



The Malta Council for
Science & Technology



FUSION
The R+I
Programme



PARLIAMENTARY SECRETARIAT
FOR FINANCIAL SERVICES,
DIGITAL ECONOMY AND INNOVATION

FUSION Research and Innovation: Technology Development Programme

Rules for Participation 2019 Call 2 –Option A – **State aid regime**



Contents

1	Introduction	4
2	The Technology Development Programme	4
2.1	<i>Programme Scope and Focus</i>	4
2.2	<i>Contacts</i>	7
3	Definitions	7
4	Eligibility Criteria and Applications	10
4.1	<i>Eligibility for Participation</i>	10
5	Consortium	12
5.2	<i>Lead Partner</i>	14
5.3	<i>Conflict with Fundamental Aim of Programme</i>	14
6	Eligibility Under the State Aid Regime	14
7	The Application Process	16
7.1	<i>Application Submission</i>	16
7.2	<i>Considerations at Application Stage</i>	18
7.2.1	Respecting Lead Times	18
7.2.2	Assistance with Applications	18
7.3	<i>Deviations</i>	19
8	Confidentiality of Submissions	19
9	Programme Parameters	20
9.1	<i>Project Start Date and Duration</i>	20
9.2	<i>Project Grant</i>	20
9.3	<i>Deliverables</i>	20
9.3.1	Mandatory Deliverables	20
9.3.2	Recommended Deliverables	22
10	Eligible Costs	23
10.1	<i>Subcontracted Activities</i>	25
10.2	<i>Audits</i>	26
10.3	<i>Eligible Indirect Costs</i>	26
10.4	<i>Ineligible Costs</i>	26
10.5	<i>Funding Distribution between Partners</i>	27
10.6	<i>Co-Financing</i>	27
11	Evaluation	27
12	Post Selection Process	30
12.1	<i>The Grant Agreement</i>	30
12.2	<i>Start Date and End Date</i>	30
13	Double Funding	31
14	Funding, Management and Progress Monitoring	31
14.1	<i>Allocation and Disbursement of Funding</i>	31
14.2	<i>Subcontracting</i>	32
14.3	<i>Final Financial Audit</i>	32
14.4	<i>The Technical and Financial Reports</i>	33
14.5	<i>Accountability</i>	34



15	Dissemination and Externalisation	34
15.1	<i>Dissemination and externalisation plan</i>	34
15.2	<i>Allocated funds towards dissemination</i>	34
15.3	<i>Referencing</i>	35
16	Supervening Circumstances	36
16.1	<i>Time Extensions</i>	36
16.2	<i>Default</i>	36
17	Interpretation of Rules	37
ANNEX ONE		38



1 Introduction

FUSION is a national funding programme that drives and supports local Research and Innovation (R&I), as well as providing the necessary support for researchers and technologists to turn their innovative ideas into a market-ready reality. FUSION is supported through Malta Government funds and is managed by the Malta Council for Science and Technology.

The main objectives of FUSION are: to raise the level and profile of locally funded research; to ingrain R&I at the heart of the Maltese economy; to spur knowledge-driven and value-added growth and; to sustain improvements in the quality of life. These can be achieved since research results and innovation have the potential of translating themselves into commercial activities which generate a multiplier effect on the economy, by increasing Malta's competitiveness through the creation of additional high-value and knowledge intensive employment opportunities in Malta's priority industries.

FUSION is composed of two main programmes, the Commercialisation Voucher Programme and the Technology Development Programme. These two programmes are designed in a way to offer the necessary mentoring and financial support for researchers and technologists to take their ideas to the market.

2 The Technology Development Programme

The Technology Development Programme is a national funding programme which supports the actual development of innovative projects proposed by public entities and industry players.

It builds on the scientific opinion evaluation and the outcomes of the three stages covered by the Commercialisation Voucher Programme wherein beneficiaries undertake an IP Check, Market Research, Product Development Costing, Economic Impact and Risk Profile study. These ensure that the proposed undertaking has undergone the necessary preparatory phase to ensure market potential.

2.1 Programme Scope and Focus

The Programme provides financial support for research, development and innovation, preferably within the SMART Specialisation Areas identified in Malta's National Research and Innovation Strategy 2020. The priority areas are set through the selection process of the precursor Commercialisation Voucher Programme. Furthermore, here the focus is on innovative research, knowledge transfer and establishing collaborations between (1) Public Entities and (2) Industry with the intention of commercialising the technology developed.

At this stage, **the highest scoring proposals across all SMART specialisation areas, will be selected for funding.**

The identified priority areas are the following:

ICT as an Enabler	ICT as an enabling technology for all economic sectors and disciplines through its role as a tool for technological change.
ICT Based Innovation	ICT plays an important role in R&D and innovation in all sectors by facilitating the development of new goods, processes and services to modernise the economy and transform it to a knowledge-based one.
Tourism Product Development	Tourism is a key pillar of economic activity in Malta. The sector is well established and mature and there is a good degree of collaboration among operators. The sector is not R&D intensive but must innovate in order to remain attractive and competitive. Consultations yielded several avenues for innovation activity, however innovation in tourism product development was repeatedly highlighted as a key niche where Malta has potential for growth through innovation. In addition to linkages with other specialisation areas such as ICT and health, this specialisation area should involve extensive collaboration with the creative industries.
Maritime Services	This is a mature economic sector in which Malta has a historic legacy and world-level profile. The sector has diversified over time to provide a wide range of services to the maritime sector, but the variety of services remain fragmented. There is therefore scope for improved clustering of maritime services in order to provide more integrated, new and improved services. Malta's drive towards becoming a maritime hub should include a drive to foster innovation in maritime engineering, ICT, design and services.
Aviation and Aerospace	<p>This is a relatively new economic sector which has grown rapidly, attracted several foreign investors, and has diversified to include a number of niches such as maintenance, repair and overhaul and aircraft registration among others. Malta has also built a strong portfolio in avionics research, a relatively high critical mass of human</p> <p>resources as well as numerous established international R&D links in the area. There is scope for further investment to raise the level of achievement to the next level by venturing into</p>

the high value-added engineering market in order to move up the value chain in specific niches within the aerospace sector.

Health

Various data sources (such as public R&D expenditure, participation in the European Cooperation in Science and Technology – COST, and publications) indicate that ‘health and medical research’ is a significant component of Malta’s R&D investment. However, there appears to be significant fragmentation within it and there is scope for further exploration of innovation potential in this area. Within this context and in line with this Strategy’s approach to cultivate a multidisciplinary approach, innovative e-health solutions as well as solutions for active and healthy ageing will be given particular consideration because both of these focus areas benefit from the integration of medical sciences with other areas where Malta has a strong knowledge base; such as ICT, social sciences and engineering. Both have a clear economic objective and the potential for a strong economic impact.

Resource-Efficient Buildings

The construction sector in Malta accounts for 4% of GVA and 5.4% in terms of employment (2012 data) however these figures have been decreasing over the past years. There is scope for exploring innovative solutions in the sector which address water scarcity and energy (dependence on fossil fuels, take up of renewable energy sources, etc.), both of which remain two of Malta’s major economic challenges. Innovation in resource efficient buildings would transform the sector by increasing value-added, increasing green jobs and growth while at the same time addressing a societal challenge which is in itself a business opportunity. This specialisation area will focus on solutions for improved resource efficiency in new and existing buildings through, inter alia, demonstration projects and optimisation. The importance of innovation in this area stems from legal obligations which Malta has in this field, coupled with the fact that solutions developed abroad may not be easily transposed locally due to climatic variances and differences

in building materials, among others. This specialisation area should involve extensive collaboration among architectural design, engineering, materials science and energy technology among others



High Value-Added Manufacturing

In spite of shifts towards the services sector, the manufacturing sector is still strong and should therefore be sustained through a greater focus on innovation niches within this sector. To this end, two focus areas for innovation are process innovation (through optimisation of resource use, energy efficiency, automation etc.) and innovation in product design (product development, prototyping, etc).

