



GOVERNMENT
OF MALTA

PARLIAMENTARY SECRETARIAT
FOR YOUTH, RESEARCH
AND INNOVATION



FUSION Research and Innovation: Technology Development Programme

Rules for Participation 2024 - Option B – Non-State Aid



Contents

1	Introduction.....	4
2	The Technology Development Programme	4
2.1	<i>Programme Scope and Focus</i>	5
2.2	<i>Contacts</i>	5
3	Definitions.....	6
4	Eligibility Criteria and Applications.....	11
4.1	<i>Eligibility for Participation</i>	11
5	Consortium	12
5.1	<i>Composition</i>	12
5.2	<i>Conflict with Fundamental Aim of Programme</i>	13
6	Eligibility Under the Non-State Aid route	14
7	Commercial Voucher Programme (CVP).....	15
8	The Application Process.....	23
8.1	<i>Application Submission</i>	23
8.2	<i>Considerations at Application Stage</i>	26
8.2.1	<i>Respecting Lead Times</i>	26
8.2.2	<i>Assistance with Applications</i>	26
9	Confidentiality of Submissions.....	27
10	Programme Parameters.....	27
10.1	<i>Project Start Date and Duration</i>	27
10.2	<i>Project Grant</i>	27
10.3	<i>Deliverables</i>	28
10.3.1	<i>Mandatory Deliverables</i>	28
10.3.2	<i>Recommended Deliverables</i>	30
11	Eligible Costs for TDP	32
11.1	<i>Subcontracted Activities</i>	34
11.2	<i>Audits</i>	35
11.3	<i>Ineligible Costs</i>	35
11.4	<i>Funding Distribution between Partners</i>	36
11.5	<i>Co-Financing</i>	36
12	Evaluation	36
13	Post Selection Process	40

13.1	<i>The Grant Agreement</i>	40
13.2	<i>Start Date and End Date</i>	40
14	Double Funding	41
15	Funding, Management and Progress Monitoring	41
15.1	<i>Allocation and Disbursement of Funding</i>	41
15.2	<i>Reporting</i>	43
15.3	<i>Accountability</i>	45
16	Dissemination and Externalisation	46
16.1	<i>Allocated funds towards dissemination</i>	46
16.2	<i>Referencing</i>	46
17	Supervening Circumstances	46
17.1	<i>Transfers of Funds</i>	47
17.2	<i>Default</i>	49
18	Interpretation of Rules	49
	ANNEX ONE	50

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 Xjenza Malta 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 (TDP) is a national funding programme which supports the actual development of innovative projects proposed by public entities and industry players.

It builds on the outcomes of the first vouchers covered by the Commercialisation Voucher Programme: the IP Check (IPC) and the Commercial Viability test (CVT).

The IP Check examines statutory and proprietary rights such as patents, trademarks, designs, confidential information, trade secrets, and copyright. Meanwhile, the Commercial Viability Test assesses all critical aspects of a project to determine its likelihood of successful completion, particularly in relation to market potential.

As of this call, the Commercialisation Voucher Programme has been integrated into the Technology Development Programme. Applicants awarded the TDP grant can begin with the Commercialisation Voucher Programme. Upon successfully completing

both the IP check and the Commercialisation Viability Test, they can proceed directly to the full TDP phase. Conditions for the Commercialisation Voucher Programme apply; please refer to Section 4.1 and 7 for further details.

Programme Scope and Focus

The Programme provides financial support for commercial viability tests, research, development and innovation, preferably within the SMART Specialisation Areas identified in Malta's National Research and Innovation Strategic Plan 2023-2027. The focus in the programme 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 on Xjenza Malta website

2.2 Contacts

For general enquiries kindly contact:

Dr. Alessandra Loria
R&I Programmes Executive
Xjenza Malta
Villa Bighi, Kalkara KKR 1320
Email: alessandra.loria@gov.mt
Tel: +356 2360 2111

For escalated enquiries kindly contact:

Mr. Mark Farrugia
R&I Programmes Acting Senior Executive
Xjenza Malta
Villa Bighi, Kalkara KKR 1320
Email: mark.c.farrugia@gov.mt
Tel: +356 2360 2178

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 grant.

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.

Effective collaboration means collaboration between at least two independent parties to exchange knowledge or technology, or to achieve a common objective based on the division of labour where the parties jointly define the scope of the collaborative project, contribute to its implementation and share its risks, as well as its results. One or several parties may bear the full costs of the project and thus relieve other parties of its financial risks. Contract research and provision of research services are not considered forms of collaboration.

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

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

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

Innovation is defined as the internationally novel scientific/technological development of a technological process, product or service. Also, the definition of innovation within the same context can also be applied to non-novel, yet step-change/ground-breaking enhancement of existing technological processes, products

or services, or even the application of existing knowledge to new novel applications of these solutions to deliver step-change competitiveness through such an application.

