or researchers (publications, cited work)
 - Infrastructure (equipment, laboratories, facilities, etc.)
 - R&D projects executed by the institution and its researchers (relationship, participating institutions)
 - Others.
 - b. International Centers for Excellence (ICE):
 - International recognition (institutional references, ranking, etc.)
 - Researchers (master/doctorate, h-index)
 - Scientific production of the institution and/or researchers (publications, cited work)
 - Infrastructure (equipment, laboratories, facilities, etc.)
 - Availability of financial resources (annual budget) of the last 3 years
 - Experience in the formation of human resources at the master and doctorate level.
 - Activities of technology transfer and commercialization of R&D results.
 - R&D contracts (relationship of collaborative institutions and budget)
 - Consortiums or associations with other institutions.
 - c. Companies or associations
 - Year of creation/year of starting operations in Peru.
 - Description of activities, market participation and relation with productive chains.

⁶

Includes companies affiliated with FONAFE and other public companies.

Research agenda / R&D service requirements (projects on hold, executed projects, justification).

Information characteristic to the business activity (number of employees, annual sales, etc.).

4. Brief description of the complementarity of capabilities.- Description in which the needs and capabilities of the proposed members and collaborators are articulated.

5. CE governance model.

The proposal must include the legal form of constitution and the governance model that ensures the adequate representation of the interests of the 3 categories of entities that make up the CE in the decisions of the same.

Additionally, the administrative organization of the CE must be included as well as a proposal of the Executive Director that ensures an adequate operation and management of public resources (model efficiency). Furthermore, the description of the conformation of the board of directors, counseling scientific committee, industrial committee, etc. must be incorporated.

The proposal must specify the modality of the monetary contributions of each member of the CE and accordingly to the phases of installation and operation, as well as the activities that it will perform to generate sustainable resources for future operation without public financing.

The proposal must include regulation proposals or management documents similar to that of:

Intellectual property established by the CE policy for the management of future rights and licensing of technologies.

The formation or generation of spinoffs or other companies that may result from the activities of the CE.

Personnel contracting, which includes:

- Salaries, fees or grants of researchers with market values, measured in man hours.
- Mechanisms to incorporate young professionals and researchers, students, etc.

6. Proposal for research program and technology development.

The Director of the CE must be identified, including a resume of his/her education and experience.

The proposal must specify the lines of investigation or scientific/technological problems and back them up in accordance to the priorities/needs of the productive sector. In this sense, the proposal must contain an identification of the research priorities and technology development of the productive sector, for which the Center for Excellence expects to attend from a global competitiveness perspective.

The proposal must present the R&D projects to be developed during the first 3 years of implementation of the Center for Excellence, including the relevant information for its evaluation, as preliminary relation of researchers involved, methodology, expected results, number of indexed publications that can be obtained, possible thesis subjects to be developed and presented to obtain a degree of Master or Doctor, etc.

The proposal must include R&D activities, technology transfer, and other activities that demonstrate additionality regarding that investigated and currently develops in the national R&D centers and contributes significantly to the development of capabilities in these areas, decentralized in the country. Additionally, the integration to international academic circuits will be valued.

7. Work plan and Timeline for each of the phases of implementation of the CE (installation and operation): the goals, activities and time frames must be described to reach the

general and specific objectives in 5 years. The work plan and timeline presented in the proposal will be annually adjusted taking into consideration the advances in its execution, the assumed commitments and other relevant aspects.

8. Strategic goals, indicators and time frames referred to the essential aspects of the CE.
9. Alignment of problems and opportunities of the productive sectors with the lines of high quality technological research and development and future projection.
10. Interaction with the industry. Plans and/or proposals to establish contracts and/or collaboration with R&D companies to apply the knowledge and capabilities generated by the needs of companies.
11. The plans of formation of researchers and their recruitment. Formation of highly trained personnel at the level of master and doctorate in R&D activities.
12. Implementation of technology transfer actions to the business sector.
13. Attraction of international and entrepreneurial financing for the activities of the CE.
14. Ample dissemination of its activities and research and management results, as long as it does not affect confidential information, such as trade secrets, information referred in patents, etc.
15. Impact of the CE to potentiate the economic development: dissemination and/or extension of the center to other sectors of the Peruvian society, multiplying effects, performance of specific activities conducing to the transfer and exploiting the research results, including training, services and other actions.
16. General financial plan and proposal (annual financial program) that must correspond to the Work Plan and Timeline.
17. CE business plan which demonstrates the technical, economic and financial viability of the proposal.
18. Proposal of associating with other national entities such as public research institutes and private centers of investigation where the research capabilities are presented which will be available to the Center for Excellence.

10. ANALYSIS OF LEGAL RECORDS

FONDECYT will verify the compliance of the requested legal requirements from the participants, being able to request during this analysis, through email, clarifications and/or additional or complementary records.

This information must be sent to FONDECYT to the email: ce@fondecyt.gob.pe, within 48 hours of its requirement.

If the minimum requested records are not presented, the proposal will not pass the prior steps.

