

THE GALICIAN INNOVATION AGENCY

Resolution of 29th June 2016, announcing the 2016 call for tenders (Code of Procedure IN854A) and establishing the bidding conditions for granting, on a competitive basis, aid for the Future Industry 4.0 programme geared towards strategic industrial research and experimental development projects, focussed on innovative industrial technologies.

The Spanish Constitution, in its Article 44(2), compels public authorities to promote science and scientific and technical research for the benefit of the public interest. It furthermore provides, in Article 149(1)(15), that the promotion and coordination of scientific and technical research are the exclusive competence of the State. Moreover, the Statute of Autonomy of Galicia sets out in its Article 27(19) that the promotion of culture and research in Galicia is the competence of the Autonomous Region of Galicia, without prejudice to the provisions of Article 149(2) of the Constitution.

Article 1 of Law 5/2013 of 30 May 2013, on promoting research and innovation in Galicia, establishes as a general objective, the promotion of scientific research and technological innovation in order to foster economic, social and productive development in Galicia. Chapter III of Law 5/2013 establishes the Galician Plan for Research and Innovation as a tool aimed at achieving this objective, and its Article 15(3) considers it as a strategic aid plan, for the purposes provided for in Article 5 of Law 9/2007, of 13 June 2007, on subsidies in Galicia.

Decree No 50/2012 of 12 January 2012, establishing the Galician Innovation Agency and adopting its statutes, establishes that the purpose of the Galician Innovation Agency is to promote and articulate innovation policies in the Galician public administrations and to support and foster growth and competitiveness of Galician companies through the implementation of efficient innovation strategies and programmes.

The 2014-2020 Galician Smart Specialisation Strategy (RIS3 Galicia), one of the ex ante conditions of the ERDF Operation Programme (OP) for Galicia (Annex 11), was adopted by the Xunta de Galicia's Council in its meeting of 7 November 2013. The RIS3 defines the framework for research and innovation policies in Galicia for the 2014-2020 period by selecting the investment priorities around three challenges and by associating a set of priorities and specific lines of action to each of them. This strategy is also aligned with the objectives and the major national and European innovation programmes, among which worthy of mention are the respective digital agendas and the Horizon 2020 programme.

The second challenge of RIS3 Galicia is to achieve a new industrial model based on competitiveness and knowledge, and to increase the technological intensity of the industrial structure in Galicia, through hybridisation and use of key enabling technologies (KETs). Therefore, the objective is to promote innovation in the productive models of the main industrial sectors in Galicia in order to improve sustainable productivity and secure international competitiveness.

A number of supporting instruments aimed at implementing this priority within the RIS3 framework are defined within the programme "Innovate in Galicia" whose purpose is to convert public investment into a driving force that mobilises and attracts private capital towards Galician innovation processes. The Future Industry 4.0 aid programme that is now being announced is set within this context. It is a new instrument aimed at promoting private investment through the creation of strategic alliances with leading companies to

co-invest with the Administration for carrying out large R&D projects aimed at renewing the Galician productive model and at consolidating smart and sustainable growth in the Galician economy. The specific features of the programme were defined from a bottom-up perspective based on the needs of the Galician productive fabric identified during the entrepreneur discovery process of RIS3 Galicia and later completed thanks to a specific consultation of the Galician Innovation Agency (GAIN) carried out through a prior call for expressions of interest. This prior call, published in the Galician Official Gazette (DOG) on 3 March, and the possible subsequent updates, are aimed at ascertaining the characteristics of the potential projects of the pertinent financial stakeholders and thus gather sufficient information for the design of this new instrument for which this will be the first call. The call is framed within the provisions of Article 5(2) of Law 9/2007, of 13 June 2007, on subsidies in Galicia and, as stated therein, participation in the call does not imply any financing obligation on the part of the Administration nor does it confer any right or preference with regard to this call within the programme, and thus complies with the EC principles of transparency, equal treatment and non-discrimination, without restricting or limiting competition, nor granting advantages or exclusive rights.

This joint process between the Galician Innovation Agency and the different stakeholders concluded that in order to make the Future Industry 4.0 Programme effective and to generate real impact, there should be a programme for financing large integrated R&D projects that are strategic throughout the European Union and focussed on the development of key industrial technologies in order to obtain an innovative productive model. These individual or partnership projects should be developed by undertakings capable of leading disruptive innovation projects with a carry-over or cascade effect of transforming the Galician industrial fabric, which is mainly comprised of SMEs. The commitment to true innovative projects focussed on R&D actions means that effective collaboration from research organisations for project development is a key aspect that must be fostered, and this has also been taken into account in the definition of this programme. It has also been contemplated that the budget of these projects in general should not be less than the € 20 Million, in order to be able to generate the desired effects. The multi-sectoral and open nature of this call does not permit the prior definition of an upper threshold of budget. In view of the above, the Factories of the Future (FoF) could be described as an innovative public-private collaboration programme arising from private demand originating in Galicia's industrial fabric.

This FoF programme, as explained in the preceding paragraphs, is an investment priorities instrument included in the framework of thematic Objective 1 for Galicia within RIS3, but will be financed with own funds and not ERDF funds because the limitation included in Article 70 of Regulation (EU) No 1303/2013 would not permit support of strategic EU level projects, to which this programme is aimed, if more than 15 % of project development takes place outside Galicia. The prior call for expressions of interest mentioned earlier led to the conclusion that this is an important aspect within the definition of this call and therefore, even though this programme initially arose under the "measures for attracting private investment for the development of R&D&I in Galicia" included in the ERDF Operational Programme (OP) for Galicia 2014-2020 approved by the European Commission in March 2015, the current programme's operations selection criteria state that this specific call will be financed with own funds and will therefore allocate the programmed budget within the OP to other complementary actions with the same purpose.

As an innovative programme, the Galician Innovation Agency will measure the impact of this new instrument, included in the RIS3 Galicia action plan, through its evaluation and follow-up plan.

When defining this FoF programme, also considered was its consistency with the European R&D strategy, especially since it is formulated to support strategic projects at the EU level.

The Europe 2020 strategy (ES 2020) defines the general action framework of European policies by setting three growth and development models to achieve:

- Smart development: promotion of an economy based on knowledge and innovation;

- Sustainable development: promotion of a more efficient economy in the use of more ecological and competitive resources, and
- Inclusive development: promotion of an economy with high employment rates to facilitate the development of social territorial cohesion.

The ES 2020, in turn, sets five objectives at the European level and specific milestones for each country. One of them is directly related to research and development since it is linked to achieving a certain level (3 %) of R&D expenditure, a particularly problematic issue when seeking private contribution, to which this programme is directed.

In order to achieve these objectives, the EU defined different flagship initiatives, including "Innovation Union", where the onus is placed on an innovation based on results to generate impact in the European economy. The Innovation Union initiative encourages a new approach based on the association of regional, national and European actors involved in the entire innovation development chain and also includes a set of interdependent conditions for the success of these agreements. An attempt is made to include all of these in the definition of this FoF Programme.

- Focus on a common European problem, such as the renewal of industrial models through new technologies.
- Mobilise actors involved for a long time period, which is why projects are permitted until 2020 and this call is defined as the first one until 2020.
- Greater effectiveness since it is addressed at European level. Therefore, the programme is oriented to large projects without restriction on the place of development.
- Focus on results in terms of specific objectives, so that project impact becomes a key evaluation item of this programme.
- Receive adequate financial support and always comply with the rules of competition in the European Union and hence public support will be limited to the minimum support needed within the framework of this aid.

The H2020 programme was launched in 2014 as a financing instrument. In general, aid for FoF related projects directed to the business fabric agents, is focussed on the pillar of Industrial Leadership and on parallel initiatives, such as private-public partnership (PPP), through which the needs of the productive fabric are collected first-hand. Such support is generally aimed at SMEs and developed through partnership projects with large consortia where KETs occupy a prominent place. In view of the above, the FoF Programme is aligned with the priorities of H2020 but tries to provide complementary support to that obtainable under H2020, by targeting driver undertakings to thus obtain a snowball effect on SMEs. The programme furthermore addresses the needs of the Galician industrial fabric outlined in RIS3 Galicia.

Within the scope of the European industrial policy, the FoF programme responds to the "Advanced manufacturing" priority included in the Commission Communication "FOR A EUROPEAN INDUSTRIAL RENAISSANCE" (SWD (2014) 14 final).

At the national level, worth highlighting is the programme's alignment with the Ministry of Industry, Energy and Tourism's recently published strategy Connected Industry 4.0, which states that new technological developments, hyperconnectivity and globalisation of the economy are presenting important opportunities and challenges that the industry should take advantage of, in order to evolve and position itself as a strong, competitive and international reference sector. The objective is also in line with the Digital Agenda of Spain which, among other things, includes the promotion of R&D&I in the future Industry 4.0.

In view of the foregoing, the FoF programme is defined in line with the different European and national policies but in a complementary manner, since it is oriented to cover an area in which there has been no public aid, at the state or European level so far. There is no aid programme that supports business projects with a

budget of over €20 Million, preferably in partnership with a research organisation, and with a “pull” effect on other agents from the innovation system, especially SMEs, since the entire innovation value chain (both research and development) is integrated. Moreover, these are projects that do not have limitations w.r.to their place of implementation or maximum budget and which can furthermore be developed either individually or in partnership with research organisations. The process carried out to define the instrument described earlier revealed that these elements are essential to ensure impact of the programme and are therefore considered as requirements for this programme.

The FoF programme in turn is aligned with the rest of the Galician industrial development policies, and consistent with RIS3 Galicia. This would be the case of the *Galician Industrial Competitiveness Agenda: Industry 4.0*, adopted by the Xunta de Galicia's Council in its meeting of 13 May 2015. This Agenda proposes actions to boost industrial competitiveness and is the master plan of the Galicia 2015-2020 Industry, defined in Article 23 of Law 13/2011, of 16 December 2011, regulating the industrial policy of Galicia. It is created with the vision of promoting a new industrial fabric in Galicia that is modern, intelligent and sustainable, whilst being competitive in the future global scenario. This vision of a new Galician industry foresees its evolution towards smart factories by supporting large business investment projects that act as the driving force of the economy, so that the lead companies in the strategic sectors of the Galician economy are able to attract private investment through collaboration with the different actors of the Galician Innovation System, especially SMEs, at the time of launch.

The last of the Xunta de Galicia's strategic planning tools is the *Strategic Plan of Galicia*, approved by the Xunta de Galicia's Council in its meeting of 28 January 2016, which unifies all previous strategies. Among the main actions that the plan intends to develop with regard to the transversal objective of promoting entrepreneurship, industrialisation and internationalisation is the one related to boosting a new industrial model by supporting a new Galician industry that is competitive worldwide, through the launch of measures that will accelerate the transformation of the industrial fabric into an advanced, smart one, in line with international smart factory and industry 4.0 trends.

The procedure for granting such aid in the form of subsidies will be carried out on a competitive tender basis as laid down in Regulation (EU) No 651/2014 of the Commission, of 17 June 2014, declaring certain categories of aid compatible with the internal market, in application of Articles 107 and 108 of the Treaty. However, since there is no ceiling budget amount established for projects, it is envisaged that if any of them individually or jointly within a Plan (which includes all projects applied for by the same undertaking) exceeds the notification thresholds of Article 4(ii) and (iii) of the said Regulation, these proposals will become the subject of an in-depth assessment of compatibility with the Framework for State R&D&I aid (2014/C 198/1) (hereinafter Framework) and will be notified individually to the European Commission if selected. The granting of such aid will be subject to approval of the Commission.

In line with the above, it must be clarified that, although research and knowledge-dissemination organisations can also be beneficiaries under this programme, such aid does not have the consideration of State aid for the purposes of Article 107(1) of the Treaty on the functioning of the European Union since it complies with section 2 of the Community Framework (2014/C 198/01) because:

- Only non-economic activities will be financed (independent R&D is financed since it is carried out within the framework of effective collaboration) and with the right to publish own research results.
- Beneficiaries will be required to keep separate accounts of economic and non-economic activities and obliged to spend aid received only on non-economic activities.
- Furthermore, and in order to avoid possible indirect aid to companies with which the research organisation collaborates in the project the following conditions are also foreseen:
 - There will be a requirement, in accordance with section 2(2)(2) item 28 of the Framework (2014/C 198/01), that all IPRs (Intellectual and Industrial Property Rights) and access rights resulting from the

project be distributed between the undertaking and the research organisation in an appropriate manner based on their tasks, contributions and respective interests or that the organisation receive compensation equivalent to the market price of the generated IPRs and assign the IPRs to the undertakings or that the undertaking be allocated access rights.

- The research organisation may obtain funds for the total amount of its expenditure in the project in which case the total aid amount receivable for its participation in the project will be limited to the eligible amount that the undertaking (or undertakings) with which it collaborates can receive as per Regulation (EU) No 651/2014.

As stated in the previous paragraph, even though aid granted to research organisations will not be considered as State aid, any effective collaboration carried out between the research organisation and the undertaking (within the project framework) requiring individual notification to the EU, shall mean that the granting of aid to the research organisation shall also be subject to EC approval.

Whenever the same undertaking applies for several projects, these should be integrated into a single plan, be differentiated, and submitted together, in order to avoid the practice by applicant entities of artificially splitting their proposals to circumvent individual notification when their projects exceed the notification thresholds of Regulation (EU) No 651/2014. After receiving all applications, GAIN will examine the projects and plans whose budget exceeds the notification thresholds indicated above and may require applicants to furnish additional information in order to be able to assess compatibility with the Framework and to prepare (whenever the assessment is positive) individual notification to the EU.

According to the foregoing, the aid which is now being announced, responds to the needs of the Galician fabric and is aligned in a complementary manner, with European and national innovation support policies. Its objective is to obtain an innovative industrial fabric, capable of generating competitiveness based on knowledge and sustainable economic growth for Europe.

Consequently, the Director of the Galician Innovation Agency, in exercise of the powers conferred by Article 17(3) of Decree No 50/2012, of 12 January 2012, establishing the Galician Innovation Agency,

PROVIDES THAT:

Article 1. Call and bidding conditions

1. This resolution aims to approve the conditions governing the granting of aid by the Galician Innovation Agency in its first call for the Future Industry 4.0 programme. This programme, included in the RIS3 Galicia action plan, aims at attracting private investment to finance innovation by supporting large R&D business projects of strategic importance to the Galician industrial fabric, that are focussed on the development of key industrial technologies to achieve an innovative productive model. These projects shall be in line with the international trends of the Factory of the Future, smart factory and Industry 4.0 and aligned with RIS3 Galicia.

