

STEP

WORK PROGRAMME

**Setting up facilities and production lines
for manufacturing new innovative
products/services**



Co-funded by
the European Union



Republic of Cyprus



RESEARCH
& INNOVATION
FOUNDATION

The Programme is implemented in the frame of the the Cohesion Policy Programme "THALIA 2021-2027" with EU co-funding

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INTRODUCTION

This document is the Research and Innovation Foundation's (RIF) Work Programme the «STEP: *Setting up facilities and production lines for manufacturing new innovative products/services*» (STEP) Programme.

The STEP Work Programme is the principal reference document and an important information instrument for interested organisations and persons regarding the STEP Programme. The document consists of the following parts:

Section I “Programme Framework”, includes the Public Call of the Research and Innovation Foundation towards interested organisations and persons to participate in the STEP Programme, as well as the general description of the objectives, basic principles and structure of the Programmes.

Section II, includes the “Call for Proposals” for the STEP Programme, with full description of each Programme comprises its objectives and specific aims, beneficiaries, the Call for Proposals' schedule, as well as the general characteristics of the Programme, such as budget, permitted activities, project duration and funding, eligible costs, and other specific participation restrictions.

Section III, “Procedures and Participation Rules”, includes the description of general rules and procedures of the STEP Programme, regarding the participation of organisations and natural persons.

It specifically contains information for beneficiary participation, activity and cost eligibility, proposal evaluation, selection and funding procedures, project management and monitoring, basic dissemination principles, protection and exploitation of research results, as well as the legal framework governing the STEP Programme.

During the implementation of the STEP Programme, the Research and Innovation Foundation is entitled to issue circulars with regards to the procedures and participation rules of and retains the right to update the content of the present Work Programme in consultation with relevant authorities, especially in matters of Call for Proposals' scheduling and budget allocation.

The English version of the present Work Programme, even though an official translation endorsed by the Research and Innovation Foundation, is provided for information purposes only. Only the Greek version of the Work Programme is legally binding and shall prevail in case of any divergence in interpretation.

SECTION I- PROGRAMME FRAMEWORK

The Board of Directors of the Research and Innovation Foundation considering:

- the priorities set out in the RIF's Statute and in particular its guidelines, in relation to its main aims and objectives,
- the Strategic Plan of RIF,
- the Research and Innovation Strategy 2024 – 2026 of the Republic of Cyprus
- the Smart Specialisation Strategy 2023-2030,
- the strategic policy objectives, key objectives, and priorities as outlined in the programming documents for the use of Cohesion Policy 2021-2027 resources and in particular in the Partnership Agreement and the Cohesion Policy Programme “THALIA 2021-2027”,
- the priorities, objectives and milestones of the EU Strategic Technologies for Europe Platform (STEP)¹ Regulation.
- the National Policy Statement on Strengthening the Entrepreneurial Ecosystem in Cyprus as adopted by the Council of Ministers on 14 December 2015,
- the comments, suggestions, opinions of research institutions, businesses, researchers and other stakeholders and individuals from Cyprus gathered from time to time; and
- the more general experiences gained over time by the Foundation, particularly through the management and implementation of Research, Technological Development and Innovation Programmes and its cooperation with other similar organisations abroad,

decided in February 2025 to announce the STEP Programme to be co-funded by the European Union and the Republic of Cyprus through the Cohesion Policy Programme “THALIA 2021-2027”.

The STEP Programme follows the provisions of

- Regulation (EU) 2021/1060 of the European Parliament and of the European Council and Regulation (EU) 2021/1058 of the European Parliament and of the Council on the ERDF and the Cohesion Fund, and
- EU Strategic Technologies for Europe Platform (STEP) Regulation.

Additionally:

- the Community Framework on State Aid and in particular Regulation (EU) and in particular **Commission Regulation (EU) No 2023/1315 of 23 June 2023**² declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, which amended Regulation No. 651/2014 of 17 June 2014³ and Commission Regulation (EU) No **2023/2831 of 13 December 2023**⁴ on the

¹ Link to STEP Regulation https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202400795

Link to EC STEP Guidance Note https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202403209

² Commission REGULATION (EU) No 2023/1315

<https://eur-lex.europa.eu/legal-content/EL/TXT/PDF/?uri=CELEX:32023R1315>

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:3AOJ.L_2023.167.01.0001.01.ENG&toc=OJ%3A2023%3A167%3ATOC

³ Commission REGULATION (EU) No 651/2014 (General Block Exemption Regulation - GBER)

[http://www.publicaid.gov.cy/publicaid/publicaid.nsf/6B5E883AFAB5AADFC2257B8F00360DC6/\\$file/%CE%9D%CE%95%CE%9F%CE%A3%20%CE%93%CE%95%CE%9D%CE%99%CE%9A%CE%9F%CE%A3%20%CE%91%CE%A0%CE%91%CE%9B%CE%9B%CE%91%CE%9A%CE%A4%CE%99%CE%9A%CE%9F%CE%A3.pdf](http://www.publicaid.gov.cy/publicaid/publicaid.nsf/6B5E883AFAB5AADFC2257B8F00360DC6/$file/%CE%9D%CE%95%CE%9F%CE%A3%20%CE%93%CE%95%CE%9D%CE%99%CE%9A%CE%9F%CE%A3%20%CE%91%CE%A0%CE%91%CE%9B%CE%9B%CE%91%CE%9A%CE%A4%CE%99%CE%9A%CE%9F%CE%A3.pdf)

⁴ Commission REGULATION (EU) No 2023/2831

https://eur-lex.europa.eu/legal-content/EL/TXT/PDF/?uri=OJ:L_202302831&qid=1704451373927

application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid, and

- internationally accepted rules of scientific ethics and ethics, the provisions of the Law of 2001 “On the Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine and Other Provisions Related to the Application of the Convention”, as well as other relevant laws of the Republic of Cyprus, will be respected.

To this end, the Research and Innovation Foundation (RIF) invites interested institutions, organisations, businesses and individuals who meet the requirements of this Call and the individual Programmes to submit proposals for high quality projects and activities under the STEP Programme.

BASIC PRINCIPLES AND OBJECTIVES

The design of the STEP Programme focuses on the individual objectives of the EU's Strategic Technologies for Europe Platform (STEP)⁵ regulation. The Programme can be integrated into the Cohesion Policy Programme “THALIA 2021-2027” with co-financing of ERDF funds under Specific Objective 1 “Developing and strengthening research and innovation capacities and exploiting advanced technologies”.

GENERAL PRINCIPLES OF APPLICATION

The General Principles governing the implementation of the STEP Programme are the following:

Open Participation

The STEP Programme is addressed to entities that are legally established and are active in territories under the control of the Republic of Cyprus. Host Organisation (HO) must be a Small, Medium or Large Enterprise (B1, B2, B3). Research Organisations, Enterprises and other Private Sector Organisations are eligible to participate as Partner Organisations.

Competition

Funded projects will be selected through competitive procedures and after evaluation by external experts on the basis of three evaluation criteria: Excellence, Added Value and Benefit, Implementation.

Confidentiality

All proposals, as well as any accompanying documents, information and data, will be treated confidentially by the Foundation. In order to ensure confidentiality during the evaluation process, external experts evaluating proposals are required to sign a Confidentiality Statement. At the same time, all necessary safeguards are taken to ensure the protection of personal data.

Equal treatment and objectivity

All proposals submitted under the STEP Programme will be treated equally and evaluated impartially on their merits, irrespective of the origin, identity and gender of the participants.

Transparency

⁵ Link to STEP Regulation https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202400795

Link to EC STEP Guidance Note https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202403209

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The selection of projects for funding, as well as the management of funded projects, is based on specific rules and procedures clearly described in this Call for Proposals, the Call for Proposals and the respective Guidelines for Participants and Project Contract. All participants shall receive appropriate feedback on the outcome of the proposal evaluation process and the process of checking progress reports in the case of funded projects.

Simplification and efficiency

The procedures for the evaluation, selection and funding of project proposals, as well as for the monitoring and control of funded projects, shall follow the procedures which entail the least possible administrative burden for the participating organisations and the Foundation, insofar as the quality of the projects and compliance with the rules of participation and management are ensured.

Compliance with Legislation and Ethical Issues

In the context of the selection and implementation of the funded projects, all necessary measures will be taken to ensure that all research, technological development, innovation and Manufacturing Activities (Establishment Activities and Manufacturing Line Activities and Staff Training Activities) are carried out in accordance with national and Community/European legislation and comply with all fundamental principles and applicable regulations concerning ethical and safety issues. No projects with defence or military purposes shall be financed.

Wide exploitation of results

The exploitation of the results of the funded projects by the participating organisations for the benefit of the economy and society is a key priority of the STEP Programme. Particular emphasis is also placed on optimising the visibility, communication, publicity and promotion of the projects to the international and local scientific and business community, as well as to the general public.

Co-funding

Under the STEP Programme, projects are co-funded by the Foundation and the participating organisations. The funding rates (Aid Intensity) for the organisations participating in the funded projects are in line with the Community Framework for State Aid.

Implementation

The progress of the implementation of the funded projects is monitored by the Foundation, in accordance with the procedures laid down, with the aim of ensuring the quality of the implementation of the projects, highlighting the remarkable results and the rapid release of the funding. Participating organisations are fully responsible for the timely and quality implementation of the projects and the proper management of public funding, in accordance with the relevant regulations and procedures. The Foundation may impose measures and/or sanctions in the event of serious deviations in the implementation of the planned activities and/or sound financial management of the projects.

BUDGET FOR THE STEP PROGRAMME

The total budget of the STEP Programme is EUR 10.000.000, and the amount can be co-financed by the European Regional Development Fund (ERDF) under the Cohesion Policy Programme "THALIA2021-2027", under the Specific Objective 1(i) "Developing and strengthening capacity for research and innovation and adoption of advanced technologies".

These actions seek to support critical and emerging strategic technologies and their respective value chains in the relevant sectors through investments in Research, Innovation and the creation of facilities and manufacturing lines to produce new innovative products/services. At the same time, the investments are aimed at strengthening Research and Innovation and increasing private and public investments in order to develop the country's resilience and competitiveness. In addition, the investments aim to strengthen the interconnection and cooperation between the research

community and businesses to effectively exploit R&D results, promote business innovation, support competitiveness and enhance extroversion towards international markets.