11. TIMELINE

Concept	Start	End
Request for proposal (final proposals)	July 30	October 31
Online	Starting September 15	October 31
Evaluation	November 4	November 28
Results	Starting December 10	

12. SPECIFIC CRITERIA FOR PROPOSAL EVALUATION

The evaluation will be developed on for aspects:

- Pertinent criteria
- Project quality
- Expected impact
- Relevance, capability and characteristics of the CE and member entities.

12.1 CRITERIA PERTINENT TO THE CE

The following criteria will be considered in the evaluation of the “pertinence” of the proposed CE:

Alignment with the objectives of the instrument and consistency.

The alignment of the proposal with the general and specific objectives of the instrument will be verified, as well as the coherence between the objectives of the CE with the problems presented, consistency between the objectives, the activities and resources committed. The alignment of the concrete needs of the productive sector and the established prioritized technological areas will also be verified.

Pertinence of the member entities of the CE.

The quality of the members of the CE in regards to their characteristics indicated in section 4 will be verified, and must present validating records in the application.

Pertinence of the proposal in regards to the present and future productive challenges in Peru.

The applicability of the scientific and technological areas of competency of the proposed CE to resolve problems and take advantage of relevant opportunities of the consortium members and of the Peruvian economy, in general, will be verified.

12.2 PROJECT QUALITY CRITERIA

The evaluation will take into account the analysis of the following criteria:

12.2.1 R&D projects related to the lines of investigation

Relevance of the ICE to the lines of R&D presented and competitive position and leadership (measured by variables such as resources invested, publications, number of researchers, requested/granted patents, industry contracts).

Relevance to the lines of investigation and projects presented at an international level (such as publications, patents and total investments globally).

Additionality of the lines and projects (in regards to that investigated and developed currently with the universities and R&D centers in the country).

Proposal of the problem or opportunity.

Scientific/technological solution proposal.

Quality and foundation of the scientific hypothesis and technologic hypothesis.

Consistency of the general and specific objectives with the expected results.

Quality of the proposed methodology and coherence with the hypotheses, the objectives and proposed results.

Analysis of the state of the scientific and technological arts end of the pertinent technological business situation, competitive analysis of the proposed solution(s) in regards to alternate solutions taking into account key performance parameters from a user or client view.

Quality of the plan of activities and its coherence with the methodology, specific objectives, expected results, project budget, defined time frames and the human and physical resources available.

Adjustment of the budget to the development of proposed activities.

Adjustment of the physical resources (equipment, deletions, infrastructure, others) considered for the development of the proposed activities.

Work team for each project and line of R&D (such as capability and experience in research, in technologies and transfer, capabilities and experience of the project leads in conducting research projects).

Business opportunities associated with the lines of R&D and its projects (market size, added value to potential clients).

Business model for project or line of R&D (how income will be generated from the lines of R&D: licenses, services, new companies).

Capability to leverage additional resources from national and/or international sources.

12.2.2 Work plan

The work plan for the execution of the proposed CE must be described, including goals and activities which allow general and specific objectives to be reached, and the respective general financial plan and budget. Also to be included are the indicators in the time frames in the areas of the scientific proposal, formation of human resources, associativeness, collaboration and technology transfer.

12.2.3 Work team

Capability and experience of the executive office (Director or Manager of the CE) in the management of centers for excellence or R&D departments or of technological product development.

Capability and experience of the scientific directors in conducting pertinent lines of investigation.

Capability and experience of the work team the management, formulation, contracting, administration, monitoring and control of research and development projects.

Coherence of the research team and human resource structure, in regards to the objectives of the installation project and lines of investigation to be developed. The proposal must have a structure that allows the interaction between specialized and nonspecialized human resources, and the effective transfer of the know-how in applied investigation, technology development, technology transfer and commercialization of R&D.

Participation of highly trained personnel from the national research centers.

For these purposes, the following categories of CE research personnel, at the very least, will be differentiated:

Research personnel to be contracted by the CE, who will execute activities directly related with the proposal and/or lines of investigation in the country.

Research personnel of the CE, who will execute activities directly related with the proposal and/or lines of investigation in the country.

Foreign research personnel of the CE, who will execute activities directly related with the proposal and/or lines of investigation in the country. The application must specify the estimated duration of his/her stay in the country per phase.

Research personnel from the partners who will execute activities directly related with the proposal and/or lines of investigation in the country.

Research personnel to be contracted by the CE, or coming from the partners, if any, who will be trained at the CE.

Capability and experience of the team in technology transfer and business development based on similar technologies developed by the CE.

12.3 EXPECTED IMPACT CRITERIA

The following criteria are considered:

- 12.3.1 Contribution of the CE to the competitiveness of the business sector in which the CE participates and to the national industry - relevance to the lines of investigation and projects presented and its impact on the needs/opportunities of the local industry and its value chain.
- 12.3.2 Scientific and technological impact (such as generation of new technologies or improved technologies with application in production and markets, development of equipment, installations and differentiated scientific and technologic infrastructure).
- 12.3.3 Development of capabilities in the country (development of highly trained human capital in the country within research, specific technologies and technology/knowledge transfer).
- 12.3.4 Potential technological consortiums to be created in the applied research phase and in technology development.
- 12.3.5 Technological transfer (transfer of knowledge of the CE to the country into the member entities of the CE and transfer of knowledge and results of the CE to the final industry and service provider). Mechanisms of knowledge dissemination and axis to intellectual property rights by third parties.

