

FUSION Research and Innovation: Technology Development Programme

Rules for Participation 2023 - Option A – **State aid regime**

Contents

1	Introduction	4
2	The Technology Development Programme	4
2.1	<i>Programme Scope and Focus</i>	4
2.2	<i>Contacts</i>	5
3	Definitions	5
4	Eligibility Criteria and Applications	10
4.1	<i>Eligibility for Participation</i>	10
5	Consortium	11
	<i>Consortium</i>	11
5.3	<i>Lead Partner</i>	13
5.4	<i>Conflict with Fundamental Aim of Programme</i>	13
6	Eligibility Under the State Aid Regime (Option A)	13
7	The Application Process	17
7.1	<i>Application Submission</i>	18
7.2	<i>Considerations at Application Stage</i>	20
7.2.1	Respecting Lead Times	20
7.2.2	Assistance with Applications	21
7.3	<i>Deviations</i>	Error! Bookmark not defined.
8	Confidentiality of Submissions	21
9	Programme Parameters	22
9.1	<i>Project Start Date and Duration</i>	22
9.2	<i>Project Grant</i>	22
9.3	<i>Deliverables</i>	22
9.3.1	Mandatory Deliverables	22
9.3.2	Recommended Deliverables	24
10	Eligible Costs	25
10.1	<i>Subcontracted Activities</i>	29
10.2	<i>Audits</i>	30
10.3	<i>Eligible Indirect Costs</i>	30
10.4	<i>Ineligible Costs</i>	30
10.5	<i>Funding Distribution between Partners</i>	31
10.6	<i>Co-Financing</i>	31
11	Evaluation	33
12	Post Selection Process	36
12.1	<i>The Grant Agreement</i>	36
12.2	<i>Start Date and End Date</i>	36
13	Double Funding	37

14	Funding, Management and Progress Monitoring	37
14.1	<i>Allocation and Disbursement of Funding</i>	37
14.2	<i>Final Financial Audit</i>	38
14.3	<i>The Technical and Financial Reports</i>	38
14.4	<i>Accountability</i>	40
15	Dissemination and Externalisation	40
15.1	<i>Allocated funds towards dissemination</i>	40
	<i>Referencing</i>	41
16	Supervening Circumstances	41
16.1	<i>Transfers of Funds</i>	42
16.2	<i>Time Extensions</i>	Error! Bookmark not defined.
16.3	<i>Default</i>	44
17	Interpretation of Rules	44
ANNEX ONE		45

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.**

Information on the Smart Specialisation Areas can be found here:

<https://mcst.gov.mt/wp-content/uploads/2022/01/RIS3-Strategy-2020-2027.pdf>

2.2 Contacts

For general enquiries kindly contact:

Mr. Mark Farrugia
R&I Programmes Executive
Email: mark.c.farrugia@gov.mt
Tel: +356 2360 2178

For escalated enquiries kindly contact:

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

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 single undertakings 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 Union, having an operating base in Malta and which has legal personality, which may, acting under its own name, exercise rights and be subject to obligations.

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

Project Grant means the granted funding provided.

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

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

Project Coordinator is one of the beneficiaries of a project consortium that is appointed as the single point of contact between the Lead Agency and/or the funding bodies and the consortium partners from proposal submission to project end. He/she will have the responsibility of ensuring that all the partners involved in the consortium are eligible and supervises the project workflow with the help of WP leaders.

Additionally, he/she will be required to submit the project application on behalf of the consortium and must also compile and submit reports / deliverables to the funding bodies which in turn will relay these documents to the Lead Agency. Can also be referred to as **Principal Investigator**.

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

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

Research and Development is defined as the systematic investigation, work or research carried out in any field of science or technology through experiment, theoretical work or analysis undertaken in order to acquire new knowledge, primarily directed towards a specific practical aim or objective, and includes:

- a) **Industrial Research** means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation
- b) **Experimental Development** means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services.

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

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

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

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

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

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

Start of works means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other

commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works. For take-overs, 'start of works' means the moment of acquiring the assets directly linked to the acquired establishment.

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.

