



FUSION Research and Innovation:

Technology Development Programme LITE

*Rules for Participation 2021-23 - Option A2 – **GBER** aid*



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1 Fusion

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 Lite

The Technology Development Programme **LITE** is a national funding programme which supports the actual development of innovative projects proposed by public entities or industry players. The programme is designed to provide an expedited route for Maltese innovators to develop and demonstrate their novel technologies. This route to commercialisation will allow for new entrepreneurial ventures based on innovations in competitive industries. The programme focuses on a Technology Readiness level advancement of 4 through 7.

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. Projects falling in other areas will also be considered but preference will be given to the SMART Specialisation areas through the external evaluation procedure.

For more information about the Smart Specialisation Areas refer to the MCST website.

3 Contacts

Applicants are **encouraged to seek the advice of the Council** in the preparation of the project application. Advice shall only be given in respect to these Rules for Participation and not on technical grounds. Applicants are particularly encouraged to

seek the Council's guidance through proposal-specific one-to-one sessions to ensure that the single-stage application documentation is complete and effective.

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4 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 Programme.

Beneficiaries are Programme applicants who have been granted funding under this Scheme. This scheme will cover both beneficiaries which are deemed as undertakings that carry out an economic activity within the meaning of Article 107 TFEU, as well as those which are not.

Council refers to the Malta Council for Science and Technology

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.

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

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.

Maltese 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.

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

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

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 beneficiary from proposal submission to project end. The co-ordinator will have the responsibility of ensuring eligibility and supervision of the project workflow with the help of WP leaders. Additionally, he/she will be required to submit the project application on behalf of the entity and must also compile and submit reports / deliverables to the funding bodies which in turn will relay these documents to the Lead Agency. May also be referred to as **Principal Investigator**.

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;

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

- i. One enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- ii. One enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- iii. One enterprise has the right to exercise a dominant influence on another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- iv. One enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

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

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

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

5 Eligibility

These Rules for Participation are applicable to **individual private undertakings that carry out an economic activity** within the meaning of Article 107 TFEU. **With a proposed technology starting between TRL4-6**

Any application submitted by or including the participation of any legal person or legal entity having, in totality or in majority ownership, and/or the same shareholders, and/or partners or persons holding and/or exercising a controlling or management power in any other legal entity or being the same legal person which will have been at any time prior to such application declared as non-compliant or defaulting on any other contract or agreement entered into with MCST, shall be automatically declared as inadmissible.

The term “defaulting” includes but is not limited to cases in which all parties participating in Council-funded projects have been deemed as being outside of the project stage timelines and have thus been or are in delay, and/or have not had technical deliverables, scientific and/or financial reporting and audits duly compiled and accepted by MCST for the said project.

In addition, MCST reserves the right at its discretion to request a Bank Guarantee to address its concerns with regards to potential risks identified by MCST as being posed by any one or more applicants.

6 Application

The Call for Project Proposals will be open from **20th September 2021 to 1st November at 23:59pm**. All project application submissions, which must reach MCST by the deadline, **must be dated and signed** applicant’s legal representative regardless of organisational lead times and other administrative obstacles. Applicants are encouraged to apply in good time as additions, amendments or submissions after the deadline will not be considered.

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. If any errors with the budget are noted the budget will be either considered as a major deviation or minor deviation¹. The content of the Application Form and these rules for participation will be directly appended to the Grant Agreements for successful applicants and will constitute the Grant Agreement technical obligations.

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

Application Forms can either be sent electronically to rtdi.mcst@gov.mt, keeping Mr. Stephen Borg (stephen.i.borg@gov.mt) and Dr. Melchior Cini (melchior.cini@gov.mt)

¹ 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

in copy, with “Technology Development Programme LITE Application Submission” as a subject.

All Submissions shall include:

- ✓ The filled-in **application form** in MS Word (.docx) format and a signed scanned copy (to be sent by email or on a pen drive)
- ✓ **Curricula Vitae** of key researchers including relevant track records.
- ✓ A **dissemination and externalisation plan** should be included (as either a work package within the application form, or as a separate annex)
- ✓ **Additional Declarations** (related to Personal Data, Cumulation of Aid, Double Funding, Outstanding Recovery Order and Transparency Obligations)
- ✓ In the event that the applicant is a start-up, the applicant 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.
- ✓ Forms for GBER:
 - **Entity Size Declaration form**
 - **Undertaking in Difficulty 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. Undertakings will be subjected to a Due Diligence evaluation which will make use of the documents submitted as well as documents within public record.