13. EVALUATION CRITERIA AND WEIGHTING

CRITERIA	WEIGHTING
I. Relevance, capabilities and characteristics of the CE and dissipating entities University or national academic partners International Center for Excellence (ICE) partner Business sector partners	25%
II. Pertinence to the CE Alignment with the objectives of the instrument and consistency Pertinence to the member entities of the CE O pertinence of the proposal in regards to the present and future productive challenges in Peru	25%
III. Project quality Lines of R&D and its projects related to the lines of investigation Work Plan Work Team	25%
IV. Expected impact Contribution to the competitiveness of the business sector Generation of new technologies or improved technologies Formation of highly trained human capital in the country Potential technological consortiums Technology transfer	25%
TOTAL	100%

Excellent	Very good	Good	Regular	Deficient
5	4	3	2	1

For each of the criteria and sub criteria, the scoring will be from 1 to 5.

14. EVALUATION COMMITTEE

To facilitate the evaluation, FONDECYT will form a Management Committee of the request for proposal formed by a Technical Secretary and a Scientific-Technical Committee.

The Technical Secretary will be in charge of a coordinator designated by the Executive Director of FONDECYT and two (2) professionals of the Evaluation and Selection Unit of FONDECYT. This Secretary will be the technical support of the evaluation process up until the approval of the final Ranking Order Chart.

The Scientific-Technical Committee will be in charge of a coordinator designated by the Office of Policies and Programs of Ctel of CONCYTEC, who will designate:

- a. A Scientific-Technical Jury specialized in each of the areas related to the proposals for technical evaluation (lines of R&D and work plans) of the final proposals. Each jury may have up to 5 evaluators of international level, preferably foreign, of which 3 must be scientific experts, one businessperson related to the economic sector of the proposal, one engineer or expert economist in business plans.
- b. A Final Evaluation Panel, to which at least one foreign expert of international level for each CE proposal will be Incorporated, with experience in collaborative University-company investigation, innovation and technology commercialization in function of the proposed lines of investigation.

The Final Evaluation Panel will have the function of fully and strategically evaluating the proposals, starting from the valuations of each Scientific-Technical Jury.

The Management Committee of FONDECYT will prepare the Final Act where it must assign the duration of the project in the amount to be awarded, among others.

The Executive Office of FONDECYT will take the results of the request for proposals to the Governing Council for its ratification and approval.

15. EVALUATION OF PROPOSALS

The Technical Secretary will verify the documents presented in the application and report the files apt for evaluation.

ASSIGNMENT OF THE EVALUATING JURY

The Coordinator of the Scientific-Technical Committee will proceed to assign to each apt file, the Specialized Scientific-Technical Jury so that the Technical Secretary can link them to the Online Evaluation System.

SCIENTIFIC-TECHNICAL EVALUATION

Once the valuations have been performed online, the Coordinator will call the Specialized Scientific-Technical Jury to jointly review the qualifications awarded to each proposal and determine, if necessary, to interview the researcher that represents the CE.

The Jury will perform a consensus report with the strengths and weaknesses of each proposal. Only the qualified proposals with a grade of 3 or greater will pass to the next step (the maximum reference grade is 5, on which they obtain qualifications are applied according to the assigned percentages of the criteria).

On an exceptional basis, the foreign evaluators that are not in Peru will have access to participate in the evaluation process through videoconference.

FINAL EVALUATION PANEL

This panel will evaluate the collection of proposals considering all established criteria and performed evaluations. The evaluation process per panel considers the presentation of the proposal of up to 3 members of the CE, which will have up to 20 minutes in this phase, 10 minutes for the presentation of the proposal and 10 minutes for questions and answers.

The Jury will perform a consensus report with the strengths and weaknesses of each proposal, the same which will form part of the Act, as well as the prioritized listing of proposals to finance in rank order. The maximum reference grade is 5, no tie should exist.

The Governing Committee of FONDECYT will participate as an observer.

GOVERNING COUNCIL OF CONCYTEC

Will ratify the prioritized listing mentioned in the previous section, being those proposals with the greater scores to be selected to be financed in the request for proposal, in accordance with the available budget of CONCYTEC.

16. REQUIREMENTS FOR THE AWARDED PROPOSAL

Once the proposal has been approved, the beneficiary (transitory or definite) must comply with a set of requirements mentioned in the following.

16.1 INTELLECTUAL AND INDUSTRIAL PROPERTY

The CE must count with a clear and documented policy of protection and management of intellectual and industrial property.

The intellectual and industrial property rights that result from the research, development and other activities of the center of the property of the CE⁷. The participation and income generated by this property may be shared in function of the direct contributions of the CE, of the associated entities to its financing and execution. This must be established in the respective Agreements.

