



The Malta Council for
Science & Technology

FUSION Research and Innovation:

Go To Market - Accelerator Programme

Rules for Participation 2022-23 - Option A – **State aid regime GBER**



FUSION
The R+I
Programme



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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 (MCST) as the Managing Authority.

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 various programmes. These programmes are designed in a way to offer the necessary mentoring and financial support for researchers and technologists to develop their ideas for the betterment of society.

2 The Go To Market - Accelerator Programme

This grant is intended to be a follow-on grant from the FUSION R&I: Technology Development Programme (TDP). The programme aims to cater for the final steps in TRL advancements in relation to deployment of the product or service in the operational environment. **This grant aims to provide financing for further verification and validation, including technology application validation, of technology developed during the TDP.**

Ultimately, this programme will consolidate and validate the prototype to the market and/or focus on the production quality to provide a concrete route to market.

The Go To Market - Accelerator Programme 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 and Commercial feasibility 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 former MCST R&I projects. These projects will continue to build on the outcomes of the Commercialisation Voucher Programme (CVP) and applied research programmes.

2.2 Contacts

For general enquiries kindly contact:

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For escalated enquiries kindly contact:

Name: Mr. Stephen Borg
Designation: Senior R&I Executive
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3 Definitions

Applicant means anyone eligible for participation in a Project in terms of these Rules for Participation and who consequently applies for funding under this joint initiative.

Arm's length means that the conditions of the transaction between the contracting parties do not differ from those which would be stipulated between independent enterprises and contain no element of collusion. Any transaction that results from an open, transparent and non-discriminatory procedure is considered as meeting the arm's length principle.

Council refers to the Malta Council for Science and Technology

Effective collaboration 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 of its financial risks. Contract research and provision of research services are not considered forms of collaboration.

Eligible direct costs are those costs incurred directly by the national beneficiaries 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.

Eligible undertaking Eligible undertakings are defined as undertakings planning to carry out research and innovation activities that are eligible to participate in a proposed consortium. In order to be eligible, applicants must additionally satisfy the following criteria. They must be either: a) a partnership constituted under the Companies Act, being a partnership en nom collectif, or en commandite; or b) a limited liability company; or c) professional body; d) NGOs; e) Non-profit making entities (including Foundations) d) Public entities.

Employee means any person who has entered into or works under a contract of service, or any person who has undertaken personally to execute any work or service for, and under the immediate direction and control of another person, including an outworker, but excluding work or service performed in a professional capacity or as a contractor for another person when such work or service is not regulated by a specific contract of service. The employee must conform with the eligible cost under the personnel category. The employment must conform to the relevant Maltese employment legislation and extenuating obligations.

End Date means the date when the Project Period, having commenced on the Start Date, expires. The Project Period is the time required to execute the Project as indicated in the grant agreement.

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.

Legal Entity means any entity created within the European Economic Community, having an operating base in Malta and which has legal personality, which may, acting under its own name, exercise rights and be subject to obligations.

Project Value means the entire project budget including any co-financing.

Project Grant means the granted funding provided.

Partner is defined as a partner in a consortium of a funded transnational project

Personnel costs means the costs of researchers, technicians and other supporting staff to the extent employed on the relevant project or activity

Project Coordinator is one of the beneficiaries of a project consortium that is appointed as the single point of contact between the Lead Agency and/or the funding bodies and the consortium partners from proposal submission to project end. He/she will have the responsibility of ensuring that all the partners involved in the consortium are eligible and supervises the project workflow with the help of WP leaders. Additionally, he/she will be required to submit the project application on behalf of the consortium and must also compile and submit reports / deliverables to the funding bodies which in turn will relay these documents to the Lead Agency. Can also be referred to as **Principal Investigator**.

Project Contact Point is the individual, appointed to act on behalf of the Applicant and who is responsible for communicating with the Council about the Project.