Maltese Legal Entity having an operating base in Malta refers to a legal entity that:

- owns, leases, or has been given the right of use by a third party, an adequate premise from where to conduct an eligible economic activity in the region of Malta; and
- employs at least one person that is based in Malta and is liable to pay income tax in Malta.

Managing Authority refers to Xjenza Malta, an Agency established as per SL 595.49.

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

Principal Investigator the term refers to the lead researcher on behalf of the local applicant/beneficiary of a transnational project consortium. May be the same as the Project Coordinator and/or the Project Contact Point.

Project Coordinator the term refers to one of the beneficiaries of a project consortium that is appointed as the single point of contact between the Managing Authority and the consortium partners from proposal submission to project end. The Project Coordinator will have the responsibility of ensuring that all the partners involved in the consortium are eligible and supervises the project workflow. Additionally, the Project Coordinator will be required to submit the project application on behalf of the consortium and must also compile and submit reports/deliverables to the Managing Authority.

Project Contact Point the term refers to the individual, appointed to act on behalf of the Beneficiary and who is responsible for communicating with the Agency about the Project.

The Project Contact Point(s) shall have the following responsibilities:

- To ensure compliance with the obligations in terms of the Grant Agreement.
- To compile Periodic Reports and Final Reports including their timely submissions and effective execution of the project.
- To ensure the submission of all required financial reporting as per the contractual obligations for the partner.
- To execute the project activities according to set timeframes and deliverables.

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

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

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

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

technology, industry or sector (including, but not limited to, digital industries and technologies, such as super-computing, quantum technologies, block chain technologies, artificial intelligence, cyber security, big data and cloud technologies). Industrial research 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 including digital products, processes or services, in any area, technology, industry or sector (including, but not limited to, digital industries and technologies, such as for example super-computing, quantum technologies, block chain technologies, artificial intelligence, cyber security, big data and cloud or edge technologies). This may also encompass, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services.

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

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

Research and Knowledge-dissemination Organisation means an entity (such as universities or research institutes, technology transfer agencies, innovation intermediaries, research-oriented physical or virtual collaborative entities), irrespective of its legal status (organised under public or private law) or way of financing, whose primary goal is to independently conduct fundamental research, industrial research or experimental development or to widely disseminate the results of such activities by way of teaching, publication or knowledge transfer. Where such entity also pursues economic activities, the financing, the costs and the revenues of

those economic activities must be accounted for separately. Undertakings that can exert a decisive influence upon such an entity, in the quality of, for example, shareholders or members, may not enjoy preferential access to the results generated by it.

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

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

4 Eligibility Criteria and Applications

These Rules for Participation are applicable to public entities and public research and knowledge dissemination organisations, that do not carry out an economic activity within the meaning of Article 107 TFEU with a proposed technology between TRL 4 and TRL 7.

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 the managing authority to be non-compliant with respect to Grant Agreement obligations on other active projects funded by the Managing Authority, 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 the Managing Authority, and where the applicant is in recognised default.

The following parties are eligible to apply:

1. Anyone who is applying for the TDP call and has successfully completed the CVP as of 1st January 2022.
2. Maltese registered Entities who have not successfully completed the CVP as of 1st January 2022 and thus must include the CVP exercise as "Work Package 0" of their proposal.

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

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

5 Consortium

5.1 Composition

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

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

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 5.2).

The project proposal must be submitted by the lead partner on behalf of the Consortium, with prior endorsement and signature of application by the legal representative of each Partner. Should the endorsement be absent, a delegated authority should be sought and achieved. The role of Project Coordinator shall be performed by a physical person who is an employee of the Lead Partner. Legal entities other than physical persons, as well as foreign entities are not eligible to perform this role.

The Project Coordinator through the Principal Investigator 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;

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

- ✓ To coordinate the timely activities of the individual project Partners on an ongoing basis, and to ensure that they fulfil their obligations in terms of the Contractual Agreement;
- ✓ To compile all reports including Technical and Financial Reports including submissions by all project Partners in a timely fashion;
- ✓ To act as the main point of contact between the Managing Authority and the project Partners;

5.2 Conflict with Fundamental Aim of Programme

Pertaining to the Arm's length principle, the participation of individuals in a Consortium must not be of such nature as to create conflicts with the fundamentals of knowledge transfer and commercialisation, which are the foremost aims of the Technology Development Programme.

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

- a) The direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or a majority of the voting rights of the shareholders or associates of that entity.
- b) The direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned.

The following relationships between legal entities shall not in themselves be deemed to constitute controlling relationships:

- a) The same public investment corporation, institutional investor or venture-capital company has a direct or indirect holding of more than 50% of the nominal value of the issued share capital or a majority of voting rights of the shareholders or associates.
- b) The legal entities concerned are owned or supervised by the same public body.

Partners in the same Consortium cannot be involved in any commercial transaction with another Partner in the same Consortium, or any other entity with shared

shareholding, or any other entity within the same group of companies as the Partner, on any matter related to the R&I Project.