SECTION II – STEP PROGRAMME CALL FOR PROPOSALS

PROGRAMME

«STEP: SETTING UP FACILITIES AND PRODUCTION LINES FOR MANUFACTURING NEW INNOVATIVE PRODUCTS/SERVICES»

INTRODUCTION

The Research and Innovation Foundation (RIF) announces the Call for Proposals for **«STEP: Setting up facilities and production lines for manufacturing new innovative products/services»** within the framework of the **STEP Work Programme** and invites potential beneficiaries to submit relevant Project Proposals (Proposals).

The present Call «STEP» can be co-financed by the Republic of Cyprus and the European Regional Development Fund (ERDF), in the frame of the Operational Programme «ΘΑΛΕΙΑ» 2021-2027.

GENERAL CALL INFORMATION

| | |
|------------------------------------|---|
| Programme | STEP: Setting up facilities and production lines for manufacturing new innovative products/services |
| Call Identifier | STEP/0625 |
| Source of Funding | Operational Programme «ΘΑΛΕΙΑ» 2021-2027 European Regional Development Fund (ERDF) |
| Call Budget | 10.000.000 Euro Initial allocation per Priority Sector: <ul style="list-style-type: none"> • Digital Technologies and Deep Tech Innovation 33.3% • Clean and Resource Efficient Technologies 33.3% • Biotechnologies 33.3% |
| Maximum Funding Per Project | 2.000.000 Euro |
| Publication Date | 13 June 2025 |
| Deadline | 5 September 2025, time 13.00 |

OBJECTIVES – PROGRAMME DESCRIPTION

The objective of the “STEP: Setting up facilities and production lines for manufacturing new innovative products/services” Programme is to support enterprises in Cyprus for the development of critical technologies and setting up of facilities and production lines for manufacturing new innovative products and services, in line with the EC’s **Strategic Technologies for Europe Platform (STEP)**⁶ Regulation.

The **STEP** regulation aims to bolster the European Union’s industrial base, reduce strategic dependencies, and foster innovation in critical technology sectors. Specifically, STEP supports investments in advanced digital technologies (deep tech), clean and resource-efficient technologies, and biotechnologies, thereby enhancing the EU’s economic security and competitiveness.

The programme focuses on two main pillars:

1. **Development of Critical Technologies** – Assistance in achieving technological innovations, refining products to meet market needs, and improving their efficiency and reliability.
2. **Manufacturing of Critical Technologies** – Support for establishing production lines, upgrading or repurposing existing facilities, and ensuring quality control to produce high-quality products.

STEP prioritizes innovative technologies with the potential to shape markets and deliver significant economic and social benefits. The regulation also emphasises cross-border collaboration and the creation of European added value, strengthening the internal market and promoting sustainable industrial development within the EU.

The STEP Programme provides support for the development and construction of critical technologies to secure and enhance their respective value chains in three sectors:

- Digital technologies and deep tech innovation
- Clean and resource-efficient technologies
- Biotechnologies

These sectors are defined in detail in the STEP Guidance Note.⁷

According to the STEP regulation, the term ‘value chain’ relates to final products; specific components and specific machinery⁸ primarily used to produce the final products; critical raw materials⁹, associated services critical for and specific to the development or manufacturing of those final products¹⁰ and technologies that fall under the scope of the Net-Zero Industry Act (NZIA).

⁶ Link to STEP Regulation: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202400795

Link to EC STEP Guidance Note https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202403209

⁷ Link to EC STEP Guidance Note https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202403209

⁸ Specific components and specific machinery are intended as parts and equipment primarily used for the development and manufacturing of critical technologies. They have the potential to enhance technological innovation and production efficiency in the relevant critical technology sectors (digital and deep tech innovation, clean and resource efficient, and bio tech). For example, in the digital technology sector, advanced computing components — such as quantum processors — represent a fundamental link in the value chain. Their development requires highly specialised equipment and expertise.

⁹ Critical raw materials, as defined in Annex II of the Critical Raw Materials Act (CRMA), are important to produce critical technologies under STEP. For example, silicon is crucial to produce semiconductors, and rare earths, for robotics. Likewise, lithium, nickel and cobalt are essential for batteries, platinum for electrolysers, and copper for the electric grid. In addition, a lot of the equipment and tools used in biotechnology research relies on critical raw materials, for example rare earths for the permanent magnets in magnetic resonance imaging devices, and platinum or titanium in implantable medical devices. The focus on these critical raw materials within the value chain is essential for ensuring that the Union’s transition to a green economy and the competitiveness of its industry is not hindered by supply vulnerabilities.

¹⁰ Associated services, pursuant to Article 2(3) of the STEP Regulation, include specialised services that are critical for and specific to the development and manufacturing of the final products within the scope of STEP. Associated services falling within the scope of STEP are considered to be those that are both critical for and specific to the relevant critical technology (be it digital/deep tech innovation, clean and resource efficient, and/or bio technologies), in that for example they enhance its content and efficiency. Examples of associated services include cleanroom services for the manufacturing of semiconductors, cloud/edge computing services, high performance computing services, testing and experimentation services, cybersecurity services, space-based IoT and secure connectivity services specific to smart manufacturing, space-based positioning, navigation, and timing (PNT), services for real-time monitoring and tracking and specialised clinical trial management to develop new pharmaceutical products. Such associated services are eligible to receive funding under the scope of STEP as standalone projects. Ancillary services such as IT, advisory or legal activities, may only be supported via STEP if they are an inherent part of

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The STEP Programme aims to support businesses with products near or at the production stage that wish to establish facilities and/or production lines. The goal is to help these businesses achieve production maturity, expand into European and international markets, and contribute to strengthening European technological innovation. The proposed product/service should involve innovative technologies with market-shaping potential and significant economic and social benefits, focusing on enhancing the European industrial base, reducing strategic dependencies, and promoting innovation in critical technology sectors such as digital and advanced technologies (deep tech), clean and resource-efficient technologies, and biotechnologies.

Projects will support **Manufacturing Activities** related to the establishment of facilities and production lines (including related training activities), as well as **Technology Development Activities**.

The eligible activities in the frame of the Projects are:

Manufacturing Activities

Activities for setting up facilities and production lines, including:

- setting up production lines,
- setting up first-of-a-kind-facilities,
- the extension or repurposing of existing facilities,
- scaling up processes to meet demand, and/or
- implementing quality control mechanisms to ensure the consistent production of high-quality products.

Training activities for personnel: Activities to address labour and skills shortages in the targeted areas through education and training. For the purposes of the RIF Programme, training activities for personnel may exclusively concern topics related to the establishment of facilities and production lines.

Other Activities (De-Minimis): Other activities related to the production and commercial exploitation of the products/services, including actions for the promotion and marketing of the products/services.

Development Activities

Research and Development Activities: Activities aimed at the development of technologies and/or the refinement of the technology to meet market needs, including the improvement of the efficiency and reliability of the technology/product/service to be developed under the Project. The technology of the new product or service to be developed within the framework of the Project is expected, at its outset, to have a high technology readiness level, having already been validated in a laboratory and relevant environment, and to be at least at the stage of demonstration in a relevant environment. The same applies to non-technological innovations.

Innovation Activities: The Programme also covers innovation activities, which may include the purchase of consultancy and innovation support services aimed at developing scientifically and technically sound innovative technology into a product or service ready for commercial deployment.

BENEFICIARIES

the investment cost of a STEP project, provided this is in line with the rules applicable to the Union instrument or Fund concerned. These services on their own do not qualify as a STEP project.

Enterprises, Research Organisations, Other Private Sector Organisations

SPECIFIC RESTRICTIONS AND CONDITIONS FOR PARTICIPATION

The Host Organisation (HO) must be a Small, Medium or Large Enterprise (B1, B2, B3).

Research Organisations, Enterprises and Other Private Sector Organisations may participate as Partner Organisations. Partner Organisations may support the Host Organisation in achieving the technological objectives of the project.

In case the Host Organisation is a Large Enterprise and Article 29 applies, the project must involve small and medium-sized enterprise(s) (SMEs) with at least 30% of the total eligible costs.

PROJECT ACTIVITIES

The proposed projects must **necessarily** include **Manufacturing Activities** for the creation of facilities and production lines (Article 22 or Article 29 or Article 14 or Article 17 and/or De Minimis).

They may also include **Training Activities** related to the creation of facilities and production lines (**Article 31**) and **Other Manufacturing Activities, Communication, Activities for Finding Specialized Personnel in the relevant sector, Attracting Investments, and Market Penetration (De Minimis)**.

In addition, they may include:

- **Development Activities:**
 - Experimental Development activities Technology Readiness Levels - TRL \geq 6 in compliance with the relevant definitions adopted by the EU¹¹ (Article 25)
 - Innovation Activities (Article 28)

DURATION OF PROJECT IMPLEMENTATION

24-36 Months

BUDGET

€10.000.000

¹¹ The Technology Readiness Levels adopted by the EU are:

TRL 1- basic principles observed

TRL 2- technology concept formulated

TRL 3- experimental proof of concept

TRL 4- technology validated in lab

TRL 5- technology validated in relevant environment

TRL 6- technology demonstrated in relevant environment

TRL 7- system prototype demonstration in operational environment

TRL 8- system complete and qualified

TRL 9- actual system proven in operational environment (competitive manufacturing in the case of key enabling technologies)

MAXIMUM FUNDING PER PROJECT

Up to €2.000.000

ELIGIBLE COSTS

The aid intensity for eligible activities is determined in accordance with the provisions of the STEP Work Programme. For the purposes of the Programme, the following expenses are eligible:

Manufacturing Activities for the setting up of facilities and production lines (depending on the applicable State Aid Article).

Article 22 Aid for start-ups

- Personnel Costs
- Investment costs for machinery and equipment for production facilities

or

Article 29 – Aid for process and organizational innovation

- Personnel Costs
- Costs of instruments, equipment, buildings and land to the extent and for the period used for the project
- Additional overheads and other operating costs, including costs of materials, supplies and similar products, incurred directly as a result of the project.

or

Article 14 – Regional investment aid

- Personnel costs for a maximum period of two years
- Investment costs for machinery and equipment for production facilities

or

Article 17 – Investment aid to SMEs

- Personnel costs for a maximum period of two years
- Investment costs for machinery and equipment for production facilities

The above Articles may be combined with the use of the De Minimis Regulation. In cases where none of the above Articles can be applied, the De Minimis Regulation may be used exclusively.