2. This resolution announces the 2016 call for proposals for the said aid, based on proper advertising, objectivity and competitive bidding (code procedure IN854A), and by adjusting the aid granted within the framework of the present resolution to the provisions of Regulation (EU) No 651/2014. Whenever a project or plan grouping several projects and involving the same undertaking is submitted and the aid thresholds laid down in this Regulation have been exceeded, then these projects will be notified individually to the European

Commission after assessing their compatibility with the Framework for State R&D&I aid (2014/C 198/1) and granting of such aid, whenever pertinent, will be subject to the prior approval of the Commission. This measure seeks to prevent the artificial splitting of projects for circumventing the maximum thresholds for notification and also to assess the compatibility of all aid granted to the same undertaking.

Research and dissemination organisations can also be beneficiaries under this programme, since section 2 of the Framework does not consider this aid as State aid within the meaning of Article 107(1) of the Treaty on the functioning of the European Union. It is important to clarify at this point that, if a project in which the research organisation participates requires that it be notified to the EC prior to approval, then any possible aid to be granted to the research organisation will also be held in abeyance pending decision of the Commission and shall conform to it.

3. In compliance with the provisions of Article 20 of Law 38/2003, of 17 November 2003, on general subsidies, the text of the call and the information required in section 8 of this Article will be communicated to the National Subsidies Database (BDNS). The BDNS will send the extract of the call for proposals to the Galician Official Gazette for publication.

Article 2. Definitions

1.- *Industrial Research*: refers to planned research or critical research aimed at acquiring new knowledge and skills that can be useful in developing new products, processes or services or significantly improve existing ones. It includes the creation of components of complex systems and may include the construction of prototypes in a lab environment or in an environment with interfaces simulated with existing systems, as well as pilot research whenever necessary for industrial research, and in particular for the validation of generic technology.

2. *Experimental Development*: refers to the acquisition, combination, configuration and use of existing knowledge and techniques of a scientific, technological, business or of another nature, with a view to the preparation of new or improved products, processes or services. Activities of conceptual definition, planning and documentation of new products, processes and services are examples of activities that can be included. These activities may include the elaboration of projects, designs, plans and other types of documentation, as long as they are not intended for commercial use.

Experimental development may include the creation of prototypes, demonstration, development of pilot projects, testing and validation of new or improved products, processes or services, in environments that represent actual operating conditions, provided that the main objective is to achieve technical improvements of products, processes or services that are not well established. It may also include the development of prototypes or pilot projects of commercial use when they are essentially the final commercial product and their manufacture is too expensive for the exclusive use of demonstration and validation purposes.

Experimental development does not include the routine or periodic modifications made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements to the same.

3.-*Plan*: is a document incorporating, in an individualised manner, the several projects submitted by the same undertaking to this call and which will be evaluated differently. The Galician Innovation Agency will initially review each Plan in a way that if the total aid requested by all projects submitted exceeds the maximum thresholds for notification, then additional information may be required in order to assess its compatibility with the Framework for State R&D&I aid (2014/C 198/1) (Annex VI). If, after the evaluation phase, the total aid that may be granted to eligible projects integrated into a Plan is found to exceed the maximum thresholds

of Regulation 651/2014 (Article 4(i), then in such a case, a joint notification will be sent providing detailed information and the amounts for each of the projects submitted. This procedure seeks to prevent splitting up of related projects which need to be considered together in order to implement the notification thresholds and to be able to assess the compatibility of all aid granted to one and the same undertaking.

4.-*Maximum notification thresholds* in accordance with Article 4 (ii) and 4 (iii) of Regulation (EU) No 651/2014:

- For a predominantly industrial research project: € 20 M
- For a predominantly experimental development project: € 15 M

The term "predominant" (for the purposes of setting these thresholds) means that more than half of the eligible costs are generated from activities classified in that category.

5. *Enterprise*: refers to an undertaking that carries out an economic activity consisting of supplying products or services in a given market regardless of its legal form (public or private) or of its economic nature, i.e. whether profit making or not, as indicated in section 2(1) of the Framework for State R&D&I aid (2014/C 198/1).

6. *Large Enterprise*: refers to an undertaking that does not comply with the requirements for consideration as an SME in the terms established in Annex I of Regulation (EU) No 651/2014.

7. *Small and Medium-Sized Enterprise*: according to Annex I of Regulation (EU) No 651/2014, these are undertakings which employ less than 250 persons and which have an annual turnover not exceeding € 50 Million, and/or an annual balance sheet total not exceeding € 43 Million. Within the SME category, a small enterprise is defined as an undertaking which employs less than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed € 10Million. For the calculation of these figures, the indications contained in Articles 3, 4, 5 and 6 of the said Annex I of Regulation (EU) No 651/2014 shall be taken into account.

8. *Research and knowledge-dissemination organisation*: are research and knowledge-dissemination organisations (hereinafter, research organisations). In accordance with the definition in Article 2 of Regulation (EU) No 651/2014 this is an entity (such as universities or research institutes, technology transfer agencies, innovation intermediaries, research-oriented physical or virtual collaborative entities), whose primary goal is to independently conduct fundamental research, industrial research or experimental development or to widely disseminate the results of such activities by way of teaching, publication or knowledge transfer, irrespective of its legal status (organised under public or private law) or way of financing . Where such undertaking also pursues economic activities, the financing, costs and revenues of such economic activities must be accounted for separately. Enterprises that can exert a decisive influence upon such an undertaking, like for example, shareholders or members, cannot have preferential access to the results generated by it.

9. *Strategic challenge*: means the set of technological and innovation priorities included in the RIS3 Galicia strategy (http://www.ris3galicia.gal/?page_id=3911&lang=es) based both on existing activities and future opportunities. The strategic challenges are:

- Challenge 1: Innovative management of natural and cultural resources. Modernisation of the traditional Galician sectors through the introduction of innovations that have an impact on improving efficiency and performance in the use of endogenous resources and their reorientation toward alternative uses with greater added value in energy, aquaculture, pharmacology, cosmetics, food and cultural activities.
- Challenge 2: The industrial model of Galicia of the future. Increase the technological intensity of Galicia's industrial structure through hybridisation and key enabling technologies.

- Challenge 3: A new healthy lifestyle model based on active ageing. Position Galicia in 2020 as the leading region in Southern Europe that offers services and knowledge-intensive products related to a healthy lifestyle model: active ageing, therapeutic application of water and marine resources and functional nutrition.

10. *Industry 4.0*: The concept of Industry 4.0 emerged in Germany to describe the "smart factory" and refers to what has been termed as the "fourth industrial revolution" driven by digital transformation and the introduction of digital technologies in industry. These technologies enable the hybridisation between the physical and the digital world and this connection permits devices and systems to cooperate between themselves and with other systems to create a smart industry, leading to new products, processes and business models.

11. *Effective collaboration*: within the meaning of Article 2 section 90 of Regulation (EU) No 651/2014 means collaboration between at least two independent parties to exchange knowledge or technology, or to achieve a common objective based on the division of labour where the parties jointly define the scope of the collaborative project, contribute to its implementation and share its risks, as well as its results. One or several parties may bear the full costs of the project and thus relieve other parties from financial risks. Contract research and provision of research services are not considered as forms of collaboration.

12. *Linked enterprise*: within the meaning of Article 3(3) of Annex I to Regulation (EU) No 651/2014, linked enterprises are those that have any of the following relationships with each other:

- a) An enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- b) An enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- c) An enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- d) An enterprise, which is a shareholder in or member of another enterprise, has sole control, pursuant to an agreement with other shareholders in or members of that enterprise, over the majority of shareholders' or members' voting rights in that enterprise.

No dominant influence is deemed to exist if the investors listed in Article 3(2) of said Annex I of Regulation (EU) No 651/2014 are not involved directly or indirectly in the management of the enterprise in question, without prejudice to their rights as shareholders.

Enterprises having any of the relationships described in the first subsection of Article 3 of the said Annex I through one or more other enterprises, or any one of the investors mentioned in section 2, are also considered to be linked.

Enterprises which have any such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they carry out all or part of their activity in the same relevant market or in adjacent markets. An 'adjacent market' in this context is a market for a product or service situated directly upstream or downstream of the relevant market.

13. *Undertaking in difficulty*: within the meaning of Article 2 section 18 of Regulation (EU) No 651/2014, it refers to an enterprise in respect of which at least one of the following circumstances occurs:

- a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has decreased as a result of accumulated

losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, ‘limited liability company’ refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU and ‘share capital’ includes, where relevant, any share premium.

- b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has decreased as a result of accumulated losses. For the purposes of this provision, ‘a company where at least some members have unlimited liability for the debt of the company’ refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
- c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the behest of its creditors.
- d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.
- e) In the case of an undertaking that is not an SME, where, for the past two years:
 - 1) the undertaking's book debt to equity ratio has been greater than 7.5 and
 - 2) the undertaking's EBITDA interest coverage ratio has been below 1.0;

14. *Herfindahl-Hirschman Index (HHI)*: refers to the index that measures the economic concentration of a market, i.e. the presence or not of competition. It is calculated as the sum of the squares of the market shares of the firms within the market.

15. *Counterfactual project*: is a project carried out in the absence of public aid.

16. *Economic activities*: are activities that involve the supply of goods and/or services in a given market, even when they are not for profit.

17. *Non-economic activities of research organisations*: as set out in section 2(1) of the Framework for State R&D&I aid, refer to activities that do not involve the supply of goods and/or services in a given market. Included among them are the primary activities of research organisations, in particular: education to achieve more and better qualified staff; independent R&D for the improvement of knowledge when the organisation undertakes effective collaboration and wide dissemination of research results in a non-discriminatory and non-exclusive manner. Knowledge-transfer activities when carried out by a research organisation are not considered economic activities provided that the benefits generated by them are re-invested in their primary activities. The non-economic nature of these knowledge-transfer activities is not affected when third parties are hired for service provision by public tender.

Article 3. Eligible activities

They are industrial research and experimental development activities, within the meaning of Article 2 of Regulation (EU) No 651/2014 and as provided for in the previous article of the present resolution.

Article 4. Beneficiaries

1. Beneficiaries of such aid may be (ou “beneficiaries of such aid can only be”):

a) Industrial undertakings which have permanent legally established premises in Galicia, and also the capability to lead strategic R&D business projects that fulfil the characteristics referred in Article 6 of the present resolution. They must be private undertakings and, depending on their size, may be medium or large enterprises, according to the definitions listed in the above Article 2, so that they can, through their leadership, exert a “pull” effect on the other agents of the Galician Innovation System, especially on smaller companies.

b) Partnerships between one undertaking, or several undertakings belonging to the same business group, and a research organisation, in the terms set forth in Article 8(3) of Law 9/2007, of 13 June 2007, on subsidies in Galicia (hereinafter, Law 9/2007), for carrying out partnership projects.

Undertakings within the partnership must have the characteristics listed in section a) of this Article, and, if there are more than one undertaking, they must belong to the same business group, in accordance with the provisions of Article 42 of the Code of Commerce, in order to ensure their capacity as a driving force.

Research organisations, even after complying with the requirements of the definition contained in Article 2 above, can only be beneficiaries if they develop an effective collaboration with an undertaking within the framework of an eligible cooperation project under this call and have permanent work premises in Galicia. As indicated hereinabove, all undertakings must keep separate accounts of their activities, whether they are of economic nature or not.

If the partnership does not have legal status, both the application and the aid granting resolution must contain details of the project implementation commitments undertaken by each party, as well as the amount of the aid to be allocated to each party. All parties shall have the same consideration as beneficiary.

The partnership shall appoint a leader who will be their sole representative and only interlocutor with the Administration throughout the procedure, and shall have enough powers to fulfil the obligations that correspond to the partnership as a beneficiary. The leader must always be an undertaking and can never be a research and knowledge-dissemination organisation.

Partnerships will be governed by the provisions in their contractual document. The internal operations of the partnership will be run based on management autonomy criteria and should specifically indicate who the leader or representative of the partnership is.

The contractual document governing the partnership must contain at least the following:

- a) Distribution of activities and of the total budget and the contribution from each member of the partnership.
- b) Representation agreement of the partnership and election of its representative for communications with the Administration.
- c) Confidentiality agreements.
- d) Ownership, legal protection (patents) and dissemination of results. It must be borne in mind that, whenever research and dissemination agencies participate, these should have the right to publish the results of their own research. Moreover, there will be a requirement, in accordance with section 2(2)(2) item 28 of the Framework (2014/C 198/01), that all IPRs (Intellectual and Industrial Property Rights) and access rights resulting from the project be distributed between the undertaking and the research organisation in an appropriate manner based on their tasks, contributions and respective interests or that the research organisation receive compensation

equivalent to the market price of the generated IPRs and assign the IPRs to the undertakings or that the undertaking be allocated access rights.

e) Management of the partnership, contingency plan and distribution of responsibilities in times of potential difficulties.

f) Appointment of a project technical manager.

In general, the budget and the activities will be subject to the provisions in the aid granting resolution.

The partnership of undertakings cannot be dissolved until expiry of the period provided for in Article 35 of Law 9/2007.

2. Individuals or undertakings involved in any of the prohibitions contained in Article 10 of Law 9/2007 will not qualify as beneficiaries, nor will undertakings in difficulty, or those subject to an outstanding recovery order following a prior decision by the European Commission declaring certain aid as unlawful and incompatible with the domestic market.

Article 5. Participation modalities

1. There are two modalities of participation: individual or in partnership. As stated in Article 4 above, research and dissemination organisations can only participate in the partnership modality.

2. Undertakings participating in partnership projects should form a valid grouping in the terms set forth in Article 3 of Law 9/2007, of 13 June 2007, on subsidies in Galicia (hereinafter, Law 9/2007) and must belong to the same business group and/or research organisation, as laid down in Article 4. No undertakings in a partnership have a lower budget than 10 % of the total eligible cost of the project.

Article 6. Project characteristics

1. Projects eligible under this call must be business projects with a wide scope, geared towards strategic European level industrial research and experimental development, within their sector. They may be individual projects (involving just one single undertaking) or partnership projects (involving one research and knowledge-dissemination organisation and one or several undertakings, only if these undertakings belong to the same business group).

2. Projects must seek maximum efficiency and effectiveness of public support:

- They must be large integrated projects and, therefore, the minimum eligible budget will be € 20,000,000 per project. In the case of partnership projects submitted by several undertakings from the same group, the combined budget of all participating undertakings must respect the minimum eligible € 20,000,000 budget and none should have a stake of less than 10 % of the project's total budget. In the case of research organisations, their budget in the partnership project cannot be less than € 10,000,000 or less than 10% of the total eligible cost of the project.