6 Eligibility Under the Non-State Aid route

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

Under these rules, the partner must be considered a public entity or a public research and knowledge dissemination organisation as defined in section 3.

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

a public 'research and knowledge dissemination organisation', as defined in the Commission Framework for State Aid for research and development and innovation (2022/C 414/01) paragraph 16(ff), which carries out a non-economic activity in line with the following:

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

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

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

or,

a public entity whose activity does not constitute an economic activity within the meaning of Article 107 of the Treaty on the Functioning of the European Union. Where applicable, applicants need to ensure adherence to Section 2.2 "Indirect State Aid to undertakings through public funded research and knowledge dissemination organisations and research infrastructures" of the Framework for State Aid for research and development and innovation (2022/C 414/01).

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

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

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

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

7 Commercialisation Voucher Programme (CVP)

As of the year 2024 the Technology Development Programme will support the performance of preliminary studies: an intellectual property check and a commercial viability test which were previously covered by the Commercial Voucher Programme (CVP).

Any applicant applying for the TDP call and has successfully completed such preliminary studies through the Commercialisation Voucher Programme as of 1st January 2022 must submit the completed report along with their application.

Applicants who wish to apply for the TDP Call but have not yet conducted a CVP will have the option to do so before starting their project. This can be completed as part of "Work Package 0". The activities related to the CVP will be in accordance with the conditions set out in this section of these rules. The CVP will consist of the Intellectual Property Check Report (IPC; add-on 1) and the Commercial Viability Test (CVT; add-on 2).

The CVP will be performed by an approved Service provider chosen following an acceptance meeting.

The CVP has a value of €14000 excluding VAT and will have a duration of 16 weeks. Both the IP check and CVT will be performed in tandem to ensure the CVP is completed in an expeditious manner.

Reports will be evaluated by an independent external evaluator and needs to exceed certain thresholds to proceed to the TDP grant. Each report will be scored out of 100 and needs to exceed 60%. In the case that a report does not meet the threshold up to 2 additional chances for a review can be provided at the discretion of Xjenza Malta. Following this if CVP is not successful, the project will be terminated at that stage and will not proceed to the TDP grant.

The Commercialisation Voucher Programme will be governed by a separate grant agreement signed by the Lead Beneficiary and the Managing Authority

The following explains the procedure related to CVP done through the TDP.



- 1) Intellectual Property Check (IPC) – 4 weeks – € 4K
- 2) Commercial Viability Test (CVT) – 12 weeks – € 10K

N.B. Vouchers can be done simultaneously.

The Intellectual Property Check (IPC) Details

The pertinence of the IP Check add on is two-fold:

Prospective applicants of the TDP and the Go-To-Market would have an obligation to apply for and complete both stages of the CVP.

All Maltese Private/Public entities who are already beneficiaries of a FUSION programme may tap into the IP Check add-on as a means to verify whether or not, the invention being researched is innovative and original. The IP Check will also ensure that there aren't any prior registrations or pending applications which may be considered as prior art, and which may hinder successful IP right registration.

*Beneficiaries receiving funds either under the Research Excellence Programme (REP) and/or the Technology Extension Support Programme (TESP) will not be eligible to apply for the IP Check as an add-on.

Scope: The IP Check is specifically designed to establish whether the inventor/s can register an intellectual property right in respect of the innovative technology being researched. The IP audit drafted by a Xjenza Malta-approved Service Provider and authorised by the beneficiary of the fund, examines the validity of the technology, and provides recommendations on the possible patentability of the technology. With this meticulously compiled analysis in hand, the researcher will obtain a clear understanding of the type of potential IP assets which could emanate from the proposed innovative.

The IP Check report aims to:

1. Clearly capture the new technology
2. Establish the IP position.

The two basic prerequisites for patentability are that the invention for which patent protection is sought is (1) not known to the public before the filing of the first patent application (novelty) and (2) that having regard to the state of the art, the invention is not obvious to a person skilled in the art (inventive step). During the course of the 4 weeks allocated for the IP check stage, the Service Provider will conduct a thorough investigation to establish similarities and points of convergence between the new proposed technology and any prior art to determine whether the latter could hinder the potential of an IP right registration.

In order to facilitate the IP Check process and as a preparatory measure to the eventual intellectual property right registration, an Inventor Disclosure Form (IDF) must be completed and duly signed by the inventor/s of the proposed innovative technology.

The process Utilising an array of sources, with a scope of identifying potential class / subclasses of the proposed innovation, the Service Provider would perform keyword searches related to the purpose, use and composition of the invention. The U.S. and European Patent Office provide free online databases. In addition, one can also make use of free online databases such as PubMed including any abstracts available. In this regard one can search using keywords or phrases which describe the invention under consideration by looking for common terms defining the invention, its function/s, effect/s, end-product, structure, and use thereof. Commercial databases could also be used to search existing patents and review their claims, as well as to consult publications, specifications, drawings, and all related references.