2.2 Contacts

For general enquiries kindly contact:

Mr. Stephen Borg
R&I Programmes Executive
Email: stephen.i.borg@gov.mt
Tel: +356 2360 2208

For escalated enquiries kindly contact:

Dr. Melchior Cini
Senior Executive – R&I Programmes Manager
The Malta Council for Science & Technology
Villa Bighi, Bighi,
Kalkara KKR 1320
Email: melchior.cini@gov.mt
Tel: +356 2360 2153

3 Definitions

Activities are the tasks which were undertaken and where applicable funded through the Commercialisation Voucher Programme.

Commercialisation Voucher Programme is the Programme managed by the Malta Council for Science and Technology which provides beneficiaries with financing to assess the potential for development and commercialisation of innovative ideas (IP Check, Market Research, Product Development Costing, Risk Profile and Economic Impact Assessment).

Consortium means a group of two or more Maltese Partners. At least one of these Partners must fall within the definition of Public Entity and at least one of these Partners shall be an



Industrial Entity as defined in this Section. One of the partners would be the Lead Partner. Foreign Partners can appear within the consortium, over and above the minimum requirements set out in this definition. Provided that with respect to proposals to be submitted within the Smart Specialisation area of “Health with a focus on healthy living and active ageing, and e-health”, where there is no suitable Industrial Partner best placed to add value to the Consortium and to the project, which proposal otherwise satisfies all eligibility criteria of the Programme and includes the participation of a public academic entity as one of the proposed Partners, and provided further that the project would benefit directly from a partnership with a public hospital due to its scale, expertise and operations and client-focused nature, then Mater Dei Hospital shall be considered to be a suitable industrial partner, fulfilling the scope of the private element of the required public-private consortium. MCST however reserves the right to withdraw this provision should the private sector evolve. Provided that with respect to proposals submitted by Higher Education Institutes, independent of whether they are of an economic or non-economic nature, shall be considered to satisfy the ‘Public Entity’ part of the FUSION TDP Consortium.

Due Diligence is an investigation of a business or person prior to signing the Grant Agreement.

Evaluators are the consultants who responded to MCST’s Call for Applications to provide evaluation services for submissions made through this Programme.

Industry (Industrial Entity) is defined as a legal entity, including but not limited to, a privately-owned company or commercial enterprise the objects and activities of which include the output of a specified product and service. In addition to research and innovation contributions and knowledge transfer, the entity may contribute to the consortium by developing, testing, commercialising or using such a product or service.

Innovation is defined as the internationally novel scientific/technological development of a technological process, product or service. Also, the definition of innovation within the same context can also be applied to non-novel, yet step-change/ground-breaking enhancement of existing technological processes, products or services, or even the application of existing knowledge to new novel applications of these solutions to deliver step-change competitiveness through such an application.

Intellectual Property (IP) means statutory and other proprietary rights and includes patents, trademarks, designs, and confidential information/trade secrets, copyright.

IP Agreement means an agreement which must be entered into between all Partners within a Consortium and which lays down all the terms and conditions of any IP rights in relation to the Project.

Knowledge Transfer is defined as the transfer of technology or know-how between public entities, and the commercial sector for development into useful products and services. This



should result in licensing or marketing agreements, spin-offs, co-development arrangements, training or the exchange of personnel.

Lead Partner means the Consortium Partner identified as being the partner responsible to ensure the correct execution of the R&I Project Grant Agreement and will have joint and several liabilities together with other Project Partners for all the obligations arising from the Grant Agreement. The Project Coordinator shall be an employee of the Lead Partner.

Maltese Legal Entity means any entity created under the law of Malta which has legal personality and which may, acting under its own name, exercise rights and be subject to obligations.

Private Entity means any Maltese Legal Entity which has more than 50% private shareholding.

NGO means any Voluntary or Non-Governmental Organisation set up in accordance with The Voluntary Organisations Act (Cap. 492 of the Laws of Malta).

Provided that a registered NGO, or a Professional Body are as defined in this Section, then they are also considered as forming part of this definition.

Partner means any Maltese Legal Entity, as described above that forms part of a Consortium for the purposes of applying for funding under this Programme.

Professional Body may be an organisation, an association, a chamber, society, institute or a group of professional persons not being enrolled or registered in terms of The Voluntary Organisations Act (Cap. 492 of the Laws of Malta) or not being otherwise recognised in terms of Law, and which is generally recognised and acknowledged by the professional persons it seeks to represent as their representative Body. For the purposes of this Definition, a professional person is one who has undergone a period of study at a university or a recognised institution of higher learning and has obtained the formal qualification entitling the person to practice the respective profession; and who provides a specialised service to the public, based primarily on a fiduciary relationship between himself and the party to whom he provides such service on his own personal credibility and responsibility.

Project Coordinator is the individual with experience in research project management who will assume the responsibilities defined within this document. The Project Coordinator shall be an employee of the Lead Partner of the Consortium carrying out the R&I project.

Public Entity means any Maltese Public Service Department or Maltese Public Sector Entity, or any Maltese Legal Entity which has more than 50% government shareholding. Public Service refers to (i) all Ministries and Departments; and (ii) Public Sector Entities refers to authorities, corporations, agencies and commercial public sector entities in which the Government has a majority shareholding and that are not listed on the stock exchange. Public Entities also include foundations, local councils and public academic entities. In the case of



public academic entities, this includes but is not limited to a higher education entity or a research institute.

Higher Education includes but is not limited to a higher education entity or a research institute, whether as a whole body or as a component unit or department within such body, provided that the entity's ongoing education and research is scientifically in line with the subject of the application being submitted during this call and the relevant smart specialisation areas and provided that the higher education entity must be in possession of a license for Higher Education according to the Further and Higher Education (Licensing, Accreditation and Quality Assurance) Regulations – Subsidiary Legislation 327.433. This does not include the license for a tuition centre.

Research as defined under this Programme is the systematic investigation, work or research carried out in any field of science or technology through experiment, theoretical work or analysis undertaken in order to acquire new knowledge, primarily directed towards a specific practical aim or objective. Furthermore, the importance of the formation of consortia between public and private entities is stressed as the knowledge transfer achieved in both directions within a consortium, is crucial to concretising research to deliver solutions to challenges faced not only within science, but within economic growth and competitive impact. The relationship between public and private entities truly ensures that the research is translational, and leverages on the strengths of each of the partners. Such translational research will ensure a more promising opportunity for eventual commercialisation of the research being funded.

Service Providers are the consultants who responded to MCST's Call for Applications to provide the Beneficiaries with a list of activities funded through this Programme.

4 Eligibility Criteria and Applications

These Rules for Participation are applicable to undertakings that carry out an economic activity within the meaning of Article 107 TFEU.

This section provides details as to the criteria which must be checked in order to assess the consortium's eligibility to apply and the application's fit within this Programme.

4.1 Eligibility for Participation

Any applicants that at the time of proposal submission will have been deemed by MCST to be non-compliant with the terms and conditions of any previous or then current Grant Agreement including but not limited to applicants who at the time of proposal submission are the beneficiaries of another Commercialisation Voucher project or Technology Development project that is out of the Grant Agreement timelines, shall automatically be disqualified from participation in this Call.