De Minimis Regulation

- Personnel costs for activities relating to manufacturing, communication, investment attraction, and market penetration, which may indicatively include Branding/Marketing/Investment Readiness, user meetings/engagement, product and packaging design, internationalisation actions, preparation of manuals, etc.
- Investment costs for machinery and equipment for production facilities (obligatory in case none of the above Articles is applied)
- Design and preparation of communication materials (publications, audiovisual materials, graphic design services) that can be used for the purpose of attracting investors/customers.
- Support services and research for internationalization/penetration into new markets.
- Travel costs for meetings with potential investors/customers.

Funding for the above will be provided based on EU Regulation No. 2023/2831 of the Commission of December 13, 2023, regarding the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

Additionally, Article 31 – Training Aid may be applied for **training activities** related to the setting up of facilities and production lines.

- Costs for External Services
- Costs for Travelling Abroad

For all the above cases, it is clarified that expenses related to the production of the final product/service for market release are not eligible.

Research and Development and Innovation activities for the development of the Product

Article 25 – Experimental Development

- Personnel Costs
- Costs for Instruments and Equipment (depreciation)
- Costs for External Services
- Costs for Travelling Abroad
- Consumables
- Other Specific Costs
- Overheads

Expenses for dissemination activities are only eligible for funding for entities that fall under Category A (Research Organisations).

Article 28 – Innovation Activities

- Costs for External Services

Funding for “Other Activities” will be provided based on EU Regulation No. 2023/2831 of the Commission of December 13, 2023, regarding the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

For the "Personnel Costs" category, all eligible entities that have not previously participated in the RESTART 2016-2020 programs are required to use the simplified method of "Standard Scales of Unit Cost" to calculate personnel cost.

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All general rules and procedures for the participation of organisations and individuals, the eligible activities and costs, as well as the specific information regarding the **STEP** Programme are included in

the **STEP Work Programme**, which is the main reference document and an important information source for interested parties and can be found on the Research and Innovation Foundation's IRIS (Innovation Research Information System) Portal (<https://iris.research.org.cy>).

SPECIFIC CONDITIONS

Within the framework of this Call the following specific conditions also apply:

- Proposal Submission Limit: Each enterprise can only submit one proposal as Host Organisation.
- Project Coordinator: The Project Coordinator must be employed by the Host Organisation at the time of proposal submission.
- The facilities and production lines must be set-up in territories under the control of the Republic of Cyprus.
- The Programme does not fund expenses for buildings and land.
- The requested funding for Development Activities must not exceed 10% of the total budget of the proposed project or €200,000.
- In the case funding is included for development activities, these activities must be exclusively related to the development of the product/service to be produced. Entities are required to clearly specify the portion of the proposed activities that pertain to the development of the product/service to ensure it is ready for production, and to define related milestones and deliverables. Further development of the product/service is allowed after production begins, but must be explicitly stated in the proposal. Upon reaching the 'ready for production' milestone, the RIF will conduct an evaluation of the deliverable by external experts to ensure that the product/service meets the agreed-upon specifications.
- The purchase orders for the machinery and equipment necessary for the set-up of the facility /production line must be placed not later than 12 months from the project start date.
- The proposed facility/production line must be fully operational by the end of the project.
- The budget allocation between development activities and the creation of facilities and production lines must be determined at the proposal submission stage, and no adjustments to this allocation will be permitted at a later stage.
- The production line established within the framework of the project must be maintained for at least 5 years.
- No adjustments or reallocation between the Categories of Eligible Activities (State Aid Articles) will be allowed, unless the RIF, at its discretion and before the contract is signed, determines that changes are necessary due to the incorrect selection of a State Aid Article.
- At least one representative from the Host Organisation involved in the project team must, prior to the signing of the Project Contract, attend two mandatory training seminars organized by the RIF. The seminar topics will include: (i) Regulations and financial management of projects, and (ii) Project management. Non-compliance may result in the termination of the contract preparation process.
- The Contract Preparation process includes, among others:
 - (a) a 'due diligence' process, during which all information submitted in the proposal will be reviewed and verified, and additional information may be requested if deemed necessary, and

(b) a meeting to be held at the premises of the Host Organisation.

- The contract preparation process may also involve external experts on behalf of RIF.
- All private sector entities (Host and Partner Organisations) must submit to Competent National Registries updated data regarding their ultimate beneficial owners as per «The prevention and suppression of money laundering and terrorist financing Law of 2007 (188(I)/2007)». RIF reserves the right to carry out checks in the competent Registers and to request an official proof for the registration. Furthermore, during contract preparation, all private law entities are obliged to submit the Declaration of Beneficial Owners accompanied by the official proof of registration. In addition, all Private Law Entities applying for funding exceeding EUR 150.000 must also submit in the Declaration of Beneficiaries the details of their actual beneficiaries (Name, Identity Card/Passport Number and Date of Birth).
- Funded Projects should comply with the «Do No Significant Harm» principle, according to which they must not include or support activities that could cause significant harm to any of the six environmental objectives, as per Article 17 of Regulation (EU) No 2020/852, on the establishment of a framework to facilitate sustainable investment.

SUBMISSION

Proposals are submitted through the Research and Innovation Foundation's **IRIS Portal** (<https://iris.research.org.cy>).

The Project Coordinator and all local participating organisations in the Project Consortium, should register in advance on the IRIS Portal.

Potential applicants are advised to use the «**Guide for Applicants**», which contains guidelines and clarifications regarding the Submission procedure and the «**IRIS Portal User Manual**» which can be found on the IRIS Portal (<https://iris.research.org.cy/#/documentlibrary>).

The proposal consists of the following parts:

1. Part A – General Information & Budget (electronic form (fields) to be completed online through the IRIS Portal).
2. Part B – Technical Annex (document to be uploaded as an Annex on the IRIS Portal in PDF format). **Note:** *The template provided for this Call must be submitted **without any alterations**. The Part B template for this Call can be found on the IRIS Portal, under the relevant Call for Proposals (Call Documents).*
3. ANNEX I – Curricula Vitae - **Mandatory Submission** (document to be uploaded as an Annex on the IRIS Portal in PDF format and includes the CV of the Coordinator). *It is recommended that, CVs are created according to the EUROPASS format and do not exceed 5 pages per person.*
4. ANNEX II – Call Specific Information (document to be uploaded as an Annex on the IRIS Portal in PDF format):
 - (a) Technoeconomic analysis and Business Plan.
 - (b) Contract of employment of the Project Coordinator with the Host Organisation.
 - (c) Cost estimation for machinery and equipment necessary for the set-up of the facility / production line (which are included in the proposed project's budget) based

on a minimum of 3 offers from 3 different suppliers who can meet the Host Organisation's requirements.

5. ANNEX III – Call Specific Information (document to be uploaded as an Annex on the IRIS Portal in PDF format):
 - (a) An expert opinion on the eligibility of the selected State Aid article for activities related to the creation of facilities and production lines. This opinion will be evaluated by the RIF with the assistance of experts in State Aid matters.
 - (b) Documentation of own funding, through a declaration of funding sources (e.g., secured loan, own capital, investments, etc.), which will be verified during the contract preparation stage through the submission of relevant agreements and/or financial statements.
 - (c) Results of the analysis for the unrestricted ability to commercially exploit the project results ('freedom to operate'), including existing intellectual property rights held by the Host Organisation that are relevant to the project, as well as commercial exploitation licenses (if applicable).
 - (d) Documentation proving the initiation of necessary contacts with the relevant authorities regarding the acquisition of licenses, certifications, etc.
 - (e) Sufficient documentation demonstrating the ability to access materials and/or components, etc., that meet the required quality and specifications for the proposed product/service, where applicable.
 - (f) Any other supporting documentation deemed necessary to substantiate the claims made in the proposal.

All requested documents are considered essential. If any required documents are not submitted at the proposal stage, the proposal will be considered invalid and will not proceed to scientific evaluation.

PROJECT SELECTION

Evaluation Procedure

The evaluation of proposals for the Programme will follow the Preliminary Review process, as outlined in the Programme's Call. Proposals will then be assessed by three independent thematic evaluation committees based on their specific focus areas (advanced digital technologies, clean and resource-efficient technologies, and biotechnologies). Each committee will consist of five (5) experts. In addition, an expert on state aid issues will participate in the Committee on an advisory and non-scoring basis. The committees will create a ranking list of proposals for each sector.

Once the evaluation process is complete, the Project Coordinator will receive the Evaluation Report, which will outline the Committee's rationale behind their decision. The results are final, and no appeals will be allowed.

Before scoring each proposal according to the evaluation criteria, the evaluators will check:

STEP WORK PROGRAMME

- a) the compatibility of the proposal with the objectives of the Program and the Call, and
- b) the compatibility of the proposed technologies with the definition of critical STEP technologies (those introducing an innovative, emerging cutting-edge element with significant economic potential to the internal market, or those contributing to the reduction or prevention of strategic dependencies within the Union), and
- c) the compatibility with the STEP definition for Manufacturing Activities related to the creation of facilities and production lines (*Manufacturing activities include setting up production lines, first-of-a-kind-facilities, the extension or repurposing of existing facilities, scaling up processes to meet demand, and/or implementing quality control mechanisms to ensure the consistent production of high-quality products. This approach ensures that innovations are not only technologically advanced but also economically viable and ready for widespread adoption across the Union, enhancing the strategic autonomy and competitiveness of the Union in key technological sectors. STEP does not cover the installation and development of final products but focuses on the related services that are critical and specific to the development and manufacturing of these products within the STEP sectors.*), and
- d) the compatibility with the STEP definition for Development Activities (*Development activities include achieving technological breakthroughs and perfecting the technology for market needs*), and
- e) the compatibility with the selected STEP Sector (*(i) Digital technologies, including those contributing to the targets and objectives of the Digital Decade Policy Programme 2030, multi-country projects as defined in Article 2(2) of Decision (EU) 2022/2481, and deep tech innovation; (ii) Clean and resource efficient technologies, including net-zero technologies as defined under the Net-Zero Industry Act; and (iii) Biotechnologies, including medicinal products on the Union list of critical medicines and their components*), and
- f) the compatibility of the proposed type(s) of activities with the proposed Technology Readiness Levels (TRLs) and those allowed by the Call for Proposals, and

If the proposal is not compatible with the above, the evaluator will reject the proposal and will not proceed with the assessment of the evaluation criteria.

