



**FUSION**  
The R+I  
Programme

## **FUSION R&I Technology Development Programme 2014 - 2020**

---

### **Rules for Participation**

**Version 1.0  
May 2014**

## Table of Contents

---

<b>1. Introduction.....</b>	<b>3</b>
1.1. <i>FUSION the R&amp;I Programme.....</i>	3
1.2. <i>The Technology Development Programme.....</i>	3
1.3. <i>Programme Scope and Focus.....</i>	3
1.4. <i>Contacts.....</i>	4
1.5. <i>Definitions.....</i>	4
<b>2. Eligibility Criteria and Applications.....</b>	<b>8</b>
2.1. <i>Eligibility for Participation.....</i>	8
2.2. <i>Priority Sectors.....</i>	8
2.3. <i>Consortium.....</i>	9
2.4. <i>Project Coordinator.....</i>	9
2.5. <i>Conflict with Fundamental Aim of Programme.....</i>	10
2.6. <i>Eligibility Under the State Aid Regime.....</i>	10
<b>3. The Application Process.....</b>	<b>12</b>
3.1. <i>Application Submission.....</i>	12
3.2. <i>The Application Process.....</i>	12
3.3. <i>Considerations at Application Stage.....</i>	15
3.3.1. <i>Respecting Lead Times.....</i>	15
3.3.2. <i>Assistance with Applications.....</i>	15
3.3.3. <i>Confidentiality of Submissions.....</i>	15
3.4. <i>Programme Parameters.....</i>	16
3.4.1. <i>Project Duration.....</i>	16
3.4.2. <i>Grant Value.....</i>	16
3.4.3. <i>Deliverables.....</i>	16
3.4.4. <i>Outputs and Outcomes of the Project.....</i>	17
3.4.5. <i>Eligible Costs.....</i>	18
3.4.6. <i>Eligible Indirect Costs.....</i>	20
3.4.7. <i>Ineligible Costs.....</i>	20
3.4.8. <i>Funding Distribution between Partners.....</i>	20
3.4.9. <i>Co-Financing.....</i>	20
<b>4. Evaluation.....</b>	<b>22</b>
4.1. <i>Project Proposal and Objectives [Max 10%, section pass mark 5%].....</i>	22
4.2. <i>Project Plan [Max 15%, section pass mark 10%].....</i>	22
4.3. <i>Consortium Experience and Partners' Expertise [Max 25%, section pass mark 20%].....</i>	22
4.4. <i>Outputs and Outcomes [Max 30%, section pass mark 25%].....</i>	23
4.5. <i>Validation and dissemination [Max 10%, section pass mark 5%].....</i>	23
4.6. <i>Budget [Max 10%, section pass mark 0%].....</i>	24
4.7. <i>The Feasibility Studies.....</i>	24
<b>5. Post Selection Process.....</b>	<b>25</b>
5.1. <i>The Grant Agreement.....</i>	25
5.2. <i>Start Date and End Date.....</i>	26
5.3. <i>Double Funding.....</i>	26
<b>6. Funding, Management and Progress Monitoring.....</b>	<b>27</b>
6.1. <i>Allocation and Disbursement of Funding.....</i>	27

6.2. Accountability .....	28
6.3. Dissemination & Externalisation.....	28
6.4. Subcontracting .....	29
6.5. Progress Reporting and Final Auditing .....	30
6.6. Supervening Circumstances .....	31
6.7. Default .....	31
6.8. Interpretation of Rules .....	31

## **1. Introduction**

---

### **1.1. FUSION the R&I Programme**

FUSION, the R&I Programme, presents a funding programme that supports Research and Innovation with the ultimate goal of promoting and supporting local research and innovation as well as providing the necessary handholding in order to enable researchers and technologists to turn their innovative ideas into a market ready reality. FUSION is supported through Malta Government funds managed by the Malta Council for Science and Technology and will run from 2014 to 2020.

The main objectives of FUSION are to raise the level and profile of locally funded research and ingrain research and innovation at the heart of the Maltese economy to spur knowledge-driven and value-added growth and sustain improvements in the quality of life. This can be obtained since research results and innovation have the potential of translating themselves into commercial activities which generate a multiplier effect on the economy at large by increasing Malta's competitiveness through the creation of additional high-value and knowledge intensive employment 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 to researchers and technologists to take their ideas to the market.

### **1.2. The Technology Development Programme**

The Technology Development Programme is a funding programme which supports the actual development of research and innovation carried out by local organisations.

The Technology Development Programme will build on the scientific opinion and the outcomes of the first five feasibility studies covered by the Commercialisation Voucher Programme, namely, IP Check, Market Research, Product Development Costing, Economic Impact and Risk Profile. This requirement would ensure that the project proposal is indeed dealing with something new or an improvement of something which is already in existence. In addition it will also provide the extent to which the idea has the potential of being commercialisable and make it to the market.