All received applications shall be acknowledged in writing or by email. **Incomplete applications at the close of the call will not be considered.**

6..1 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 append the approved letter in an annex to the application form entitled “pre-agreed deviations to deliverables”.

7 Programme Parameters

7.1 Project Start Date and Duration

The project must start by **1st February, 2022** or as otherwise stated by MCST. The project should have a duration of **one year** with the possibility of a further 6 months to be allowed on request by the beneficiary.

7.2 Project Grant

The maximum possible funding for a project is €150,000.

7.3 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. The **Mandatory Deliverables** are as follows:

- 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 the Council within two weeks of publication. Additional publications may be considered.
- 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 Project Technical Report;
 - End of Project Financial Audited Report

The reports are **to include sufficient evidence of any volunteered deliverables** stated in the application.

7..4 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:

- ✓ Research paper submitted to peer reviewed journals, kindly specify if these will be open access or registered in any institutional repositories.
- ✓ The formation of any spin-off entities that are envisioned. Kindly highlight if these spin-offs will also be licenced any IP generated.
- ✓ Oral presentation/s at international conference/s on the work carried out through the Project;
- ✓ Business and commercialisation related outcomes including a plan which establishes which goals and objectives must be achieved for the business to succeed.
- ✓ Applying or registration of any IP
- ✓ 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

8 Eligible Costs

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

Eligible Costs for De Minimis Aid:

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. Eligible salaries are pinned to the following hourly rates (including National Insurance and Inland Revenue and allowances)

Role in Project	Hourly rates (€/hr) 2022		Hourly rates (€/hr) 2023		Limits per project (persons)
	min	max	min	max	
Manager	NA	47.53	NA	49.91	Max 2 per project
Senior Researcher ² or equivalent	26.27	36.28	27.58	38.09	Max 2 per project
Researcher ³ or equivalent	13.77	26.26	14.45	27.57	No Limits
Operational, technician, research support assistant or equivalent	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 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 the beneficiary 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. Students must be engaged through a Maltese academic entity. Where the applying entity is not a Maltese Academic Entity, reasonable supervisory fees are eligible under subcontracting.

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

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

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

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

employees' internally funded research quota for other research activities is to be retained as this evidence may be required by the auditors.

Depreciation of Specialised equipment: Depreciation of specialised equipment including software. For costs over €15,000, it is recommended that specifications are provided in the application form. If a specialised Laptop/pc is going to be purchased, please specify its usage/specs. For GBER, costs of instruments and equipment are eligible to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the **depreciation costs** corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. The depreciation costs must be verified by a Certified Public Accountant.

- **Scientific information:** Access to scientific information sources including databases and publications
- **Subcontracted Activities:** limited to 25% of the project value, provided that prior approval is attained from the Committee before subcontracting to ensure fair procurement procedures. The beneficiary remains responsible for the timely delivery of the subcontracted tasks. The beneficiary shall ensure that such a third party is selected in accordance with procurement guidelines in a fair, non-discriminatory manner.
- **Consumables:** Overall value of consumables cannot exceed 30% of project value.
- **Other:** Other expenses directly related to the project.
- **Indirect Costs:** Are overhead costs of up to 10% of direct eligible costs except for subcontracting.

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

9 Ineligible Costs

The following is a non-exhaustive list of expenditures which shall be considered as ineligible costs:

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

- ✓ Re-purchase of equipment originally procured through other funding mechanisms
- ✓ 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
- ✓ Travel Costs
- ✓ Dissemination Costs
- ✓ Employee Overtime
- ✓ Patent renewal/maintenance fees

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

10 Aid Intensity

Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty. as amended by Commission Regulation (EU) No 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs, and by Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments, and as may be subsequently amended.

Considering that the only types of research eligible under this programme are Industrial Research and Experimental Development and that effective collaboration is not possible. It follows that the maximum aid intensities are as follows:

Type of Research	Small Undertaking	Medium Undertaking	Large Undertaking
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Industrial Research	70%	60%	50%
Experimental Development	45%	35%	25%

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

The Programme's financial contribution to a Partner which falls under the definition of a Maltese Public Entity, Higher Education Entities not undergoing an economic activity shall be 100% of eligible costs incurred by that Partner, in accordance with option B of this programme.

Kindly note, for the purposes of this programme only industrial research and experimental development is eligible for funding.

11 State Aid

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

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

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

1. Undertaking in difficulty form
2. Enterprise size declaration

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.

