

SECOND NATIONAL CONTEST
BASAL FINANCING PROGRAM FOR SCIENTIFIC AND TECHNOLOGICAL
CENTERS OF EXCELLENCE

CONICYT

2008

The National Commission for Scientific and Technological Research (CONICYT) announces the opportunity to present proposals for Development Plans from Scientific and Technological Centers of Excellence, under the framework of the second Basal Financing Program contest.

1. GENERAL ASPECTS

1.1. BACKGROUND

The Basal Financing Program for Scientific and Technological Centers of Excellence was created in the year 2006 as an initiative of the National Council on Innovation for Competitiveness (CNIC).

This program allows for funding to be granted to renowned national groups of researchers at universities and/or independent scientific centers, in order to ensure that the basic and technological research performed is focused on increasing the competitiveness of the Chilean economy, whose motors are the quality of advanced human capital, knowledge and innovation.

In this second contest, the proposals to be considered shall approach a variety of topics related to advanced technological and scientific development as well as those oriented around the strategic priorities and primary thematic areas that need to be strengthened through research and development.

These proposals, in addition to demonstrating scientific and technological excellence, should consider such aspects as regional collaborative technological and scientific capacity; the link between the productive needs of national development and their contribution to the improvement of the Chilean economy's competitiveness; the capacity to obtain funding from sources other than public contest funds, in order to attain a greater balance between public funding and private contribution; work in both international and local open networks, keeping in mind our scientific competencies, the packing and technology transfer of knowledge, whether through alliances with the productive sector or the commercialization of

patents and the licensing of these; and finally, the ability to support the development of a scientific culture within the local community.

1.2. OBJECTIVES

This contest is aimed at supporting Development Plan proposals in order to strengthen the economic development of Chile through the support of national research groups in Scientific and Technological Centers of Excellence, hereinafter referred to as Centers, whose research activities contribute to the increased competitiveness of the Chilean economy through scientific and technological innovation.

The proposed Development Plans must point to the development of:

- a) Activities of scientific and technological research of excellence, with an international scope and collaboration, and the training of advanced human capital of excellence to carry out these activities;
- b) Specific activities leading to the application and/or transfer of research results to actions that contribute to the increased competitiveness of the Chilean economy;
- c) Activities of dissemination and/or extension of the Center to other sectors of Chilean society.

1.3. BENEFICIARIES AND REQUIREMENTS

The following are eligible to apply to the Second National Contest of the Basal Financing Program for Scientific and Technological Centers of Excellence:

- a) National Centers of Excellence registered as non-profit organizations, or
- b) Institutions of Higher Education accredited under Law N° 20,129 (Sponsoring Entities) at which not registered Scientific and Technological Centers of Excellence are organized, or
- c) National non-profit organizations (Sponsoring Entities) with proven experience in scientific and/or technological research, which sponsor groups of researchers that are independent of institutions of higher education accredited under Law 20,129. These centers may opt to register themselves as non-profit organizations.

The funds available from this Program are directed towards Scientific and Technological Centers of Excellence and groups of researchers whose scientific and/or technological research activities have been clearly recognized for their

excellence, and which can accredit that in the past three years they have jointly performed the following activities:

- 1) Trained advanced human capital for scientific research and technological transfer.
- 2) Linked a large part of their research activities with the production sectors in the Chilean Economy.
- 3) Supported the scientific and technological research activities of other research groups in Chile.
- 4) Received part of their financing from sources other than public competition funds.

Nevertheless, companies that are particularly dedicated to scientific and technological research and can contribute to the adequate execution of the activities to be developed may participate in the proposals presented by Scientific and Technological Centers of Excellence. These companies may participate as third party contributors of resources.

The condition established in number 1) of this section shall not be applicable to Scientific and Technological Centers of Excellence which are constituted or organized within Institutions of Higher Education accredited under Law N° 20,129.

1.4. PERIOD OF EXECUTION

This Second National Contest will provide resources to contribute to the financing of Scientific and Technological Centers of Excellence for a period of 5 years, which may be renewed one time for an additional period of 5 years after a thorough evaluation of the use of the resources and the results and achievements of the Center's Development Plan. The Centers that receive funding from this contest may reapply for Basal Financing Program funds through their regular contests once the period indicated above has ended, as long as their performance has been evaluated favorably by the Program.

1.5. DEFINITIONS

a) Scientific and Technological Center of Excellence. A group of researchers united by clear leadership, a common and coherent objective, whose research and advanced human capital training activities are in line with the highest international standards, with the purpose of developing one or more lines of research or research projects that lead to the strengthening of scientific and technological progress and the increased competitiveness of the Chilean economy.

These Centers may be classified into three types:

Type A: Independent centers which are legally registered as non-profit organizations. These centers shall be the recipients of the grant and will be legally responsible before CONICYT during the period in which the given grant is provided.

Type B: Organized centers or those which will be organized under the auspices of Institutions of Higher Education accredited under Law N° 20,129.