Undertaking in Difficulty means an undertaking in respect of which at least one of the following circumstances occurs:

(a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU and 'share capital' includes, where relevant, any share premium.

(b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.

(c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

(d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.

(e) In the case of an undertaking that is not an SME, where, for the past two years:

1. the undertaking's book debt to equity ratio has been greater than 7.5 and
2. the undertaking's EBITDA interest coverage ratio has been below 1.0.

4 Eligibility Criteria and Applications

These Rules for Participation are applicable to undertakings 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 2022**.
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 2022**
 - 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 **1st September 2023**, 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 MCST's external evaluators and are required to adhere to the following conditions. Failure to do so will render any submission under the Technology Development Programme ineligible.

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.

5 Consortium

5.2 Consortium

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 and Well-being", 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 5.4).

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 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;

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

- ✓ To act as the main point of contact between MCST and the project Partners;

5.3 Lead Partner

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

5.4 Conflict with Fundamental Aim of Programme

Pertaining to the Arm's length principal, the participation of individuals in a Consortium must not be of such nature as to create conflicts with the fundamentals of knowledge transfer and commercialisation, 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 State Aid Regime (Option A)

- o The *de minimis* Regulation

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

The *de minimis* Regulation stipulates that a single undertaking cannot receive more than €200,000 in *de minimis* aid (or €100,000 in the case of single undertakings performing road freight transport for hire or reward) over 3 fiscal years, including *de minimis* aid from any other *de minimis* schemes. Applicants should ensure and declare they are eligible for the requested grant under State Aid rules before submitting an application.

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

Assistance approved under this aid scheme is NOT:

- i. Aid granted to undertakings active in the fishery and aquaculture sector, as covered by Council Regulation (EC) No. 104/2000;
- ii. Aid granted to undertakings active in the primary production of agricultural products;
- iii. Aid granted to undertakings active in the sector of processing and marketing of agricultural products, in the following cases:
 - a. Where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;
 - b. Where the aid is conditional on being partly or entirely passed on to primary producers;
- iv. Aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;
- v. Aid contingent upon the use of domestic over imported goods;
- vi. Aid for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward.

Where an undertaking is active in the sectors referred to in points (i), (ii) and (iii) above as well as in other sectors falling within the scope of the de minimis Regulation, the Council will ensure a separation of the activities or distinction of costs. Only those sectors eligible for assistance under the de minimis Regulation will be assisted. Activities in the sectors excluded from the scope of the de minimis Regulation will not benefit from assistance under this aid scheme.

All applications should be accompanied by the relevant State Aid declaration forms. **For successful applications, an updated declaration form may be required at the time of the signing of the Grant Agreement, ensuring that the applicant remains eligible for funding under the state aid regimes.**

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

The rules on cumulation of aid as outlined in Article 5 of the de minimis Regulation will be respected.

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

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

More information on the *de minimis* regulation can be found on the following link:

https://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

o The General Block Exemption Regulation

The General Block Exemption Regulation (GBER), can also be applied for within this set of 'Rules of Participation'. Applicants under this route must comply with the 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, as 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.

Assistance will not be granted if the aid is:

- i. related to export activities towards third countries or Member States, namely aid directly linked to quantities exported, to the establishment and operation of a distribution network or to the other current expenditure linked to export activity.
- ii. contingent upon the use of domestic in preference to imported goods.
- iii. granted in the sector of processing and marketing of agricultural products, in the following cases:
 - i. where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;
 - ii. where the aid is conditional on being partly or entirely passed on to primary producers;
- iv. granted in favour of a beneficiary which is subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by Malta illegal and incompatible with the internal market.
- v. granted in favour of an undertaking in difficulty (defined in terms of Commission Regulation (EU) No 651/2014 of 17 June 2014), unless the undertaking was not in difficulty on 31 December 2019 but then became an 'undertaking in difficulty' in the period from 1 January 2020 to 31 December 2021.

Rules on *cumulation of aid* shall be in line with Article 8 of the General Block Exemption Regulation.

In determining whether the notification thresholds and the maximum aid intensities are respected, the total amount of State aid for the aided activity or project or undertaking shall be taken into account.