Evaluation Criteria

1. Excellence – Weight 30%

Quality of Project Objectives: The Host Organisation has a clear mission, vision, and the necessary partnerships (both within and outside the project) for the development and/or production of the proposed product/service and its market deployment. These collaborations are key to achieving the technology development and transition of the product/service to full-scale production.

Innovative Character: The proposed product/service has a high level of innovation compared to existing solutions and offers significant potential for rapid market development.

Technological Feasibility: Completeness, reliability, and feasibility of the proposed plan for the production of the product/service. Adequate assessment, validation, and certification of the proposed technology are in place.

Proposed Production Facility: Efficiency and effectiveness of the proposed production facility, including equipment procurement, installation, and process optimization.

Readiness for Production: The extent to which the proposed product/service is or will be fully ready for production within the required timelines. It has been confirmed, or there is a satisfactory confirmation plan, that the product/service meets all specifications and requirements.

Intellectual Property Strategy: The suitability and reliability of the strategy for managing and protecting intellectual property, ensuring the "freedom to operate" for commercial exploitation. This includes ownership of intellectual property rights (IPR), ensuring that these, or third-party IPRs, are not infringed upon, such as pending patent applications, and issues related to commercial exploitation licenses.

Criticality of the Technology: The extent to which the proposed technology incorporates at least two of the following elements:

- **Innovative Elements:** Innovative improvements or transformative changes in a sector or industry.
- **Emerging Elements:** Recently developed technologies with proven potential for significant growth and impact.
- **Cutting-Edge Elements:** These refer to the most advanced, innovative, and complex technologies currently available or in development within the Union.

2. Added Value and Benefit – Weight 35%

Market Development: The extent to which the innovative product or service can create new markets or significantly transform existing ones. This includes an evaluation of market opportunities, market size, and projected market growth over the next five years.

Business Opportunity: A comprehensive analysis of competition, the market segments targeted by the business, and the geographical areas where the product/service will be made available.

Customer Validation: Confirmation from customers, including the identification of key customers and whether there is demonstrated interest or willingness to use the product/service. This includes showcasing test results and prototype validation.

Market Penetration Strategy: The go-to-market plan should be detailed, realistic, and achievable. It should demonstrate the extent to which the Host Organisation can capture a significant market share through the proposed product/service.

Business Plan: A credible business plan with a viable revenue model, including a sufficient development timeline and strategy for market introduction and product/service deployment.

Regulatory Compliance and Certifications: A reliable plan for securing the necessary regulatory approvals and compliance with industry standards, along with sufficient documentation to ensure that all required actions are taken for the proposed product/service to meet quality standards and/or certifications required for the target markets.

Scalability of Production: The feasibility of transitioning from the pilot stage to full-scale production. A comprehensive plan should be in place to ensure that production facilities and lines can be adapted to different needs (e.g., production volume, variability, diversity, changing production demands).

Broader Impact: The scientific, technological, economic, environmental, and social impact of the innovative product or service, and measures to maximize this impact. The innovative product or service should have the potential to create new markets or significantly transform existing ones within the EU, fostering economic, social, and territorial cohesion.

STEP Impact: Contribution to reducing strategic dependencies, enhancing European sovereignty, and strengthening economic security. The innovation should also contribute to the Union's industrial and technological leadership, boosting the internal market's capacity for sustainable and competitive high-tech industrial production.

3. Implementation – Weight 35%

Project Plan: A clear, realistic, and well-structured work plan with defined milestones to achieve the project's objectives in relation to technology development and the production of the product/service.

Project Budget: A clear and realistic budget with a detailed cost breakdown for the product/service development, its production, and operational expenses. Justification of the requested funding in relation to the proposed activities and expected outcomes. Clear identification of additional funding sources to complement the RIF contribution. Alignment of capital and operational costs with the scale, scope, and goals of the project.

Team: The capability and motivation of the project team to execute the project and promote the product/service in the market. Access to specialized workforce and a plan for staff training to acquire critical skills not yet available within the project team, including capabilities for providing post-sale customer support services.

Adequacy of Resources and Infrastructure: Readiness for production of the product/service, including access to production facilities, supply chain networks, and quality control mechanisms. Existence of facilities and/or an effective plan to secure licensing for land, buildings, and the establishment of production facilities. A plan for the maintenance and upgrading of the facilities to maintain technological leadership.

Risk Mitigation: Identification and assessment of key risks (e.g., technological, financial, geopolitical, market, regulatory, supply chain proximity, export market risks) and the establishment of sufficient mitigation measures to ensure timely market entry.

Economic Viability: The financial viability of the proposed product/service development and production. A comprehensive sustainability plan beyond the funding period, including strategies for maintaining and upgrading facilities to sustain technological excellence.

Return on Investment (ROI): Justification of how the proposed investment will generate economic returns, including projected revenue streams, profitability analysis, and cost-effectiveness over time.

Additionally, the appropriateness of the selected State Aid Article for financing the proposed activities will be assessed, without scoring, to ensure it aligns with the activities outlined in the proposal.

Selection

Proposals in each sector will be evaluated and ranked based on their score. Funding will initially be allocated among the three sectors. Any remaining budget will be used to fund other proposals, regardless of sector, according to their score. The total approved funding for the projects will not exceed the overall budget of the Call.

Funding Payment

Funding will be provided as follows:

- **Pre-financing:** 60% of the requested funding will be provided after the signing of the contract for each activity separately, based on the scheduled start month of the activity.
- **Interim Payment:** 20% of the requested funding, is paid upon approval of the Payment Request and the Interim Report for each Activity separately. More specifically, the interim payment is normally paid only in the case where the eligible costs for the first period exceed 50% of the advance.
- **Final Payment:** the final payment may cover the remaining balance of the Requested Funding, depending on the eligible project expenses and the Final Aid Intensity.

SECTION III - PARTICIPATION PROCEDURES AND RULES

1. BENEFICIARIES

1.1. PARTICIPATION IN THE STEP PROGRAMME

Eligibility for participation

The following categories of organisations are eligible to participate in the STEP Programme: Enterprises, Research Organisations and other Private Sector Entities as well as natural persons such as scientific and technical staff.

The participation of entities and natural persons who regularly carry out economic activity in a proposal is considered valid if they are legally established and active in areas controlled by the Republic of Cyprus.

The activity of the entities may be documented by the existence of facilities and other equipment in the areas controlled by the Republic of Cyprus and, indicatively and not restrictively, by audited financial statements, the entity's tax declaration in the Republic of Cyprus, etc. These conditions should be met to the satisfaction of the Foundation and without prejudice to the Foundation's right to request further data and information from the entities.

The specific restrictions and conditions of eligibility of categories of entities and persons are set out in Part II of the Call for Proposals.

Participation Restrictions

The Research and Innovation Foundation's (RIF) intention is to create the conditions for free and unimpeded participation of the interested parties in the proposals of the RESTART 2016-2020 Programmes. The restrictions described below, however, were deemed necessary to ensure the rational and efficient Programme implementation.

More specifically, the restrictions pertaining to participation in STEP Program, can be summarised as follows:

- Each person acting as Project Coordinator may submit to each Call for Proposals one (1) proposal.
- Participation is not permitted to:
 - (a) A person employed by the Foundation or a member of the Board of Directors of the Foundation.
 - (b) An entity and natural person in respect of whom there is a decision by the EU to exclude them from EU procurement procedures.
 - (c) An entity in respect of which an order for recovery of aid is pending following a previous decision of the European Commission declaring the aid illegal and incompatible with the common market.
 - (d) A body and a natural person for whom the Foundation's Board of Directors¹² has taken a decision to exclude them from the Foundation's Programmes for the period of the exclusion.
 - (e) Institution and natural person who have a conviction by a Cypriot and/or foreign court and/or any Cypriot and/or foreign supervisory and/or regulatory authority against them, for an offence involving moral turpitude and/or participation in a criminal organisation and/or an offence relating to their professional conduct.
 - (f) An entity against which an application is pending and/or a winding-up order has been issued.

¹² The appropriate body for examination and implementation of any sanctions is the Specific Issues Examination Committee of the Foundation's Board of Directors.

(g) An entity against whom an application for appointment of an examiner is pending and/or an order for appointment of an examiner has been issued pursuant to Law 62(I)/2015.

(h) Troubled Enterprises as defined in Article 2 of Regulation (EU) 651/2014 on State Aid. Troubled Enterprises may only participate as Partner Entities with own funding.

Unless the Foundation's Board of Directors have decided otherwise, any organisation showing outstanding financial obligations towards the RIF, may participate on condition that they have reached an agreement in writing with the Foundation regarding the settlement of such outstanding financial obligations.

1.2. ORGANISATION TYPES

The organisations eligible for participation in the STEP Programmes are classified into one of the types described below.

The Research and Innovation Foundation will examine the legal standing of the organisations during the Legal Status Check, which, shall be carried out prior to proposal submission (after relevant request by the organization) or signing of Contracts.

If, during its participation in a project, an organisation that has been classified in a specific Organisation Type on the basis of the Legal Status Check, is found not to meet any of the conditions classifying it as such, then the RIF reserves the right to change such Classification to another one. Classification to another Organisation Type may entail modifications in the organisation's rights or the conditions for participation thereof in the project, pursuant to the regulations and conditions for participation in the present Work Programme.

A. Research Organisations

For the purposes of the present Work Programme, a Research Organisation is a university or research institute irrespective of its legal status (public or private law) or way of financing, whose primary goal is to independently¹³ conduct fundamental research, industrial research or experimental development and the extended, non-exclusive dissemination of said activities' results without discrimination, through teaching, publishing 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.