Type C: Groups of researchers organized under the auspices of a non-profit organization with proven experience in scientific and/or technological research, made up of researchers who are independent from institutions of higher education accredited under Law N° 20,129. These centers may opt to register themselves as non-profit organizations.

Type B and C centers must be represented by the Institution of Higher Education or by the non-profit organization under whose auspices the Center is organized, which will become the **Sponsoring Entity**.

b) Sponsoring Entities: Public or private institutions legally registered as non-profit organizations, which sponsor the research groups that present development plan proposals. The sponsoring entities must have been legally registered for a period of no less than 5 years at the moment of their application to the contest, have as objective the realization of research and development activities and/or technology transfer, and be able to certifiably accredit having performed these activities for at least 3 years. They may be, among others, universities, institutes and/or academic centers of scientific and/or technological research that, in all cases, must meet the requirements indicated above. In the case of organized centers or those being organized under the auspices of non-profit organizations that choose to register themselves as organizations, the Sponsoring Entity must provide them with appropriately documented materials showing all property that they would have received or acquired under the framework of this contest and those resources that would not have been used.

c) Development Plan: Any scientific-technological research and development proposal, whose execution will allow for the strengthening and consolidation of an existing Center or the creation and establishment of a new Center. In order to do so, they must obtain part of their financing from sources other than public contest funds and be developed under the terms and conditions established in this document.

d) Director of the Scientific and Technological Center of Excellence: The person who represents the Center and who is responsible for directing the execution of the Development Plan. He or she must have a renowned background in scientific-technological research, backed by recognition from the local and international scientific-technological community, be recognized as a leader by the group of researchers and staff of the Center and be dedicated to the center on a full time basis, which includes teaching and other activities that contribute to the Center's objectives. Centers in the process of being established must designate a Director ahead of time, who will appear as such in the proposal.

e) Principal Researchers: Researchers with a renowned background in scientific-technological research and development, backed by recognition from the local and international scientific-technological community. They must be members of the Scientific and Technological Center of Excellence and dedicate a minimum of 60% of their working hours to performing activities related to the proposed Development Plan.

f) Central Team of Researchers: Formed by the Director of the Center along with at least five principal researchers. It is the team with the greatest scientific responsibility at the Center and the one responsible for carrying out the Development Plan.

Any modification to the Central Team of Researchers must receive prior approval from CONICYT.

g) Research Group: Each Center must be made up of one or more Research Groups. At the same time, each of them must contain at least one Principal Researcher and a team of researchers who primarily reside in Chile. These groups shall be supplemented with post-doctorates, Doctoral or Master's students, undergraduate students and technicians, whose scientific and technological research activities are clearly recognized for their excellence. These researchers must have performed the following activities during the previous three years:

- 1) The training of advanced human capital for scientific research and technology transfer;
- 2) Links and transfer of scientific and technological research to social and productive sectors in the Chilean economy; and
- 3) Support for scientific and technological research activities of other research groups in Chile.

h) Manager of the Scientific and Technological Center of Excellence: The person responsible for managing the Development Plan, particularly in those aspects related to links with the private sector, dissemination and activities of

extension, the identification of potential sources of funding, and those assigned or delegated by the Director of the Center.

i) Directors Committee of the Basal Financing Program: This is the Governing Committee, nominated by a CONICYT Resolution and presided by the President of CONICYT. It's made up of renowned individuals of recognized prestige in the academic, business and public communities, whose participation is honorary, and whose main functions are:

- 1) To propose the Program's strategic guidelines.
- 2) To propose the nomination of an International Advisory Panel.
- 3) To propose to CONICYT the selection of applications presented to the contest to receive Program funding.

j) International Advisory Panel: This is the International Review panel nominated by the Directors Committee of the Basal Financing Program and made up of individuals with a renowned background in the world of science and technological innovation at the international level. The Panel's functions shall be, among others, to participate in the selection of evaluators, as well as to review and make recommendations regarding the proposals presented to the Program's Directors Committee.

k) Main Funding: The funds designated to cover a large part of the recurrent operational costs of the Center, in order to have substantial, stable and long-term financing that ensures an adequate level of activity and allows for additional funds to be obtained from various other sources. The maximum amount of this financing may not exceed 50% of its total estimated budget. The resources that make up the Main Funding are:

- Resources from this Basal Financing contest.
- Resources from other significant and stable public sources, such as: FONDAP, Institutes and Groups of the Millennium Scientific Initiative (ICM) and Regional Center Associations in Science and Technology.

The funds to provide Main Funding, through this contest, shall be given over a period of five years, renewable for an additional period of five years, in installments determined in the contract.

l) Counterpart Funding: The resources that make up Counterpart Funding are:

- Public contest funds of lesser importance and stability, such as FONDECYT, FONDEF (R&D projects and technology transfer) and/or

similar programs pertaining to CORFO – INNOVA. The contribution of the sponsoring institution may not be considered as part of this funding.

