



FUSION Research and Innovation: Technology Development Programme

Rules for Participation 2021-23 - Option B – **Non-State Aid**



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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 Technology Development Programme

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

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

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

The identified priority areas are the following:

ICT as an Enabler

ICT as an enabling technology for all economic sectors and disciplines through its role as a tool for technological change.

ICT Based Innovation

ICT plays an important role in R&D and innovation in all sectors by facilitating the development of new goods, processes and services to modernise the economy and transform it to a knowledge-based one.

Tourism Product
Development

Tourism is a key pillar of economic activity in Malta. The sector is well established and mature and there is a good degree of collaboration among operators. The sector is not R&D intensive but must innovate in order to remain attractive and competitive. Consultations yielded several avenues for innovation activity, however innovation in tourism product development was repeatedly highlighted as a key niche where Malta has potential for growth through innovation. In addition to linkages with other specialisation areas such as ICT and health, this specialisation area should involve extensive collaboration with the creative industries.

Maritime Services

This is a mature economic sector in which Malta has a historic legacy and world-level profile. The sector has diversified over time to provide a wide range of services to the maritime sector, but the variety of services remain fragmented. There is therefore scope for improved clustering of maritime services in order to provide more integrated, new and improved services. Malta's drive

towards becoming a maritime hub should include a drive to foster innovation in maritime engineering, ICT, design and services.

Aviation and Aerospace

This is a relatively new economic sector which has grown rapidly, attracted several foreign investors, and has diversified to include a number of niches such as maintenance, repair and overhaul and aircraft registration among others. Malta has also built a strong portfolio in avionics research, a relatively high critical mass of human

resources as well as numerous established international R&D links in the area. There is scope for further investment to raise the level of achievement to the next level by venturing into the high value-added engineering market in order to move up the value chain in specific niches within the aerospace sector.

Health

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

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

**High Value-Added
Manufacturing**

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

2.2 Contacts

For general enquiries kindly contact:

Mr. Stephen Borg
R&I Programmes Executive
The Malta Council for Science & Technology
Villa Bighi, Bighi,
Kalkara KKR 1320
Email: stephen.i.borg@gov.mt
Tel: +356 2360 2208

For escalated enquiries kindly contact:

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

3 Definitions

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.

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.

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

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

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, then 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.

If an economic activity cannot be separated from the exercise of public power, the activities exercised by that entity as a whole, remain connected with the exercise of those public powers and therefore fall outside the notion of an undertaking.

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;

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.

4 Eligibility Criteria and Applications

These Rules for Participation are applicable to public entities that do not carry out an economic activity within the meaning of Article 107 TFEU.

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

4.1 Eligibility for Participation

Any applicants that at the time of proposal submission 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.

The following parties are eligible to apply:

1. Anyone who is applying for the TPD call and has successfully completed the CVP as of **1st January 2020**.
2. *Anyone who* has submitted a CVP application and passed the threshold for funding, but chose to submit the independently conducted Technical Reports listed below, on their proposed project idea, as per activity guidelines provided as of **1st January 2020**.:
 - IP Check Report
 - Commercial Feasibility Assessment
3. *Anyone who* has successfully completed the CVP but fails to satisfy eligibility criteria numbers 1 or 2 above and who submits the UPDATED Technical Reports listed two weeks before this calls deadline, **18th June 2021**, on their proposed project idea, as per activity guidelines provided:
 - IP Check Report
 - Commercial Feasibility Assessment

With reference to point 2 and 3, all Technical Reports will be positively evaluated by the Council's external evaluators and are required to adhere to the following conditions. Failure to do so will render any submission under the Technology Development Programme ineligible.

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

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

Any Maltese Public Entity and Maltese Industry (Industrial Entity) as described in Section 3 may be a Partner in a project provided they apply under the appropriate set of rules.

5 Consortium

5.1 Composition

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

- At least one Partner shall be a **Maltese** Public Entity
- At least one Partner shall be coming from **Maltese** Industry (Maltese Industrial Entity)

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

It is permissible for a consortium to consist of one or more Partners applying under the State Aid (Option A) Rules for Participation, and one or more Partners applying under the non-state aid (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 correct execution of the project.

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

¹ The relevant appendix 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.