Where Union funding centrally managed by the institutions, agencies, joint undertakings or other bodies of the Union that is not directly or indirectly under the

control of the Member State is combined with State aid, only the latter shall be considered for determining whether notification thresholds and maximum aid intensities or maximum aid amounts are respected, provided that the total amount of public funding granted in relation to the same eligible costs does not exceed the most favourable funding rate laid down in the applicable rules of Union law.

Aid granted under this Programme may only be cumulated with:

- a) any other State aid, as long as those measure concern different identifiable eligible costs,
- b) any other State aid, in relation to the same eligible costs, partly or fully overlapping, only if such cumulation does not exceed the highest aid intensity or aid amount applicable to the aid under Commission Regulation (EU) No 651/2014.

Aid awarded under this route shall not be cumulated with any *de minimis* aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding those laid down in these Rules for Participation.

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

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

1. Undertaking in difficulty form
2. Enterprise size declaration
3. Declaration of Effective Collaboration
4. Research Type Declaration Form

7 The Application Process

The Call for Project Proposals will be open from **1st of August to 15th September 2023 at 23:59pm**. The selection and funding of proposals under this Programme shall be on a competitive basis.

Applicants should refer to the eligibility criteria in Section 4.

7.1 Application Submission

The 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 **Error! Reference source not found.** 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) and Mr. Mark Farrugia (mark.c.farrugia@gov.mt) in copy, with “Technology Development Programme Application Submission” as a subject or via we-transfer for emails larger than 6MB

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 via we-transfer)
 - 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 a partner is participating on Option B.
- ✓ **Additional Declarations** (related to Personal Data, Cumulation of Aid, Double Funding, Outstanding Recovery Order and Transparency Obligations) for each partner.

For applicants applying under this set of rules (Option A):

- ✓ 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 is the selected route of aid:
 - **Entity size declaration form**
 - **Undertaking in difficulty form**
 - **Effective collaboration declaration form**
 - **Research Type Evaluation Form**

The aid intensity may vary depending on the outcome of the Research Type Undertakings will be subjected to a Due Diligence evaluation which will make use of the documents submitted as well as documents within public record.

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

All received applications shall be acknowledged in writing or by email. Incomplete applications as at **15th September 2023 at 23:59pm** 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 the Council.

Partners should also consider personal commitments, vacation leave etc, when planning to submit an application. **All project application submissions, which must reach MCST by the deadline, must be dated, 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 the Council in the preparation of the project application. This should help identify any areas of concern prior to the submission of the application and lead to a better quality of submission. Advice shall only be given in respect to these Rules for Participation and not on technical grounds. Applicants are particularly encouraged to seek the Council's guidance through proposal-specific one-to-one sessions to ensure that the single-stage application documentation is complete and effective, as once submitted, cannot be edited.

8 Confidentiality of Submissions

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

- i The Rules for Participation;
- ii Commission Regulation (EU) No 651/2014 of 17th June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty as amended by Commission Regulation (EU) No 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs (hereinafter referred to as the 'General Block Exemption Regulations' (for assistance granted 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), (for assistance granted under the *de minimis* Regulation). This has now been 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.
- 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’.

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 **2nd January 2024** or as otherwise stated by MCST. The project should have a duration of 24 months, 30 months or 36 months (maximum) without the possibility of extension.

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)**. 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 the Council 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 the Council 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** to verbally update MCST on progress via presentation (to be held midway through the project and at the end.)
- **Interim Technical Reports;**
- **Interim Financial Reports and Projections for 2nd Part;**
- **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 Interim Report must be submitted mid-way through the project. The Financial Interim Report must be submitted within one month from the interim meeting. 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 (or any tangible outcomes during the patenting process).
- ✓ 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 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.