- Funds coming from the productive, private and/or international sector, which may be in-cash or in-kind. Nevertheless, at least 20% of the total Development Plan budget (Operational Funding) for five years must be in-cash, and come from the productive, private and/or international sector.
- Contributions from the Sponsoring Entity, both in-cash and in-kind, whose origin has been public funds other than the ones mentioned in the first lines of this letter. These contributions may not exceed 5% of the total budget, excluding investment funding. These Development Plan contributions must be distributed during the period of five years.

m) Operational Funding: The sum of Main and Counterpart Funding.

n) Capital Investment Funding: The funds designated for acquiring large equipment and minor construction work needed for the success of the Development Plan.

2. ELEMENTS OF THE DEVELOPMENT PLAN PROPOSALS

All Development Plan proposals for a Scientific and Technological Center of Excellence presented to this contest must consider, among others, the following essential elements:

2.1. RESEARCHERS AND OTHER STAFF

2.1.1. CENTRAL TEAM OF RESEARCHERS

The core of the Development Plan for a Scientific and Technological Center of Excellence is the Central Team of Researchers, made up by the Director of the Center, as its leader, and at least 5 Principal Researchers. This group shall have the responsibility of carrying out the proposal. Development Plan proposals must then clearly indicate the excellence and complementarity of the team of researchers in those areas in which they have performed activities of scientific research and technology transfer. It is expected that their activities have been clearly recognized on the international level, through publications in high-impact scientific magazines, if applicable, through association with research entities and foreign researchers, and/or by participating in international technological development projects. The Central Team must demonstrate clear national leadership in the areas of interest of the Development Plan. The Team must reside in Chile throughout the period of execution of the proposal.

Each member of the Central Team of Researchers must demonstrate his or her relevance using indicators of productivity during the past three years and commitment to productivity for the following five years. Additionally, they must provide clear evidence of collaborative work among them during the past three years. The Development Plan proposal must indicate the existing staff and the possible incorporation of new Principal Researchers for the next five years, indicating their expected profiles.

2.1.2. OTHER RESEARCH AND DEVELOPMENT STAFF

The Development Plan must also specify other researchers, professionals, technologists, post-doctorates, graduate and undergraduate students, technicians, support staff and all other actors whose participation is considered necessary to carry out the plan. The Proposal must indicate the staff the Center already has and profiles of new staff that it believes necessary to hire.

2.1.3. ADMINISTRATION OF THE SCIENTIFIC AND TECHNOLOGICAL CENTER OF EXCELLENCE

The Centers shall be managed by their respective board of directors, according to the following:

In the case of **Type A Centers**, the central team of researchers, together with the other researchers of the Centers must nominate a board of directors whose president shall be the legal representative of the Center. Nevertheless, he or she may delegate the presidency to whomever he or she determines.

In the case of **Type B Centers** organized or to be organized under an institution of higher education accredited by the Law 20,129, the central team of researchers together with that institution must nominate a board of directors, whose president must be the legal representative of the institution. Nevertheless, he or she may delegate the presidency to whomever he or she determines.

In the case of **Type C Centers** that are or will be organized under a sponsoring entity, the central team of researchers together with the corresponding sponsoring entity must nominate a board of directors, whose president must be the legal representative of the sponsoring entity or to whom he or she will delegate this responsibility. In this last case, if the Center chooses to become a legally registered organization, the board of directors will be provisional, and shall be substituted by the board of directors of the new constituted organization.

2.1.4. RESTRICTIONS AND INELIGIBILITY OF THE PARTICIPANTS

There are no restrictions to the application and participation of other researchers and staff from the Center in other contests, as long as they respect the particular restrictions of those. Nevertheless, researchers who are part of a Central Team of Researchers may only participate in one proposal presented to this contest. Non-compliance with this requirement shall imply that the proposals involved will lose their eligibility.

Researchers that have financial, academic or technical reports pending with CONICYT, the Millennium Scientific Initiative (ICM), the Agrarian Innovation Fund (FIA), the Production Development Corporation (CORFO) or other entities that provide public funds for Scientific-Technological research projects may not participate in any category of this contest.

2.2. AREA OF DEVELOPMENT AND EXPECTED INCREMENTAL IMPACT

The Development Plan Proposal must specify the incremental impact expected from its execution in the areas of development indicated below, proposing a list of indicators of productivity and impact that are relevant and verifiable over time. The Proposal must also specify the commitment assumed by the Center for these indicators in terms of desired quantity, quality and time periods. The specific list of impact indicators that shall be used to monitor the approved Development Plans will be incorporated into the proposal which shall be an integral part of the corresponding contracts. In any case, the Proposal must present the baseline and estimated values of the **expected indicators of impact for each year** over 5 years and a projection for 5 additional years. These indicators shall be used as a reference, along with other factors, for the evaluations to be done by CONICYT, and in particular for the midterm evaluation to be performed at the end of the original 5-year period of the subsidy. The indicators presented must include those indicated below, in addition to those that the Center decides to incorporate specifically into its Plan. The indicators of expected impact must show the expected incremental impact to those baseline indicators.

2.2.1. SCIENTIFIC AND TECHNOLOGICAL EXCELLENCE

The Proposal must indicate, in general terms, the areas in which it will focus its research and center its development efforts and its relationship to the work currently done by its team of researchers and professionals.

