



## GRANTS OPERATIONS MANUAL



**REPUBLIC OF CROATIA**  
**MINISTRY OF SCIENCE, EDUCATION AND YOUTH**  
Donje Svetice 38, Zagreb 10000, Croatia

# **DIGITAL, INNOVATION, AND GREEN TECHNOLOGY PROJECT (DIGIT PROJECT)**

IBRD LOAN NO. 9558-HR  
PROJECT ID: P180755



## **GRANTS OPERATIONS MANUAL**

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## Abbreviations and Acronyms

AI	artificial intelligence
CfP	Call for proposals
CfPs	calls for proposals
CHMP	Cultural Heritage Management Plan
CSF	Croatian Science Foundation
DIGIT Project	Digital, Innovation, and Green Technology Project
DNSH	Do no significant harm (principle)
E&S	environmental and social
EC	Evaluation committee
EHSG	Environment, Health and Safety Guidelines
EIC	European Innovation Council
EPO	European Patent Office
ERC	European Research Council
ERDF	European Regional Development Fund
ESCAP	Environmental and Social Code of Practice
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESSs	Environmental and Social Standards
ET	Evaluation team
EU	European Union
EUR	euro (currency)
FAQ	frequently asked questions
GfA	Guidelines for Applicants
GIIP	Good International Industrial Practice
GOM	Grant Operations Manual
GRM	Grievance Redress Mechanism
IBRD	International Bank for Reconstruction and Development
ICT	information and communication technology
IFC	International Finance Corporation
IP	intellectual property (portfolio management)
IPF	Investment Project Financing
IPR	intellectual property rights (strategy)
IT	information technology
LEED	Leadership in Energy and Environmental Design (sustainability standards)
M&E	monitoring and evaluation
MSCA	Marie Skłodowska-Curie Action
MSEY	Ministry of Science, Education and Youth
N/A	not applicable
NAP	non-academic placement
NBS	Nature-based solution principles
NDS	National Development Strategy of the Republic of Croatia until 2030
NRRP	National Recovery and Resilience Plan 2021-2026
OECD	Organization for Economic Co-operation and Development

<b>PAD</b>	Project Appraisal Document
<b>PCC</b>	Programme for Competitiveness and Cohesion 2021-2027
<b>PF</b>	Postdoctoral fellowship, Call for proposals under Marie Skłodowska-Curie Action
<b>PIU</b>	Project Implementation Unit
<b>PoC</b>	Proof of Concept
<b>POM</b>	Project Operations Manual
<b>PRI</b>	public research institutes
<b>R&amp;D</b>	research and development
<b>RDI</b>	research, development, and innovation
<b>RI</b>	research infrastructure
<b>RO</b>	research organization
<b>Roadmap</b>	Research Infrastructure Development Roadmap of the Republic of Croatia 2023-2027
<b>RRF</b>	Recovery and Resilience Facility
<b>RTI</b>	research, technology and innovation
<b>S3</b>	Smart Specialization Strategy 2029
<b>SEP</b>	Stakeholder Engagement Plan
<b>SIIF</b>	Investment in Science and Innovation – First Call
<b>SIPO</b>	State Intellectual Property Office of the Republic of Croatia
<b>SMEs</b>	small and medium-sized enterprises
<b>STEM</b>	science, technology, engineering and mathematics
<b>TRL</b>	technology readiness level
<b>TT</b>	technology transfer
<b>TTF</b>	Technology transfer fund
<b>TTO</b>	technology transfer office
<b>US\$</b>	United States dollar (currency)
<b>VAT</b>	value added tax
<b>WB</b>	World Bank
<b>WIDERA</b>	Widening Participation and Strengthening the European Research Area
<b>WIPO</b>	World Intellectual Property Organization

## Definitions

In this document, the following terms and expressions should be interpreted as explained hereafter:

1. «Applicant» is a public or private entity that intends to submit or has submitted a sub-project proposal to the funding program under Sub-grant schemes.
2. «Beneficiary» is the signatory to the Sub-grant Agreement, which receives the funding, claims costs, and takes complete responsibility for the proper implementation of the proposed sub-project.
3. «Call for proposals» or «CfP» is an invitation for funding a sub-project issued by the Ministry of Science, Education and Youth (MSEY).
4. «Concept note» is a summary of a sub-project proposal containing a description of the idea of the sub-project and the objectives to be pursued.
5. «Double funding» means eligible expenditures have not been previously financed by grants from any public source (including from the EU) nor will they be financed more than once besides the DIGIT Project sub-grant.
6. «Environmental and Social Commitment Plan» or «ESCP» means the Environmental and Social Commitment Plan for the DIGIT Project, which sets out the material measures and actions that shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the DIGIT Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
7. «Environmental and Social Management Framework» means the framework guiding E&S (environmental and social) due diligence and sustainable implementation of Project activities in line with the World Bank E&S Policies (ESF) consisting of (but not limited to): the set of general mitigation, monitoring, institutional and screening measures and procedures envisaged in the project preparation phase and mandatory for the technical assistance to be complied with under the DIGIT Project as well as for the activities under the Sub-project infrastructure and scientific activities to be taken to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, including the measures and information required for the preparation of site-specific E&S instruments such as Environmental and Social Management Plans (ESMPs).
8. «Environmental and Social Management Plan» or «ESMP» means a site-specific environmental and social management plan prepared, as required, in accordance with the Environmental and Social Management Framework (ESMF).
9. «Environmental and Social Standards» or «ESSs» means, collectively: (i) «Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts»; (ii) «Environmental and Social Standard 2: Labor and Working Conditions»; (iii) «Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management»; (iv) «Environmental and Social Standard 4: Community Health and Safety»; (v) «Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement»; (vi) «Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources»; (vii) «Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities»; (viii) «Environmental and Social Standard 8: Cultural Heritage»; (ix) «Environmental and Social Standard 9: Financial Intermediaries»; (x) «Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure».
10. «EU funds» refers to financial resources allocated by the European Union (EU) to support a wide

range of projects and programs across member states and beyond.

11. «Full application» or «Application» is a sub-project proposal, submitted by the Applicant.
12. «Guidelines for Applicants» or «GfA» provide essential information for the submission of sub-project applications. Also, GfA provide information on the evaluation process that will follow and contractual conditions that will apply to successful applicants.
13. «Horizon Europe» means the research and innovation framework program adopted by the EU for the 2021-2027 period for research and innovation.
14. «Implementation Agreement» means the agreement to be entered between the MSEY, and the Croatian Science Foundation (CSF), which shall include the responsibility to assist MSEY in the implementation of the Sub-grant schemes (under Component 2) through supporting and training connected with Horizon Europe for applicants/beneficiaries, conducting the selection process of sub-project proposals, and monitoring the implementation of sub-projects.
15. «Program» refers to concrete activities, i.e. call for proposals designed to support science, technology, and innovation ecosystem.
16. «Research organizations» are public and private organizations that meet the definition of organizations for research and dissemination of knowledge, i.e. entities whose goal is to independently conduct fundamental research, industrial research, or experimental development or to introduce the results of these activities to the general public through lectures, publication or transfer of knowledge.
17. «Seal of Excellence» means a formal acknowledgment extended by the European Commission to a project proposal submitted to and evaluated under a Horizon Europe calls for proposals, certifying that the project proposal, which could not be financed with EU funds due to budgetary constraints, exceeds predefined quality thresholds.
18. «Spin-off» is, in accordance with the National Guidelines for Technology and Knowledge Transfer, an enterprise based on technology developed by a research organization (RO). There are two types of spin-offs: a spin-off company with licensed technology and a spin-off company in which the RO has an ownership stake (technology/intellectual property can be brought into the company as a non-financial stake) or a combination of these.
19. «Sub-grant» means a grant made or proposed to be made, pursuant to the provisions of a Sub-grant Agreement and in accordance with the criteria and procedures set forth in this Grants Operations Manual by MSEY to an eligible Beneficiary for financing a sub-project, and to be financed out of the proceeds of the Loan.
20. «Sub-grant Agreement» means an agreement to be entered into between the MSEY and a Beneficiary, for financing and implementing a sub-project.
21. «Sub-grant schemes» means, collectively, the schemes or programs for extending sub-grants to Beneficiaries under sub-components 1.1, 1.2, 2.1, and 2.2 of the DIGIT Project following this Grant operational manual (GOM).
22. «Sub-project» means a sub-project carried out by a Beneficiary using a sub-grant under one of the Sub-grant schemes.
23. «Technology readiness level» is a type of measurement system used to assess the maturity level of a particular technology. Each technology project/sub-project is evaluated against the parameters for each technology level and is then assigned a TRL rating based on the project/sub-project progress. TRL 1 is the lowest and TRL 9 is the highest:
  - TRL 1: Basic principles observed;
  - TRL 2: Technology concept formulated;
  - TRL 3: Experimental proof of concept;
  - TRL 4: Technology validated in a lab;



- TRL 5: Technology validated in a relevant environment (industrially relevant environment in the case of key enabling technologies);
- TRL 6: Technology demonstrated in a relevant environment (industrially relevant environment in the case of key enabling technologies);
- TRL 7: System prototype demonstration in an operational environment;
- TRL 8: System complete and qualified;
- TRL 9: Actual system is proven in an operational environment (competitive manufacturing in the case of key enabling technologies, or in space).

# 1. Introduction

## 1.1. About the DIGIT Project

The Government of the Republic of Croatia and the International Bank for Reconstruction and Development (IBRD), as part of World Bank (WB), have signed the Loan Agreement (Loan No. 9558-HR) for the **Digital, Innovation, and Green Technology Project (DIGIT Project)** in the amount of EUR 106 million on June 28, 2023.

The DIGIT Project will facilitate the digital transformation and the green transition of the economy, increase resources for applied research and experimental development, and support the efforts of the Croatian government to strengthen its institutional capacity to deliver research and innovation policies. Activities under the DIGIT Project will finance research and innovation through Sub-grant schemes, with a focus on digital and green, and will complement and enhance the effectiveness of investments and build the capacities of institutions to deliver on this agenda. The DIGIT Project will also support reforms envisaged in the National Recovery and Resilience Plan 2021-2026 (NRRP), the Croatia Smart Specialization Strategy 2021-2029 (S3), Programme Competitiveness and Cohesion 2021-2027 (PCC), and activities important for the country's accession to the Organization for Economic Co-operation and Development (OECD).

Croatia has devoted significant policy efforts towards digitalization, with 20% of NRRP funds designated towards this goal and at least 37% for green transition and climate change mitigation. The DIGIT Project will support the achievement of the goals outlined in NRRP component C3.2, which focuses on the reform of research and innovation policies and the strengthening of capacities for research and development in the research and business sectors.

Key reforms in the NRRP component and strengthening of capacities in the public research sector include:

1. Reforming the science and academic research sector system to achieve global standards of excellence and innovation creation;
2. Developing research capacities, with an emphasis on human potential in STEM (science, technology, engineering and mathematics) and information and communication technology (ICT) fields;
3. Reforming research and innovation financing through a new institutional framework and programs for research, technological development, and innovation, especially in the areas of ICT, artificial intelligence, robotics, biotechnology, and green technologies.

Both, the DIGIT Project and the S3 strive to bolster Croatia's research and innovation ecosystem and enhance the competitiveness of Croatian businesses. The S3 seeks to direct investment and policies towards specific key enabling technologies and research, development, and innovation, with green transition, and digital transformation as prominent cross-cutting topics. Industry is increasingly pivoting towards carbon reduction while consumers demand greater environmental accountability. This especially applies to high-carbon industries related to transport, energy, agriculture, and resource management such as wood and water. Croatia's S3 dedicates ample consideration to advanced technologies and solutions, which may support the sustainable agenda. According to the latest Digital Economy and Society Index (DESI), Croatia is moderately positioned relative to its European Union (EU) counterparts. The digital transformation is a maturing process that has sped up in the aftermath of COVID-19. With many daily activities and necessities moving online, the line between physical and digital has largely blurred. As cities, vehicles, personal devices, and real-time data become

interconnected, smart becomes the rule and not the exception. To keep up with this mass migration, Croatia must find ways to push its industries into the next generation of interaction, trade, and commerce. With institutional willingness and a sound foundation in e-commerce and information technology (IT) skills, Croatia has a unique opportunity to expand its digital ecosystem.

The DIGIT Project supports PCC objectives through the following activities:

1. Modernizing research infrastructure: The DIGIT Project funds support the upgrade of physical and digital infrastructure in Croatian research institutions, providing researchers with the necessary tools and resources to conduct cutting-edge research. This aligns with the PCC goal of enhancing the capacity of research institutions to conduct high-quality research.
2. Strengthening research management: The DIGIT Project supports the development of new institutional funding models for research institutes and provides support for engaging professional research managers. This is aligned with the PCC's goal of improving the management and governance of research institutions.
3. Promoting technology scouting activities: The DIGIT Project funds technology scouting initiatives to identify technology needs in the private sector, and connect research institutions with industry partners to address those technology challenges that first are facing. This aligns with the PCC goal of fostering the commercialization of research findings and supporting innovation in the private sector.
4. Bridging the gap between academia and industry: The DIGIT Project supports pilot programs that bring together researchers and industry representatives to collaborate on innovation sub-projects, fostering knowledge transfer and accelerating the commercialization of research findings. This aligns with the PCC goal of strengthening the collaboration between research and business sectors to promote innovation and economic growth.

The DIGIT Project will provide financial support to select sub-projects through a Sub-grant scheme. This scheme is designed to allocate targeted funds to foster innovation and development within the framework of the project's goals.

## **1.2. Purpose of the Grants Operations Manual**

This Grant Operational Manual (GOM) provides general information and guidance on Sub-grant scheme programs envisaged under the DIGIT Project. It provides details such as program descriptions, type of calls for proposals (CfPs) and sub-grant amounts, eligible sub-projects and beneficiaries, selection criteria, and type of eligible activities and costs. In addition, this GOM provides information about general requirements for sub-grants (including environmental and social (E&S)), procedures for the management of Call for proposals (CfP), procedures of sub-project selection and contracting, and specific issues related to the implementation of sub-projects. It aims to ensure transparency, accountability, and efficiency in the handling of grant funds, facilitating the successful implementation of funded sub-projects.

**In case of any inconsistency between any provisions of the GOM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.**

### 1.3. Revisions of the GOM

The GOM is a working document that will be reviewed regularly and amended to reflect new requirements and best practices. As such, it is subject to modification based on the specific requirements. This document and related annexes may be amended by agreement of the Ministry of Science, Education and Youth (MSEY) and the WB.

Changes to the GOM are recorded in the table below.

*Table 1. Changes of the document*

Document version	Date	Description of revisions
2	May 15, 2025	<p>This version of the GOM introduces several procedural and structural updates, with a focus on improving clarity, consistency, and alignment with the implementation needs of the DIGIT Project. The main changes include:</p> <ul style="list-style-type: none"> <li>– Terminological and editorial updates for improved consistency and readability (e.g. Abbreviations and Acronyms, Definitions, sections 2.2., 4.3., 6.3., 6.5.).</li> <li>– Revised total and minimum scores for proposal evaluation (sections 3.2.4.-3.7.4.).</li> <li>– Revised sub-grant intensity for the Technology transfer fund (section 3.2).</li> <li>– Streamlined application procedure and revised sub-grant intensity for the Technology scouting program (section 3.3).</li> <li>– Streamlined application procedure and revised sub-grant amounts and sub-grant intensity for the Pre-commercial digital and green R&amp;D support program (section 3.5).</li> <li>– Clarified justification and objective of the Challenge Program (section 3.6).</li> <li>– Refined descriptions of the Seal of Excellence and Routes to Synergies sub-programs (section 3.7).</li> <li>– Updated Exclusion list (section 4.1).</li> <li>– Updated guidance on application submission, including procedures in case of technical issues and precedence of CfP documentation (sections 5.1.-5.2.).</li> <li>– Clarified evaluation roles, distinguishing between Evaluation Committees and Evaluation Teams (section 6.1).</li> <li>– Defined sub-project implementation rules, emphasizing CfP-specific procedures (section 7).</li> <li>– New provision for implementation packages to be provided by PIU/MSEY and/or CSF (section 7).</li> <li>– Expanded visibility guidance, including reporting obligations for media coverage (section 7.5).</li> <li>– Updated Concept note template (Annex I.).</li> <li>– Updated rules on the implementation of procurement procedures for non-obligators of the Law on Public Procurement (Annex III.).</li> <li>– Updated Environmental and social screening questionnaire template (Annex VII.).</li> </ul>
3	August 18, 2025	<p>This version of the GOM introduces focused updates to improve procedural clarity and support effective implementation of the DIGIT Project. The main changes include:</p> <ul style="list-style-type: none"> <li>– Revised description of the Program and eligibility criteria for Research, technology, and innovation infrastructure sub-projects, allowing strategic justification based either on ministerial funding approval or formal strategic</li> </ul>

		<p>designation (section 3.1).</p> <ul style="list-style-type: none"> <li>– Expanded scope of the Seal of Excellence sub-program to include additional Horizon Europe calls for proposals (section 3.7).</li> <li>– Defined eligible activities for relevant Horizon Europe calls for proposals (section 3.7.5).</li> <li>– Adjusted part regarding CfP direct award procedures in accordance with the revised eligibility conditions in section 3.1 (section 5.1).</li> </ul>
<b>4</b>	December 19, 2025	<p>This version of the GOM introduces updates related to two programs under Component 2 of the DIGIT Project. The main changes include:</p> <ul style="list-style-type: none"> <li>– Updated scope of the Technology Scouting program, including revised expected results and introduction of eligible costs for contractual research knowledge and patent-related services (section 3.3).</li> <li>– Revised description of the Pre-commercial digital and green R&amp;D support program to reflect its additional focus on social innovation and broader list of eligible partners (section 3.5).</li> </ul>
<b>5</b>	February 17, 2026	<p>This version of the GOM introduces updates related to the eligible activities:</p> <ul style="list-style-type: none"> <li>– Updated exclusion list: The exclusion list has been amended to allow testing only on specifically defined groups – invertebrates (insects, Daphnia and the like, and cnidarians), small rodents (mice and rats), and fish that are not endangered or protected species, while all other animals, including larger rodents and other mammals, are explicitly excluded.</li> </ul>

## 1.4. Legal Framework

The legal basis for the GOM is the Loan Agreement between the Government of the Republic of Croatia and the International Bank for Reconstruction and Development (IBRD), as part of WB, dated June 28, 2023 (Loan No. 9558-HR).

The adoption of the GOM is one of the conditions for disbursement of funding under the DIGIT Project, as defined in the Loan Agreement.

## 2. DIGIT Project sub-grant funding principles

### 2.1. DIGIT Project components and sub-components

The DIGIT Project consists of two (2) components and four (4) sub-components:

#### **Component 1: Enabling institutional conditions for digital and green research and innovation**

Component 1 provides technical assistance and financing to strengthen institutional capacities for research, development, and innovation (RDI) support, address information asymmetries for green and digital technology adoption, foster industry-science linkages, support the professionalization of research centers, and improve the research and technology infrastructure.

##### *Sub-component 1.1: Strengthening the institutional infrastructure for research and innovation policy*

This sub-component aims to improve the institutional capabilities and infrastructure for RDI. The activities under sub-component 1.1 will strengthen the MSEY's ability to deliver on the green and digital mandates while furthering other strategic agendas and improving research excellence. Funding for key RDI sub-projects will address financing gaps for infrastructure, create incentives for public research organizations (ROs) to implement reforms, improve general conditions for digital and green research, and help bridge the gap between research and the business sector.

##### *Sub-component 1.2: Strengthening the effectiveness of research and innovation financing*

This sub-component provides complementary resources to enhance the effectiveness of research and innovation financing. The activities under sub-component 1.2 aim to support policies and program management aspects that are necessary to boost the effectiveness of EU funds for research and innovation. These include soft support services for applicants, piloting new interventions and supporting the peer review process.<sup>1</sup> Additionally, the sub-component will provide pre-screening toolkits for digital and green diagnostics in firms and technology scouting services to match business needs with technological possibilities at public ROs. This will complement and improve the effectiveness of EU-funded investments related to digital transformation and green transition. Finally, support will be provided to professionalize ROs, many of which were created through EU funds, to improve their business orientation and operational and management capacities.

#### **Component 2: Programs for digital and green research and innovation**

Component 2 provides sub-financing to cover the gaps in the program mix, as well as to improve the targeting of research and innovation support to digital and green technology.

##### *Sub-component 2.1: Pre-commercial digital and green R&D support*

Sub-component 2.1 will provide funding for pre-commercial digital and green research and development (R&D) and a mission-oriented challenge program. Sub-grants for pre-commercial digital and green R&D will be geared toward sub-projects conducted in cooperation between ROs and firms. They will focus on R&D sub-projects for green and digital solutions in the early technology readiness level (TRL) stages. The funding will target sub-projects demonstrating the potential for inter-sectoral synergies (e.g., interdisciplinary consortia) and sub-projects that address the green-digital intersect as they may yield heightened additionally. Examples could include applied research in energy storage, carbon capture systems, smart grid technologies, artificial intelligence, and machine learning in transportation, etc. This

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<sup>1</sup> The Project Appraisal Document (PAD) refers to new pilot interventions under sub-component 1.2. The intervention has since been determined and appears herein as the *Technology transfer fund*.

instrument will help by developing sub-projects that may be further scaled through existing EU and national funds, and available commercial financing sources.

The Challenge program will provide sub-grants and matching sub-grants for R&D sub-projects implemented by consortia comprised of firms and ROs to develop forward-looking solutions for digitalization and green transition, including improving climate change mitigation and adaptation or resilience. Financing under the Challenge program will target a yet to be determined mission, aligned with the priority areas included in the S3, prioritizing those areas that have not received NRRP or other financing.

#### *Sub-component 2.2: Synergies program*

Sub-component 2.2 will provide funding to support high-quality sub-projects that receive Horizon Europe Seals of Excellence (sub-program Seal of Excellence). Sub-grants and matching sub-grants will be awarded to such sub-projects to complement Horizon Europe, expand the number of beneficiaries, improve the quality and commercial prospects for domestic research and innovation, and garner more interest in the Horizon Europe program overall. This instrument fills a critical funding gap in the current Horizon Europe scheme since the program is extremely competitive and challenging to obtain for ROs and firms from new EU member states. Additionally, through this sub-component, the DIGIT Project will provide support to beneficiaries who received funding from the European Regional Development Fund (ERDF), Recovery and Resilience Facility (RRF), or similar funding instruments for R&D (sub-program Routes to Synergies). This sub-program aims to prepare consortia/beneficiaries for successful participation in Horizon Europe with an array of supporting activities that contribute to their coordination capacities, internationalization, valorization, and technology uptake.

## **2.2. Governance**

The MSEY is responsible for the overall implementation of the DIGIT Project and governs the Sub-grant schemes. The Project Implementation Unit (PIU), established by the MSEY, leads day-to-day the DIGIT Project implementation, undertaking responsibility, such as financial management and procurement, monitoring sub-project progress, and conducting impact evaluation, ensuring compliance with social and environmental standards, preparing the DIGIT Project reports, and coordinating and collecting inputs from the relevant ministries and stakeholders. The PIU consists of the Project manager and core specialists for procurement, financial management, environmental and social standards, and communication. Implementation structure of the DIGIT Project is described in the Project Operations Manual (POM).

The management of the Sub-grant scheme is divided according to procedures within two (2) components. Within both components, the MSEY/PIU is responsible for publishing indicative dates for the opening of CfPs, preparing and publishing CfPs (and corrigenda, if any), receipting (online) proposals and preparing proposals for evaluation, preparing and sending of award decisions, signing sub-grant agreements (and addendums), publishing of Sub-grant agreements list, and making payments to beneficiaries, E&S instruments quality, implementation supervision and reporting, monitoring sub-project progress and irregularities, and ethics review processes. Each sub-project and its activities (unless otherwise agreed with the World Bank) must undergo environmental and social screening and assessment compliant with the Environmental and Social Management Framework (ESMF), and consequently, the Environmental and Social Framework (ESF). Based on the E&S screening and assessments, the beneficiaries shall prepare an Environment and Social Management Plan (ESMP) or ESMP Checklist (for smaller works and activities) as part of the sub-project proposals. The scope of such plans shall be commensurate to the types and complexity of E&S risks. This could involve

preparation of stakeholder engagement activities to promote development benefits through inclusive and meaningful engagement with relevant stakeholders. The MSEY and PIU implement an established Grievance Redress Mechanism (GRM), and provide a monitoring and evaluation (M&E) specialist and Help Desk Team on an as-needed basis. The Help Desk Team will provide support and training connected with the preparation and implementation of sub-projects for applicants/beneficiaries. The MSEY/PIU will conduct stakeholder engagement activities in line with the DIGIT Project Stakeholder Engagement Plan (SEP). The stakeholder engagement activities will be coordinated by PIU's social specialist and implemented in coordination with the beneficiaries. The activities will be of joint responsibility, but they will be coordinated, monitored and reviewed by the MSEY/PIU. The beneficiaries have to be involved in the stakeholder engagement activities and support the PIU team in implementing those activities. Within Component 1, the MSEY and PIU will conduct the selection process of sub-project proposals (by establishing an Evaluation Committee (EC)), prepare sub-grant agreements (and addendums), and monitor the implementation of sub-projects.

The MSEY will sign an Implementation Agreement with the Croatian Science Foundation (CSF) related to the implementation of Sub-grant schemes within Component 2. Subject to the signed Agreement, the CSF will provide implementation support by conducting the selection process of sub-project proposals, preparing and signing sub-grant agreements (and addendums, if applicable), and monitoring the implementation of sub-projects. The Horizon Europe Unit will be established at the CSF and will be made up of experts for support and training of applicants/beneficiaries. The CSF will develop its own GRM, and the person responsible for the CSF GRM will report monthly to the PIU on received and processed grievances. Procedures within an individual component and responsibility are in the next table.

*Table 2. Procedures within an individual component and responsibility*

Procedures	Component 1	Component 2
Publishing indicative dates for the opening of CfPs	MSEY/PIU	
Conducting stakeholder engagement activities in line with DIGIT Project SEP	MSEY/PIU	
Preparing and publishing CfPs (and corrigenda, if any)	MSEY/PIU	
Support and training connected with the preparation and implementation of sub-projects for applicants/beneficiaries	MSEY/PIU – Help Desk Team	
Support and training connected with Horizon Europe for applicants/beneficiaries	N/A	CSF – Horizon Europe Unit (only sub-component 2.2)
Receipting (online) proposals and preparing proposals for evaluation	MSEY/PIU	
Conducting the selection process of sub-project proposals	MSEY/PIU – Evaluation Committee	CSF – Evaluation Committee
Environmental and social screening and assessment compliant with the ESMF, and consequently, the ESF	MSEY/PIU	
Preparing and sending of award decisions for each sub-project	MSEY/PIU	
Preparing and signing sub-grant agreements and their addendums (with beneficiaries)	MSEY/PIU	CSF (preparing and signing) MSEY/PIU (signing)
Publishing of Sub-grant agreements list	MSEY/PIU	
Monitoring the implementation of sub-projects	MSEY/PIU	CSF MSEY/PIU (payments)



		makes to beneficiaries)
Monitoring sub-project progress, including monitoring of irregularities	MSEY/PIU	
Establishment and implementation of the Grievance Redress Mechanism (GRM)	MSEY/PIU (overall management) and Contractor's GRM (contact for grievances within sub-component 1.1)	MSEY/PIU (overall management) and CSF GRM (contact for grievances)
Ethics review process	MSEY/PIU – Ethics Review Committee	

In Sub-grant schemes, the beneficiary's roles contribute to the successful implementation of the funded sub-projects. The primary roles of beneficiaries in such schemes are:

- **Sub-project Implementation:** Beneficiaries are primarily responsible for carrying out the sub-projects as outlined in their proposals. This includes managing the day-to-day activities, ensuring that the sub-project milestones are achieved, and that the sub-project remains aligned with the agreed objectives.
- **Financial Management:** Beneficiaries manage the financial aspects of the sub-grant, ensuring that funds are used appropriately and in accordance with the Sub-grant agreement. This involves keeping accurate financial records, adhering to budgetary constraints, and ensuring transparency in financial reporting.
- **Compliance:** They must comply with the regulatory and policy requirements set by the MSEY/PIU and the CSF. This includes adherence to legal, ethical, environmental and social, and safety standards relevant to the sub-project and its implementation.
- **Reporting:** Regular reporting on progress, financial status, and outcomes is a critical role of beneficiaries. These reports are essential for the MSEY/PIU and the CSF to monitor progress, evaluate the impact of the sub-grant, and make decisions regarding future funding.
- **Collaboration and networking:** Beneficiaries often need to collaborate with other stakeholders, including other research groups, industry partners, and public entities. Building and maintaining these relationships are vital for resource sharing, enhancing sub-project outcomes, and ensuring the broader applicability and sustainability of the sub-project results.
- **Capacity building:** Beneficiaries are expected to contribute to capacity building within their organization and beyond. This could involve training staff, enhancing infrastructural capabilities, or fostering a culture of research and innovation.
- **Sustainability and impact maximization:** Beyond the lifecycle of the sub-grant, beneficiaries are expected to seek ways to sustain the sub-project outcomes. This might involve seeking additional funding, commercializing research outputs, or integrating successful sub-project strategies into regular operations.
- **Dissemination of results:** Beneficiaries are responsible for disseminating the results of the sub-project to a broader audience, which could include academic publications, conferences, public engagement, and through media. This not only promotes transparency but also enhances the visibility and impact of the research and sub-project.