Public entity is any Ministry, Department, Entity, Authority, Public Commission, Public Sector Foundation or similar organisation that does not carry out an economic activity within the meaning of Article 107 TFEU and that exercises public power, or else acts in its own capacity as public authority, where the activity in question forms part of the essential function of the State or is connected with those functions by its nature, its aim and the rules to which it is subject. However, the classification of a particular entity as an undertaking depends entirely on the nature of its activities, and the overriding criterion of consideration is whether it carries out an economic activity or not, e.g. an entity that is formally part of the public administration may nevertheless have to be regarded as an undertaking within the meaning of Article 107(1) of the Treaty. Thus, an entity that carries out both economic and non-economic activities is to be regarded as an undertaking only with regards to the former. In this case, if the economic activity can be separated from the exercise of public powers, than that entity acts as an undertaking in relation to that activity and the financing, the costs and the revenues of that economic activity shall be accounted for separately from the other non-commercial activities.

Research and Development is defined as 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, and includes:

a) **Industrial Research** means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing

products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation

b) **Experimental Development** means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services.

Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real-life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product, and which is too expensive to produce for it to be used only for demonstration and validation purposes.

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

Research and Knowledge-dissemination Organisation means an entity (such as universities or research institutes, technology transfer agencies, innovation intermediaries, research-oriented physical or virtual collaborative entities), irrespective of its legal status (organised under public or private law) or way of financing, 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. Where such entity also pursues economic activities, the financing, the costs and the revenues of those economic activities must be accounted for separately. Undertakings that can exert a decisive influence upon such an entity, in the quality of, for example, shareholders or members, may not enjoy preferential access to the results generated by it.

Single Undertaking includes all enterprises having at least one of the following relationships with each other:

- i. One enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- ii. One enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;

- iii. One enterprise has the right to exercise a dominant influence on another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- iv. 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 (i) to (iv) above through one or more other enterprises shall be considered to be a single undertaking.

Start Date means the date which is stated in the grant agreement for the official start of the project.

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.

Technology application validation: confirms that system performance and operation are met under anticipated operating scenarios. Further, it seeks to confirm that the technology will be appropriate in the intended use case and will meet the needs and requirements of the end user.'

Undertaking in Difficulty means an undertaking 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 disappeared 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 disappeared 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 request 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.

4 Eligibility Criteria and Applications

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

Applicants must be sole entities or consortia composed of Maltese legal entities who are in **possession of an intellectual property (IP), through licencing or assignment, developed at TDP Stage and through the CVP Reports.** Where a project may not have a legal basis for IP, an official document showing a transfer of 'IP ownership' with the respective state aid implications has to be provided in cases where the original proposer at TDP stage is no longer involved will suffice. **The TDP Projects themselves must either be completed or in its final stage.**

Any applicants that, at the time of proposal submission, are considered by MCST to be non-compliant with respect to Grant Agreement obligations on other active projects funded by MCST, may be immediately deemed ineligible at application stage or will not be awarded funding under this programme. This also applies to situations whereby the applicant is outside approved project timelines on other projects funded by MCST, and where the applicant is in recognised default.

5 Consortium

5.2 Consortium

A project application may be submitted by a consortium which consists of two or more partners who are individually eligible to apply to this programme.

It is permissible for a consortium to consist of one or more partners applying under the Option A Rules for Participation, and one or more partners applying under Option B as per these Rules for Participation.¹

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 execution of the project.

Any person may only be involved with one project partner (Refer to section 5.4).

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

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.

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**;

5.3 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. This person will also act as the **Project Contact Point**.

5.4 Conflict with Fundamental Aim of Programme

Pertaining to the arm's length principal, 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.

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 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 (Option A) - GBER

The General Block Exemption Regulation (GBER) applies within this set of 'Rules of Participation'. Through GBER, the European Commission dictates categories of aid, under certain conditions which are exempt from notification requirements in accordance with article 109 of the European treaty. Applicants under this route must comply with the Commission Regulation (EU) No 651/2014 and extended by Commission Regulation (EU) 2020/972.