The related indicators of impact are the following:

- Incremental quantity of ISI and non-ISI publications and citations in ISI Magazines.
- Participation in international exchange Networks.

- The number of projects developed and carried out by productive and/or international companies.
- The number of national and international patents applied for and/or granted.
- Increased number of licenses and/or technology transfer contracts and work done in the productive and/or service sector.

2.2.2. HUMAN CAPITAL TRAINING

The Proposal must include detailed information about the training of advanced human capital for scientific research, training for innovation and technology transfer. This may be through direct training of graduate students working on their theses and/or direct or indirect participation in accredited doctoral programs. The related indicators of incremental impact must include the following:

- Number of Master's theses finished.
- Number of Doctoral theses finished.
- Number of post-doctorates working at the Center.
- Number of visiting researchers.

2.2.3. TECHNOLOGY TRANSFER AND LINKS TO OTHER ECONOMIC SECTORS AND CHILEAN SOCIETY

It is important that each Development Plan proposal includes the specific activities that will lead to promoting the application of research results to activities that contribute to the increased competitiveness of the Chilean economy and/or to the benefit of society. In this way, the Proposal must present concrete plans to establish active and significant links and/or technology transfer to other actors from public and private institutions, the productive sector or any other that provides or projects permanent benefits to Chilean economy and society. Related impact indicators are the following:

- Incremental quantity of national and international patents applied for or granted.
- Incremental quantity of licenses and/or technology transfer agreements and work done in the productive and/or services sector (material transfer agreements).
- Number of spin-offs and other initiatives in conjunction with companies (consortia) developed out of the Center.
- Number of Doctorates and Post-doctorates inserted into the industry.
- Activities of participation in public policy events (consultation councils, advisory committees).
- Activities of participation in other relevant institutions.

- Progressive increase in the amount and percentage of Center earnings provided by private companies (could also include in-kind contributions).
- Progressive increase in the amount and percentage of Center earnings provided by non-financial sources (could also include in-kind contributions).

2.2.4. SUPPORT FOR OTHER RESEARCH GROUPS

The Proposal must present a specific plan to support the scientific and technological research activities of other national research groups that have had less development in the chosen disciplines or whose critical mass is insufficient for forming its own center, indicating the agreement or instrument by which such support will be formalized. Just as in the above case, the Proposal must also indicate the current commitments of the researchers in this area to other public contest funds. The related indicators of impact are the following:

- Percentage of ISI publications with the co-authorship of national researchers (from other institutions).
- Percentage of theses co-directed with other researchers (from other institutions).
- Percentage of available equipment usage for researchers not belonging to the Center.
- Participation in R&D Projects directed by other Research Groups.

2.2.5. ACTIVITIES OF DISSEMINATION AND EXTENSION TO OTHER SECTORS OF CHILEAN SOCIETY

The Proposal must include activities to disseminate the results, in addition or complementary to the usual ones in the scientific world, such as conferences, courses and others, targeted as audiences of other disciplines and non-academics, the publication of articles and news on web pages, and in newspapers and/or magazines which ensure dissemination to broader and more relevant media types, considering the nature of the proposed Development Plan.

In all public events of dissemination and in all dissemination in the media, the CONICYT Program “Basal Financing for Scientific and Technological Centers of Excellence” must be mentioned as a source of funding.

The related indicators of impact must include the following:

- Number and nature of the initiatives of dissemination and/or extension.
- Number and type of extension projects to the community.

2.3. FINANCIAL STRUCTURE OF THE PROPOSAL

The Proposal must include a detailed Financial Presentation for the entire period of the Development plan, which includes the funding needs listed by item for the period and the committed sources of financing. The Financial Presentation must indicate the Total Annual Costs necessary for the execution of the Development Plan and the projected Annual Income from other public and/or private, national and/or international funds. That is to say, it should specify the costs of activities that are currently underway as well as the estimated costs for new activities proposed in the Development Plan. At the same time, it must indicate the sources of financing that it already has as well as those to be obtained in the future.

The total budget estimated for the Center's Development Plan, excluding investment funding, must be **equal to or greater than 6 billion Chilean pesos over the 5-year period** of the Development Plan proposal (2009 – 2013). It is expected that the operational budget of the Center, by the fifth year (2013), will be **at least 1.5 billion Chilean pesos**.

The maximum amount that may be requested for Investment Funding is 500 million Chilean pesos. The funds requested as Investment Funding shall not be considered part of the Funding associated with the 50% maximum specified in Section 1.5 Letter k of these Terms and Conditions.

The annual distribution of the requested amount shall depend on the financing needs for each year and other available sources of financing, and for this reason the annual amounts given will not necessarily be the same each year. That is to say, the Financial Presentation may be made up of Main Funding greater than 50% for the first years, as long as the Center promises to increase the funds obtained from other sources over time, with the goal of reaching a 50% average for the 5 years. The fulfillment of this commitment shall be verified over time, with the understanding that CONICYT may decide to cancel funding regulated by these terms and conditions in the event that the Center does not fulfill its commitment to receive co-funding.