"Economic" and "non-economic activities" are defined in the Framework for State aid for research, development and innovation (2022/C 414/01 – has replaced 2014/C 198/01). Such organisations are required to submit to the RIF, on an annual basis, a certificate from an independent external certified auditor confirming that it keeps separate accounts for its "economic" and "non-economic activities" and that it meets the relevant conditions for their separation, as defined in the state aid rules for research, development and innovation (2022/C 414/01).

In the cases where an Internal Audit Department / Sector / Unit operates within the organisation, the submission of a relevant certificate issued by the organisation's Internal Audit Department / Sector / Unit confirming that the organisation keeps separate accounts for its "economic" and "non-economic activities" and that it meets the relevant conditions for its separation, as defined in the state aid rules for research, development and innovation (2022/C 414/01), will be acceptable.

¹³ Independent Research is the research for further knowledge and better understanding, including collaborative research and development. It should be explained that the provision of research and development services and the research and development conducted by enterprises is not considered to be independent research and development.

B. Enterprises¹⁴

This type generally covers private sector undertakings active in any sector of the economy, as follows:

B.1. Small Enterprise¹⁵:

It is an enterprise which employs fewer than fifty (50) employees and has an annual turnover or an annual balance sheet total not exceeding ten (10) million Euros. Start-ups are also included in this category.

It is noted that a Start-up is any small enterprise not listed in the stock exchange up to five years after its registration that fulfils the following cumulative conditions: (a) has not taken over the activity of another enterprise, unless the turnover of the overtaken activity accounts for less than 10 % of the turnover of the eligible undertaking in the financial year preceding the take-over, (b) has still not distributed profits, and (c) has not acquired another undertaking or has not been formed through a merger, unless the turnover of the acquired undertaking accounts for less than 10 % of the turnover of the eligible undertaking in the financial year preceding the acquisition or the turnover of the undertaking formed through a merger is less than 10% higher than the combined turnover that the merging undertakings had in the financial year preceding the merger.

For eligible enterprises not subject to registration, the five-year period may be deemed to start from the time that the enterprise either starts its financial activity or becomes liable to pay tax for its financial activity. By way of derogation from the above conditions and particularly point (c) enterprises formed through a merger between undertakings eligible for aid under Article 22 of the Regulation (EU) 651/2014 shall also be considered eligible undertakings up to five years from the date of registration of the oldest enterprise participating in the merger. Unless otherwise stipulated in the Programme, in the case of start-ups, the company registration must pre-date the proposal.

Aid for Start-ups should meet the provisions of Commission Regulation (EC) 651/2014 Article 22 on State Aid (see amended EC GBER Regulation)¹⁶.

In addition, the following are noted:

- According to Article 22 (3) (c) of the Regulation, aid to be provided to Start-ups under the RESTART 2016-2020 Framework Programme will take the form of "grants, including equity or quasi-equity investments, and interest rate reductions and guarantee premium reductions up to EUR 0.5 million gross grant equivalent".
- According to Article 22 (5) of the Regulation, 'For small and innovative enterprises, the maximum amounts set out in paragraph 3 may be doubled' (for the definition of the innovative enterprises see the revised GBER Regulation - Article 2 (80)).

B.2. Medium-sized Enterprise:

It is an enterprise which employs fifty (50) to up to two hundred forty-nine (249) employees and has an annual turnover of up to fifty (50) million Euro or an annual balance sheet total not exceeding forty-three (43) million Euro.

¹⁴ The classification of enterprises (cat. B.1, B.2, B.3) will be re-examined at the time of drawing up of the contracts prior to the final decision on funding.

¹⁵ The full definition of "Small and Medium-sized Enterprises" (SME) is included in Annex III of this Tender and refers to Commission Recommendation 2003/361/EC of 6 May 2003, concerning the definition of very small, small and medium-sized enterprises, EU L 124 of 20.5.2003, p. 36. The RPF shall adopt each EU Regulation that replaces the applicable Regulation.

¹⁶ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2023.167.01.0001.01.ENG&toc=OJ%3AL%3A2023%3A167%3ATOC

B.3. Large Enterprise:

It is an enterprise which employs two hundred fifty (250) or more employees and/or has an annual turnover exceeding fifty (50) million Euro or an annual balance sheet total exceeding forty-three (43) million Euro.

Please note that the participation of a Large Enterprise in a RESTART 2016-2020 Programme project is possible only after prior proof through the proposal of the incentive effect that the funding will have for a Large Enterprise. To this end, one of the following criteria must be met:

- increase of the project size: increase of the total project cost (without reducing the Large Enterprise's expenses relative to the case of non-funding); increase in the number of persons employed in research, development and innovation,
- expansion of scope: increase in the number of expected project results; increase in the expectations from the project, proven by the larger number of participating partners, the higher possibility of success of scientific or technological break-through or the higher risk of failure (in particular in conjunction with the long-term character of the project and the uncertainty of its results),
- increase of speed: project implementation requires less time compared to the implementation time required for the implementation of the same project without aid, and
- increase in the total amount spent: increase the total expense for research, development and innovation on behalf of the Large Enterprise in absolute terms or as a percentage of the turnover, changes in the project budget (without a corresponding reduction in the budget for other projects).

It is noted that for projects to be financed by the ERDF under the Cohesion Policy Programme "THALIA 2021-2027", the participation of large enterprises in Research and Innovation activities should include cooperation with SMEs, in accordance with the provisions of Article 5, paragraph 2.a of EU Regulation 2021/1058 on the ERDF and the Cohesion Fund.

C. Other Organisations**C.1. Other Private Sector Organisations:**

Private Academic Institutions not classified as Research Organisations, Non-Profit Organisations, Non-Governmental Organisations, Professional and Scientific Organisations and Unions, Associations of Enterprises, Chambers of Enterprises, etc.

These types of organisations will be funded pursuant to the applicable terms for the corresponding type of enterprise they belong to (B.1, B.2 or B.3). It should be explained that in the case of Associations of Enterprises, Chambers of Enterprises or other organised groups having a Large Enterprise as member, those will automatically be classified as a Large Enterprise (B.3).

1.3. NATURAL PERSONS CATEGORY

The persons eligible for participation in the RESTART 2016-2020 Programmes, may be classified in the following categories:

Researcher – Staff Member

An employee¹⁷ of one of the organisations participating in the Consortium of a project, who performs research work in the context of said project is included in this category. The researcher-staff member

¹⁷ Persons participating as members of Associations, Scientific Societies or other Entities not employing personnel, are exempted and can participate by means of a Contract for the Provision of Services.

must be employed by the organisation participating in the project during its participation period in the project.

For the purposes of the RESTART 2016-2020 Programmes, a person is considered an “employee” of an organisation, if:

- the employee-employer relationship can be proven (employment contract, job control, supervision and work approval, provision of work-related materials and so forth),
- such person is included in the organisation’s official payroll on a regular basis, and
- all the employer’s obligations pursuant to the law are fulfilled.

This category may also include personnel that provides specialized technical support for research work or, in the Programmes for Entrepreneurial Innovation, personnel involved in innovation activities or other relevant activities.

It is noted that, that persons providing services to an organisation that do not meet the requirements regarding the employer-employee relationship, shall not be considered to fall under the “researcher-staff member” category.

Any natural person may participate in projects of the STEP Programmes with more than one employment agency at a given time.

The Foundation allows participation in different projects of the Foundation with different employers provided that the total time of all employment contracts does not exceed the full-time equivalent of one (1) person which is set at 1720 hours per year.

In the case of linked entities (i.e. where there is a control rate between the companies (over 50%) or they are under joint control) where the beneficiary uses part of the staff time of other companies in the group, it is expected that there will be multiple employment contracts between employees and employers (linked entities).

1.4. ORGANISATION TYPE COMMITMENT

All organisations wishing to participate in proposals in the context of the STEP Programmes, shall fall under only one of the aforementioned types of organisations, according to their characteristics.

The type of the organisation can only be changed if the organisation’s characteristics change. In this case, the RIF should be notified immediately.

1.5. ROLES OF PARTICIPANTS IN A PROJECT

Host Organisation

The Host Organisation (HO) shall be the organisation submitting the proposal, signing the Project Contract and duly authorising the Project Coordinator for the purposes of the project implementation and Contract modification. The HO must be legally established and active or will be established and active (it only concerns start-ups for participation in Business Innovation Programmes) in territories under the control of the Republic of Cyprus. The HO is legally liable against the RIF amongst others for:

- the supervision, control and generally smooth implementation of the project, in accordance with the Project Contract stipulations,
- the management of the funding in accordance with the approved budget and the financial management regulations included in the Project Contract, and
- the submission of the project’s scientific and financial progress reports or any other supplementary information that may be requested.

For the purposes of the STEP Programme, Host Organisation must be a Small, Medium or Large Enterprise (B1, B2, B3).

Partner Organisation

The Partner Organisation (PA) is an organisation participating in the Consortium, which undertakes the implementation of part of the project. The PA must be legally established and active or will be established and active (it only concerns start-ups for participation in Business Innovation Programmes) in territories under the control of the Republic of Cyprus.

Research Organisations, Enterprises and other Private Sector Organisations are eligible to participate in the STEP Programme as Partner Organisations. The Partner Organisation may accompany the Host Organisation to achieve the technological objectives of the project.

Project Coordinator

The Project Coordinator (PC) must be employed by the HO at the proposal submission stage and throughout the Project implementation period and must participate in the work and coordinate Consortium activities. The PC must be duly authorised by the HO for the purposes of project implementation and Contract modification.

Furthermore, the PC, shall amongst others:

- oversee the project implementation progress,
- represent the Consortium on all stages of proposal submission, contract preparation, project implementation and Contract modification and communication with the RIF,
- communicate with the RIF and be responsible to notify the Consortium on matters related to the physical and economic objective of the funded project,
- inform the responsible persons of all Consortium member organisations and ensure their approval whenever so required, in particular, in relation to the relevant project activities, participation of human resources, use of the facilities and the potential financial obligations arising from participation of the organisations in the project;
- check the validity of participation of all organisations and individuals, as defined in the relevant general provisions of the RESTART 2016-2020 Programmes and the special provisions of each Call for Proposals,
- collect from the members of the Consortium and check any documents and information requested by the RIF and/or other competent authorities,
- submit the required project Progress Reports and Payment Requests and check their correctness and completeness taking into consideration the project's scientific objective, or other supplementary data that might be requested, and
- ensure that all payments are timely made to the Consortium and respectively inform the RIF, if and when required.