These roles ensure that the sub-projects funded under sub-grant schemes are executed efficiently, comply with all necessary regulations, and lead to sustainable outcomes that align with both the goals of the beneficiaries and the objectives of the funding organization.

### 3. Types of Sub-grant schemes

Programs for extending sub-grants to beneficiaries are listed in the following table.

Table 3. Sub-grant schemes

Name of the Program	Sub-component of the DIGIT Project	Type of Call for proposals	Program allocation (in EUR)
Research, technology, and innovation infrastructure sub-projects	1.1: Strengthening the institutional infrastructure for research and innovation policy	CfPs for direct award (one for each sub-project)	51,000,000.00
Technology transfer fund (piloting new interventions)	1.2: Strengthening the effectiveness of research and innovation financing	Permanent open CfP	1,000,000.00
Technology scouting		Permanent open CfP	2,000,000.00
Professionalization of research centers		Temporary open CfP	5,000,000.00
Pre-commercial digital and green R&D support	2.1 Pre-commercial digital and green R&D support	Temporary open CfP	10,000,000.00
Challenge program		Temporary open CfP	15,000,000.00
Synergies program	2.2 Synergies program	Permanent open CfPs	15,000,000.00
<b>Total:</b>			<b>99,000,000.00</b>

#### 3.1. Research, technology, and innovation infrastructure sub-projects

The DIGIT Project will address gaps in the availability of access to quality equipment and research infrastructure. The selection of infrastructure sub-projects will consider a set of non-exclusive criteria, including contribution to digital transformation and green transition, demand from the business sector, performance-based funding reform, and lagging region development. The intervention supports investment in infrastructure of strategic importance and high research potential. Also, investment is planned to have a synergetic effect with investments financed through the NRRP, and is aligned with the S3 and the Research Infrastructure Development Roadmap of the Republic of Croatia 2023-2027 (Roadmap).

The European Structural and Investment Funds mainly financed investments in research, technology, and innovation (RTI) in Croatia. The MSEY started by forming the indicative list of the RTI projects from 2011 and during the programming period 2014-2020 this list was used for selection and financing under the RDI grant scheme. This list contains many projects, which are still waiting for funding. The indicative list includes projects funded under the *Preparation of RDI Infrastructure Projects* grant scheme by MSEY (ERDF). Under this grant scheme, preparatory activities (preparation of project and investment documentation) for 36 projects were funded. However, the scope of investments under the DIGIT Project is not limited to projects included in the aforementioned indicative list.

The main stakeholders in Croatia's research sector are public higher education institutions (HEIs), public research institutes (PRIs), and other research entities that still operate in conditions unfavorable to innovation. The basic infrastructure for conducting technology transfer (TT) resides within the public

research sector, HEIs, and PRIs, which is fragmented and lacks up-to-date research funding resource management and incentives for cooperation between science and business. Larger investments in research and technology infrastructure are still required.

Given that Croatia lacks quality research infrastructures (RIs) that would create strong and lasting links between science and industry in key S3 areas, it is certainly recommended that future investments strengthen the development and enhance the quality of such infrastructure in the sub-projects which would maximize the social, economic, and environmental benefits of such investments in areas with greatest science and industry potential in Croatia.

The DIGIT Project will invest in the modernization and upgrade of RIs, in line with the NRRP (if applicable), the S3, and the Roadmap. The S3 acknowledges that Croatia has to continue with large-scale investments in modern infrastructures, which amounted to around EUR 358 million in the period 2016-2020, and increase investments in applied research, which would create links between science and the business sector to collaborate in the development of innovations and enable their collaboration. The potential of collaborative R&D is limited by outdated infrastructure, especially the one aimed at industrial research, experimental development, and testing/certification.

The Program objective is the following:

- Strengthening the capacity of the strategically important infrastructure that directly contributes to the strengthening of human capacity for scientific research and cooperation with the business sector.

### **Expected results**

RI should be used to strengthen the capacity of researchers for excellent scientific research and collaboration with the business sector, with a particular focus on clean technology, greening, and digital transition. The Program is expected to boost the capacity of students and researchers to conduct excellent research and increase the number of collaborative research projects with foreign researchers and with the business sector. Also, this is in line with the objectives and anticipated results of sub-component C3.2 of the NRRP.

At the level of the Program's objective, progress will be monitored by the following indicators:

- Number of researchers using improved research infrastructure facilities;
- Number of research infrastructure projects completed with the DIGIT Project support.

#### **3.1.1. Type of Call for proposals and sub-grant amount**

Sub-projects will be funded through direct award procedures (CfP for direct award (one for each sub-project)) and must be signed no later than December 31, 2026. All sub-project activities and payments should be completed by the end of December 2028.

Within this Program, a EUR 51 million budget is planned for sub-grants. The maximum sub-grant amount for one sub-project is EUR 45 million, while the minimum is not determined. The sub-projects can be cumulatively financed from different sources of financing such as the NRRP, PCC 2021-2027, etc.

The intensity of sub-grant support for ROs will be up to 100% of eligible costs.

### 3.1.2. Eligible sub-projects

The DIGIT Project will prioritize investments in sub-projects that align with national strategies and contribute to the development of technological and scientific capacities essential for Croatia's competitiveness. The sub-project must be based on a justification note demonstrating strategic relevance, and must either be approved for funding by the MSEY, or be declared as a strategic project by the MSEY, in accordance with the definition of a strategic project.

Strategic project
A project that directly contributes to the achievement of one or more strategic goals in relevant strategic documents (NRRP, Roadmap and S3), and has a significant and long-lasting impact on the overall development of Croatia/the development direction of the National Development Strategy until 2030. The project is declared as strategic by the Minister of Science, Education and Youth, based on a justification note that refers to the selection criteria in 3.1.4.

The general eligibility criteria for a sub-project are the following:

- The sub-project has a feasibility study and/or fully prepared technical documentation for the construction works for RI, including a building permit (as applicable), and other necessary documents according to Guidelines for Applicants (GfA);
- The sub-project must be in accordance with the objective of the Program and must contribute to the defined indicators;
- The sub-project includes eligible activities and costs;
- A sub-project team is planned by the sub-project;
- The anticipated duration of the sub-project is in line with defined deadlines;
- At the time of submitting the sub-project proposal, the sub-project is not physically or financially completed, nor must the sub-project be completed before the signing of the Sub-grant Agreement;
- The sub-project is ready for the start of the activities and their completion in accordance with the proposal and set timeframes;
- The sub-project is implemented in an acceptable geographical area, on the territory of the Republic of Croatia;
- The sub-project is following the provisions of all relevant national legislative acts and specific rules and requirements of the World Bank;
- The sub-project respects the principle of non-cumulativeness, i.e. it does not represent double financing;
- The amount of requested sub-grant is within the prescribed allowable amount of sub-grant funds;
- The sub-project can be low to moderate risk project for environmental and social (based on the WB E&S Policies criteria and ESMF Section 3.3. Risk Classification Guidelines);
- The sub-project activity is not listed on the International Finance Corporation (IFC) exclusion list of activities (Section 4.1.), not otherwise excluded by the ESMF;
- The sub-project is in accordance with sections 4.3., 4.4., and 4.5. of this document.

### 3.1.3. Eligible beneficiaries

Eligible beneficiaries are Croatian research organizations. The applicants must prove that at the time of application, they are not in any of the exclusion situations listed in each call for proposals for direct award. In addition, public research organizations (public higher education institutions and public research institutes), that have signed performance-based funding agreements will be taken into account when identifying investment priorities.

### 3.1.4. Selection criteria

Sub-project minimum selection criteria are as follows:

- **Excellence** will be evaluated based on the scientific dimension, which encompasses scientific and technological excellence, cooperation, and the possibility of internationalization.
- **Potential** will be evaluated through the strategic dimension, which assesses the relevance of the infrastructure in relation to national and EU development goals and priorities, and the socio-economic dimension, focusing on the research infrastructure's contribution to sustainable development goals, including assessments of socio-economic impact, and the impact on education and training.
- **Feasibility** will be evaluated based on management and sustainability, focusing on effective sub-project management, quality of implementation plan and preparatory work, financial plan and funding framework, beneficiary strategy and access policy (including open access policy and management plan), and risk monitoring and management.

In the CfPs, a checklist will be determined based on which the evaluation process will be carried out. The checklist will be based on a qualitative classification and will refer to the aforementioned selection criteria. The response to each question on the checklist will include brief narrative explanation justifying the action taken.

If the sub-projects are also financed from the NRRP, the procedures of the NRRP will also be applied.

### 3.1.5. Eligible activities and costs

General eligible activities are as follows:

- Construction and equipping of the infrastructure;
- Sub-project management activities;
- Promotion and visibility.

All works financed under this Program will be guided, where financially and technically feasible, by the principles of the Leadership in Energy and Environmental Design (LEED) sustainability standard, in support of climate adaptation and mitigation objectives, particularly regarding energy efficiency. Formal LEED certification is not required for project approval.

The main sets of eligible costs are as follows:

- Costs of construction works;
- Costs of necessary contributions and fees (e.g. water contributions, utility contributions, connection costs to the electricity grid, gas, administrative fees);

- Costs of external professional services if they are related to the implementation of infrastructure of the sub-project (in accordance with the Law on Spatial Planning and Construction Activities and Activities (Official Gazette 78/15, 118/18, 110/19) and WB policies);
- Costs of purchasing interior and IT equipment;
- Costs of purchasing instruments and research equipment;
- Personnel cost (salaries expenses);
- Sub-project management costs;
- Costs of consultancy services for the preparation and implementation of public procurement;
- Publicity and visibility costs;
- Non-refundable VAT.

### **3.2. Technology transfer fund (piloting new interventions)**

Technology transfer consists of five following stages: forming an idea, from ideas towards a product, commercialization, aftercare and controlling, and intellectual property (IP) portfolio management. The problems that firms, ROs and technology transfer offices (TTOs) face are the lack of knowledge and financial capacity for technology transfer, especially after the first stage. This Program will make it possible to bridge that gap.

The Technology transfer fund (TTF) involves a strategic initiative to support the transfer of technology and knowledge from laboratories and operational environments to the commercial market. Such a fund is established to bridge the gap between innovation and practical application, ensuring that scientific breakthroughs lead to tangible products, services, or processes that benefit the economy and society. The TTF aims to catalyze partnerships between research organizations and industry, encourage investment in research and development, and foster an ecosystem where innovation can thrive, ultimately driving economic growth.

The TTF can fund sub-projects that are complementary interventions to the existing Proof-of-Concept (PoC) program. The PoC program is one of the longest-standing innovation programs in Croatia supporting pre-commercial testing of innovative concepts. PoC projects focus on testing whether the research concept can lead to a tangible commercial outcome. The TTF can support successful sub-projects emerging from the PoC pipeline and finance the continuation of activities.

Additionally, the MSEY launched „*Investment in Science and Innovation – First Call*“ (SIIF) (financed by ERDF), through which more than 20 projects were funded. Projects implementations concluded during 2023, aiming to increase market-oriented R&D activities by supporting collaborative sub-projects of research organizations and disseminating results into the business sector to address market shortcomings due to insufficient investment in research and development, thereby raising the level of high-quality research, development, and innovation activities in Croatia. The TTF can be implemented to ensure the continuity of activities of those projects, which would continue to finance activities necessary for achieving project indicators.<sup>2</sup>

The TTF is essential for moving research innovations from laboratories and operational environments to the marketplace. It serves to convert scientific and technological advancements into commercially viable products or services, fostering economic growth and enhancing industry competitiveness.

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<sup>2</sup> PoC and SIIF are included here as examples of programs that have contributed to creating a pipeline of projects with innovation potential. The TTF may not be limited only to the projects financed through those two programs.

The Program objective is the following:

- Strengthening the effective transfer of technology and knowledge from laboratories and operational environments to the marketplace and increasing the commercialization potential of research.

Overall, the TTF aims to increase relevance of the scientific research and development through the creation of new products relevant to the economy and society.

### **Expected results**

The expected result of the TTF is to significantly boost the transfer of technology and commercialization of research outcomes. The TTF aims to raise the technology readiness level (TRL) of sub-projects, ensuring that innovative solutions reach the market more efficiently and effectively.

Technology transfer is the process by which new inventions are turned into products and commercialized. This is typically done through multiple steps with one of the two potential outcomes: a) licensing of intellectual property to corporations, and b) the establishment of start-up companies - spin-offs (applicable for ROs).

At the level of the Program's objective, progress will be monitored by the following indicators:

- Number of research and development contracts or intellectual property licensing agreements established between research organizations and commercial entities;
- Number of established spin-off firms.

These indicators reflect the fund's effectiveness in fostering technology transfer and the commercialization of research innovations.

### **3.2.1. Type of Call for proposals and sub-grant amount**

This Program is conducted through a permanent open Call for proposals, which follows a two-stage application procedure: (i) Concept note submission; and (ii) Full application submission. A Concept note is a summary of a proposed sub-project, while a Full application provides a comprehensive plan for implementing the sub-project.

The Call for proposals is open from the date of publication until the funds are used, and no later than December 31, 2027. All sub-project activities and payments should be completed by the end of December 2028.

Within this Program, a EUR 1 million budget is planned for sub-grants.

The financial support provided by the Program will be in the form of sub-grants:

- Minimum sub-grant amount of EUR 10,000;
- Maximum sub-grant amount of EUR 70,000.

The intensity of sub-grant support for ROs will be up to 100% of eligible costs, while for firms it should not exceed 80% of eligible costs.

### **3.2.2. Eligible sub-projects**

Only applicants who have submitted a successful Concept note will be invited to submit a Full application.

The general eligibility criteria for a sub-project are the following:

- The sub-project must be in accordance with the objective of the Program and must contribute to the defined indicators;
- The sub-project includes eligible activities and costs;
- A sub-project and research teams are planned by the sub-project;
- The anticipated duration of the sub-project is in line with defined deadlines;
- At the time of submitting the sub-project proposal, the sub-project is not physically or financially completed, nor must the sub-project be completed before the signing of the Sub-grant Agreement;
- The sub-project is ready for the start of the activities and their completion in accordance with the proposal and set timeframes;
- The sub-project is implemented in an acceptable geographical area, on the territory of the Republic of Croatia (except costs of travel and costs for general legal counsel and IP services abroad);
- The sub-project is following the provisions of all relevant national legislative acts and specific rules and requirements of the World Bank;
- The sub-project respects the principle of non-cumulativeness, i.e. it does not represent double financing;
- The amount of requested sub-grant is within the prescribed allowable amount of sub-grant funds;
- The sub-project can be low to moderate risk project for environmental and social (based on the WB E&S Policies criteria and ESMF Section 3.3. Risk Classification Guidelines);
- The sub-project activity is not listed on the IFC exclusion list of activities (Section 4.1.), not otherwise excluded by the ESMF;
- The sub-project is in accordance with sections 4.3., 4.4., and 4.5. of this document.

### **3.2.3. Eligible beneficiaries**

Eligible beneficiaries are Croatian research organizations and small and medium-sized enterprises (SMEs), as defined in the Commission Recommendation 651/2014<sup>3</sup>. Partnerships between ROs and SMEs are allowed and the criteria of partnerships will be part of the CfP.

The applicants/partners must prove that at the time of application, they are not in any of the exclusion situations listed in the Call for proposals.

### **3.2.4. Selection criteria**

At a minimum level, the Concept note will be evaluated based on the relevance of the sub-project in relation to the Call for proposal and EU and national frameworks.

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<sup>3</sup> COMMISSION REGULATION (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and amendments: [link](#)



The Full application minimum selection criteria are as follows:

- **Excellence** will be evaluated based on innovation, including the technology, product, or service's novelty and inventiveness, as well as its usefulness and uniqueness. Additionally, the composition and capabilities of the research team, including their skills, education, knowledge, and experience in research and technology transfer, will be important factors.
- **Potential** will be evaluated based on market potential, where the sub-project demonstrates significant opportunities and identified customer/user base, and strategic relevance, indicating the sub-project's alignment with sustainable development goals and national and EU priorities.
- **Feasibility** will be evaluated through the clarity and soundness of the sub-project's intervention logic, ensuring clear, coherent objectives aligned with proposed activities and addressing a demonstrable gap in technology transfer funding. Additionally, management and sustainability considerations will include evaluating the sub-project's governance, resources, and implementation strategies.

During the evaluation process of the full application, a score system of 0-60 points will be used. Each criterion can have a certain number of points, and sub-projects are evaluated by the EC by assigning points for each criterion. The total score reflects the quality of the sub-project, and sub-projects must meet the minimum number of points (36).

### 3.2.5. Eligible activities and costs

General eligible activities are as follows:

- Providing intellectual property protection strategy and tactics;
- Verification and protection of intellectual property;
- Providing commercialization strategy and tactics to determine which steps to take (e.g., license to an existing company; license to a start-up company, etc.);
- Executing and identifying the commercialization strategy and partners;
- Negotiating and closing transactions (e.g., contracting) with commercial partners);
- Capacity building in technology transfer;
- Marketing activities and promotion;
- Monitoring activities and follow-up of further commercialization commitments, potentially through support in applying for other DIGIT Project programs and other sources of financing.

The main sets of eligible costs are as follows:

- Industrial testing/scaling-up costs - validation and demonstration and related consulting services including the experiments in an operational environment - this may include consumables, rental of equipment or facilities, and external experts;
- Costs such as licenses and software;
- Legal services costs for general legal counsel and IP services, including drafting and filing IP, (patents, trademarks, copyright, industrial designs, and other IP rights, both in and outside Croatia);
- Fees paid to national or supranational offices for the protection of intellectual property (State Intellectual Property Office of the Republic of Croatia (SIPO), European Patent Office (EPO), World Intellectual Property Organization (WIPO), etc.);

- Advisory service costs for commercialization process – the Advisor can provide expertise for multiple commercialization steps, some of them being the following: assistance with intellectual property rights; assessment of the commercial potential of new invention; marketing of the technology product to potential licensees and partners; development of commercialization strategies; assistance with faculty spin-off creation and development; negotiation of partnerships and license agreement deals; development of business plan; preparation of an independent report for the TTF at the end of sub-project implementation period;
- Costs connected with capacity building in technology transfer (including travel costs and registration fees),
- Personnel cost (salaries expenses);
- Sub-project management costs;
- Publicity and visibility costs (including costs connected with marketing activities and promotion);
- Indirect costs: may include administrative costs related to management, accounting, cleaning, telephone, water or electricity services and other similar costs;
- Non-refundable VAT.

### **3.3. Technology scouting**

The Program is designed to support innovative companies and those with innovation ambitions. One of the key principles of the Program is to help these companies define their needs and challenges, and effectively find matching expertise in academia. The Program recognizes the importance of innovation in driving economic growth and competitiveness and aims to provide support to companies that are looking to develop new products, services, or processes. By helping, these companies define their needs and find matching expertise in academia, the Program can facilitate the transfer of knowledge and technology, and promote collaboration between the private and public sectors.

The Program is preceded by the process where potential applicants are given the flexibility to select a technology scout from the pre-approved list of trained scouts, ensuring a match with their specific innovation needs. During this process, the selected scout delivers a series of mandatory services, including business validation and preparation for the PoC. A beneficiary may choose to discontinue the whole process if the results indicate that the PoC is unlikely to be successful, or if the services provided do not meet the required quality or mandatory structure. However, selecting a scout from the pre-approved list and the provision of continuous mentoring significantly reduces the risk of low-quality service and ensures that the sub-project is progressing appropriately.

Within the Program, the sub-project focuses on the development of the PoC and/or technology validated in laboratory environment. The continuity of support from the scouts or other experts is ensured, allowing for a seamless transition and consistent expertise throughout the sub-project lifecycle. The Program has the potential to bridge critical gaps between innovative companies and academic research, thereby driving economic growth and competitiveness. It addresses the challenges companies face in defining their innovation needs and finding matching expertise within academia, which is essential for the development of new, marketable technologies. By doing so, it not only enhances the innovation capacity of companies but also contributes to the broader innovation ecosystem. This support is crucial for companies aiming to innovate and develop new products, services, or processes, especially in the realms of digital and green technologies, where rapid advancements and complex challenges require specialized knowledge and collaboration. The Program, therefore, stands as a strategic initiative to

promote innovation, strengthen partnerships, and ultimately drive forward economic and technological progress.

The main Program objective is the following:

- Increase the innovativeness and competitiveness of companies through a better understanding of the innovation cycle and effective utilization of the academic sector.

### **Expected results**

Expected results relate to the following:

- **Strengthened cooperation:** Establishing and expanding cooperation between firms and academic sector to foster innovation and technology transfer;
- **Enhanced innovation pipeline:** Filling the innovation pipeline of firms with viable technologies that have the potential to lead to new products or services;
- **Knowledge transfer:** Facilitating an exchange of knowledge and skills between firms and ROs, enhancing the capabilities of both.

At the level of the Program's objective, progress will be monitored by the following indicator:

- Number of firms supported by technology scouting.

#### **3.3.1. Type of Call for proposals and sub-grant amount**

This Program is conducted through a permanent open Call for proposals, which follows a one-stage application procedure.

The Call for proposals is open from the date of publication until the funds are used, and no later than December 31, 2027. All sub-project activities and payments should be completed by the end of December 2028.

Within this Program, a EUR 2 million budget is planned for sub-grants. The allocation is expected to support between 25 and 45 sub-projects.

The financial support provided will be in the form of sub-grants:

- Minimum sub-grant amount of EUR 30,000;
- Maximum sub-grant amount of EUR 70,000.

The intensity of sub-grant support for firms will be up to 80% of eligible costs.

#### **3.3.2. Eligible sub-projects**

The general eligibility criteria for a sub-project are the following:

- The sub-project must be in accordance with the objective of the Program and must contribute to the defined indicators;
- The sub-project includes eligible activities and costs;
- The anticipated duration of the sub-project is in line with defined deadlines;
- At the time of submitting the sub-project proposal, the sub-project is not physically or financially completed, nor must the sub-project be completed before the signing of the Sub-

grant Agreement;

- The sub-project is ready for the start of the activities and their completion in accordance with the proposal and set timeframes;
- The sub-project is implemented in an acceptable geographical area, on the territory of the Republic of Croatia;
- The sub-project is following the provisions of all relevant national legislative acts and specific rules and requirements of the World Bank;
- The sub-project must demonstrate its contribution to achieving one of the transformational goals defined within S3 2029 Thematic Priority Areas;
- The sub-project respects the principle of non-cumulativeness, i.e. it does not represent double financing;
- The amount of requested sub-grant is within the prescribed allowable amount of sub-grant funds;
- The sub-project can be low to moderate risk project for environmental and social (based on the WB E&S Policies criteria and ESMF Section 3.3. Risk Classification Guidelines);
- The sub-project activity is not listed on the IFC exclusion list of activities (Section 4.1.), not otherwise excluded by the ESMF;
- The sub-project is in accordance with sections 4.3., 4.4., and 4.5. of this document.

### 3.3.3. Eligible beneficiaries

Eligible beneficiaries are Croatian small and medium-sized enterprises (SMEs), as defined in the Commission Recommendation 651/2014.

The applicants must prove that at the time of application, they are not in any of the exclusion situations listed in the Call for proposals.

### 3.3.4. Selection criteria

Sub-project minimum selection criteria are as follows:

- **Excellence** will be evaluated based on the innovation demonstrated through the novelty, inventiveness, usefulness, and uniqueness of the technology, product, or service.
- **Potential** will be evaluated through strategic relevance, highlighting the sub-project's alignment with sustainable development goals along with national and EU development objectives. An applicant is required to show the potential impact of its sub-project by detailing how he intends to address specific challenges with the aid of innovations and academic expertise. Additionally, the evaluation considers the sub-project's market potential, focusing on its capacity to tap into significant market opportunities and its ability to define and articulate a target customer or user base effectively.
- **Feasibility** is assessed through the clarity and soundness of the sub-project's intervention logic, ensuring it has a well-defined and logical approach with realistic objectives that align with the sub-project's activities.

During the evaluation process of the full application, a score system of 0-45 points will be used. Each criterion can have a certain number of points, and sub-projects are evaluated by the EC by assigning points for each criterion. The total score reflects the quality of the sub-project, and sub-projects must meet the minimum number of points (32).

### 3.3.5. Eligible activities and costs

General eligible activities are as follows:

- Applied research;
- Innovation cycle management activities, which include the following: services related to market analysis, feasibility studies, and product development strategies; consulting related to the management and protection of intellectual property and a preliminary search of patent databases; verification of assumptions and analysis related to the target use, users and the market for the solutions developed; and development of a commercialization plan;
- Sub-project management activities;
- Promotion and visibility.

The main sets of eligible costs are as follows:

- Success fee for technology scouts;
- Costs of materials and small inventory for the needs of the sub-project (e.g. chemicals, reagents, plastic accessories, samples) if they are directly related to the implementation of the research activities;
- Costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;
- Costs of external services for creating a market analysis, creating a feasibility study, creating a study or plan for commercialization and the costs of checking and protecting intellectual property, other costs of consulting services necessary for the successful implementation of the sub-project;
- Personnel cost (salaries expenses);
- Sub-project management costs;
- Publicity and visibility costs;
- Indirect costs: may include administrative costs related to management, accounting, cleaning, telephone, water or electricity services and other similar costs;
- Non-refundable VAT.

### **3.4. Professionalization of research centers**

Croatia's existing RIs hold immense potential to drive innovation. However, several challenges hinder their effectiveness. The burden of managing research facilities often falls on research teams themselves, limiting their time for core research activities. Additionally, a lack of business orientation and information asymmetry discourages private-sector collaboration, leading to underutilized infrastructure and fragmented efforts.

The current system places responsibility for managing and maintaining RI on research teams. This multitasking creates a conflict - researchers often lack the time and expertise required for effective infrastructure management. Consequently, underutilized research facilities and inefficient resource allocation hinder advancements.

The private sector is hesitant to utilize the RIs due to limited information about its capabilities and potential benefits. Furthermore, a lack of business orientation within public ROs creates a disconnect that discourages private-sector engagement in collaborative research projects.

To unlock the full potential of existing infrastructure, a shift towards professional management is necessary. This includes establishing clear and transparent management structures, improving financial and human resource management, and fostering a business-oriented culture within research centers. These improvements will enhance efficiency, attract talent, and promote collaboration.

The Program aligns seamlessly with the objectives of the DIGIT Project. Firstly, professionalization enhances the effectiveness of research and innovation financing a key aspect of the DIGIT Project's mandate. By optimizing infrastructure usage and fostering collaboration with the private sector, professionalized research centers maximize the return on investment. Secondly, it contributes to enhancing research performance, another core objective of the DIGIT Project. By providing funding for sub-grants to public ROs, the Program enables the engagement of professional consultants to improve the quality and business orientation of research centers. Through targeted interventions, such as capacity building and strategic planning, research centers can establish stronger management mechanisms, thereby enhancing their research capabilities and competitiveness.

Furthermore, the Program fosters collaboration with the private sector, a critical component of the DIGIT Project's success. By encouraging public research organizations to align their activities with the needs of private stakeholders, the program facilitates technology transfer, knowledge exchange, and innovation diffusion. This not only attracts private investment but also creates a conducive environment for collaborative innovation, driving economic growth and societal progress.

Integrating the Program is instrumental in enhancing research performance, fostering innovation, and promoting collaboration with the private sector. By addressing the challenges of research infrastructure management, the program contributes to the effectiveness of research and innovation financing, aligning with the overarching objectives of the DIGIT Project. As Croatia embarks on its journey towards digital and green transformation, initiatives like these play a pivotal role in unlocking the full potential of RI, driving socio-economic development, and positioning the country at the forefront of the global digital economy.

The Program objective is the following:

- Enhance research infrastructure management and foster collaboration with the private sector to unlock the full potential of existing resources and drive innovation.

### **Expected results**

Expected results are improved infrastructure utilization and collaboration, and strengthened research performance.

Improved infrastructure utilization and collaboration entails the following:

- Increased efficiency: Professional management practices will lead to a more efficient use of existing research infrastructure, maximizing the return on investment. This may involve optimized facility supervision, improved resource allocation, and streamlined processes.
- Enhanced collaboration: By facilitating networking among researchers, entrepreneurs, and investors, the program aims to stimulate collaborative research sub-projects. This can lead to a more vibrant innovation ecosystem with increased knowledge transfer and cross-sector partnerships.
- Greater private sector engagement: A more business-oriented approach within public research organizations will make them more attractive to the private sector. This can lead to increased private sector participation in research sub-projects, co-funding opportunities, and joint ventures.

Strengthened research performance entails the following:

- Improved research outcomes: By enabling research centers to leverage their infrastructure more effectively and collaborate more productively, the program expects to see a direct contribution to enhanced research outcomes. This could involve a higher volume of research publications, groundbreaking discoveries, and innovative solutions developed.
- Enhanced research capabilities: Professional management practices can help research organizations establish stronger research management structures. This can lead to improved research planning, resource allocation for high-impact sub-projects, and attracting and retaining top talent.
- Increased innovation: The overall aim is to foster an environment that cultivates innovation. This can lead to the development of new technologies, products, and services that drive economic growth and societal progress.

At the level of the Program's objective, progress will be monitored by the following indicator:

- Number of research centers receiving grants for professionalization.