### **1.3. Programme Scope and Focus**

The Technology Development Programme, which is managed and administered by the Council shall provide financial support for research, development and innovation in the field of science and technology. The focus shall be on Research and Innovation, Knowledge Transfer and collaboration between (1) Academia and (2) Industry with the intent of commercialising the technology developed.

Selection and funding of projects under this programme shall be on a competitive basis. In order to proceed through the Technology Development Programme, the applicant needs to show that the project proposal has made it through the evaluation of the first five activities covered by the

Commercialisation Voucher Programme, namely, IP Check, Market Research, Product Development Costing, Economic Impact and Risk Profile.

The Council shall then evaluate the application for the Technology Development Programme in accordance with the procedures and criteria laid down in this document.

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

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

## 1.4. Contacts

Correspondence should be directed to:

Ing. Joseph P. Sammut  
Director, R&I Funding Unit  
The Malta Council for Science & Technology  
Villa Bighi, Bighi,  
Kalkara KKR 1320  
Email: [technologydevelopment.mcst@gov.mt](mailto:technologydevelopment.mcst@gov.mt)  
Tel: +356 2360 2123  
Fax: +356 2166 0341

## 1.5. Definitions

**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) Basic Research** comprising activities undertaken for the advancement of scientific or technological knowledge that may draw on existing knowledge gained from research and practical experiences and is directed to produce new materials, products and devices, the implementation of new processes, systems or services, or to substantially improve those already produced, installed or existing;

**(b) Applied Research** where a final specific application is in view;

**(c) Development** involving the use of the results of basic or Applied Research as aforesaid for the purpose of creating new or of improving existing material, devices, products or processes, but excludes routine or periodic design, testing and analysis of equipment or products for the purposes of quality or quantity control, routine or periodic alterations to existing products or processes, or routine activities where there is no appreciable novelty or problem resolution.

**Innovation** is defined as the renewal and enlargement of the range of services and the associated markets; the establishment of new methods of design, production, supply and distribution; the introduction of changes in management, work organisation, and working conditions and skills of the workforce and covers technological, non-technological and organisational innovation.

**Knowledge Transfer** is defined as the transfer of technology or know-how generated by basic research institutions, such as universities, to the commercial sector for development into useful products and services. This may be achieved through licensing or marketing agreements, spin-offs, co-development arrangements, training or the exchange of personnel.

**Academia** is defined as an entity included but 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, whose primary goal is to conduct Research and Development and to disseminate research results and other knowledge by way of teaching, publication or Knowledge Transfer, the surplus / profits of which entity are reinvested in these activities, the dissemination of their results or teaching; and which entity is structured in such a manner that undertakings that can exert influence upon such an entity, in the quality of, for example, shareholders or members, shall enjoy no preferential access to the research capacities of such an entity or to the research results generated by it.

Provided that the higher education entity must be in possession of a license for Higher Education according to Article 8(3) of the Act of Education, Chapter 327 of the Laws of Malta. This does not include the license for a tuition centre.

Provided further that the University of Malta and the Malta College of Arts, Science and Technology are deemed a priori as Academia in terms of the above and any Academic Institution shall be construed accordingly.

**Committee** is the Programme's committee authorised within the Council to oversee the running of the projects. The Committee is chaired by the Director of the unit responsible for the Programme.

**Consortium** means a group of 2 or more Partners. At least one of these Partners must fall within the definition of Academia, 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.

**Industrial Entity** is defined as a legal entity, included 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, commercializing or using such a product or service. Provided that a Public Sector Entity, a registered NGO, or a Professional Body as defined in this Section is considered as forming part of this definition.

**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.

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

**Maltese Public Body** means any Maltese Public Service Department or Public Sector Entity, or any Maltese Legal Entity which has more than 50% government 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).

**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 practise 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

**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.

**Project Coordinator** is the individual with experience in research project management who will carry out 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 Sector Entity** means the Public Service and Entities. For the purposes of this definition (i) Public Service refers to all Ministries and Departments; and (ii) 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. Entities also include foundations and local councils.

**Intellectual Property (IP)** means statutory and other proprietary rights and includes patents, trademarks, designs, 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.

**Lead Partner** would be the Consortium Partner legally responsible and thus will have joint and several liability together with other Project Partners for all the obligations arising from the Grant Agreement, to ensure the correct execution of the R&I Project Grant Agreement. The Project Coordinator would be an employee of the Lead Partner.

**Commercialisation Voucher Programme** is the Programme managed by the Malta Council for Science and Technology which provides beneficiaries with financing to improve the development and commercialization potential of ideas, be it technological and non-technological, for researchers and enterprises.

**Service Providers** are the consultants who have accepted the Council's invitation to offer the Beneficiaries the list of Activities funded through this Programme subject to a set of terms and conditions.