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:

$\text{€ } z = (\text{basic salary} + \text{allowances}) / \text{yearly weekday hours (max 1760hrs)}$. 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) 2024		Hourly rates (€/hr) 205		Hourly rates (€/hr) 2026		Limits per project (persons)
	min	max	min	max	min	max	
Manager	NA	52.41	NA	55.03	NA	57.78	Max 4 per project
Senior Researcher ² or equivalent	28.96	39.99	30.41	41.99	31.93	44.09	Max 2 per project
Researcher ³ or equivalent	15.17	28.95	15.93	30.40	16.73	31.92	No Limits
Operational, technician, research support assistant or equivalent	NA	15.16	NA	15.92	NA	16.72	No Limits

The rates stated in the table are for the year 2024-26. 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 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

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.

- **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 expenses directly related to the project, including but not limited to; dissemination costs that are over and above the specifically allocated €5,000, publication costs, etc.

Eligible Costs for GBER Aid:

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

- **Personnel Costs**

Costs of researchers, technicians and other supporting staff to the extent employed on the project.

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:

Personnel limits per project: Role in Project	Hourly rates (€/hr) 2024		Hourly rates (€/hr) 2025		Hourly rates (€/hr) 2026		Limits per project (persons)
	min	max	min	max	min	max	
Manager	NA	52.41	NA	55.03	NA	57.78	Max 4 per project
Senior Researcher ⁴ or equivalent	28.96	39.99	30.41	41.99	31.93	44.09	Max 2 per project
Researcher ⁵ or equivalent	15.17	28.95	15.93	30.40	16.73	31.92	No Limits
Operational, technician, research support assistant or equivalent	NA	15.16	NA	15.92	NA	16.72	No Limits

The rates stated in the table are for the year 2024-26. 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 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.

⁴ 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

⁵ 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.

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.

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 bought or licensed from outside sources at arm's length conditions,
- **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.

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 arm's length 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 auditor's checklist which will be included in the grant agreement and are subject to the final audit scrutiny.

10.3 Eligible Indirect Costs

Overheads incurred directly as a result of the project will be covered at 10% of direct eligible costs.

10.4 Ineligible Costs

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

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

- ✓ Personnel hours for travelling
- ✓ Patent renewal/maintenance fees
- ✓ Dissemination costs for GBER participants

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

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 under this set of rules (option A):

- For partners who are applying under **de minimis** aid:

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

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

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

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

Type of Research	Small Undertaking	Medium Undertaking	Large Undertaking
Industrial Research	70%	60%	50%
Industrial Research with effective collaboration	80%	75%	65%
Experimental Development	45%	35%	25%
Experimental Development with effective collaboration	60%	50%	40%

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

The project involves effective collaboration:

- Between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70% of the eligible costs⁶, or
- Between an undertaking and one or more public research and knowledge-dissemination organisations, where the latter bear at least 10% of the eligible costs and have the right to publish their own research results.

Results are considered to be widely disseminated when this is done through conferences, publication, open access repositories, or free of open source software.

The amount of assistance granted to participants will not exceed the thresholds laid down in Article 4(1) (i) of Commission Regulation (EU) No 651/2014.

⁶Under the parameters of this programmes this situation is not possible

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.

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 will be undertaken to assess the research type of each activity and determine the aid intensity after selection by the expert evaluators. Undertakings are also subject to a due diligence evaluation. Should a proposal score more than 80 marks yet not be granted due to funds being consumed by higher ranked proposals, the proposal will receive a "Quality Proposal Acknowledgment" (QPA). Using the QPA, the Council will seek further funding on behalf of the applicant. Please note that there is no guarantee that these funds will be secured in favour of the proposal. The applicant will be notified following the evaluation and ranking of all proposals if they receive a QPA.

The Council will have 3 months from the notification date to seek the funding requested and respond to the applicant. Should a project be granted further funding through this mechanism, the awarded process (further evaluations, agreement, etc.) continue as regular. Should the 3-month window elapse, the project will not be successful and will not be granted funding. Should multiple proposals be provided with a QPA and insufficient funds provided to grant all QPA projects, the Council will respect the ranking devised through the evaluation process and award the next best ranked projects. Should a project receive funding but is rejected by the applicant for any reason, then the QPA mechanism no longer applies.

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 provide 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 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 is divided in two funding will be provided at the beginning of the project, half-way through the project and the retention at the end, while the technical and financial reports should be submitted mid-way and at the end of the project. The latter should contain details of actual expenditure over the past reporting period, together with an updated forecast of projected expenditure for the following reporting period. Such details must be broken down for each Project Partner.