The participation and income generated by this property may be shared in function of the direct contributions of the CE and of the entities associated with its financing and execution.

The entrepreneurial participation in the CEs would give preferred access to the additional intellectual property created in the application of the technology. This must be established in the respective Agreements between partners.

All actions and transactions related to, or that directly or indirectly affect the intellectual and industrial property rights of which the CE is the rights-holder or has some right, must be reported to the Governing Council or Board of Directors of the CE, at least

annually and/or each time an action or transaction occurs that can be considered significant.

16.2 PUBLICATIONS AND DISSEMINATION

The publications must be performed in scientific journals of high impact and of most relevance to the respective industry or discipline, with co-authorship between national and foreign investigators.

16.3 CORPORATE GOVERNMENT

The CE must count with a Governing Council or Board of Directors which convenes regularly and has the explicit powers for its governance. Additionally, the CE must count with a scientific council and a business council, related to the field of investigation which provides the perspective of the sector in the determination of priorities.

The Governing Council will be formed by representatives of the institutions that participate in the CE, including the presence of CONCYTEC/FONDECYT, entity which will have the right to vote. As part of the scientific Council, international experts counselors must form part of it and must meet at least once a year.

16.4 CE PERSONNEL

In regards to the selection of the Executive Director or Manager, the following rules are established:

The Executive Director or Manager of the CE, or a corresponding title, must be a professional with a renowned international trajectory in the developed themes in the CE, as well as outstanding experience in the management of R&D centers, R&D departments or technological companies and with experience in transfer and commercialization of R&D and technologies.

The Executive Director or Manager must have no objection of FONDECYT at the moment of the first grant disbursement. In contrary case, the CE can name an interim director or manager for a maximum period of six months, which must also be signed by FONDECYT.

It is expected that the Director or Manager of the CE is exclusively dedicated to administer, manage and develop activities of the CE.

The Executive Director or Manager must contemplate meeting the objectives and goals of the CE and must be evaluated periodically. The results of such evaluation must be reported to FONDECYT in the reports.

If the performance results are poor, FONDECYT make object to the continuity of the Executive Director or Manager of the CE.

The research personnel will be composed of:

Principal researchers: each line of investigation must have a directly responsible principal researcher, as well as a joint researcher, one of the national and the other of the ICE, who must be explicitly identified in the application of the proposal. These responsible researchers in leading the lines of investigation must be of renowned trajectory.

Other researchers: national and international researchers that participate in the activities of lines of investigation to be developed. The CE must count with profiles and procedures of selection and contracting for all personnel of the center, as well as for contracting personnel for specific work:

- In the case of research personnel, a resume and letter of intent regarding his/her participation in the CE must be included.
- In the case of the management team of the CE, the required functions and work day must be detailed and justified. The CE must have an established compensation and fee scale available, differentiating hourly dedication and hierarchy scale compatible with those declared in other proposals of investigation financed with public resources. The research personnel must commit to the activities of the CE, the dedication of a percentage of his/her work day sufficient (no less than 20%) to achieve the defined results with the required quality in the established time frames and with the assigned resources.

17. AGREEMENT FORMALIZATION

Once the proposal has been approved, the formalization of the grant begins, process which requires the execution of tasks by the member entities of the CE and FONDECYT.

The formalization demands the following documents to the annexed:

I. In the case that the CE has not formed in the new Legal Entity, which will be as Definite Beneficiary, the following records must be presented in regards to the **transitory beneficiary**:

Simple copy of the constitution or creation document and its modifications.

Certificate that demonstrates the validity of power of the legal representative, not being greater than thirty days old.

Other records which FONDECYT believes pertinent and in accordance to the legal nature of the entity.

II. In regards to the member entities of the CE, the following must be presented:

Co-execution agreement(s)

FONDECYT may request, through email, clarifications and/or additional or complementary records.

If the requested documents were not entered within the timeframe indicated, the grant application will be withdrawn.

Having all the documents, a draft Grant Agreement will be held between the beneficiary (transitory or definite, accordingly) and FONDECYT; this document will have the rights and obligations of both parties. This will be sent via email to the beneficiary for acceptance.

The following annexes form part of the Agreement:

Budget

Timeline of Commitments

Teams

18. GRANT AWARDING

Once the agreement is signed by both parties, FONDECYT with prior corresponding guarantee award, which ever be the case, will award the first disbursement of the grant. The utilization of these resources will be rendered afterwards by the beneficiary through reports, which may be approved or rejected.

The delivery of the following disbursements will be contingent on the compliance of conditions indicated in section 18.3 of the guarantees and on the approval of technical and economic update reports.

18.1 Suspension of payments and expenses

The continuity of resource delivery will be subject to the budgetary availability of the FONDECYT as well as the evaluation performed on the update reports and the delivery of the respective guarantee documents.

FONDECYT may temporarily or permanently suspend payments if noted that the proposal is not being developed satisfactorily or that the beneficiary has not completely or partially met his/her obligations. In these cases, FONDECYT will take measures that it considers appropriate to correct the deficiencies identified or to set the proposal to an earlier finish date.