As indicated above, it will be seen as an effective sign of linking between the Proposal with other sectors of the Chilean economy if the Center is able to obtain financing from funds other than those coming from public competitive funds in this contest, thus decreasing the total amount of public funding below the 50% maximum accepted.

For this reason, it is essential that the financial presentation provide a clear indication of the funding sources different than the public competitive ones. With respect to contributions from other sources, it should be specified whether these

are in-cash or in-kind. The valuation of these resources may in no way exceed the corresponding market values. The contributing entities must formally accredit the goods and resources offered, presenting detailed official documentation with the corresponding format, which is available for applicants on the CONICYT website, www.conicyt.cl. At the same time, with respect to resources from public competitive funds, the applicants must attach the certificates issued by the respective institutions that have granted these funds, or their legal representative, indicating the specific amount for each.

With respect to Capital Investment Funding, the Financial Presentation of the Development Plan may also include a request for Investment Funding needed to perform the essential activities of the Scientific and Technological Center of Excellence's Development Plan successfully. The maximum amount that may be requested for this is \$500 million. The Proposal must also include information regarding existing equipment and infrastructure used to carry out the scientific and technological research activities proposed in the development plan, as well as additional investments that are expected to be made with this funding. For both cases it is important that the need and use of the equipment and infrastructure to be acquired or renewed be clearly founded. These expenses must be justified with relation to the defined work plan of the project, and shall be classified as:

- a) **Major Equipment:** Includes the acquisition of major equipment, accessories and maintenance. The costs shall include those corresponding to importation, internment, storage, customs, transportation and installation at the final destination. All equipment must be sufficiently ensured with project resources. In the case of donated equipment, this should also include any additional expenses necessary for using it in its place of destiny. The acquisition of vehicles for personal use will not be financed.
In the event that it becomes clear that the use of equipment and instruments acquired within the context of this contest is not optimal, CONICYT may require that the Center share these with others.
- b) **Infrastructure:** This is made up exclusively of costs incurred in the building of infrastructure, such as minor construction, renovation of physical spaces, facilities for the installation of new equipment and for the maintenance of infrastructure and others.

The capital goods acquired with the resources granted to a Center shall become part of the capital stock of the corresponding beneficiary entity; and must be returned to CONICYT in good condition, or its readjusted value established in the contract in the event that funding is cancelled prematurely due to causes attributable to the receiving party.

The resources granted by this contest may only be used for the items indicated above.

2.3.1. DESTINY OF FUNDS

The funds obtained through this contest must be used for all activities that contribute substantially to the success of the proposed Development Plan for the Scientific and Technological Center of Excellence. Compliance with this condition shall be evaluated by annual financial audits performed by an auditing company hired by CONICYT and periodic external technical evaluations.

- a) **Staff:** This concept includes the payment of the Center's staff, including salaries for individuals directly linked to the activities of the Development Plan, such as thesis students, post-doctorates, support staff (assistants, professionals from other disciplines, etc.), among others. This does not include the costs associated with administrative personnel. All salaries subject to taxes and their amounts must be in line with the market reference. CONICYT reserves the right to regulate the amounts requested under the item of salaries.

Each of the participants who receive salary shall be responsible for sending their respective payment bills. In each case, in addition to the salaries to be covered by this funding, those foreseen by other sources for each researcher with relation to his/her scientific work must be indicated.

- b) **Goods, supplies and related services:** Includes the costs of minor equipment and all materials or supplies related to this equipment that are needed in order to carry out the proposed research work. It includes minor equipment and instruments (micropipettes, sonicators, scales, portable field instruments, etc.), computer services, minor computer supplies, software, equipment rental, cargo, transportation, insurance and equipment repair and maintenance expenses, among others.
- c) **Costs of Transfer of Technology and/or results:** Costs to finance the elaboration and implementation of technology transfer, such as patenting processes and/or the results of the Development Plan and other activities performed by the Center, in order to strengthen the function of transfer to all social sectors, productive and other.
- d) **Training:** Training activities that are clearly considered necessary for the Center's staff in the scope of the lines of activities presented in the Development Plan.

- e) **Travel and expenses account:** Travels to and from Chile to seminars, conferences and other events that are related to the Development Plan. Only economy class plane tickets will be financed, and the assigned travel amounts must be specified, which must use those values for FONDECYT projects as a reference.
- f) **Dissemination and/or outreach expenses:** Expenses used to finance the elaboration and implementation of a dissemination and/or outreach strategy. This account may include costs associated with the coordination of seminars, congresses, exhibitions, book publications and others; and the hiring of all services related to the dissemination of results and the Center's activities.
- g) **Operational expenses:** These correspond to the general expenses associated with the execution of the project, such as supplies, fungibles, laboratory materials and analysis, publication expenses (paper, shipping costs, and photography), magazine subscriptions, financial expenses for issuing guarantees, rentals, subcontracting of administration and support services and any other unforeseen expenses.
- h) **Expenses for the legal registration of the Center:** These correspond to expenses associated with the processing of the legal registration, in the case of Center's that choose to do so.
- i) **Administrative expenses:** This account includes, the detailed general expenses such as basic services, expenses and administrative personnel and venues, among others. The maximum amount that CONICYT will finance for this concept is 20% of the Development Plan's operational cost, without counting the amounts corresponding to the Center's personnel defined in Letter a). These expenses must be properly justified.