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

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;

5.2 Lead Partner

The Lead Partner is responsible to ensure that the **Project Coordinator** complies with all obligations assigned within the contract governing this grant, including being responsible for the timely submission of reports and effective execution of the project. This person will also act as the **Project Contact Point**

5.3 Conflict with Fundamental Aim of Programme

Pertaining to the Arms 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, which are the foremost aims of the Technology Development Programme.

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

- a) The direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or 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 non-state aid route

These Rules for Participation allow eligibility under a non-state aid route.

Under these rules, the partner must be considered a **Public entity** as defined in section 3.

Those entities that may be eligible for participation under this route shall be required to declare themselves as:

a “**public** research and knowledge dissemination organisation” where research and knowledge dissemination organisation as defined in the Commission Framework for State aid for research and development and innovation (2014/C 198/01) paragraph 15(ee), which carries out a non-economic activity in line with the following:

(a) primary activities of research organisations and research infrastructures, in particular:

- education for more and better skilled human resources.
- independent R&D for more knowledge and better understanding, including collaborative R&D where the research organisation or research infrastructure engages in effective collaboration;
- wide dissemination of research results on a non-exclusive and non-discriminatory basis, for example through teaching, open-access databases, open publications or open software;

(b) knowledge transfer activities, where they are conducted either by the research organisation or research infrastructure (including their departments or subsidiaries) or jointly with, or on behalf of other such entities, and where all profits from those activities are reinvested in the primary activities of the research organisation or research infrastructure. The non-economic nature of those activities is not prejudiced by contracting the provision of corresponding services to third parties by way of open tenders.

or,

a **public** entity whose activity does not constitute an economic activity in the meaning of Article 107 of the Treaty on the Functioning of the European Union². Where applicable, applicants need to ensure adherence to Section 2.2 “Indirect State aid to undertakings through public funded research and public knowledge dissemination organisations and research infrastructures” of the Framework for State aid for research and development and innovation (2014/C 198/01).

Applicants under the non-state aid Option B route must understand that, should they be found to be in breach of the conditions for being exempt from State Aid regulations, the Managing Authority will enforce the retrieval of disbursed funds with interest, in part or in full, as the case may necessitate.

The Applicant also undertakes to comply faithfully and immediately with any decision of the European Commission or a Maltese judicial authority declaring Article 107(1) TFEU to be applicable to this Agreement.

² Refer to Chapter 2 of the Commission Notice on “the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union” (2016/C 262/01) for further guidance.

MCST also reserves the right to terminate any applications that have followed in part or in full the non-state aid Option B route, should MCST not be satisfied with the segregation of work packages, activities, tasks and deliverables, as well as budgets.

All applications should be accompanied by the relevant Declarations duly completed within the Appendices of the Application Form with particular attention also being given to potential indirect state aid to undertakings within the same eventual project, should it be selected for funding.

7 The Application Process

The Call for Project Proposals will be open from **Monday 24th May 2021 to 23:59 Monday 5th July 2021**. 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 Technology Development project application must present a coherent, comprehensive and credible plan based on:

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

Kindly note, that **the Council will append the CVP reports** to your application form to ensure consistency between the proposed activities and the reports.

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 and any unapproved deviations will result in the failure of the application during the administrative check. 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 legal representative of each participating organisation within the consortium must sign off on the application and enter the date of signature in blue ink (not electronically). The legal representative of each participating organisation within the consortium must also sign off all relevant declarations found within the Appendices of the Application Form.

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

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

Application Forms can either be sent electronically to rtdi.mcst@gov.mt, keeping Mr. Stephen Borg (stephen.i.borg@gov.mt) in copy, with “Technology Development Programme Application Submission” as a subject

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

All Submissions shall include:

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

- ✓ An **IP agreement** signed by all Project Partners
- ✓ A **dissemination and externalisation plan** should be included (as either a work package within the application form, or as a separate annex)
- ✓ The **Declarations** applicable to the non-state aid route, as well as declarations on Indirect State Aid.
- ✓ Where applicable, the **pre-agreed deviation Appendix**
- ✓ **Additional Declarations** (related to Personal Data, Cumulation of Aid, Double Funding, Outstanding Recovery Order and Transparency Obligations) for each partner

Where partners who are requesting state aid form part of the consortium:

- ✓ In the event that the Partner is a start-up and the above documents are not available, the Partner shall provide the **financial projections for three (3) years** signed by an independent certified public accountant, including:
 - ✓ an income statement,
 - ✓ a cash flow statement, and
 - ✓ a statement of financial position
- ✓ **Management accounts** to include detailed profit and loss and balance sheet for the current year.
- ✓ Where *de minimis* is the selected route of aid, ***de minimis declaration form***.
- ✓ Where GBER (general block exemption regulation) is the selected route of aid:
 - **Entity size declaration form**
 - **Undertaking in difficulty form**
 - **Effective collaboration declaration form**

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. Private partners applying under option A 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 larger than 6MB shall be automatically rejected by the system. The applicant may make use of cloud storage.