Additionally, the beneficiary will be obligated to inform FONDECYT and propose the earlier finish date of the proposal, if it is concluded that the same will not reach the expected results, not BL to execute the proposal within reasonable parameters, or when the committed contributions by part of the member entities of the CE are not known.

Prior to the formal communication of the agreement resolution that puts the earlier finish date of the proposal, FONDECYT may order the beneficiary to abstain from incurring expenses charged to the awarded grant. In this case, expenses may be accepted from activities performed up to the date of the communication.

FONDECYT reserves the right to verify the technical and economical information declared is consistent, and in the case that a serious inconsistency is noted, in addition to suspending the grant award, FONDECYT may end the Agreement ahead of time.

18.2 Guarantee

The transitory or final beneficiary must deliver a Letter of Guarantee of Faithful Use of the resources in favor of FONDECYT up to 10% of each awarded disbursement. This guarantee will have effect for at least three months after the date of presentation of the update or final report, accordingly.

This guarantee will be returned once FONDECYT approves the respective report and corresponding accountability. For the return of the guarantee corresponding to the last disbursement, in addition to the approval of the final report of the last phase and corresponding accountability, the total restitution of observed balances, non-expensed and not paid from the grant, is required.

The financial costs related to the indicated guarantee may be allocated as proposal costs to the account of Operational Expenses.

19. CE MONITORING

19.1 Availability and delivery of information

FONDECYT or whom the same designates, may perform revisions, field visits and require all technical and financial information that it believes necessary to verify if the proposal is being developed conforming to that stipulated, if the activities described in the reports correspond to actuality and to verify the correct use of grants resources.

To allow the verification of the compliance of objectives, appropriate foreseen execution, and the correct use of award resources, the beneficiary must meet the following:

- a. Meetings of CE progress.
- b. Surveys and interviews to CE personnel.
- c. External evaluation of technical update reports.
- d. Separately have a cost center for the accounting of the CE.
- e. Deliver the necessary support information and documentation which allows the corresponding verifications to be made. The beneficiary must maintain and conserve these documents for three years after the end of the grant.
- f. Deliver the required information and accountability.
- g. Grant FONDECYT all the availability and collaboration necessary for a visit and verify in the place of execution of the development activities and expenses made charged to the award.
- h. CE management audits.
- i. Others as required.

19.2 Expenses of the CE with the resources contributed by FONDECYT for the execution of the proposal cannot finance:

- a. Investments in Capital Markets, such as the purchase of actions, time deposits in national or foreign currency, mutual funds, debts (capital plus interest) or dividends.
- b. Taxes recoverable by the beneficiary, taking into consideration its legal nature and the applicable tax laws.
- c. Investments in nonessential capital goods, at FONDECYT's discretion, for the proposal.
- d. Expenses related to the activities performed by the member entities of the CE.
- e. Acquisition and/or construction of property. If the real cost of the proposal exceeds the total amount of that budgeted in its award, the beneficiary will be in charge of completing the difference produced, covering the greater cost of the proposal could have in regards to that calculated in order to meet that established in the same. Additionally, if the real cost of the proposal determined in accordance with the approved accounts by FONDECYT were less than the awarded budget, the beneficiary may redistribute the amount of the award that exceeds the percentage of approved cofinancing, prior authorization by FONDECYT.

19.3 Expenses within the timeframe of the agreement

Expenses may be made starting from the signing of the Agreement, in the terms established in section 7.3 Areas to be financed of the Specifications. Therefore, the lack of Grant Agreement formalization will not allow for claim compensation or reimbursement.

19.4 Monitoring and reports

FONDECYT may monitor the activities performed by the beneficiary, including the member entities of the CE and contracted third parties, without prior notice. For these purposes, regarding activity contracting with third parties, the ability to monitor and control must be present in the contracts signed by the beneficiary with such entities, being responsible for the noncompliance of its obligations in case of omission, and if from the same, difficulties arise to perform the monitoring activities already mentioned.

Nevertheless, FONDECYT does not assume the co-direction or co-execution of the proposal; the beneficiary has the exclusive responsibility of proposal execution. The beneficiary must comply with the delivery of reports, in accordance to the schedule established in the respective Grant Agreement. These reports must contain (as a minimum) the individualization of performed activities, the results obtained and not obtained, and the accounting during the period to report.

The Grant Agreement will contemplate the final report delivery, which must be presented to FONDECYT within 30 calendar days following the execution expiration date of the grant.

Notwithstanding that mentioned previously and in accordance with the nature of the proposal, the grant agreement will contemplate the delivery of update reports whose timeline will be determined by FONDECYT, taking into account the proposal characteristics, the activities of the same, the results and its own budgetary availability.

The timeline of reports may be modified by FONDECYT, prior substantiated request by the beneficiary.

FONDECYT may request Extraordinary Update Reports during determined periods in function of the monitoring of the proposal activities, without modification of the Grant Agreement in this case.

The Monitoring Unit of FONDECYT will give its approval or will formulate observations in the Update Reports, Extraordinary Reports and Final Report within 45 calendar days, except in duly justified situations and authorized by FONDECYT, starting upon receipt of materials or upon field revision.