12 Evaluation

Project applications will be evaluated through a three-step process. Firstly, projects will undergo an administrative evaluation to ensure compliance with these rules for participation. If successful, projects will be forwarded to three external evaluators for External Evaluation which will form a ranking of all projects divided by the various sets of rules. The projects will be ranked alternating from the next highest ranked project from option A to Option B starting from Option A until the funds are consumed.. For clarity, the order of awards will be as follows (subject to the availability of funds):

1. Top ranked project for option A
2. Top ranked project for option B
3. Second ranked project for option A
4. Second ranked project for option B

The pattern will continue until all funds or eligible project are exhausted.

Finally, a Due Diligence evaluation will be performed when necessary. Failure to achieve a minimum of **70% pass** from External Evaluation will lead to a rejection of the proposal. For a project to be successful it must pass from all three steps.

Excellence (25%)

- Are the proposal's aims and objectives clear? Are they reasonable and ambitious within the context of this programme?
- Does the project go beyond the current, state of the art? Is the improvement between existing technologies and the proposed technologies clear?
- Will the proposed technology be novel on a local or global level? Does the innovation have potential to create or disrupt markets? Does the proposal fall within Malta's smart specialisation areas?
- Does the proposal appear to be technologically and practically feasible in achieving the set-out objectives? Are there significant risks associated with the development which can impact the efficacy of the final project?

Impact (50%)

- Is the proposal compelling and would it result in an advancement in the current market?
- Does the proposal address National, European Union or Global Priorities? Has the proposal been able to characterise the influences and impacts that the project has on the end-users?
- Would the project be commercially viable? Have markets and end-users been identified? Has this led to a reasonable prediction of the expected performance and specifications of the technology based on user needs?

- Has the project's impact on the entity been adequately described? Will the project improve operational efficiency or market resilience? Does the technology have significant scale-up potential?
- Is the proposal supported by an elementary feasibility study? Does the feasibility study include: a competitive analysis, primary market research, definition of unique selling points and identification and mitigation of critical risks?
- Has a plan for further development on the project and technology been devised? Have further iterations and the scope of these iterations been described as well as the ultimate impact on end users?
- Is the proposal accompanied by a comprehensive dissemination and externalisation plan which compliments commercialisation efforts?

Implementation (25%)

- Does the proposed project participant have the required skills and expertise to undertake the project successfully and deliver the set-out objectives?
- Is the ability to commercialise the project present within the applicant? If this is not the case, has this been mitigated and adequately addressed? Has a plausible route to protecting that novelty been proposed?
- Is the general scientific and technical approach proposed sound and credible? Are the tasks proposed appropriate for the timeframe allowed? Is the proposal coherent and effective in terms of the work plan, including appropriateness of the allocation of deliverables, tasks, and resources?
- Is the requested budget appropriate and convincing in relation to this proposal's ambitions? Are the line items being requested pertinent within the project? Are they consistent with the current market price of those items?
- Have potential risks been described and will they be managed as such to ensure the best possible chances of success in the outcomes of the research?

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 mandatory co-financing

13 Post Selection Process

Following the successful evaluation of the application, the beneficiary 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 shall constitute an integral part of the Grant Agreement as will the rules for participation. **Hard copies of the Grant Agreement must be signed within two (2) weeks from the date of receipt.** Failure to comply with the stipulated timeframe will result in a withdrawal of the offer for funding.

For this particular set of rules, the aid intensity may need to be determined with the support of the research type evaluation form. This form will assign each activity a specific budget and the research type to determine the aid intensity.

The project will start on a pre-determined date which shall be 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 beneficiary’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 beneficiary 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 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.

14 Funding

The project will be considered to be a single stage of 6 to 12 months. The total financial contribution by the Managing Authority over the lifetime of the project shall not exceed the funding limit as established in the Grant Agreement, irrespective of actual expenditure.

The Initial funding tranche will account for 80% of the grant value and will be disbursed at the start of the project. A retention tranche 20% being given in as after the successful completion of the project. The Council reserves the right to alter the retention percentage in to limit exposed risk, following a due diligence evaluation. Underspends identified in the end of project; financial audited report will be reduced from the retention tranche.

As a condition, the Beneficiary shall open a dedicated project bank account with a banking institution of repute, in the name of the Beneficiary, designated by the Project

Grant Agreement Number, denominated in Euro. Grant payments by the Managing Authority, as well as any co-financing from Beneficiaries, shall be deposited into the Project Account. The Beneficiary shall only use this account for the payment of expenses incurred in connection with the Project, provided such expenses are authorised and allowed in terms of these Rules and the Grant Agreement. The Beneficiary shall not encumber the Project Account in any way whatsoever, and without limitation to the generality of the foregoing, the Grant shall not be made subject to any hypothec, pledge or any other form of security guarantee.