It is clarified that the PC's responsibilities may not be assigned to another member of the Consortium or subcontracted to a third party.

Financial Contact Point

At the stage of Project Contract preparation, the HO will appoint a Financial Contact Point (FCP) for the project, for the purpose of facilitating communication between the Consortium and the RIF's Accounts Department on economic issues (accounting entries, provision of accounting information etc.) in the context of the Financial Audits conducted by the RIF.

All communication between the RIF and the HO's FCP will be notified to the PC and the HO's legal representative.

Furthermore, each member of the Consortium shall appoint a FCP for the purpose of using the electronic system for matters of financial management.

The cost of such FCP will be covered by the “Overheads” cost category.

Organisation’s Legal Representative

The Organisation’s Legal Representative (LR) shall be the person representing it and has the authority to legally bind it.

1.6. CONSORTIUM

The Consortium consists of the group of organisations included in each proposal and project contract.

In the cases where a minimum Consortium is required, it must consist of legal entities, independent of one another, none of them being under the direct or indirect control of the other or under the same direct or indirect control.

2. TYPES OF ACTIVITIES ELIGIBLE FOR AID

The proposals submitted within the context of the RESTART 2016-2020 Programmes may refer to one or more of the following types of activities, as defined in Commission Regulation (EU) No 651/2014 on State aid (GBER) and in the Framework regarding State Aid for Research, Development and Innovation (2022/C 414/01), as follows:

- Research and Development Activities (Article 25 of the GBER),
- Innovation Activities (Article 28 of the GBER),
- Regional investment aid (Article 14 GBER)
- Investment aid to SMEs (Article 17 of the GBER)
- Aid for start-ups (Article 22 of the GBER)
- Aid for process and organisational innovation (Article 29 GBER)
- Aid for training (Article 31 GBER)

Furthermore, and if provided for in the Call for Proposals, it is possible to include activities not falling under the above types, which will be funded as De Minimis aid.

Applicants are invited to carefully study the provisions of the Articles which they will use in the context of their proposal. The full text of the GAC Regulation can be found at the relevant EU link.¹⁸ And the Minority Regulation at the EU link.

Please note that, expenditure on dissemination activities is **only** eligible for funding bodies that fall under Category A (Research Organisations). It is clarified that the project does not cover activities related to the publication of scientific articles or other scientific work within the projects. Instead, emphasis is placed on the exploitation, promotion and commercial exploitation of research results, in accordance with the objectives of the project and the specifications of the funding. Any publication or presentation will be subject to prior checking to ensure that it does not reveal confidential or commercially sensitive information. The Partner Organizations should obtain the approval of the Host Organization before undertaking any dissemination activity of the research results. The Host Organization shall be solely responsible for checking the content prior to any disclosure.

¹⁸ <https://eur-lex.europa.eu/legal-content/EL/TXT/PDF/?uri=CELEX:02014R0651-20230701>
<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L.2023.167.01.0001.01.ENG&toc=OJ%3AL%3A2023%3A167%3ATOC>

2.1. RESEARCH AND DEVELOPMENT ACTIVITIES (ARTICLE 25)

Types of Research and Development Activities

Research and Development activities may refer to Experimental Development:

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 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).

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 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, manufacturing lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements.

2.2. INNOVATION ACTIVITIES (Article 28-GBER)

The following activities are supported in the context of the STEP Programmes:

- Obtaining, validating and defending patents and other intangible assets,
- Secondment¹⁹ of highly qualified personnel from a research and knowledge dissemination organisation or large enterprise, working on research, development and innovation activities in a newly created function within the beneficiary and not replacing other personnel,
- Innovation Advisory Services: Consultancy, assistance and training in the fields of knowledge transfer, acquisition, protection and exploitation of intangible assets, use of standards and regulations embedding them as well as consultancy, assistance or training on the introduction or use of innovative technologies and solutions (including digital technologies and solutions), and
- Innovation Support Services: means the provision of office space, data banks, cloud and data storage services, libraries, market research, laboratories, quality labelling, testing, experimentation and certification or other related services, including those services provided by research and knowledge dissemination organisations, research infrastructures, testing and experimentation infrastructures or innovation clusters, for the purpose of developing more effective or technologically advanced products, processes or services, including the implementation of innovative technologies and solutions (including digital technologies and solutions).

¹⁹ Temporary personnel employment by a beneficiary of aid with the personnel having the right to return to its previous employer.

2.3 START-UPS ACTIVITIES (Article 22-GBER)

STEP Program supports start-ups that meet the relevant definition (Chapter 1.2 of Section III of the present Work Programme), for creating facilities and manufacturing lines for the development and manufacture of innovative products and services. Furthermore, support is provided for the activities of start-ups established for the commercial development of existing research results, as well as the activities of start-ups which develop products and services with significant global market penetration potential.

2.4 ACTIVITIES FOR REGIONAL INVESTMENT AID (Article 14 - GBER)

The STEP Program supports regional investment aid for the creation of facilities and manufacturing lines for the development and manufacture of innovative products and services.

According to the Framework on State Aid for Research, Development and Innovation (2022/C 414/01) and Article 2 (41) of Regulation (EU) 651/2014 on State Aid, regional investment aid is defined as "regional investment aid granted for initial investment or for initial investment in a new economic activity.

‘initial investment’ means: (a) an investment in tangible and intangible assets related to the setting-up of a new establishment, extension of the capacity of an existing establishment, diversification of the output of an establishment into products not previously produced in the establishment or a fundamental change in the overall production process of an existing establishment; or (b) an acquisition of assets belonging to an establishment that has closed or would have closed had it not been purchased, and is bought by an investor unrelated to the seller and excludes sole acquisition of the shares of an undertaking; The sole acquisition of the shares of an undertaking shall not constitute investment.

‘the same or a similar activity’ means an activity falling under the same class (four-digit numerical code) of the NACE Rev. 2 statistical classification of economic activities as laid down in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (1);

‘Initial investment in favour of new economic activity’ means: (a) an investment in tangible and intangible assets related to the setting up of a new establishment, or to the diversification of the activity of an establishment, under the condition that the new activity is not the same or a similar activity to the activity previously performed in the establishment; (b) the acquisition of the assets belonging to an establishment that has closed or would have closed had it not been purchased, and is bought by an investor unrelated to the seller, under the condition that the new activity to be performed using the acquired assets is not the same or a similar activity to the activity performed in the establishment prior to the acquisition; The mere acquisition of the shares of a company is not characterized as an initial investment that creates new economic activity.

Indicatively, but not restrictively, Article 14 provisions include the following:

- The aid shall be granted in assisted areas.
- In assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty on the Functioning of the European Union, aid may be granted to SMEs for any form of initial investment and to large enterprises only for initial investment that creates new economic activity in the region concerned.
- The investment must be maintained in the region for at least five years, or three years for SMEs, after completion of the investment. This does not prevent the replacement of a manufacturing unit or equipment that has become obsolete or damaged during this period,

provided that the economic activity is maintained in the area concerned for the minimum period required.

- The assets acquired must be new, unless they are acquired by a Small or Medium-sized Enterprise (SME) or the acquisition of a business establishment.
- Expenditure linked to the leasing of tangible fixed assets may be taken into account under the following conditions: for manufacturing plants or machinery, the lease must take the form of a finance lease and must include an obligation to purchase the assets from the aid beneficiary at the end of the lease period.
- Where eligible costs are calculated by reference to the estimated wage costs as referred to in paragraph 4(b), the following conditions shall be fulfilled: (a) the investment project shall lead to a net increase in the number of employees in the establishment concerned, compared with the average over the previous 12 months, meaning that any job lost shall be deducted from the apparent created number of jobs during that period; (b) each post shall be filled within three years of completion of works; and (c) each job created through the investment shall be maintained in the area concerned for a period of at least five years from the date the post was first filled, or three years in the case of SMEs.

2.5 ACTIVITIES FOR INVESTMENT AID TO SMALL AND MEDIUM-SIZED ENTERPRISES (Article 17 - GBER)

Within the framework of the STEP Programme, investment aid to SMEs for the creation of facilities and manufacturing lines for the development and manufacture of innovative products and services is supported.

Indicatively, and not restrictively, Article 17 provides, among other things, the following:

- In order to be considered an eligible cost for the purposes of this Article, an investment shall consist of the following: (a) an investment in tangible and/or intangible assets relating to the setting-up of a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment; or (b) the acquisition of the assets belonging to an establishment, where the following conditions are fulfilled: — the establishment has closed or would have closed had it not been purchased; — the assets are purchased from third parties unrelated to the buyer; — the transaction takes place under market conditions. Where a member of the family of the original owner, or an employee, takes over a small enterprise, the condition that the assets shall be bought from third parties unrelated to the buyer shall be waived. The sole acquisition of the shares of an undertaking shall not constitute investment. Therefore, the replacement investment does not constitute an investment within the meaning of this paragraph.
- Intangible assets shall fulfil all of the following conditions: (a) they shall be used exclusively in the establishment receiving the aid; (b) they shall be regarded as amortizable assets; (c) they shall be purchased under market conditions from third parties unrelated to the buyer; (d) they shall be included in the assets of the undertaking for at least three years;
- Employment directly created by an investment project shall fulfil the following conditions: (a) it shall be created within three years of completion of the investment; (b) there shall be a net increase in the number of employees in the establishment concerned, compared with the average over the previous 12 months; (c) it shall be maintained during a minimum period of three years from the date the post was first filled.

2.6 ACTIVITIES FOR AID FOR PROCESS AND ORGANISATIONAL INNOVATION (Article 29 – GBER)

Within the framework of the STEP Programme, aid for process and organisational innovation for the creation of facilities and manufacturing lines for the development and manufacture of innovative products and services is supported.

In accordance with the Framework on aid for research, development and innovation (2022/C 414/01) and Article 2 (96) of State Aid Regulation (EU) 651/2014:

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- 'Organisational innovation' means the implementation of a new organisational method in an undertaking's business practices, workplace organisation or external relations, excluding changes that are based on organisational methods already in use in the undertaking, changes in management strategy, mergers and acquisitions, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products;
- 'Procedural innovation' means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software), excluding minor changes or improvements, increases in production or service capabilities through the addition of manufacturing or logistical systems which are very similar to those already in use, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products.