For the removal of observations emitted by the Monitoring Unit of FONDECYT, the beneficiary will have 10 calendar days, except in duly justified situations and authorized by FONDECYT.

When this last term has transpired without the report being reentered in compliance, a fine will begin to be computed for the noncompliance of the opportune delivery of reports indicated in the final paragraph of this section.

FONDECYT will demand the modification of the expiration dates of the guarantee if the beneficiary delivers a report after the timeframe, notwithstanding the corresponding applicable fines.

19.5

Modifications to the proposal

Modifications to the proposal may be introduced in any of the phases as long as these do not alter the nature and general objective of the same. The modifications demanded by FONDECYT, those made by the beneficiary and subject to later ratification by FONDECYT, and those approved from prior request by the beneficiary, will be entered by the executive in charge of the proposal.

In accordance with the regulations governing FONDECYT, the requests will be presented with due justification and time through email directed to the Unit of Monitoring. Once entered, they will be presented for consideration to the organism indicated in the next session, and the decision will be communicated to the beneficiary of its approval or rejection.

19.6 Reassignment of funds between accounts: in function of the good development of the proposal, FONDECYT may reassign funds between the different accounts with the purpose of improving its execution process and facilitate the achievement of its objectives.
The beneficiary may introduce modifications of equal nature, requesting prior authorization from FONDECYT.

19.6.1 Prior authorization: A request for reassignment of funds between accounts for a non-rendered period must be sent to FONDECYT with due justification and time via email directed to the Monitoring Unit of FONDECYT. FONDECYT will decide the pertinence or not of the request.

19.6.2 Ratification: FONDECYT may recognize those reassignments between accounts that are performed without prior authorization, as long as they are converted to being qualified as “pertinent” in the financing of activities (that is, that they have allowed the facilitation in achieving objectives of the proposal), and do not exceed 15% of the awarded subsidy for the respective rendered period. In the case of the not counting with the technical validation, FONDECYT will object the expense and will not recognize it for its rendering purposes.

19.7 Changes of professionals and personnel dedicated to the CE:
The beneficiary must effectively dedicate committed personnel to the execution of the proposal. He/she may change the principal professionals identified as such in the same as long as those who replace them have appropriate quality to perform such functions, with FONDECYT being able to formulate observations of the replacements if at its judgment they are not suitable. The circumstance that generates the need for the replacement, jointly with the proposal of the replacement, must be communicated to the Monitoring Unit of FONDECYT within a term of 15 calendar days starting from the occurrence. If FONDECYT rejects all or some of the replacements, the beneficiary must propose new substitutes in a period of 15 calendar days starting from the communication of the rejection. If all or some of the proposed replacements were again qualified as lacking suitability by FONDECYT, a early finish date of the proposal will be set.

The expense incurred in reimbursements of personnel replacement alluded to in the prior paragraph will be rejected if it does not meet the approval of FONDECYT.

19.8 Modification in the Developed Investigation Lines
The Definite Beneficiary may request to incorporate new lines of investigation to be developed in Peru, suppress existing ones and replace them with others, as long as they are within the same field of investigation of the CE. FONDECYT must know of such change and approve it, being able to request an end of the proposal if at its judgment, the objectives of the same would not be met.

19.9 Of the Transitory Beneficiary and the Definite Beneficiary.
The CE may opt to sign the Grant Agreement through a transitory beneficiary, according to that indicated in section 17 Agreement formalization of the respective Specifications.

The CE will have six months counting from the notification of the completes processing of the respective Grant Agreement between FONDECYT and the Transitory Beneficiary

to grant the constitution instrument of the legal entity in Peru, which will assume the quality of Definite Beneficiary.

The time periods indicated in the prior paragraph may be extended prior substantiated request of the CE to the Monitoring Unit of FONDECYT before the expiration of the original timeframe.

The transitory beneficiary will have 60 calendar days to present an Update Report to FONDECYT with the contents indicated in the Specifications, counting on that the legal entity that will assume the quality of Definite Beneficiary has been formed and has started activities, as well as including all records that support this circumstance.

Starting on the date of report delivery indicated in the prior paragraph, the transitory beneficiary, as such, will not be able to perform more expenses charged to the grant of FONDECYT.

Once the CE is formed, in other words the Definite Beneficiary, and such circumstance is reported to FONDECYT, the Legal Counsel Unit of FONDECYT will proceed to determine if the legal entity that has been established in Peru meets with all the prior requirements in this instrument and will inform of such circumstance to the Monitoring Unit.

With merit of such information, the Grant Agreement will be held between the Definite Beneficiary and the Committee of FONDECYT, in which the transitory beneficiary also will appear, with the purposes of passing all goods, rights and obligations from the respective grant agreement and to pronounce in the same act, the respective settlement. Additionally, the Definite Beneficiary must assume that performed by the transitory beneficiary, having to manifest its conformity with that reported by the latter in regards to the budgeted activities and to the use of resources.