The following parties are eligible to apply:

1. Anyone who is applying for the TPD call within the first two opportunities following the successful completion of the CVP. First opportunity is defined as the next new opening of a call following CVP completion.
Parties who exit the CVP during a TDP open call, including launch date and closing date, are not expected by MCST to consider said call as their first opportunity. However, parties are still allowed to apply in this duration if all three stages of the CVP (including the respective evaluations) are completed by the end of the TDP call. Note to applicants: It is recommended that IP searches are kept current.
2. *Anyone who* has applied for the CVP call and was selected for the project's scientific excellence, but chose to submit the independently conducted Technical Reports listed below, on their proposed project idea, as per activity guidelines provided:
 - IP Check Report
 - Market Research Report
 - Product development Report
 - Risk Profile Report
 - Economic Impact Report.
3. *Anyone who* has successfully completed the Commercialisation Voucher Programme but fails to satisfy eligibility criteria numbers 1 or 2 above and who submits the UPDATED Technical Reports listed below *by noon on the 8th April 2019*, on their proposed project idea, as per activity guidelines provided:
 - IP Check Report
 - Market Research Report
 - Product development Report
 - Risk Profile Report
 - Economic Impact Report.

With reference to point 2 and 3, all Technical Reports will be evaluated by MCST's external evaluators and are required to adhere to the following conditions. Failure to do so will render any submission under the Technology Development Programme ineligible. The reports must receive an aggregate score of ≥ 350 of a possible 500 points.

Please note that MCST requires a minimum of 2 weeks to evaluate all technical reports. This should be considered when preparing your Technology Development Application. The deadline for the Technology Development Application will still need to be respected if applying under eligibility criteria number 2 and 3.

MCST shall then evaluate the application for the Technology Development Programme in accordance with the criteria laid down in this document.



Programme funding for successful project submissions will be based on a periodic cash advance and will be regulated through a grant agreement establishing the terms and conditions governing the financing of the project.

Funding under this Programme is made available on the basis that any Partner does not benefit from any other grant or financial incentive in respect of the expenses related to the execution of the project.

Subsequently, a minimum of 65 marks must be achieved through the Technology Development evaluation in order to be eligible for the grant. The top scoring proposals across the entire evaluation process are selected for funding following independent scientific evaluation further endorsed by a TDP Evaluation Committee. The decision of MCST on selection of projects is final and binding.

Any Maltese Public Entity and Maltese Industry (Industrial Entity) as described in Section 3 may be a Partner in a project and will be eligible for funding subject to the terms and conditions laid out in this document.

Professional Bodies and NGOs are eligible to participate in a project but will only be eligible for funding under this Programme in respect of a research and innovation activity.

5 Consortium

5.1 Consortium details:

A project application shall be submitted by a Consortium consisting of two or more Partners as follows:

- ✓ At least one Partner shall be a **Maltese** Public Entity as per definitions in section 3
- ✓ At least one Partner shall be coming from **Maltese** Industry (Maltese Industrial Entity) as per definitions in section 3

Provided that with respect to proposals to be submitted within the Smart Specialisation area of “Health with a focus on healthy living and active ageing, and e-health”, where there is no suitable Industrial Partner best placed to add value to the Consortium and to the project, which proposal otherwise satisfies all eligibility criteria of the Programme and includes the participation of a public academic entity as one of the proposed Partners, and provided further that the project would benefit directly from a partnership with a public hospital due to its scale, expertise and operations and client-focussed nature, then Mater Dei Hospital shall be considered to be a suitable industrial partner, fulfilling the scope of the private element of the required public-private consortium. MCST however reserves the right to withdraw this provision should the private sector evolve. Provided that with respect to proposals submitted by Higher Education Institutes, independent of whether they are of an economic or non-economic nature, shall be considered to satisfy the ‘Public Entity’ part of the FUSION TDP Consortium.

It is permissible for a consortium to consist of one or more Partners applying under the de minimis regulation Option A (as per these Rules for Participation) and one or more Partners applying under the non-state aid Option B Rules for Participation. Partners can also all solely



apply under the de minimis regulation Option A or all solely apply under the non-state aid Option B route.¹

At least one Partner from each of the two categories above must have a significant role in the project, and this balance must be reflected in the allocation of tasks and funding.

One of the Partners should be designated as the Lead Partner and will be responsible for the application for the R&I project, the appointment of a project coordinator and the correct execution of the project.

Any person may only be involved with one project partner (Refer to section 5.3).

The project proposal must be submitted by the lead partner on behalf of the Consortium, with prior endorsement and signature of application by the legal representative of each Partner. Should the endorsement be absent, a delegated authority should be sought and achieved. The role of Project Coordinator shall be performed by a physical person who is an employee of the Lead Partner. Legal entities other than physical persons, as well as foreign entities are not eligible to perform this role.

A Consortium Partner wishing to withdraw from a TDP Project, must present their case to MCST through their Project coordinator. As a result, and at its discretion, MCST may request the refunding of money disbursed to that partner and may even terminate the TDP Project in its entirety. All Project partners would still be obliged to provide all stage technical and financial reporting at their own expense. In extenuating circumstances, MCST may at its discretion, consider suggestions for replacement of a Partner. However, the project proposal would need to be re-evaluated through internal evaluators and the TDP Committee. Should this be the case, the overall rules for participation would need to be adhered to and the technical and financial distribution of the projects should remain unchanged. Project Coordinator

The Project Coordinator has overall responsibility for the project, and shall have the following responsibilities:

- ✓ To coordinate the timely development of the project, including establishing and managing project activities, timeframes and financial estimates;
- ✓ To coordinate the timely activities of the individual project Partners on an ongoing basis, and to ensure that they fulfil their obligations in terms of the Contractual Agreement;
- ✓ To compile all reports including Technical and Financial Reports including submissions by all project Partners in a timely fashion;
- ✓ To act as the main point of contact between MCST and the project Partners;

¹ The relevant Appendix to the application should be completed by each partner.

5.2 Lead Partner

The Lead Partner is responsible to ensure that the Project Coordinator complies with all obligations assigned within the contract governing this grant, including being responsible for the timely submission of reports and effective execution of the project.

5.3 Conflict with Fundamental Aim of Programme

The participation of individuals in a Consortium must not be of such nature as to create conflicts with the fundamentals of knowledge transfer and commercialisation, which are the foremost aims of the Technology Development Programme.

Two legal entities shall be regarded as independent of each other where neither is under the direct or indirect control of the other or under the same direct or indirect control as the other. Control may take either of the following forms:

- a) The direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or of a majority of the voting rights of the shareholders or associates of that entity.
- b) The direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned.

The following relationships between legal entities shall not in themselves be deemed to constitute controlling relationships:

- a) The same public investment corporation, institutional investor or venture-capital company has a direct or indirect holding of more than 50% of the nominal value of the issued share capital or a majority of voting rights of the shareholders or associates.
- b) The legal entities concerned are owned or supervised by the same public body.

Partners in the same Consortium cannot be involved in any commercial transaction with another Partner in the same Consortium, or any other entity with shared shareholding, or any other entity within the same group of companies as the Partner, on any matter related to the R&I Project.

6 Eligibility Under the State Aid Regime

These Rules for Participation will be implemented in line with the terms and conditions of Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (*de minimis* Regulation).

The *de minimis* Regulation stipulates that a single undertaking cannot receive more than €200,000 (or €100,000 in the case of single undertakings performing road freight transport for hire or reward) over 3 fiscal years, including *de minimis aid* from any other *de minimis*



schemes. Applicants should ensure and declare they are eligible for the requested grant under State Aid rules before submitting an application.

For the purposes of this Section, an “undertaking” shall mean any entity engaged in an economic activity, regardless of its legal status and the way in which it is financed.