Article 29 provides that aid to large enterprises shall only be compatible if they effectively collaborate with SMEs in the aided activity and the collaborating SMEs incur at least 30 % of the total eligible costs.

2.7 ACTIVITIES FOR AID FOR TRAINING (Article 31 – GBER)

The STEP Programme supports aid for vocational training, which is linked to the creation of facilities and manufacturing lines for the development and manufacture of innovative products and services.

No aid is granted for training carried out by enterprises in order to comply with national mandatory vocational training standards.

3. BUDGET-FUNDING

Funding of the STEP Programmes will be carried out in accordance with the provisions of the European Commission Regulation (EC) 651/2014 on State Aid which was amended by EU Regulation (EU) 2023/1315 of 23 June 2023 on State Aid.

Support for a project implemented in the frame of the STEP Programmes by the RIF shall be made in the form of a grant. The funding amount varies depending on the activities implemented and the beneficiary.

Usually, the organisations involved are required to contribute financially, however, subject to certain conditions, RIF's funding may cover the total (100%) amount of eligible costs.

Entitlement to Funding

The beneficiaries funded by the RIF must be legally established and active in territories under the control of the Republic of Cyprus.

3.1. PROJECT BUDGET

The budget of a project is the total amount of eligible costs required for its implementation and is covered by RIF funding and by self-funding, namely by contributions of the Consortium members.

The amount of funding that a project may secure from the RIF is limited by:

- (a) the Maximum Funding Amount, namely the maximum amount that a project may secure as funding from the RIF, as defined in the Programme description, and
- (b) the Maximum (in accordance with the State Aid framework) or the Maximum Permitted (in accordance with the limitations of the individual Programmes) Aid Intensity.

No adjustment or reallocation between the Categories of Funding Activities (State Aid Articles) will be possible unless, at the discretion of the RIF and prior to the signing of a contract, amendments have to be made due to an incorrect choice of State Aid Article.

The Budget amount, the Requested Funding and the Final Aid Intensity of each organisation, which is defined as a rate of the Required Funding related to each organisation's Budget, are defined in the project's Budget form, which is included in the research project Contract. The Final Aid Intensity for each organisation may not change, unless the organisation type has changed and the Final Funding by the RIF may not exceed the Requested Funding defined in the Contract.

It should be noted that aid may be cumulated with other State Aid granted to the beneficiary by another local, regional, national or community funding scheme for the purpose of covering self-funded eligible costs, which will not exceed the maximum aid intensity in accordance with the State Aid framework.

3.2. MAXIMUM AID INTENSITY

Aid Intensity is calculated separately for each organisation and according to the type of activity, as follows:

Development Activities

Research and Development Activities

The Maximum Aid Intensity, pursuant to the State Aid framework, for each beneficiary category in STEP Programmes, is summarised in Table III.1 that follows.

For beneficiaries classified as "**Research Organisations**", the Aid Intensity amounts, as a rule, to 100% of the project's eligible costs, and their funding does not fall under the control system of state aid. Research Organisations can only participate in Experimental Development activities.

The Maximum Aid Intensity for the beneficiaries of the Category "Other Private Sector Organisations", will be that of the Type of Enterprise to which they belong (Small, Medium-size or Large Enterprise).

| Table III.1 MAXIMUM AID INTENSITY FOR RESEARCH AND DEVELOPMENT ACTIVITIES | | | | |
|--|-------------------------|--------------------------------|-------------------------|---------------------------------|
| A. BASIC INTENSITY | | | | |
| Calculated according to the project research character | | | | |
| The Project's Research Character | Small Enterprise | Medium-sized Enterprise | Large Enterprise | "Research Organisations" |
| Experimental Development Activities | 45% | 35% | 25% | 100% |

| B. SUPPLEMENTARY INTENSITY | |
|--|-------------------|
| Is added to the Basic Intensity in the event that the project covers one of the following special provisions (besides Feasibility Studies) if one of the following conditions is met: | Enterprise |
| I. The Project involves effective collaboration ²⁰ : <ul style="list-style-type: none"> ▪ between enterprises of which at least one is an SME or is carried out in at least two member states or in one member state and one contracting party of the European Economic Area (EEA) and no single enterprise bears more than 70% of the eligible costs, or ▪ between one enterprise and one or more 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 | +15% |
| II. The Project results are widely disseminated through conferences, publications, free access repositories or through free software or open source software. | |

It should be noted that the additional intensity is granted only when criteria I and/or II above are met. Upon completion of the implementation of the projects, if these criteria are not met, then the aid intensity will be limited to the Basic Intensity.

The maximum permitted Aid Intensity for **start-ups** is equal to the maximum Aid Intensity corresponding to Small Enterprises, unless otherwise defined in the Programme.

Innovation Activities

The Maximum Aid Intensity for innovation activities, as described above, is summarised in Table III.2 that follows.

| Table III.2 MAXIMUM AID INTENSITY FOR INNOVATION ACTIVITIES | |
|--|---------------------------------|
| Small and Medium-sized Enterprise | "Research Organisations" |
| | |

²⁰ "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 labor 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.

| | |
|-----|------|
| 50% | 100% |
|-----|------|

Large Enterprises (cat. B.3) are excluded from this aid category.

Activities to create facilities and manufacturing lines

The Maximum Aid Intensity for Activities for the creation of facilities and manufacturing lines, according to the State Aid framework, for each category of beneficiaries in the STEP Programme is summarised in Table III.3 below.

| Table III.3 MAXIMUM AID INTENSITY FOR ACTIVITIES TO CREATE FACILITIES AND MANUFACTURING LINES | | | |
|--|-------------------------|--------------------------|-------------------------|
| It is calculated according to the selected article of state aid for the activities of the creation of facilities and production lines | | | |
| Size of the Enterprise | Small Enterprise | Medium Enterprise | Large Enterprise |
| Article 14 - Regional investment | 35% | 25% | 15% |
| Article 17 - Investment aid to Small and Medium-sized Enterprises | 20% | 10% | N/A |
| Article 22 - Aid for start-ups | 85% | N/A | N/A |
| Article 29 - Aid for procedural and organisational innovation | 50% | 50% | 15% |

The following are noted:

- Article 14 foresees that aid to large enterprises shall be granted only for initial investment for new economic activity in specific areas (in areas falling within the scope of Article 107(3)(c) of the Treaty on the Functioning of the European Union (areas c)").
- Article 22 allows an amount of up to €500,000 for start-ups or up to €750,000 in case the companies are located in areas falling within the scope of Article 107(3)(c) of the Treaty on the Functioning of the European Union (areas c)".²⁵ In case of previous use of Article 22 by the beneficiary, there is the possibility of combining it with another Article.
- Large Enterprises (category B.3) are excluded from the beneficiaries of the category of aid for Articles 14 and 22.
- Article 29 provides that large enterprises are to be supported only if these enterprises actually cooperate with a Small or Medium-sized Enterprise (SME) in respect of the aided activity and the cooperating SMEs pay at least 30 % of the total eligible costs.

Staff Training Activities:

The Maximum Aid Intensity for Staff Training Activities, according to the State Aid Framework, for each category of beneficiaries in the STEP Programme is summarised in Table III.4 below.

| |
|--|
| MAXIMUM AID INTENSITY FOR STAFF TRAINING ACTIVITIES |
|--|

| Size of the Enterprise | Small Enterprise | Medium Enterprise | Large Enterprise |
|--|------------------|-------------------|------------------|
| Article 31 - Aid for vocational training | 70% | 60% | 50% |

Aid Intensity for De Minimis Aid

The Aid Intensity for De Minimis Aid may total up to 100% of the project's eligible costs and will be defined in the individual Call for Proposals of each Programme and may not exceed the amount stipulated in EU Regulation 1407/2013 for De Minimis Aid (the De Minimis Aid Regulation will be applied to said aid) (replaced by the Commission's Regulation (EU) 2023/2831 of 13th December 2023²¹).

In cases where activities and/or beneficiaries may not be funded in the context of Commission Regulation (EC) 651/2014 on State Aid, funding may be carried out on the basis of EC Regulation for De Minimis Aid. In the event that the beneficiaries cannot be funded pursuant to the De Minimis Regulation either, due to the fact that the Regulation conditions are not met, then:

- (a) if the enterprise is a Host Organisation, the contract preparation procedure will be terminated, and
- (b) if the enterprise is a Partner Organisation, it will either participate on a self-funding basis or will be replaced.

Not exceeding the maximum limit shall be achieved by adhering to the procedure provided for in EU Regulation for De Minimis Aid, as modified or replaced, prior to the aid being granted by the competent national authority. It is noted that as of January 2022, a Central System of Registries for State Aid and De Minimis Aid will be implemented in which all de minimis aid will be registered to ensure that the maximum limit is not exceeded.

3.3. COST ELIGIBILITY

In the context of the STEP Programme, eligible costs are those that:

- Are Included in the project Budget,
- Are real and necessary for the project implementation,
- Have been incurred by the organisation declaring them,
- Pertain to activities carried out during project implementation,
- Have been settled by the date of the Final Payment Request submission at the latest (*Note: VAT expenditure which can be paid up to the next deadline for payment of VAT from the date of submission of the Final Payment Request, as defined by national legislation, is an exception*),

²¹ Commission's Regulation (EU) 2023/2831

https://eur-lex.europa.eu/legal-content/EL/TXT/PDF/?uri=OJ:L_202302831&qid=1704451373927

- Are directly related and have been incurred entirely and exclusively for the completion needs of the specific project,
- Are consistent with the principles of economy, efficiency and effectiveness, and
- Have been registered in the organisation's accounting records.

Each organisation's accounting system must allow for the reconciliation of declared costs with its financial statements, as well as with the supporting documents.

Value Added Tax (VAT)

VAT is eligible only in the cases where the beneficiary has no obligation or right to register in the VAT Registry or cannot recover VAT on revenue stemming from research activities. In order to consider VAT as an eligible cost, the beneficiary must submit to the RIF the relevant correspondence with the VAT Commissioner proving the above. Until submission of said correspondence, VAT shall be deemed non-eligible.