**Activity** can be defined as the tasks which will be performed and funded through the Commercialisation Voucher Programme.



## 2. 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 with the Programme.

### 2.1. Eligibility for Participation

Any Maltese Legal Entity, Maltese Public Body, and Maltese Private Body as described in Section 1.5 may be a Partner in a project and will be eligible for funding subject to the terms and conditions laid out in this document.

Foreign entities are eligible to participate in a project, but are not eligible for funding under this Programme.

Professional Bodies and NGOs are eligible to participate in a project, but will only be eligible for funding under this Programme in respect of an activity which does not itself fall within the normal sphere of activity, or within the services and consultancy normally carried out or provided, by the said Professional Body or NGO in their ordinary course of operation.

### 2.2. Priority Sectors

Preference will be given to project proposals which are in line with the priority areas as outlined in the National Research and Innovation Strategy 2020. However, a degree of flexibility is to be retained and submissions for funding outside these areas may also be considered at a lower priority.

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	Focus on innovation in tourism product development.
Maritime Services	Focus on more integrated, new and improved services, in particular innovation in maritime engineering, ICT, design and services.
Aviation and Aerospace	Focus on high value-added engineering market in order to move up the value chain in specific niches within the aerospace sector.
Health	Focus on healthy living and active ageing, and e-health.
Resource-efficient buildings	Focus on innovative solutions in the sector which address water scarcity and energy (dependence on fossil fuels, take up of renewable energy sources, etc.). In addition, innovative solutions

in resource efficient buildings.

High value-added manufacturing	Focus on process innovation (through optimisation of resource use, energy efficiency, automation etc.) and innovation in product design (product development, prototyping, etc.)
Aquaculture	Focus on further research in this area

## 2.3. Consortium

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

- At least one Partner shall be an Academic Institution as per definitions in section 1.5
- At least one Partner shall be an Industrial Entity as per definitions in section 1.5

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 will be designated as the Lead Partner and will be responsible for the application for the R&I project and for its correct execution.

## 2.4. Project Coordinator

The project proposal must be submitted by a Project Leader on behalf of the Consortium. 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 development of the project plan, including establishing project activities, timeframes and financial estimates;
- To coordinate the 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 Stage Reports including submissions by all project Partners;
- To act as the main point of contact between the Council and the project Partners;
- To comply with all obligations assigned to him in the contract governing this grant, including being responsible for the timely submission of reports and effective execution of the project.

## 2.5. 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.

Accordingly, no person involved in any manner, with one Partner, may be involved, in any manner with another Partner within the same Consortium. For the purposes of this paragraph, a “person involved in any manner with a Partner” shall mean, but is not limited to: an officer, employee, manager, head of department, executive director, company secretary or shareholder of a Partner as well as a spouse, life partner or family member of any person so involved with a Partner.

Partner 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.

## 2.6. Eligibility Under the State Aid Regime

This Programme operates under the *de minimis* State Aid regime, which stipulates that a single undertaking cannot receive more than €200,000 in aid over any 3-year period through schemes operating under this regime. Applicants are required to ensure 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.

Each undertaking must complete and execute the State Aid *de minimis* declaration form given to them by the Council prior to benefitting from the relative Commercialisation Voucher under this Programme.

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 on 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\*.

Specific sectors (agriculture<sup>†</sup>, fisheries and aquaculture<sup>‡</sup>) are excluded from this regime and applications in these sectors are therefore outside the scope of this programme. The successful applicants are expected to sign the necessary forms before any funds are transferred and provide the necessary reports in accordance with *de minimis* State Aid regulations.

This Scheme is not available to undertakings in difficulty within the meaning of the Community guidelines on State Aid for rescuing and restructuring firms in difficulty.

*pro*

<sup>†</sup> Undertakings active in the sector of agricultural production means undertakings active in the primary production of agricultural products. Agricultural products are those products listed in Annex I to the Treaty.

<sup>‡</sup> Undertakings active in the fisheries and aquaculture sector means undertakings active in the production, processing and marketing of fisheries products which covers both products caught at sea and the products of aquaculture. Fishery products are listed in Article 1 of Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products.

## 3. The Application Process

---

### 3.1. Application Submission

Submission, evaluation and selection of project application submissions will be in the form of a one-stage process consisting of an evaluation of (1) the outcome of the scientific opinion undertaken by the Council; (2) the outcomes of the feasibility studies for the IP Check, Market Research, Product Development Costing, Economic Impact and Risk Profile and (3) the application submitted for the Technology Development Programme.

Further to a positive evaluation of the scientific opinion and the feasibility studies for the above five mentioned activities undertaken in terms of the Commercialisation Voucher Programme, an applicant would be eligible to apply for the Technology Development Programme by submitting a project application. The outcome of the said feasibility studies together with the detailed application would be evaluated in order to determine whether the proposed project could be funded or otherwise – a minimum of 65 marks must be achieved by the applicant in order to be eligible for the grant. The decision of the Council on selection of projects is final and binding.