Kindly note that, when applying for GBER, the aided part of the research and development can only relate to **Industrial Research and Experimental Development**.

The following declarations will need to be included in the application form to justify the aid intensity:

1. Undertaking in difficulty form
2. Enterprise size declaration
3. Declaration of Effective Collaboration

Kindly note, in case a project with a GBER partner is awarded, a further document may need to be submitted and evaluated by the Council. This evaluation form is the Research type evaluation form. The aid intensity may vary depending on the outcome of this evaluation.

7 The Application Process

The Call for Project Proposals will be open from **13th October to 24th November 2022 at 23:59pm**. 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.

7.1 Application Submission

The Go to Market - Accelerator Programme application must present a coherent, comprehensive and credible plan based on:

- ✓ Reasonable estimates
- ✓ 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 these 'Rules for Participation' prior to submission as no amendment or negotiations are allowed after submission. If any errors with the budget are noted the budget will be either considered as a major deviation or minor deviation and will be handled as described in Section 11. The Council maintains the right to request further clarifications regarding the proposal after its submission, should the need arise.

The legal representative of each participating organisation within the consortium must sign off on the application and enter the date of signature. 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.

The content of the application form and these rules for participation 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**.

Application forms can either be sent electronically to gtm.mcst@gov.mt, keeping Mr. Alistair D'Agata in copy, with "Go To Market - Accelerator Programme Submission" as a subject. 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 signed within the application and as a separate spreadsheet.
- ✓ **Curricula Vitae** of key persons including relevant track records. These should clearly establish that the applicant has the potential to carry out the project.
- ✓ A detailed **business concept** in the scope of commercialising the technology.
- ✓ **Evidence of IP ownership** of a technology developed during the technology development programme.
- ✓ **Additional Declarations** (related to Personal Data, Cumulation of Aid, Double Funding, Outstanding Recovery Order and Transparency Obligations) for each partner
- ✓ In the event that the applicant 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
- ✓ **Management accounts** to include detailed profit and loss and balance sheet for the current year.
- ✓ **Entity size declaration form**
- ✓ **Undertaking in difficulty form**
- ✓ **Effective Collaboration Declaration Form** if applying as a consortium with a partner applying under option A
- ✓ **Indirect State Aid Declaration form** when submitting as a consortium consisting of partners applying under both option A and option B.
- ✓ **An IP Agreement** in the case of consortia
- ✓ **Any other documents required by Option B** in the case of partner applying under that route.

The **Research Type Declaration Form** will be requested after the successful evaluation of the proposal.

Undertakings will be subjected to a Due Diligence evaluation which will make use of the documents submitted as well as documents within public record.

It should be noted that emails with large attachments may be rejected by the system. Other file transfer services (such as WeTransfer) may be considered.

All received applications shall be acknowledged in writing or by email. Incomplete applications which are not received by the Council as at **24th November 2022, 23:59** 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 relevant organisations. It is the applicant's responsibility to ask for information on lead times pertaining to the Council.

Partners should also consider personal commitments, vacation leave etc, when planning to submit an application. **All project application submissions, which must reach MCST by the deadline, must be dated and signed by the beneficiary's legal representative.**

7.2.2 Assistance with Applications

Prospective project applicants are encouraged to **seek the advice of the Council 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 the Council'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”.

8 Confidentiality of Submissions

Unless otherwise indicated, all project application submissions except for the abstract shall be treated in strict confidence. The data collected by the Council via the application for the aid and its subsequent processing by the Council to evaluate data subject’s request for aid under the Scheme is in line with:

- i The Rules for Participation;
- ii Commission Regulation (EU) No 651/2014 of 17th June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty as amended by Commission Regulation (EU) No 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs (hereinafter referred to as the ‘General Block Exemption Regulations’) (for Schemes notified under the General Block Exemption Regulations). Subsequently amended by *Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments, and as may be subsequently amended.*
- iii Data Protection Act, Chapter 586 of the Laws of Malta and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
- iv The legitimate basis to process personal data submitted by the data subject by virtue of his/her written application for aid is Regulation 6 (1)(b) of the General Data Protection Regulation (“GDPR”), as ‘processing is necessary in order to take steps at the request of the data subject prior to entering into a contract’.