All received applications shall be acknowledged in writing or by email. Incomplete applications as at **23:59 Monday 5th July 2021** will not be considered.

7.2 Considerations at Application Stage

7.2.1 Respecting Lead Times

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

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

7.2.2 Assistance with Applications

Prospective Project Partners are encouraged to seek the advice of MCST in the preparation of the project application. This should help identify any areas of concern prior to the submission of the application and lead to a better quality of submission. Advice shall only be given in respect to these Rules for Participation and not on technical grounds. Applicants are particularly encouraged to seek MCST's guidance through proposal-specific one-to-one sessions to ensure that the single-stage application documentation is complete and effective, as once submitted, cannot be edited.

7.3 Deviations

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

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:

- The Rules for Participation;
- 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).
- 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.

9.1 Project Start Date and Duration

The project must start by **1st September 2021** or as otherwise stated by MCST. The project should have a duration ranging between one and three years (maximum).

9.2 Project Grant

The maximum possible funding for a project across the consortium is €295,000. Furthermore, an additional €5,000 shall be reserved by MCST for dissemination activities to be hosted by Esplora (please refer to section 15). unless a member of the consortium is not making use of the GBER route. Kindly note that this event may be held in conjunction with other events of a similar nature.

9.3 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.

9.3.1 Mandatory Deliverables

A consortium should:

During the duration of the project, publish at least **one (1) research paper based** on the work carried out throughout the Project in a **pre-peer reviewed open access journal** and, where available, deposited in the entity's institutional repository. The paper is to include an acknowledgement to the Council. In cases where IP protection is envisaged, it is important that publication of such a paper is either scheduled after or will not impinge on the IP's validity. In cases where open access-fees were budgeted for, it is the responsibility of the beneficiary to account for the time it would take for the invoicing and payment of that fee so that it may be incurred before the end date of the project. Provided further that if the Beneficiary claims that such an attempt to publish this research paper will have been unsuccessful, the Beneficiary must prove to the satisfaction of the Managing Authority and through the submission of sufficient and adequate documentary evidence that such an attempt to publish a research paper in terms of the requirements of this Clause was in fact made. Sufficient and adequate documentary evidence includes evidence that the paper was actually submitted for publication and documentary evidence that the paper was rejected for publication. If the Managing Authority is satisfied with the evidence provided, then the Beneficiary will not be held in breach of this particular obligation. Provided further that if the Beneficiary claims that an attempt to publish this research paper before the patent registration referred to above, would disclose technical information that would render the said patent application null then the Beneficiary will not be held in breach of this particular obligation as long as he has complied with the requirements detailed in previous paragraphs of this section.

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

A copy of all publications must be presented to MCST before any retention is disbursed.

- ✓ Publish at least **one article per year in local newspapers or magazines** including an acknowledgement to the Council. These should not contain intellectual property but should raise awareness about the project and its

benefits. A copy of these should be presented to MCST within two weeks of publication. Additional publications may be considered.

- ✓ **One Half Day Dissemination** event to be held at ESPLORA to be held in the final months of the project. At the discretion of the Council this may be held after the end date of project.
- ✓ The Beneficiaries shall at all times cooperate with the Managing Authority in the promotion of the FUSION Technology Development Programme by delivering presentations about the Project or through other reasonable means at the request of the Managing Authority.
- ✓ Report on project progress as per the list hereunder and in line with the templates provided:
 - Hold a minimum of **two meetings per stage** to verbally update MCST on progress via presentation (to be held at month 6 and month 12 of every stage pro-rated for the final stage)
 - **End of Stage/s Technical Reports;**
 - **End of Stage/s Financial Reports and Projections for next Stage;**
 - **End of Project Technical Report;**
 - **End of Project Financial Audited Report**

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

Any changes to the project objectives, 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. MCST will acknowledge receipt of the request within five (5) working days and reply in a timely manner so as not to affect project performance. Acceptance or otherwise of any changes is the sole discretion of MCST and its decision is binding and final. Any other communication is not considered valid or binding.