All applications should be accompanied by a State Aid *de minimis* declaration form. **For successful applications, an updated declaration form shall be provided at the time of the signing of the Grant Agreement, ensuring that the applicant remains eligible for funding under the state aid regime.**

The *de minimis* aid to be received by each successful applicant, and hence Partner, under these Rules for Participation (*de minimis* regulation Option A) for the FUSION Technology Development Programme, includes all approved eligible costs for that Partner at the relevant aid intensity, plus the €5,000 dissemination funds reserved by MCST for the project.

Each partner applying under the *de minimis* regulation are to consider the full value of €5,000 dissemination funds as *de minimis* aid and should therefore ensure that this is reflected in their future *de minimis* aid declarations.

Applicants under the *de minimis* regulation Option A are to ensure that they consider and complete the relevant Appendix in the Application Form, to quantify any possible indirect aid that may result from their collaboration with Partners applying under the non-state aid Option B Rules for Participation.

For the purposes of the *de Minimis* Regulation, “Single Undertaking” includes all enterprises having at least one of the following relationships with each other:

- (a) One enterprise has a majority of the shareholders’ or members’ voting rights in another enterprise;
- (b) One enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- (c) One 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) One enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders’ or members’ voting rights in that enterprise.

Enterprises having any of the relationships referred to in points (a) to (d) above through one or more other enterprises shall be considered to be a single undertaking.



The terms and conditions set out in these guidelines are in line with the Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid.

In line with Article 1 of the *de minimis* Regulation, no aid will be granted to those undertakings and/or sectors expressly excluded from receiving such aid.

The rules laid down in Article 5 of the *de minimis* Regulation on cumulation will be respected.

This Scheme is not available to undertakings in difficulty within the meaning of the Guidelines on State Aid for rescuing and restructuring non-financial undertakings in difficulty.

7 The Application Process

The Call for Project Proposals will be open from **Monday 14th October 2019 to midnight Monday 25th November 2019**. The selection and funding of proposals under this Programme shall be on a competitive basis.

Applicants should refer to the eligibility criteria in Section 4.1.

7.1 Application Submission

The Technology Development project application must present a coherent, comprehensive and credible plan based on:

- ✓ Reasonable estimates of human resources, finance, deliverables and timeframes; and
- ✓ Templates provided by MCST.

Submission, evaluation and selection of project applications will be in the form of a one-stage process. The applicant should ensure complete compliance to the ‘Rules for Participation 2019 Call 2’ prior to submission as no amendment or negotiations are allowed after submission and any unapproved deviations will result in the failure of the application during the administrative check.

The legal representative of each participating organisation within the consortium must sign off on the application and enter the date of signature in blue ink (not electronically). The legal representative of each participating organisation within the consortium must also sign off all relevant declarations found within the Appendices of the Application Form.

All applications shall be evaluated according to the procedure outlined under Section 11 of these Rules for Participation. The application process is a single stage, which does not allow modifications once submission has been made, nor does it allow negotiations on the content of the proposals. In cases, where deviations from the mandatory deliverables or budgets detailed herein are required, applicants should be guided by section 7.3 below. The content of the



Application Form will be directly appended to the Grant Agreements for successful applicants and will constitute the Grant Agreement technical obligations.

Any text or appendices within the submitted application, that go beyond the prescribed maximum word count and/or page limits, shall be **disregarded in the scientific evaluation process**.

It is also important to note that applicants are to include actions towards the implementation of recommendations from Service Providers and/or evaluators from the Commercialisation Voucher Programme process. In this way the opportunities and threats identified from the preceding FUSION programme are integrated into the implementation plans for the Technology Development project to ensure a better chance of success in the delivery of marketable solutions.

Application Forms can either be sent electronically to rtdi.mcst@gov.mt, keeping Mr. Stephen Borg (stephen.i.borg@gov.mt) and Dr. Melchior Cini (melchior.cini@gov.mt) in copy, with “Technology Development Programme Application Submission” as a subject or submitted by hand to

Mr. Stephen Borg
R&I Programmes Executive
The Malta Council for Science and Technology
Villa Bighi, Kalkara KKR 1320

In both cases, it is the responsibility of the applicant to ensure that a confirmation of receipt is provided.

All Submissions shall include:

- ✓ The application form in MS Word (.docx) format and a signed scanned copy (to be sent by email or on a pen drive)
- ✓ A precise plan of project activities, timeframes and deliverables.
- ✓ A precise indication of project costs
- ✓ Curricula Vitae of key researchers including relevant track records. These should clearly establish that the Consortium has the potential to carry out the project.
- ✓ A detailed plan of how partners knowledge and, where applicable subcontractors, will be used to perform the project tasks and to achieve the project objectives. (At this stage, if subcontractors have not been identified, one should mention the tasks that will be passed on and the expertise required.)
- ✓ An IP agreement signed by all Project Partners
- ✓ A dissemination and externalisation plan (recommended)



- ✓ The De Minimis State Aid Declaration Form (An updated State Aid Declaration form is to be submitted upon the signing of the Grant Agreement should the project be selected for funding), as well as declarations on Indirect State Aid.
- ✓ Where applicable, the pre-agreed deviation Appendix
- ✓ Memorandum & Articles of Association of all partners (excluding public entities).
- ✓ Audited financial statements for last 3 fiscal years of all partners excluding public entities. (In the event that the Partner is a start-up and the above documents are not available, the Partner shall provide the financial projections for three (3) years signed by an independent certified public accountant, including:
 - an income statement,
 - a cash flow statement, and
 - a statement of financial position)

It should be noted that emails larger than 6MB shall be automatically rejected by the system. The applicant may make use of cloud storage.

All received applications shall be acknowledged in writing or by email. Incomplete applications as at **midnight 25th November 2019** will not be considered.

7.2 Considerations at Application Stage

7.2.1 Respecting Lead Times

All organisations, including MCST, have their internal procedures for processing, approving and signing off on legally binding documents. Beneficiaries are to ensure that they are aware of these lead times in their organisation as well as in the other organisations constituting the Consortium. It is the applicant's responsibility to ask for information on lead times pertaining to MCST.

Partners should also consider personal commitments, vacation leave etc, when planning to submit an application. **All project application submissions, which must reach MCST at midnight (CET) on the day of the deadline, must be dated, signed and initialised (stamped or signed) on each page by the Lead Partner's legal representative and must include signatures of the legal representatives of each respective participating organisation within the Consortium.**

7.2.2 Assistance with Applications

Prospective Project Partners are encouraged to seek the advice of MCST in the preparation of the project application. This should help identify any areas of concern prior to the submission of the application and lead to a better quality of submission. Advice shall only be given in respect to these Rules for Participation and not on technical grounds. Applicants are particularly encouraged to seek MCST's guidance through proposal-specific one-to-one

sessions to ensure that the single-stage application documentation is complete and effective, as once submitted, cannot be edited.

7.3 Deviations

In any event in which an Applicant deems that there is any reasonable justification to deviate in a non-substantial manner from the procedures detailed herein, the applicant must submit a specific request detailing the reasons justifying such request to MCST *at least fifteen (15) days prior* to the submission of the application. Acceptance or otherwise of such request shall be at the sole and unfettered discretion of MCST. In any event in which MCST accepts such request, the applicant should complete Appendix 2 in the application form entitled “pre-agreed deviations to deliverables”.

Applicants should note that:

- Transfers of project funds between line items within a particular stage of a single partner, totalling a maximum of 5% of that partner’s overall stage value are automatically allowed and do not require prior approval by MCST. A clear indication of such transfers needs to be illustrated in the end of stage financial reports and all reallocations are to be appropriate and within the scope of the project and its deliverables.
- Transfer of project funds between line items within one stage or from one stage to the next, that are smaller than 10% of the stage value or project value respectively, will be considered by MCST upon an email request by the coordinator to MCST.
- Transfer of project funds between line items within one stage or from one stage to the next, that are greater than 10% of the stage value or project value respectively, will be considered by MCST upon an official, signed request by the coordinator to MCST. The change will then be implemented in an addendum signed by all partners.