The Application must be dated, signed and initialised (stamped or signed) on each page by the Lead Partner's legal representative.

Additionally, the legal representative of **each** participating organisation within the consortium must sign off on the application and enter the date of signature in pen (not electronically).

Application Forms need to be sent **electronically** to [technologydevelopment.mcst@gov.mt](mailto:technologydevelopment.mcst@gov.mt) with "*Technology Development Programme Application Submission*" as a subject.

**Submissions shall consist of ONE email containing**

1. The **application form** in MS Word (.docx) format
2. A scanned **signed copy of the application form** (including date) in Portable Document Format (.pdf) format
3. an electronic copy of the **five feasibility studies** covering the IP Check, Market Research, Product Development Costing, Economic Impact and Risk Profile
4. the **evaluation outcomes** of these studies issued by the Malta Council for Science and Technology.

**It should be noted that emails larger than 6MB shall be automatically rejected by the system.**

**All received applications shall be acknowledged by email.**

### 3.2. The Application Process

The Programme has an open call policy, and thus applications can be submitted at any time of the year without particular deadlines for submission. To this end the Programme would follow a 'first eligible first serve' ideology resulting in a running list of successful applications. Notwithstanding the selection and funding of proposals under this Programme shall be on a competitive basis.

An applicant would file in a copy of the feasibility studies for the IP Check, Market Research, Product Development Costing, Economic Impact and Risk Profile and their respective outcome as provided by the Malta Council for Science and Technology. In addition, the applicant needs to submit an application for the Technology Development Programme.

In order to be eligible for the Technology Development Programme the five feasibility studies need to show a positive outcome. The five different feasibility studies together present an assessment of the commercialisation potential of the project proposal as well as the possibility of protecting the idea through intellectual property together with further awareness about the market potential and the economic wealth it can generate for the good of society at large. This would ensure that National Research and Innovation funds are spent in the most efficient and effective way by allocating funding toward project which, through the necessary research and development, have the highest probability of making it into the market. The following is a graphical representation of the process from the point of submission of application to successful completion of the project.