### **3.4.1. Type of Call for proposals and sub-grant amount**

This Program is conducted through a temporary open Call for proposals, which follows a one-stage application procedure.

In case of unused funds within the first CfP, one or more additional CfPs will be published until all funds are used. All sub-project activities and payments should be completed by the end of December 2028.

Within this Program, a EUR 5 million budget is planned for sub-grants. The allocation is expected to support a minimum of 15 ROs.

The financial support provided by the Program will be in the form of sub-grants:

- Minimum sub-grant amount of EUR 60,000;
- Maximum sub-grant amount of EUR 350,000.

The intensity of sub-grant support for ROs will be up to 100% of eligible costs.

### **3.4.2. Eligible sub-projects**

Public ROs will apply for financing based on submitted development plans. ROs will prepare development plans for the research infrastructure that outline their objectives in responding to market demand in research, improving access to infrastructure by researchers and businesses, enhancing internal operational and management capacities, and improving climate adaptation and mitigation standards for the organization. Selected public ROs will receive funding to hire eligible professional managers, as well as external services to support the implementation of development plans (such as outreach activities, training, consulting services, and similar). The professional manager will operationalize the development plans of public ROs and set demonstrable and measurable targets.

The general eligibility criteria for a sub-project are the following:

- The sub-project must be in accordance with the objective of the Program and must contribute to the defined indicator;
- The sub-project includes eligible activities and costs;
- The anticipated duration of the sub-project is in line with defined deadlines;
- At the time of submitting the sub-project proposal, the sub-project is not physically or financially completed, nor must the sub-project be completed before the signing of the Sub-grant Agreement;
- The sub-project is ready for the start of the activities and their completion in accordance with the proposal and set timeframes;
- The sub-project is implemented in an acceptable geographical area, on the territory of the Republic of Croatia (except for costs of travel abroad);
- The sub-project is following the provisions of all relevant national legislative acts and specific rules and requirements of the World Bank;
- The sub-project respects the principle of non-cumulativeness, i.e. it does not represent double financing;
- The amount of requested sub-grant is within the prescribed allowable amount of sub-grant funds;
- The sub-project can be low to moderate risk project for environmental and social (based on the WB E&S Policies criteria and ESMF Section 3.3. Risk Classification Guidelines);
- The sub-project activity is not listed on the IFC exclusion list of activities (Section 4.1.), not otherwise excluded by the ESMF;
- The sub-project is in accordance with sections 4.3., 4.4. and 4.5. of this document.



### 3.4.3. Eligible beneficiaries

Eligible sub-project beneficiaries are Croatian public research organizations.

The applicants must prove that at the time of application, they are not in any of the exclusion situations listed in the Call for proposals.

### 3.4.4. Selection criteria

Sub-project minimum selection criteria are as follows:

- **Excellence** will be evaluated based on the results orientation. Sub-project should provide a clear description of the organization's challenges and a logical elaboration of how the support will help overcome those challenges, improve productivity, performance, market demand in research, access to infrastructure by researchers and by businesses, internal operational and management capacities, and climate adaptation and mitigation standards. Applicants should have set appropriate key performance indicators (KPIs) or metrics they will use to evaluate the success of the development plans.
- **Potential** will be evaluated based on sustainability. Sub-project should have adequate plans for ensuring that the improvements achieved through the support will continue even after the sub-project activities have concluded. This could involve strategies for knowledge transfer, capacity building, or long-term planning.
- **Feasibility** will be evaluated based on the capacities and expertise. Applicant should have adequate resources and expertise to effectively implement the sub-project.

During the evaluation process, a score system of 0-60 points will be used. Each criterion can have a certain number of points, and sub-projects are evaluated by the EC by assigning points for each criterion. The total score reflects the quality of the sub-project, and sub-projects must meet the minimum number of points (36).

### 3.4.5. Eligible activities and costs

General eligible activities are as follows:

- Implementation of development plans;
- Training and capacity building;
- Collaboration and networking activities;
- Sub-project management activities;
- Promotion and visibility.

The main sets of eligible costs are as follows:

- Personnel costs (salaries of professional managers);
- Costs or expenses for external services to support the implementation of development plans (such as outreach activities, training, consulting services, and similar);
- Material costs related to beneficiary development plans (consumables, materials directly used in the research and/ or production, maintenance costs);
- Sub-project management costs;
- Publicity and visibility costs;

- Indirect costs: may include administrative costs related to management, employment, accounting, cleaning, telephone, water or electricity services and other similar costs;
- Non-refundable VAT.

### 3.5. Pre-commercial digital and green R&D support

Research and innovation support programs primarily supported low-risk projects and lacked thematic focus. In the past programming period, programs for the private sector supported mature firms and commercialization of R&D results, leaving a financing gap for higher risk pre-commercial R&D. While some grant instruments, like PoC programs, support pre-commercial R&D, they often do not specifically focus on digital and green R&D innovations. Given the strategic emphasis on digital transition and green transformation, there is a need for targeted funding to ensure that promising sub-projects in these crucial areas do not go unsupported. Proper allocation of resources is vital to bridging this gap and safeguarding the advancement of green and digital innovation sub-projects.

This Program will directly support pre-commercial applied R&D related to green or digital innovation. Sub-grants will target sub-projects conducted in cooperation between research organizations, firms and other entities<sup>4</sup>. The funding will target sub-projects demonstrating the potential for inter-sectoral synergies and sub-projects that address the green-digital intersect as they may yield heightened additionality. The Program will include an additional focus on social innovation, recognizing its potential to deliver solutions that enhance individual and community well-being through inclusive and sustainable approaches. This reflects a strategic aim to support innovations that go beyond economic return and generate measurable social impact. Social innovation refers to new products, services, or models that address challenges such as inequality, accessibility, or environmental vulnerability, often involving users in co-design and real-life testing. When combined with digital and green technologies, these solutions can deliver stronger, more inclusive outcomes. This focus helps bridge research, community needs, and market readiness, supporting the broader goal of sustainable and inclusive growth. The Program aims to provide the crucial support needed for innovations to overcome initial challenges, develop further, and move closer to commercial viability. It addresses a common barrier faced by many sub-projects, the gap between early-stage innovation and the steps required to reach the market. Through targeted support, the Program helps ensure that promising innovations reach their full potential, contributing to the urgent goals of sustainability and digital transformation..

Supporting these sub-projects not only accelerates technological innovation but also fosters economic growth by creating new industries and job opportunities. This strategic investment in digital and green R&D aligns with broader goals of social impact, environmental sustainability, energy efficiency, and digital inclusion, ultimately contributing to a more resilient and sustainable future.

The Program objective is the following:

- Development of innovative digital and green technologies, products, and processes.

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<sup>4</sup> Other entities include but are not limited to: state authorities and public administration bodies, local and regional self-government units, public institutions providing social, educational, healthcare, cultural, environmental, or community services, where relevant to the social challenge addressed, and non-governmental organizations (NGOs).

## **Expected results**

The expected results include enhanced development of digital and green technology innovations, showcasing a clear transition from research outputs to market application, improved ability of research organizations and firms to advance technologies to stages closer to market readiness, a rise in collaborative sub-projects and partnerships between ROs and the commercial sector, fostering a dynamic innovation ecosystem, and advancements in technologies aimed at environmental sustainability and digital transformation, addressing urgent global and societal needs.

At the level of the Program's objective, progress will be monitored by the following indicators:

- Number of beneficiaries of sub-grants for pre-commercial R&D;
- Number of developed product, process, and/or service innovations related to green and digital.

### **3.5.1. Type of Call for proposals and sub-grant amount**

This Program is conducted through a temporary open Call for proposals, which follows a one-stage application procedure.

In case of unused funds within the first CfP, one or more additional CfPs will be published until all funds are used. All sub-project activities and payments should be completed by the end of December 2028.

Within this Program, a EUR 10 million budget is planned for sub-grants. The financial support is structured according to the thematic focus of the proposed sub-projects:

- Digital R&D support: Sub-grants of up to EUR 150,000 will be available for sub-projects focused on digital innovation;
- Green R&D support: Sub-grants of up to EUR 300,000 will be available for sub-projects focused on digital innovation.

The intensity of sub-grant support for ROs and other entities that are not enterprises, as defined in the CfP, may reach up to 100% of eligible costs. For SMEs, support should not exceed 80%, except for start-ups, which may receive up to 100% of eligible costs.

### **3.5.2. Eligible sub-projects**

The Program targets R&D sub-projects focusing on topics that will advance the digital transformation or green transition of society and economy.

The general eligibility criteria for a sub-project are the following:

- The sub-project must be in accordance with the objective of the Program and must contribute to the defined indicators;
- The sub-project includes eligible activities and costs;
- A sub-project and research teams are planned by the sub-project;
- The anticipated duration of the sub-project is in line with defined deadlines;
- At the time of submitting the sub-project proposal, the sub-project is not physically or financially completed, nor must the sub-project be completed before the signing of the Sub-grant Agreement;
- The sub-project is ready for the start of the activities and their completion in accordance with

the proposal and set timeframes;

- The sub-project is implemented in an acceptable geographical area, on the territory of the Republic of Croatia (except costs of travel and costs for general legal counsel and IP services abroad);
- The sub-project is following the provisions of all relevant national legislative acts and specific rules and requirements of the World Bank;
- The sub-project respects the principle of non-cumulativeness, i.e. it does not represent double financing;
- The amount of requested sub-grant is within the prescribed allowable amount of sub-grant funds;
- The sub-project can be low to moderate risk project for environmental and social (based on the WB E&S Policies criteria and ESMF Section 3.3. Risk Classification Guidelines);
- The sub-project activity is not listed on the IFC exclusion list of activities (Section 4.1.), not otherwise excluded by the ESMF;
- The sub-project is in accordance with sections 4.3., 4.4., and 4.5. of this document.

### 3.5.3. Eligible beneficiaries

Eligible beneficiaries are SMEs, as defined in the Commission Recommendation 651/2014. Partnerships between SMEs, ROs and other entities are allowed and the criteria of partnerships will be part of the CfP.

The applicants/partners must prove that at the time of application, they are not in any of the exclusion situations listed in the Call for proposals.

### 3.5.4. Selection criteria

Sub-project minimum selection criteria are as follows:

- **Excellence** will be evaluated based on the innovation demonstrated through the novelty, inventiveness, usefulness, and uniqueness of the technology, product, or service which contributes to digital transformation or green transition, and the strength and expertise of the research team, underscored by their skills, education, knowledge, and experience in research.
- **Potential** will be evaluated by the sub-project's significant market potential and a well-defined, clearly articulated customer/user base, its contribution to sustainable development goals alongside national and EU priorities, and its clear and credible role in supporting the digital transformation or green transition of the economy and society.
- **Feasibility** will be evaluated through the clarity and soundness of the sub-project's intervention logic, ensuring clear, coherent objectives aligned with proposed activities. Additionally, management and sustainability considerations will include evaluating the sub-project's governance, resources, and implementation strategies.

During the evaluation process of the full application, a score system of 0-60 points will be used. Each criterion can have a certain number of points, and sub-projects are evaluated by the EC by assigning points for each criterion. The total score reflects the quality of the sub-project, and sub-projects must meet the minimum number of points (36).

### 3.5.5. Eligible activities and costs

General eligible activities are as follows:

- Research activities: Industrial research and experimental development;
- Innovation cycle management activities, which include the following: services related to market analysis, feasibility studies, and product development strategies; consulting related to the management and protection of intellectual property and a preliminary search of patent databases; verification of assumptions and analysis related to the target use, users and the market for the solutions developed; and development of a commercialization plan;
- Sub-project management activities;
- Promotion and visibility.

The main sets of eligible costs are as follows:

- Equipment purchase costs (including IT equipment and software solutions) for research and development and costs associated with equipment procurement (delivery, installation, calibration, user training provided by the equipment supplier);
- Costs of materials and small inventory for the needs of the sub-project (e.g. chemicals, reagents, plastic accessories, samples) if they are directly related to the implementation of the research activities;
- Costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;
- Costs of external services for creating a market analysis, creating a feasibility study, creating a study or plan for commercialization and the costs of checking and protecting intellectual property, other costs of consulting services necessary for the successful implementation of the sub-project;
- Costs connected with capacity building in technology transfer (including travel costs and registration fees),
- Personnel cost (salaries expenses);
- Sub-project management costs;
- Costs of consultancy services for the preparation and implementation of procurement;
- Publicity and visibility costs;
- Indirect costs: may include administrative costs related to management, employment, accounting, cleaning, telephone, water or electricity services and other similar costs;
- Non-refundable VAT.

### 3.6. Challenge program

The Program is established to support the creation of solutions related to digitalization and green transition challenges. The purpose of the Program is to support the development of solutions to large-scale and complex challenges that require a mission-driven approach. The mission-driven approach entails setting an ambitious and inspirational target with wide societal relevance that catalyzes innovation across sectors and economic actors. A mission-oriented sub-project includes any new or improved technological, social, and organizational solution (product, process, or service) contributing to achieving the mission. The concept of mission-oriented R&D is “not a one size fits all” but is rather flexible and adaptable, emphasizing its goal-driven nature and focus on addressing specific societal needs. Its importance lies in its ability to align research and innovation efforts with overarching societal objectives, fostering sustainable development and economic growth.

Missions can be characterized by several key-features:

- Missions are anchored by a clearly defined societal or technological target, often expressed in terms of percentage reductions or increases, or absolute goals;
- Missions operate on a large scale, mobilizing substantial public and/or private investments and resources, with expected societal and economic impacts;
- Mission-oriented initiatives drive transformative change, often exploring groundbreaking solutions for policy or market needs;
- Missions are often cross-disciplinary, involving diverse technologies, actors, and sectors, with solutions applicable across various industries and social contexts.

The Republic of Croatia is among the European countries that have yet to adopt and implement a mission-oriented approach to develop effective policies. The introduction of such initiatives could stimulate the country's growth and enhance innovation and technological advancement by addressing critical economic challenges. To accomplish this, a systematic approach is imperative.

The Program will support innovative proposals from consortia of firms and ROs that address specific digitalization and greening challenges. The Challenge program is envisioned as technology and sector-agnostic. It will target the priority areas included in the S3 and the National Development Strategy of the Republic of Croatia until 2030 (NDS). The proposed challenge could be developing transformative, forward-looking solutions that will contribute to Croatia becoming climate-neutral and resilient by 2050 or facilitating the digital transition of the economy (e.g., developing remote healthcare services). Solutions may be proposed in any sector and must demonstrate their potential for transformative impact in achieving Croatia's digital transformation or transition to climate-resilient, biodiversity-rich, environmentally sustainable, and climate-neutral economy.

The Program will identify and support partnerships of firms and research organizations from diverse disciplines and sectors. These consortia will receive sub-grants or matching sub-grants to fuel innovation and commercialization. The private sector will play a critical role by contributing matching funds and actively participating in governance. To mitigate moral hazard and adverse selection risks, at least one private firm should be part of each partnership. Consortia will contribute a portion of the financing provided by this component, and the amount invested by private sector co-sponsors will be considered in the selection process. The program will also foster connections to established international centers and prioritize the creation of public value and the potential commercial application of sub-project outcomes, benefiting both member companies and the broader sector, including new technology-based businesses and other innovative firms.

The Program objective is the following:

- Development and implementation of innovative solutions that address major challenges in digitalization and green transition, aimed at improving industrial efficiency, competitiveness, and fostering stronger sectoral and technological connections.

### **Expected results**

The expected results of the Program could include:

- Development of innovative solutions: Creation of transformative solutions that address significant challenges in digitalization and green transition, contributing to Croatia's climate neutrality and resilience by 2050, and facilitating the digital transition of its economy.
- Cross-sectoral collaboration: Establishment of successful partnerships between firms and research organizations from diverse disciplines and sectors, demonstrating the effectiveness of cross-disciplinary approaches in tackling complex societal challenges.
- Alignment with NDS and S3 priorities: Solutions developed within the Program are expected align with the priorities of the NDS and S3.
- Commercialization and market impact: Sub-projects that not only achieve technological breakthroughs but also demonstrate clear pathways to commercialization, ensuring that innovations have a tangible impact on the market and society.
- Awareness: Raised public awareness about challenging missions through having direct benefits from sub-projects and acting as sub-projects direct stakeholders.

At the level of the Program's objective, progress will be monitored by the following indicators:

- Number of beneficiaries of grants for the Challenge program;
- Number of created innovative solutions that address significant challenges related to digitalization and green transition.

#### **3.6.1. Type of Call for proposals and sub-grant amount**

This Program is conducted through a temporary open Call for proposals, which follows a two-stage application procedure: (i) Concept note submission; and (ii) Full application submission. A Concept note is a summary of a proposed sub-project, while a Full application provides a comprehensive plan for implementing the sub-project.

In case of unused funds within the first CfP, one or more additional CfPs will be published until all funds are used. All sub-project activities and payments should be completed by the end of December 2028.

Within this Program, a EUR 15 million budget is planned for sub-grants. The allocation is expected to support at least 2-3 consortia.

The financial support provided by the Program will be in the form of sub-grants:

- Minimum sub-grant amount of EUR 2 million;
- Maximum sub-grant amount of EUR 6 million.

The intensity of sub-grant support for ROs will be up to 100% of eligible costs, while for firms it should not exceed 70% of eligible costs.

### **3.6.2. Eligible sub-projects**

Only applicants who have submitted a successful Concept note will be invited to submit a Full application.

The general eligibility criteria for a sub-project are the following:

- If applicable, the sub-project has a feasibility study and fully prepared technical documentation for the construction works, including a building permit, and other necessary documents according to Guidelines for Applicants (GfA);
- The sub-project must be in accordance with the objective of the Program and must contribute to the defined indicators;
- The sub-project includes eligible activities and costs;
- The anticipated duration of the sub-project is in line with defined deadlines;
- A sub-project and research teams are planned by the sub-project;
- At the time of submitting the sub-project proposal, the sub-project is not physically or financially completed, nor must the sub-project be completed before the signing of the Sub-grant Agreement;
- The sub-project is ready for the start of the activities and their completion in accordance with the Concept note/Full application and set timeframes;
- The sub-project is following the provisions of all relevant national legislative acts and specific rules and requirements of the World Bank;
- The sub-project respects the principle of non-cumulativeness, i.e. it does not represent double financing;
- The amount of requested sub-grant is within the prescribed allowable amount of sub-grant funds;
- The sub-project can be low to moderate risk project for environmental and social (based on the WB E&S Policies criteria and ESMF Section 3.3. Risk Classification Guidelines);
- The sub-project activity is not listed on the IFC exclusion list of activities (Section 4.1.), not otherwise excluded by the ESMF;
- The sub-project is in accordance with sections 4.3., 4.4., and 4.5. of this document.

### **3.6.3. Eligible beneficiaries**

Eligible beneficiaries are Croatian private and public entities that make up the consortia. The consortium must consist of at least one firm (SME, as defined in the Commission Recommendation 651/2014s and large enterprises with no more than 25% public ownership) and one public RO registered in Croatia. Private and public entities registered abroad may also be part of the consortia. The criteria of partnerships will be part of the CfP.

The applicants/partners must prove that at the time of application, they are not in any of the exclusion situations listed in the Call for proposals.



### 3.6.4. Selection criteria

At a minimum level, the Concept note will be evaluated based on the relevance of the sub-project in relation to the Call for proposal and EU and national frameworks.

The Full application minimum selection criteria are as follows:

- **Excellence** will be evaluated based on scientific merit, including the sub-project's scientific foundation, clear objectives, sound methodology, ambition, and its advancement beyond the current state of the art. Additionally, the sub-project's contribution to addressing the specified challenge or challenges and its potential to meet the objectives outlined in the call for proposals are key factors in the assessment.
- **Potential** will be evaluated by the strategic relevance of sub-project, requiring a clear connection to broader development objectives. Evaluators will assess the sub-project's relevance and potential impact on advancing scientific knowledge and attaining developmental goals highlighted in strategic frameworks like the S3, the NDS, and associated documents. Its contribution to digital transformation or green transition will examine how the sub-project will play a role in digitalization efforts and support a sustainable future through actions like reducing carbon emissions or promoting sustainable practices. Additionally, its environmental and social sustainability will assess its adherence to standards like LEED and how the sub-project will contribute to climate change adaptation or mitigation and its effect on the local community through education or employment opportunities.
- **Feasibility** will be evaluated by the sub-project's clarity and soundness of intervention logic, showcasing a clear and logical plan with achievable objectives that align with proposed activities. The technical capabilities of consortia members will also be evaluated to determine their expertise, resources, and ability to effectively execute their roles and proposed solutions. Additionally, the sub-project's financial and technical feasibility will be examined, along with the level of private sector participation and stakeholder commitment, ensuring the project is viable and supported by key parties.

During the evaluation process of the full application, a score system of 0-60 points will be used. Each criterion can have a certain number of points, and sub-projects are evaluated by the EC by assigning points for each criterion. The total score reflects the quality of the sub-project, and sub-projects must meet the minimum number of points (30).

### 3.6.5. Eligible activities and costs

General eligible activities are as follows:

- Construction and equipping of the infrastructure;
- Research activities;
- Knowledge and technology transfer activities;
- Sub-project management activities;
- Promotion and visibility.

The main sets of eligible costs are as follows:

- Costs of construction works;
- Costs of external professional services if they are related to the implementation of infrastructure of the sub-project (in accordance with the Law on Spatial Planning and Construction Activities and Activities (Official Gazette 78/15, 118/18, 110/19));
- Costs of purchasing or rent of instruments and research equipment;
- Costs of materials and small inventory for the needs of the sub-project (e.g. chemicals, reagents, plastic accessories, samples) if they are directly related to the implementation of the research activities of the sub-project;
- Costs of external research services necessary for the implementation of the sub-project, if the research team is not able to independently carry out certain activities;
- Costs of knowledge and patents purchased or licensed from external sources at market prices, if they are necessary for the implementation of the sub-project;
- Fees paid to national or supranational offices for the protection of intellectual property (SIPO, EPO, WIPO, etc.);
- Costs of external consulting services and other costs related to the transfer of knowledge and technologies, such as patent search costs, analysis and development of an intellectual property protection strategy, and other costs related to the verification and protection of intellectual property; costs associated with licensing based on sub-project results, etc.;
- Costs of dissemination of research and development results resulting from the sub-project (e.g. costs of publication of scientific papers, proofreading, registration fees, related travel costs, accommodation costs and per diems, costs of organization of workshops/conferences);
- Costs of organizing and participating in events for networking with potential international and national collaborators, research organizations and the business sector (conferences, trainings, expert meetings, events for finding collaborators, etc.) (travel expenses, accommodation expenses, per diems, registration fees, etc.);
- Scholarships for training and scientific research of researchers;
- Personnel cost (salaries expenses);
- Sub-project management costs;
- Costs of consultancy services for the preparation and implementation of procurement;
- Publicity and visibility costs;
- Indirect costs: may include administrative costs related to management, employment, accounting, cleaning, telephone, water or electricity services and other similar costs;
- Non-refundable VAT.

### 3.7. Synergies program

This Program is divided into two (2) sub-programs:

**1. The Seal of Excellence sub-program** will provide funding to support high-quality sub-projects that have received the Seal of Excellence<sup>5</sup> certificate for project proposals submitted under the following Horizon Europe call for proposals: European Innovation Council Pre-Accelerator – Widening (EIC Pre-Accelerator), European Research Council (ERC) Proof of Concept Grants, and Marie Skłodowska-Curie Action (MSCA) Postdoctoral Fellowships (PF). Additionally, the MSEY/PIU may expand the scope of the Sub-program to include additional Horizon Europe calls for proposals, such as the EIC Accelerator, EIC Transition, and the MSCA COFUND. Details of the relevant Horizon Europe calls for proposals are presented in the table below.

Table 4. Relevant Horizon Europe calls for proposals

No.	Call for proposals	Information
1	<b>EIC Pre-Accelerator</b>	Within WIDERA (Widening Participation and Strengthening the European Research Area), the EIC Pre-Accelerator aims to boost the innovation potential of early-stage deep-tech startups in widening countries (including Republic of Croatia) by enhancing their business, investor, and technology readiness to secure funding from different sources. It provides tailored support to help startups advance their technologies (from TRL 4 to TRL 5 or 6), develop business strategies, and prepare for follow-up funding, including the EIC Accelerator or other national and private investment schemes.
2	<b>ERC Poc Grant</b>	The ERC Proof of Concept Grant aims to facilitate the exploration of the commercial and societal innovation potential of research previously funded by the ERC. Therefore, ERC PoC Grant funding is available only to those Principle investigators who have already received one of the ERC financial grants (so-called Starting grants, Consolidator grants, Advanced grants, Synergy grants), and to further research the idea that developed during the implementation of the ERC financial grant. Funding through the ERC PoC Grant competition is therefore not aimed at expanding the original research idea, but covers activities in the early phase of turning research results into a commercial or socially valuable proposal, for example, the initial steps that precede commercial development.
3	<b>MSCA PF</b>	The MSCA PF helps researchers gain research experience in other countries, disciplines and non-academic sectors. The aim is to support researchers' careers and foster excellence in research. The PF action targets researchers holding a Ph.D., who wish to carry out their research activities abroad, acquire new skills and develop their careers.
4	<b>EIC Accelerator</b>	The EIC Accelerator provides targeted support to start-ups and SMEs with innovative, game-changing products, services, or business models that have the potential to create new markets or disrupt existing ones in Europe and globally. The programme is designed for companies with the ambition to scale up but whose innovations involve high risks that are not typically attractive to private investors, supporting innovation activities at TRL 6 to 8.
5	<b>EIC Transition</b>	The EIC Transition supports the maturation and validation of breakthrough technologies, advancing them from laboratory proof-of-concept towards market-ready applications. It targets SMEs, start-ups, and research teams that have produced EU-funded results with significant commercial potential. The programme offers grants to support innovation development from TRL 3/4 to TRL 5/6, focusing on both technological validation and business readiness. Applicants are expected to demonstrate preliminary market research, a clearly defined innovation development pathway, and the ability to assemble a motivated, multidisciplinary team capable of driving the innovation towards commercial success.

<sup>5</sup> The Seal of Excellence certificate contains all the basic information on the proposal that is needed by a funding body that wants to identify the proposal and understand its key features and value (title of the proposal, reference to the call/topic, and name and address of the proposer's legal entity). It is digitally sealed against fraud, as are the sub-project proposal and the evaluation summary report (this is indicated in the documents).

6	<b>MSCA COFUND</b>	The MSCA COFUND provides co-financing for new or existing regional, national, and international programmes to foster excellence in researchers' training, mobility, and career development. It supports doctoral and postdoctoral programmes implemented by legal entities such as universities, research centres, enterprises, or government bodies. MSCA COFUND promotes the international, interdisciplinary, and intersectoral mobility of researchers by requiring programs to apply MSCA standards for recruitment, working conditions, and training. The scheme encourages the alignment of regional and national programs with EU priorities, particularly in strengthening the European Research Area and attracting global talent.
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By extending financing to R&D sub-projects with the Seal of Excellence certificate, the Sub-program will complement the existing Horizon Europe program, expand the net of beneficiaries, amplify the chances of funding cutting-edge domestic research and innovation, and create more interest in this highly competitive program. The financing may also assist Croatia in achieving strategic outcomes relevant to the green transition.

**2. The Routes to Synergies sub-program** will provide support to Croatian applicants who received funding from ERDF, RRF, or similar funding instruments for R&I. The goal is to move formerly single beneficiaries of regional funding programs out of isolation via cross-border collaboration and to prepare them for successful participation in Horizon Europe calls by strengthening their competitiveness through a customized bunch of activities.

The Program gives a strategic approach to addressing the funding and integration challenges that ROs and firms face in securing Horizon funding. The Seal of Excellence sub-program aims to fill a critical funding gap, ensuring that innovative projects meeting the rigorous standards of Horizon evaluations but missing out due to budget constraints have another opportunity for financing. This initiative not only enhances the chances of cutting-edge domestic research and innovation receiving the necessary funding but also signals to applicants the value of striving for excellence in their proposals. Additionally, by aligning with European efforts and potentially complementing existing funding mechanisms, the Routes to Synergies sub-program seeks to amplify Croatia's research and innovation capabilities, thereby contributing to the green transition and fostering economic growth. It serves as a strategic investment in elevating the country's research profile and competitiveness on the European stage, showcasing a commitment to supporting excellence and innovation.

The Program objectives are the following:

- Seal of Excellence sub-program: Support outstanding R&D projects awarded the Seal of Excellence in Horizon Europe, strengthening Croatia's innovation ecosystem and advancing towards sustainable future.
- Routes to Synergies sub-program: Prepare consortia/beneficiaries for a successful participation in Horizon Europe with an array of supporting activities that contribute to their coordination capacities, internationalization, valorization and technology uptake.

### **Expected results**

The expected results of the **Seal of Excellence sub-program** include:

- Increased funding and support for high-quality R&D projects that have secured the Seal of Excellence, demonstrating Croatia's commitment to fostering innovation.
- Enhanced integration of Croatian research and innovation within the broader European ecosystem, amplifying the country's contribution to and benefit from Horizon Europe.

- Strengthened capacity for domestic research entities and innovators to tackle and contribute to green transition initiatives, aligning with strategic environmental goals.