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.

9.2 Project Grant

The grant will be divided into several form of financing:

- The **accelerator grant** will have a maximum grant of up to €100,000

9.1 Accelerator grant Start Date and Duration

The project must start by **1st March 2023** or as otherwise stated by MCST.

The project should be a single stage project with a duration of 12 months or 18 months.

9.2 Deliverables

Deliverables are tangible outcomes of the project and must be submissible. They must be proposed between the start and end date of the project. Deliverables not within the project timelines will not be considered. **A milestone** refers to a key deliverable or achievement within the project.

9.2.1 Mandatory Deliverables

A consortium should:

- ✓ Report on project progress as per the list hereunder and in line with the templates provided:
 - Hold a **meeting with the Council every 6 months** (including presentation) to verbally update on the project progress.
 - **End of Project Technical Report;**
 - **End of Project Financial Audited Report**
 - **A Business Plan or Business Case specific to the project** (provided one has not been prepared prior to application).

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 Report must be submitted prior to the termination. The end of project financial audited report must be submitted two months from the completion of the project.

Any changes to the project deliverables, work-packages or any other parameter committed in the application are to be communicated in writing to the Council, at least prior to the deadline, who will then seek approval from the Unit Director. A clear justification in writing should be provided on the appropriate letterheads. 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.

9.2.2 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:

- ✓ Registration of intellectual properties.
- ✓ The formation of private, spin-off entities
- ✓ Commercial commitments.
- ✓ Verification and validation reports.
- ✓ Certifications (CE, ISO, etc.)
- ✓ Oral presentation/s at international conference/s
- ✓ Additional project dissemination activities particularly to boost the commercial potential of the project.

MCST appreciates that the attainment of these deliverables may depend on externalities. The applicant is expected to take these into consideration when submitting their application forms. 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.

Eligible Costs for GBER Aid:

Kindly take note of the ineligibility of travel costs and the depreciation costs for equipment. The eligible direct costs in full are:

- **Personnel Costs**

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:

€ z = (basic salary + allowances)/yearly weekday hours. Eligible salaries are pinned to the following hourly rates (including National Insurance and Inland Revenue and allowances)

Personnel limits per project:

Role in Project	Hourly rates (€/hr) 2022		Hourly rates (€/hr) 2023		Hourly rates (€/hr) 2024	
	min	max	min	max	min	max
Manager	NA	47.53	NA	49.91	NA	52.41
Senior Researcher ² , IP executive or equivalent	26.27	36.28	27.58	38.09	28.96	39.99
Researcher ³ , IP officer or equivalent	13.77	26.26	14.45	27.57	15.17	28.95
Operational, technician, research support assistant or equivalent	NA	13.76	NA	14.44	NA	15.16

*The rates stated in the table are for the **year 2022-24**. For subsequent years a 5% increase per year is allowed. Kindly ensure that only hourly rates are provided in the application form.*

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.

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.

Personnel Costs related to Project Management are limited to 15% of the project value. 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.

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.

Depreciation of specialised equipment: Purchase of specialised equipment including software. For equipment over €15,000, it is recommended that specifications are provided in the application form. If a specialised Laptop/pc is going to be purchased, please specify its usage/specs.

For GBER, costs of instruments and equipment are eligible to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the **depreciation costs** corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. The depreciation costs must be verified by a Certified Public Accountant

- **Scientific information:** Access to scientific information sources including databases and publications
- **Consumables:** Overall value of consumables cannot exceed 30% of project value. Proposals with consumables exceeding 30% of the project value need to request a pre-agreed deviation at application stage.
- **Other:** Other expenses directly related to the project.