.

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:

, MCST will provide the relevant pre-financing to the lead beneficiary 50% at the beginning of the project and 30% mid-way through the project. 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 mid-way..

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 reporting period is considerable.**

14.2 Final Financial Audit

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

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

14.3 The Technical and Financial Reports

The Technical and Financial Reports should include:

- ✓ An account of project activity and achievements over the past reporting period for each Partner compared with the originally submitted application.
- ✓ An account of actual expenditure over the past reporting period 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 reporting period for each Partner;
- ✓ An updated forecast of projected expenditure for the following reporting period 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 towards the end of the Project. Kindly note, these events may be held in conjunction with other events of a similar nature.

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

Applicants should note that:

- Transfers of project funds between line items over the course of the project that are cumulatively less than 20% of the grant value are automatically eligible provided that:

- i. the limits mentioned in the Rules of Participation in Section 9 are adhered to;
- ii. expenses are exclusively used throughout the project lifetime to the sole benefit of the project;
- iii. requested costs should be eligible as per Rules of Participation;

- Should transfers of project funds between line items are cumulatively greater than 20% of the grant value, these will be considered as significant alterations to the proposal, and will not be eligible.

Kindly note that with respect to transfer of project funds, these should be reflected in the project progress meetings and in the Project Audited Financial Report, mentioned in Section 8.3.1.

Kindly note that the structure of the line items will be as follows:

- Transfers between different budget categories will always contribute to the 20% limit.
- Each manager will be considered as its own line item (transfers between managers will contribute to the 20% limit)
- Research personnel will be considered a single line item (transfers between research personnel will not contribute to the 20% limit)
- Equipment under €5,000 will be considered a single line item (transfers between equipment (under €5,000) will not contribute to the 20% limit). However, each piece of equipment over €5,000 will be considered their own line items (transfers between equipment (over €5,000) will contribute to the 20% limit).

- Subcontracted activities of under €5,000 will be considered a single line item (transfers between subcontracting (under €5,000) will not contribute to the 20% limit). However, subcontracting over €5,000 will be considered their own line items (transfers between subcontracting (over €5,000) will contribute to the 20% limit).
- Consumables of under €5,000 will be considered a single line item (transfers between consumables (under €5,000) will not contribute to the 20% limit). However, consumables over €5,000 will be considered their own line items (transfers between consumables (over €5,000) will contribute to the 20% limit).
- Travel will be considered a single line item (transfers between travel will not contribute to the 20% limit).
- Items listed under 'Other' will be considered their own line items (transfers between other costs will contribute to the 20% limit).

Kindly note that the term 'own line item' refers to a whole budget category whereas 'single line item' refers to one individual line item within a budget category.

Should an equipment/ subcontracting originally proposed to be over €5,000, but gets reduced to less than €5,000 over the course of the project, this will still be considered as an individual line item. Should an item of equipment/subcontracting originally proposed to be less than €5,000, be increased to over €5,000 over the course of the project, this will alter to an individual line item.

For reference purposes, please find attached the above transfers in a tabular format:

Will contribute to the 20% limit	Will not contribute to the 20% limit
Transfers between different budget categories	
Transfers between managers	Transfers between research personnel
Transfers between items of equipment (over €5,000)	Transfers between items of equipment (under €5,000)

Transfers between subcontracted activities (over €5,000)	Transfers between subcontracted activities (under €5,000)
Transfers between consumables (over €5,000)	Transfers between consumables (under €5,000)
Transfers between items in the 'Other' category	
Transfers between travel activities	

16.2 Default

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

17 Interpretation of Rules

This document endeavours to establish comprehensive and clear rules governing participation in this initiative. However, should circumstances arise where the rules are inadequate, unclear, ambiguous, or conflicting, the Council shall exercise its discretion in the interpretation of the rules or will extrapolate the rules as necessary through the setting up of an ad hoc committee. These current Rules repeal any Rules previously issued and constitute exclusively the entire Rules issued by the Council.

ANNEX ONE