The expected results of the **Routes to Synergies sub-program** include:

- Improved and more systematic synergies between Horizon Europe and ERDF, RRF, or similar funding instruments through internationalization, valorization, and technology uptake.
- Improved access to excellent European R&D networks and communities.

At the level of the Program's objective, progress will be monitored by the following indicator:

- Number of beneficiaries of sub-grants for the Synergies program.

At the level of the Routes to Synergies sub-program objective, progress will be monitored by the following indicator:

- Number of applications for the Horizon Europe calls for proposals.

### **3.7.1. Type of calls for proposals and sub-grant amounts**

Within this Program, a EUR 15 million budget is planned for sub-grants.

#### The Seal of Excellence sub-program

This Sub-program is conducted as a permanent open Call for proposals from the date of publication of the Call until the funds are used, and no later than December 31, 2027. All sub-project activities and payments should be completed by the end of December 2028.

This Sub-program is intended to complement the pipeline of sub-projects that received a Seal of Excellence certificate under relevant Horizon Europe calls but were not funded due to limited EU budget. The awarded sub-grant amount and intensity shall correspond to the budget requested in the original Horizon Europe application, in line with the project proposal as evaluated, and will not exceed the ceiling established for this sub-component in the Loan Agreement.

#### The Routes to Synergies sub-program

This Program is conducted through a permanent open Call for proposals, which follows a one-stage application procedure.

Call for proposals is open from the date of publication until the funds are used, and no later than December 31, 2027. All sub-project activities and payments should be completed by the end of December 2028.

The financial support provided by the Sub-program will be in the form of sub-grants:

- Minimum sub-grant amount of EUR 20,000;
- Maximum sub-grant amount of EUR 100,000.

The intensity of sub-grant support for ROs will be up to 100% of eligible costs.

### **3.7.2. Eligible sub-projects**

#### The Seal of Excellence sub-program

To receive funding, applicants must submit the exact application form as originally submitted to the relevant Horizon Europe call for proposals, for which they received the Seal of Excellence certificate. In addition, sub-projects must also comply with the conditions of the DIGIT Project, as outlined in the CfP.

#### The Routes to Synergies sub-program

The general eligibility criteria for a sub-project are the following:

- The applicant applying for funding should have been beneficiary from ERDF, RRF, or similar investments for R&I including infrastructure in the current or previous programming period;
- The sub-project must be in accordance with the objective of the Program and must contribute to the defined indicators;
- The sub-project includes eligible activities and costs;
- The anticipated duration of the sub-project is in line with defined deadlines;
- At the time of submitting the sub-project proposal, the sub-project is not physically or financially completed, nor must the sub-project be completed before the signing of the Sub-grant Agreement;
- The sub-project is ready for the start of the activities and their completion in accordance with the proposal and set timeframes;
- The sub-project is following the provisions of all relevant national legislative acts and specific rules and requirements of the World Bank;
- The sub-project respects the principle of non-cumulativeness, i.e. it does not represent double financing;
- The amount of requested sub-grant is within the prescribed allowable amount of sub-grant funds;
- The sub-project can be low to moderate risk project for environmental and social (based on the WB E&S Policies criteria and ESMF Section 3.3. Risk Classification Guidelines);
- The sub-project activity is not listed on the IFC exclusion list of activities (Section 4.1.), not otherwise excluded by the Project ESMF;
- The sub-project is in accordance with sections 4.3., 4.4., and 4.5. of this document.

### **3.7.3. Eligible beneficiaries**

#### The Seal of Excellence sub-program

Eligible beneficiaries are private and public entities, depending on eligibility in each Horizon Europe call for proposals.

The applicants/partners must prove that at the time of application, they are not in any of the exclusion situations listed in the Call for proposals.

#### The Routes to Synergies sub-program

Eligible beneficiaries are Croatian ROs. Partnerships between ROs are allowed and the criteria of partnerships will be part of the CfP.

The applicants/partners must prove that at the time of application, they are not in any of the exclusion situations listed in the Call for proposals.

### **3.7.4. Selection criteria**

#### The Seal of Excellence sub-program

Funding will be awarded to eligible sub-projects with the Seal of Excellence certificate. Excellence is a key criterion in Horizon Europe calls for proposals. It refers to the quality and originality of the proposed work, as well as the potential scientific and technical outcomes and impacts of the sub-project. For that reason, funding criteria will rely on the Horizon Europe criteria to issue financing decisions to sub-project proposals.

#### The Routes to Synergies sub-program

Sub-project minimum selection criteria are as follows:

- **Excellence** will be evaluated based on the clarity of objectives and strategic vision, ensuring they are specific, measurable, and aligned with the Sub-program's objective. The sub-project must demonstrate how it will enhance research and innovation capacity, foster collaboration, and increase competitiveness within Horizon Europe. Emphasis will also be placed on innovation, fostering international collaboration, and utilizing previously funded research infrastructure and capacities to support preparatory R&D and maximize impact.
- **Potential** will be evaluated by the strategic relevance of sub-project, requiring a clear connection to broader development objectives. Evaluators will assess the sub-project's relevance and potential impact on advancing scientific knowledge and attaining developmental goals highlighted in strategic frameworks like the S3, and associated documents.
- **Feasibility** will be evaluated by the sub-project's clarity and soundness of intervention logic, showcasing a clear and logical plan with achievable objectives that align with proposed activities.

During the evaluation process of the full application, a score system of 0-60 points will be used. Each criterion can have a certain number of points, and sub-projects are evaluated by the EC by assigning points for each criterion. The total score reflects the quality of the sub-project, and sub-projects must meet the minimum number of points (36).

### **3.7.5. Eligible activities and costs**

#### The Seal of Excellence sub-program

Only activities that are eligible within the respective Horizon Europe calls for proposals (such as the EIC Pre-Accelerator, ERC PoC Grant, MSCA PF, EIC Accelerator, EIC Transition, and MSCA COFUND) are eligible for funding under this Sub-program.

1. EIC Pre-Accelerator core eligible activities include:

- Technology validation: Advancing technologies from TRL 4 to TRL 5/6 through lab testing, prototyping, and demonstration activities in relevant environments;
- Market readiness: Developing and validating business models, value propositions, market analyses, and go-to-market strategies to prepare for commercialization;
- Investor readiness: Strengthening investment cases through financial planning, protection of intellectual property rights, pitch preparation, and engagement with potential investors;
- EIC Accelerator preparation: Supporting applicants in preparing competitive applications for the EIC Accelerator or alternative national/private funding instruments, including alignment with application criteria and coaching.

2. ERC PoC Grant core eligible activities are:

- Testing, experimenting, demonstrating and validating the idea;
- Conducting research required to carry out the above activities and to address the weaknesses uncovered by them;
- Establishing viability, technical issues and overall direction;
- Clarifying intellectual property rights (IPR) protection or knowledge transfer strategy;
- Involving industrial partners, societal or cultural organizations, policymakers or any other potential stakeholder supporting the translation of research results into innovation;
- Assessing potential “end users” of the expected innovation.

3. MSCA has the following two (2) types of eligible Postdoctoral Fellowships:

- European Postdoctoral Fellowships: They are open to researchers moving within Europe or coming to Europe from another part of the world to pursue their research career. These fellowships take place in an EU Member State or Horizon Europe Associated Country and can last between one and two years. Researchers of any nationality can apply.
- Global Postdoctoral Fellowships: They fund the mobility of researchers outside Europe. The fellowship lasts between two to three years, of which the first one to two years will be spent in a non-associated Third Country, followed by a mandatory return phase of one year to an organization based in an EU Member State or Horizon Europe Associated Country. Only nationals or long-term residents of the EU Member States or Horizon Europe Associated Countries can apply.

Both types of fellowships may also include short-term secondments anywhere in the world during the fellowship (except during the return phase of a Global Postdoctoral Fellowships).

4. EIC Pre-Accelerator core eligible activities include:

- Technology development: Advancing innovations from TRL 6 to TRL 8, including prototyping, testing, validation, and demonstration in real-world conditions;
- Business development: Elaborating scalable business models, refining value propositions, and preparing for market launch and customer acquisition;
- Intellectual property and regulatory compliance: Securing IPR, fulfilling regulatory requirements, and ensuring standards compliance relevant to market entry;
- Investment readiness: Preparing investment documentation, financial planning, pitch materials, and engaging with investors;



- Market deployment: Finalizing go-to-market strategies and initiating early commercialization steps, including internationalisation.

5. EIC Transition core eligible activities include:

- Technology maturation: Advancing technologies beyond proof of concept, including lab validation and prototype development in relevant environments;
- Market validation: Conducting market studies, exploring potential customer segments, and assessing competitive landscapes;
- Business development: Building initial business models and strategies for commercialization and scaling;
- Intellectual property management: Protecting, managing, and exploiting results with commercial potential;
- Team formation: Assembling a multidisciplinary team with technical, business, and entrepreneurial skills.

6. MSCA COFUND has the following two (2) types of programmes:

- Doctoral Programmes: They offer research training activities to allow doctoral candidates to develop and broaden their skills and competences. They will lead to the award of a doctoral degree;
- Postdoctoral Programmes: Supporting individual postdoctoral researchers through advanced research training and career development fellowships.

Sub-grant expenditure scope:

1. The sub-grant for EIC Pre-Accelerator project proposals will cover lump sum costs for personnel, travel, prototyping, external services, intellectual property rights, dissemination, indirect costs, and for startup-related costs of technology development, market analysis, investment readiness activities, regulatory or certification preparation, sub-project management, and all other expenses deemed eligible under the original Horizon Europe call for proposals.
2. The sub-grant for ERC PoC Grant project proposals will cover the beneficiaries' personnel costs, subcontracting, purchase costs, other cost categories, indirect costs, and all other expenses deemed eligible under the original Horizon Europe call for proposals.
3. The sub-grant for MSCA PF project proposals will cover lump sum costs for living and mobility allowance, research, training and networking costs and management and indirect costs and for host institution costs of research, training, networking activities, sub-project management, indirect costs, and all other expenses deemed eligible under the original Horizon Europe call for proposals.
4. The sub-grant for EIC Accelerator project proposals will cover lump sum costs for technology development, business model refinement, intellectual property management, regulatory compliance, investment readiness activities, market deployment preparations, and all other expenses deemed eligible under the original Horizon Europe call for proposals.
5. The sub-grant for EIC Transition project proposals will cover lump sum costs for technology maturation, market validation, business development, intellectual property management, team

building, and all other expenses deemed eligible under the original Horizon Europe call for proposals.

6. The sub-grant for MSCA COFUND project proposals will cover lump sum costs corresponding to a fixed allowance per supported researcher, equivalent to the minimum salary prescribed by the programme. This allowance can be used to finance any eligible cost items of the fellowship programme. Additionally, the sub-grant may include coverage for long-term leave and special needs allowances, where applicable, and all other expenses deemed eligible under the original Horizon Europe call for proposals.

Additionally, the MSEY/PIU may expand the scope of the Sub-program to include additional Horizon Europe calls for proposals.

#### The Routes to Synergies sub-program

General eligible activities are as follows:

- Strengthening of staff capacity;
- Promotion of the use of research infrastructure - promoting the capabilities and availability of RI to potential partners and collaborators;
- Preparation of sub-project for Horizon Europe call for proposals;
- Sub-project management activities;
- Promotion and visibility.

The main sets of eligible costs are as follows:

- Costs of training and coaching on non-scientific skills such as management of international R&I projects, knowledge transfer, and science communication;
- Costs of study visits and short-term secondments;
- Costs of communication activities that contribute to raising the reputation and visibility of the members of the core group (may include advertising of technical infrastructure to potential partners in future framework program calls);
- Costs of external services for the preparation of projects for Horizon Europe Call for proposals;
- Personnel costs (salaries expenses);
- Sub-project management costs;
- Publicity and visibility costs;
- Indirect costs: may include administrative costs related to management, accounting, cleaning, telephone, water or electricity services and other similar costs;
- Non-refundable VAT.

## 4. General requirements for sub-grants

The purpose of the general requirements for sub-grants is to establish clear guidelines and standards that ensure the effective and efficient use of sub-grants for sub-projects under the DIGIT Project. This part provides information about the eligibility of activities and costs, horizontal principles, environmental goals and ethics, and sub-projects must comply with them.

### 4.1. Eligibility of activities

Each program provides an indicative list of eligible activities. The following activities will not be financed by sub-projects:

#### A. Activities listed in the International Finance Corporation (IFC) Exclusion list:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls, wildlife or products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and other listed on the IFC Exclusion list (as follows);
- Production or trade in weapons and munitions;
- Production or trade in alcoholic beverages (excluding beer and wine);
- Production or trade in tobacco;
- Gambling, casinos and equivalent enterprises;
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where considers the radioactive source to be trivial and/or adequately shielded;
- Production or trade in unbounded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor;
- Commercial logging operations for use in primary tropical moist forest;
- Production or trade in wood or other forestry products other than from sustainably managed forests;
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products;
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples (if applicable; in case of foreign partner/s);
- Activities that might cause land acquisition or involuntary resettlement will not be eligible for financing.

## B. Other ineligible activities related to the DIGIT Project:

- Activities involving consumption of fossil fuels, including innovation with potential lock in effects and entrapment risk;
- Activities within the framework of the EU emissions trading system (ETS) that achieve the predicted emissions of greenhouse gases that are not lower than the relevant reference values;
- Activities related to waste disposal sites, incinerators and facilities for mechanical biological treatment;
- Activities resulting in long-term waste disposal that harms the environment;
- Activities rated with substantial or high environmental and social (E&S) risk according to World Bank (WB) E&S policies;
- Purchase of large quantities of chemicals and hazardous materials (including agents, gases, equipment, liquids, etc.);
- Procurement of pesticides;
- Activities that include: testing on invertebrates such as insects, small planktonic crustaceans (Daphnia and the like), and cnidarians (e.g., jellyfish), small rodents (mice and rats), and fish, provided that they are not endangered or protected species; all other animals are explicitly excluded, including larger rodents (rabbits, hares, squirrels, etc.) and other mammals; collecting samples from animals or humans, procuring/working on samples of animal or human tissue/cells/other body materials, for which the risk has been assessed as high or substantial by a subsequent E&S screening procedure; high and substantial risks, among others, include:
  - conducting a clinical study using pharmaceuticals, biologicals, radiopharmaceuticals, or advanced therapy medicinal products,
  - invasive techniques (e.g. surgical or medical interventions, invasive studies on the brain, TMS etc.),
  - activities involving children (or other persons unable to give consent),
  - activities involving human stem cells, embryonic stem cells (hESCs) and human embryos (hEs) and other human fetal or embryonic tissues or cells,
  - activities intended to modify the genetic make-up of human beings that could make such changes heritable,
  - in vitro cultivation of human tissues and organs (bio-printing),
  - creation of human-animal hybrid organisms (chimeras), etc.;
- Laboratories with biosafety level 3 (BSL-3) and 4 (BSL-4);
- Maritime industry (except maritime transport-research related to small vessels).

## **4.2. Eligibility of costs**

Each program provides an indicative list of eligible costs, which must meet the following criteria:

- They are incurred between the first and final dates of eligibility of a sub-project as specified in the Sub-grant Agreement;
- They are connected with the sub-subject of the Sub-grant Agreement and they are indicated in the detailed budget plan of the sub-project;
- They are proportionate and necessary for the implementation of the sub-project;
- They are used for the sole purpose of achieving the objective of the sub-project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;
- They are identifiable and verifiable, in particular through being recorded in the accounting

records of the applicant/partners and determined according to the applicable accounting standards and generally accepted accounting principles; and

- They comply with the requirements of applicable tax and social legislation.

The following costs shall not be considered eligible:

- Interest on debt, debt service charges and late payment charges;
- Charges for financial transactions and other purely financial costs, except costs related to accounts and financial services imposed by the Sub-grant Agreement;
- Provisions for losses or potential future liabilities;
- Exchange losses;
- Refundable VAT;
- Costs that are covered by other sources;
- Fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project; and
- Excessive or reckless expenditure.

### 4.3. Horizontal principles

Applicants are obliged to comply with the legal provisions, which represent the minimum requirements for the implementation of horizontal policies. Respecting the legal provisions, the sub-project is neutral about horizontal policies, and the associated expenditures and activities will not be considered as a contribution to horizontal policies, but as a fulfillment of a legal obligation. If the sub-project contains additional activities with the prescribed minimum compliance with legal provisions, then the sub-project promotes horizontal EU policies. The following horizontal principles will be considered:

- **Sustainable development** - the DIGIT Project encourages the application of principles of sustainability to all aspects related to sub-project implementation. Beneficiaries will be asked to consider the most sustainable and nature-friendly use of all resources that are planned for implementing sub-projects under all program priorities. Sustainability in infrastructural sub-projects implies construction using recyclable and renewable materials and minimizing energy consumption and waste production. It is recommended to follow a smart approach towards energy-efficient and climate-resilient design (LEED Rating System, BREEAM (Building Research Establishment Environmental Assessment Methodology) Certification, Smart Building Certification, SmartScore Certification, and WELL Certification). Introducing urban nature-based solution principles (NBS) is encouraged in response to climate change and biodiversity loss, disaster risk, water and food security, human health and socio-economic development. Sustainable development of the sub-project also implies the dissemination of materials, printouts, meetings, and modes of communication. The beneficiaries and partners are encouraged to use more quality-related and lifecycle-based criteria when planning activities to minimize negative effects on the environment. When feasible, environmental (e.g. green public procurement criteria) and social considerations as well as innovative solutions should be taken into account. Sub-projects need to explain how they will prevent or mitigate the negative impact. Sub-projects with a direct negative impact on the environment and sustainable development will not be funded.
- **Do no significant harm (DNSH principle)** - the economic activity that is financed with budget funds should not qualify as environmentally sustainable if it causes harm to any of the environmental and climate objectives. When assessing the impact of economic activity on

environmental objectives (climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, the protection and restoration of biodiversity and ecosystems), the effect on the environment of the activity itself is taken into account, as well as the potential effect on the environment of a technology, product or other solution resulting from that activity during its life cycle. As well as making a substantial contribution to one or more of the objectives, the activity should not cause harm to any of the other objectives.

- **Equal opportunities and non-discrimination** - as a general approach, all sub-projects will be requested to integrate these horizontal issues in their activities or, at least, to consider the sub-project's influence on these. Sub-projects with a direct negative impact on equal opportunities and non-discrimination will not be approved.
- **Gender equality** - beyond the general principle of non-discrimination, the DIGIT Project will specifically focus on gender equality. Sub-projects that negatively impact gender equality will not be approved.

#### **4.4. Environmental and social management goals**

The environmental aim is to ensure that the people and the environment are protected from potential adverse impacts during all phases of sub-project implementation by supporting "green, clean, resilient" paths. This is achieved by ensuring the implementation of sub-projects in accordance with the operational policies and guidelines of the World Bank, including the World Bank Environment, Health and Safety Guidelines (EHS), World Bank Environmental and Social Standards (ESSs), Good International Industrial Practice (GIIP) and national environmental and social legislation protection by following adopted Environmental and Social Management Framework (ESMF).

The following environmental and social standards (ESSs) that are relevant for the sub-project are:

- ESS1 Assessment and Management of Environmental and Social Risks and Impacts;
- ESS2 Labor and Working Conditions;
- ESS3 Resource Efficiency and Pollution Prevention and Management;
- ESS4 Community Health and Safety;
- ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources;
- ESS8 Cultural Heritage;
- ESS10 Stakeholder Engagement and Information Disclosure.

Each sub-project and its activities, including Technical Assistance activities - TAs (unless otherwise agreed with the World Bank) must undergo environmental and social due diligence, including screening and assessment compliant with the ESMF, and consequently, ESF, integrating stakeholder engagement activities including consultation and feedback, following the 5-step process to identify risks associated with specific sub-projects, screen out any substantial and high-risk activity, identify potential impacts and define measures aimed to prevent or minimize negative impacts and determine the type of management instrument required to meet the sub-project standards:

- **STEP 1: Sub-project E&S screening and risk classification**  
Environmental and Social Screening Questionnaire (ESSQ) and where applicable, Land acquisition, restrictions on land use and involuntary resettlement screening prepared by the applicant/beneficiary with the advice of the PIU, reviewed by the PIU's environmental and social specialists and approved by the WB.

- **STEP 2: Sub-project preparation**

Necessary documentation prepared by the applicant/beneficiary with the advisory assistance and control of PIU environmental and social specialists.

- **STEP 3: Preparation and disclosure of E&S instrument**

E&S instruments (Environmental and Social Code of Practice (ESCOP)/Environmental and Social Management Plan (ESMP)/ESMP Checklist/Control List of Materials, Cultural Heritage Management Plan (CHMP), etc.) and public consultations must be prepared by the applicants/beneficiaries, reviewed by the PIU ESSs, approved by the WB, publicly disclosed, and finalized prior to bidding procedures. Where applicable, Stakeholder engagement action plans will be prepared, publicly consulted, and implemented. Stakeholder engagement results will be implemented in the E&S instrument.

- **STEP 4: Integration of E&S instrument in tender documentation**

E&S instruments (ESCOP/ESMP/ESMP Checklist/CHMP, etc.) will be prepared prior to the bidding of works and the final version integrated into tender documentation and in the contracts for their execution to be signed with the selected works contractors.

- **STEP 5: Implementation, sub-project supervision, monitoring and reporting**

The contractor is responsible for the implementation of E&S Instrument (ESCOP/ESMP/ESMP Checklist/CHMP, etc.), defined mitigation measures and monitoring plan as well as any subsequent corrective measures prescribed by the PIU and WB. Implementation of particular community safety and occupational health and safety (OHS) measures that relate to use period, safety of staff, emergency preparedness, Waste Management Plan, Traffic Management Plan and others defined in the Environmental and Social Commitment Plan (ESCP) is the responsibility of sub-project beneficiaries and PIU as will be defined in the E&S instruments. Reporting for sub-projects without civil works will be the responsibility of the beneficiaries. The beneficiaries will report the implementation of mitigation measures to the MSEY/PIU through progress reports and final report, and the PIU will cumulatively report to the WB through semi-annual progress reports. The MSEY/PIU shall confirm the overall compliance with the environmental and social management, including any remedial measures if there are gaps. For sub-projects including civil works reporting will be carried out as defined in the corresponding E&S instrument (ESMP/ESMP Checklist).

Detailed E&S review procedures can be consulted in the DIGIT Project ESMF<sup>6</sup>. The Stakeholder Engagement Plan (SEP), as an instrument defining planned stakeholder consultation and engagement process for the sub-project, as well as the grievance mechanism for people to raise any concerns about the sub-project activities, is prepared, and it will be updated periodically as necessary. Additionally, at the sub-project level, especially where civil works are envisaged, site-specific stakeholder engagement action plans will be developed.

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<sup>6</sup> Environmental and Social Management Framework: [link](#)

## 4.5. Ethics

Every sub-project funded by the DIGIT Project is subject to an ethics review process.

The process is aimed at ensuring that all the sub-projects under the DIGIT Project comply with applicable EU regulations and international laws, as well as with the following core R&D ethical principles:

1. **Honesty:** ensure honesty in all forms of scientific communication with colleagues, sponsors, and the public.
2. **Objectivity:** avoid bias in all aspects of research.
3. **Integrity:** maintain consistency of thought and action.
4. **Carefulness:** avoid errors or negligence at all times.
5. **Openness:** share information about your research and be open to criticism and new ideas.
6. **Transparency:** disclose all the necessary information needed to evaluate your research.
7. **Accountability:** be responsible for all concerns related to your research.
8. **Intellectual property:** avoid plagiarism, give proper credit to all contributions in your research and honor all forms of intellectual property.
9. **Confidentiality:** protect and safeguard all confidential information recorded in your research.
10. **Responsible publication:** publish for the sole reason of advancing the knowledge in your field.
11. **Responsible mentoring:** help and mentor other researchers and promote their welfare.
12. **Respect for colleagues:** respect and treat all your colleagues fairly.
13. **Social responsibility:** aim to promote social good through your research.
14. **Non-discrimination:** avoid discrimination in all forms against colleagues.
15. **Competence:** improve your competence and promote the competence of science as a whole.
16. **Legality:** obey all relevant laws and policies.
17. **Animal care:** respect and care for all animal species. Causing pain and discomfort to animals shall be avoided.
18. **Human subjects' protection:** respect human dignity and take special precautions wherever needed.
19. **Effectiveness:** put all efforts to reach set objectives.
20. **Efficiency:** achieve more output with less input.
21. **Economy:** put all due efforts into saving the sub-grant funds.

While creating many opportunities AI raises profound ethical concerns. Therefore, all ethics principles mentioned above need special attention from applicants and beneficiaries while using or developing AI systems in their projects. Also, it is necessary to align with and build upon relevant EU legislation such as the Artificial Intelligence Act (Regulation (EU) 2024/1689) and corresponding guidelines, and the Organisation for Economic Co-operation and Development (OECD) AI Guiding Principles: <https://www.oecd.org/en/topics/ai-principles.html>.

Applicants are required to consider the ethical dimensions of their proposed sub-projects and must submit a proposal that is “ethics-ready”. Emphasizing open science, the DIGIT Project places significant importance on the principle of open access. Beneficiaries, under the DIGIT Project, are expected to adhere to the commitment of providing unrestricted access to the published outcomes of their research, encompassing peer-reviewed articles and monographs.

Furthermore, the DIGIT Project advocates for open access to research data, considering it a fundamental principle. Offering free online access to all such materials is the most efficient means of ensuring that the results of its funded research are readily available, readable, and can serve as a foundation for



subsequent research and development. Beneficiaries of sub-grants must guarantee open access to all peer-reviewed scientific publications linked to their outcomes.

Ethics review focuses on the following four key areas:

- Standard setting through the design and stewardship of ethical policy, practices, decisions, and behavior, while ensuring public confidence;
- Outreach and training to strengthen World Bank Group values, foster a culture of respect and integrity, and build bridges between scientific research and practice in ethical development;
- Advice to applicants by sharing ethics expertise and spotting trends - providing counsel on conflicts of interest and compliance-related issues as needed;
- Addressing misconduct by reviewing concerns, recommending actions, and facilitating resolutions.

The PIU will establish the Ethics Review Committee consisting of the following members:

- Project Manager;
- Project environment and social specialists;
- One representative from the MSEY.

The Ethics Review Committee will establish the ethics review protocol and define the review procedures, including the Grievance Redress Mechanism. All applicants will be adequately informed on the objectives, goals, and related protocol, before submitting their application, including information on consequences of ethics protocol violation. The Ethics Review Committee will provide their findings, opinions, and recommendations to the sub-project, the MSEY, and the World Bank. Detailed information related to Ethics Review will be developed in CfPs.

## 5. Procedures for management of Call for proposals

In this section, definitions of types of CfP that are relevant to Sub-grant schemes and information about the content of Guidelines for Applicants (GfA) are provided. In addition, this section provides information about publishing CfP and submission of sub-project proposals, language of proposals, and queries.

### 5.1. Call for proposals and content of Guidelines for Applicants

Types of CfP that are relevant to Sub-grant schemes are:

- **Permanent open CfP:** applications can be submitted until the information is issued by the MSEY that all allocated funds have been used. Financing will be awarded to sub-project proposals that meet the minimum criteria described in the CfP. This type of procedure will apply to the following programs: Technology transfer fund, Technology scouting, and the Synergies program (sub-programs Seal of Excellence, and Routes to Synergies). The CfPs for the each program follow a one-stage application procedure.
- **Temporary open CfP:** applications can be submitted until the date specified in the CfP. Financing will be awarded to best-evaluated sub-project proposals. This type of procedure will apply to the Professionalization of research centers, Pre-commercial digital and green R&D support and Challenge programs. CfPs for the Professionalization of research centers and Pre-commercial digital and green R&D support programs follow one-stage application procedure, while the CfP for the Challenge program follows a two-stage application procedure: (i) Concept note submission; and (ii) Full application submission.
- **CfP for direct award:** eligible applicant will be invited to submit a sub-project proposal. This type of procedure will apply to the program Research, technology, and innovation infrastructure sub-projects. CfP for this program follows a one-stage application procedure.

Each CfP includes all the essential information for the submission of the sub-project proposal. GfA are crucial implementation documents. Their purpose is to explain to applicants the objectives, results, indicators, and activities of a specific program. The GfA provide potential applicants with the following information:

- Implementation arrangements;
- The purpose of the Call for proposals (objective(s) and indicators of the Program/Sub-program);
- Program Theory of Change (if applicable);
- Program total budget, the minimum and maximum eligible amount of sub-grant proposal;
- The rules regarding the eligibility of applicants and partners (if applicable);
- The types of activities and costs which are eligible for financing;
- The evaluation criteria that will be used, including the scoring grids for the evaluation of the proposals;
- What annexes to attach and what application procedures to follow;
- Information on the evaluation process that will follow (including an indicative timetable);
- Contractual conditions that will apply to successful applicants.

General annexes that apply to each GfA are:

- Concept note (if applicable);
- Full application form/Application form;
- Procurement plan;
- Budget plan (as a part of Full application form/Application form);
- Sub-grant Agreement.

## **5.2. Publishing Calls for proposals and Corrigenda (if any) and submission of sub-project proposals**

The MSEY and PIU will announce indicative dates for the opening of the CfPs, as well as their respective deadlines. Also, the MSEY and PIU will prepare each CfP (and Corrigenda, if any) which will be published on the DIGIT Project and the MSEY websites.