Without prejudice to the generality of the foregoing provision, the following shall apply:

(a) The Managing Authority reserves the right to grant permission, in writing, to one or more Beneficiaries, to waive the obligations of said Beneficiary/s mentioned in Section 6.1. Provided that where the Managing Authority provides its written permission to one or more of the Beneficiaries to proceed without the opening of a Project Account, the Beneficiary/ies are to ensure that all Project transactions bear appropriate analysis codes to enable the clear distinction between Project transactions and other operational transactions. The Managing Authority reserves the right to order the refunding of any disbursed funds that have not been accounted for in this manner.

The Managing Authority reserves the right to order the refunding of any disbursed funds that have not been accounted for in the above manner.

The Lead Beneficiary's Project Account, or bank account is to be used in accordance to this Article's provisions, is stated in the Grant Agreement.

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

In cases where the additional 6 months are needed in the project duration, a written notification must be sent to the Council.

15 Audit

Following the termination of the project or expiry of the Grant Agreement, the beneficiary 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.

The Final Financial Report needs to be audited by certified auditors appointed by the beneficiary where the auditor is responsible for the financial audit and approved by the Council once submitted. The audit should determine the total eligible costs and compare these to funds stated in the Grant Agreement. The Council reserves the right

to appoint an auditor to audit the Project Financial Audit as submitted. Following finalisation of the financial audit, the technical audit may be performed based on the templates provided by the Council. The audit should be conducted in line with an audit checklist.

As soon as the verifications and audits are finalised and cleared The Council will release the retention money due to the beneficiary. In the case of overpayment, the beneficiary 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 conduct during or after the completion of the project focusing on the financial, management and technical progress of the project.

Templates for any mandatory reports will be provided with the grant agreement.

16 Double Funding

Funding under this Programme is made available on the basis that the beneficiary has not 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 beneficiary 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, the beneficiary is automatically accepting and authorising the Council 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.

17 Referencing and Acknowledgements

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 LITE’.

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 LITE and the Council, the beneficiary shall be obliged to

publish a correction at its own expense in the subsequent issue of the publication. In the case where such publicity does not mention the FUSION R&I Programme and the Council, associated costs will be considered ineligible.

18 Supervening Circumstance

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.

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

18.1 Transfers of Funds

Beneficiaries are able to transfer funds between eligible, budgetary items during the lifetime of their project. These transfers must be **in keeping with the nature and purpose of the funds** granted. The transfers must also **adhere to the limits for individual line** items in section **Error! Reference source not found.** (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.

- (a) 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.
- (b) Changes to the Project timeline up to a maximum of three (3) months, can be sought by the Lead Beneficiary through a clear justification to the Managing Authority. Should the Managing Authority be able to approve such a change to the Project timeline (at its discretion), the change is to be formally approved through a confirmation letter from the Managing Authority to the Lead Beneficiary, which approval shall then be deemed to constitute an integral part of this Grant Agreement.

For GBER, requests for transfers will only be considered when these are across the same aid intensities.

18..2 Time Extension

As described above, a project should last for 12 months maximum. However, a further 3 months may be requested by sending, a formal justification letter to the Council. If this justification is deemed inappropriate, the Council reserves the right to reject the request after due consideration.

18..3 Default

If the implementation of a project becomes impossible or if the beneficiary fails to implement it, the Council 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, the Council will provide a maximum of two notices indicating a rectification period of one month each.

19 Confidentiality of Submissions

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

- i The Rules for Participation;
- ii Commission Regulation (EU) No 651/2014 of 17th June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty as amended by Commission Regulation (EU) No 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs (hereinafter referred to as the 'General Block Exemption Regulations' (for Schemes notified under the General Block Exemption Regulations). Subsequently amended by *Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments, and as may be subsequently amended.*
- iii COMMISSION REGULATION (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (*de minimis* Regulation). This has now been amended by Commission Regulation (EU) 2020/972 of 2 July 2020, amending Regulation (EU) No

1407/203 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments.

iv 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).

v 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’.

20 Interpretation

This document endeavours to establish comprehensive and unambiguous rules governing participation. However, should circumstances arise where the rules are inadequate, unclear, and 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.