For all legal, contractual and pension purposes as well as others linked to the Subsidy Agreement held between the transitory beneficiary and FONDECYT, the Definite Beneficiary or CE will be, and understood as, continuing the transitory beneficiary, circumstance that must be indicated and expressly accepted by that entity in the new Subsidy Agreement referred to in the prior paragraph.

Expenses incurred by the Definite Beneficiary in the execution of the proposal may be accepted, starting from the cutoff date of activities of the report indicated previously. The lack of formalization of a new subsidy agreement to be held with the Definite Beneficiary will not allow for claim compensation or reimbursement.

20. REPORT PUBLICITY; DISSEMINATION AND TRANSFER OF RESULTS

Notwithstanding that previously mentioned, and for the purposes of the Institutional Repository of CONCYTEC or the system that substitutes or replaces it, the information that FONDECYT receives through the update and final reports will be made available to the public, in accordance with that declared by the beneficiary, which must be together with the delivery of the respective reports. In such Annex, the activities and results of the CE will be indicated by the beneficiary and will be published by FONDECYT.

The dissemination and transfer of results will be performed according to that established in the proposal.

FONDECYT will be able to freely disseminate and without any limitations, mentioning authorship when needed, all public information that it receives through the reports.

The CE authorizes CONCYTEC, from the signing of the Grant Agreement, to utilize and distribute written or audiovisual material relative to the proposal.

During the execution, the beneficiary is obligated to the following:

- a. Provide FONDECYT with information regarding the activities and grant the necessary ability for such.
- b. Support and actively participate in the events performed by FONDECYT to promote the partial and final results of the proposal.
- c. Disseminate and transfer the results in accordance with that established in the proposal and according to that required by FONDECYT.
- d. Transfer the results in the form described in the proposal.
- e. Label the official documents, equipment, capital goods, works and constructions of the proposal so that the contribution of CONCYTEC/ FONDECYT for its execution is noted, within one month of its acquisition or performance. Additionally, all public activity that is made for its dissemination, be it at its end or during its execution, as well as in written or audiovisual media, the financial support received by CONCYTEC/FONDECYT must be expressly indicated.
- f. Send survey answers, reports or other information regarding the intermediate or final results when requested by FONDECYT after the end of the proposal, and for a period of five years, the beneficiary is obligated to respond to surveys, send reports and provide any other information on the intermediate or final results or impact of the proposal, when requested by CONCYTEC/FONDECYT.

21. INTELLECTUAL AND INDUSTRIAL PROPERTY OF THE RESULTS

Notwithstanding that mandated in section 16.1 Intellectual and industrial property, the appropriate results obtained from the execution of the proposal, as well as all information, inventions, technological innovations, procedures, plans and other documents, will belong to the CE and to the other member entities according to that stipulated. Consequently, it will correspond to the beneficiaries and other participants to protect in the corresponding registries, the eventual creations, patentable inventions or the property rights on the results of the activities of the CE. Additionally, it will be of its exclusive responsibility to concentrate the sensitive information in the chapters of the report destined for the purpose.

22. TIME EXTENSION AND END OF PROPOSAL

22.1 Extension of the execution

FONDECYT may extend, upon beneficiary requests, the execution of a proposal, and consequently, the timeframe of the Agreement, in serious circumstances, of transitory character, which impede normal execution. The extension must be substantiated, prior meeting with beneficiary.

The extension request must be substantiated in circumstances not attributable to the CE and must be accompanied by records that justify it. The request must be made to the Monitoring Unit of FONDECYT. The Executive Office of FONDECYT will decide the pertinence when will pronounce the decision, communicating it to the beneficiary.

22.2 End of agreement

The Agreement ends once FONDECYT gives its approval to the final report of the last phase of the proposal, and the Grant Agreement will be understood as terminated once the beneficiary meets all remaining obligations, including the return of non-spent and not executed balances, resulting from the revisions of reports.

22.3 Early end of agreement

22.3.1 Early end of the proposal by causes not attributable to the beneficiary: FONDECYT may end term early in the following situations:

Noncompliance of the results or milestones established in the proposal, by lack of diligence of the beneficiary, duly qualified by FONDECYT.

Unfavorable technical update report evaluations emitted by a second evaluator related to the viability of achieving expected results or that the beneficiary would not be able to deliver the contribution portion under their responsibility evaluated by FONDECYT.

Other non-attributable causes to the lack of diligence of the beneficiary in the performance of its activities related to the budget, duly qualified by FONDECYT.

At the beneficiary request and with the acceptance of FONDECYT, the early end date of the Agreement will be understood starting the date of the request.

The beneficiary must deliver a final closing report within the timeframe established in the Resolution of early end date, which may not exceed 30 calendar days starting from the date of receipt of the same. The beneficiary must return all non-spent or non-rendered balances of the grant that it holds in its power at the end date indicated in the respective resolution. For the calculation of the balance to return, in all cases, interest of Law accrued will be included to the date of effective reimbursement, conforming to that established in articles 1242 and after of the Civil Code.