2.4. ECONOMIC PROJECTIONS

A personal and social evaluation of the proposed Development Plan must be included, describing the target market and/or population in which it has a possible application and/or the commercial use of results and products expected from the Plan or from one of its lines of research.

The economic projections must specify, whenever possible, those aspects such as the potential demand for the Center's services and externalities derived from the proposed Development Plan.

3. COMPLIANCE AND INTERPRETATION OF THE TERMS AND CONDITIONS

The Director's Committee of the Basal Financing Program for Scientific and Technological Centers of Excellence will review compliance with the formal requirements established within the current Terms and Conditions. The proposals that do not meet the specifications established here or in their corresponding clarifications and which are not presented using the pre-established forms, which can be found at www.conicyt.cl, shall be ineligible to move on to the next stage.

CONICYT reserves the right to interpret the meaning and scope of application of the present Terms and Conditions, in the event of concerns or conflicts that arise regarding their application.

4. EVALUATION

4.1. EVALUATION PROCESS

The proposals that meet the acceptance requirements established in this call for applications shall continue on to the process of evaluation and pre-selection according to the criteria established below. Those proposals accepted shall be evaluated on both their technical-scientific aspects by international experts as well as their economic-financial aspects. Following these evaluations, and based on the presentation score (weighting of both evaluations), the International Advisory Panel will pre-select the Centers that will be invited to give an oral presentation of their Development Plans before the International Advisory Panel. This process is detailed below:

4.1.1. ELIGIBILITY OF THE PROPOSALS

Prior to evaluation, the Directors Committee of the Basal Financing Committee will verify the eligibility of the proposal, that is, that it meets the following requirements: 1) Forms completed, 2) Signatures of the legal representatives, 3) Certification of commitment, and the degree of convergence presented by the objectives of the proposed Development Plan to the objectives of the application of research results to activities that directly contribute to increasing the competitiveness of the economy and the development of Chilean society.

Based on the recommendations from the Directors Committee of the Program, CONICYT will submit only those proposals that have met the eligibility requirements established in these terms and conditions to be evaluated. The Proposals that do not meet the application requirements or are not considered to be relevant will be discarded, and the applicant will be notified by letter, with an indication of the reasons why their proposal has been rejected.

4.1.2. SCIENTIFIC AND TECHNOLOGICAL EVALUATION

Each proposal will have at least two evaluations by international experts. This evaluation will weight the scientific excellence of the proposal, the competence of human resources and the generation of new competencies, as well as aspects related to the strategy of the Center and its organization. The international evaluators will be selected by the International Advisory Panel.

The evaluation criteria for the proposals presented to the contest include:

- a) The excellence of the proposal (25% of the total).
- b) The quality and experience of the research group that backs the proposal (25% of the total).
- c) The training of advanced human capital for scientific research and technology transfer (15% of the total).
- d) The expected increase impact produced by the research activities and technology transfer of the Center, on the competitiveness and sustainable economic development of Chilean society (25% of the total).
- e) Support provided to other national research groups for the performance of scientific and technological research activities in Chile, in the form of transfer of information of results transfer, participation in doctoral programs, and training of young researchers at the Center, among others (5% of the total).
- f) The quantity of additional resources, that are not derived from public contests, promised to the Center for the financing of its activities (5% of the total).

For each evaluation criterion, the Cut-Off Percentage corresponds to 60% on a scale from 0 to 100 points in each.

4.1.3. FINANCIAL AND ECONOMIC EVALUATION

The proposals will be submitted to a Financial Evaluation which will analyze the coherence of the Development Plan's financial presentation and review the distribution of costs and proposed sources of funding.

The Economic Evaluation presented in the Centers' proposals shall be analyzed by specialists designated by CONICYT in order to evaluate their potential economic impact. It will be essential that they realistically identify the estimated impact on

the production and services of the Chilean economy, as well as present a clear strategy for disseminating and transferring the results obtained.

4.1.4. PRE-SELECTION AND PRESENTATION OF THE DEVELOPMENT PLANS

Based on the Scientific-Technical and Financial-Economic evaluations, the International Advisory Panel will create a list of the proposals, based on the cut-off percentage referred to in section 4.1.2. The centers to be on the list will then give an on-site presentation to the Panel.

The presentation of the Development Plans is aimed at knowing the Central Teams that will develop the pre-selected proposals. With this presentation the International Advisory Panel will evaluate the quality and experience of those responsible for the proposals, the history of the team and the proposal's relevance to the scientific, technological, economic and social development of Chile.

4.2. RECOMMENDATION OF DEVELOPMENT PLANS:

The International Advisory Panel will then provide the Program's Directors Committee with a list of proposals ordered by their recommendation level. The Panel will proceed to support their recommendations before the Program's Directors Committee, including a written analysis of the evaluation and recommendation, with relevant technical commentary on the appropriate implementation of the respective Development Plans. This list shall be made based on the results of the evaluations done.