- Whenever an undertaking intends to submit more than one project under this call, these must be included in one single plan as separate applications, in order to prevent the artificial splitting up of projects to circumvent the maximum thresholds for notification provided for in Regulation (EU) No 651/2014. If the total aid requested for a project or projects (when included in a Plan submitting more than one project) by the same undertaking exceeds these maximum thresholds, it may be required to furnish additional information to facilitate verification of compatibility with the Framework (Annex VI). This is so because, if a project exceeds

the valuation thresholds but is eligible for the aid, the project or projects within the plan must be notified to the European Commission (EC) individually and the aid will be conditioned to the approval of the EC.

- There will be just one single rating provided either for a project or for the participation of an undertaking in a partnership project, within each of the eligible activities; industrial research or experimental development. Therefore, if a project includes some joint actions with other industrial research partners, its overall rating, for calculating the comprehensive aid intensity, will be that of experimental development. This procedure therefore seeks to limit any parallel public aid to the private investment and thus to ensure that such public aid corresponds to the minimum amount required to assume the risk involved in developing this type of R&D activities.

3. Given that projects within this call are required to be strategic at European level, they will not be required to be carried out entirely in Galicia but must be projects with a driving force on the most outstanding areas of Galicia's economy and have a “pull” or chain effect to transform Galicia’s industrial fabric towards innovation-based competitiveness.

4. The projects must be oriented towards achieving a new industrial model based on competitiveness and know-how through an intensive use of enabling technologies (KETs) to obtain high added value processes and products in line with international trends of the factory of the future, smart factory and Industry 4.0 and always aligned with challenge 2 of RIS3 Galicia, so that they contribute to achieving a "smart industry" in Galicia in 2020.

They may be focussed on:

- Improvement of processes, to seek better efficiency and flexibility;
- Product improvement, so as to generate new products or new capabilities to adapt to new trends;
- Development of new business models.

Through any of the following technologies but not limited to:

1) Technologies that connect the physical world with the digital one:

- Augmented reality and 3D printing
- Advanced automation and robotics
- Internet of things
- Smart embedded systems

2) Technologies that facilitate communication and data processing:

- Cloud-computing;
- Cybersecurity.

3) Technologies that facilitate smart operations management and collaborative work with other companies:

- Big Data;
- Business Intelligence;
- Development of platforms for collaborative work and on-line integration of the value chains of suppliers and other companies.

5. Projects must be ambitious and propose disruptive innovations, and, therefore, effective collaboration with research organisations (according to the definition in Article 2 of this call) is highly valued, since it will enable the definition of projects with broader innovative objectives and higher technological risk. The research and dissemination organisations that participate in the project should be able to publish their own research results.

6. The minimum duration of the projects will be three years and the maximum duration five years, extendible until 31 October 2020.

7. In accordance with Article 6 of Regulation (EU) No 651/2014, aid to be granted under the FoF programme must have an incentive effect and therefore the project cannot start prior to the application for aid. Therefore, the start date will not be construed as the date from which costs can be charged to the programme but the actual start date of the project activities. Furthermore, the aid must bring about a change of behaviour in the applicant undertaking so that it is able to perform activities which it would not be able to undertake otherwise or would do so in a limited or different manner without the aid. Therefore, the aid would produce a substantial increase in the scope of the project, in the total amount invested or in its implementation speed. Nevertheless, the aid must not subsidise the costs of an activity that the undertaking would normally incur in nor should it compensate the normal business risk of an economic activity. All these points should be clearly explained in the project report.

Article 7. Financing

The aid shall be charged to Chapter VII of the budget of the Galician Innovation Agency as follows:

	2016	2017	2018	2019	2020	Total
09.A3.561A.7	100,000	100,000	18,000,000	20,000,000	21,800,000	60,000,000

The distribution of funds over these years is a forecast that may need to be adjusted after evaluation of the aid applications. There may possibly even be a redistribution of amounts allocated for the years without increasing the total credit, in accordance with the provisions of Article 31 of Decree No 11/2009.

The amount allocated to this call may be increased after publication of statement of budget availability, in accordance with the provisions of Article 30(2) of Decree No 11/2009, which may result in the granting of more aids in accordance with the ranking of applicants resulting from the application of the evaluation criteria on applications that pass the minimum score indicated in Article 30 of this same Resolution.

Contract award resolution may be suspended when no decision from the EC has been received concerning projects that need advance notification to the Commission.

Article 8. Overall intensity of the aid and concurrence.

1. Aid will be granted in the form of subsidies. In order to maximally fit the proportionality of aid, after taking into account the magnitude and complexity of the projects, there will just be the one rating given within the eligible activities: industrial research or experimental development of a project or of the activities undertaken by each beneficiary within a partnership project. The rating will always be the least favourable in terms of aid intensity.

2. The individual amount for each project will always be determined by respecting the maximum intensity limits, in accordance with Articles 25 and 29 of Regulation (EU) No 651/2014, depending on their actual eligible cost, the characteristics of the beneficiary and of the project. Thus, when establishing the overall aid intensity applicable to each beneficiary, in addition to the type of entity (undertaking/research organisation) and the qualification of its activities, the following will also be taken into account:

- If the project activities are undertaken through effective collaboration

- If the total cost of the project exceeds the maximum thresholds for notification under Regulation (EU) No 651/2014,

always restricting the total aid that a project can obtain (even though a research organisation participates therein) to the total amount that may be allocated to the partner undertaking, in accordance with this call. Any possible indirect aid to the undertaking through the research organisation with which it collaborates is thus prevented, even more rigorously than in the way established by the Framework.

3. As stated above, research organisations may obtain aid for the total amount of their expenditure in the project. However, the total aid receivable by the project in which they participate will be limited by reducing the intensity of the partner undertaking or undertakings belonging to the same group with which the research organisation collaborates, so that the total project aid amount matches the amount they would receive according to the following circumstances:

3.1 In the case of applications that exceed the notification thresholds of Regulation (EU) No 651/2014, and thus become liable for individual notification to the European Commission, attention will be paid to aid intensity to ascertain that the aid does not produce any kind of distortion of competition in the EU market. This will be done through a detailed analysis of the profitability of the project, according to the undertaking and the sector, to ensure that the aid does not exceed the minimum necessary. Therefore, the overall aid intensity will be more restrictive and set within the following ranges:

- a) If the project does not involve effective collaboration with a research organisation, then the overall intensity of aid will vary between 0-25% of the eligible costs for experimental development activities, and between 0-50 % for industrial research activities
- b) If the project involves effective collaboration with a research and knowledge-dissemination organisation, and assuming that such collaboration is for at least 10 % of the eligible costs, with the right to publish own research results, then the overall intensity of aid will vary between 15-40 % of the eligible costs for experimental development activities, and between 15-65 % for industrial research activities

In both cases, when fixing the specific overall intensity, in addition to respecting the limits laid down in Regulation (EU) No 651/2014, the provisions of the Framework for State R&D&I aid shall also become applicable depending on the type of undertaking, in order to ascertain the existence of any aid outside the EU for similar projects.

3.2 In the case of applications that do not exceed the notification thresholds of Regulation (EU) No 651/2014, the overall intensity of aid to be granted will be placed within the maximum thresholds referred to in Article 25 so that:

- a) Whenever the project does not involve effective collaboration with a research organisation, the overall intensity of the aid, depending on the type of undertaking and the category of the actions financed, shall be as follows:

	Medium enterprise*	Large enterprise*
Industrial research	60 %	50 %
Experimental development	35 %	25 %

*percentage of eligible costs

b) If the project involves effective collaboration with a research and dissemination organisation, and assuming that such collaboration is for at least 10 % of the eligible costs, with rights to publish own research results, then in such a case, the overall aid intensity may vary by 15 %.

	Medium enterprise*	Large enterprise*
Industrial research	75 %	65 %
Experimental development	50 %	40 %

*percentage of eligible costs

4. The specific procedure that will be used to determine the overall aid intensity according to the above paragraphs will be done in several stages. The total eligible budget will first be established for those applications that exceed the minimum threshold score set in Article 30 of this Resolution. Projects, or the participation of each undertaking in case of partnership projects, will then be classified according to the type of eligible action: industrial research or technological development.

The following stage will determine whether a project has effective collaboration between the undertaking/s and the research organisation and complies with all the characteristics required to increase aid intensity by 15 %.

After completing this entire process, projects will then be classified on the basis of whether or not the possible total aid obtainable exceeds the minimum thresholds for notification provided for in Regulation (EU) No 651/2014. The provisions of section 3(2) shall be applied to projects that do not exceed the minimum threshold, respecting the maximum intensities permitted by the said regulation according to the type of undertaking and eligible action, as indicated in the previous paragraph. The intervals listed in section 3(1) of this Article, setting the overall aid intensity for each project according to its profitability within the framework of the sector it operates, shall apply to projects that exceed the maximum threshold, according to whether or not there is effective collaboration with a research agency. This step will ensure that there is no distortion of competition in the EU market and that the aid proposal is for the minimum amount needed.

After setting the overall aid intensity for the projects that exceed the minimum threshold in the evaluation of applications, these will then be classified according to their total score in accordance with the criteria set out in Article 30, and in order of ranking, will then be proposed for granting financing depending on budget availability.

5. Whenever project proposals contain more than one project, the overall intensities described in the previous point will be applied to each of them (also bearing in mind that projects from the same undertaking can be considered as closely related undertakings during the evaluation), to ensure that the total aid does not produce a distortion of competition.

6. The applicant undertaking shall set the amount of aid requested for the project, in line with the indications in the previous sections. Partnership projects will provide details of aid requested for each of the partners. Such amount will be reviewed during project evaluation according to the aid intensity applicable, as per the procedure described in section 4 above.

7. The aid established by this call will be compatible with other aids already obtained for the same purpose or the same costs obtained from any public administration or public or private undertaking, national or international, provided that the overall aid amount does not exceed the total cost of the activity financed nor the limits of application provided in Regulation (EU) No 651/2014 or other applicable regulation if the latter is more restrictive, but it will be incompatible with any other aid obtained later. This is because the analysis of the aid to be granted performed within the framework of this programme considers that this is the minimum

amount required (after considering all aid received by each undertaking until then for carrying out the project applied for).

Article 9. Eligible expenditure

1. Eligible expenditure will include those that correspond to the nature of the subsidised activity and strictly necessary for the implementation of each project.

In no case can the acquisition cost of the eligible expenses be higher than the market value.

2. For 2016, only expenditures made within the period comprising the date of submission of grant application and the date of justification provided for in Article 38 of this Resolution shall be considered as legitimate. For the remaining years, expenditure incurred within the period comprising the date of justification of the previous year and the deadline for justification of the current year shall be considered eligible.

3. The eligible expenditure will be broken down as follows:

a) Direct costs: are ones that are directly and solely related with the subsidised activity and whose link with this activity can be demonstrated. The following will be considered as eligible direct costs:

1. Personnel costs.
2. Costs of equipment and instrumentation.
3. Materials, supplies and similar products.
4. Purchasing of patents.
5. External technological services.
6. Subcontracting.
7. Other costs: related to the auditor's report on the project, required for its justification.

b) Indirect costs: are those that are not linked or cannot be directly linked with the subsidised activity due to being structural in nature but necessary for performance of the same. These shall include administrative costs (such as administrative and accounting management), costs of supervision and quality control, supplies (such as water, electricity, heating, phone), insurance, security or cleaning costs.

Article 10. Personnel costs

1. Costs of own staff and those of new staff to be incorporated (research staff, technical and auxiliary personnel who perform research activities) for project implementation may be considered as eligible costs, for the time dedicated exclusively to the performance of project R&D activities. If the staff dedication charged to the project is not 100 %, a report attached to the application shall justify the reasons for the percentage dedication to the project on the basis of the milestones or specific jobs to be carried out in the project. A generic justification that does not permit adequate assessment of appropriateness, relevance and verifiability of the time charged will not be accepted.

2. Costs of managerial staff and officers to perform project R&D work with a maximum dedication of 10 % will be considered as eligible. In order to be able to check this participation, justification will be provided in detail in the technical report attached to the application, outlining the specific functions of this staff in the different phases/ activities referred to in the project work plan. The total cost of this type of staff can never be more than 5 % of the total cost of staff included in the project.

3. The following expenditures will not be considered as eligible:

a) Expenditure related to workers who do not have a labour contract relationship with the grant beneficiary, except shareholders who work as self-employed or freelance. In the case of self-employed workers, their monthly dedication will be limited to 40 %.

b) Costs of administrative staff linked to project management tasks.

c) Costs of apprenticeships, scholarships, part-time recruitments except in the case of voluntary reduction of work time laid down in the Statute of the workers, or recruitments in trade categories that are less than those corresponding to the qualifications/professional categories set by the Social Security to regulate the contribution bases for common contingencies that are listed below:

Degree/professional category	Trade category
Engineers/graduates/senior management	1
Technical engineer and graduate assistants	2
Administrative officers and foremen	3
Non-graduate assistants	4
Administrative officers	5
Subordinates	6
Administrative assistants	7
First and second class officers	8
Remainder of the officers	9
Labourers	10
Workers under the age of 18 years	11

5. Any change of staff assigned to the project must be approved by the Galician Innovation Agency. Only replacement of one staff member by another with identical or equivalent qualifications, or duly justified substitutions within the framework of the project, will be accepted.

The Galician Innovation Agency will be understood to have approved the change of staff if no express statement to the contrary is provided within one month from the date of notification entry in GAIN's register. Any rejection or lack of notification of change of staff will lead to a reduction in the eligible cost of the workers concerned.

Article 11. Costs of equipment and instrumentation

1. The costs of equipment and instrumentation will be eligible to the extent and for the period in which they are used for the project.

If the equipment and material is devoted exclusively to the subsidised action and their useful life runs out at the end of the implementation period, then the purchasing cost of the same shall be considered as eligible cost. Justification of the useful life of the equipment and material must be provided in the project report.

If the equipment and material is not used exclusively for the project because their useful life exceeds project duration, then in such a case, only the depreciation costs corresponding to the duration of the project, calculated on the basis of good accounting practice, will be considered as eligible. In order for this cost to be eligible, the project report will provide details on the calculation procedure followed to calculate the depreciation costs, taking into account the specific time charged to the project.

2. New software licenses and renewals of licenses falling within the category of material that can be inventoried are considered as eligible costs if they are for the specific use of the project and not for general use.

3. Leasing costs will be permitted, provided they meet the following requirements:

- a) There is an official commitment in writing for purchase of the asset at the end of the lease contract;
- b) The costs will only be eligible to the extent and for the period that they are devoted to the project;
- c) Eligible lease instalment payments must be constant and incremental and start subsequent to the aid application date. Only fees paid within the annual justification period for each year will be charged to the aid budget;
- d) The costs of refinancing of interests, general expenses and cost of insurance will be considered non-eligible expenditure of the Lessor.