22.3.2 Early end of the proposal by facts or actions attributable to the beneficiary: FONDECYT may end term early in the following situations:

- a. Making monitoring difficult.
- b. Noncompliance of financial control and technical activities.
- c. Omit communication to FONDECYT regarding aspects of counterpart contribution delivery from the member entities of the CE of its responsibility.
- d. For there to exist a disagreement between the technical and/or legal information declared and the actual.
- e. Noncompliance of the results or milestones established in the proposal by cause attributable to the lack of diligence of the beneficiary, duly qualified by FONDECYT.
- f. For there to exist duplicity in the rendition of expense documentation or simulation of actions or contracts or valuation of expenses greater than market value or false/adulterated accounting documents (such as receipts, tickets, credit or debit notes).
- g. Other causes related with the noncompliance of the proposal contemplated in the Specifications and the respective Agreement.

In the previously indicated cases, the beneficiary must return the totality of the grant received for the corresponding phase on the date that FONDECYT communicates, in written, the early end date of the proposal. The return must be made within 15 calendar

days starting from the notification of the early end date to the beneficiary. FONDECYT will make the guarantee effective if the beneficiary does not perform the return within the fixed time frame.

In all cases, the return will include interest of Law accrued to the date of effective reimbursement, conforming to that established in articles 1242 and after of the Civil Code.

23. GENERAL OBLIGATIONS

The CE must comply with the specific norms that regulate the activities that are proposed to be executed in the context of the proposal, having to gather and include if necessary, all authorizations and certifications required of the pertinent public organisms.

Additionally, the researchers of projects financed by FONDECYT must comply with the current regulations and the standards that regulate the scientific activity in the areas found in the proposal.

FONDECYT reserves the right to directly gather an independent pronouncement regarding ethical/bioethical and/or biosecurity aspects, when considered necessary, as well as to audit ethical/bioethical and/or biosecurity aspects of projects, taking measures it sees pertinent when finding discrepancies or noncompliance in regards to the approved protocols.

INSURANCE

The beneficiary must take, in its name, insurance that provides adequate coverage for all risks involved in the execution of the activities of the CE, including the destruction or disablement, by fortuitous causes, the goods acquired in all or in part charged to the grant awarded by FONDECYT.

In those cases that, when a total or partial loss of equipment destined for the CE occurs and the insurance contracted does not totally or partially replace such equipment which ever be the cause indicated by the insurer, the beneficiary will be directly responsible for the replacement.

Additionally, notwithstanding that set forth in the previous paragraph, the beneficiary will be directly responsible in the event that there is no current insurance at the moment something occurs that produces a loss, damage, or harm to the equipment. FONDECYT will set the terms of replacement of the equipment, in the case is indicated in this paragraph. Additionally, FONDECYT will set an early end date to the agreements, if it determines in a substantiated manner that the occurrence is of such magnitude that makes the continuation of the Agreement impossible.

The cost of the insurance maybe allocated to the account of operational expenses.

24. SANCTIONS

Those CEs that have a delay in the compliance of the presentation of its technical and economic reports, its registered members in the proposal will not be able to apply for their any grant of FONDECYT in the future, until the compliance of the obligation.

FONDECYT reserves the right to demand the return of a pending amount of the report of grant awarded, to the noncompliance without just cause of the conditions established in the present Specifications or to records or reports being altered.

In case of withdrawal before signing the Agreement, FONDECYT will proceed to emit the resolution which nullifies the award of such grant, and will immediately proceed to declare an

alternate winner, according to the rank order. If the withdrawal has not been adequately supported, the registered members in the proposal of the CE will be able to apply to grants financed by FONDECYT for the next five (5) years.

25. CONSULTS AND ORIENTATION

Consults must be directed to FONDECYT at email:
ce@fondecyt.gob.pe
<mailto:ce@fondecyt.gob.pe>

The answers to the consults performed within 30 calendar days, starting from the publication of the Specifications, will be published on the website of CONCYTEC.

Additionally, once the Request for Proposal is open and during the process of formulation, it is recommendable that the applicants communicate with FONDECYT and requests guidance in respect of their initiative, for which FONDECYT will have suitable personnel available for such purpose. In no case will such guidance imply the performance of a pre-evaluation or judgment in relation to the proposals, and will not be opposed to the application of the proposal, which will be evaluated in accordance to the criteria that are established in the Specifications.

26. FINAL PROVISIONS

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| FIRST | FONDECYT will subscribe to the Agreement having in view the Agreements of Co-Execution signed by all member entities of the CE. |
| SECOND | FONDECYT has a new request for proposal foreseen for the year 2015. All interested parties, within the terms of the request for proposal, may apply with their proposals, needing to meet all the demands described in the Specifications. |
| THIRD | The Grant Agreement may contemplate nonregulated aspects in the present specifications, safeguarding the interests of the instrument. Unforeseen cases will be resolved by the Executive Office of FONDECYT. |
| FOURTH | Once the administrative process has been exhausted on those CEs that do not comply with the Agreement and Specifications, the Legal Counsel Unit of FONDECYT will raise the case to the Public Attorney's Office of the Sector for the recovery of funds. |