8 Confidentiality of Submissions

Unless otherwise indicated, all project application submissions except for the abstract, shall be treated in strict confidence. However, all project applications will be passed on in their entirety to the external evaluators and due diligence experts, who are bound by confidentiality and who shall also be required to declare that they do not have any conflict of interest in reviewing the individual proposals. Stage reports compiled throughout the Commercialisation Voucher Programme or similar reports submitted by applicants on their own accord, may, at MCST’s discretion, be submitted in part or in their entirety to external evaluators. Stage reports submitted under this programme may also, at MCST’s discretion, be forwarded in part or in their entirety to external evaluators appointed by MCST. All evaluators are bound by confidentiality.

9 Programme Parameters

MCST reserves the right to carry out financial and/or technical audits to its discretion at any time within the project to ensure that Programme Parameters as per contractual obligations are being observed.

9.1 Project Start Date and Duration

The project must start by **1st March 2020** or as otherwise stated by MCST. The project should have a duration ranging between one and three years (maximum).

9.2 Project Grant

The maximum possible funding for a project across the consortium is €195,000. Furthermore, an additional €5,000 shall be reserved by MCST for dissemination activities to be hosted by Esplora (please refer to section 15.2).

9.3 Deliverables

9.3.1 Mandatory Deliverables

A consortium should:

- ✓ During the duration of the project or within three (3) months from termination, publish at least one (1) research paper based on the work carried out throughout the Project in a pre-peer reviewed open access repository.

Provided that if the Beneficiary wishes to publish a research paper in a peer-reviewed closed-access journal, then the Beneficiary must obtain written approval from MCST by proving to the satisfaction of the Managing Authority through the submission of adequate documentary evidence that such a closed-access journal enjoys a higher impact factor than the peer reviewed open-access journal with the highest impact factor in the same area and that the applicant has the intention of publishing in an open access repository after the embargo comes to an end; then the Beneficiary will not be held in breach of this particular obligation.

Provided further that if the Beneficiary claims that such an attempt to publish this research paper will have been unsuccessful, the Beneficiary must prove to the satisfaction of the Managing Authority and through the submission of sufficient and adequate documentary evidence that such an attempt to publish a research paper in terms of the requirements of this Clause was in fact made. Sufficient and adequate documentary evidence includes evidence that the paper was actually submitted for publication and documentary evidence that the paper was rejected for publication. If

the Managing Authority is satisfied with the evidence provided, then the Beneficiary will not be held in breach of this particular obligation.

Provided further that if the Beneficiary claims that an attempt to publish this research paper before the patent registration referred to above, would disclose technical information that would render the said patent application null then the Beneficiary will not be held in breach of this particular obligation as long as he has complied with the requirements detailed in previous paragraphs of this section.

In the event that the Beneficiary proves to the Managing Authority that it has attempted and failed to do the above then the Beneficiary shall publish a research paper in a post-publication peer reviewed open-access repository or as a peer-reviewed international conference paper.

In the event that the Beneficiary fails to comply with any one of the alternative obligations detailed in previous paragraphs of this section, then the Beneficiary shall automatically lose any right to two point five percent (2.5%) of Project value or five thousand euro (€5000), whichever the lower, from the retention being kept by the Managing Authority.

A copy of all publications must be presented to MCST before any retention is paid by the same.

- ✓ Publish at least two articles per year in local newspapers or magazines. These should not contain intellectual property but should raise awareness about the project and its benefits. A copy of these should be presented to MCST within two weeks of publication.

One Half Day Dissemination event to be held at ESPLORA to be held in the last stage of the project.

- ✓ The Beneficiaries shall at all times cooperate with the Managing Authority in the promotion of the FUSION Technology Development Programme by delivering presentations about the Project or through other reasonable means at the request of the Managing Authority.
- ✓ Report on project progress as per the list hereunder and in line with the templates provided:
 - Hold a minimum of four meeting per stage to verbally update MCST on progress (as much as possible these should be spread evenly across the stage.)
 - 6 Month Stage Reports
 - End of Stage/s Technical Reports;
 - End of Stage/s Financial Reports and Projections for next Stage;
 - End of Project Technical Report;
 - End of Project Financial Report and Audit Report.

The reports are to include sufficient evidence on the achievement of the project objectives as well as the parameters indicated in the application and should be provided in accordance with the templates presented to the Coordinator by MCST. The Technical Stage Report must be submitted prior to the termination of the Stage within which it is due. The Financial Stage Report must be submitted within one month from the completion date of each stage.

Any changes to the project objectives, work-packages or any other parameter committed in the application are to be communicated in writing to Mr. Stephen Borg, at least prior to the deadline, who will then seek approval from the Unit Director. A clear justification in writing should be provided. MCST will acknowledge receipt of the request within five (5) working days and reply in a timely manner so as not to affect project performance.

Acceptance or otherwise of any changes is the sole discretion of MCST and its decision is binding and final. Any other communication is not considered valid or binding.

9.3.2 Recommended Deliverables

Further to the mandatory deliverables, MCST encourages the deliverables below. MCST does not oblige such deliverables, however commitment of such recommended deliverables by the Consortium at the application stage may enhance the strength of the application form. The recommended deliverables include:

- ✓ Register at least one (1) patent (or other form of IP) on the work carried out throughout the Project in Malta and with at least one other national jurisdiction which issues an international search report as approved by MCST.
- ✓ Monograph/s and/or peer-reviewed paper/s for accepted publication in international open access journal/s of repute based on the work carried out through the Project;
- ✓ Oral presentation/s at international conference/s on the work carried out through the Project (max 2);
- ✓ The attainment of undergraduate degrees and/or postgraduate degrees and/or post-doctoral research. (In cases where the project duration is insufficient for the purpose of submitting a degree, there has to be a commitment to complete the degree outside the duration of the project utilising other sources of funding.)
- ✓ Additional registration of patents or other Intellectual Property Rights (IPR) stemming from the Project, in Malta as well as in any other country;
- ✓ Additional project dissemination activities including but not limited to: fairs, workshops and events. Examples include: Science in the City, R&I cafes, Enterprise European Network events, project exhibitions and so on.
- ✓ Commercial commitments such as technology innovations to be included in a partner's existing product or service.
- ✓ Commercial commitments such as technology transfer licences.

MCST appreciates that the attainment of these deliverables may depend on externalities. The Consortium is expected to take these into consideration when submitting their application form. Although these deliverables are non-compulsory, if quoted as committed deliverables in the Application stage, they must be adhered to.

10 Eligible Costs

Eligible direct costs are those costs incurred directly by the Partners during the duration of the project and used primarily for the purpose of achieving the objectives of the project. All eligible expenses must be incurred between the Start Date and the End Date of the Project and must be limited to the budgeted value.

Start Date means the date which is stated in the grant agreement.

End Date means the date when the Project period, having commenced on the Start Date, expires.

Project period is the time required to execute the Project as indicated by the Partners.

Project Value means the entire project grant including any co-financing (25%) for industrial partners.

Project Grant or Project Budget means the granted funding provided.

The eligible direct costs are:

- Personnel Costs

The permissible number of hours funded by this Programme is not to exceed an average of 10 hours per week per existing employee, as part of their normal working hours.

There is no limit on the number of employees per project other than that the total cost of funded hours per project will not exceed 20% of the project value.

Those employees that have utilised elsewhere their allocated quota of research hours defined in their contract can apply for pro rata payment, up to a maximum of an additional 10 hours per week, for supervisory, research or management hours (overseas travel hours are ineligible) as an eligible cost of the project, if this is permissible within their contact of employment.