5. FINAL SELECTION

The Directors Committee of the Basal Financing Program may make any necessary modifications to the list of Proposals recommended by the International Advisory Panel. The Directors Committee will propose a final list, including any necessary conditions and the maximum amount of subsidy granted in each case. The President of CONICYT will be responsible for awarding the proposals through the corresponding administrative act.

6. COMPLAINTS

Any complaints regarding the final selection of the Second National Contest of the Basal Financing Program for Scientific and Technological Centers of Excellence must be sent in a certified letter within 5 working days from when the final decision is given, and directed to the President of CONICYT, who will respond to them after consulting with the Directors Committee of the Basal Financing

Program for Scientific and Technological Centers of Excellence, during a period of no more than 10 working days.

7. SIGNATURE OF CONTRACTS AND TRANSFER OF RESOURCES

7.1. SIGNATURE OF CONTRACTS

Once the final applicants have been selected, the respective Contracts will be signed between CONICYT, the beneficiary and the Director of the Center, during a period of no more than 60 days from the receipt of the certified letter informing the Committee's decision. This contract shall expressly establish the rights and responsibilities of each party, the term of the contract and all clauses that protect the fulfillment of the Program's objectives. At the same time, it must include any possible recommendations and additional requirements established by CONICYT during the evaluation and selection process.

In the event that a Contract is not signed during the period indicated above the corresponding selection will be considered null and void.

The Contracts signed shall meet the following criteria:

- a) The provision of resources for the financing of Scientific and Technological Centers of Excellence shall be for a period up to 5 years, renewable one time for an additional period of 5 years, upon prior thorough evaluation of the use of the resources and the Center's results and achievements.
- b) They shall contemplate periodic evaluations for CONICYT to determine whether to continue or to prematurely cancel funding, according to the terms of the respective contract.
- c) They shall expressly indicate that those awarded resources from a contest may not apply again to contests held by the Program, until after the original period of financing or its renewal is complete, and as long as their performance has been evaluated favorably by the Program.
- d) They shall establish that the resources will be paid in yearly installments that will not necessarily be the same each year.

Additionally, the Centers that are beneficiaries of Program resources must commit to at the very least to:

- Increase the quantity of resources received to finance their activities, during the contract's period of execution, which come from other sources than the public

Basal Financing Program for Scientific and Technological Centers of Excellence
CONICYT

competitive funds. Nevertheless, the fact that a Center has been granted Program resources does not prevent them from receiving funding from other public funds.

- Perform specific activities that lead to the transfer of part of the scientific and technological capital generated at the respective Center, in order to be used for the economic development of Chile. Fulfillment of these activities shall be verified by the Program using a group of indicators agreed upon along with the respective Center and specified in the corresponding contract.
- Use part of the resources obtained from patents of the commercialization of any results or processes related to the scientific and technological research activities performed in order to reinvest in the Center, as long as the contract is in effect.
- Have a separate accounting record for the resources provided by the Program, as well as a special bank account to manage these funds.

CONICYT may contract independent external auditors to review, among others, how all of the Center's funds are put to use. Additionally, the contracts must specify the right of CONICYT to perform inspections, whenever necessary, regarding the progress of the Development Plans.

7.2. DISBURSEMENTS

The contributions of CONICYT shall be paid in national currency, in the installments established in each contract, after having received the corresponding documents of guarantee. Nevertheless, starting with the second installment, all contributions will be subject to CONICYT's approval of the annual technical and financial progress reports, or any others that CONICYT considers necessary. They will also be subject to the necessary funds being assigned in the budget, based on the Annual Law of Public Sector Budgets. However, the first payment shall be provided without the need to provide the respective reports. Each annual contribution will be paid after the beneficiary has provided a bank guarantee letter, promissory note or insurance policy of immediate execution for the total corresponding amount of contribution, which will be returned once CONICYT has approved the respective accounting.

The beneficiary will be responsible for paying the corresponding taxes on time.

7.3. GUARANTEES

Before the payment of any contributions from CONICYT, the beneficiary must provide a guarantee that ensures both the payment and full compliance with the

Established conditions. These could be in the form of bank guarantee letters, cashier's checks, or insurance policies of immediate execution for 100% of the corresponding payment amount, which shall be returned once the respective accounting has been approved by CONICYT.

7.4 ACQUISITION AND MAINTENANCE OF WORK, EQUIPMENT AND CAPITAL GOODS

The hiring of work, as well as the acquisition of equipment, materials and furnishings using resources transferred by CONICYT shall be done directly by the beneficiary in accordance with current legal statutes in the case of public institutions or in accordance with the rules established in the respective contract, in the case of private institutions. All work and equipment financed with these resources must be operated and maintained in accordance with generally accepted technical standards and shall have the adequate personnel and necessary materials for them to function efficiently. In the event that the beneficiary does not comply with the proposed Development Plan, all equipment and infrastructure acquired with CONICYT resources must be returned to CONICYT in perfect condition, or their equivalent value.