9.3.2 Recommended Deliverables

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

- ✓ Registration of patents on the work carried out throughout the project.
- ✓ The formation of any spin-off entities that are envisioned. Kindly highlight if these spin-offs will also be licenced any IP generated.
- ✓ Monograph/s and/or peer-reviewed paper/s for accepted publication in international open access journal/s of repute based on the work carried out through the Project;
- ✓ Oral presentation/s at international conference/s on the work carried out through the Project;
- ✓ The attainment of undergraduate degrees and/or postgraduate degrees and/or post-doctoral research. (In cases where the project duration is insufficient for the purpose of submitting a degree, there has to be a commitment to complete the degree outside the duration of the project utilising other sources of funding.)
- ✓ Additional registration of patents or other Intellectual Property Rights (IPR) stemming from the Project, in Malta as well as in any other country;
- ✓ Additional project dissemination activities including but not limited to: fairs, workshops and events. Examples include: Science in the City, R&I cafes, Enterprise European Network events, project exhibitions and so on.
- ✓ Commercial commitments such as technology innovations to be included in a partner's existing product or service.
- ✓ Commercial commitments such as technology transfer licences.

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

The eligible direct costs 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 (max 1760hrs). 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) 2021		Hourly rates (€/hr) 2022		Hourly rates (€/hr) 2023		Limits per project (persons)
	min	max	min	max	min	max	
Manager	NA	45.27	NA	47.53	NA	49.91	Max 4 per project
Senior Researcher ³ or equivalent	25.02	34.55	26.27	36.28	27.58	38.09	Max 2 per project
Researcher ⁴ or equivalent	13.11	25.01	13.77	26.26	14.45	27.57	No Limits
Operational, technician, research support assistant or equivalent	NA	13.10	NA	13.76	NA	14.44	No Limits

*The rates stated in the table are for the **year 2021-23**. For subsequent years a 5% increase per year is allowed. Kindly ensure that only hourly rates are provided in the application form.*

Personnel in salary brackets that are higher than those noted above will still only be reimbursed at the rates of the eligible brackets above depending on their role in the

³ 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

⁴ 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.

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 10% 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.

Students can be engaged on the project and paid an annual stipend of €6,000 when reading for a full-time Master's degree or an annual stipend of €8,000 when reading for a full-time Doctoral degree. In cases where postgraduate degrees are read for on a part-time basis, these stipends may be prorated at the discretion of MCST.

Note that for every engaged student, 1 full-time equivalent researcher must be employed by the consortium.

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

- Specialised equipment: Purchase of specialised equipment including software. **For equipment over €15,000, it is recommended that specifications are provided in the application form. If a specialised Laptop/pc is going to be purchased, please specify its usage/specs**
- Travel: Travel is allowed with a maximum of 3% or €9,000 (excluding indirect costs) whichever is higher. Only travel in relation to dissemination and externalisation activities is eligible. Applicants are to approach MCST to request a deviation should they require any funding to be directed to travel for access to international research structures and/or training.
- Scientific information: Access to scientific information sources including databases and publications
- Consumables: Overall value of consumables 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 operating expenses directly related to the project, such as dissemination costs that are over and above the specifically allocated €5,000. Section 15.2 contains a list of what this 'allocated funds for dissemination' covers.

10.1 Subcontracted Activities

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

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

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

The Lead Partner remains responsible for the timely delivery of the subcontracted tasks;

The Lead Partner shall ensure that such a third party is selected in a manner which is transparent, fair and impartial. Partners shall ensure that there is no discrimination between bidders and that all bidders are treated equally and transparently in all calls for quotations.

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

10.2 Audits

Eligible Costs and procedures are to conform with the auditors checklist included as an annex at the end of these rules, and are subject to the final audit scrutiny.