The outreach strategy for each CfP considers the following key areas:

- Objectives and audience: defining the goals and identifying the target groups, such as SMEs, ROs, researchers, etc;
- Messaging: developing a clear and compelling messages that highlights the benefits and specifics of each CfP;
- Multi-channel approach: using multiple channels for outreach, including relevant websites, e-mail campaigns, social media, workshops and direct engagement through networking events to spread awareness and encourage participation;
- Feedback and monitoring: using feedback to measure the effectiveness of the outreach and adapt strategies as needed.

By focusing on these key areas, an effective outreach strategy reaches the right target groups and encourages strong participation in each CfP.

Sub-project applications (concept notes and full applications) can only be submitted in response to a CfP (complying with the given deadlines) and only via the online submission portal. Sub-project application has to be submitted exclusively in electronic form, along with the documentation stipulated in the CfP and following the GfA, otherwise, the sub-project proposal shall be excluded from further evaluation. In case the online submission portal is not established at the time of publication of the CfP, or in the event of technical issues, applications will be received via e-mail.

## **5.3. Language of proposals**

Proposals must be written and submitted in English. Exception of this rule applies to applications for infrastructural sub-projects, which can be submitted in the Croatian language.

## **5.4. Queries**

The Help Desk Team will provide support connected with the preparation and implementation of sub-projects for applicants/beneficiaries. A Frequently Asked Questions section (FAQ), based on questions received from potential applicants and partners who want to apply to the CfP, will be published on the DIGIT Project website. The FAQ will be updated regularly.

## **6. Procedures of sub-project selection and contracting**

This section provides information about the establishment of an Evaluation committee, receipt of proposals and preparation evaluation, stages in the evaluation process, and sub-grant agreements signing. Additionally, it provides information about the Grievance Redress Mechanism. If the sub-projects within program Research, technology, and innovation infrastructure sub-projects are also financed from the NRRP, the procedures of the NRRP will also be applied.

### **6.1. Establishment of Evaluation committee**

The MSEY/PIU and CSF will establish evaluation committees for programs within Component 1 and Component 2. The Project Coordinator is in charge of appointing evaluation committee members.

The EC consists of a non-voting Chairman, a non-voting Secretary, and an odd number of voting members (minimum of three). Voting members are proposed by MSEY/PIU (for Component 1) and CSF (for Component 2) based on their competencies. The voting members must possess the technical and administrative capacities necessary to give an informed opinion on the proposals. They must have a reasonable command of the language in which the proposals are submitted. Substitutes to the members can be nominated in the same conditions as the titular where justified by the size and/or the technical nature of the CfP.

Where the proposals received are particularly numerous or highly complex in terms of their scientific field, it may not always be possible for the EC to examine each one in detail. If necessary, all or part of this detailed examination may be carried out by assessors so that the EC may conduct its deliberations based on their assessments.

In the case of the Seal of Excellence sub-program, projects have already undergone a rigorous quality assessment within the Horizon Europe evaluation process. Therefore, unlike other programs where administrative, eligibility and quality and assessment are carried out by the EC, the evaluation procedure under this CfP focuses exclusively on administrative and eligibility checks.

For this purpose, instead of an EC, an Evaluation Team (ET) is established. The ET is responsible for verifying the fulfilment of administrative and eligibility criteria, without conducting any further quality assessment of the project proposals. The ET consists of a minimum of three members responsible for administrative and eligibility checks, and one member responsible for grant agreement preparation and signing. Members are proposed by the CSF based on their competencies and must have a reasonable command of the language in which the proposals are submitted. Substitute members may be nominated under the same conditions as the titular members.

This approach ensures consistency with the Seal of Excellence principles, avoids duplication of evaluation efforts, and enables a simplified and efficient procedure focused solely on verifying formal compliance.

### **6.2. Receipt of proposals and preparing evaluation**

The MSEY/PIU receives concept notes/full applications submitted in response to a CfP only via the online submission portal and within the prescribed deadline. In case the online submission portal is not established at the time of publication of the CfP, applications will be received via e-mail.

In one-stage permanent open CfPs, and CfPs for direct award, GfA invite applicants to submit a Full Application. The administrative check of the applications is assessed through the relevant checklists. The eligibility check will be performed for the proposals that have been successful in administrative check.

In a two-stage permanent and temporary open CfPs, the GfA invite applicants to submit a Concept note. Evaluation of concept notes is performed and afterward evaluation of full applications is assessed through the relevant checklists. In this case, applicants that have passed the Concept note are invited to submit a Full application. The elements assessed based on the Concept note may not be modified by the applicant in the evaluation of the Full application.

Permanent open CfPs receive proposals until the funds are used, and no later than December 31, 2027. For temporary open CfPs, the minimum period between the date of publication of the CfP and the deadline for submission of proposals is 45 days. The minimum period between the dispatch of the letter of invitation to submit the Full application and the deadline for submission of proposals is 45 days. For CfPs for direct award, the minimum period between the date of publication of the CfP and the deadline for submission of proposals is 15 days. In exceptional cases, a shorter deadline may be allowed as a derogation.

The online submission portal automatically ensures receipt and registration of the concept notes/full applications. The MSEY/PIU will receipt and assign a registration number to applications received by e-mail. A list of concept notes/full applications contain the registration number, date of submission, and the applicant's name and address. The MSEY/PIU will transfer proposals to the relevant ECs.

### **6.3. Stages in the evaluation process**

The evaluation process starts with the administrative check and ends with the award decision for the selected applicants. The procedure consists of the following stages:

1. **Administrative check** (including eligibility of applicants, partners (if any), sub-project, and activities): The proposals having met the deadline are then subject to an administrative check, which will assess whether the sub-grant applicant has duly completed their application by giving “yes” or “no” to each criteria that will be in the checklist. This assessment is carried out by EC using the Declaration by the applicant, the Concept note/Full application form, the required supporting documents, and the eligibility criteria set out in the GfA. Incomplete proposals may be disqualified from the evaluation process. However, while ensuring the equal treatment of proposals and in accordance with the principle of proportionality, the EC may use its discretion to decide whether or not the applicant will be invited to submit a clarification.
2. **Evaluation of the Concept note** (quality assessment) (if applicable): the concept notes submitted within the deadline and having duly passed the administrative check will undergo an evaluation of the proposal by EC based on an evaluation form. Following the evaluation of the concept notes, the MSEY/PIU (Component 1) or the CSF (Component 2) sends a notice to the applicants, indicating whether they passed the administrative checks and the results of the concept note evaluation. The MSEY/PIU or the CSF then invites applicants who have passed the Concept note to submit a Full application.
3. **Evaluation of the Full application** (quality assessment): the full applications submitted within the deadline and having duly passed the administrative and eligibility check will undergo an evaluation by the EC of the excellence, potential, and feasibility of the action based on an evaluation form. Each sub-project and its activities (unless otherwise agreed with the World

Bank) must undergo environmental and social screening and assessment compliant to ESMF, and consequently, ESF. Following the evaluation of the proposals, the MSEY/PIU (Component 1) or CSF (Component 2) sends a notice to the applicants (notice of exclusion or notice of selection for funding), indicating whether they passed the administrative and eligibility checks and whether they have been provisionally selected according to their evaluation results. If necessary, those whose proposals have been provisionally selected will be invited to submit the requested supporting documentation.

4. **Verification of eligibility:** The EC ultimately draws up a list of the proposals selected for financing, indicating the result obtained by each proposal, the amount of the proposed sub-grant, and the proportion of the eligible costs it is proposed to finance. In the case of the temporary open CfP, this list is made up of the proposals obtaining the best scores, ranked by order, within the limits of the funds available under the CfP. The EC may furthermore draw up, in the same conditions, a reserve list comprising a limited number of proposals having obtained the best scores after those selected for financing. The proposals included in that list are likely to receive a sub-grant insofar as funds become available under the CfP (e.g, decrease of the eligible costs of the selected proposals, impossibility to sign a contract with a selected applicant, etc). The EC also performs budget clearing with the applicants, in cases where it was identified that sub-project budgets are not compatible with proposed activities or the rates seem not to comply with the current market prices. The final Evaluation Report, covering the eligibility verification, must be signed by all members of the EC. According to the Evaluation Report, the MSEY/PIU commences the award of sub-grants. The award decision contains the subject and overall amount of the decision.

Note: For the Seal of Excellence sub-program, ET will be formed to conduct the administrative and eligibility checks.

Following an award decision, the MSEY/PIU extends an invitation to the applicant to sign the Sub-grant Agreement.

Applicants have the right to access relevant evaluation documentation upon formal request. They retain the right to withdraw their proposal at any stage of the evaluation process, provided it occurs before the signing of the Sub-grant Agreement.

#### **6.4. Sub-grant Agreement signing**

After the successful applicants have been informed that their proposals have been selected, the MSEY/PIU prepares sub-grant agreements for Component 1, and the CSF prepares for Component 2. Minor corrections may be brought to the Full application/Application form in so far as they would not call into question the sub-grant award decision or be contrary to the equal treatment of applicants and:

- aim at taking into consideration the changes which have occurred since the date of receipt of the proposal; or
- relate to aspects clearly identified by the EC.

After agreeing to the terms of the Sub-grant Agreement, the MSEY and CSF (if applicable) signs the Sub-grant Agreement with the beneficiary. The MSEY/PIU publishes the Sub-grant agreements list for each CfP.

## 6.5. Grievance Redress Mechanism

The MSEY/PIU is responsible for the establishment of the Grievance Redress Mechanism (GRM) for receiving and facilitating the resolution of complaints and concerns presented by sub-project applicants, beneficiaries, and any individuals, groups, or communities who feel affected or interested, or feel that they may be affected or interested in the activities of the sub-projects and the DIGIT Project.

The GRM is also intended to prevent and mitigate the risk of corruption, limit the risk of conflict between the beneficiary, workers, and the community, mitigate environmental and social risks and impacts, and allow stakeholders to provide practical suggestions and opinions to ensure that the program remains accountable and transparent to the beneficiaries. The GRM is prepared to capture complaints and refer them to the relevant sectors to obtain solutions within reasonable time frames.

The GRM is managed by the central GRM point (PIU's Social Specialist). The CSF will develop its own GRM (for Component 2), and the person responsible for the CSF GRM will report monthly to the PIU's Social Specialist on received and processed grievances. In a case of any accidents and incidents CSF will notify PIU no later than 48 hours after learning of the incident or accident. The beneficiaries will be notified about the accident and/or incident and informed further through the process. Regarding large infrastructural investments, a special Contractor's GRM for civil works will also be established. The responsible person for the Contractor's GRM will be the supervising engineer who will submit a monthly report on received and processed grievances to the PIU's Social Specialist. The PIU's Social Specialist will implement all received grievances in the database.

The MSEY/PIU is responsible for the overall administration of complaints for all components, as the point of receipt of complaints directly or via reports from CSF or supervising engineers at construction sites of sub-projects. In addition to the GRM, legal remedies available under the national legislation are also available (courts, inspections, administrative authorities, etc.).

The GRM is available by using a dedicated e-mail address: [grmdigit@mzom.hr](mailto:grmdigit@mzom.hr) or telephone number +385 1 4594 341 to receive potential complaints or to report on occurred (or noticed) incidents. The GRM allows anonymous complaints to be raised and addressed, as this is in accordance with Croatian law. Information on GRM will be communicated on the DIGIT Project's website and through its various communication materials, including on-site information boards and posters at the construction sites and in the facilities comprised under the sub-project. The CSF and Contractor will have their own GRM email address for grievances.

Detailed information about the GRM is provided in the POM and SEP<sup>7</sup>.

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<sup>7</sup> Stakeholder Engagement Plan: [link](#)

## **7. Procedures of sub-project implementation management**

This section provides information about monitoring and evaluation during sub-project implementation, procurement, payments, and disbursements of sub-project funds, information and visibility measures, and sub-grant refunds.

Each CfP will define specific implementation procedures in line with this GOM. In case of clarifications or minor differences, the provisions outlined in the CfP will apply. Given the conditions of each CfP, the PIU/MSEY and/or CSF will provide implementation packages for the beneficiaries, including templates, guidelines, and reporting instructions to support effective project implementation.

If the sub-projects within program Research, technology, and innovation infrastructure sub-projects are also financed from the NRRP, the procedures of the NRRP will also be applied.

### **7.1. Monitoring and evaluation during sub-project implementation**

After the signing of the Sub-grant Agreement, the MSEY/PIU (Component 1) and CSF (Component 2) monitor whether the sub-project is on track to achieve the established goals and results and whether it is implemented following the Sub-grant Agreement, as well as the fulfillment of indicators.

The monitoring process includes activities such as:

- review and approval of the procurement plan (and modification, if any);
- review and approval of advance requests (if any);
- review and approval of the quarterly/semi-annual and final reports (includes verification of correctness of the funds used);
- preparation of addendums to the Sub-grant Agreement;
- verification of compliance with rules on sustainable development, and requirements related to equal opportunities and non-discrimination;
- review and verification of compliance with WB ESF;
- verification of compliance with rules on information and visibility (publicity); and
- on-site visits.

The MSEY/PIU will monitor sub-project progress, including monitor of irregularities.

### **7.2. Procurement**

The WB's procurement framework effective as of July 1, 2016 governs procurement under the DIGIT Project, respectively procurement under the various sub-grants/programs. Procurement of contracts for goods, works non-consulting and consulting services financed from the DIGIT Project will be carried out in accordance with the World Bank Procurement Regulations for Investment Project Financing (IPF) Borrowers – Procurement in IPF of Goods, Works, Non-Consulting and Consulting Services, (Regulations), Fourth Edition of November 2020.

National Procurement Procedures (NPP) is one of the options for procurement of goods, works and non-consulting services allowed under the applicable Procurement Regulations, which can be applied for selected contracts under the WB's applicable procurement thresholds for the countries of Europe and Central Asia Region (ECA), including Croatia, dated July 1, 2023, and based on the findings of the



Project Procurement Strategy for Development (PPSD) and subject to meeting the requirements of the Procurement Regulations (Para 5.3 through 5.6). When approaching the national market, as agreed in the Procurement Plan, the country's own procurement procedures may be used as defined the applicable national public procurement legislation.

Effective from July 1, 2023, the Procurement Thresholds for Croatia are as follows:

*Table 5. Thresholds for procurement approaches and methods in US\$ thousands*

Country	Works Open International	Works Open National <	Works RFQ <	Goods, IT, Non- consultancy Open International <	Goods, IT, NC, Open National <	Goods, IT, NC RFQ <	Shortlist of National Consultants <
Croatia	50,000	50,000	500	30,000	30,000	200	500

Contracts for selection of consultants will follow the selection methods according to the applicable Procurement Regulations. Contracts for consulting services estimated to cost less than US\$ 300,000 may follow the procedure Consultants' Qualifications-based Selection (CQS) according to pars 7.11-7.12.

Private sector entities (normally entities not subject to the Borrower's public procurement law), recipients/beneficiaries of sub-grants may use well-established commercial practices for procurement of goods, works, or non-consulting services. The WB's following core procurement principles are the standard for determining the acceptability of commercial practices:

- **Value for Money (VfM):** The principle of VfM means the effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits, along with an assessment of risks, and non-price attributes and/or life cycle costs, as appropriate. Price alone may not necessarily represent VfM.
- **Economy:** The principle of economy takes into consideration factors such as sustainability, quality, non-price attributes and/or life cycle cost as appropriate, that support VfM. It permits integrating into the procurement process economic, environmental, and social considerations that the Bank has agreed with the Borrower. It also permits augmenting identified sustainability criteria with specific criteria in support of the Borrower's own sustainable procurement policy.
- **Integrity:** The principle of integrity refers to the use of funds, resources, assets, and authority according to the intended purposes and in a manner, that is well informed, aligned with the public interest, and aligned with broader principles of good governance. The Bank requires that all parties involved in the procurement process, and their personnel, observe the highest standard of ethics during the procurement process of Bank-financed contracts, and refrain from fraud and corruption (as defined in the Bank's Anti-Corruption Guidelines).
- **Fit-for-purpose:** The principle of fit for purpose means tailoring the procurement approach and methodology to meet the project development objectives and outcomes, taking into account the context and the risk, value, and complexity of the procurement.
- **Efficiency:** The principle of efficiency requires that procurement processes be proportional to the value and risks of the underlying project activities. Procurement arrangements are generally time-sensitive and strive to avoid delays.
- **Transparency:** The principle of transparency requires that the Borrower and the Bank enable

appropriate reviews of procurement activities, supported by appropriate documentation and disclosure. Transparency requires: a. that relevant procurement information be made publicly available to all interested parties, consistently and in a timely manner, through readily accessible and widely available sources at reasonable or no cost; b. there is appropriate reporting of procurement activities; c. confidentiality provisions in contracts are used only where justified.

- **Fairness:** The principle of fairness refers to: a. equal opportunity and treatment for Bidders/Proposers/Consultants; b. equitable distribution of rights and obligations between Borrowers and suppliers, contractors and Bidders/Proposers/Consultants; c. credible mechanisms for addressing procurement-related complaints and providing recourse.

The beneficiaries are obliged to respect the following general principles during the implementation of (public) procurement:

- the principle of freedom of movement of goods, the principle of freedom of business establishment and the principle of freedom to provide services, as well as the principles that arise from this, such as the principle of market competition, the principle of equal treatment, the principle of non-discrimination, the principle of mutual recognition, the principle of proportionality and the principle of transparency;
- (public) procurement must not be designed with the intention of avoiding the application of binding legislation (Law on Public Procurement or the rules on public procurement of small or large value/the Rules on the Implementation of Procurement Procedures for Non-obligators of the Law on Public Procurement) or with the intention of unjustifiably favoring certain economic entities or putting them in a disadvantageous position;
- to apply the provisions of procurement procedures in a way that enables efficient (public) procurement and economical and purposeful spending of public funds;
- during the execution of the (public) procurement contract, the economic entity is obliged to comply with the applicable obligations in the field of environmental, social and labor law, including collective agreements, and in particular the obligation to pay the contracted salary.

The beneficiary that is subject to the Croatian Law on Public Procurement, applies the Law on Public Procurement (Official Gazette 120/16, 114/22) and all applicable regulations arising, as well as changes to the procurement procedures within the sub-project. In case any of the sub-grant beneficiaries are not subject to the Croatian Public Procurement Law, the applicable procurement regulations are Rules on the Implementation of Procurement Procedures for Non-obligators of the Law on Public Procurement (Annex III).

When submitting a sub-project proposal and during sub-project implementation, the beneficiary must comply with the procurement procedures. The beneficiary is obliged to carry out procurement procedures in accordance with all the principles and rules established in each GfA.

All procurement procedures carried out within the framework of the notified sub-project, and before the date of entry into force of the Sub-grant Agreement, must also be carried out in accordance with the principles and rules prescribed in GfA, in order to be considered acceptable.

In accordance with the Procurement Regulations (par. 5.4 c.), the WB requires the application of, and compliance with, the World Bank's Anti-Corruption Guidelines, as specified in the Loan Agreement, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights. To ensure compliance with the above provisions when national open competitive procurement and

commercial practices are conducted, the request for bids/request for proposals document shall require that Bidders/Proposers submitting Bids/Proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contract, confirming application of, and compliance with, the Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights. The form of Letter of Acceptance of the World Bank's Anti-Corruption Guidelines and Sanctions Framework is included in Annex IV. of the GOM.

The PIU will provide the Bank with the list of contractors/suppliers and subcontractors/sub-suppliers under these contracts, so that the Bank can ensure that the firms chosen are not and were not at time of contract award or signing on the WB's List of Debarred Firms. Contracts awarded to firms debarred or suspended by the WB (or those that include debarred or suspended subcontractors/sub-suppliers) will not be eligible for the WB's financing.

### **PIU fiduciary role**

The MSEY/PIU or the CSF is responsible, among others, for supervision of the processes related to the execution of the sub-grant agreements, especially related to:

- procurement plan supervision;
- controls of quarterly/semi-annual/final reports and related requests for payments;
- on-site visits.

The beneficiaries have obligations concerning the implementation of procurement procedures within the sub-project. The first obligation is to conduct a procurement plan. The procurement plan form is listed as Annex V. of this document and will be part of each CfP. The procurement plan contains information on all planned procurements within each project, i.e. those that are related to eligible costs as stated in each sub-grant agreement. The procurement plan review process includes, among other things, control that:

- the planned procurement value and the procurement subject correspond to the sub-project budget and the provisions of the sub-grant agreement;
- all necessary procurements resulting from the sub-project, regardless of the estimated value, are included in the procurement plan;
- are the planned procurement start dates realistic and in line with the sub-project implementation period;
- there is sufficient justification for the chosen procurement procedure and that the procurement procedure was correctly chosen.

The beneficiaries are obliged to inform the MSEY/PIU or the CSF about any changes to the procurement plan.

### **7.3. Reporting, on-site visits and record keeping**

During the execution of the Sub-grant Agreement, the beneficiary submits the following reports to the MSEY/PIU or the CSF: quarterly/semi-annual report (progress report) and final report. The request for payment is part of quarterly/semi-annual reports and final report. Request for advance payment can be submitted after the signing of the Sub-grant Agreement and is not part of the reports.

## **Request for advance payment**

The beneficiary has the right to claim an advance payment as it is determined by the Sub-grant Agreement. The justification of the request for advance payment (including the maximum amount allowed) is submitted by the beneficiary and assessed by the MSEY/PIU or the CSF and must be in accordance with the planned activities within the sub-project and the progress of the sub-project implementation. The MSEY/PIU or the CSF, in relation to an individual beneficiary, evaluates the justification of using an advance based on parameters such as: the beneficiary's need for a certain amount of funds, primarily based on the procurement plan and the budget plan. In the described way, it is ensured that the beneficiaries claim the advance payment in accordance with the dynamics of the implementation of the activities on the sub-project.

Upon receipt of the request for advance payment from the beneficiary, the MSEY/PIU or the CSF assesses the request and informs the beneficiary about the results. If the request is accepted, an advance payment is prepared. In case of rejection of the request, the beneficiary is provided with an explanation. In any case, the advance is a maximum of 50% of the approved sub-grant.

## **Quarterly/semi-annual and final reports**

The sub-grant agreement establishes the obligation and deadlines in which the beneficiary reports on the status of the sub-project's implementation (narrative part) and incurred costs through the request for payment.

The MSEY/PIU or the CSF conducts the administrative control of the reports before the control of the accounting documentation in which the relevant expense is reported. The report check is carried out by the MSEY/PIU or the CSF, in which case it makes:

- conclusion on whether the submitted information on the status of sub-project implementation is adequate and whether funds can be disbursed on the basis of it;
- conclusion on the status of sub-grant (amount of acceptable and ineligible costs and the amount for financing from sub-grants);
- a conclusion on the amount in relation to which a request for payment can be prepared, or in relation to which a request for the return of funds should be prepared.

The beneficiary is informed about everything described above, that is, a payment is made to the beneficiary or a request for the return of funds is submitted.

When checking the correctness of the claimed amount of expenses, the MSEY/PIU or the CSF checks at least:

- the accuracy of the amount of each claimed item of expense in relation to the amount specified in the accompanying supporting documentation (invoice, bank statement, etc.);
- the accuracy of the amount of the cost specified in the accompanying supporting documentation in relation to the provisions of the procurement contract, taking into account the essential elements of the contract (units, unit prices, quantity of units, etc.);
- the accuracy of the amount of each cost item in relation to the approved budget items within which the amount is claimed, taking into account the previously approved costs;
- the accuracy of the amount, if only part of the costs is acceptable for co-financing;
- the accuracy of the amount, taking into account the eligibility of VAT;

- compliance with the provisions of the contract, which set limits in relation to the amount of acceptable costs as a whole or in relation to individual categories of costs.

When it comes to procurement costs, it is necessary to check at least:

- that the costs were incurred as part of procurements carried out in accordance with the procurement plan;
- that the costs were incurred on the basis of the procurement contract and are related to the procurement (with a clear reference);
- compliance of costs with the provisions of the procurement contract.

### **On-site visits**

On-site visits include verification of sub-project elements (activities and costs) for which, in addition to administrative verification, it is also possible to verify the progress of physical indicators. Performing on-site visit depends on the nature of the sub-project, the amount of financial support, the level of risk and the comprehensiveness of the administrative check.

On-site visits are carried out at an advanced stage of sub-project implementation, however, for infrastructure sub-projects that are carried out over a multi-year period, a larger number of on-site visits is carried out during the specified period.

On-site visits are carried out on the premises of the user and/or partner, i.e. at the location/locations of the sub-project implementation. The goal of on-site visits is first of all to check the reality of the sub-project, i.e. the costs and deliveries, and to obtain information that supports the conclusions of the administrative check, i.e. to provide a guarantee of the regularity and legality of the costs.

### **Record keeping**

For the purpose of sub-project revision and controls after sub-projects end beneficiaries are obliged to keep original documents related to sub-project expenses and implementation of activities for at least five years, except those that have to be kept longer according to national legislation.

## **7.4. Payments of sub-project funds**

Payments are made by the MSEY on the basis of approved requests. The templates of Budget plan (including budget realization and budget realization overview), Request for payment and Schedule plan for future requests are provided in Annex VI. of this document.

### **Advanced payment**

The beneficiary has the opportunity to apply for an advance payment of up to 50% of the total sub-grant. The advance payment shall be made following the signature of the Sub-grant Agreement, within 30 days of the submission of a request for advance payment by the Beneficiary.

### **Interim payments**

The prerequisite for interim payments is a justification of at least 70% of the total advance payment. The beneficiary is obligated to provide proof of payment for at least 70% of payments made from the received advance by submitting relevant documentation. All payments must be in line with the Budget

plan and approved by the MSEY/PIU or the CSF.

The beneficiary can choose whether to claim costs by reimbursement method, payment method, or by a combination of the mentioned methods.

**Payment method:** Payments can be made to the beneficiary's account based on the submitted request for payment after the costs are approved by the MSEY/PIU or the CSF. All requested payments must be in line with the accepted Budget plan and supported with relevant financial documentation. The beneficiary is obligated to submit proofs of conducted payment of costs listed in the request in a period of 10 days after receiving the sub-grant.

**Reimbursement method:** Reimbursements of conducted payments can be made after the beneficiary submits Request for payment with the proof that all stated payments are conducted.

All requests for payment should be submitted with supporting documentation. Examples of supporting documentation are procurement contracts (goods, works, services) (and amendments, if any) with invoices from contractors and suppliers of goods, service providers, acceptance certificates (goods, works, services), lists and other documents proving the acceptability of costs (technical sub-project documentation, building permits, proof of publicity activities (articles, photos, etc.), list of participants, studies, certificates, audit report (if applicable) and other documents justifying the incurred cost.

All documentation from the beneficiary should be submitted electronically. The beneficiary shall use templates for reports provided by the MSEY/PIU or the CSF.

Payments shall be made following the approval of reports (quarterly/semi-annual) and no later than 30 days from the date of the approval. Reports should be submitted within 15 days from the end of every three/six months from the conclusion of the Sub-grant Agreement, depending on the CfP.

### **Final payment**

The final report has to be submitted within 30 days from the end of the sub-project implementation period. The final payment will be made following approval of the final report and no later than 30 days from the date of approval. Final payment can only be paid using the reimbursement method.

All payments shall be made from MSEY to beneficiary's bank account or to designated account that will be used exclusively for financing the activities stipulated in the Sub-grant agreement.

Commitments and payments will be carried out in euros (EUR).

### **Accounting policies**

The documentation for all financial transactions from sub-grants must be kept by beneficiary in accordance with the requirements of the national legislation and will reflect proper identification of costs.

The costs included in the request for payment must be able to be determined, verified and recorded in the accounting records of the beneficiary, and must be determined in accordance with the applicable accounting standards and the usual accounting practice. This requirement also applies to the beneficiary's partners (if any).

The beneficiary is obliged to ensure that requests for payment and other financial data related to the sub-project can be easily and accurately reconciled with his and the partner's (if any) accounting records.

### **Audit and control**

The MSEY/PIU or the CSF can hire an independent audit company that will review the implementation of sub-grant-related procedures.

The beneficiary must enable the MSEY/PIU or the CSF or the World Bank and other authorized auditors/external persons to carry out the necessary controls by reviewing documents, making copies of those documents or performing on-site visits, monitoring the implementation of the project and carrying out the full audit procedure, if necessary, based on accompanying documents for invoices, accounting documentation and any other documents relevant to sub-project financing.

In addition to the quarterly/semi-annual reports, the MSEY/PIU or the CSF or the World Bank can control following:

- records from the accounting system that the beneficiary/partner uses for business purposes (such as the general ledger, analytical records, records of long-term/short-term assets, small inventory, and posting journals);
- contracts on the procurement of goods, services and/or works;
- proof of service provision, such as approved reports, manuals, working time records, evidence of attendance at seminars, conferences, and courses and relevant documentation and materials obtained, such as participant lists, presentations, worksheets, certificates, etc.;
- proof of receipt of goods;
- proof of the completion of works, such as acceptance certificate, and performance certificate;
- proof of purchase, such as invoices;
- proof of travel such as travel order and travel invoice, travel report, transport tickets and boarding passes;
- proof of payment such as bank statements.

## **7.5. Information and visibility of sub-project and dissemination of results**

The beneficiaries must undertake measures (e.g. announcements and press releases, notice boards, stickers, promotional material, etc.) to inform the public that the sub-projects are financed through the Loan Agreement (Loan No. 9558-HR) for the Digital, Innovation, and Green Technology Project (DIGIT Project).