8. OBLIGATIONS

The Centers which receive resources from the Program must commit to:

- 8.1. Increase the quantity of resources received to finance their activities, during the contract's period of execution, which come from financing sources apart from public contest funds. Nevertheless, the fact that a Center has been granted Program resources does not prevent them from receiving funding from other public funds.
- 8.2. Perform specific activities that lead to the transfer of part of the scientific and technological capital generated at the respective Center, in order to be used for the economic development of Chile. Fulfillment of these activities shall be verified by the Program using a group of indicators agreed upon along with the respective Center and specified in the corresponding contract.
- 8.3. Use part of the resources obtained from patents of the commercialization of any results or processes related to the scientific and technological research activities performed in order to reinvest in the Center, as long as the contract is in effect.
- 8.4. Have a separate accounting record for the resources provided by the Program, as well as a special bank account to manage these funds.

- 8.5 CONICYT must demand the financial reports on the use of the total amount of public resources granted by the Program. For these purposes, the beneficiaries must provide relevant assistance for the supervision and monitoring of their activities, and present annual progress reports on the Development Plan regarding both their scientific-technological aspects and their financial and operational ones, as established in the contract. The monitoring and review of the Development Plan's execution shall be done through analysis and evaluation of the annual progress reports and visits to the Centers, among others. The beneficiaries must satisfactorily meet all deadlines established in the respective contracts regarding the delivery of progress reports on scientific-technological, management and financial aspects.

As a consequence of monitoring and review, CONICYT reserves the right to temporarily suspend subsidies for reasons of partial non-fulfillment of contractual obligations or when it believes that the Development Plan has lost its relevance or is being unsatisfactorily carried out. At the same time it may call for the premature termination of the project, in the event that the indicated causes for suspension have not been corrected during the period of time given for this purpose; if this happens all or part of the subsidy received must be returned, depending upon whether or not the cause for the premature termination of the Development Plan is attributable to the beneficiary.

9. DISSEMINATION, TRANSFER AND UTILIZATION OF RESULTS

The Centers must do everything possible to appropriately apply its activities to Chilean society.

The property of inventions, technological innovations or procedures that result from the work, projects or financed studies within the context of the subsidy contracts signed within this contest belong to the beneficiary, and may be shared with other staff members that have effectively participated in the corresponding findings.

The beneficiary will be exclusively responsible for, directly or through third parties, all administrative activities before the competent entities necessary for appropriately securing intellectual and industrial property that has been the product of the execution of activities associated with the Development Plan. With this in mind, CONICYT is not responsible for carrying out any activities in this area.

In all cases, CONICYT may distribute, freely and without limitations, any non-confidential information about the Center and its activities that it receives through progress reports, citing its sources as needed.

10. PRESENTATION

10.1. DEADLINE AND PLACE

The proposals must be presented from and till the day and hour indicated in the respective call for proposals announcement, published in a national newspaper. They must be sent to the Basal Financing Program of CONICYT Office, located at 551 Bernarda Morín, third floor, Providencia, with the heading "SECOND NATIONAL CONTEST OF THE BASAL FINANCING PROGRAM FOR SCIENTIFIC AND TECHNOLOGICAL CENTERS OF EXCELLENCE, 2008". In the case of applications from outside of Santiago, the mailing date may not be later than the indicated deadline for submissions.

The proposals presented must have the following:

- a) A printed original copy of the Development Plan Presentation Form in Spanish which includes a Scientific and Technological part and an Economic - Financial part. This form must be completed and signed by the Director of the Center (in the case of established Centers) or by the legal representative of the Sponsoring Entity and by each of the Principal Researchers.
- b) Four copies of the Development Plan Presentation Form in Spanish and four copies of its English translation.
- c) A CD-ROM containing the Development Plan Presentation Form in PDF format in English and Spanish; the budget and economic evaluation must be presented in separate files in a format compatible with MS Excel.

All documents must be presented in the formats and extensions indicated in the respective forms, which are available at www.conicyt.cl.

10.2. FORMS AND TERMS AND CONDITIONS

The official documents of this call for applications are:

- The Supreme Decree of Education 104 and 276, both of 2007, from the Ministry of Education.
- These Terms and Conditions and their corresponding forms.
- The Procedures Manual that will be available for applicants at www.conicyt.cl.

The abovementioned documents will be available from the first working day following the publication of the Contest's call for proposals.

10.3. QUESTIONS AND CLARIFICATIONS

All questions may be sent to the Executive Directors Office of the Basal Financing Program for Scientific and Technological Centers of Excellence, located at Bernarda Morín 551, Providencia, Santiago; or through www.conicyt.cl/oirs

Questions will only be received up to 20 days before the closing date of the contest.

After this period has ended, CONICYT will have 10 working days to respond to the questions, which shall be sent to the e-mail address indicated in the question sent to CONICYT.

At the same time, any clarifications that CONICYT may need to make shall be published on the website www.conicyt.cl during the same period as set for the reception of questions.