10.3 Eligible Indirect Costs

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

10.4 Ineligible Costs

The following expenditure shall be considered as ineligible costs:

- ✓ Expenses related to loans, interest, etc
- ✓ Recoverable value added tax
- ✓ Expenses which are recoverable through other funding mechanisms

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

10.5 Funding Distribution between Partners

In accordance with the objectives of this Programme, a project application should represent a good distribution of workload and financing between the different categories constituting the Consortium, and no single Partner should dominate the project. Overall portion of funding for any **individual Partner shall be limited to 75% of the project grant.**

10.6 Co-Financing

The following rates of co-financing shall be applicable:

The Programme's financial contribution to a Partner which falls under the definition of a Maltese Public Entity, **public** research and knowledge dissemination organisation not undergoing an economic activity shall be 100% of eligible costs incurred by that Partner, in accordance with this set of rules.

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:

Effectiveness of consortium and resources (30%): Threshold 18

- ✓ Are the participants of the consortium complementary to each other and consist of the suitable operational capacity?
- ✓ Have the other relevant resources, such as facilities, equipment, networks, been identified and accounted for in the planning of the proposal?
- ✓ Does the consortium possess, or intend to recruit/subcontract, the necessary skills to execute on the tasks proposed in the application?
- ✓ Are the necessary skills included in the Curriculum Vitae's? In cases where certain skills are not currently present, is there a clear desire to recruit this expertise?
- ✓ Are the proposed management structures and procedures credible, and do they promise to be effective? Is the work plan effective with respect to partner workload distribution and in accord with their competencies?
- ✓ Is the proposal and its implementation route credible, and is the proposal transparent and effective? Is the technology to be developed clear?
- ✓ Does the consortium appear to have the ability to carry the project beyond the timeline of the project and in a manner that will result in successful commercialisation?

Coherence and effectiveness of proposal implementation (30%): Threshold 18

- ✓ Are the proposed deliverables coherent with the proposed Work Packages and are specific and focused sufficiently to deliver the technical excellence within this project's implementation?
- ✓ Are the timelines realistic and well balanced considering the risks and delays typical in a R&I project?
- ✓ Is the work plan organized in a manner whereby delays in a work package will have minimal effect on the rest of the proposal?

- ✓ Is there coherence and effectiveness of the work plan, including appropriateness of the allocation of tasks?
- ✓ Are resources satisfactory when considering the level of funding being requested?
- ✓ Have potential risks been factored into the work packages of the proposal? Are the mitigation strategies appropriate for the risks identified and capable of minimising hinderances to the project?
- ✓ Are the proposed budgets coherent with the project ambitions and technology development, such that funds are planned to be used effectively and appropriately? In relation to the resources already available to the partner, will the items requested complete all resources necessary for the project to be completed?

Exploitation of results and dissemination (20%): Threshold 12

- ✓ Does the proposal promise the minimum in dissemination as mandated by the rules for participation? (1 article in local media, 1 half day event, 1 research publication in an open access journal)
- ✓ Does the dissemination strategy also include other measures taking into consideration both reach and engagement in accordance with the nature of the project? Does the dissemination take into consideration the general public, commercial stakeholders and the research community?
- ✓ How much does the route to IP protection follow the recommendations given from the Commercialisation Voucher Programme? Has a detailed strategy outlining IP protection been provided and is that strategy effective?

Have adequate funds for any major dissemination activities (open access fees, etc.) or IP protection strategies (Patents, trademarks, etc.) been identified when internal funds may not be sufficient? If included in the proposed budget, are they appropriate?

Commercialisation and further development (20%): Threshold 12

- ✓ Are the proposed outputs and outcomes coherent in terms of economic impact, employment and investment, with respect to the project ambition and funding requested?
- ✓ Is the proposed Technology Readiness Level (TRL) advancement consistent with that proposed in the Commercialisation Voucher Programme application, and is the move to higher TRL's sufficiently ambitious, yet realistic?

- ✓ Is the proposal informed by the results of the CVP? Have the outcomes of the CVP been clearly been incorporated into the proposal in a manner that will contribute to the successful commercialisation of the project?

Has a credible plan for commercialisation been reflected in the proposal in line with the maturity of the technology at the end of the project? Has a high-level plan been provided indicating the desired activities to be done after the life time of the project?

Kindly note that, for proposals including a partner applying under the GBER state aid route, an extra evaluation step may be undertaken to assess the research type of each activity and determine the aid intensity after selection by the expert evaluators. Private entities 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 Consortium members will be invited to sign a Grant Agreement establishing the terms and conditions governing the financing of the project. The Project Application including but not limited to milestones, compliance and reporting obligations, and the IP agreement shall constitute an integral part of the Grant Agreement.