10.1 Subcontracted Activities

Subcontracted Activities shall be up to a limit of 40% of the project value

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

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

- The applicant remains responsible for the timely delivery of the subcontracted tasks;
- The applicant shall ensure that such a third party is selected in a manner which is transparent, fair and impartial in line with the applicant's procurement processes.
- The applicant shall ensure that there is no discrimination between bidders and that all bidders are treated equally and transparently in all calls for quotations;
- The applicant should ensure that the attainment of any services or goods respect the procurement guidelines noted in section **Error! Reference source not found..**

10.2 Dissemination

Dissemination fees are not eligible under these rules for participation (Option A)

10.3 Audits

Eligible Costs and procedures are to conform with the auditor's checklist which will be included in the grant agreement, and are subject to the final audit scrutiny.

10.4 Eligible Indirect Costs

Overheads will be covered at 10% of direct eligible costs.

10.4 Ineligible Costs

The following in a non-exhaustive list of expenditures which 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
- ✓ Patent renewal/maintenance fees
- ✓ Travel

In the event a cost which is not clearly ineligible/eligible is to be proposed. Kindly contact the Council by adjudication.

10.5 Co-Financing

The following rates of co-financing shall be applicable under this set of rules (option A):

For partners who are applying under **GBER** aid:

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, as amended by Commission Regulation (EU) No 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs, and by Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments, and as may be subsequently amended.

Considering that the only types of research eligible under this programme are Industrial Research and Experimental Development. It follows that the maximum aid intensities are as follows:

	Small Undertaking	Medium Undertaking	Large Undertaking
Industrial Research	70%	60%	50%
Industrial Research + Effective Collaboration	80%	75%	65%
Experimental Development	45%	35%	25%
Experimental Development + Effective Collaboration	60%	50%	40%

Kindly note that the requested aid intensity may vary depending on the activity. Each activity will be evaluated to assess the appropriateness of the intensity selected in the **Research Type Evaluation Form**.

11 Evaluation

Project applications will be evaluated through a three-step process. Primarily, projects will undergo an administrative compliance evaluation. At this stage, if any errors with the budget are noted the budget will be either considered as a major deviation or minor deviation. Major deviations refer to cases where ineligible costs amount to 10% or over of the project grant whereas minor deviations are under 10% of the project grant. Major deviations will be considered administratively non-compliant whereas minor deviations will be amended by the Council and sent for external evaluation with the beneficiaries given the opportunity to approve or reject the new conditions following the external 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:

11.1 Excellence (40% Threshold: 25%)

- Has a cogent business concept highlighting the competitors, competitive advantage, product description and relevant markets been presented?
- Does the concept include information on any developments which have happened, or are required, in order for the business to be a success? (Major achievements include items like IPR, prototypes, location of a facility, any

crucial contracts that need to be in place for product development, or results from any test marketing that have been conducted?)

- Is the route to commercialisation (licensing, sale of IPR, Sale of product, etc.) complementary with the technology and applicant in question? Is the route to commercialisation clear and well defined?
- Do the individuals present within the entity and the entities' support structure have the adequate skills and expertise to carry the proposal would these same individuals be adequate to continue beyond the project and commercialise?

11.2 Impact (30% Threshold: 20%)

- Is there clear allocation (through the grant or investment) of resources dedicated to externalisation to major stakeholders?
- Does the proposal or business concept outline marketing strategies with an understanding of the industry and an assessment of relevant marketing activities? Have potential consumers of the technology been clearly identified?
- Has IPR protection and exploitation been adequately considered?
- Has adequate market research been carried out? Does the technology appear to have the potential to permeate, create or disrupt markets?
- Has a targeted dissemination and outreach campaign, with the aim of approaching possible stakeholders, customers, policymakers or major industrial players, been outlined?