The beneficiaries undertake to respond to the invitation of the MSEY/PIU to participate in organized information and visibility events. The MSEY/PIU will inform the beneficiaries about organized information and visibility events in a timely manner, no later than seven days before the day of the planned maintenance.

Depending on applicability, the results of the sub-project should be communicated through various platforms to ensure maximum outreach and impact:

- Conferences: Presenting results at national and international conferences can facilitate networking with other stakeholders, allowing for valuable feedback and collaborations that

may enhance the sub-project's reach and applicability.

- **Publications:** Publishing results in academic journals, especially peer-reviewed ones, ensures credibility and broad dissemination within the scientific community, influencing future research and practices.
- **Public access repositories:** Placing research outcomes in public access repositories makes them accessible to a wider audience, adhering to open science principles and enhancing transparency and reproducibility.
- **Free and open source computer programs:** If applicable, releasing any developed software or algorithms as free and open source can foster a community of users and developers who can further refine and expand upon the sub-project's technological outputs.
- **Newspapers, TV, or other media:** The beneficiary must report any public presentation of the sub-project and its results in newspapers, TV, or other media outlets as part of the progress reports and final report.

These dissemination strategies ensure that the sub-project's impacts are widely understood and accessible, contributing to knowledge expansion and practical application in related fields.

## **7.6. Sub-grant refunds**

The MSEY may suspend or terminate the right of the beneficiary to use the proceeds of the sub-grant or obtain a refund of all or any part of the amount of the withdrawn sub-grant if the beneficiary's failure to perform any of its obligations under the Sub-grant Agreement.



## **8. Annexes**

### **8.1. Annex I. Template of Concept note**

#### **CONCEPT NOTE**

##### **CALL FOR PROPOSALS**

**<Name of the Call for proposals>**

**<Reference of the CfP>**

**<Name of the Program>**

**The document may be subject to change depending on each call for proposals.**

## Concept note form

**Note: The Concept note form will be available in an online format. Applicants must complete all required fields directly in the portal, ensuring that each section is filled according to the provided guidelines.**

### 1. Project information

Project Information	
<b>Project title:</b>	<Name of the project>
<b>Name of the Applicant:</b>	<Name of the lead organization>
<b>Consortium partners:</b>	<List of all participating partners>
<b>Project objectives:</b>	<Overall objective(s)> <Specific objective(s)>
<b>Project activities:</b>	<List the main activities planned under the project>
<b>Target group(s):</b>	<List the main target groups/entities who will directly benefit from the project>

### 2. Consortium information

Please fill in the fields in the table with information for the project applicant and other consortium members (project partners).

*Please copy the section on partners as many times as necessary to include all partners.*

Information about the Applicant	
<b>Name of the Applicant</b>	
<b>Type of legal entity</b>	
<b>Personal identification number</b>	
<b>Street and house number</b>	
<b>Municipality/City</b>	
<b>Zip code</b>	
<b>Country</b>	
<b>Phone/cell phone number</b>	
<b>E-mail address</b>	
<b>Web page</b>	
<b>Responsible person (name and surname)</b>	
<b>Function</b>	
<b>Personal identification number</b>	
<b>Phone/cell phone number</b>	
<b>Responsible person's e-mail</b>	
<b>Contact person for this project (name and surname)</b>	
<b>Function</b>	
<b>Phone/cell phone number</b>	
<b>Contact person's e-mail</b>	
Information about Partner 1	
<b>Name of the Partner</b>	

Type of legal entity	
Personal identification number <or national business identification number for foreign entities>	
Street and house number	
Municipality/City	
Zip code	
Country	
Phone/cell phone number	
E-mail address	
Web page	
Responsible person (name and surname)	
Function	
Personal identification number	
Phone/cell phone number	
Responsible person's e-mail	

### 3. Abstract

<p align="center"><b>Abstract of the Project Concept (max 5,000 characters with spaces)</b></p> <p><i>&lt;Provide a concise summary of your project, outlining its objectives, and the target group(s) it aims to benefit. Include the activities, expected results and impact of the project.&gt;</i></p>
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### 4. Project excellence

This section focuses on the innovation and scientific/technical quality of your project.

#### 4.1. Clarity of objectives and strategic vision

<p align="center"><b>Clarity of objectives and strategic vision (max 5,000 characters with spaces)</b></p> <p><i>&lt;Clearly define and articulate the project's objectives, ensuring they are specific, measurable, attainable, and aligned with the objective of the Call. Ensure that the project's vision demonstrates a clear direction toward strengthening research and innovation efforts.&gt;</i></p>
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#### 4.2. Proposed novelty and originality

<p align="center"><b>Proposed novelty and originality of the project (max 5,000 characters with spaces)</b></p> <p><i>&lt;Describe how your project differs from existing solutions or approaches. Explain how the project is innovative, and what makes it unique or groundbreaking. Highlight what is new or unique about the approach, technology, or methodology.&gt;</i></p> <p><i>&lt;Describe the current state-of-the-art and how the proposal advances beyond it, incorporating cutting-edge knowledge, new ideas, and concepts. Argue the plausibility of the proposed research for achieving the targeted breakthrough.&gt;</i></p>
--

### 4.3. Appropriateness and effectiveness of research methodology

#### Appropriateness and effectiveness of research methodology (max 5,000 characters with spaces)

*<Describe the overall research approach, the methodology and explain its relevance to the proposal's objectives. Explain how the research methodology is suitable to address high scientific and technological risks, allowing the exploration of alternative directions and options.>*

## 5. Project potential

This section assesses the potential impact and relevance of your project.

### 5.1. Importance of the project outcome(s) with regards to its transformational impact on technology and/or society:

#### Importance of the project outcome(s) with regards to their transformational impact on science, technology and/or society (max 5,000 characters with spaces)

*<Clearly describe the new technological outcome that the project aims to achieve. Highlight the key features and functionalities of the achievement.>*

*<Explain how this technological outcome will transform existing technologies or practices. Discuss the potential societal benefits, such as improvements in quality of life, economic growth, environmental sustainability, etc. Substantiate the potential impact with quantitative measures.>*

### 5.2. Level of scalability and sustainability

#### Level of scalability and sustainability (max 5,000 characters with spaces)

*<Explain how your project could be scaled and sustained beyond the initial implementation phase.>*

## 6. Project feasibility

This section evaluates the practical aspects of the project, including resources, indicative timeline and budget.

### 6.1. Feasibility of implementation plan

#### Feasibility of implementation plan (max 5,000 characters with spaces)

*<List the key milestones and estimated timeline for completing each stage of the project. Briefly present the overall structure of the work plan.>*

### 6.2. Resources and indicative budget

#### Project resources – personnel (max 5,000 characters with spaces)

*<Briefly outline the key human resources required for the project. Please outline the profiles of the key persons who will be primarily responsible for carrying out the proposed research and/or innovation activities and specify each of the personnel's proposed role within the team. If specific persons are not currently hired or connected to the project, it is sufficient to outline the types of human resource capacities that will be required to deliver the project (e.g., three senior level computer scientists, two research assistants, etc.).>*

*<You should give enough detail to justify the proposed resources to be allocated.>*

**Project resources – research infrastructure (max 2,000 characters with spaces)**

*<Briefly outline the key research resources required for the project (other than personnel, e.g., equipment and premises [only adaptation works are eligible]). Briefly describe the state of the existing research infrastructure and equipment as well as materials that will be required for the project.>*

*<You should give enough detail to justify the proposed resources to be allocated.>*

**Project budget (max 2,000 characters with spaces)**

*<Briefly outline the key budget categories and estimated funding required for the project.>*

## **7. Attachments**

Attachments	
Declaration by the Applicant on participation in the Concept note stage (completed, signed and stamped (Annex A.)) (.pdf)	
<Declarations by the partner(s) on participation in the Concept note stage (completed, signed and stamped) (.zip or .pdf) (if any)>	
<Other documents (if any)>	

## Annex A. Declaration by the Applicant

**The document may be subject to change depending on each call for proposals. Depending on the eligibility, a Declaration by the partner will be included in the respective Call for proposals documentation.**

<b>Name of the Applicant:</b>	<i>&lt;Name of the organization&gt;</i>
<b>Project title:</b>	<i>&lt;Name of the project&gt;</i>

**The applicant, represented by the undersigned, being the authorized signatory of the applicant, and in the context of the present application to the Call for proposals <...> (Call reference number: <...>) hereby declares that:**

1. The applicant confirms that they have understood and accept all the terms and conditions of the Call for Proposals.
2. All information and data provided in the application package are accurate, complete, and truthful. The applicant confirms that they understand that any false or misleading information may result in the disqualification of the application and potential legal consequences.
3. The applicant confirms that the project does not constitute double funding.
4. The applicant, or their legal representatives, are not in any of the situations excluding them from participating in Call for proposals which are listed in the Section <...>.
5. The applicant will act in accordance with the principles of economy, efficiency and effectiveness, and has secured stable and sufficient sources of financing for purposes of project implementation (in case of co-financing).
6. The project will not commence implementation before the submission of the project proposal in Stage 2 – Full Application, except <...>.
7. At the time of submitting the project proposal, the project is not physically or financially completed, nor will the project be completed before the signing of the Grant Agreement.
8. The project is ready for the start of the activities and their completion in accordance with the set timeframes.
9. The project activities are not listed on the International Finance Corporation (IFC) exclusion list of activities, nor otherwise excluded by the ESMF as described in <...>.
10. The applicant will deliver immediately, upon request, documentation that proves the eligibility conditions of the applicant, as well as the project, and project activities and costs.
11. The project is in accordance with Horizontal principles and Ethics as described in <...>.
12. The applicant is familiar with the objectives and guidelines related to ethical principles applicable to projects funded under the DIGIT Project. The project has been prepared in accordance with these ethical principles. We declare that throughout the implementation of the project, we will adhere to and apply all provisions stated in the Code of Ethics, which is published on the website of the Ministry of Science, Education, and Youth.
13. The applicant agrees that the entire application documentation and data from the evaluation of project proposals may be used for the purpose of the evaluation of the Call for proposals, regardless of whether the applicant receives support or not.
14. The applicant has completed and submitted the initial survey related to the Call for proposals as described in the Guidelines for Applicants.

15. The applicant agrees to be contacted to participate in future surveys related to the Call for proposals, if the relevant authorities choose to conduct them, regardless of whether the applicant receives support or not, and that the data collected from these surveys may be used for the purpose of evaluating the Call for proposals.
16. The applicant agrees that their personal data may be transferred to the competent authorities for further action, for the purposes of safeguarding the financial interests of the relevant authorities.

Signed on behalf of the Applicant

**Place and date:**

**Name of the authorized signatory of the Applicant:**

**Position in the organization:**

**Signature:**

## 8.2. Annex II. Template of a Sub-grant Agreement

Note: The document may be subject to change depending on each program.

### SUB-GRANT AGREEMENT

*[reference number of the Sub-grant Agreement]*

*[Name of the Sub-project]*

### CALL FOR PROPOSALS

*<Name of the CfP>*

*<Reference of the CfP>*

*<Name of the Program>*

*<Name of the Sub-program (if applicable)>*

**Ministry of Science, Education and Youth** (hereinafter: MSEY) as the authority responsible for the implementation of the Digital, Innovation, and Green Technology Project (hereinafter: DIGIT Project), Donje Svetice 38, 10 000 Zagreb, OIB: 49508397045,

**Croatian Science Foundation** (hereinafter: CSF) as the support implementing body for Component 2 “Programs for digital and green research and innovation” of the DIGIT Project, OIB: 88776522763, Ilica 24, 10 000 Zagreb,

and

### BENEFICIARY

*<Full official name, OIB and address of the Beneficiary>*

*<financial institution holding the Beneficiary bank account and bank account number>*

(hereinafter: Beneficiary)

(hereinafter: Contracting Parties) have agreed as follows:



## **Purpose**

### **Article 1.**

- (1) The purpose of this Sub-grant Agreement (hereinafter: Agreement) is to award sub-grants to the Beneficiary for the purpose of implementing the Sub-project <Sub-Project name> (hereinafter: Sub-project) described in <Annex I – Concept note/Application form> of this Agreement (hereinafter: Annex I.).
- (2) Sub-grants are awarded to the Beneficiary in accordance with the conditions set forth in this Agreement, including the Grants Operations Manual dated [insert date] and published at: [insert website], as set forth in the Loan Agreement (Loan No. 9558-HR) between the Republic of Croatia and the International Bank for Reconstruction and Development (WB or World Bank) for the Digital, Innovation, and Green Technology Project (DIGIT Project). The Beneficiary hereby declares that he has taken full note of the terms of the Agreement, and that he has understood and accepted them.
- (3) The Beneficiary undertakes to implement the Sub-project in accordance with the description and scope of the Sub-project as specified in the terms of this Agreement and Annex I., and any approved subsequent amendments to the Agreement.

## **Rights of the MSEY/CSF**

### **Article 2.**

- (1) The <MSEY/CSF> may suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all advances that have not been used for eligible expenditures or any part of the amount of the Sub-grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under this Sub-grant Agreement.

## **Implementation of the Sub-project**

### **Article 3.**

- (1) This Agreement takes effect on the day it is signed by the last Contracting Party and is effective until all the rights and obligations of the Contracting Parties have been fulfilled, or until the date of termination of the Agreement.
- (2) The Sub-project implementation period is from <...> to <...>.
- (3) The period of eligibility for Sub-project costs is from <...> to [December 29, 2028], unless an extension is communicated in writing to the Beneficiary by <MSEY/CSF>.
- (4) The final report has to be submitted to <MSEY/CSF> by <...>.
- (5) Payments shall be made following the approval of sub-project <quarterly/semi-annual> reports (progress reports) and no later than one month from the date of approval. Reports should be submitted within 15 days from the end of every <three/six> months from the conclusion of this Agreement.

- (6) The final payment will be made following approval of the final report and no later than one month from the date of approval. The final report has to be submitted within 30 days from the end of the sub-project implementation period.
- (7) The Beneficiary can choose whether to claim expenses by reimbursement method, payment method or by a combination of the mentioned methods, excluding the final report (only reimbursement method).
- (8) The Beneficiary undertakes to:
- (i) carry out the Sub-project in accordance with the Grants Operations Manual, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards (including any documents required under the Environmental and Social Management Framework) and practices satisfactory to the WB, including in accordance with the applicable provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016, and without limitation the World Bank’s right to sanction and the World Bank’s inspection and audit rights;
  - (ii) submit to the <MSEY/CSF> regular (progress reports and final report) and, upon a request by <MSEY/CSF> or the WB, ad hoc reports on the implementation of the Sub-project, achievement of indicators, horizontal issues or other information necessary for reporting or implementation;
  - (iii) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of the Grants Operations Manual;
  - (iv) maintain policies and procedures adequate to enable it to monitor the progress of the Sub-project and the achievement of its objectives;
  - (v) (a) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (b) at the WB’s or the MSEY/CSF’s request, have such financial statements audited by independent auditors acceptable to the WB and promptly furnish the statements as so audited to the MSEY/CSF and the WB; and
  - (vi) prepare and furnish to the MSEY/CSF and the WB all such information as the MSEY/CSF and the WB shall reasonably request relating to the foregoing.
- (9) The Beneficiary may lose the right to sub-grant funds, that is, the <MSEY/CSF> may terminate the Agreement with the Beneficiary if the Beneficiary's actions or failure to act did not result in reimbursement of funds based on the Agreement, within four (4) months from the date of its signing.
- (10) Amendments to the Agreement agreed upon by all Contracting Parties are compiled in the form of a written addendum to the Agreement, which is signed by all Contracting Parties. The Agreement cannot be modified for a purpose or with an effect that would call into question the conditions of eligibility and the contribution to achieving the sub-project's objectives, and that would affect significant changes within the evaluation process that was carried out, as well as compliance with the principle of equal treatment.

## **Sub-grant amount and arrangement of payments**

### **Article 4.**

- (1) The total value of the Sub-project is determined in the amount of EUR <...>.
- (2) The total eligible costs of the Sub-project amount to EUR <...>, as set out in Annex I.
- (3) As part of the Sub-project, eligible costs are those costs approved by the <MSEY/CSF> as part of the Call for Proposals <name of the CfP>.
- (4) Sub-grants are awarded in the amount of EUR <...>, which is the highest possible amount of financing of the total determined value of the eligible costs of the Sub-project specified in paragraph 2. of this article.
- (5) The Beneficiary is obliged to provide funds for the difference between the total value of the sub-project and the allocated sub-grants.
- (6) The Beneficiary is obliged to provide funds to cover costs that are subsequently determined to be ineligible.
- (7) The Beneficiary has the right to request an advance payment. The total amount of the advance cannot be higher than 50% of the approved sub-grants.
- (8) If the Beneficiary does not act in accordance with the decision ordering the return of funds, and/or the Beneficiary's bank account is blocked due to forced collection of claims, further payments to the Beneficiary are suspended.

### **Partners**

### **Article 5.**

- (1) The Sub-project will be implemented by the Beneficiary and the following partner(s) in the partnership/consortium:  
<Full official name, OIB and address of the partner(s)>  
<The partnership/consortium agreement is an attachment to this Agreement, which the Beneficiary is obliged to submit in accordance with the Guidelines for Applicants>

## **Ineligible costs**

### **Article 6.**

- (1) Ineligible costs are all expenses listed as ineligible in the evaluation of the acceptability of expenditures and Guidelines for Applicants, including all expenses that are not consistent with the terms and conditions of this Agreement.

**Project assets management and contract transfer**  
**Article 7.**

- (1) The property acquired in the Sub-project must be used in accordance with the description of the Sub-project contained in Annex I. of this Agreement and in accordance with the durability requirements.

**Other conditions**  
**Article 8.**

- (1) The Beneficiary is obliged to keep documentation related to the Sub-project for five (5) years after the end of the Sub-project.
- (2) The Beneficiary is obliged to contribute to the Call for Proposals indicators in accordance with those specified in Annex I. of this Agreement.
- (3) The Beneficiary undertakes upon completion and within five (5) years after the implementation of the projects to participate in surveys and to give consent for the use of collected data to evaluate the impact of the implementation.
- (4) <MSEY/CSF> can check the accuracy of the data specified in the Sub-project proposal at any stage of the Sub-project implementation.
- (5) Financial corrections related to the non-achievement of the indicators as listed in Annex I. of this Agreement will not be applied if they were achieved due to the occurrence of force majeure, socio-economic or environmental factors, i.e., the occurrence of important changes in economic or environmental conditions in the country, which affected achievement of Sub-project indicators. The competent authority evaluates each specific case and determines the realization of the mentioned factors, as well as the possibility of achieving the given indicators.
- (6) <MSEY/CSF> and the WB can perform monitoring visits (on-site visits). The <MSEY/CSF> and the WB shall notify the Beneficiary in advance about the monitoring visit. Monitoring visits will typically include a review of Sub-project implementation (e.g. procedures, milestones with measurable results, timelines, tasks, agreements, policies, and financial documentation, etc.) as well as in-person meetings with relevant sub-project team members. At the end of each monitoring visit, the <MSEY/CSF> will discuss findings from the meeting with relevant sub-project team members and clarify which corrective actions to pursue after the visit, if any. If the monitoring visit has identified any concerns, the Beneficiary will be required to correct these deficiencies within the agreed timelines. Further payments shall depend on the severity of the problem, and it will be suspended until the deficiencies are corrected. Nonetheless, the <MSEY/CSF> and the WB reserves the right to conduct ad hoc monitoring visits, if deemed necessary.

**Communication of the Contracting Parties**  
**Article 9.**

- (1) The Beneficiary and the <MSEY/CSF> use e-mail communication during implementation and the defined reporting period after the implementation of the Sub-project. In every type of communication-related to this Agreement, the reference number of the Agreement (Sub-project code) is indicated.

**Final provisions**  
**Article 10.**

(1) This Agreement is made in <two/three> identical copies, each with the power of the original, of which each Contracting Party retains one copy.

**For the Ministry of Science, Education and Youth**

Name

Function

Signature

Date

Class:

Registry number:

**For the Croatian Science Foundation**

Name

Function

Signature

Date

Class:

Registry number:

**For the Beneficiary**

Name

Function

Signature

Date

### **8.3. Annex III. Rules on the Implementation of Procurement Procedures for Non-obligators of the Law on Public Procurement**

#### **RULES ON THE IMPLEMENTATION OF PROCUREMENT PROCEDURES FOR NON-OBLIGATORS OF THE LAW ON PUBLIC PROCUREMENT**

##### **Introductory provisions**

##### **Article 1.**

(1) These Rules on the Implementation of Procurement Procedures for Non-obligators of the Law on Public Procurement (hereinafter: Rules ) apply to all subjects, except for those listed in Articles 6 and 7 of the Law on Public Procurement (Croatian Official Gazette, no. 120/16 and 114/22).

(2) Entities from paragraph 1 of this article are Beneficiaries or Partners of Beneficiaries of sub-grants and are obliged to carry out the procurement of works, goods and services with the attention of a good businessman while taking into account the rational and efficient spending of allocated funds in such a way that goods, works and the services they procure correspond to the purpose of the sub-project (hereinafter: Subjects).

(3) Deadlines defined by the Rules are calculated by excluding the day on which the invitation to submit bids or the notification was delivered. The deadline begins on the following day. If the last day of the deadline falls on a public holiday in the Republic of Croatia, a Saturday, or a Sunday, the deadline is extended to the next working day. For deadlines expressed in months or years, the deadline ends on the day of the final month or year that corresponds to the date of delivery of the invitation or notification. If that date does not exist in the final month (e.g. February 30), the deadline ends on the last day of that month. Saturdays, Sundays, and public holidays do not affect when the deadline begins or how it is counted, except when they fall on the final day of the deadline.

##### **Principles of procurement procedures**

##### **Article 2.**

(1) The Subject of application of the Rules is obliged to respect **the principle of Value for Money (VfM)**. The principle of VfM means the effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits, along with an assessment of risks, and non-price attributes and/or life cycle costs, as appropriate. Price alone may not necessarily represent VfM.

(2) The Subject of application of the Rules is obliged to respect the **principle of economy (the principle of rational and economical spending of funds)** in the context of comparing prices and the current market value of the procurement object. The principle of economy takes into consideration factors such as sustainability, quality, non-price attributes and/or life cycle cost where appropriate. It allows the integration of agreed economic, environmental, and social considerations into the procurement process.

If there is reason to believe that the agreed price with the selected bidder is unreasonably high, specifically, more than 20% above the eligible cost stated in the Grant Agreement, the Ministry of Science, Education and Youth and/or Croatian Science Foundation may request additional supporting

documents and explanations from the Subject to clarify and justify the price. The Ministry of Science, Education and Youth and/or the Croatian Science Foundation reserve the right to deem costs that unjustifiably exceed the estimated value of the procurement object as ineligible during the cost/expenditure eligibility review process.

(3) The Subject is obliged to respect the **principle of integrity**. The principle of integrity refers to the use of funds, resources, assets, and authority according to the intended purposes and in a manner, that is well-informed, aligned with the public interest, and aligned with broader principles of good governance. It is required that all parties involved in the procurement process, and their personnel, observe the highest standard of ethics during the procurement process and refrain from fraud and corruption.

(4) The Subject is obliged to respect the **principle of proportionality (fit for purpose)**. The principle of fit for purpose means tailoring the procurement approach and methodology to meet the sub-project development objectives and outcomes, taking into account the context and the risk, value, and complexity of the procurement. This principle ensures that any measure chosen is necessary and appropriate according to the purpose of procurement. The criteria for the selection of bids prescribed in the invitation to submit bids and applied during the review and evaluation of bids must be commensurate with the size, nature and complexity of the procurement and the contract resulting from it.

(5) The Subject is obliged to respect the **principle of efficiency**. The principle of efficiency requires that procurement processes be proportional to the value and risks of the underlying sub-project activities. Procurement arrangements are generally time-sensitive and strive to avoid delays.

(6) The Subject is obliged to respect the **principle of transparency**. The principle of transparency requires that stakeholders enable appropriate reviews of procurement activities, supported by appropriate documentation and disclosure. Transparency requires:

- a) that relevant procurement information be made publicly available to all interested parties, consistently and in a timely manner, through readily accessible and widely available sources at reasonable or no cost;
- b) there is appropriate reporting of procurement activities;
- c) confidentiality provisions in contracts are used only where justified.

(7) The Subject must comply with the **principle of equal treatment and non-discrimination (fairness)**. The principle of fairness refers to ensuring impartial, objective, and comprehensive treatment of all participants at every stage of the procurement procedure. The Subject must not set participation requirements in a way that creates an unjustified barrier for certain (e.g. foreign) bidders. Discriminatory eligibility requirements for foreign bidders, such as requiring registration in specific registries or possession of special permits/licenses to operate in Croatia under specific regulations are not allowed.

(8) When choosing the procurement procedure, the Subject must take care not to artificially divide the object<sup>8</sup> of procurement in order to avoid a more complex/transparent procurement procedure in accordance with the provisions of these Rules (Article 4).

### Article 3.

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<sup>8</sup> In the case of the award of a contract whose object is different types of procurement (works and goods/services), it is considered that the object of procurement is works if the share of the estimated procurement value related to works is 50% or more.

(1) Subjects are obliged to apply the principle of avoiding conflicts of interest by excluding, from the procurement procedure persons who are in a conflict of interest in relation to related companies and related persons, i.e. apply appropriate measures to eliminate the conflict of interest. An exception to this applies only if the related entity is the sole provider capable of delivering the goods, works, or services due to technical reasons or exclusive rights related to the object of procurement, which the Subject must substantiate and prove.

(2) The principle of avoiding conflicts of interest applies to all Subjects and all procurements, regardless of the estimated value of the procurement.

(3) Annex 1 Declaration on the (non)existence of conflicts of interest for Subjects is an integral part of these Rules .

(4) Subject performs a conflict of interest check in relation to all bidders, through search engines and publicly available registers (e.g. court register).

(5) The Subject is obliged to take appropriate measures to effectively prevent, identify and remove conflicts of interest in connection with the procurement process in order to avoid distortion of market competition and ensure equal treatment of all economic entities.

(6) A conflict of interest between the Subject and an economic operator arises in situations where representatives of the Subject or representatives of a procurement service provider acting on behalf of the Subject who are involved in the implementation of the procurement procedure or are able to influence its outcome and have, directly or indirectly, a financial, economic, or any other personal interest that could be considered detrimental to their impartiality and independence within the procedure. In particular, a conflict of interest exists when:

1. if the Subject's representative simultaneously performs management tasks in the economic entity, or
2. if the Subject's representative is the owner of a business share, stocks or other rights on the basis of which he participates in the management or in the capital of that economic entity with more than 0.5%.

(7) For the purposes of this Article, the representative of the Subject shall be deemed to be:

1. heads and members of the Subject's management, steering or supervisory body
2. member of the procurement Evaluation Committee
3. another person who is involved in the implementation or who can influence the decision-making process in the procurement procedure, and
4. persons from points 1, 2 and 3 of this paragraph at procurement service providers acting on behalf of the Subject.

(8) The economic entity referred to in paragraph 7 of this Article shall be considered the bidder, member of the joint venture and subcontractor.

(9) The provisions of Article 3, paragraph 6 of this Act shall be applied in an appropriate manner to relatives by blood in the direct line or in the collateral line up to the fourth degree, relatives by in-laws up to the second degree, spouse or common-law partner, regardless of whether the marriage has ended, and the adoptive parents and adopted children (hereinafter: related persons) of the representative of the



Subject from Article 3, paragraph 7, point 1 of this Rules.

(10) Exceptionally, a conflict of interest does not exist if the related person of the representative of the Subject has a business share, stocks or other rights on the basis of which he participates in the management or in the capital of the economic entity with more than 0.5% acquired in a period of at least two years before the appointment or taking up the duties of representative of the Subject with whom he is connected.

#### **Publishing Invitation to submit bids**

##### **Article 4.**

(1) The application of the principle of transparency is ensured by making the Invitation to submit bids and any changes to the Invitation to submit bids publicly available on the the Subject's website, and/or the other national or regional/local media, whereby the obligation to publish the Invitation to submit bids in relation to procurements with an estimated value above **EUR 130,000.00 excluding VAT for goods and services, i.e. over EUR 660,000.00 without VAT for works** with an exception for research and development sub-projects, which are primarily related to experimental development, for example, the development of a marketable prototype or pilot sub-project that is necessarily the final product, regardless of the estimate amount of the object of procurement.

(2) Subjects can choose a simplified procurement procedure for **procurements below thresholds** from paragraph 1 of this article. They can conclude a written contract with a service provider/goods supplier/contractor or issue a purchase order for **one bidder**. The contract on the goods, works or services procured in this way, or the purchase order serves as proof of the execution of the procurement.

(3) In the procurement process with one bidder, the Subject is obliged to decline the offer, if the offered price of the service provider/supplier of goods/contractor is higher than the threshold set out in paragraph 1. of this Article.

(4) Appropriate means of publication shall be deemed those channels through which the invitation to submit bids is made publicly available in a manner that ensures accessibility for all interested bidders, thereby enabling them to obtain relevant information about the procurement procedure and submit a bid or express interest in participation. Such publication must comply with the basic standards of transparency and accessibility, including but not limited to publication on the Subject's official website, and/or in other national, regional, or local media outlets.