The Service provider conducting the IP Check, must assess the ability of protecting the idea by primarily analysing.

- a) Whether any information related to the invention has already been disclosed [Disclosure]
- b) Whether this is a completely new idea [Novelty Factor]
- c) Whether this idea is building on something which has already been developed and/or protected [Prior Art]

At the end of the exercise, the Service Provider will submit a validation and scientific opinion, identifying clearly whether the project proposal should:

- Proceed to the next step of the Voucher Programme including technical recommendations for improvement, if any; or
- Be rejected, including the reasons thereto to be communicated with the applicant.

Timeframe The Intellectual Property Check Stage shall take place over the course of 4 weeks which will run from the date of an acceptance meeting moderated by the Xjenza Malta programme administrator, between the beneficiary and the Service Provider

Allocated Budget: €4,000

Service Providers: The service provider will be chosen from a list of pre-approved service providers verified by the Managing Authority.

Commercial Viability Test (CVT) Details

Timeframe:

The Commercial Viability Test shall take place over a 12-week period which will run from the date of the acceptance meeting held between the FUSION beneficiary and the Service Provider. In respect of projects with a low TRL i.e., TRL 2-4, the Service Provider is expected to produce a 30-40-page report, whilst for higher TRL projects where the innovation is closer to the market, the report would have to be 40-50 pages long.

Segment A - Market Analysis

This segment must identify whether there is a market for the technology itself, or in other technologies, products and services which might be derived from it. By means of this analysis, the Service Provider will study the dynamics of the market such as volume and value, assess potential customer segments, competition, buying patterns and geographical location. The research should also assess the ease of access to the potential market, focusing on the intensity of competition, customer readiness, regulatory and tax barriers amongst other factors.

1. The Service Provider must prove a thorough understanding of the product/service/technology being proposed by:

- Conducting a primary market research to understand what the possible applications of the proposed idea might be and in what type of market it would fit. Through such an analysis it is important to capture the potential impact which the new idea would have on the market, given other new market ideas and existing products / services / technologies already on the market.
- Undertaking an assessment of the perceived differentiating factors and USPs of the product / service / technology.
- This would enable the establishment of the potential market/markets for the technology, and for products / services / technologies which can be derived from it, categorised in relevant segments for further analysis.

2. Provide indications of the potential sizes and growth rates of markets and market segments identified in Step (1).
3. Identify a geographical market.
4. Identify the potential for access to the markets and market segments identified, considering regulatory issues, extent of competition and customer readiness.
5. Capture the relevant technology trends to provide details on how different sectors are investing in technological products; Such trends should seek input from:
 - Data from several technology market research reports (depending on the sector) such as Gartner, Forrester, IDC, Hoover's database of businesses, Ovum, Zenith International as well as industry trade associations; Such sources are being provided only as an example one is free to use other technology market research reports as it deems appropriate.
 - Data from online qualified industry surveys, blogs and publications, for sources of news, trends and market information with a declared methodology, such as the US Census Bureau which publishes annual technology surveys; Such sources are being provided only as an example one is free to use other technology market research reports as it deems appropriate.
6. Delineate the potential life cycle of the technology and of derivative technologies/products and services leading to the development of a demand forecast based on sound methodological approaches, including indications of pricing and revenue generation; This should indicate if there is an existing demand or whether it can be created.
7. Document the competitive landscape to identify and recommend target country markets, thus establishing the geographical market.
8. Undertake a risk assessment with respect to the market situation, and how this may impinge upon demand, pricing, and revenue.
9. Review the environmental forces (political, economic, societal, and technological) that could influence the success of the product. Identify and quantify barriers to entry and any relevant legislation or restrictions.
10. Market Research should consider gender balance in terms of the end-user of the product or service.

Segment B - Estimation of Costs and revenue generation.

This segment should include the total cost involved to develop the technology into a market-ready product / service/solution. Such costing should also cover any technology transfer to be undertaken by the industry acquiring the technology. The following should be covered through the analysis:

The identification and estimation of the costs involved in the production and supply of the identified product, service, or technology.

1. An assessment of the dependence of such costs on critical factors, such as the use of essential inputs, and transport to different markets, amongst other things. An identification of direct and indirect, fixed, and variable costs.
2. An analysis of the extent to which unit costs depend on scale of production, including an assessment of the technological likelihood that a minimum efficient scale is achieved.
3. Where possible, identify the direct costs, which refer to the direct costs involved in the production of the product / service under consideration. Such costs may include material and process selection as well as labour costs.
4. Where possible, identify the overhead costs, which refer to the indirect costs that are still related to the cost object, but cannot be directly related to the actual production of the product/service. These may include environmental impact costs and regulatory/certification costs, health and safety costs, water and electricity, general administration costs, quality control, and general maintenance. Overhead costs can be either treated as a lump-sum or else they can be allocated to the products and services.
5. Establish the minimum breakeven level that would need to be achieved to fully absorb the identified fixed costs.