Article 12. Materials, supplies and similar products

The costs of materials directly destined for research activities may be charged to the aid. The costs of office stationery and computer consumables will not be funded under this concept.

Article 13. Purchase of patents

Patents must be purchased or licensed from sources external to the applicant undertaking, provided that the operation is carried out under conditions of full competition and without any element of collusion.

Article 14. External technological services

1. External technological services are activities (other than research provided by third parties from time to time) such as analysis and laboratory tests, engineering for assembly and operation, studies and complementary activities, consultancy, technical assistance and equivalent services. If the activity to be performed is part of the research itself, then it should be considered as subcontracting.

2. External technological services must be essential to the development of the project's activities and should be duly justified in the technical report.

Article 15 Goods procurement and hiring of services for certain amounts

In accordance with the provisions of Article 29 of Law 9/2007, of 13 June 2007, on subsidies in Galicia, when the amount of eligible expenditure exceeds the amounts set out in the consolidated text of the Public Sector Contracts Law, approved by Royal Legislative Decree No 3/2011, of 14 November 2011, on small contracts, the beneficiary shall submit at least three offers from different suppliers prior to procurement of service or delivery of goods, unless there are not enough entities in the market to provide or supply the goods or services due to their special nature. These exceptions must be justified. The selection of the tenders submitted shall be carried out in accordance with the criteria of efficiency and economy, and a reasoned report will be delivered to explain why the most economically advantageous proposal was not chosen.

However, if the research organisation beneficiary meets the requirements provided for in Article 3(3)(b) of the consolidated text of the Public Sector Contracts Law, then in such case, it will have the consideration of

awarding authority and should therefore be subject to the discipline of public procurement in the terms provided for in the aforementioned legal text.

Article 16. Subcontracting

1. These are actions that involve third-party contracting for implementing a part of the research activity that is the object of the subsidy. Subcontracting will be duly substantiated and justified in the technical report.
2. Aid beneficiaries covered by the resolution of this call notice may subcontract up to a maximum of 50 % of the amount subsidised.
3. The signing of a contract between the beneficiary and the subcontractor entity will be mandatory and may condition the aid beneficiary. This contract must at least contain the following points: objectives of the contract, description of the activities, start date and total duration, identification of participating researchers, total budget and breakdown by year, as well as the agreement on the ownership of results. This contract must be authorised by the Galician Innovation Agency. In case of approval of project, this contract will be construed as authorised by GAIN from the start date of project implementation provided that such date is posterior to that of project application submission date.
4. The beneficiary will under no circumstance subcontract with:
 - a) Individuals or entities involved in any of the prohibitions established in Article 10 of Law 9/2007.
 - b) Individuals or entities that are beneficiaries of other subsidies for the performance of the activity subject to procurement.
 - c) Intermediaries or advisers whose payments are defined as a percentage of the total cost of the operation, except when payment is justified with reference to the market value of the work performed or services rendered.
 - d) Individuals or aid applicant undertakings, which in the same call and programme, were not granted subsidy because they did not meet the requirements or did not achieve the minimum score.
 - e) Individuals or entities involved in some of the circumstances outlined in Article 43(2) of Decree No 11/2009, without prejudice to the exception regulated in Article 18 of this resolution in connection with related undertakings.

Article 17. Auditor's report

The auditor's report must be written in accordance with the Order EHA/1434/2007 and, in the case of a partnership project, it must be drafted by the same auditor registered in the Official Register of Certified Auditors. The representative of the partnership will appoint the auditor.

The auditor's report shall take into account the instructions provided in Annex VII, and shall verify the existence of the documentation and requirements described in Article 38 of this call.

When the beneficiary is obliged to have its accounts audited annually by an independent auditor subject to the consolidated text of the Spanish Law on Auditing of Accounts, approved by Royal Legislative Decree No 1/2011, of 1 July 2011, the audit will be carried out by the same auditor, or by another, provided that the auditor is registered in the Official Register of Certified Auditors.

The cost of the auditor's report will not exceed 0.25 % of the direct costs that are included in the budget of each year.

Article 18. Participation in the partnership of related undertakings

1. If related undertakings, according to the definition of these undertakings provided for in Article 2 of this resolution and in Article 43(2) of Decree No 11/2009 approving the Regulations of Law 9/2007, participate as subcontracted entities, suppliers or service providers, or in some other manner, then their activities will be considered ineligible.

2. As an exception, and in application of Article 27(7) of the Galician Law on subsidies, the Galician Innovation Agency may authorise subcontracting in the case of undertakings linked to a beneficiary, when this is essential for project implementation, is carried out under normal market conditions and prior authorisation is sought from the Galician Innovation Agency. Such authorisation will be understood as approved if the beneficiary is granted aid under the call, and will be valid from the start date of project implementation provided it is later than the project application submission date.

Article 19. Indirect costs

The eligible cost under this concept will be the amount resulting from applying 10 % to the direct eligible personnel costs.

Article 20. Applications

1. One application per project will be submitted, either individually or in partnership. However, if an undertaking applies for several projects, and in order to prevent artificial division of projects to circumvent the notification thresholds referred to in Article 4(ii) and (iii) of Regulation (EU) 651/2014, these applications must be submitted jointly, included in a single Plan, even though each project is applied for individually.

After receiving all aid applications, the Galician Innovation Agency will examine those whose amount exceeds the notification thresholds, either individually or within a Plan, and may require such applicants to provide the additional information outlined in Annex VI, as well as the full annual accounts (balance sheet, profit and loss account, report, management report and audit report, if applicable) of the last two years for which accounts have been closed, signed by the administrators and filed at the Business Registry, in order to be able to assess their compatibility with the Framework and, whenever threshold is exceeded, to prepare individual notification to the European Commission.

2. The contact details that appear in the applications (postal address, email and phone) will be the only ones considered valid for notification purposes.

3. Submission of applications can only be done through electronic means via the standard form available at the website of the Xunta de Galicia, <https://sede.xunta.es>, in accordance with the provisions of Articles 27(6) of Law 11/2007, of 22 June 2007, on citizens electronic access to public services, and Article 24(2) of Decree No 198/2010, of 2 December 2010, regulating the performance of electronic administration in the Xunta de Galicia and dependant entities. To submit applications, applicants will need to use any of the valid mechanisms used for identification and signature supported by the website of the Xunta de Galicia, including the system of the user and password Chave365 (<https://headquarters.xunta.es/chave365>).

In addition to the standard forms, applicants must also submit the report in PDF format and attach the rest of the documentation required.

4. In accordance with Article 35(2) of Law 11/2007 or the regulations that replace it, applicants must deliver digitised copies of the required documents. The person signing the application will be responsible for guaranteeing veracity of documents with the originals and shall do so through an electronic signature.

In order to include documents in electronic format, the applicant must previously scan the originals to obtain files in PDF format. If any of the documents to be submitted electronically exceeds the size limit established by the website, then in such cases, applicants will be permitted to submit them in person within the deadlines laid down. To do this, the person concerned must provide details of the code and the organisation responsible for the procedure, the file number and the number or single registration code, together with the documents presented. The website of the Xunta de Galicia will publish the list of formats, protocols and maximum sizes permitted of the supplementary documentation for each procedure. If applicants wish to submit other documentation in unsupported formats, they can do so in person at any of the authorised registries, and must mention the code and the organisation responsible for the procedure, the file number and the number or single registration code.

Copies of documents will have the same validity and effectiveness as the original whenever there is evidence of authenticity.

The Public Administration may request verification from the corresponding department or registry of the content of the digitised copies submitted. When this is impossible to provide and in exceptional cases, the applicant may be asked to furnish the original document or information. The presentation of such copies implies that authorisation is granted to the Administration to access and process the personal information contained in such documents.

5. The website of the Xunta de Galicia shall provide to the interested persons a set of standard forms for the most commonly used procedures in administrative processing, which can be presented either electronically by accessing the folder of the person concerned, or in person, at any of the places and registries established in Article 38(4) of Law 30/1992, of 26 November 1992, on the legal system of public administrations and of the common administrative procedure or regulations that replace it.

Article 21. Documentation to be sent with the application

1. The application -Annex I (in the case of partnership projects, application will be submitted by the undertaking that represents the partnership) together with a copy of the documentation listed below and the legal-administrative and the technical documentation will be submitted through the website of the Xunta de Galicia.

2. Legal-administrative documentation:

a) Application duly signed by the legal representative of the applicant undertaking or the representative of the partnership when presenting partnership projects (Annex I). In case of joint and several powers of attorney, authorisation accompanied by the copy/ies of the ID cards of partner/s providing authorisation. Annex I includes a sworn declaration for the list of all concurrent aid applied for and granted; declaration concerning the veracity of the data in the application and the accompanying documents, including data relating to the bank account for payment of which the applicant must be the account holder; sworn declaration stating that the applicant is not involved in any of the circumstances described in Article 13 of Law 38/2003 nor in Article 10(2) and 10(3) of Law 9/2007; declaration that applicant is not involved in any outstanding

recovery order following a prior decision by the EC declaring an aid as unlawful or incompatible with the common market; as well as a declaration that the aid application was submitted prior to start of the activities for which aid is requested.

- b) Subcontracting agreements with research organisations and undertakings.
- c) Employment history record after the start date of the applications submission period.
- d) A copy of the aid granting decision whenever aid has been granted.

In the case of partnership projects, in addition to the abovementioned documents, applicants must also provide the following:

- e) Contractual document governing the partnership.
- f) Authorisation in favour of the partnership representative as per Annex II.
- g) Annex III for each undertaking or partnership undertaking, including a sworn declaration for the list of all concurrent aid applied for and granted; declaration concerning the veracity of the data in the application and the accompanying documents, including data relating to the bank account for payment of which the applicant must be the account holder; sworn declaration stating that applicant is not involved in any of the circumstances described in Article 13 of Law 38/2003 nor in Article 10(2) and 10(3) of Law 9/2007; declaration that the applicant is not involved in any outstanding recovery order following a prior decision by the EC declaring an aid as unlawful or incompatible with the common market; as well as a declaration that the aid application was submitted prior to start of the activities for which aid is requested.

- If the applicant or any of the undertakings that form the partnership expressly denies the authorisation provided for in Article 24(2) of this call, then in such a case, their application must be accompanied by valid and up to date certificates accrediting fulfilment of obligations from: the State Tax Administration Agency, the General Treasury of the Social Security and the Administration of the Autonomous Region of Galicia.
- If the applicant or any of the undertakings that form the partnership expressly refuse verification, they must submit a copy of their valid Fiscal Identification Number (NIF).
- If the applicant or any undertaking forming the partnership does not authorise verification of capacity in the Business Registry, then in such a case the applicant must submit a power of attorney verified by the counsel of the Xunta de Galicia.

Verification in the business registry may be done in the following cases: sole administration, joint or joint and several administration, CEO. Other powers of attorneys of commercial undertakings other than the ones mentioned above, even when having general or special powers registered in a business registry, will not be able to accredit their representation in the said manner, due to the technical characteristics of the verification procedure at the Business Registry, and therefore must present the power of attorney which will be verified by the counsel of the Xunta de Galicia.

- If the applicant or any of the undertakings that form the partnership expressly refuse identity verification, then they must submit a copy of the valid Fiscal Identification Number (NIF) of the legal representative.

As indicated in Article 20, whenever aid amount applied for the project (or plan when the same entity applies for several projects) exceeds the notification thresholds of Article 4 (ii) and (iii) of Regulation (EU) 651/2014, applicants must deliver the following additional documentation (when the Galician Innovation Agency so requires):

- Full annual accounts (balance sheet, profit and loss account, report, management report and audit report, if applicable) signed by the administrators and filed at the Business Registry, corresponding to the applicant undertaking's closed accounts for the past years and in the case of partnership projects, closed accounts of each partner from the partnership.
- Any other documentation of an administrative nature that the EC may require in the case of individual aid notification.

3. Technical documentation:

a) Project report according to the index included as Annex V. This report must provide information on the personnel dedicated to the project: identification of the personnel from the undertaking, activities to be undertaken, percentage dedication to the project and reason for this percentage. With respect to newly hired staff, details of their profile, percentage dedication and reason for the same, as well as contract duration. With regard to the cost of equipment, the report must detail the useful life of the equipment and material or, whenever pertinent, the procedure followed to calculate the depreciation costs.

b) CVs in free format of all members of the human team assigned to the project, including certificates of their qualifications. (In case of partnership projects, each undertaking/organisation must submit its own certificates).

Whenever the aid applied for the project (or plan when the same entity applies for several projects) exceeds the notification thresholds of Article 4 (ii) and (iii) of Regulation (EU) 651/2014, applicants must deliver the following additional documentation (when the Galician Innovation Agency so requires):

- The additional information described in Annex VI or any other documentation of a technical nature that the EC may require in the case of individual aid notification.

Article 22. Information to interested parties

1. Interested parties may obtain additional information on this administrative procedure (whose code is indicated in Article 1) from the Galician Innovation Agency, through the following means:

- a) Website of the Galician Innovation Agency (<http://gain.xunta.es>), under heading aid.
- b) Via the telephone number +34 981 957303 of GAIN's Department of Aid Management.
- c) By sending an email to: xestion.gain@xunta.gal.
- d) In person.
- e) From the guide to procedures and administrative services on the website: <http://sede.xunta.es>.

2. Likewise, for general matters on this procedure, information can also be obtained by ringing the Xunta de Galicia's general information telephone number: 012.

3. In accordance with Article 14 (ñ) of Law 9/2007, of 13 June 2007, on subsidies in Galicia, beneficiaries are likewise informed about the existence of the Public Register of Subsidies and of the aspects referred to in Article 5 of Organic Law 15/1999, of 13 December 1999, on protection of personal data.

Article 23. Deadline for applications

The period for submission of applications for this first call for the Factories of the Future (FoF) programme starts on the day following that of its publication in the Galician Official Gazette and ends on 30 August 2016.

Article 24. Consents and authorisations

1. The presentation of an application implies understanding and acceptance of these bidding conditions.

2. The presentation of an aid application by the interested party will be construed as providing authorisation to the management body to request the certifications required from the State Tax Administration, the General Treasury of the Social Security and the pertinent Xunta de Galicia's Department with competence in financial matters, pursuant to Article 20(3) of Law 9/2007, of 13 June 2007, on subsidies in Galicia. However, the applicant or the representative can expressly deny such consent, in which case they must attach valid certifications for the same together with the application.