(5) The invitation to submit bids from paragraph 1 of this Article is published for a period of minimum **often calendar days**. In the event of any amendments to the Invitation, such amendments must also be published and remain publicly available for a minimum of **six calendar days**. This period shall be calculated from the day following the date of publication of the amendment up to and including the final day of the deadline for the submission of bids.

(6) Subjects may send link to the published Invitation to submit bids to economic entities of their choice.

(7) The invitation to submit bids contains at least:

- name and address and at least one contact information of the Subject;
- basic information about the object of procurement;

- technical specifications and/or job description and/or all relevant technical details of the object of procurement;
- data on the type, scope and general nature of the works/type, quantity and method of delivery of the goods/description and the scope of services procured;
- if the object of procurement is divided into groups, a statement about the possibility of submitting bids for one, more or all groups;
- place of execution/execution of works, delivery of goods or provision of services;
- deadline for the execution of works/delivery of goods/provision of services;
- template of the statement of grounds for exclusion (usually as the Annex of the Invitation);
- specification of the criteria for the selection of the bid that are applied in the procurement process;
- the deadline for the delivery of bids, which must not be shorter than 10 calendar days (date and time);
- method of delivery of bids;
- the address (postal or electronic) to which the bids are submitted;
- name, surname, telephone number and e-mail address of the contact person.
- In addition to the above, the Invitation to submit bids may contain the required guarantees, but it is not a mandatory condition. In case of requesting a guarantee, the guarantee must be submitted within the term, form, amount and duration required by the invitation to submit bids.

(8) The Subject can (it is not mandatory) specify capability conditions for bidders for a particular procurement in the Invitation to submit bids. If it does, it should take care of equal opportunity to compete for domestic and foreign bidders as set out in paragraph 7 of the Article 2 of the Rules. The Subject is obliged to describe the object of procurement in a clear manner, enabling bidders submission of bids that fully reflect the needs of the Subject for the specified object of procurement, as well as the comparability of the bids in relation to the requirements set forth.

(9) Where the Invitation to bidders refers to specific brands, trademarks, patents, or particular products, the Subject shall be obliged to allow the submission of equivalent products. Such references must be accompanied by the words 'or equivalent', 'like', 'type', 'similar', or other appropriate terms indicating the acceptance of equivalent solutions.

(10) The criterion for the selection of the bid (with the condition that the bid meets all the conditions from the Invitation to submit bid) can be:

- **the lowest price**, or
- **the most economically advantageous bid** (when the criterion for choosing the offer is the best value for money, based on quality, price, technical advantages, functional features, environmental characteristics, operating costs, delivery date or similar - it is necessary to determine the relative importance assigned to each individual criterion selected in the purpose of determining the most favorable bid and the method of its calculation).

(11) The Subject is obliged, on the basis of the results of the examination and evaluation of bids, to reject:

- a bid that is not complete (it does not contain all the mandatory elements stipulated in the Invitation to submit bids),

- a bid that does not comply with the provisions of the Invitation to submit bids,
- a bid in which the price is not stated in absolute amount;
- a bid that contains errors, defects or ambiguities if errors, defects i.e. ambiguities cannot be removed,
- bid in which an error, deficiency, or ambiguity has not been remedied through clarification or completion in accordance with these Rules,
- a bid for which the bidder did not accept in writing the correction of the calculation error,
- if the required guarantees have not been submitted.

(12) The Subject can reject an offer whose price is higher than the secured funds for procurement.

(13) The Subject may not change the conditions prescribed in the Invitation to submit bids during the evaluation of bids.

(14) If the information or documentation that should have been submitted by the bidder is incomplete or incorrect or appear to be such or if certain documents are missing, the Subject can, respecting the principles of equal treatment and transparency, require the relevant bidders to supplement, clarify, complete or provide the necessary information or documentation within an appropriate deadline, not shorter than five calendar days. The aforementioned procedure must not result in negotiations, nor may it lead to changes in the criteria for selecting the bid and originally offered prices.

### **Grounds for exclusion**

#### **Article 5.**

(1) Subjects are obliged to request proof that there are no **grounds for exclusion** from the bidders in the case of procurement from Article 4, paragraph 1 of these Rules .

(2) In accordance with paragraph 1 of this Article, the Subjects shall exclude the bidder from the procurement procedure:

- if the bidder or a person authorized by law to represent the bidder (a person who is a member of the steering committee, management committee or supervisory board or has the authority to represent, make decisions or supervise that bidder) has been convicted by a final judgment of any of the following criminal offenses or corresponding criminal offenses according to the regulations of the state of the bidder's headquarters or the state whose citizen is a person authorized by law to represent the bidder: participation in a criminal organization, criminal association, commission of a criminal offense as part of a criminal association, association to commit criminal offenses, terrorism or criminal offenses related to terrorist activities, money laundering money or terrorist financing, child labor or other forms of human trafficking, corruption, accepting bribes in business operations, giving bribes in business operations, abuse in the public procurement process, abuse of position and authority, illegal favoritism, trading in influence, paying bribes for influence trading, abuse of state authority duties, illegal mediation, fraud, fraud in business operations, tax or customs evasion, subsidy/grant fraud;
- if he has not fulfilled his obligation to pay due tax obligations and obligations for pension and health insurance, unless in accordance with special rules a postponement of the payment of said obligations has been approved, and if the amount of his due and unpaid obligations does not exceed EUR 26,54.

(3) Subjects shall accept as proof that the bidder is not in one of the situations specified in paragraph 1

of this Article the written statement of the person authorized to represent the bidder (in relation to paragraph 1) which is submitted in the offer. "Annex 2. - Statement on the absence of grounds for exclusion" is an integral part of these Rules.

## **Evaluation of bids**

### **Article 6.**

(1) For procurements from article 4., paragraph 1, evaluation of submitted bids is conducted by the Evaluation Committee, involving at least two employees of the Subject appointed by the director/person authorized for representation of the Subject.

(2) Subjects evaluate submitted bids based on the Invitation to submit bids and select the bid based on the criteria of the most economically advantageous bid or the criterion of the lowest price, on which they draw up an evaluation report as evidence of the receipt of bids and their equal treatment in receipt, review and scoring the bid.

(3) The criterion from paragraph 2 of this article is stated and explained in the Invitation to submit bids. The Subject opens and evaluates submitted bids, based on the conditions prescribed in the Invitation to submit bids, on which the evaluation report is drawn up.

(4) The evaluation report contains at least:

- name and headquarters of the Subjects,
- the place and date and time of the start and end of the bid opening,
- the object of procurement,
- type of procurement procedure (in accordance with these Rules),
- name and surname of the persons authorized for representation of bidder and his/her/their signatures,
- name and headquarters of the bidder, according to the order of receipt of bids,
- the offer price excluding VAT and the offer price including VAT,
- date of start and end of bid review and evaluation,
- information on clarification regarding documents/offers (including information on corrections of calculation errors), if any,
- a list of requested and submitted guarantees for the seriousness of the offer, if the Subject requested them,
- analysis of bids related to the fulfillment of requirements regarding the description of the object of procurement and technical specifications,
- analysis and scoring of the criteria for selecting bids, i.e. evaluation of bids,
- the name and headquarters of the bidder whose offers are rejected, with an explanation of the reasons for rejection (also in the case of an unusually low price),
- the name of the bidder with whom the Subject intends to enter into a procurement contract,
- list of attachments to the record (requested/supplied documents, clarifications, explanations), if applicable.

(5) The Subject publishes the Decision on the selected bidder and the total value of the selected bid at the same place where the Invitation to submit bids was published, no later than seven days from the end of the procurement procedure, attached to which is the record from paragraph 4 of this article. The contract with the selected bidder is concluded after the publishing of the Decision on the selected bidder.

## **Procurement Contract**

### **Article 7.**

(1) Subjects of the Application of the Rules for the PP Non-obligators concludes a Procurement Contract with the selected bidder for procurements above thresholds set out in Article 4., paragraph 1, while for procurements below those thresholds, it can conclude in the form of contract or a purchase order.

(2) The procurement contract is concluded on the basis of the conditions from the invitation to submit bid. The procurement contract/purchase order contains at least the following information:

- name, address, OIB (ID if applicable) of the Subject and the selected bidder,
- description of the object of procurement, which must be clearly derived from the selected offer,
- data on the amount of the contract that corresponds to the amount of the selected bid,
- method and terms of payment.

(3) During the execution of the procurement contract, changes to the elements of the contract determined in the Invitation to submit bids must not be in conflict with the applicable Rules:

- a) any increase in the contracted amount may not exceed 50% of the value of the basic contract;
- b) changes to the contract that include the following situations are also prohibited:
  - the amendment introduces conditions which, if they had been part of the procurement procedure, would have enabled the inclusion of other bidders other than those selected;
  - would lead to the conclusion of a contract with an entity different from the one with which the contract was concluded;
  - lead to a significant change in the scope of the contract in such a way that it includes works/services/goods that were not the object of the procurement procedure and were not initially requested and did not prove to be necessary;
  - the economic balance changes in favor of the contractor in a way that is not provided for in the contract.

## **Application of the Law on Public Procurement**

### **Article 8.**

(1) Subjects of application of the Rules for the PP Non-obligators shall apply Article 39 of the Law on Public Procurement (Croatian Official Gazette, no. 120/16 and 114/22), when the conditions are met.

## **Suspicion of irregularity**

### **Article 9.**

(1) In the case of suspicion of irregularity in the procurement procedure carried out by the Subjects, everyone has the right, regardless of whether he participates in the procurement procedure, to report the suspicion in question, among others, to the Ministry of Science, Education and Youth at the address [grmdigit@mzom.hr](mailto:grmdigit@mzom.hr).

(2) The application referred to in paragraph 1 of this article may be the basis for performing additional and unannounced checks on the execution of the contract by which the sub-grant funds were allocated for use. The application does not delay the effects of the selection of the bidder or the issued purchase

order or the concluded procurement contract in the relevant procurement procedure.

(3) Any dispute in the procurement process or in connection with the procurement process or the procurement contract, or other act that regulates the relations between the Subject and the bidder or the selected bidder or the contractor shall be resolved by the Subject and the bidder or the selected bidder or contractor.

## Annex 1.

### DECLARATION ON THE (NON)EXISTENCE OF CONFLICTS OF INTEREST

for the representative(s) of the Subject of the application of the Rules on the implementation of procurement procedures for non-obligators of the Law on Public Procurement (Rules for the PP Non-obligators)

#### STATEMENT\*

(\*This Statement is signed by representatives of the Subject set out in paragraph 7. 1 of the Article 3 before the implementation of the first procurement procedure regardless of the value and applied thresholds and should be kept updated throughout the project implementation.)

by which I, \_\_\_\_\_ [first and last name, OIB]) as a member of the steering committee, management committee or supervisory board<sup>9</sup>, a member of the evaluation committee for procurement, a representative of another body at the Subject of application of the Rules for the PP Non-obligators, another person who is involved in the preparation and implementation of the procurement procedure and the execution of the procurement contract, or who can influence the decision-making in that processes [*underline the appropriate*] (hereinafter: representative of the Subject of the application of the Rules for the PP Non-obligators) in relation to \_\_\_\_\_ [Subject of the application of the Rules for the PP Non-obligators, OIB]

I declare that I am/I am not [*underline the appropriate*] in a conflict of interest as defined in Article 3 of the Rules for the PP Non-obligators in terms of the existence of the following situation:

1. simultaneously performing the duties and management tasks in the economic entity and/or
2. the owner of a business share, stocks or other rights on the basis of which I participates in the management or in the capital of that economic entity with more than 0.5%<sup>10</sup> and/or
3. in following economic operators:

\_\_\_\_\_ [*name and address OIB*  
*economic operator*]

\_\_\_\_\_ [*name and address OIB*  
*economic operator*]

\_\_\_\_\_ [*name and address OIB*  
*economic operator*]

.....

<sup>9</sup> Members of the steering committee, management committee or supervisory board shall also state economic operators in this Statement with which their relatives by blood in the direct line or in the collateral line up to the fourth degree, relatives by in-laws up to the second degree, spouse or common-law partner, regardless of whether the marriage has ended, and the adoptive parents and adopted children are in a conflict of interest as defined in Article 3 paragraph 6 and 7

<sup>10</sup> In accordance with the Rules for PP Non-obligators, a conflict of interest does not exist if the related person has acquired business shares, shares or other rights on the basis of which he participates in the management or in the capital of the economic entity with more than 0.5% in a period of at least two years before the appointment or taking up the duties of the representative of the client with whom she/he is connected.

I undertake to update this Statement without delay if there are changes related to the above-mentioned circumstances.

The above-mentioned circumstances represent situations of conflict of interest between the subject of the application of the Rules for the PP Non-obligators and the economic entity that is the bidder, a member of the joint venture or a subcontractor.

I undertake to withdraw immediately upon learning of the existence of a conflict of interest and to notify the responsible person of the Subject of the Application of the Rules for the PP Non-obligators in order to eliminate the conflict of interest.

In the event that any of the previously described circumstances exist, a conflict of interest shall be deemed to exist, and the burden of proving otherwise lies with the representative of the Subject of application of the Rules for PP Non-obligators.

---

[date and signature]

*On the basis of this Statement, the Subject of the application of the Rules for the PP Non-obligators is obliged in the invitation to submit a bid for a particular procurement procedure to state a list of related entities with which it has a conflict of interest, or to state that there are none.*



## Annex 2.

### STATEMENT ON THE ABSENCE OF GROUNDS FOR EXCLUSION OF THE OFFER

If the economic entity is represented by a legal representative with at least one other person or more legal representatives, all authorized persons give the statement!

#### STATEMENT

By which I, \_\_\_\_\_, OIB: \_\_\_\_\_, and

I, \_\_\_\_\_, OIB: \_\_\_\_\_,

[add lines as needed, if applicable]

Authorized persons to represent the economic entity \_\_\_\_\_, from  
\_\_\_\_\_, OIB: \_\_\_\_\_.

Under material and criminal liability, I declare that:

- neither I, nor the bidder I represent, have been convicted by a final judgment of any of the following criminal offenses or corresponding criminal offenses: participation in a criminal organization, criminal association, commission of a criminal offense as part of a criminal association, association to commit criminal offenses, terrorism or criminal offenses related to terrorist activities, money laundering money or terrorist financing, child labor or other forms of human trafficking, corruption, accepting bribes in business operations, giving bribes in business operations, abuse in the public procurement process, abuse of position and authority, illegal favoritism, trading in influence, paying bribes for influence trading, abuse of state authority duties, illegal mediation, fraud, fraud in business operations, tax or customs evasion, subsidy/grant fraud;
- and that the bidder I represent fulfilled its obligation to pay due tax obligations and obligations for pension and health insurance, unless in accordance with special rules a postponement of the payment of said obligations has been approved, and if the amount of his due and unpaid obligations does not exceed EUR 26,54.

\_\_\_\_\_  
(Place and date)

FOR THE BIDDER:

\_\_\_\_\_  
(Name, surname, position and signature of the authorized person)

#### **8.4. Annex IV. Letter of Acceptance of the World Bank’s Anticorruption Guidelines and Sanctions Framework**

### **LETTER OF ACCEPTANCE OF THE WORLD BANK’S ANTICORRUPTION GUIDELINES AND SANCTIONS FRAMEWORK<sup>11</sup>**

Date: \_\_\_\_\_

Contract # \_\_\_\_\_

Contract Description: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

To: \_\_\_\_\_

We, along with our sub-contractors, sub-consultants, service providers, suppliers, agents (whether declared or not) consultants and personnel, acknowledge and agree to abide by the World Bank’s policy regarding Fraud and Corruption (corrupt, fraudulent, collusive, coercive, and obstructive practices), as set out and defined in the World Bank’s Anti-Corruption Guidelines<sup>12</sup> in connection with the procurement and execution of the contract described above (“the Contract”), including any amendments thereto.

We declare and warrant that we, along our sub-contractors, sub-consultants, service providers, suppliers, agents (whether declared or not), consultants and personnel, are not subject to, and are not controlled by any entity or individual that is subject to, a temporary suspension, early temporary suspension, or debarment imposed by a member of the World Bank Group, including, inter alia, a cross-debarment imposed by the World Bank Group as agreed with other international financial institutions (including multilateral development banks), or through the application of a World Bank Group finding of non-responsibility on the basis of Fraud and Corruption in connection with World Bank Group corporate procurement.

We confirm our understanding of the consequences of not complying with the World Bank’s Anti-Corruption Guidelines, which may include sanctions, pursuant to the Bank’s Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the Bank’s Sanctions Framework. This may include a public declaration of ineligibility, either indefinitely or for a stated period of time, (i) to be awarded or otherwise benefit from a Bank-financed contract,

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<sup>11</sup> *Drafting note:* This document shall be signed by the contractor/consultant/supplier and maintained by the Borrower in the project files.

<sup>12</sup> *Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by International Bank for Reconstruction and Development Loans and the International Development Agency Credits and Grants*, dated October 15, 2006, and revised in January 2011 and July 2016, as they may be revised from time to time.

financially or in any other manner;<sup>13</sup> (ii) to be a nominated<sup>14</sup> sub-contractor, sub-consultant, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract; and (iii) to receive the proceeds of any loan made by the Bank or otherwise to participate further in the preparation or implementation of any Bank-financed project.

We understand that we may be declared ineligible as set out above upon:

- a. completion of World Bank Group sanctions proceedings according to its prevailing sanctions procedures;
- b. cross-debarment as agreed with other international financial institutions (including multilateral development banks);
- c. the application of a World Bank Group finding of non-responsibility on the basis of Fraud and Corruption in connection with World Bank Group corporate procurement; or
- d. temporary suspension or early temporary suspension in connection with an ongoing World Bank Group sanctions proceeding.]

We shall permit, and shall cause our sub-contractors, sub-consultants, agents (whether declared or not), personnel, consultants, service providers or suppliers, to permit the Bank to inspect<sup>15</sup> all accounts, records, and other documents relating to the procurement process and/or Contract execution , and to have them audited by auditors appointed by the Bank.

We agree to preserve all accounts, records, and other documents (whether in hard copy or electronic format) related to the procurement and execution of the Contract.

Name of the Contractor: \_\_\_\_\_

Name of the person duly authorized to sign the Contract: \_\_\_\_\_

Title of the person signing the Letter: \_\_\_\_\_

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<sup>13</sup> For the avoidance of doubt, a sanctioned party's ineligibility to be awarded a contract shall include, without limitation, (i) applying for pre-qualification or initial selection), expressing interest in a consultancy, and bidding, either directly or as a nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider, in respect of such contract, and (ii) entering into an addendum or amendment introducing a material modification to any existing contract.

<sup>14</sup> A nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider (different names are used depending on the bidding document) is one which has been: (i) included by the bidder in its pre-qualification or initial selection application or bid because it brings specific and critical experience and know-how that allow the bidder to meet the qualification requirements for the particular bid; or (ii) appointed by the Borrower.

<sup>15</sup> Inspections in this context are usually investigative (i.e., forensic) in nature: they involve fact-finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data, and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third-party verification of information.

## IZJAVA O PRIHVAĆANJU SMJERNICA ZA BORBU PROTIV KORUPCIJE I OKVIRA ZA SANKCIJE SVJETSKE BANKE<sup>16</sup>

Datum: \_\_\_\_\_

Ugovor br. \_\_\_\_\_

Opis Ugovora: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Za: \_\_\_\_\_

Mi, kao i naši podizvođači, podkonzultanti, pružatelji usluga, dobavljači, predstavnici (imenovani ili neimenovani), konzultanti i zaposlenici, prihvaćamo i pristajemo pridržavati se politike Svjetske banke koja se odnosi na prijevare i korupciju (koruptivne, prijevarne i prisilne prakse i tajno dogovaranje), kako su utvrđene i definirane u Smjernicama Svjetske banke za borbu protiv korupcije<sup>17</sup> u vezi s nabavom i izvršavanjem prethodno opisanog ugovora („Ugovor”), uključujući njegove eventualne izmjene.

Izjavljujemo i jamčimo da mi, kao i naši podizvođači, podkonzultanti, pružatelji usluga, dobavljači, predstavnici (imenovani ili neimenovani), konzultanti i zaposlenici, nismo predmet, i nismo pod kontrolom subjekta ili pojedinca koji je predmet privremene suspenzije, preliminarne privremene suspenzije ili isključenja koje je odredila članica Grupacije Svjetske banke, uključujući među ostalim pripadnost mreži isključenih subjekata koju je Grupacija Svjetske banke uspostavila s drugim međunarodnim financijskim institucijama (uključujući multilateralne razvojne banke), ili primjenom nalaza Grupacije Svjetske banke o nepostojanju odgovornosti u pogledu prijevare i korupcije u vezi s korporativnom nabavom Grupacije Svjetske banke.

Potvrđujemo da razumijemo posljedice nepridržavanja Smjernica Svjetske banke za borbu protiv korupcije, koje mogu uključivati sankcije prema Smjernicama Svjetske banke za borbu protiv korupcije i u skladu s uobičajenim politikama i postupcima okvira za sankcije Banke. To može uključivati javno proglašavanje poduzeća neprihvatljivim, bilo na neodređeno ili određeno vremensko razdoblje, (i) da mu se dodijeli ili da na drugi način ima korist od ugovora koji financira Svjetska banka, financijski ili na bilo koji drugi način;<sup>18</sup> (ii) da bude imenovani<sup>19</sup> podizvođač, konzultant, proizvođač ili dobavljač, ili pružatelj usluge drugog prihvatljivog poduzeća kojem se dodjeljuje ugovor koji financira Svjetska banka; i (iii) da primi prihode od bilo kojeg zajma Svjetske banke ili na bilo koji drugi način sudjeluje

<sup>16</sup> Napomena za sastavljanje: Ovaj dokument potpisuje izvođač/konzultant/dobavljač, a zadržava ga Zajmoprimac u okviru projektne dokumentacije.

<sup>17</sup> *Smjernice o sprječavanju i borbi protiv prijevara i korupcije u projektima koji se financiraju zajmovima Međunarodne banke za obnovu i razvoj te kreditima i zajmovima Međunarodnog udruženja za razvoj*, od 15. listopada 2006., revidirane u siječnju 2011. i srpnju 2016., uz eventualne buduće revizije.

<sup>18</sup> Radi otklanjanja sumnje, neprihvatljivost sankcionirane strane da joj se dodijeli ugovor uključuje, bez ograničenja, (i) prijavljivanje za pretkvalifikaciju (ili predodabir), izražavanje interesa za konzultantske usluge i sudjelovanje u nadmetanju, bilo izravno ili kao imenovani podizvođač, imenovani konzultant, imenovani proizvođač ili dobavljač, ili imenovani pružatelj usluge u vezi takvog ugovora, i (ii) zaključivanje dodatka ili izmjene kojim se uvodi bitna izmjena postojećeg ugovora.

<sup>19</sup> Imenovani podizvođač, imenovani konzultant, imenovani proizvođač ili dobavljač, ili imenovani pružatelj usluge (upotrebljavaju se različiti nazivi ovisno o dokumentaciji o nadmetanju) jest onaj: (i) kojega je ponuditelj naznačio u svojem zahtjevu za pretkvalifikaciju ili predodabir ili ponudi jer pridonosi specifičnim i ključnim iskustvom i znanjem koji tom ponuditelju omogućuju ispunjavanje nužnih zahtjeva za konkretno nadmetanje; ili (ii) kojega je imenovao Zajmoprimac.

u daljnjoj pripremi ili provedbi bilo kojeg projekta koji financira Svjetska banka.

Razumijemo da možemo biti proglašeni neprihvatljivima u skladu s prethodno navedenim na temelju:

- a. dovršenog postupka Grupacije Svjetske banke za određivanje sankcija u skladu s njezinim uobičajenim postupcima u području sankcija;
- b. isključenja u dogovoru s drugim međunarodnim financijskim institucijama (uključujući multilateralne razvojne banke);
- c. primjene nalaza Grupacije Svjetske banke o nepostojanju odgovornosti u pogledu prijevare i korupcije u vezi s korporativnom nabavom Grupacije Svjetske banke; ili
- d. privremene suspenzije ili preliminarne privremene suspenzije u vezi s tekućim postupkom Grupacije Svjetske banke za određivanje sankcija.]

Dozvoljavamo i od svojih podizvođača, podkonzultanata, posrednika (imenovanih ili neimenovanih), zaposlenika, konzultanata, pružatelja usluga ili dobavljača zahtijevamo da dozvole Banci da istraži<sup>20</sup> sve račune, zapise i druge dokumente povezane s postupkom nabave i/ili izvršenjem Ugovora; te da imenuje revizore koji će provesti reviziju njihova poduzeća.

Pristajemo čuvati sve račune, zapise i druge dokumente (bilo u fizičkom obliku ili elektroničkom formatu) povezane s nabavom i izvršenjem Ugovora.

Naziv Izvođača: \_\_\_\_\_

Ime osobe ovlaštene za potpisivanje Ugovora: \_\_\_\_\_

Funkcija osobe koja potpisuje Izjavu: \_\_\_\_\_

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<sup>20</sup> Inspekcije su u tom kontekstu obično istraživačke (odnosno forenzičke) prirode, a uključuju aktivnosti Banke ili osobe koju je imenovala Banka u svrhu prikupljanja činjenica kako bi istražila određena pitanja povezana s istragama/revizijama, kao što je provjera istinitosti navoda o mogućoj prijevare i korupciji primjenom odgovarajućih mehanizama. Takve aktivnosti uključuju, ali nisu ograničene na pristupanje i pregled financijskih izvještaja i informacija poduzeća ili pojedinca te izrada njihovih preslika kada je to relevantno; pristupanje i pregled bilo kojih drugih dokumenata, podataka i informacija (bilo u fizičkom obliku ili elektroničkom formatu) koji se smatraju relevantnima za istragu/reviziju te izrada njihovih preslika kada je to relevantno; intervjuiranje zaposlenika i drugih relevantnih pojedinaca; provedba fizičkih inspekcija i posjeta na lokaciji; angažiranje trećih strana za provjeru informacija.

## **8.5. Annex V. Template of Procurement plan and Reporting on Procurement plan**

Note: The document may be subject to change depending on each program.



Annex V..xlsx

## **8.6. Annex VI. Template of Budget plan, Request for payment and Schedule plan for future requests**

Note: The document may be subject to change depending on each program.



Annex VI..xlsx

## 8.7. Annex VII. Templates of ES Screening Questionnaire and ES Instruments

### 8.7.1. Template of ES Screening Questionnaire

Note: The document may be subject to change depending on each program.

#### ENVIRONMENTAL AND SOCIAL SCREENING QUESTIONNAIRE AND SCREENING REPORT

This form is to be used by the PIUs to screen for the potential environmental and social risks and impacts of a proposed sub-project. It will help the PIU in establishing an appropriate E&S risk rating for these sub-projects and specifying the type of environmental and social assessment required, including specific instruments/plans. Use of this form will allow the PIU to form an initial view of the potential risks and impacts of a sub-project. ***It is not a substitute for project-specific E&S assessments or specific mitigation plans.***

Environmental and social screening questionnaire will be filled out by the applicant/beneficiary and send to PIU for review.

Table 1 Environmental and social screening questionnaire

<b>Name of the project</b>	
<b>Name of the sub-project:</b>	
<b>Estimated Investment:</b>	
<b>Start/Completion date</b>	
<b>Brief description of the sub-project activities (describe main project features and location of work execution):</b>  <i>Annexes for all additional information can be supplemented if necessary (e.g.) maps with the geographical location of the project</i>	



## 1. ENVIRONMENTAL AND SOCIAL SCREENING QUESTIONNAIRE

No.	Screening Questionnaire	Yes	No	Not known	Not applicable	Additional Clarifications
1.	Will the sub-project include civil works?					
2.	Is the activity listed in the IFC exclusion list?					
3.	Will the sub-project include new construction?					
4.	If 'No' under the question 2: What type of works will be included?					
5.	According to national legislation does the subproject require EIA?					
6.	Has the opinion that EIA it is not needed been issued? (please attach)					
7.	Is the sub-project taking place in the nature protected or ecological network area?					
8.	Is preliminary assessment of acceptability for the ecological network area obtained from the competent authority? (please attached)					
9.	Is permission / confirmation regarding interventions in protected areas obtained from the competent authority? (please attach)					
10.	Will the sub-project affect endangered flora or fauna?					
11.	Will the sub-project affect some critical habitats (forest, wetlands, marshlands, aquatic ecosystems)?					
12.	Will the sub-project produce significant emissions to air (e.g. dust, air pollutants, green-house-gases emissions, etc.)?					
13.	Will the sub-project produce excessive noise and vibrations?					
14.	Are there any risks of contamination of					

	surface waters?					
15.	Are there any risks of contamination of ground waters?					
16.	Are there any activities which will lead to physical changes of the water body?					
17.	Will the project produce negative impact to soil (erosion, contamination, etc.)?					
18.	Are there any areas or features of high landscape or scenic value on or around the location which could be affected by the sub-project?					
19.	Is the subproject located within or in the vicinity of any known cultural heritage site or is located in protected cultural and historical area?					
20.	Will the sub-project impact archaeological or cultural heritage sites?					
21.	Will the sub-project generate non-hazardous wastes?					
22.	Will the sub-project generate hazardous wastes?					
23.	Will the sub-project generate asbestos wastes?					
24.	Will the sub-project generate significant amounts of wastes?					
25.	Is there an indication or a risk of historical pollution?					
26.	Are there any routes or facilities on or around the location which are used by the public for access to recreation or other facilities, which could be affected by the sub-project?					
27.	Are there existing land uses within or around the location e.g. homes, gardens, other private property, industry, commerce, recreation, public open space, community facilities, agriculture, forestry, tourism, mining or quarrying that could be affected					

	by the sub-project?					
28.	Are there areas within or around the location which are densely populated or built-up, that could be affected by the sub-project?					
29.	May sub-project cause impact on community health and safety?					
30.	If the project is EU co-financed, does the sub - project proposal comply with DNSH criteria for each of the six environmental objectives?					
31.	Will sub-project require land acquisition, restrictions on land use and involuntary resettlement? (see screening template in Annex IX)					
32.	Could the sub-project produce a technological solution that may adversely affect vulnerable communities or livelihoods? If so, which?					
33.	Are there potential conflicts around intellectual property of the proposed R&D project to be developed?					
34.	Does the sub-project involve any medical or biomedical research activities?					
35.	(For preparation of the clarifications please also consult Annex VIII.)					
36.	How is public perception of research outcomes monitored and addressed and are there mechanisms in place to address public concerns and misconceptions about research activities?					
37.	Are there potential negative impacts of artificial intelligence systems on the environment and society?					