Segment C: Financial, economic and welfare assessment:

The aim of this analysis is to examine the potential effect which the proposed technology will have on the local economy. The depth and the nature of the analysis is relative to the TRL of the technology undergoing the study, thus the analysis of an innovative technology /product or service which is TRL 5 or higher (closer to market)

would be expected to be more onerous than that conducted in respect of a solution addressing a market need and which has a TRL ranging between 2 and 4. In this regard the financial, economic and welfare analysis should measure the potential effect of the outcome of the technology in terms of changes in economic growth (output or value added) and associated changes in jobs (employment) and income (wages). Technologies which are at TRL 2 or lower are exempt from detailed analyses in this segment, however the Service Provider must still provide a financial, economic and welfare assessment, albeit more diluted than one which a higher TRL technology would merit. Thus, this would enable the assessment of the economic potential of that technology by comparing the level of economic activity occurring at a given time with the presence of the technology, compared to what would be expected if the technology were not developed.

Segment D: Risk Profile

In this section, the Service Provider will determine the critical risks associated with the eventual technology development as well as those risks associated with the eventual commercialisation and implementation of the resultant technology/product/service/solution. development of a product/service/solution.

At the end of the 12 weeks allocated for the commercial viability analysis, the Service Provider will submit a comprehensive report to Xjenza Malta which will include all the necessary data and information detailing the incremental effect which the proposed technology/product/service or solution would have on the local economy and risk register (risks are to be ranked high, medium, low impact and/or probability). The ensuing results should enable a technology development lead to evaluate and mitigate the risks identified and take decisions based on such risks. Upon submission of the Commercial Viability test report by the Service Provider to Xjenza Malta the report will be forwarded to an independent evaluator who will revert with an expert opinion on whether the technology proposed has successfully completed the CVP, and whether it should be considered for further funding.

Allocated Budget: €10,000 Service Providers: The service provider will be chosen from a list of pre-approved service providers verified by the Managing Authority

8 The Application Process

The Call for Project Proposals will be open from 14th of November 2024 to 31st January 2025 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.

8.1 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 the Managing Authority.

Kindly note, that for those who have already successfully completed the CVP, the reports should be submitted with the TDP application.

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 12.

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 12 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. 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.

In the case that the Commercialisation Voucher Programme was successfully done, 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 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 be sent electronically to rtdi.xjenzamalta@gov.mt, keeping Dr. Alessandra Loria (alessandra.loria@gov.mt) and Mr. Mark Farrugia (mark.c.farrugia@gov.mt) in copy, with "Technology Development Programme Application Submission" as a subject.

It is the responsibility of the applicant to ensure that a confirmation of receipt is provided.

All Submissions shall include:

- ✓ The application form in MS Word (.docx) format and a signed scanned copy (to be sent by email or 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.
- ✓ Additional Declarations (related to Personal Data, Cumulation of Aid, Double Funding, Outstanding Recovery Order and Transparency Obligations) for each partner (where applicable)
- ✓ CVP Reports (For those applicants who have already successfully completed CVP)

Where partners who are requesting State Aid form part of the consortium:

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

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

All received applications shall be acknowledged in writing or by email. Incomplete applications as of 31st January 2025 at 23:59pm will not be considered.

8.2 Considerations at Application Stage

8.2.1 Respecting Lead Times

All organisations, including the Managing Authority, 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 Managing Authority.

Partners should also consider personal commitments, vacation leave etc, when planning to submit an application. All project application submissions, which must reach the Managing Authority 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.

8.2.2 Assistance with Applications

Prospective Project Partners are encouraged to seek the advice of the Managing Authority 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 Managing Authority'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.

9 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 Managing Authority via the application for the aid and its subsequent processing by the Managing Authority to evaluate data subject's request for aid under the Scheme is in line with:

- The Rules for Participation;
- Data Protection Act, Chapter 586 of the Laws of Malta and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
- The legitimate basis to process personal data submitted by the data subject by virtue of his/her written application for aid is Regulation 6 (1)(b) of the General Data Protection Regulation ("GDPR"), as 'processing is necessary in order to take steps at the request of the data subject prior to entering into a contract'.

10 Programme Parameters

The Managing Authority 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.

10.1 Project Start Date and Duration

The project must start by 1st June 2025 or as otherwise stated by the Managing Authority. The project should have a duration of 24 months, 30 months or 36 months(maximum) without the possibility of extension.

10.2 Project Grant

The maximum possible funding for a project across the consortium is €500,000 with the possibility of an additional €14,000 excluding VAT.

10.3 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 submitted within the stipulated deadlines will not be considered. If the project is awarded, evidence should be submitted for each deliverable mentioned in the application form to ensure that it has been attained successfully. A milestone refers to a key deliverable or achievement within the project. It is recommended that file storing and synchronization service e.g., Google Drive or Dropbox, is set up and shared with the Managing Authority to support the project monitoring process. The shared folder should reflect the structure of deliverables provided in the Full proposal i.e., every deliverable should have its own sub-folder with evidence saved within.