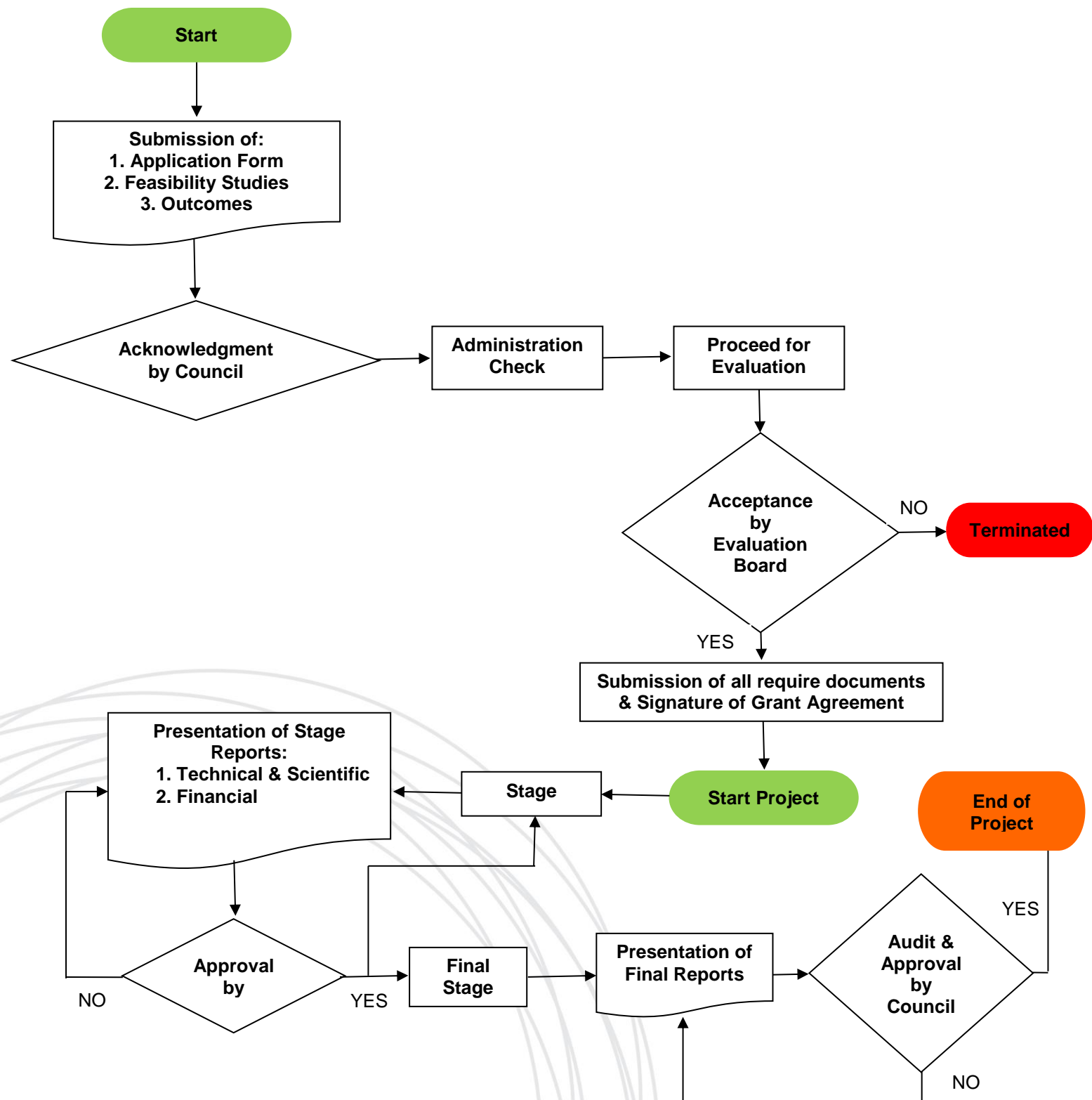


Figure 1: The Process



The Technology Development project application must present a coherent, comprehensive and credible plan based on reasonable estimates of human resources, finance, deliverables and timeframes, based on the templates provided by the Council.

It must be of high quality and shall include the following:

- A precise plan of project activities, timeframes and deliverables.
- A precise estimate of project cost.
- Details of project Partners and relevant track record to clearly establish that the proposed Consortium has the skills, competences, experience and resources necessary to perform the project tasks and achieve the project objectives.
- IP agreement signed by all Project Partners
- Dissemination and externalisation plan as per section 6.3 of this documents

### **3.3. Considerations at Application Stage**

#### **3.3.1. Respecting Lead Times**

All organisations have their internal procedures for approval and signing off on legally binding documents. Partners are to ensure that they are aware of these lead times in their organisation as well as in the other organisations constituting the Consortium. Partners should take these times, personal commitments, vacation leave etc, into account when planning to submit an application. All project application submissions, which must reach the Council at noon on the day of the deadline, must include signatures of the legal representatives of each respective participating organisation within the Consortium.

#### **3.3.2. Assistance with Applications**

Prospective Project Coordinating Partners 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.

#### **3.3.3. 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 evaluators, which shall be bound by confidentiality and shall also be required to declare that they do not have any conflict of interest in reviewing the individual projects.

### **3.4. Programme Parameters**

#### **3.4.1. Project Duration**

Project applications submitted under this Programme should have a duration ranging between one and three years maximum.

#### **3.4.2. Grant Value**

As an indicative target, any project submitted under this Programme should aim for a funding component from the Programme of between €50,000 and €200,000 in accordance with the sections below.

#### **3.4.3. Deliverables**

##### **Mandatory deliverables**

The project plan must give details of certain activities which are requested by the Council. These should be included as deliverables in the project proposal and include:

1. A showcase of the project to the general public by the Consortium through:
  - The publication of 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.
  - The organisation of at least one half-day event to be held at the Council's premises or as otherwise directed by the Council.
2. Reporting on project progress as per the list hereunder in line with the templates provided by the Council;
  - End of Stage Technical and Scientific reports;
  - End of Stage Financial report;
  - End of Project Technical and Scientific Report;
  - End of Project Financial Report

The reports are to include sufficient evidence on the achievement of the project objectives as well as the parameters indicated in the application.

Changes to the project objectives, work-packages and all the parameters committed in the applications are to be detailed, justified and approved by the Committee.

##### **Recommended deliverables**

Further to the mandatory deliverables, the Council invites applications to also include deliverables as recommended below. The Council does not oblige such deliverables; however commitment of such

recommended deliverables by the Consortium at the application stage would favour them in the evaluation process. The recommended deliverables include:

1. Monograph/s and/or peer-reviewed paper/s for accepted publication in international journal/s of repute based on the work carried out through the Project. The subscription levels or Impact Factor (IF) of journals are important considerations. Similar papers published on open source media would also be considered favourably.
2. Oral presentation/s at international conference/s on the work carried out through the Project;
3. 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.
4. Registration of a patent or other Intellectual Property Rights (IPR) stemming from the Project, in Malta as well as in any other country;
5. Commercial commitments such as technology innovations to be included in a partner's existing product or service.
6. Commercial commitments such as technology transfer licences.

The Council appreciates that the attainment of these deliverables may depend on externalities. The Consortium would have to submit sufficient evidence to prove to the Committee that their effort was sufficient in cases where such committed deliverables were not attained by the end of the project.