Hard copies of the Grant Agreement must be signed by all members of the Consortium within **two (2) weeks** from the date on which the Project Coordinator receives them. The project leader should ensure that all members of Consortium are available to provide their signature during this 2-week timeframe, where a legal representative is not available a proxy should sign. Failure to comply with the stipulated timeframe will result in a withdrawal of the offer for funding.

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

12.2 Start Date and End Date

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

(Hereinafter the “Agreement Date”).

MCST will endeavour to transfer the first tranche of funding to the Lead Partner’s Project account as soon as possible after the Agreement Date, as described in the Grant Agreement.

Between the Agreement Date and the Start Date, the Consortium should ensure that all activities required for a smooth project start are completed. These may include but not limited to:

- ✓ obtaining quotations for procurement purposes
- ✓ issuing a human 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 number of Stages. Each Stage shall be 12 months in duration except the final stage of the project. Funding for any one stage shall not exceed 80% of the project grant.

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

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

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

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

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

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

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

In cases where an extension is required, beneficiaries are expected to notify MCST, in writing, at least one month prior to the deadline. Such notification should be sent to the Council keeping rtdi.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 MCST 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 MCST.

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 MCST 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 account or records, clearly distinguishable from its other accounting records. All relevant expenses must be recorded in these accounts.

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

15 Dissemination and Externalisation

15.1 Allocated funds towards dissemination

Five thousand Euro (€5,000) shall also be reserved by MCST from the FUSION programme budget (over and above the maximum grant value of €295,000) for dissemination activities to be hosted by Esplora with the consortium support. These shall be used only for the following:

- Venue, room set-up and ancillary audio-visual equipment to cater for an event attended by 20-100 persons
- Catering and refreshments for the event
- Organisation of press coverage, release of press statements, invitation of speakers
- Photography (and videography if applicable)
- Posters and leaflets for event, plus poster material post-event
- Advertisement of the event in the local media
- Staff costs for the management, organisation and implementation of the dissemination activities
- Implementation of temporary exhibits and material related to the project within Esplora

This reserved amount should not be listed in the 'Budget' section of the application form. Any additional activities that involve costs, such as project websites, registration and publication fees and other public events, should be listed in the Budget section under 'Other'. The Esplora event should ideally be held during the last stage of the Project. Kindly note, these events may be held in conjunction with other events of a similar nature.

When the consortium contains a partner making use of the GBER route outlined in the 'Rules for Participation Option A', the event described in this section will not be held. Also, the event will no longer be a mandatory deliverable and the €5,000 are not reserved. Kindly note that the maximum grant value is still €295,000 in this scenario.

15.2 Referencing

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

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

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.

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

16 Supervening Circumstances

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

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

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

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

16.1 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 10 (10% for Management costs, 25% for subcontracting, etc.) The process and level approval required for these transfers is

dependent on the amount to be transferred in proportion with the overall project value for the respective partners.

- Transfers of Project funds between line items of a single Beneficiary, within a single Stage, totalling a maximum of 10% of the Beneficiary's overall requested funding for that Stage, shall be automatically allowed and do not require the prior approval of the Managing Authority. A clear indication of such transfers shall be illustrated in the end of Stage reporting and all reallocations shall be appropriate and within the scope of the Project and its deliverables, as well as aligned to the Rules for Participation.
- Transfers of Project funds between one Stage and the subsequent one (where applicable), totalling a maximum of 10% of the Beneficiary's overall requested funding for the Project, and where these line items remain unchanged, shall be automatically allowed and do not require prior approval of the Managing Authority. A clear indication of such transfers shall be illustrated in the end of Stage reporting and all reallocations shall be appropriate and within the scope of the Project and its deliverables, as well as aligned to the Rules.

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.**

Furthermore, for project partners making use of the GBER route, requests for transfers will only be considered when these are across the same aid intensities.

16.2 Time Extensions

Time extension requests are to be submitted in writing to Mr. Stephen Borg, who will seek the approval of the Unit Director, by not later than **one (1) month before the original stage end date**. Such extensions will be granted at the sole and unfettered discretion of MCST and may only be **three (3) months per stage**. Provided that the fact that MCST will have accepted a request for an extension in one stage will not in any manner bind or be interpreted as binding MCST to accept a request for an extension in another stage. 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).

16.3 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.

17 Interpretation of Rules

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



ANNEX ONE