The hourly rate (z) is calculated using the formula:

$\text{€ } z = (\text{basic salary} + \text{allowances}) / \text{yearly weekday hours}$. Eligible salaries are pinned to the following hourly rates (including National Insurance and Inland Revenue and allowances) and personnel limits per project:

Role in Project	Hourly rates	Limits per project
Top Management or equivalent	€ 32.09/hour to € 39.51/hour	Max 2 per project
Middle Management, or equivalent	up to € 32.08/hour	Max 2 per project
Senior Researcher ² or equivalent	€ 22.82/hour to € 32.08/ hour	Max 2 per project
Researcher ³ or equivalent	€12.66 to € 22.81/hour	No Limits
Operational, technician, research support assistant or equivalent	up to €12.65/hour	No Limits

*The rates stated in the table above are for the **year 2020**. For subsequent years a 5% increase per year is allowed. Kindly ensure that only hourly rates are provided in the application form.*

Personnel in salary brackets that are higher than those noted above will still only be reimbursed at the rates of the eligible brackets above depending on their role in the project. The hourly rates will have to be noted in the applications along with the number of hours on the project per individual.

The salary of senior researchers, researchers, technicians, operators and research support assistants that are employed **specifically** for the project would not form part of the personnel costs limit of 20% of the project value. This provision is not applicable to existing personnel that are provided with separate part time contracts to extend their working hours with the entity, for the purpose of the project.

Personnel Costs related to Project Management are further limited to 10% of the project value and form part of the 20% limit set on personnel costs. Any project management which is not carried out by any of the partners shall be deemed to be subcontracting and, apart from being subject to the 10% maximum threshold detailed herein, will also be calculated as part of the 25% maximum referred to subcontracting costs.

Students can be engaged on the project and paid an annual stipend of €6,000 when reading for a full-time Master's degree or an annual stipend of €8,000 when reading for a full-time Doctoral

² The term 'senior researcher' is to be used for a postdoctoral researcher with a specialist and high level of local and international experience in the field. Individuals possessing a high level of experience in industry can still be considered. The applicant is to confirm this judgement with MCST well in advance of submitting the application form.

³ The term 'researcher' is to be used for a Bachelor's, Master's or a Ph.D. degree holder and hence the hourly rate should be equivalent to the degree held by the relevant individual.

degree. In cases where postgraduate degrees are read for on a part-time basis, these stipends may be prorated at the discretion of MCST.

Note that for every engaged student, a full-time researcher must be employed by the consortium.

Filled time sheets are to be retained for all personnel, including students, as proof of number of hours spent on the project. Documentation of the utilisation of the employees' internally funded research quota for other research activities is to be retained as this evidence may be required by the auditors.

- Specialised equipment: Purchase of specialised equipment including software. **For equipment over €15,000, it is recommended that specifications are provided in the application form.**
- Travel: Travel is allowed for one individual per project per conference, with a maximum of €7000 (including indirect costs) across the two conferences per project. Only travel in relation to dissemination and externalisation activities is eligible. Applicants are to approach MCST to request a deviation should they require any funding to be directed to travel for access to international research structures and/or training.
- Scientific information: Access to scientific information sources including databases and publications
- Consumables: Overall value of consumables typically cannot exceed 30% of project value. Proposals with consumables exceeding 30% of the project value need to be discussed at application stage.
- Other: Other operating expenses directly related to the project, such as dissemination costs that are over and above the specifically allocated €5,000. Section 15.2 contains a list of what this 'allocated funds for dissemination' covers.

10.1 Subcontracted Activities

Subcontracted Activities shall be up to a limit of 25% of the project value, provided that prior approval is attained from the Committee before subcontracting to ensure fair procurement procedures.

Subcontracted Activity means any activity related to the project, (including but not limited to consultancy), which is not carried out directly by a Partner or its employees, but is carried out by any third party (local or foreign) individual, company, partnership or entity, under whatsoever terms and conditions.

10.2 Audits

Eligible Costs are to conform with the following, and are subject to the final audit scrutiny:

- Any expenses incurred during the course of the project must be consistent with the principles of economy, efficiency and effectiveness.
- In the event of purchases of any value private entity partners are required to demonstrate adequate market testing, obtaining three quotations from three different, independent, and relevant sources.
- Public entity partners are to follow Public Procurement Regulations in their entirety.
- Any calls for the recruitment of staff on a project is to be conducted in a strictly transparent manner, and is to include a public call in the form of an advert published in a Sunday newspaper (minimum size of advert: 2 columns by 8 cm) and interview process.
- Commercial transactions between consortium partners, or between a consortium partner and a company with similar shareholding to a consortium partner, is not allowed.

10.3 Eligible Indirect Costs

Overheads will be covered at 10% of direct eligible costs, excluding the costs of (1) subcontracting and (2) items of equipment above €5000 and (3) consumables above €5000.

Note that for equipment, the capping of €500 is per piece while for consumables, the capping of €500 is for the total amount of consumables per partner.

10.4 Ineligible Costs

The following expenditure shall be considered as ineligible costs:

- ✓ Expenses related to loans, interest, etc
- ✓ Recoverable value added tax
- ✓ Expenses which are recoverable through other funding mechanisms
- ✓ Re-purchase of equipment originally procured through other funding mechanisms
- ✓ Purchase of equipment from partners or their subsidiaries within the consortium
- ✓ Opportunity costs related to foregone production and production downtime arising from the allocation of resources to the Project
- ✓ Any activity related to the reproduction of a commercial product or process by a physical examination of an existing system or from plans, blueprints, detailed specifications or publicly available information.
- ✓ Standard office equipment/ stationery
- ✓ Organising a conference
- ✓ Personnel hours for travelling

10.5 Funding Distribution between Partners

In accordance with the objectives of this Programme, a project application should represent a good distribution of workload and financing between the different categories constituting the Consortium, and no single Partner should dominate the project.

Other Funding Limits

The following funding limits shall be applicable:

- ✓ Overall portion of funding for any individual Partner shall be limited to 75% of the project grant;
- ✓ Combined funding for any group of Partners within a Category shall be limited to 75% of the project grant.

10.6 Co-Financing

The following rates of co-financing shall be applicable:

The Programme's financial contribution to a Partner which falls under the definition of a Maltese Public Entity, Higher Education Entities not undergoing an economic activity shall be 100% of eligible costs incurred by that Partner. Non Profit Making NGO or Non Profit Making Professional Body shall be 100% of the eligible costs incurred by the Partner.

The Programme's financial contribution to a Partner which falls under the definition of Maltese Industrial Entity shall be limited to 75% of eligible costs incurred by that Partner. Therefore, such a Partner must contribute the remaining 25% to the Project. It is not possible for a Partner to cover the contribution of 25% 'in-kind'. This includes but is not limited to limited liability companies, partnerships and Higher Education institutes undergoing an economic activity.

The Programme's financial contribution to a partner that falls under the definition of NGO or Professional Body and is considered to be a profit-making entity, will be limited to 75% of the eligible costs incurred by that Partner.

11 Evaluation

Project applications will be evaluated through a three-step process. Primarily, projects will undergo an administrative compliance evaluation. If successful, projects will be forwarded to three external evaluators for External Evaluation and then for Due Diligence. Failure to achieve a minimum of 65% pass from External Evaluation will lead to the termination of the project. For a project to be successful it must pass from all three steps.