#### **3.4.4. Outputs and Outcomes of the Project**

In addition to the deliverables, the project proposal must give details of the outputs and outcomes as indicated by the Council in the application form. In this regard the project proposal should include the expected results that will be achieved throughout the lifetime of the project and even beyond, namely:

1. The innovation of the project
2. Employment
3. Further Education
4. Investment
5. Patents
6. Publications

At the end of the project, the Consortium is expected to provide relevant reports, including sufficient evidence, to demonstrate the achievement of the committed outputs and outcomes.

Changes to the project outputs and outcomes committed in the applications are to be detailed, justified and approved by the Committee.

### 3.4.5. 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 on the grant agreement.

**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 by the Partners, in terms of Section 3.4.1.

The Eligible costs are:

**Personnel Costs (Max 10 hrs average per week per employee; max 20% of grant value)**

The permissible number of hours funded by this Programme is **not to exceed an average of 10 hours per week per existing employee** that are extra to their normal working hours. Filled time sheets are to be retained 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.

There is no limit on the number of employees per project other than that **the total of funded hours per project will not exceed 20% (excluding overheads) 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 for supervisory, research or management hours (**overseas travel hours are ineligible**) as an eligible cost of the project.

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

$$€ z = (\text{basic salary} + \text{allowances}) / \text{yearly weekday hours}$$

**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	€ 22.50/hour to € 32.50/ hour	<b>Max 2 per project</b>
Middle Management	€ 14.75/hour to € 22.49/ hour	<b>Max 3 per project</b>
Operational/Researcher	up to € 14.74/ hour	No Limits

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 of their role in the project. The hourly rates will have to be noted in the applications along with the weekly hours and number of weeks on the project per individual. A project with a competitive overall hourly rate will be favoured during evaluation.

**Researchers, operators and students employed specifically for the project** would fall in the category of Operational/ Researcher and their salary would not form part of the personnel costs limit of 20% of the project value.

**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.

**Specialised equipment:** Purchase of specialised equipment including software

**Travel:** Travel is allowed for one individual per project per conference, with a maximum of two conferences per project. Only travel in relation to dissemination and externalization activities is eligible.

**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. Details have to be submitted at application stage.

**Subcontracted Activities (max 25% of project value):**

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 individual, company, partnership or entity, under whatsoever terms and conditions. Project management of the project cannot be subcontracted. The end of project financial audits can be part of the subcontracted activities and cannot exceed €2000 per project.

Eligible Costs are to conform to 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.
- Partners which are not regulated by the Public Contracts Regulations (Chapter 174.04 of the Laws of Malta), are required to obtain three quotations from potential suppliers in the event of purchases of a value above two thousand five hundred Euro (€2,500).
- While it is not mandatory to select the cheapest offer, the choice of supplier should be justified in writing by means of a concise note.
- When it is not possible or feasible to obtain quotations, a concise justification note should be made by way of explanation.
- Commercial transactions between consortium partners, or between a consortium partner and a company with similar shareholding to a consortium partner, is not allowed.
- Recruitment procedures are to be strict and transparent including the public call and interview process.

### 3.4.6. Eligible Indirect Costs

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

### 3.4.7. 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
- Organising a conference
- Personnel hours for travelling

### 3.4.8. 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.

The following funding limits shall be applicable:

- funding for any **individual Partner** shall be limited to 75% of the value of the project;
- combined funding for any **group of Partners** within a Category shall be limited to 75% of the value of the project grant, except for Maltese Public Bodies.

**Category** means Academia or Industrial Entity, in terms of Section 1.5.

### 3.4.9. 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 Academia, Maltese Public Body, NGO or Professional Body shall be 100% of eligible costs incurred by that Partner.

- The Programme's financial contribution to a Partner which falls under the definition of Maltese Private Body 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'.
- There shall be no funding for other Categories of project Partners.



## 4. Evaluation

---

Project applications will be evaluated in accordance with the following criteria:

### 4.1. Project Proposal and Objectives [Max 10%, section pass mark 5%]

This section will ensure that:

- The industrial contribution to the full industrial funds cannot be less than 25%
- The Academic and Industrial part of the Project Grant each cannot be less than 25%
- The R&I Council funds being requested are between Euro 50k to Euro 200k

Furthermore the Project proposals having Partners coming in with a higher partner contribution rate will be favoured.

This section will assess the extent to which the application addresses the objectives of the Technology Development Programme, namely:

- Details on how the project relates to research, development and innovation in science and technology
- To what degree does the project fit within the identified priority sectors;
- Does the project adequately addresses the Programme's objective of increasing collaboration between Industry, Academia and other sectors;
- Does the project genuinely and substantially constitutes Commercialisation and Knowledge Transfer between Industry, Academia and other sectors;
- Does the project relate to innovative activity. If it is a variation of research, a product or service, already in existence, the applicant must clearly specify how this project is innovative.
- What commercial prospects does the intended technology, innovation, product or service have? Is the intended market local or international?