The project's tasks must include the mandatory deliverables listed below. The sub-sections below list the Mandatory deliverables that are required by the Managing Authority and a non-exhaustive list of Recommended deliverables that may be considered. The project work plan should provide sufficient details of planned activities and incorporate these deliverables into the project proposal.

The Beneficiaries shall always cooperate with the Managing Authority in promoting the Programme by presenting the Awarded Project or through other reasonable means, as requested by the Managing Authority.

10.3.1 Mandatory Deliverables

A consortium should:

During the duration of the project, submit 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 Managing Authority. 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 addition, or alternatively, during the duration of the project beneficiaries should also consider applying to the Xjenza Malta Schemes for Open Access Journal Support, which are specifically designed for the Managing Authority beneficiaries. These schemes can be used to publish open access

research linked to the awarded project under this Programme. Additionally, Xjenza Malta Schemes for Open Access Journal Support will be subject to the timelines governed by a separate agreement. Therefore, applying to these schemes with the intent to publish open access peer-reviewed research papers may be sufficient as a deliverable.

A copy of all publications must be presented to the Managing Authority

- ✓ Publish at least one article per year in local newspapers or magazines including an acknowledgement to the Managing Authority. 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 Managing Authority within two weeks of publication. Additional publications may be considered.
- ✓ 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 a meeting every 6 months to verbally update the Managing Authority on progress via presentation.
 - Interim Technical Reports;
 - Interim Financial Reports and Projections for 2nd Part;
 - End of Project Technical Report;
 - End of Project Financial Audited Report

For anyone who is applying for the TPD call and has not successfully completed the CVP as of 1st January 2022:

- Intellectual Property Check
- Commercial Viability Test

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 the Managing Authority. 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 Managing Authority, 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. The Managing Authority 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 the Managing Authority and its decision is binding and final. Any other communication is not considered valid or binding.

10.3.2 Recommended Deliverables

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

- ✓ Registration of patents on the work carried out throughout the project.
- ✓ The formation of any spin-off entities that are envisioned. Kindly highlight if these spin-offs will also be licenced any IP generated.
- ✓ Monograph/s and/or peer-reviewed paper/s for accepted publication in international open access journal/s of repute based on the work carried out through the Project;
- ✓ Oral presentation/s at international conference/s on the work carried out through the Project;
- ✓ The attainment of undergraduate degrees and/or postgraduate degrees and/or post-doctoral research. (In cases where the project duration is insufficient for the purpose of submitting a degree, there has to be a

commitment to complete the degree outside the duration of the project utilising other sources of funding.)

- ✓ Additional registration of patents or other Intellectual Property Rights (IPR) stemming from the Project, in Malta as well as in any other country;
- ✓ Additional project dissemination activities including but not limited to: fairs, workshops and events. Examples include: Science in the City, R&I cafes, Enterprise European Network events, project exhibitions and so on.
- ✓ Commercial commitments such as technology innovations to be included in a partner's existing product or service.
- ✓ Commercial commitments such as technology transfer licences.

Activities related to project set-up, such a personnel recruitment, procurement of equipment, internal meetings, etc, should not be considered as deliverables. This list of activities and the above recommended deliverables are indicative and not exhaustive. Where deliverables require periodic submissions (e.g. monthly reports on progress, reports on IP status etc.), it is only the final submission that will be considered as the deliverable. The number of volunteered deliverables should not exceed 15 in number.

The format of deliverables to be submitted must be specified at Grant Agreement Preparation stage. Deliverables may take the form of presentations, reports, correspondence, legal agreements, images, event agendas, audio recordings, videos, databases, certificate, manuscripts etc.

In the case of publications, their submission should take place during the duration of the project, and where available and possible, deposited in the entity's repository, including an acknowledgement to the Managing Authority.

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.

A copy of all publications must be presented to the Managing Authority before the end date of the project otherwise the Managing Authority reserves the right to withhold funds accordingly.

The Managing Authority 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.

11 Eligible Costs for TDP

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

The eligible direct costs are:

- o 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)

Role in Project	Hourly rates (€/hr) 2025		Hourly rates (€/hr) 2026		Hourly rates (€/hr) 2027		Limits per project (persons)
	min	max	min	max	min	max	
Manager	NA	55.03	NA	57.78	NA	60.67	Max 4 per project
Senior Researcher ² or equivalent	30.41	41.99	31.93	44.09	33.53	46.29	Max 2 per project
Researcher ³ or equivalent	15.93	30.40	16.73	31.92	17.57	33.52	No Limits
Operational, technician, research support assistant or equivalent	NA	15.92	NA	16.72	NA	17.56	No Limits

The rates stated in the table are for the year 2025-27. 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

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 the Managing Authority 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.

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 the Managing Authority.

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.