External Evaluators will be evaluating applications on the following criteria:

Effectiveness of consortium and resources (25%): Threshold 15

- ✓ Are the participants of the consortium complementary to each other and consist of the suitable operational capacity and skills to carry out the proposed work effectively?
- ✓ Does the consortium possess, or intend to subcontract, the necessary skills to understand the sectorial market and thus promise an effective route to commercialisation?
- ✓ Have the individual profiles and CV's of the key researchers across all the consortium been provided, and do these key researchers have the right skills and experience to deliver the tasks being proposed?
- ✓ Are the proposed management structures and procedures credible, and do they promise to be effective?
- ✓ Is the work plan effective with respect to partner workload distribution according to their competencies?
- ✓ Have the other relevant resources, such as facilities, equipment, networks, been identified and accounted for in the planning of the proposal?
- ✓ Is the proposal and its implementation route credible, and is the proposal transparent and effective?
- ✓ Are the overall consortium and partners credible?

Coherence and effectiveness of proposal implementation (25%): Threshold 15

- ✓ Are the proposed deliverables coherent with the proposed Work Packages and are they specific and focussed sufficiently to deliver the technical excellence within this project's implementation?
- ✓ Are the timelines realistic and well balanced with the inherent risk of such R&I projects? Special attention should be given to the risks involved during the recruitment process.
- ✓ Is the coherence and effectiveness of the project plan, including appropriateness of the allocation of tasks and resources satisfactory when considering the level of funding being requested?
- ✓ Have potential risks been factored into the work packages of the proposal?
- ✓ Are the proposed budgets coherent with the project ambitions and technology development, such that funds are planned to be used effectively and appropriately?

Exploitation of results and dissemination (25%): Threshold 15

- ✓ Does the proposal promise publications in peer reviewed journals to an appropriate level, other than the mandatory deliverable? Are these publications open access, thus enabling increased dissemination? If they are closed access, do the journals enjoy a high impact factor?



- ✓ How much does the route to IP protection follow the recommendations given from the Commercialisation Voucher Programme?
- ✓ Does the proposal present a route to IP?
- ✓ Have articles in newspapers and magazines been included in the dissemination plan apart from the mandatory ones?
- ✓ Does the proposal include additional project dissemination activities such as: fairs, workshops and events? Examples include: Science in the City, R&I cafes, Enterprise European Network events, project exhibitions and so on.

Note that if the applications present just the mandatory deliverables for dissemination, the threshold mark should still be given. Further dissemination plans would then encourage higher marks.

Commercialisation (25%): Threshold 15

- ✓ Are the proposed outputs and outcomes coherent in terms of economic impact, employment and investment, with respect to the project ambition and funding requested?
- ✓ Is the proposed Technology Readiness Level (TRL) advancement consistent with that proposed in the Commercialisation Voucher Programme application, and is the move to higher TRL's sufficiently ambitious, yet realistic?
- ✓ Does the proposal, within its work packages and deliverables pay sufficient regard and attention with respect to the results of the IP Check, Market Research, Product Development Costing, Economic Impact and Risk Profile activities under the Commercialisation Voucher Programme (provided to the evaluators through executive summaries)?
- ✓ Has a credible route to commercialisation been reflected in the proposal (Note that those projects at an early TRL will only require a light level of regard in this aspect, in line with the maturity of the technologies being developed and the final TRL to be achieved at project end)?

Other considerations:

In the event that two or more projects obtain the same mark following evaluation, then MCST shall give priority to that project which provides the best consideration to:

- the implementation of gender equality in the research project
- other sources of co-financing aside from the industrial partner's mandatory contribution. Such sources are to be listed in section 6 of the application form.

12 Post Selection Process

12.1 The Grant Agreement

Following the successful evaluation of the application, the Consortium members will be invited to sign a Grant Agreement establishing the terms and conditions governing the financing of the project. The Project Application including but not limited to milestones, compliance and reporting obligations, and the IP agreement shall constitute an integral part of the Grant Agreement.

Hard copies of the Grant Agreement must be signed by all members of the Consortium within one (1) week from the date on which the Project Coordinator receives them. The project leader should ensure that all members of Consortium are available to provide their signature during this 1 week timeframe. Failure to comply with the stipulated timeframe will result in a withdrawal of the offer for funding.

Together with the signed copies of the Grant Agreement, the Project Coordinator must provide two (2) images related to the project and an abstract on the project. These will be used to publicise the award.

12.2 Start Date and End Date

The project will start on a pre-determined date as agreed by all the respective parties and determined in the Grant Agreement, which date shall be a date after the date of signature of this agreement by the Executive Chairman of the Malta Council for Science and Technology (Hereinafter the “Agreement Date”).

MCST will endeavour to transfer the first tranche of funding to the Lead Partner’s Project account as soon as possible after the Agreement Date, as described in the Grant Agreement. Between the Agreement Date and the Start Date, the Consortium should ensure that all activities required for a smooth project start are completed. These may include but not limited to:

- ✓ obtaining quotations for procurement purposes
- ✓ issuing a human-resources call
- ✓ opening a bank account for the depositing of the first tranche

To be eligible for funding, all expenses must be incurred between the Start Date and the End Date of the Project.

13 Double Funding

Funding under this Programme is made available on the basis that none of the project Partners have benefited and will not benefit from any other grant or financial incentive of whatever nature, applied for and/or utilised for the same scope as that subject of the funding requested under this Programme. Provided that, in the case where the application covers work that is part of a larger project, the Partner must submit a table as an appendix to the application form that shows a comprehensive list of the items of work and the source of funding for each item.

By signing the Grant Agreement, project partners are automatically accepting and authorising MCST to exchange essential information related to the project with other funding agencies, both local and overseas, for any necessary checks. Any occurrence of double funding should be communicated in writing to the Unit Director prior to the signing of the Grant Agreement.

14 Funding, Management and Progress Monitoring

14.1 Allocation and Disbursement of Funding

For the purposes of funding and reporting, a project submission shall be divided into a number of Stages. Each Stage shall be of a maximum of 12 months duration. Funding for any one stage shall not exceed 80% of the project grant.

Total financial contribution over the lifetime of the project shall not exceed the funding limit as established in the Grant Agreement, irrespective of actual expenditure.

The periodic funding will be allocated according to the following schedule:

At the beginning of each stage, MCST will provide the relevant pre-financing to the lead beneficiary. This will include both direct and indirect eligible costs.

A retention consisting of 20% of the project grant shall be withheld by MCST and only released upon successful completion of the project. This is deducted from the funds allocated for the last stage and from the preceding stage, if necessary.

In the case of a single-Stage project (one 12 month period), the prefinancing will be equivalent to 80% of the project grant.

The Project Coordinator will be required to submit a Technical Stage Report at the end of each stage and, within one month, a Financial Stage Report. The latter should contain details of actual expenditure over the past stage, together with an updated forecast of projected expenditure for the following stage. Such details must be broken down for each Project Partner. Both stage reports have to be approved by MCST before moving to the next stage.



Normally underspends are retrieved by MCST following the financial audited report. However, MCST reserves the right to modify tranche payments if it deems that the underspend within the previous stage is considerable.

In cases where an extension is required, beneficiaries are expected to notify MCST, in writing, at least one month prior to the deadline. Such notification should be sent to Mr. Stephen Borg (stephen.i.borg@gov.mt) keeping rtdi.mcst@gov.mt in copy.

14.2 Subcontracting

Where a component of the project work is a Subcontracted Activity, the following considerations shall apply:

The value of the subcontracting should not exceed 25% of the total project grant. The Lead Partner remains responsible for the timely delivery of the subcontracted tasks;

The Lead Partner shall ensure that such a third party is selected in a manner which is transparent, fair and impartial.

The Lead Partner should ensure that the attainment of any services or goods respect the procurement guidelines noted in section 10.2.

Subcontracting to foreign companies should only be considered if suitable expertise is not available locally. This must be duly justified.