### 4.2. Project Plan [Max 15%, section pass mark 10%]

The section will assess how the project will be implemented through the suggested Work Packages and activities. It will assess the participants' responsibilities for the proposed activity, the start date, end date and duration of the activity.

The list of work packages and activities which will be undertaken should show how this will achieve the project objectives.

### 4.3. Consortium Experience and Partners' Expertise [Max 25%, section pass mark 20%]

This section will assess the consortium experience and partners' expertise. The individuals coming from the different Partners will need expertise in Scientific Research, Technology Development, Market Research, Commercialisation (Local and International) and Project Management

Furthermore projects with individuals with the following experience will be favored:

- Individuals with 3 years responsible experience in the selected role.
- An individual having 2 or more academic papers published in peer reviewed journals apart from those noted as an outcome from an R&I project
- An individual having 2 or more patents or international license agreements signed apart from those noted as an outcome from an R&I project.

The information submitted should show clearly if:

- this is the first R&I project for all the individuals within the consortium?
- any of the individuals worked on a previous R&I Project that was successfully completed?
- any of the individuals registered any patents or technology licence agreements as an outcome of an R&I Project?
- any of the individuals published any scientific papers or supervised graduates or post graduates as an outcome of an R&I Project?

The Consortium's experience on the following policies is being sought as well as the intention of implementing such policies in the project:

- Green procurement;
- Innovative procurement
- Equality policy

#### **4.4. Outputs and Outcomes** [Max 30%, section pass mark 25%]

This section will assess the outputs and outcomes which will be generated as a result of the project. The consortium is expected to provide information on what will be achieved in terms of:

1. The innovation of the project
2. Employment
3. Further Education
4. Investment
5. Patents
6. Publications

#### **4.5. Validation and dissemination** [Max 10%, section pass mark 5%]

It is important that the quality of the complete R&I project would be finally validated. There will be a technical audit however the following would be considered superior to any audits carried out by the Council. Furthermore they would also contribute towards a superior dissemination.

- What percentage of IP would the consortium allocate to the Council?
- What overall percentage of the IP would be owned/ retained in Malta?
- What percentage of any other future financial gain arising from the project outcomes would the consortium allocate to the Council?
- If the consortium will prepare an interactive science exhibit to be used in MCST's science popularisation activities?
- If the consortium will produce an audio visual of the R&I project

#### **4.6. Budget [Max 10%, section pass mark 0%]**

Each individual being proposed for this project needs to submit the individual's intended effort in the project, namely

- Number of weeks on the project
- Number of hours to be funded by the project (average per week) not to exceed 10 hours per week for existing employees;
- Hourly (pay slip) rate (Euro) -not exceeding position in project

### **Additional information which will be considered during the evaluation of the project proposal**

#### **4.7. The Feasibility Studies**

This criterion assesses the outcome of the feasibility studies and the project's probability of commercialising the proposed idea, in terms of:

- IP Check
- Market Research
- Product Development Costing
- Economic Impact
- Risk Profile

## 5. Post Selection Process

---

### 5.1. The Grant Agreement

Following successful evaluation of the detailed proposal, the Project Coordinator will be required to provide the following documents for all Maltese Private Bodies within the Consortium for a due diligence exercise within one (1) week of notification of results:

- Memorandum & Articles of Association
- Audited financial statements for last 3 fiscal years (2 sets).

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 auditor, including:

- an income statement,
- a cash flow statement, and
- a statement of financial position

The due diligence exercise may result in too high an exposure risk to the Council. In such cases, the Partner may be asked to provide a bank guarantee.

Additionally, the Project Coordinator shall be invited to enter into negotiation regarding the proposed project. Items for discussion may include financial estimates, deliverables, timeframes, IP agreement, externalisation plan and consortium members.

Negotiation will take place within 2 weeks from the moment the project is selected.

Following successful conclusion of negotiations, the Project Coordinator, together with the rest of 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.

All negotiations and amendments to the Grant Agreement shall be done within the two(2) weeks timeframe for negotiations mentioned above, and in all cases prior to time when the Project Coordinator receives the hard copies of the Grant Agreement.

The hard copies of Grant Agreement must be signed by all members of the Consortium within two (2) weeks from the date on which the Project Coordinator receives them. Project Leader should ensure that all members of Consortium are available to provide their signature during this 2 weeks timeframe. The offer for funding may be withdrawn if the Grant Agreement is not executed within this time.

The Project Coordinator must provide two (2) images related to the project and an abstract upon signing the Grant Agreement. These will be used to publicise the award.

## 5.2. 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.

In view of the particular nature of the Grant Agreement, the said agreement will not be signed simultaneously by all parties but will be signed by all the parties separately. Each party will signify the date of signing and the Grant Agreement will come into force on the date on which the final signature is made thereon (hereinafter the “**Agreement Date**”).