Moreover, the entities described in Article 11 of Decree No 11/2009, of 8 January 2009, implementing the Galician Law on subsidies, may submit a sworn declaration stating that they are up to date with compliance of their tax and the Social Security obligations and do not have any other debt pending with the public administration of the Autonomous Region of Galicia.

If the applicant is required to provide these certificates in the rectification phase, after consultation by the management body without a favourable result, the date of issue of the certificates issued by the corresponding administration must be posterior to the date of consultation by the management body, which will be communicated in the request for rectification of documentation.

3. The interested parties will submit with their application, the documents and information referred to in this call, except when it is already in possession of the general administration and the regional public sector in Galicia. In this case, the parties concerned may benefit from the provisions laid down in Article 35 (f) of Law 30/1992, of 26 November 1992, on the legal system of public administrations and of the common administrative procedure or regulation that replaces it, and in Article 20(3) of Law 9/2007, of 13 June 2007, on subsidies in Galicia, provided that they mention the date and the organisation or the unit to which the documents and information were submitted or issued (when applicable), and if no more than five years have passed from the end of the procedure to which it relates.

If the document is materially impossible to obtain, the competent body may require the applicant or representative to present the document or failing which, accreditation by other means of the requirements covered by the document, prior to the filing of the draft decision.

4. The Galician Innovation Agency will publish on its official website the list of beneficiaries and the amount of aid granted, in accordance with Article 17 of Law 1/2016, of 18 January 2016, on transparency and good governance, and pursuant to Decree No 132/2006, of 27 July 2006, regulating the public records created in Articles 44 and 45 of Law 7/2005, of 29 December 2005, on the general budget of the Autonomous Region of Galicia for the year 2006.

It will likewise include information on the aid and the sanctions arising from the same that may be applied in the corresponding public registries, and therefore presentation of the application implies consent to authorisation for the required data processing of the beneficiaries and the said advertising, as well as publicity of the data referred to in Article 17 of the aforementioned Law 1/2016 via the transparency and open governance portal. Beneficiaries will furthermore be informed that acceptance of aid means that they will form part of the list of operations that will be published, containing the names of the beneficiaries, operations, the amount of public funds allocated, as well as all the information required in accordance with Articles 9 and 11 of Regulation No 651/2014.

5. The procedure requires the incorporation of data that is already in possession of the public administrations. Therefore, application forms will include express authorisation to the management body for doing the needful to ascertain veracity of the data.

If authorisation is not provided to the management body to perform this operation, applicants must attach supporting documents for the data in the terms required by the rules governing the procedure.

6. In accordance with the provisions of Article 20(4) of Law 38/2003, of 17 November 2003, on general subsidies, any mandatory data transfer to the State General Audit Office for inclusion in the national database

of grants will not require the consent of the party concerned. Therefore, the provisions of Article 21(1) of Law 15/1999, of 13 December 1999, on personal data protection will not be applicable.

Article 25. Personal data

1. In accordance with Organic Law 15/1999, of 13 December 1999, on the protection of personal data, any personal data collected during processing of this call, whose treatment and publication is authorised by the interested parties upon submission of applications, shall be included in a file named "Industry 4.0", whose purpose is to manage the present procedures, as well as to inform the parties concerned about their progress. The body responsible for this file is the Galician Innovation Agency. The rights of access, rectification, cancellation and opposition may be exercised before the Galician Innovation Agency, by sending a communication to the following address: Plaza de Europa, nº 10 A, 6º, 15707 Santiago de Compostela, or via email to xestion.gain@xunta.gal.

In accordance with the first additional provision of Decree No 132/2006, of 27 July 2006, on the creation of registers for aid, subsidies, agreements and sanctions of the Xunta de Galicia, the aid applicant will expressly consent to the inclusion and advertising of the relevant information relating to grants and subsidies received, as well as the sanctions imposed in the said register, which will normally take place except in the cases established by law. Likewise, the aid applicant will expressly grant consent to the inclusion and publicity, via the transparency and open governance portal, of information relating to the subsidy in question. All of the above will be done pursuant to Organic Law 15/1999, of 13 December 1999, on personal data protection, and Law 1/1982, of 5 May 1982, regulating the civil protection of the right to honour, personal and family privacy and image.

2. The applications selected will be published in accordance with the requirements for information and publication included in Articles 9 and 11 of Regulation No 651/2014.

Article 26. Publication

This being a competitive procedure, and in accordance with Articles 59(6)(b) and 60 of Law 30/1992 or the regulations that replace them, the requirements for amendment and correction of errors in the applications, as well as notifications of the relevant resolutions, will be done through publication in the Galician Official Gazette and shall have the same effects as individualised notification. Exceptionally and when required by the procedure, the competent body may replace this publication in the DOG and on the website by individualised notification in accordance with Article 59 of Law 30/1992 or the regulations that replace it, which will be done through the partnership leader in case of partnership projects.

Article 27. Duration of the award procedure

After expiry of the deadline for submission of applications, these will be processed and evaluated in accordance with the procedure laid down in this call and the duration will not be more than five months. In accordance with Article 42(5)(b) of Law 30/1992, of 26 November 1992, on the legal system of public administrations and of the common administrative procedure or regulations that replace it, the calculation of this time limit will be suspended pending decision from the EC on the individual aid notification cases.

Article 28. Competent bodies

The unit responsible for aid management at the Galician Innovation Agency will be the competent body for the management of the aid award procedure. The Director of the Galician Innovation Agency will issue the aid granting decision.

Article 29. Management of the procedure

1. In accordance with the provisions in Article 71 of Law 30/1992 or the regulations that replace it, if the application does not meet any of the requirements set out in this call or in the bidding conditions, or is not accompanied by the required documentation, then in such a case, the party concerned will be required, within a period of ten working days, to amend the default or submit the mandatory documentation, with a warning that, if this is not done, it will be considered as withdrawal of application, when the decision is issued in the terms established in Article 42 of Law 30/1992 or the regulations that replace them. The non-submission or late submission of the aid application and/or report will not be considered as an amendable default.

2. Without prejudice to the foregoing, the applicant may be required to present all supporting documentation and clarification needed for processing and finalisation of the procedure. Thus, after completing the initial amendment phase as per the preceding paragraph, the Galician Innovation Agency will then examine the proposals whose aid amounts exceed the individual or partnership notification thresholds and may request additional information in order to be able to assess compatibility with the Framework and, if selected, prepare their individual notification to the EU. Applicants may also be requested to present their full closed annual accounts (balance sheet, profit and loss account, report, management report and audit report, if applicable) from the past 2 years, signed by the administrators and filed at the Business Registry.

3. The examiner shall propose a decision for rejection of applications that do not meet the requirements of this call, the bidding conditions or the applicable rules, or of applications that do not contain the required documentation, and shall indicate the causes for such rejection.

4. If the application does not comply with the terms of the call, and information is concealed, altered or manipulated, then this will be the cause for rejection of application, without prejudice to Articles 50 and the following ones of Law 9/2007.

Article 30. Evaluation criteria

Each project that meets the requirements of this call, whether or not included in a plan, will be evaluated on a total of 100 points, based on scientific and technical and economic-financial aspects and the potential to generate economic value through the exploitation of results, in accordance with the evaluation criteria listed below. All these criteria will take into account, as objective assessment parameters, the appropriateness of the projects to the *Galician Industrial Competitiveness Agenda: Industry 4.0*, approved by the Xunta de Galicia's Council in its meeting of 13 May 2015 or to the Strategic Plan of Galicia, approved by the Xunta de Galicia's Council in its meeting of 28 January 2016.

1. SCIENTIFIC-TECHNICAL EXCELLENCE OF PROJECT: 30 POINTS.

- a. Technical-scientific quality of the proposal and degree of innovation (18 points).
 - i. The degree of innovation and novelty will be assessed in regard to the current state of the art: the novelties or substantial improvements of the technologies used in the project with

respect to the current state of the art, in order to improve competitiveness of the Galician industrial sector will be positively assessed (6 points).

- ii. Project objectives: the specificity and clarity of the proposal will be assessed (2 points).
- iii. Measures and actions foreseen in the project to facilitate proper implementation of key technologies in the new industrial model based on competitiveness and knowledge to improve processes and to generate new or better products (Industry 4.0). The technologies used linked to blending of the physical and the digital worlds, with communications and data processing, and with intelligence and intra-undertaking or inter-undertakings management (7 points) will be positively assessed.
- iv. Capacity for implementing technology to solve an advanced manufacturing problem of the undertaking, in order to enhance processes in the quest for improving efficiency and flexibility or for refining products for the generation of new products or new functionalities (3 points).

b. Viability of the proposal (12 points).

- i. Evaluation of methodology. Compatibility and consistency with project objectives. Also taken into account will be whether the project proposals integrate the different disciplines, techniques and/or methodologies that help to improve the final result (4 points).
- ii. Evaluation of critical points and risk factors. The inclusion of a contingency plan to evaluate the critical points and risk factors of the project and analyse possible alternatives, will also be taken into account (4 points).
- iii. Planning proposal for the development of the project. Work plan and timetable (4 points).

2. QUALITY AND EFFICIENCY OF PROJECT IMPLEMENTATION: 30 points.

- a. Technical capacity of the undertaking (5 points). Also taken into account will be the capacity and experience of the team members participating in the project through accreditation of experience and training in their CVs (5 points).
- b. Technical capacity of research organisations when effective collaboration is foreseen with an undertaking or undertakings within the framework of a partnership project. This technical capacity will be assessed through the research experience of the organisation for the activities to be performed in the project, and will take into account the CVs of the team members of the organisation that participate in the project (10 points).
- c. Organisational structure of the project and management and monitoring mechanism. The capacity for adaptation to possible changes that may take place during project implementation will also be taken into consideration (3 points).
- d. Financial solvency of the undertaking/partnership. In order to accredit such solvency, applicants will deliver a statement concerning the yearly volume of business or its net equity, or the ratio between assets and liabilities, at the time of closure of the last financial year for which the obligation to approve the annual accounts has expired. The entry in the Official Register of Bidders and Classified Undertakings of the Public Administrations will accredit the economic and financial solvency conditions, unless proved to the contrary. Research organisations may accredit this solvency in other similar ways adapted to their scope of management (3 points).
- e. Justification on the need for adaptation of the different items in the project budget (2 points).
- f. Specific collaboration commitments for dissemination of the project (2 points).
- g. Investment in the project to induce a strong capacity to attract large private investment will be given 1 point for every €10,000,000 invested from own funds of the undertaking, up to a maximum of 5 points.

3. IMPACT of project exploitation from three perspectives (40 points).

- a. Technological impact (8 points).
 - i. Emphasis will be placed on greater flexibility and individualisation of manufacturing processes and their optimisation to provide greater added value and higher productivity, thereby reducing operating costs (4 points).
 - ii. Pull or cascade effect of transforming the Galician business fabric w.r.to innovation-based competitiveness (4 points).
- b. Social impact (20 points).
 - i. Expected economic impact through implementation of project results (6 points).
 - ii. Better prospects for internationalisation as a result of the project having the potential to boost competitiveness of undertakings and consequently to produce an expected increase in sales (8 points).
 - iii. Creation of quality employment (indefinite positions, training and equality plans) (4 points).
 - iv. Positive environmental effects of project (2 points).
- c. Impact of the operating business model (12 points).
 - i. Also valued will be the facilitation by project of connectivity with other undertakings or its effect on several activities of the business value chain, seeking their effective integration (8 points).
 - ii. Impact of the project on the business model of the undertaking and its processes (2 points).
 - iii. The integration of customers and business partners will be positively assessed (2 points).

Given that these business projects must have a wide and strategic scope at European level within their sector, the impact of project exploitation will be assessed not only by taking into account its impact in Galicia but also its impact on the European economy.

A minimum score of 60 points must be achieved to qualify for aid.

Article 31. Evaluation procedure

A Technical Committee comprised of one of the two scientific-technical evaluators, the economic-financial expert evaluator and the project manager will be formed for evaluating projects. This Technical Committee is the body responsible for evaluating applications, coordinating and interpreting information from managers, economic-financial and the scientific-technical expert evaluators and then putting forward a proposal to the Selection Committee. The Selection Committee will draw up a draft decision for aid based on the information produced by the Technical Committee and shall forward it to the Director of the Galician Innovation Agency for issue of final decision.

The project evaluation procedure will be carried out as follows:

1. If there are multiple projects within a plan, then in such a case, each one will be assessed individually.
2. The technical committee will analyse the proposals submitted and, after verifying that the project complies with the requirements laid down in the call, will proceed to evaluate the project.
3. Each project will be subject to two assessments carried out by external scientific-technical advisers who will study the scientific-technical excellence, quality and efficiency of project implementation, technological impact and the operating business model.
The evaluators must demonstrate through an affidavit that there are no conflicts of interest with the applicant undertakings, that they will abide by the abstention and disqualification causes provided for in

Articles 28 and 29 of Law 30/1992 or the regulations that replace them and that they will be replaced by technicians with accredited technical solvency to perform the R&D&I evaluations.

If the difference between the external evaluation scores is less than 10 points, the final score will be the arithmetic mean of the two evaluations. In case of discrepancy of 10 or more points between the two external evaluations, the technical manager will be able to correct this score such that it always lies between the upper or lower scores issued by the external scientific advisors.

4. The technical managers of the Galician Innovation Agency will perform the evaluation of the social impact of the project.
5. Projects that exceed the minimum score established in Article 30 of this call will continue through the evaluation process for the preparation of the subsequent ranking list.
6. Based on the external reports and their own knowledge, the technical managers of the Galician Innovation Agency will propose to the technical committee the eligible cost of the project or that of the participation of each undertaking in case of partnership projects, the scores for each proposal presented in research or development and indicate whether there is effective collaboration with the research and knowledge dissemination organisation.
7. The external economic-financial expert will review the additional information requested from projects that exceed the notification thresholds of Regulation No 651/2014, and these will be notified to the European Commission. Their business plan and aspects related to the market in which they will be implemented will also be analysed. A counterfactual analysis of the project will likewise be performed (with or without aid) and when pertinent, of the alternative project, to determine the maximum amount of aid to be granted (taking into account project modality) so as not to cause any distortion of competition in the EU market. An analysis will be performed, based on profitability of the project and its market, to gauge the minimum support needed and to determine the overall intensity with which project could be supported in a manner consistent with the Framework.

If an undertaking submits more than one project grouped into a Plan, then in such a case, the external financial economic expert will analyse the abovementioned aspects for each of the projects integrated therein and also for the Plan as a whole.