11.3 Implementation (30% Threshold: 20%)

- Has a robust “feedback loop” between product development and stakeholder consultation been established?
- Is the current status of the technology in line with what is intended by this scheme (Start around TRL 5/6 and end around TRL 7/8)? Is there clear need for TRL advancement and product development? Is the strategy for advancement justified and ambitious?
- Are the planned activities dedicated to making the product more marketable? (For example, improvements, Verification & Validation, certification, etc.)
- Does the budget reflect the intended activities and have all required resources been accounted for in the proposal?

Kindly note that, for proposals including a partner applying under the GBER state aid route, an extra evaluation step will be undertaken to assess the research type of each

activity and determine the aid intensity after selection by the expert evaluators. Undertakings are also subject to a due diligence evaluation.

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 applicant will be invited to sign a Grant Agreement establishing the terms and conditions governing the financing of the project. The project application shall constitute an integral part of the Grant Agreement.

Hard copies of the Grant Agreement must be signed within **two (2) weeks** from the date of receipt. Where a legal representative is not available a proxy should sign. Failure to comply with the stipulated timeframe may result in a withdrawal of the offer for funding.

Together with the signed copies of the Grant Agreement, the Project Coordinator must provide an abstract of the project which may be used by the Council 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.

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 resource calls
- ✓ 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. This includes and is not limited to any publication costs.

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

- At the beginning of the project, MCST will provide the 80% 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.

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 Project Coordinator will be required to submit a Technical Stage Report at the end of the project and, within two months, an audited financial Report. The latter should

contain details of actual expenditure. Financial details must be broken down for each Project Partner.

Underspends are retrieved by MCST following the financial audited report. Typically, these are reduced from the retention amount though MCST reserves the right to request the return of funding that goes unspent.

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 the Council keeping gtm.mcst@gov.mt in copy.

14.2 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 including the audit checklist 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 the Council once submitted. The audit should determine the total eligible costs and compare these to funds forwarded to the Partners. The Council 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 the Council. The audit should be conducted in line with an audit checklist which will be included in the Grant Agreement.

As soon as the verifications and audits are finalised and cleared The Council 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 the Council within a specific timeframe, or as agreed to with The Council, through the Project Coordinator.

14.3 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 is 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.

14.4 Accountability

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

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.

14.5 Referencing

Dissemination 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 Go To Market Programme’.

This acknowledgement will need to be included on any dissemination material submitted to the Council to be considered as fulfilling the obligations of the grant agreement. Dissemination related deliverables which do not have this acknowledgement will not be accepted.

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.

15 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.

15.1 Transfers of Funds

Beneficiaries are able to transfer funds between eligible, budgetary items during the lifetime of their project. These transfers must be **in keeping with the nature and purpose of the funds** granted. The transfers must also **adhere to the limits for individual line** items in section **Error! Reference source not found.**. The process and level approval required for these transfers is dependent on the amount to be transferred in proportion with the overall project value.

- Transfer of funds totalling a maximum of **10% the overall project value is allowed** and do not require prior approval by the MCST. Notification of such transfers will be presented in the following meeting with the Council and accounted for in end of stage financial reports. It is the responsibility of the beneficiary to ensure that these do not exceed the limits for categories.
- Transfer of project funds **over 10% of that partner's overall project value** must be requested in a justification letter as described in the previous point and accompanied with an interim financial report showing the requested changes. Following the approval process, an addendum will be drafted and signed by all partners.

If funds are transferred to the subcontracting line item, the equivalent reduction in indirect costs will be forfeit. Kindly note, **it is not acceptable to transfer funds between partners within a project.**

15.2 Time Extensions

Time extension requests are to be submitted in writing to the Council nominated project administrator, 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 **three (3) months**. 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. Extension requests may accumulate, that is to say, forgone extensions in previous stages may be requested in subsequent stages (for example, if an extension was not requested in stage 1, two extension of 3 months may be requested in stage 2).

15.3 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.

16 Interpretation of Rules

This document endeavours to establish comprehensive and unambiguous rules governing participation in the FUSION R&I Go To Market - Accelerator 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.