The Council 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 and depositing the first tranche

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

## 5.3. Double Funding

Funding under this Programme is made available on the basis none of the project Partner 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.

Partners will be required to sign a declaration to this effect and authorising the Council to exchange essential information related to the project with other funding agencies, both local and overseas, for any necessary checks.

## 6. Funding, Management and Progress Monitoring

---

### 6.1. 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 12 months duration.** Funding for any one Stage shall not exceed 80% of the total project financial contribution due.

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:

1. For the first Stage, the Council will make an initial advance payment of 100% of the due financial contribution in relation to that particular Stage, to each Partner. This will be calculated on the Partner's component of projected expenditure for that Stage, and will include both direct and indirect costs.

In the case of a **single-Stage project** (one 12 month period), the Council will make an advance payment to the Lead Partner equivalent to 80% of the due financial contribution calculated on the Partners' projected costs. This will include both direct and indirect eligible costs.

2. At the end of each Stage, the Project Coordinator will be required to submit a Technical and Scientific Stage Report and a Financial Stage Report to the Council with 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 the Council before moving to the next stage. This should be in line with the templates for stage and final reports as provided by the Council.

3. For the second and subsequent Stage, the Council will calculate the due financial contribution in relation to that particular Stage based on the Financial Stage Report submitted. This contribution will be calculated as forecast eligible expenditure, adjusted for any overspend or underspend of the preceding Stage.
4. Except for the final Stage of the project, the Council will make an advance payment to Lead Partner equivalent to 100% of the due financial contribution in relation to that particular Stage, calculated as in bullet (2) above.
5. For the final Stage of the project, the Council will make an advance payment to Project Coordinator of up to 80% of the due financial contribution calculated as in bullet (2) above. However, the Council shall retain 20% of the total project grant to be transferred only upon successful completion of the project.
6. Following the termination of the project or expiry of the Grant Agreement, the Lead Partner will be required to submit a Final Technical and Scientific Project Report together with a 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 a certified auditor appointed by the Lead 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 will be performed based on the templates provided by the Council.

7. 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.

The Council reserves the right to alter the funding parameters as deemed appropriate.

## 6.2. 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.

## 6.3. Dissemination & Externalisation

Within 12 months from the end of the Project, Project Partners shall register at least one (1) patent 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 the Council,

and

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 Partners claim 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 Council may exempt the Partner from the obligation of publication.

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

*'Project <Project Name> financed by the Malta Council for Science & Technology through the FUSION: R&I Programme'.*



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

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

All publicity material shall be vetted and approved by the Council before publication and should make mention of the FUSION R&I Programme and the Council. In the case where printed material is published without a mention of the FUSION R&I Programme and the Council, 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 the Council, associated costs will be considered ineligible.

## 6.4. Subcontracting

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

- the value of the subcontracting should not normally exceed 25% of the total project grant. In cases where the proposed subcontracting component exceeds this limit, the Project Coordinator must provide adequate justification for such subcontracting and obtain prior written approval from the Council. The Council reserves the right to object to such a high subcontracting component.
- the Project Coordinator remains responsible for the timely delivery of the subcontracted tasks;
- the Project Coordinator shall ensure that such a third party is selected in a manner which is transparent, fair and impartial;
- the third party submits a signed Subcontractor's Declaration, with any offer or contract for services. The Council reserves the right to object to the selection of the third party if the third party does not comply with the any statement contained in the declaration;
- subcontracting to foreign companies should only be considered if suitable expertise is not available locally.
- the Consortium may consider joint bids from subcontractors 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.

## 6.5. Progress Reporting and Final Auditing

During the negotiation stage, the Consortium shall set a schedule for regular progress meetings with the Council to take place as part of the reporting work package.

At the end of each project stage, the Project Coordinator is required to submit a Stage Technical and Scientific Project Report and a Stage Financial Report to The Council with the following details and in line with the templates provided by the Council:

- 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.

The Council shall 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 will check the following:
  - 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 will check the following:
  - 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

The Council 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, the Council 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, the Council may also exclude an applicant from participating in future calls of the Programme.

## **6.6. Supervening Circumstances**

The Project Coordinator is obliged to immediately advise the Council 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.

The Council shall then, at its own discretion 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 lead the Council to suspend or terminate funding for the project and request a refund of funds already paid out.

If during the course of a project a Partner withdraws from the Consortium, the Lead Partner will advise immediately the Council. The Council 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.

Time extension requests are to be submitted in writing to the Director R&I Programmes Unit not later than two (2) months before the original project end date. Such extensions will be granted at the discretion of the Council and must be supported by an addendum to the Grant Agreement. A maximum of two 6-month period extensions may be granted.

## **6.7. Default**

If the implementation of a project becomes impossible or if the Partners fail to implement it, the Council shall be entitled to withdraw funding for the project and collect refunds of money already paid out.

## **6.8. 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, ambiguous or conflicting, the Council

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.