8. The technical managers shall set the evaluation deadlines and clarify the criteria in case of any discrepancies. During the evaluation process, the department of innovation management may request for additional economic and scientific information. This information will always be used for a better and more comprehensive assessment and for clarification and complementary purposes. This information will not modify the proposal submitted.
Projects that exceed the notification thresholds of Regulation No 651/2014 may be requested to submit the information needed to perform an in-depth analysis of the incentive effect and to verify that project location strictly obeys technical criteria.
9. After completing the evaluation process, the Technical Committee will draw up a report on the appropriateness of the project application by taking into account the reports it deems fit.

Article 32. Selection Committee

The Selection Committee will be the body responsible for selecting applications based on the information prepared by the technical committee and will issue a report stating the outcome of the evaluation and the

amount of aid proposed. This report will be sent to the examining body for issue of the corresponding draft decision. The Committee will be composed of:

- a) The Director of the Management Area or delegated person.
- b) The Director of the Programme Area or delegated person.
- c) The Head of the Department of Aid Management or delegated person.
- d) An officer from GAIN, who will act as secretary.

An Area Director will act as the Chairman of the Selection Committee.

Article 33. Appeals

1. After carrying out the procedure, and immediately prior to drawing up the draft decision, the parties concerned will be informed so that, within a period of ten days, they may submit allegations with the documents and justifications they consider appropriate.

2. The process referred to in the previous point may be dispensed with if other facts or allegations, or evidence invoked by the parties concerned are not included in the procedure and will not be taken into account in the decision.

Article 34. Decision and notification

1. After concluding the appeals proceedings, the examining body will forward the draft decision to the Director of the Galician Innovation Agency for issue of the aid granting decision, which must be duly motivated.

The draft decision will contain a list of the individual aid applications proposed for financing and specify which of them were notified individually to the EC due to their exceeding the aid thresholds mentioned in Commission Regulation No 651/2014, and include the type of decision issued by the Commission according to its assessment of compatibility with the internal market. This draft decision will specify for each project, even when included within a Plan, the score obtained by each of them pursuant to the criteria set out in these bidding conditions and shall likewise indicate, in accordance with Article 21(2) of Decree No 11/2009, the amount of total aid per year granted and its eligible cost. This breakdown by year of the aid granted will be adapted to the overall aid intensity of the project as indicated in Article 8 of this call, and the eligible amount for each year will likewise not be surpassed.

2. In view of the draft decision submitted and as provided for in Article 21(4) of Law 9/2007, if there are no other facts or allegations and evidence alleged by the parties concerned that need to be taken into consideration, then the Director of the Galician Innovation Agency will issue the corresponding final decision either granting or refusing aid, which shall be motivated in accordance with the assessment criteria laid down.

3. The resolutions should at least contain the following information:

- a) Title of the project and beneficiary of the aid.
- b) Overall aid amount and, in case of partnership projects, the aid approved for each undertaking and for the project as a whole.
- c) In case of unsuccessful applications, the reasons for the same.

4. As stated in Article 27 of this resolution, the maximum period to resolve and notify the decision to the interested party will be five months starting from the day following that of its publication in the Galician Official Gazette. However, pursuant to Article 42(5)(b) of Law 30/1992, of 26 November 1992, on the legal system of public administrations and of the common administrative procedure, or the regulation that replaces it, the calculation of this time limit will be suspended pending decision from the EC on cases of individual aid notification and whenever it conditions the granting of aid to another project not subject to individual notification.

Pursuant to the same Article of Law 30/1992, the parties concerned will be informed about the performance of this individual notification as well as its outcome.

Upon expiry of the deadline to resolve the same and there being no express resolution forthcoming, the interested parties may construe that their application is rejected due to administrative silence.

5. Each beneficiary will be notified about the aid conditions in a document, which will at least include the following information:

- a) The EC's decision to permit granting of aid when application is affected due to exceeding the maximum threshold referred to in Regulation No 651/2014, and, whether application is subject to any condition and details of the same.
- b) The specific requirements relating to the products or services that must be obtained with the aid.
- c) The financial plan and the timetable for implementation, with indication of the method to be applied to determine the operating costs and the conditions for aid payment.
- d) That the acceptance of aid implies acceptance of the requirements for publishing and information included in Articles 9 and 11 of Regulation (EU) No 651/2014.
- e) The obligation to keep separate accounting systems or an adequate accounting code for all transactions connected with project implementation.
- f) The obligation to store supporting documents for the expenditures during a period of ten years.
- g) Establish the detailed conditions for the electronic exchange of data, when pertinent.

Article 35. Modification of the decision

1. The actions subsidised must be implemented in the time and manner set out in the aid granting decision and authorisation from the Galician Innovation Agency must be obtained to make any modifications to the project.

2. However, when specific circumstances arise that alter the technical or economic conditions taken into account for granting of aid and, especially when concurrent subsidies or aid granted by other administrations or public or private authorities, national or international, is obtained, then in such a case, the body granting the aid could amend the aid granting decision.

3. The decision may also be modified at the behest of the beneficiary if any of the following conditions arise:

- a) That the modification is expressly authorised by the aid granting body.
- b) That the modification does not affect the objectives pursued with the aid, its fundamental aspects or those that were crucial for granting of aid, the determination of the beneficiary, and that the modification does not damage the rights of third parties.
- c) That the modifications obey ensuing causes that could not be foreseen at the time of aid application. If the new elements and circumstances justifying the modification had occurred at the time of initial grant of aid, they would not have led to the refusal of aid. In like manner, the requirements or circumstances that did not exist at the time when decision was issued cannot be taken into account if they arose later.

4. In order to facilitate management of budget allotted to each project, the parties may request a redistribution of the allocated annual amounts, up to the limit of 20 % of the total costs awarded for each year, and thus proportionally increase the rest of the annual amounts budgeted. This reallocation should be requested before 30 June of the first year affected.

5. The request for modification must state the reasons for the changes being proposed and for the impossibility of fulfilling the conditions set out in the aid granting decision.

6. Acceptance or refusal of modification of the decision will be decided by the Director of the Galician Innovation Agency, after studying the relevant file and hearing the party concerned. The authorisation for modification must be made expressly and the party concerned must be notified.

Article 36. Renouncement

Renouncement of the aid may be made in accordance with Annex IV of this order, by filling in the forms published on the website of the Galician Innovation Agency (<http://gain.xunta.es>) and by any other means that permits their recording, in accordance with the provisions of Article 91 of Law 30/1992, of 26 November 1992, on the legal system of public administrations and of the common administrative procedure. The Director of the Galician Innovation Agency shall issue the corresponding decision pursuant to Articles 42(1), 90 and 91 of Law 30/1992, of 26 November 1992, on the legal system of public administrations and of the common administrative procedure.

Article 37. Obligations of the beneficiaries

Without prejudice to the other obligations set forth in Article 11 of Law 9/2007, as well as other specific measures indicated in this call, the beneficiaries of aid granted under this resolution are obliged to:

- a) Undertake the activity for which aid is awarded and accredit the same before the granting authority, as well as fulfil the requirements, terms and conditions set forth in the rules, in the call and in the aid granting decision, in the document that sets out the conditions for aid and in the EC's Decision, whether affirmative or conditional, in case of aid requiring individual notification to the EC.
- b) Justify to the Galician Innovation Agency, in accordance with the conditions of the call and the rules governing subsidies, compliance with the requirements and conditions, as well as the implementation of the activity, the eligible expenditure and fulfilment of the purpose that gave rise to the award and use of the aid.
- c) Refund all or part of the aid received, in the event of any default of the conditions laid down for granting the aid and of the cases provided for in Law 9/2007.
- d) Provide the administration, upon request, with all information needed for fulfilment of the obligations established in Law 1/2016, of 18 January 2016, on transparency and good governance.
- e) Subject itself to the financial control verifications carried out by the aid granting body, to those that correspond to the General Audit Office of the Autonomous Community in relation to the aid granted, and the ones prescribed in the legislation of the Court of Auditors and the Board of Auditors and, when pertinent, to the ones prescribed by the financial services of the European Commission and the European Court of Auditors, and to submit all information required in the course of the earlier proceedings. These control actions may also include the ones that the EC decides to perform in the case of individually notified aid.
- f) Inform the aid granting body of any subsidies, aids, income or resources that fund the activities subsidised. This notification will be made as soon as such information is known and in any case prior to justifying application of the funds received.
- g) Have permanent legally established premises in Galicia.

- h) Request the Galician Innovation Agency for authorisation to perform any modifications during implementation of the approved projects. The implementation of unauthorised modifications in the eligible budget will mean non-approval of the pertinent amounts.
- i) Provide publicity to the aid received in the service contracts, as well as in any other agreement or contract related to implementation of the action, including subcontracting, and in aid, publications, reports, equipment, material that can be inventoried and in results dissemination activities financed with the aid, through specific mention of aid origin and financing by the Galician Innovation Agency.
- j) Organise a project dissemination event at the beginning to explain its objectives and another at the end to explain the results that are non-confidential. The support of the Galician Innovation Agency to the project must be publicised in the two events.
- k) Keep a separate accounting system or an adequate accounting code to provide proper audit trail in relation to all costs associated with the investments made under this resolution, and retain the supporting documentation relating to the expenditure financed during a period of five years.
- l) Destine the assets to the specific purpose for which aid was granted, which may not be less than five years in the case of goods liable for registration in a public registry, or two years for the remaining goods. In the case of goods for registration in a public registry, this must be recorded in a deed together with the amount of aid granted, and registered in the corresponding public registry. This condition shall not prevent the replacement of plant or equipment that is obsolete, within the indicated deadlines, due to the rapid evolution of technology, provided that the economic activity is retained in Galicia during that period.
- m) Any other obligation imposed expressly on the beneficiaries in the aid granting decision or in the document establishing the terms and conditions of the aid, as well as in the decision of the EC in the case of individual notification.
- n) Provide all documentation required when individual notification was sent to the European Commission due to the total budget of the project.
- ñ) Research organisations will be required to keep separate accounts of economic and non-economic activities and obliged to spend the aid received only on non-economic activities.
- o) There will be a requirement, in accordance with section 2(2)(2) item 28 of the Framework (2014/C 198/01), that all IPRs (Intellectual and Industrial Property Rights) and the access rights resulting from the partnership project be distributed between the undertaking and the research organisation in an appropriate manner based on their tasks, contributions and respective interests or that the research organisation receive a compensation equivalent to the market price of the generated IPRs and assign the IPRs to the undertakings or that the undertaking be allocated access rights.

Article 38. Justification of the aid

Justification will be provided in paper format using the standard forms available on the website of the Galician Innovation Agency (<http://gain.xunta.es>). Delivery of supporting documentation for all partners will be done by the project leader. Economic justification will be through the presentation of an auditor's report.

2. Deadlines for justification:

Periods for issuing invoices (expenditure) and making payments of expenditure executed:

First year	From the date of application submission to 31 October 2016
Second year	From 1 November 2016 to 31 October 2017
Third year	From 1 November 2017 to 31 October 2018
Fourth year	From 1 November 2018 to 31 October 2019
Fifth year	From 1 November 2019 to 31 October 2020

Deadlines for presentation of documentation:

First year	Until 31 October 2016
Second year	Until 31 October 2017
Third year	Until 31 October 2018
Fourth year	Until 31 October 2019
Fifth year	Until 31 October 2020

These deadlines may be adjusted depending on the date on which the call is finalised since it may be subject to the prior Decision or Decisions of the Commission w.r.to authorisation or not of aid for projects that exceed the maximum notification thresholds of Regulation N 651/2014.

3. Supporting documentation: the financial documentation justifying the cost of activities and technical documentation must be submitted.

Detailed instructions and the corresponding forms for submission of supporting documentation will be made available on the website of the Galician Innovation Agency (<http://gain.xunta.es>) and documentation must be handed following the order laid down in the instructions.

Article 39. Economic supporting documentation

In accordance with Article 17, financial justification must be done through an auditor's report. This report must conform to the instructions included in Annex VII, verify the existence of the documentation detailed below and review compliance of the requirements for each type of expense.

The undertaking must have an overall summary of implementation for the entire project that shows:

- a) The declaration of all aid applied for or granted for the same purpose and also other aid applied for or granted for the same costs albeit for a different purpose and from any public administration, using the form in Annex VIII. If this is the case, then a copy of the decision must be attached.
- b) A summary of project implementation indicating the eligible concept, the supplier, the amount (excluding VAT) and the date of each supporting document submitted grouped by type of expenditure.
- c) Whenever pertinent, an indication by eligible concept of the quantities initially budgeted and any justified deviations, as per the technical report form available on GAIN's web page.
- d) Supporting documentation for the investment: original or certified copy of invoices for the expenditure subsidised.
- e) Supporting documentation for payment: an original or certified copy of bank transfers, bank certifications or bank statements or documents obtained through electronic banking provided they bear the stamp of the bank. These documents must clearly identify the receiver and sender of the payment, which must be the issuer of the invoice and the aid beneficiary, respectively, the number and the total amount of the invoice paid, as well as the concept to which it relates. Expenditure will be considered as ineligible, if full payment is not justified through these documents.

If the payment document does not contain reference to the invoices, it must be accompanied by supplementary documentation that permits verification of consistence between expenditure and payment. Payment documents that do not show a clear link of invoices to the corresponding project will not be accepted.

Whenever proof of payment includes multiple invoices, this will be accompanied by a detailed account linking payment with the said invoices. In the case of invoices paid jointly with other invoices unrelated to the project, the corresponding bank statement should be attached to the payment order of the undertaking bearing the bank's stamp, and provide a detailed account of the invoices.

Justification of payments through supplier's receipt and cash payments will not be accepted as proof.

Expenditures that are not properly justified for the full amount and in accordance with the preceding paragraphs will not be considered as eligible expense.

f) Justification for the cost of staff assigned to the project should include:

1. Certification issued by the HR manager, with the approval of the manager or director of the undertaking, which will consist of a detailed account per worker of staff devoted to the project, which must include the following information: ID number, name, surname, position in the undertaking, social security contribution group to which he/she belongs according to contract, qualifications, number of hours devoted to the project. This certification must bear the signature of the employee and the person responsible for the project.
2. Employment history record up to the deadline for the justification period. In case of newly employed staff, a copy of their contracts must be submitted.
3. Monthly timesheets showing the total number of hours actually devoted to the funded project signed by each worker and the person responsible for the undertaking. These timesheets must be accompanied by a summary showing the total number of hours actually devoted to the programme during the eligible period (total of months and workers).

g) Three offers from different suppliers when the amount of the eligible expenditure, in the case of purchase of capital goods and procurement of services or supplies, exceeds the amounts set out in the consolidated text of the Public Sector Contracts Law for a small contract. Justification must be provided when, due to the special characteristics of the expenditure, there are not enough undertakings that provide or supply the same. If an undertaking other than the one with the most economically advantageous proposal is selected, then this must be accompanied by a supporting report.

h) Declaration signed by the legal representative of each member of the partnership in the case of partnership projects, detailing the depreciation for each item of equipment included in its budget, calculated on the basis of good accounting practice, as well as a technical report on the depreciation period. This documentation must always accompany the financial statements of the undertaking and also the corresponding supporting documents for the expenditure and for payment of the purchase. The Galician Innovation Agency may at any time verify the accuracy of the data by checking the accounting documents of the undertaking.

i) In case of hiring or leasing, submission of the contract, invoices and the instalment payment documents for the project implementation period.

j) In case of subcontracting, the following documentation must be attached

1. Original or certified copy of the invoice issued by the subcontracted undertaking to the beneficiary, clearly specifying the title of the project financed. When there are several invoices, all of them must specify the title of the project financed.
2. Proof of payment of the subcontracting invoice.
3. Report from the subcontractors on their activities in the project.

k) If, due to exceeding the aid notification thresholds, notification was sent to the European Union, then in such a case, any financial documentation requested by the Commission must also be provided.