- o Specialised equipment: Purchase/leasing 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
- o Travel: Travel is allowed with a maximum of €15,000 (excluding indirect costs). Only travel in relation to dissemination and externalisation activities is eligible.
- o Subcontracting: 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.
- o 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.
- o Overheads and Other Operating Expenses: Overheads (also known as eligible indirect costs) and other operating expenses that are incurred directly as a result of the project, will be covered at 20% of direct eligible costs claimed.

11.1 Subcontracted Activities

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

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

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

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

The Lead Partner should ensure that the attainment of any services or goods respect the procurement guidelines noted in section 11.2.

11.2 Audits

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

11.3 Ineligible Costs

The following expenditure shall be considered as ineligible costs:

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

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

11.4 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.

11.5 Co-Financing

The following rates of co-financing shall be applicable:

The Programme's financial contribution to a Partner which falls under the definition of a Maltese Public Entity or public research and knowledge dissemination organization, that does not carry out an economic activity within the meaning of Article 107 TFEU, shall be 100% of eligible costs incurred by that Partner, in accordance with this set of rules.

12 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 Managing Authority 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:

Excellence (40%)

1. Are the proposal's aims and objectives clear? Are they reasonable and ambitious within the context of this programme? Is the technology to be developed clear?
2. Will the proposed technology be novel on a local or global level? Does the innovation have potential to create or disrupt markets? Does the proposal fall within Malta's smart specialisation areas?
3. Does the project go beyond the current, state of the art? Is the improvement between existing technologies and the proposed technologies clear? Has IP protection been adequately considered? Has a detailed strategy outlining IP protection been provided and is that strategy effective? Has the IP protection report been conducted in the last 2 years?
4. Does the proposal appear to be technologically and practically feasible in achieving the set-out objectives? Are there significant risks associated with the development which can impact the efficacy of the final project?

Impact (30%)

1. 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?
2. 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?

3. Does the proposal address National, European Union or Global Priorities?
Has the proposal been able to characterise the influences and impacts that the project has on the end-users? Is the proposal in line with Malta's smart specialisation areas?
4. 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, policymakers, commercial stakeholders and the research community?
5. Are the proposed outputs and outcomes coherent in terms of economic impact, employment and investment, with respect to the project ambition and funding requested?
6. Is an independent feasibility study available? Have the outcomes been considered and exploited within the proposal? If a preliminary feasibility study has been performed, does it adequately consider the intended markets and end users adequately? Was the feasibility study been conducted in the last 2 years?

Implementation (30%)

1. Are the participants of the consortium complementary to each other and consist of the suitable operational capacity? Does the consortium possess, or intend to recruit/subcontract, the necessary skills to execute on the tasks proposed in the application?
2. Is the current status of the development of the technology in line with the intended scope of the programme (approx. TRL 4) and is the advancement sufficiently ambitious (approx. TRL 7)?
3. Have the other relevant resources, such as facilities, equipment, networks, been identified and accounted for in the planning of the proposal? Are the resources not currently present accounted and planned for in the proposal?
4. Are the necessary personal 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?
5. 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? Is the work plan distributed fairly based on the competencies of each partner?
6. 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 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?
 7. 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?

Private entities 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 Managing Authority 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 Managing Authority 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 Managing Authority 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 the Managing Authority 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.

13 Post Selection Process

13.1 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 relate to the project and an abstract on the project. These will be used to publicise the award.

13.2 Start Date and End Date

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

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

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

- ✓ obtaining quotations for procurement purposes
- ✓ issuing a human resource call
- ✓ opening a bank account for the depositing of the first tranche

To be eligible for funding, all expenses must be incurred between the Start Date and the End Date of the Project. This includes and is not limited to any publication costs.

14 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 the Managing Authority 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.

15 Funding, Management and Progress Monitoring

15.1 Allocation and Disbursement of Funding

The funding of the project shall be disbursed in the following manner, including both direct and indirect costs:

Pre-Financing	50%
Interim Financing	30%
Retention Fund	20%

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

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

1. The Managing Authority will make an initial advance payment (pre-financing) of 50% of the due financial contribution and will include both direct and indirect costs (i.e., total eligible costs).
2. The Project Contact Point will be required to submit a Technical and a Financial Interim Report to the Managing Authority with details of actual expenditure in the first half of the project, together with an updated forecast of projected expenditure for the remainder of the project. Both reports must be approved by the Managing Authority before proceeding with any disbursements. The Technical Report should include an account of the activities and achievements carried out throughout the reporting period as compared with the contents of the Application (and/or additional Annexes within the Grant Agreement outlining the tasks and deliverables of the beneficiary) as originally submitted.
3. After the Interim reporting is reviewed, the Managing Authority will calculate the next due financial contribution based on the Financial Report submitted. This contribution will be calculated as forecast eligible expenditure.
4. The Managing Authority shall retain 20% of the total project grant to be transferred only upon successful completion of the project. This is referred to as the Retention Fund.
5. The Managing Authority will disburse funds to the Lead Entity and it is the responsibility of the Lead Entity to forward funds related to the partner entities.
6. Following the termination of the project or expiry of the Grant Agreement, the Project Contact Point will be required to submit a Final Technical Report together with a Final Financial Report for the entire project. The Final Financial Report needs to be audited by a certified auditor appointed by the applicant

and approved by the Managing Authority once submitted. The audit should determine the total eligible costs and compare these to the funds forwarded. The Technical Report should include an account of the activities and achievements carried out throughout in the lifetime of the project as compared with the contents of the Application form (and/or additional Annexes within the Grant Agreement outlining the tasks and deliverables of the beneficiary) as originally submitted.