The Consortium may consider joint bids from subcontractors (local or foreign) as long as these are presented in the form of a supplier consortium. Preference will be given to partners who have previous experience working together on similar projects.

Partners shall ensure that there is no discrimination between bidders and that all bidders are treated equally and transparently in all calls for quotations.

14.3 Final Financial Audit

Following the termination of the project or expiry of the Grant Agreement, the Lead Partner will be required to submit a Final Technical Project Report together with an Audited Final Financial Report for the whole project, thus covering the work and expenditure undertaken by all the Partners. The Final Financial Report needs to be audited by certified auditors appointed by each of the partners where each auditor is responsible for the financial audit of the relevant partner and approved by MCST once submitted. The audit should determine the total eligible costs and compare these to funds forwarded to the Partners. MCST reserves the right to appoint an auditor to audit the Project Financial Audit as submitted by the Partners. Following finalisation of the financial audit, the technical audit may be performed based on the templates provided by MCST.

As soon as the verifications and audits are finalised and cleared MCST will release the retention money due to the Partners. In the case of overpayment, the Partners will be required to refund the under-spend amount to MCST within a specific timeframe, or as agreed to with MCST, through the Project Coordinator.

14.4 The Technical and Financial Reports

The Technical and Financial Reports should include:

- ✓ An account of project activity and achievements over the past stage for each Partner compared with the originally submitted application.
- ✓ An account of actual expenditure over the past stage for each Partner compared with the originally submitted budgeted expenditure. All financial reports must be signed by the person responsible for the financial management of the Partner, and assembled as per the instructions in the Grant Agreement;
- ✓ An updated forecast of project activity and projected achievements for the following stage for each Partner;
- ✓ An updated forecast of projected expenditure for the following stage for each Partner.

Technical and financial report templates will be provided with the Grant Agreement which the consortium are requested to follow.

Over and above the audit responsibilities of the lead partner, MCST may conduct a detailed audit consisting of a financial and a technical part, following the completion of the project. The 3-part audit will consist of the following:

The financial audit

- Accounts
- Physical Inventory
- Time-sheets and payslips
- Receipts for all equipment and consumables
- Bank statements for the R&I Project Account

The Project Management Audit

- Schedule management
- Change management
- Deliverables
- Achievements compared with Key Performance Indicators

Technical Audit

- Brief summary of the project including scientific hypothesis investigated
- Interpretation of Research Results



- Project's impact, including Prototypes and IP/patent check

MCST reserves the right to request additional project-related information and conduct intermediate audits at any time.

In the event that a project is found to be in breach of the Grant Agreement or to materially depart from the submitted application, MCST reserves the right to discontinue the award and the Partners may be required to refund the Grant in part or in full. In any such event, MCST may also exclude an applicant from participating in future calls of the Programme.

14.5 Accountability

Each Partner should keep a separate bank account or records, clearly distinguishable from its other accounting records. All relevant expenses must be recorded in these accounts.

Eligible expenses must have been determined in accordance with the usual accounting and management principles and practices of the Partner. Direct eligible costs must be backed up with the relevant documentation as specified in the Grant Agreement.

15 Dissemination and Externalisation

15.1 Dissemination and externalisation plan

The mandatory deliverables involving dissemination can be found in section 9.3.1. Apart from these, a dissemination and externalisation plan is recommended to be submitted together with the application form (as indicated in appendix 4 of the application form). Alternatively, the project can demonstrate its dissemination and externalisation plan through a dedicated work package.

15.2 Allocated funds towards dissemination

Five thousand Euro (€5,000) shall also be reserved by MCST from the FUSION programme budget (over and above the maximum grant value of €195,000) for dissemination activities to be hosted by Esplora with the consortium support. These shall be used only for the following:

- Venue, room set-up and ancillary audio-visual equipment to cater for an event attended by 20-100 persons
- Catering and refreshments for the event
- Organisation of press coverage, release of press statements, invitation of speakers
- Photography (and videography if applicable)



- Posters and leaflets for event, plus poster material post-event
- Advertisement of the event in the local media
- Staff costs for the management, organisation and implementation of the dissemination activities
- Implementation of temporary exhibits and material related to the project within Esplora

This reserved amount should not be listed in the ‘Budget’ section of the application form. Any additional activities that involve costs, such as project websites, registration and publication fees and other public events, should be listed in the Budget section under ‘Other’. The Esplora event should ideally be held during the last stage of the Project.

Each partner applying under the de minimis regulation are to consider the full value of €5,000 dissemination funds as de minimis aid and should therefore ensure that this is reflected in their future de minimis aid declarations.

15.3 Referencing

Any articles and text material related to the project should include the words:

‘Project <Project Name> financed by the Malta Council for Science & Technology, for and on behalf of the Foundation for Science and Technology, through the FUSION: R&I Technology Development Programme’.

Any websites or printed material related to the project should also include MCST logo, the Ministry logo or any other logo related to this Programme as provided by MCST. Such material should follow the specifications described in MCST’s Guidelines.

During the Term of Agreement and for five (5) years thereafter, the Partners shall include and prominently feature MCST and this Programme in any publicity related to the project, as per MCST’s Guidelines.

All publications should be approved by MCST before publication and should make mention of MCST as per above guidelines. In the case where printed material is published without a mention of the FUSION R&I Technology Programme and MCST, the Consortium shall be obliged to publish a correction at its own expense in the subsequent issue of the publication. This is also applicable for published material produced by persons who are not members of the consortium. In the case where such publicity does not mention the FUSION R&I Programme and MCST, associated costs will be considered ineligible.

16 Supervening Circumstances

The Project Coordinator is obliged to immediately advise the Unit Director, of any internal or extraneous significant event which might affect the validity or implementation of the project. This obligation applies to the entire period between the submission of the preliminary project application and the completion of the project.

MCST shall acknowledge receipt within five (5) working days. The reply will either give such directives as it deems necessary for the furtherance on the project or re-assess the project in its entirety accordingly.

Failure on the part of the Project Coordinator to respect this obligation may be deemed by MCST to constitute material non-compliance on the part of the Beneficiary and MCST may thereafter take such action as is necessary in terms of the Grant Agreement in consequence of such non-compliance.

If during the course of a project a Partner withdraws from the Consortium, the Lead Partner will advise immediately the Unit Director. MCST shall then, at its own discretion either gives such directives as it deems necessary for the reallocation of tasks among the remaining Partners or the nomination of a replacement Partner, for the furtherance on the project or re-assess the project in its entirety accordingly.

16.1 Time Extensions

Time extension requests are to be submitted in writing to Mr. Stephen Borg, who will seek the approval of the Unit Director, by not later than **one (1) month before the original stage end date**. Such extensions will be granted at the sole and unfettered discretion of MCST and may only be **up to a maximum of six (6) months per stage**. Provided that the fact that MCST will have accepted a request for an extension in one stage will not in any manner bind or be interpreted as binding MCST to accept a request for an extension in another stage.

16.2 Default

If the implementation of a project becomes impossible or if the Partners fail to implement it, MCST shall be entitled to take any action it deems necessary, including, but not limited to, the withdrawal of funding for the project and the collection of refunds of money already paid out. A similar course of action may be followed if a project is in default as a result of not meeting one or more of its obligations. However, MCST will provide a maximum of two notices indicating a rectification period of one month each.



17 Interpretation of Rules

This document endeavours to establish comprehensive and unambiguous rules governing participation in the FUSION R&I Technology Development Programme. However, should circumstances arise where the rules are inadequate, unclear, and ambiguous or conflicting, MCST shall exercise its discretion in the interpretation of the rules or will extrapolate the rules as necessary through the setting up of ad hoc committees.

ANNEX ONE

Process Schedule Diagram