Article 40. Technical supporting documentation

1. The technical supporting documentation for the project will consist of:

- a) The standard technical report in accordance with the form provided on the web page of the Galician Innovation Agency;
- b) Unrestricted report on the evolution.

Both the technical report and the unrestricted report must be accompanied by a copy in pdf format on a USB stick.

c) If, due to exceeding the aid notification thresholds, notification was sent to the European Union, then in such a case, any financial documentation requested by the Commission must also be provided.

2. Without prejudice to the foregoing, the applicant may also be required to present all supporting information, documents and clarifications required for the processing and resolution of the procedure.

Article 41. Payment

1. Advance payments may be made and charged to the aid contained in this resolution after delivery of the corresponding guarantee, in accordance with the provisions of Article 31(6) of Law 9/2007, and of Articles 62 and 63 of Decree No 11/2009 and the provisions in this call.

2. Advance payments:

The applicant undertaking must state whether it opts for this payment method in the aid application, and will be subject to submission of the respective collateral documents for the amounts paid in advance and also to the fulfilment of the other requirements applicable to beneficiaries in Law 9/2007.

The sum of the advance payments shall correspond to 50 % of the amount allocated in each year in the case of undertakings and 100 % in the case of research organisations, however, the overall amount of advance payments shall not exceed 80 % of the aid granted or the annual amount allocated to each budgetary year. Furthermore, proper justification will be provided and verified for the implementation of the previous year's advance payments, which will be accompanied by the corresponding collateral documents for the new advance payment amount.

3. Non-advance payments: will be paid in each year after submission, verification and proper justification of project implementation, without the need for delivering any type of guarantees.

4. Prior to final payment of the aid amount, the Galician Innovation Agency shall, in accordance with Article 30 of Law 9/2007, verify the proper justification of the aid as well as performance of the activity and fulfilment of the purpose for which aid was granted. The Galician Innovation Agency shall compulsorily carry out an inspection of all members of the partnership. After this inspection, the project will be subject to an evaluation of its proposal and a report indicating the degree of compliance will be issued, when pertinent as:

- a) Excellent.
- b) Positive.
- c) Negative if unable to achieve the set initial tasks, commitments, objectives or conditions of the project due to low performance or poor organisation. In this case, the percentage non-compliance of each participating entity in the case of partnership projects must be quantified.

Article 42. Loss of entitlement to aid

1. Any default by beneficiaries of their obligation to be up-to-date with their Tax and Social Security payments, both national and regional, shall lead to the loss of entitlement to aid.
2. Likewise, any non-reimbursement of aid may also lead to loss of entitlement to aid.
3. The procedure for declaring loss of entitlement to aid is the one established for reimbursement.

Article 43. Causes of reimbursement

The following are the reasons that can lead to reimbursements:

- a) Distortion, inaccuracy or omission of information supplied by beneficiary that serves as a basis for aid allocation or concealment of information which may prevent aid from being granted.
- b) Partial or total non-compliance of the objective, activity, rates, commitments or conditions of the initial project or the purpose for which aid was granted.
- c) Default of the justification obligation, insufficient justification, late justification, misrepresentation or concealment of information or documents that serve as the basis for justification of the eligible investments or other obligations imposed in the aid granting decision.
- d) Default of requirements by the research and knowledge-dissemination organisations within the framework of this call.
- e) Opposition, excuse, obstruction or refusal to submit to the checking and financial control proceedings, as well as default of the accounting obligations, and of registration or conservation of documents, leading to the impossibility of verifying the use of the funds received, fulfilment of the objective, the reality and regularity of the funded activities, or the concurrence of aid for the same purpose, from any administration or public or private bodies, national, EU and international organisations.
- f) In the case of aid that was individually notified to the Commission and approved, default of the requisites set by the Commission.
- g) Obtain funding from a variety of sources or concurrence of subsidies subsequent to the granting of this aid.
- h) Any of the other causes provided for in Article 33 of Law 9/2007.

Article 44. Grading of defaults

1. Total default determined through the monitoring and control mechanisms of the objectives for which aid was granted for the realisation of the funded investment or of the justification obligation, will cause the loss of entitlement to receive aid or total reimbursement of the aid.

Partial default will lead to partial loss of entitlement to aid or refund of part of the aid in the percentages determined in the following paragraphs.

2. Since this is about conditions relating to the project aid amount, the extent of default shall be determined in proportion to the investment that was not implemented or that was implemented unduly and aid will then be reduced proportionally.
3. By affecting the conditions taken into account at the time aid was granted in the following cases of default, aid will be reduced, taking into account the aid granted to each project, as follows:
 - a) If the total cost of the project eventually justified is less than the minimum eligible budget (€20,000,000), the aid will be reduced by applying the following correction factor: $F_c = 1 - X/2500$, where X is the unjustified percentage of aid granted.

- b) If the cost finally justified under new staff is lower than the amount granted under this heading, then aid will be reduced by applying the following correction factor: $F_c = 1 - X^2/2500$, where X is the unjustified percentage of aid granted under this heading.
- e) If there is default of the publicity obligation regarding project funding, or the obligation to communicate other aid obtained for the same project, then a correction factor of 0.95 will become applicable.
- f) If there is a default of the rates, commitments, objectives or conditions of the project, leading to a final negative report, the default will be assessed on the basis of the report and will involve the application of a correction factor equal to the percentage of non-compliance identified in the technical report.

The concurrence of different non-compliance causes shall give rise to a joint assessment of these, and lead to the application of the result of multiplying all the pertinent aid correction factors. The intensity of aid will be zero, if any of the correction factors is negative.

The correction factor will be applied in the last year and the amount will be adjusted from the final year's amount. If the amount approved for the last year is insufficient to cover this difference, the beneficiary undertaking will be asked to reimburse the funds received unduly. Failure to reimburse these amounts within the required deadlines will lead to the initiation of reinstatement proceedings in the terms set out in Article 33 of Law 9/2007 and in title V of Decree No 11/2009.

4. If the default is due to the failure to comply with any condition or fact other than those described above, then its scope will be determined based on the level of default and the defaulting undertaking.

5. If there is default of the provisions of Article 36(d), then the provisions applicable shall be those in Article 4(4) of Law 1/2016, of 18 January 2016, on transparency and good governance.

Article 45. Reimbursement procedure

1. If default occurs after payment of a part or of the entire aid amount, for the reasons referred to in Article 42 of this resolution, then the initiation of reinstatement proceedings shall be done in accordance with the provisions of Articles 37 and the following ones of Law 9/2007.

2. The defaulter will reimburse the sums received plus interest on arrears from the date on which aid was paid to the date on which reimbursement is made.

3. The procedure for aid reimbursement will be initiated ex officio by agreement of the aid granting body and the beneficiary will be notified about the initiation of the loss of entitlement procedure or reimbursement procedure and the reasons for the same, in accordance with the reimbursement provisions in Articles 37 and the following ones of Law 9/2007 and Articles 77 and the following ones of Decree No 11/2009.

4. The decision of the reimbursement procedure will end the administrative proceedings.

5. Without prejudice to the foregoing, the rules on infringements and penalties provided for in Articles 50 and the following ones of Law 9/2007 and those in Title VI of Decree No 11/2009 shall be applicable to the aid beneficiaries described in this resolution.

Article 46. Limitation period

1. The right of the administration to reimbursement acknowledgement or settlement shall lapse after 10 years.

2. This period shall be calculated, in each case:

- a) From the time the deadline to submit justification by the beneficiary or the undertaking expired.
- b) From the time of aid grant, in the case provided for in section 9 of Article 28 of Law 9/2007.
- c) When conditions or obligations are established during a given time period for the beneficiary or the partner undertaking to fulfil or maintain, then the start date shall be the expiry date of the mentioned period.

3. The computation of the limitation period shall be interrupted:

- a) By any action that the Administration carries out with the formal knowledge of the beneficiary or the partner undertaking, revealing the existence of any of the causes for reimbursement.
- b) When appeals of any kind are filed, involving remitting to the criminal law jurisdiction or lodging of a complaint to the Public Prosecutor, as well as actions undertaken with formal knowledge of the beneficiary or the partner undertaking in the course of these appeals.
- c) Through any reliable action of the beneficiary or the partner undertaking that led to the annulment of the aid or to its reimbursement.

Article 47. Control

1. The Galician Innovation Agency may undertake inspection activities that it deems fit to control fulfilment of the objective of the aid grants.

2. The Galician Innovation Agency may, at any time, subject beneficiaries to visits, checks and requests for clarifications as it deems fit, for the correct development of the project, as well as to demonstrate compliance with the advertising measures concerning the origin of the funds. If during the mandatory inspection prior to final payment of aid, GAIN notes an incorrect use of the funds or a diversion from the objectives, it will propose reimbursement of the aid granted. Besides this final inspection activity, the Galician Innovation Agency, within the framework of its inspection plans, may carry out initial, intermediate and final visits and checks that it considers appropriate.

3. The Galician Innovation Agency may likewise convene the beneficiary undertaking to an interview in connection with the implementation of activities and the results obtained.

4. In addition to the above, the aid will be subject to monitoring and financial control exercised by the General Audit Office of the Autonomous Region, in the terms established by Legislative Decree No 1/1999, of 7 October 1999, approving the consolidated text of the Law on financial and budgetary system of Galicia and its implementing regulations.

Likewise, the aid will also be subject to the verifications provided for in the legislation of the Court of Auditors and the Board of Auditors and, when pertinent, to that of the financial services of the European Commission and the European Court of Auditors. In the case of individually notified aid, this will also be subject to the control of the European Commission.

Article 48. Advertising

Within a maximum period of three months from the date of the aid decision, the list of successful applicants and details of the governing rules, beneficiaries, budget appropriation, amount and purpose of the grant, will be published in the Galician Official Gazette.

Article 49. Appeal mechanism

1. Appeals for review of decision can be filed against decisions issued under this call, without prejudice to the interested parties filing others that they may consider appropriate, within one month from the day following notification of the decision, if it is express, or within three months from the date on which the alleged act took place, to the President of the Galician Innovation Agency, pursuant to the provisions of Articles 114 and 115 of Law 30/1992.

2. Appeals for reversal can be filed against the decision for reimbursement that ends the administrative procedure, without prejudice to the interested parties filing others that they may consider appropriate, within one month from the day following notification of the decision, if it is express, or within three months from the date on which the alleged act took place, to the President of the Galician Innovation Agency, pursuant to the provisions of Articles 116 and 117 of Law 30/1992.

Article 50. Applicable rules

The aid under this call for proposals is governed by the applicable EC rules and by the national rules for their implementation or transposition. The following EC rules shall apply in particular:

- a) 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;
- b) The Framework for State aid for research and development and innovation (2014/C 198/01), for those projects whose aid exceeds the notification thresholds included in Regulation (EU) No 651/2014.

Moreover, the aid will also be subject to the provisions of Law 9/2007, of 13 June 2007, on subsidies in Galicia, Decree No 11/2009, of 8 January 2009, approving its rules of procedure, the basic regulations of Law 38/2003, of 17 November 2003, on general subsidies, and its regulations, approved by Royal Decree No 887/2006, of 21 July 2006, as well as Law 30/1992, of 26 November 1992, on the legal system of public administrations and of the common administrative procedure, as well as other provisions that may apply.

First final provision. Empowerment for implementation

The Director of the Galician Innovation Agency is empowered to carry out the actions needed for the development and implementation of this resolution.

Second final provision. Entry into force

This resolution will enter into force on the day following its publication in the Galician Official Gazette.

Santiago de Compostela, on __, __, 2016

Manuel Antonio Varela Rey
Director, Galician Innovation Agency

See file with the attached Annexes

Annex I
AID APPLICATION

Annex II
**DECLARATION OF CONSENT TO PARTICIPATE IN THE PROJECT AND AUTHORISATION
IN FAVOR OF THE REPRESENTATIVE OF THE PARTNERSHIP**
(only in case of partnership projects)

Annex III
SWORN STATEMENT FROM EACH MEMBER OF THE PARTNERSHIP
(only in case of partnership projects)

Annex IV
DECLARATION RENOUNCING THE AID GRANTED

Annex V
INDEX - PROJECT TECHNICAL REPORT

1. Technological content of the project

1.1. General objectives of the project:

- General and technical objectives
- Background and state of the art at national and international level. Provide justification of novelty with respect to project background.
Note: kindly include similar projects outside the EU that are being developed with public aid.
- Justification of the need to carry out the project.
- Possible future projects that may arise from the same.

1.2. Technical description of the project:

- Description of the work plan.
 - a) Identification and description of the main stages/technical activities (work packages and associated tasks and subtasks), indicating the specific scientific and technical objectives, the participating undertakings, the expected results and budget in each case. If considering partnership with a research and knowledge dissemination organisation, kindly provide details of the same.
 - b) Measures and actions foreseen in the project to facilitate implementation of the selected technologies.
 - c) Chronogram of the stages/planned activities (Gantt, PERT). Methodology for implementation of the various tasks and subtasks described, indicating their interrelationship.
 - d) Evaluation of critical points and risk factors.
- Description of the technical capacity of the team members taking into account their CVs. In the case of effective collaboration, kindly describe the technical capacity of the research organisation.
 - Organisational structure of the project and management and monitoring mechanism.
- Other: such as for example aspects related to industrial and/or intellectual property, both from the point of view of initial technological base needed for development of the project, as well as from that of generation of new patents or utility models derived from the same.

1.3. Total budget. Justification of the economic-financial standing of the applicant undertaking for carrying out the project:

- Justification for the various budget items.
- Description of the devices and research equipment to be purchased, materials, subcontracting and other types of technical collaborations, as well as personnel costs, justifying the need for the same.