7. As soon as the verifications and audits are finalised and cleared, the Managing Authority will release the Retention Fund due. In the case of overpayment, the applicant will be required to refund the under-spent amount to the Managing Authority within a specific timeframe, as agreed to with the Managing Authority.
8. Any changes to the project objectives, work-packages or any other parameter committed to in the application, are to be communicated in writing with clear justification to the Managing Authority prior to the deadline. The written request will be referred to the Unit Director for approval. The Managing Authority will acknowledge receipt and endeavour to reply in a timely manner so that the momentum of the project remains unaffected. Acceptance or otherwise of any changes shall be at the sole discretion of the Managing Authority and its decision shall be binding, final and irrevocable. Any other communication shall not be considered valid or binding.

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

15.2 Reporting

An Interim Technical Report and Financial Report are to be presented to the Managing Authority at the mid-point of the project.

On the last day of the project, the Project Contact Point is required to submit an End of Project Technical Report. The End of Project Audited Financial Report covering the work and expenditure undertaken during the entire project shall need to be submitted up to eight (8) weeks from the stipulated end of project date.

The Project Contact Point shall also set a schedule for periodical progress meetings with the Managing Authority to take place. During such meetings, beneficiaries should verbally update the Managing Authority on progress via a presentation.

The following example is based on a project timeline of 36 months:

Meetings	Project Timeline*	Reports
Kick-Off Meeting	Month 1	
Progress Meeting	Month 6	
Progress Meeting	Month 12	
Progress Meeting	Month 18	Interim Technical Report
	Month 19	Interim Financial Report
Progress Meeting	Month 24	
Progress Meeting	Month 30	
Progress Meeting	Month 36	End of Project Technical Report
	Month 38	End of Project Financial Report

**The project timeline may vary according to the project duration.*

The Interim Technical and Financial Reports shall contain the following details:

1. An overview of project activity and achievements compared with the originally submitted application.
2. An account of actual expenditure over the first half of the project compared with the originally submitted budgeted expenditure. All financial reports must be signed by the person responsible for the financial management and assembled as per the instructions in the Grant Agreement.
3. An updated forecast of project activity and projected achievements for the remaining half of the project.
4. An updated forecast of projected expenditure for the remaining half of the project.

The End of Project Technical and Financial Reports shall contain the details listed above as well as the financial audited report details as requested below.

The audit will consist of, at least, the following checks:

1. Accounts
2. Physical inventory
3. Timesheets and payslips / employee contracts

4. Receipts for all equipment and consumables
5. Bank statements for the Project Account

The beneficiary shall appoint an auditor to conduct a detailed financial audit, following the completion of the project. The Managing Authority reserves the right to appoint an auditor to audit the Project Financial Audit as submitted.

The Managing Authority may at any time conduct intermediate audits, request supplementary information and documentation on the projects and may request additional progress meetings. The Managing Authority may make such additional enquiries into a project as deemed necessary. Any required documentation not submitted within Interim reports or Final Reports, or documentation not submitted within the specified timeframes, may render the whole project ineligible, and may result in the Managing Authority recovering all funds disbursed across the project.

If the project is found to be in breach of the Grant Agreement or to materially depart from the submitted application, the Managing Authority reserves the right to discontinue the award and the beneficiary may be required to refund the Grant in part or in full. In any such event, the Managing Authority may exclude a beneficiary from participating in future calls.

Project Consortium must comply with the mandatory reporting requirements and activities as outlined in the Call text

15.3 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.

16 Dissemination and Externalisation

The Managing Authority reserves the right to request that the beneficiary participates in any Research Conferences or Events to disseminate the project results and the experience in obtaining funding from the Agency.

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 'Overheads and Operating Expenses'.

16.1 Referencing

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

'Project <Project Name> financed by Xjenza Malta, through the FUSION: R&I Technology Development Programme'.

This acknowledgement will need to be included on any dissemination material submitted to the Managing Authority 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 Xjenza Malta, 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 Xjenza Malta, associated costs will be considered ineligible.

17 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.

The Managing Authority 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 the Managing Authority to constitute material non-compliance on the part of the Beneficiary and the Managing Authority 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. The Managing Authority 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.

17.1 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).

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 get 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 travel activities	

17.2 Default

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

18 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 Managing Authority 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 Managing Authority.

ANNEX ONE