## 2. SCREENING REPORT (the applicant/beneficiary does not fill out)

Screening report template can be adjusted in agreement with the WB

Categorization of the Risk	<input type="checkbox"/> Low Risk	<input type="checkbox"/> Moderate Risk
	The applicant needs to prepare:	The applicant needs to prepare:
	N/A (OHS plan prepared in line with the national legislation - Law on OHS)	ESMP Checklist/ESMP/CHMP <sup>21</sup>
Environmental impacts including OHS and CH identified (short description and note on significance)		
Social impacts identified (short description and note on significance):		
List of instruments to be prepared		
Required permits		
Additional comments:		

Project Categorization confirmed WB E&S Specialists

Signature of responsible person:

Date:

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<sup>21</sup> Type of E&S instrument will be determined for each sub-project individually, depending on the location of the project and its characteristics, i.e. the severity of the impact on society and the environment, the PIU will propose the E&S instrument and the WB will approve it.

## 8.7.2. Template of Environmental and Social Management Plan (ESMP)

Note: The document may be subject to change depending on each program.

### ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN (ESMP) TEMPLATE

The Environmental and Social Management Plan (ESMP) consists of a number of mitigations and monitoring measures as well as of institutional measures to be enforced during the implementation and works in order to eliminate and neutralize negative environmental and social impacts or to reduce them to acceptable levels. The ESMP also includes a list of activities necessary to implement the said measures. ESMPs are, as a rule prepared for E&S aspects of site-specific activities and impacts.

When preparing the Environmental Management Plan the loan beneficiary and his Environmental and Social Assessment team (usually PIU) shall (a) identify direct, indirect and cumulative project risks and impacts, (b) identify series of responses to potentially adverse impacts, (c) define the requirements that will ensure effective and timely implementation of the said responses i.e. measures and (d) describe how to meet these requirements.

The Environmental and Social Management Plan (ESMP) includes the following components:

#### **Impact mitigation**

1. The ESMP identifies feasible and cost-effective measures that can mitigate potentially significant adverse impacts to the environment and communities to acceptable levels. If the mitigation measures are not feasible, sufficient of cost-effective, the ESMP may include compensation measures. The ESMP particularly:

- a) identifies and summarizes the adverse environmental and social impacts (including impacts on the indigenous population and involuntary relocation);
- b) provides detailed technical description of each measure including the type of impact it addresses and the conditions under which the measure is required (e.g. continually or in case of unforeseen events), together with the project design, description of equipment and operative procedures, if necessary.
- c) evaluates all potential impacts of the said measures
- d) provides a reference to other mitigation plans (e.g. for involuntary relocation, indigenous population or cultural property) required by the project.

#### **Monitoring**

2. Monitoring the state of environment during the implementation of the project provides information on key environmental aspects of the project, particularly on the impacts of the project on the environment and the efficiency of the mitigation measures. These measures enable the MSEY and the Bank to evaluate the successfulness of the mitigation measures as a part of supervision and enable introduction of corrective action, if needed. Therefore, the ESMP identifies the monitoring objectives and specifies the type of monitoring with reference to Environmental and Social Assessment Report and measures described in the ESMP. Part of the ESMP referring to monitoring provides (a) specific descriptions and technical details of the monitoring measures, including parameters to be monitored, methods to be used, sampling locations, frequency of monitoring, restrictions and defined limit values

that are a signal for corrective action, (b) monitoring and reporting procedures to (i) ensure early detection of conditions that require specific mitigation measures and (ii) provide information on monitoring progress and results.

### **Implementation Schedule and Cost Estimate**

3. For all three aspects (mitigation, monitoring and development of capacities) the ESMP provides (a) a measure implementation plan that is an integral part of the project, with the plan stages and coordination in line with other project plans and (b) cost estimates and sources of funding for the cost of capital and recoverable cost arising from the ESMP, if possible to assess.

## Environmental Mitigation Plan

Construction Phase					
Activity	Potential Environmental Impact	Proposed Mitigation Measures	Responsibility for Implementation of Mitigation Measures	Period for Implementation of Mitigation Measures	Mitigation Measures Implementation Costs
1.					
2.					
...					
Operational Phase					
1.					
2.					
...					

## Monitoring Plan

Construction Phase					
What	Where	How	When	Who	Cost
<i>parameter is to be monitored?</i>	<i>is the parameter to be monitored?</i>	<i>is the parameter to be monitored?</i>	<i>is the parameter to be monitored (time and frequency)?</i>	<i>monitors the parameter (responsibility)?</i>	<i>of monitoring the parameter</i>
1.					
2.					
...					
Operational Phase					
1.					
2.					
...					

### 8.7.3. Template of ESMP Checklist

Note: The document may be subject to change depending on each program.

#### ESMP CHECK LIST TEMPLATE

The template presented below will be revised for specific sub-projects to reflect scope of works and E&S concerns.

The ESMP Checklist provides “pragmatic good practice” and it is designed to be user friendly and compatible with WB safeguard requirements. The checklist-type format attempts to cover typical mitigation approaches to common civil works contracts with localized impacts.

This document will help assess potential environmental impacts associated with the proposed sub-project, identify potential environmental improvement opportunities and recommend measures for to the prevention, minimization and mitigation of adverse environmental and social impacts.

ESMP Checklist is a document prepared and owned by final beneficiary.

The checklist has one (1) introduction section and three (3) main parts:

**Introduction** or foreword part consisted of following sections:

- *Introduction* (sub-project description),
- *Environmental and social category* (environmental and social category is defined),
- *Potential environmental and social impacts* (potential impacts are defined)
- *ESMP Checklist* (concept and application of Checklist are explained),
- *Monitoring and reporting* (brief description of the monitoring and reporting process including responsibilities of involved stakeholders)

**Part 1** - constitutes a descriptive part (“site-passport”) that describes the project specifics in terms of physical location, the institutional and legislative aspects, the project description, inclusive of the need for a capacity building program and description of the public consultation process.

**Part 2** - includes the environmental and social screening in a simple Yes/No format followed by mitigation measures for any given activity.

**Part 3** - is a monitoring plan for activities during project construction and implementation. It retains the same format required for standard World Bank ESMPs.

ESMP Checklist implementation report will be submitted to WB semi-annually if not agreed differently.

Workers code of conduct (subject to WB approval) will be a part of bidding documentation and contracts with Contractors. Code of conduct will extend to sub-contractors and be a part of Contractor’s contractual agreements.



Part I - General project and site information

INSTITUTIONAL & ADMINISTRATIVE				
Country				
Project title				
Scope of project and activity				
Institutional arrangements (WB) (Name and contacts)	(Task Team Leader)	Environmental/Safeguards Specialists:		
Implementation arrangements (Borrower) (Name and contacts)	Safeguard/Environment Supervision	Works supervisor	Inspectorate Supervision	Works Contactor
SITE DESCRIPTION				
Name of site				
Describe site location				
Who owns the land?				
Valid operating permit, licenses, approvals etc.				
LEGISLATION				
Identify national & local legislation & permits that apply to sub-project activity(s)				
PUBLIC CONSULTATION				
Identify when / where the public consultation process took place and what were the remarks from the consulted stakeholders				
INSTITUTIONAL CAPACITY BUILDING				
Will there be any capacity building?	<input checked="" type="checkbox"/> N or <input type="checkbox"/> Y			
ATTACHEMENTS				
Attachment 1: Site plan / photo				
Attachment 2: Agreement for waste disposal				
Other permits/agreements – as required				

Part II - Environmental/Social screening

**PART 2: ENVIRONMENTAL /SOCIAL SCREENING**

Will the site activity include / involve any of the following potential issues / risks:	Activity	Status	Additional references
	A. General conditions and social risk management		See Section A
	B. Construction/reconstruction <ul style="list-style-type: none"> <li>• Increase in dust from construction/reconstruction activities</li> <li>• Transport of materials</li> <li>• Increase noise level</li> <li>• Increase in sediments loads in water bodies</li> <li>• Changes of water flow</li> <li>• Pollution of water/soil due to temporary waste, fuel, lubricants storage or spill leakage</li> </ul>	[ ] Yes [ ] No	If “Yes”, See Section A, B, F below
	C. Cultural and historical heritage <ul style="list-style-type: none"> <li>• Risk of damage to known/unknown historical buildings/cultural and historical area</li> <li>• Chance finds are encountered</li> </ul>	[ ] Yes [ ] No	If “Yes”, See Section C below
	D. Biodiversity <ul style="list-style-type: none"> <li>• Vicinity of recognized protection area or ecological network</li> <li>• Disturbance of protected animal habitats</li> <li>• Cutting of trees/forest</li> </ul>	[ ] Yes [ ] No	If “Yes”, See Section D below
	E. Waste generation and management <ul style="list-style-type: none"> <li>• Generation of waste</li> </ul>	[ ] Yes [ ] No	If “Yes”, See Section E below
	F. Traffic disturbance <ul style="list-style-type: none"> <li>• Site specific vehicular traffic</li> <li>• Site is in a populated area</li> </ul>	[ ] Yes [ ] No	If “Yes”, See Section A, B, F below
	G. Other issues, not mentioned above (e.g. AI related, ethic related to medical and biomedical research)	[ ] Yes [ ] No	If “Yes”, See Section H below

### **Mitigation measures**

- A. General conditions and social risk management
- B. Construction/reconstruction activities
- C. Cultural and historical heritage
- D. Biodiversity
- E. Waste generation and management
- F. Traffic disturbance
- G. Emergency preparedness procedure
- H. Maintenance and safety in operational period
- I. Other issues

### **Part III - Environmental and social mitigation measures**

<b>Activity</b>	<b>Parameter</b>	<b>Mitigation measures checklist</b>
A General conditions and social risk management	Site organization, occupational and health safety, permits and certificates	<ul style="list-style-type: none"><li>a) the state inspectorate has to be notified of upcoming activities and the copy of notification is available at the construction site,</li><li>b) construction Work Plan has to be available at the construction site (in case that two or more contractors perform construction activities),</li><li>c) a person responsible for communication and receiving requests/complaints of the local population has been appointed</li><li>d) avoid construction activities at night,</li><li>e) all legally required permits has to be acquired and kept on site,</li><li>f) contractor/subcontractors have valid operating licenses,</li><li>g) all work must be carried out in a safe and disciplined manner designed to minimize impacts on neighbouring residents and environment,</li><li>h) mandatory use of protective equipment, workers' personal protective equipment and safety procedures comply with legislation and international good practice (e.g. wearing protective helmets, masks and safety glasses, harnesses and safety boots, etc.),</li><li>i) appropriate informative and warning signposting of the sites inform workers of key rules and regulations to follow,</li><li>j) the construction location must be fenced and marked,</li><li>k) public is informed on the works through appropriate notification in the media and/or at publicly</li></ul>

Activity	Parameter	Mitigation measures checklist
		<p>accessible sites (including the site of the works),</p> <p>l) entry for unemployed person within the project location is prohibited (within the warning tapes and fences when/where deem needed),</p> <p>m) open pits must be covered and clearly marked when not worked on,</p> <p>n) the surrounding area near the project must be kept clean,</p> <p>o) machines must be handled only by experienced and appropriately trained personnel, thus reducing the risk of accidents.</p> <p>p) no fires are allowed on site under any circumstance.</p> <p>q) devices, equipment and fire extinguishers must always be functional, so in case of need they could be used rapidly and efficiently. The contractor shall have operational fire-fighting equipment available on site at all times. Their position is communicated to workers and marked. The level of fire-fighting equipment must be assessed and evaluated through a typical risk assessment. There is an appointed person on the site responsible for the fire protection. Procedures in the case of fire are well known to all employees.</p> <p>r) first aid kits must be available on the site and personnel trained to use it,</p> <p>s) staff should be properly trained for the positions and work performed, workers must hold valid workers certificates for e.g. certificates for electrical safety (for li-censed electrician), etc,</p> <p>t) procedures for cases of emergency (including spills, accidents, etc.) must be available at the site,</p> <p>u) adequate lavatory facilities (toilets and washing areas) in the work site with adequate supplies of hot and cold running water, soap, and hand drying devices has to be provided</p> <p>v) purchased equipment must be installed and used respecting all safety measures prescribed by the producer of equipment and best practices,</p> <p>w) in the case of construction/reconstruction activities, if construction site is of such a nature that it is not possible, in line with construction practice, to disable access to the construction site to anyone except work site workers, then it is necessary to provide adequate replacement nearby,</p> <p>x) there should be no temporary storage of construction materials and waste occurs within any type of private property,</p> <p>y) suitable arrangements for all necessary welfare and hygiene requirements and for the prevention of COVID-19 epidemics (regular delivery PPEs, ensure protocols for regular disinfection of rooms, equipment, tools, are in place and followed, ensure handwashing and other sanitary stations are always supplied with clean water, soap, and disinfectant, etc) should be ensured</p> <p>z) trainings for workers on hygiene and other preventative measures against COVID-19 should be carried out.</p> <p>aa) in accordance with the epidemiological situation in the country, it is necessary to follow the WHO (<a href="https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public">https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public</a>) recommendations and the recommendations at the official Government website for accurate and verified information on COVID19 (<a href="https://koronavirus.hr/en">https://koronavirus.hr/en</a>)</p> <p>bb) In the case works are taking place while the institution is in operation, the works must be</p>

Activity	Parameter	Mitigation measures checklist
	Notification, workers and community safety	<p>separated/sealed off by screens, fences and similar to minimize risks and prevent impacts.</p> <ul style="list-style-type: none"> <li>a) Emergency Preparedness and Response Plan should be prepared and updated accordance with national legislation.</li> <li>b) OHS implementation Plan should be prepared and updated in accordance with national legislation (part of the plan of works) and ESMF (ESMP Checklist).</li> <li>c) The local construction and environment inspectorates and communities should be notified of upcoming activities.</li> <li>d) Workers code of conduct acceptable to PIU will be a part of contracting documentation and training to all workers to manage Sexual Exploitation and Abuse / Sexual Harassment risks in the sub-projects will be provided</li> <li>e) All legally required permits must be acquired for construction and/or rehabilitation.</li> <li>f) All work must be carried out in a safe and disciplined manner designed to minimize impacts on students, staff, neighbouring residents and environment.</li> <li>g) Workers should be well trained in using potentially dangerous equipment.</li> <li>h) Any health and safety incidents should be reported to project manager immediately and to WB within 48 hours. This should be well communicated to the construction staff.</li> <li>i) Workers' PPE will comply with international good practice (obligatory wearing of hardhats at all times, masks and safety glasses as needed and prescribed, harnesses and safety boots).</li> <li>j) Appropriate signposting of the sites will inform workers of key rules and regulations to follow.</li> <li>k) All construction sites must be equipped with appropriate sanitary facilities and resting places for workers.</li> <li>l) Construction sites shall be fenced off or protected by properly designed barricades or tape- marked.</li> <li>m) Material stockpiles or stacks, such as pipes, must be made stable and well secured to avoid collapse and possible injury to site workers.</li> <li>n) Potentially hazardous areas (e.g. trenches, manholes, excavations) must be clearly marked.</li> </ul>
	Stakeholder Engagement	<ul style="list-style-type: none"> <li>a) The MSEY will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a time frame that enables meaningful consultations with stakeholders on project design and implementation.</li> <li>b) Availability of an effective, responsive and accessible GRM</li> </ul>
B Construction/reconstruction	Air Quality	<ul style="list-style-type: none"> <li>a) sprinkle water to limit dust emissions in the area near the construction materials and non-asphalted roads. Use water with all land clearing, grubbing, scraping, excavation, land levelling, grading, cut and fill and demolition activities which may cause dusting and particles emissions,</li> <li>b) cover surfaces with plastic coverings during material storage and transportation,</li> <li>c) adequate locations for storage, mixing and loading of construction materials should be established,</li> <li>d) limit vehicles speed (30 km/h) in the area and access roads,</li> <li>e) periodically clean location and access roads from debris,</li> <li>f) use modern attested construction machinery to minimize emissions, provided with mufflers and</li> </ul>

Activity	Parameter	Mitigation measures checklist
		<p>maintained in good and efficient operation condition,</p> <p>g) additionally, to minimize dust (mainly PM10) from construction material collection, material retention time at the site should be reduced to a minimum, in order to minimize exposure to wind.</p> <p>h) In the case works are taking place while the research institutions or universities are in operation, the works must be separated/sealed off by screens and similar to prevent spreading of dust and other emissions.</p> <p>i) Establish risks of radon emissions either by monitoring or in the national database. In the case there is a risk of exposure of students and staff to unacceptable limits of radon (<math>&gt;300 \text{ Bqm}^{-3}</math>), the sub-project design will address the issue (possible solutions include solid floor with exhaust pipes, natural underfloor ventilation, assisted underfloor ventilation, natural or assisted room ventilation).</p>
	Noise	<p>a) maximum permissible noise level for the construction site is 65dB. It is allowed to exceed that level for additional 5 dB in the period from 8 to 18 hours. It is desirable to carry out works in the period from 8 to 18 hours and not to carry works during the nights,</p> <p>b) community should be informed in advance of any work activities to occur outside of normal working hours or on weekends,</p> <p>c) all equipment must be maintained in good operating condition and be attested,</p> <p>d) employees have to be asked to use personal hearing protection equipment in the cases defined by the article 8 of Ordinance on the protection of workers from noise exposure at work (OG 148/23),</p> <p>e) during operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far away from residential areas as possible.</p> <p>f) In the case works are taking place while the research institutions are in operation, the works must be separated/sealed off by screens and similar to prevent noise pollution and disturbance of staff. Particularly noisy works will take place outside of institutions working hours.</p>
	Water quality	<p>a) responsible handle the liquid waste,</p> <p>b) adding oil activities carry out on the part of the construction site that is derived from an impermeable working surface,</p> <p>c) handle all materials in accordance with instructions included in Material safety data sheets (MSDS) which have to be available at the construction site,</p> <p>d) in the case of an accident, any hazardous liquid remove from the soil using adsorption materials such as sand, sawdust or mineral adsorbents. Such waste material you have to collect in tanks, store in the space provided for hazardous waste storage and hand over to authorized companies,</p> <p>e) ensure that water pumped back to natural waterways never exceeds the regulatory water quality standards</p> <p>f) prevent hazardous spillage coming from tanks, containers (mandatory secondary containment system, e.g. double walled or bunded containers), construction equipment and vehicles (regular maintenance and check-ups of oil and gas tanks, tend to park (manipulate) machinery and vehicles only on asphalted or concrete surfaces with surface runoff water collecting system,</p> <p>g) organize and cover material storage areas,</p>

Activity	Parameter	Mitigation measures checklist
		<ul style="list-style-type: none"> <li>h) isolate wash down areas of concrete and other equipment from watercourse by selecting areas for washing that are not free draining directly or indirectly into watercourse,</li> <li>i) do not extract groundwater on unregulated way, nor discharge cement slurries, or any other contaminated waters into the ground or adjacent streams or rivers on uncontrolled way,</li> <li>j) ensure proper storm water drainage systems installed and take care not to silt, pollute, block or otherwise negatively impact natural streams, rivers, ponds and lakes by repair / rehabilitation activities.</li> </ul>
	Soil	<ul style="list-style-type: none"> <li>a) regular maintain and service the construction machines,</li> <li>b) adhere the measures and standards for construction machinery,</li> <li>c) try to avoid fuel and lubricant storage on construction site,</li> <li>d) if installation of fuel storage tanks will be needed, they should have secondary tanks with sufficient volume to contain a spill from the largest fuel tank in the structure. The containment area has to have a device (pump) to remove accumulated water,</li> <li>e) the containers with hazardous substances should be kept in a leak-proof container to prevent spillage and leaking. This container should possess secondary containment system such as bunds (e.g. bunded-container), double walls, or similar. Secondary containment system must be free of cracks, able to contain the spill, and be emptied quickly,</li> <li>f) the containers with hazardous substances must be kept closed, except when adding or removing materials/waste. They must not be handled, opened, or stored in a manner that may cause them to leak.</li> </ul>
	Materials management	<ul style="list-style-type: none"> <li>a) Construction material must originate from the licensed companies (e.g. company has to be able to present licenses for excavation of natural minerals, stone, lime, clay, etc.). The company has to present a proof of conformity with all national environmental and H&amp;S legislation.</li> <li>b) Organization of works is such that construction materials is kept at the site in minimal quantities and for minimal amount of time.</li> <li>c) Sand and gravel used in construction works should be traceable to licensed companies with valid concessions.</li> <li>d) Quality of sand and gravel has to fulfil technical requirements and be unpolluted with oils, toxic, corrosive or hazardous substances and free of impurities.</li> <li>e) Producer of concrete has to obtain/hold all required working and emission permits and quality certifications.</li> <li>f) Ensure all transportation vehicles and machinery have been equipped with appropriate emission control equipment, regularly maintained and attested.</li> <li>g) Water used for production of concrete can be technical water, but free of hazardous and toxic pollutants, heavy metals and other substances hazardous to human health and environment.</li> </ul>
	Labor Management	<ul style="list-style-type: none"> <li>a) Mitigation of labor related risks will follow the labor management procedures, which will also be included in the contractor ESMP.</li> </ul>

Activity	Parameter	Mitigation measures checklist
		<ul style="list-style-type: none"> <li>b) Contractors will ensure that workers are hired, compensated and managed in adherence to national legislation and ESS2. This includes issues of contracts, labor rights, access to workers GRM without retaliation, prevention of SEA/SH including an accessible channel in the GRM to lodge related complaints, adherence to OHS and community health and safety measures.</li> </ul>
	Transportation of Materials	<ul style="list-style-type: none"> <li>c) Construction routes are clearly defined.</li> <li>d) Safety measures to prevent accidents are taken.</li> <li>e) All materials prone to dusting are transported in closed or covered trucks or wagons.</li> <li>f) All materials prone to dusting and susceptible to weather conditions are protected from atmospheric impacts either by windshields, covers, watered or other appropriate means</li> <li>g) Roads are regularly swept and cleaned at critical points. Spilled materials are immediately removed from a road and cleaned. Access roads are well maintained.</li> <li>h) Access of the construction and material delivery vehicles are strictly controlled, especially during the wet weather.</li> <li>i) Topsoil and stockpiles are kept separate.</li> <li>j) Stockpiles are located away from drainage lines, natural waterways and places susceptible to land erosion.</li> <li>k) All loads of soil are covered when being taken off the site for reuse/disposal</li> <li>l) Stockpiles do not exceed 2m in height to prevent dissipation and risk of fall.</li> </ul>
C Cultural and historical heritage	Cultural heritage and Chance finds	<ul style="list-style-type: none"> <li>a) if the building is located in a protected cultural and historical area or it is about buildings designated and protected as cultural heritage, notify and obtain approval/permits from competent authorities and address all construction activities in line with legislation,</li> <li>b) if during excavations some archaeological finds are encountered, works have to be stopped immediately and the competent authority informed. Works should be resumed only after appropriate measures have been taken as required by relevant authority and after it confirms that works may continue for all cases where the cultural heritage and its fundamental values can be protected at the existing location with special protection measures protect the cultural heritage on the spot.</li> </ul>
D Biodiversity	Biodiversity	<ul style="list-style-type: none"> <li>a) limit work to the visible part of the day,</li> <li>b) restrict the movement of heavy machinery to the road corridor,</li> <li>c) professionally and carefully handle of equipment and machinery to try to break out accidents such as fires or spills of large amounts of harmful substances into the environment, and thus adversely impact on the present flora and fauna,</li> <li>d) limit work along watercourses and on watercourses and canals to as small an area as possible,</li> <li>e) avoid, where possible, cutting of trees and other natural vegetation,</li> <li>f) in the case of removing vegetation, to prevent unnecessary loss of vegetation in the project area, clearly marked the areas where vegetation will be removed,</li> <li>g) for the restoration of the removed natural vegetation cover, use only autochthonous plant species that occur in the vegetation communities present in the wider area of the sub-project,</li> </ul>



Activity	Parameter	Mitigation measures checklist
		<ul style="list-style-type: none"> <li>h) the potential removal of vegetation plan for the period when birds do not nest. All birds that nest they need to protect until their birds can fly. In case of finding the nests of endangered bird species, prevent their disturbance, and inform about the discovery the central state body responsible for nature protection,</li> <li>i) where possible, the area under construction/reconstruction fence to lessen even occasional disturbance and dust on habitats and biodiversity. If noise barriers need to be constructed, they should be opaque or with a design and density of stickers that will prevent birds from entering the barriers as much as possible.</li> </ul>
E Waste generation and management	Waste management	<ul style="list-style-type: none"> <li>a) each type of generated waste on the location has to be temporary stored in separate waste containers which have to be labelled with waste type name and waste code and located at the solid surface foreseen for that purpose on the construction site,</li> <li>b) records of waste streams and amounts has to be kept for each type of generated waste at the location</li> <li>c) all waste has to be handed over with appropriate documentation to the companies authorized for the waste management (companies that have adequate waste permit),</li> <li>d) in the case of hazardous waste information on handing over waste to the final destination must be obtained,</li> <li>e) whenever feasible the contractor should reuse and recycle appropriate and viable materials (except asbestos),</li> <li>f) mineral (natural) construction and demolition waste has to be separated from general refuse, organic, liquid and chemical wastes by on-site sorting and temporarily stored in appropriate containers. Depending of its origin and content, mineral waste has to be reapplied to its original location or reused,</li> <li>g) burning or illegal dumping of waste is strictly prohibited.</li> </ul>
	Hazardous waste	<ul style="list-style-type: none"> <li>a) The containers holding ignitable or reactive wastes must be located at least 15 meters (50 feet) from the working facilities</li> <li>b) All hazardous wastes, including liquids, contaminated packaging and solids are transported by specially licensed carriers and disposed in a licensed facility.</li> <li>c) Temporary storage of liquid toxic or hazardous waste on site; all hazardous or toxic liquid substances will be kept in safe containers labelled with appropriate classification code in accordance with the Regulation on categories, types and classification of waste with a hazardous waste catalogue. These containers should be leak-proof in order to prevent spillage and leaching. The containers should poses secondary containment system such as bunds (e.g. bunded-container), double walls, or similar. Secondary containment system must be free of cracks, able to contain the spill and be emptied quickly.</li> <li>d) Solid hazardous waste should be kept in safe containers labelled with appropriate classification code in accordance with the Ordinance on waste management. These containers should be leak-proof in order to prevent spillage and leaching. These containers should be covered and protected from weather impact (rain and other)</li> <li>e) Oils, grease and sludge from the oil and grease collecting pits has to be removed from the pits, transported and disposed/recovered by a licensed company only and at the licensed landfills or other</li> </ul>

Activity	Parameter	Mitigation measures checklist
		<p>licensed facilities.</p> <p>f) Regular checks of containers containing toxic and hazardous wastes should be performed.</p> <p>g) In the case asbestos is discovered at the site, Asbestos Waste Management Plan will be developed to meet requirements of national legislation and GIIP presented in the ESMF, sticker prevailing.</p>
F Traffic disturbance relate to the increased frequency of external transport of materials and techniques	Traffic disturbance	<p>a) traffic management have to be conducted in accordance with provisions of traffic legislation (e.g., appropriate lighting, traffic safety signs, barriers and flag persons that are seen easily or are easy to follow, road speed should be clearly posted),</p> <p>b) it is desirable to avoid transport on access roads during rush hours.</p>
G Emergency preparedness Procedures	Prepare for safety of project workers during an emergency	Check if procedures have been developed and workers are informed
H Maintenance and safety in operational period	Maintenance and safety in operational period	<p>a) Final beneficiary updates a maintenance plan to meet ESF requirements before completion of works.</p> <p>b) Maintenance plan is implemented and periodically updated.</p> <p>c) Emergency Preparedness and Response Plan is updated in accordance with national legislation.</p>
I Other issues, not mentioned above	(e.g. AI related, ethic related to medical and biomedical research)	<p>a) Implement Code of Ethic for the preparation and implementation of the projects funded by the DIGIT Project</p> <p>b) Please provide potential measures, e.g. informed consent has been obtained from the research volunteers, or for a start make a link with Environmental and social considerations for medical and biomedical research (Annex XIII. of the ESMF)</p>