Provide justification of financial solvency of the applicant undertaking to implement project budget.

1.4 Incentive effect

Justification of how aid will help the applicant undertaking to pursue complementary activities that it would otherwise not undertake or would do so in a limited manner or differently, such that the aid results in a substantial increase in any of the following points:

- The scope of the project;
- The total amount invested;
- The speed of execution of the same.

NOTE: The aid must not subsidise costs of an activity that the undertaking would normally incur nor should it compensate the normal business risk of an economic activity.

2. Description of the applicant undertaking:

2.1. Description of the applicant undertaking/s:

- Brief history of the undertaking.
- Industrial and commercial capacity of the undertaking: production means available, products / services it markets, a brief description of its commercial organisation and its position in the market.
- Material means and R&D facilities that will be used in the project.
- List of related R&D projects carried out previously by the undertaking, the results of which are useful for carrying out the tasks of the project being applied for.

2.2 Description of the research organisation with which the applicant undertaking/s is/are collaborating within the framework of a partnership project

- Brief history of the undertaking.
- Research capacity of the research organisation (means, equipment and research trajectory).
- Material means and R&D facilities that will be used in the project.
- List of related R&D projects undertaken previously, the results of which are useful for carrying out the tasks of the project being applied for.

2.3. Contingency plan

3. Potential market for the project (through business plan, financial analysis and other justifications)

Financial viability of each project will be analysed, in terms of its expected profitability, market potential and the business plan defined for commercialisation of research results achieved. It will include:

- Definition of new products, processes or services resulting from the project, indicating their adequacy to the identified market needs and the main differences with respect to the competition.
- Analysis of potential markets.
- Description of the marketing strategy for the products or services obtained. Provide justification for appropriateness of applicant undertaking to commercially exploit the project.

The business plan should include the profit and loss account of the project and indicators of the type NPV (net present value), IRR (internal rate of return) or accumulated cash balance of the project.

4. Capacity for internationalisation

This should include:

- Description of the presence of the applicant undertaking in international markets. Indicating: volume of exports and any possible international trade agreements signed.
- Justification of the potential impact of the project in international markets. Internationalisation forecasts.
- Description of the prior experience of the applicant undertaking in international R&D programmes, as well as future prospects of participation in them.

5. Socio-economic impact of the project

- Justification for the contribution of the project to the development of strategic priorities set out in RIS3 Galicia.
- Justification of the impact of the project on Galician business activity, contribution to strengthening the business fabric in Galicia by considering its value chain and the expected cascade effect on the Galician productive fabric. Capacity to attract and mobilise private investment.
- Impact of the project in terms of job creation, especially skilled employment (indefinite posts, training and equality plans).
- Environmental implications.

Annex VI

Additional information for assessing compatibility of the aid with the Framework for State R&D&I aid (2014/C 198/01)

1. Contribution to a well-defined objective of common interest

- Justification showing how aid requested, when compared with the situation without aid, will contribute to increasing scope of the project:

- A) Its size - both in terms of total cost as well as number of staff assigned to R&D activities or other type of increase foreseen.
- B) Its scope of application: both in terms of number of results as well as level of ambition (more possibility of achieving scientific and technological progress or greater risks of failure) or other types of progress foreseen.
- C) The speed of implementation, providing the relevant supporting data.
- D) The total amount of expenditure, specifying type of increase:
 - Expenditure on R&D, in absolute terms and as percentage turnover;
 - Changes in the committed budget (without diminishing budget assigned to other projects);
 - Other types of increments.

The relevant supporting data must be provided.

- E) Indicate if the project will be subject to some kind of ex-post public evaluation concerning its contribution to a common interest.

2. The need for state intervention

- Explain whether the aid requested addresses a general market deficiency of R&D activities in the European Union or a specific market deficiency affecting a particular sector or branch.

Provide sectoral comparisons or other studies that can corroborate the analysis of the alleged market deficiencies.

- When available, provide information relating to R&D projects or activities undertaken in the European Union which, with regard to their technological content, risk level and dimension, are similar and explain why aid is required in this case.

3. Appropriateness of the aid

- Based on the market deficiency being addressed, justify why other forms of aid other than a grant would be inappropriate.

4. Incentive effect

-Counterfactual analysis. Performance of the applicant undertaking in absence of aid requested and intended change with aid.

Evidence needed such as for example: documents from governing bodies, risk assessments, financial statements, internal business plans, opinions of experts and other studies related to the project that specify the changes associated with the aid sought in terms of:

- Profitability.
- Amount of investment and time-path of cash flows.
- Level of risk.
- Others.

If evidence is available, provide industry-specific data to demonstrate reasonability of the alternative situation indicated and the required level of profitability and cash flows expected.

5. Proportionality of aid

- Comprehensive business plan of the project as a whole (with and without aid) including the relevant costs and benefits. When a choice exists between carrying out the project with the aid requested or an alternative one without aid, kindly provide a business plan for the alternative project.

- In case there is no alternative project, kindly explain why the aid requested is limited to the minimum needed for the project to be sufficiently profitable, for example, to make it possible to achieve an internal rate of return (IRR) corresponding to the specific undertaking or sectoral reference value, or the hurdle rate.

- If the applicant undertaking has a choice between carrying out the project with aid or an alternative one without aid, explain, if applicable, the justification why the aid requested is limited to the minimum needed to cover the net additional costs of the project in comparison with the alternative project, taking into account the different business situations.

Applicants may provide internal documents of the undertaking as supporting documentation to demonstrate that the alternative project is a clearly defined and sufficiently predictable one because it was considered by the undertaking in its internal decision-making process.

- Provide a detailed explanation of how the amount of aid requested for the project was calculated by providing supporting documents.

- If the aid is intended to deal with direct and indirect distortions, real or potential of international trade, then kindly provide supporting data that indicates, directly or indirectly, that competitors outside the EU have received (in the last three years) or are going to receive aid of an equivalent intensity for similar projects.

When available, provide sufficient information to facilitate assessment of the competitive advantage enjoyed by a competitor in a third country that needs to be taken into account.

6. Prevention of undue effects on competition and trade

- Describe the likely effect of aid on competition in the innovation process.

- Identify the product markets affected by the aid and indicate the current market share of the applicant undertaking in each of them, as well as any variation of these market shares arising from implementation of the project applied for.

- With regard to each of the product markets concerned, identify the main competitors and their respective market shares. When available, kindly supply information on the Herfindahl-Hirschman index (HHI).

- For each of the product markets, include information on customers in general or consumers affected by the projects applied for.

- Describe the structure and dynamics of the relevant markets in relation to the following aspects:

- a) Recent developments and prospects for future growth;
- b) Amount spent by the main operators on projects of a similar nature;
- c) Entry and exit barrier levels;

- d) Existence of a countervailing power demand;
- e) Incentives to compete for future markets;
- f) Product differentiation and intensity of competition;
- h) Other aspects that affect competitors, customers or consumers that are worthy of mention.

- Justify if the type of the market under review is characterised by an excess of demand or industries in decline.

- Indicate whether alternative locations for the activities covered by the aid were considered.

Annex VII

Auditor's report on Review of Financial Report

The aim of this report is both to validate the proper justification of expenditure linked to the project budget described in Article 38 of this call, as well as to verify compliance with other conditions required by the applicable rules.

1. Analysis and checks to be carried out by the auditor

a) The accounts auditor must take into consideration for its report, the eligible budget established in the aid granting decision and, when pertinent, in subsequent decisions authorising modifications, and will be grouped as follows:

1) *Direct costs*: are those that are directly and solely related with the subsidised activity and whose link with this activity can be demonstrated. The following will be considered as eligible direct costs:

1. Personnel costs.
2. Costs of equipment and instrumentation.
3. Materials, supplies and similar products.
4. Purchasing of patents.
5. External technological services.
6. Subcontracting.
7. Other costs: included in this group are the costs of the auditor's report within the limits established.

2) *Indirect costs*:

The auditor during analysis must likewise verify the accuracy of the Financial Report and take into account:

- 1) The conditions of the aid granting decision.
- 2) The initial eligible budget and any possible changes approved by the Galician Innovation Agency.
- 3) That the financial information contained in the Financial Report is supported by a classified relationship of expenses and investments of the activity financed, with identification of the creditor and the document (invoice or document of equivalent probative value as per the national and EC rules and regulations applicable to the aid), amount, date of issue and date of payment, as described in detail in Article 38 for each type of expenditure.
- 4) That the entity keeps original documents supporting the justified expenditure and its payment and that these documents have been reflected in the accounting records, as provided for in Article 38 for each type of expenditure (Article 38).
- 5) That expenditures and investments fulfil the requirements for having the consideration of eligible expenditure.

Costs of equipment and instrumentation: depreciation of assets. The auditor must analyse and ascertain the existence of the documentation and requirements detailed in Article 38, to verify:

- 1) Whether this concept is included within the eligible budget contained in the aid granting decision.
- 2) That the annual depreciation amount, the start date of depreciation and the purchase amount of each item is reflected in the accounting records of the undertaking and corresponds with the contents indicated in the project application documentation.
- 3) That the equipment being amortised has not received any other public aid for its purchase. This must be certified by the undertaking through signature of its legal representative.

4) That the remaining requirements have been met and that all supporting documentation indicated in this call under this eligible concept is available.

C) Staff costs. The auditor must analyse and ascertain the existence of the documentation and requirements detailed in Article 38, to verify:

- 1) Whether this concept is included within the eligible budget contained in the aid granting decision.
- 2) If the staff members are included in the Social Security's TC2 document.
- 3) Fees paid to staff for hours charged to project as per the supporting documentation.
- 4) The cost of Social Security attributable to each beneficiary via the Social Security contribution forms TC1 and TC2 and payment document for all months of project activity.
- 5) Check the supporting documents for the monthly hours charged by the staff assigned to the project.
- 6) That payroll dates match with the project implementation calendar contained in the aid granting decision or any possible time extensions for implementation approved by the Galician Innovation Agency.
- 8) That in the case of costs charged for freelance/self-employed staff hired under concept own staff, the auditor will check:

- That such staff works regularly in the undertaking to which such costs are attributed and that it is not a sporadic recruitment, and furthermore that the freelance staff has actually devoted to the project, the amount of hours charged.
- That the freelance staff hired has indeed been paid the amount charged.
- The PAYE withholding and income certificate, which may be replaced by the corresponding invoices and payment documents.

9) That the remaining requirements have been met and that all supporting documentation indicated in this call under this eligible concept is available.

d) Materials, supplies and similar products. The auditor must analyse and ascertain the existence of the documentation and requirements detailed in Article 38, in order to verify:

- 1) Whether this concept is included within the eligible budget contained in the aid granting decision.
- 2) That dates on invoices and payment supporting documents match with the project implementation calendar contained in the aid granting decision or any possible time extensions for implementation approved by the Galician Innovation Agency.
- 3) That the remaining requirements have been met and that all supporting documentation indicated in this call under this eligible concept is available.

e) Purchase of patents. The auditor must analyse and ascertain the existence of the documentation and requirements detailed in Article 38, in order to verify:

- 1) Whether this concept is included within the eligible budget contained in the aid granting decision.
- 2) That dates on invoices and payment supporting documents match with the project implementation calendar contained in the aid granting decision or any possible time extensions for implementation approved by the Galician Innovation Agency.
- 3) That the patents have been purchased or licensed from sources other than the applicant undertaking and that the operation was carried out under fully competitive conditions.
- 4) That the remaining requirements have been met and that all supporting documentation indicated in this call under this eligible concept is available.

f) External technological services. The auditor must analyse and verify:

- 1) Whether this concept is included within the eligible budget contained in the aid granting decision.
- 2) That dates on invoices and payment supporting documents match with the project implementation calendar contained in the aid granting decision or any possible time extensions for implementation approved by the Galician Innovation Agency.
- 3) That the remaining requirements have been met and that all supporting documentation indicated in this call under this eligible concept is available.

g) Subcontracting. The auditor must analyse and ascertain the existence of the documentation and requirements detailed in Article 38, in order to verify:

- 1) Whether this concept is included within the eligible budget contained in the aid granting decision.
- 2) That dates on invoices and payment supporting documents match with the project implementation calendar contained in the aid granting decision or any possible time extensions for project implementation approved by the Galician Innovation Agency.
- 3) That when the amount of expenditure exceeds €18,000 for the provision of services, the beneficiary must get three different estimates for such provision, as indicated in this call.
- 4) That the contract between the beneficiary and the subcontractor undertaking has been signed and that it contains the minimum aspects required by this call: objectives of the contract, description of the activities, start date and total duration, identification of participating researchers, total budget and breakdown by year, as well as the agreement on the ownership of the results.
- 5) That the remaining requirements have been met and that all supporting documentation indicated in this call under this eligible concept is available.

h) Other expenses. The auditor must analyse and ascertain the existence of the documentation and requirements detailed in Article 38, in order to verify:

- 1) Whether this concept is included within the eligible budget contained in the aid granting decision.
- 2) That dates on invoices and payment supporting documents match with the project implementation calendar contained in the aid granting decision or any possible time extensions for project implementation approved by the Galician Innovation Agency.
- 3) That the audit costs do not exceed the set limits.
- 4) That the remaining requirements have been met and that all supporting documentation indicated in this call under this eligible concept is available.

2) Indirect costs: The auditor must analyse and ascertain the existence of documentation and requirements detailed in Article 38, in order to verify:

- 1) Whether this concept is included within the eligible budget contained in the aid granting decision.
- 2) That dates on invoices and payment supporting documents match with the project implementation calendar contained in the aid granting decision or any possible time extensions for project implementation approved by the Galician Innovation Agency.
- 3) That they do not exceed the maximum threshold set at 10 %t of the direct staff costs.
- 4) That the remaining requirements have been met and that all supporting documentation indicated in this call under this eligible concept is available.

2. Other obligations and checks to be carried out by the auditor

- a) The auditor must keep copies of all documents used for the analysis and verification of the concepts included in the Financial Report during the legally enforceable term.

b) The auditor must verify in the place project is carried out, the existence of visible sign posting of funding by the Galician Innovation Agency and that all other requirements in the area of publicity and information outlined in Regulation No 651/2014 have been met.

c) The auditor must likewise analyse the concurrence of subsidies, aids, income or resources for the same purpose, in order to determine any incompatibility in accordance with this call.

d) The auditor must fulfil any other obligations that arise derived from the verification of the requirements indicated in this call and in the remaining applicable legislation, as well as other requirements that may be included in the decision of the Commission w.r.to projects that require individual notification to the EC.