Costs in Foreign Currency

In cases of transactions in foreign currency, eligible costs shall be the organisation's actual costs on the basis of the Euro foreign exchange reference rates of the European Central Bank²² on the dates of payment.

Non-Eligible Costs

The costs referred to below are not eligible:

- Costs exceeding Euro 100 paid in cash and for which the provisions of Chapter 5.4 of Section III of the present Work Programme are not met,
- Costs settled in non-monetary payment (e.g. payroll payment through loan or rental payment, redemption in kind, through exchange of services etc.),
- Costs made prior to the project start date excluding "Costs for Instruments and Equipment" and "Consumables" the eligibility conditions for which are defined in Chapter 3.4 of Section III of the present Work Programme,
- Charges between Consortium members,
- Internal charges between departments of the same organisation,
- Transactions between linked/associated organisations,
- Interest payable and other bank costs,
- Forecasts for potential future losses or charges,
- Foreign exchange losses,
- Return on capital cost,
- Costs that are funded by and/or pertain to activities relevant to other projects,
- Charges related to loans (e.g. loan issue and management costs),
- Excessive and reckless expenditure,

²² <https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>

- Indirect tax that is refunded by the competent authorities to the organisation (namely they do not comprise real cost for the organisation), and
- Parts of the personnel costs defined in Chapter 3.4 and 5.4.1 of Section III of the present Work Programme (e.g. overtime, commissions, bonuses etc.), and
- Cost for property acquisition and/or buildings construction.

3.4. RESEARCH AND DEVELOPMENT COST CATEGORIES

The cost categories for research and development (Article 25) are classified into direct and indirect costs. Direct costs include Personnel Cost, Instruments and Equipment Costs, Costs for External Services, Costs for Foreign Research Organisations, Costs for Travelling Abroad, Consumables and Other Specific Costs, whereas Indirect Costs consist of Overheads.

The requested funding for Research and Development Activities must not exceed 10% of the requested project funding or €200,000 and the categories of R&D expenditure are described as follows:

Personnel Cost

This category pertains to the cost of employing team members during their participation in the project. The researcher's man-hours on a project must be calculated on the basis of the productive hours of the organisation that employs him/her for the project, irrespective of the amount of time he/she spends working for the organisation. The monthly productive working hours are defined as the year's business days (365 days), minus weekends (104 days), annual vacation days, official holidays, sick leave and others, multiplied by the productive hours per day and divided by 12 months.

The eligible costs for personnel consist of the gross salary plus contributions payable to the State's authorities pursuant to relevant Legislation, plus the employer's contributions for Health Insurance and Provident Fund. The employer's contributions are eligible provided that:

- (i) they are specified in the employment document or by law,
- (ii) they are in line with the legislation referred to in the employment document and/or the normal practice applicable in the country and/or the organisation where each specific staff member is actually working at,
- (iii) they are not recoverable by the employer, and
- (iv) the general principles (e.g. equal treatment between the Beneficiary's employees) and rules applicable for contributions to the specific funds are being met.

It is pointed out that personnel cost does not fall under eligible costs per se and, therefore, the following are not taken into consideration when calculating eligible costs:

- Overtime (time declared in the Time Sheets for projects funded by the Foundation and other funding organisations beyond the organisation's monthly Productive Hours),
- Additional fee/Bonus, and
- Commission, allowances (e.g. rent) etc.

Additionally, for organisations whose personnel costs are directly or indirectly covered by the State budget, the only costs eligible for funding by the RIF are any additional costs for personnel hired specifically for the purposes of the project.

Furthermore, the employment cost of a person whose main salary is directly or indirectly covered by the State budget is not considered eligible for funding, even if he/she is cooperating with another organisation for the purposes of the project.

Costs for Instruments and Equipment

This category pertains to costs for instruments and equipment to the extent and for the time they are to be used on the project. The cost of depreciation is eligible when calculated on the basis of the equipment purchase price and the time it is used for the purposes of the project.

The cost of secondhand equipment and instruments is not covered.

The time period of use for the project purposes is defined as the shortest between:

- (a) The project implementation period,
- (b) The time period from the purchase date of the equipment until the Completion of the Project Implementation or sale of the equipment, and
- (c) The duration in months equal to the sum of the eligible work Person-Months of the organisation's researchers.

The cost for equipment includes the total amount of direct costs necessary for installation thereof in the area intended for its use, including costs for transportation, customs clearance etc.

As a rule, in relation to equipment purchased/acquired prior to the start of a project, the costs pertaining to depreciation thereof for the time it is used on the project are eligible for funding provided the equipment was acquired/purchased after the Proposal submission date.

The cost of equipment maintenance is not eligible (it is covered by Overheads) nor is the operating cost of equipment used by the same organisation or another member of the Consortium. Furthermore, the cost relevant to training the organisation's personnel to operate the equipment is not eligible.

Costs for instruments and equipment pertain to two sub-categories:

- **Durable Equipment:** Pertains to the purchase cost of state-of-the-art research instruments and specialised research equipment (service life: 5 years).

- **Computers and Software:** Pertains to specialised computers and software required for the project implementation and not standard office computer and software (which are covered by Overheads) (Service life: 3 years).

Costs for External Services

The category pertains to the cost for covering subcontracts, including consulting and similar services, used for research purposes. These can cover, indicatively:

- Contracted research costs,
- Costs for access to research infrastructure for the purpose of implementing experimental processes that cannot be implemented within the Consortium,
- Costs for the purchase of technical know-how and patents as well as licensing patent rights from external sources at free market prices,

The relevant transactions must be carried out under conditions of fair competition without any element of collusion.

The Costs for external services must not exceed 50% of the project budget related to the Experimental Development activities according to the Project Contract.

The Costs for external services are exempted from the direct costs on which the Overheads calculation is based.

It is pointed out that additional restrictions or different limits may be defined in the Programme description, Section II of the present Work Programme and in the Call for Proposals relating to the Costs for external services.

Costs for Travelling Abroad

This category covers costs for travelling abroad when necessary for project implementation (dissemination, coordination, research implementation, access to foreign research infrastructures, etc.).

The longest duration that the RIF can fund, irrespective of the purpose of the trip, as a rule is 5 calendar days unless a request is approved by the RIF for a longer duration, or is otherwise defined in the Project Contract and the individual Calls for Proposals, or it is undertaken for the purpose of participating in a conference lasting more than 5 calendar days.

In the event that travel is undertaken for multiple reasons beyond those pertaining to project activities, only the part of the cost pertaining to the project will be considered eligible.

Consumables

The category pertains to the consumables necessary for the implementation of experimental processes in the context of the research activity, which have been acquired after the Proposal submission date.

The category does not include stationery, printing paper, ink, digital disks etc., which are covered under the "Overheads" category.

In the event of purchase of consumables in large quantity for the purpose of multiple activities of an organisation, the allocation of costs pertaining to the project will be acceptable, on the condition that the allocation is adequately documented at the absolute discretion of the RIF.

As a rule, costs pertaining to the purchase of consumables acquired/purchased prior to the start of the project, are eligible for funding, provided that they have been purchased after the Proposal submission date and have been used/consumed during the project implementation period.

Costs pertaining to consumables customs clearance are also acceptable.

Each cost for the purchase of consumables must be documented with the corresponding purchase invoice. Costs arising from a costing system that takes into consideration multiple purchase invoices (e.g. weighted average cost) are not considered eligible.

Other Specific Costs

The category pertains to costs resulting directly from the research activity that cannot be included in the above cost categories, such as, for example, the cost of publication in technical and scientific journals and/or repositories, conference registration costs, traveling expenses within Cyprus etc. This category shall not include costs considered ineligible in one or more of the remaining categories.

Overheads

The category pertains to indirect operating costs arising either from the employment of personnel in a research activity at the organisation's facilities (e.g. utility bills for power, water, telephone, administrative support, FCP fees, accounting, regular office computers and software) or the maintenance of durable equipment. Overhead costs are defined at a rate of up to 20% of the direct costs, with the exception of costs for the external services and Foreign Research Organisation costs.

3.5. INNOVATION COSTS (Article 28)

Innovation costs pertain to costs related to Innovation Activities as defined in Chapter 2.2 of Section III of the present Work Programme.

3.6. CATEGORIES OF MANUFACTURING COSTS (Article 14 or/and 17 or/and 22 or/and 29)

Personnel Cost

The category pertains remuneration for project team members for the time they are employed in the project. As far as eligibility is concerned, the provisions described in the Personnel Costs category of the Research and Development cost categories (Chapter 3.4) apply.

In addition, with regard to Articles 14 and 17, the eligible costs relate to the personnel costs of the jobs directly created by the investment project, calculated for a period of two years.

Expenses on Investment in Equipment for Manufacturing

The category pertains the expenses on Investment in Equipment for Manufacturing.

The purchase of used equipment is not covered. The cost of equipment maintenance and the cost of operating the equipment are not considered eligible.

The full cost of acquiring production machinery and equipment is covered, with the exception of Article 29 – Aid for Process and Organisational Innovation. Eligible costs in this category are calculated to the extent and for as long as they are used in the project. For Article 29, the depreciation expense calculated on the basis of the purchase cost and the duration of use of the equipment for the purposes of the project is considered eligible. The duration of use for the purposes of the project shall be determined as the shorter of:

- (a) The duration of the implementation of the project,
- (b) The period between the date of purchase of the equipment and the completion of the Implementation of the project or the sale of the equipment, and
- (c) The duration in months, equal to the total of the final eligible Work Months of the institution's researchers.

As a rule, expenses related to equipment depreciation for the duration of use within the project, for equipment acquired/purchased before the start date of the project are eligible for funding, given that the equipment was acquired/purchased after the date of submission of the Proposal.

The cost of manufacturing machinery and equipment includes all the direct costs necessary for its installation in the area intended for its operation, including transportation costs, customs clearance, etc.

Expenditure on instruments and equipment relates to two sub-categories:

- **Fixed Equipment:** Refers to the purchase of modern production equipment (useful life: 5 years).
- **Equipment in PCs and Software Programs:** Refers to specialized PCs and software required for the implementation of the project and not ordinary PCs and office software (which are covered by the Overheads) (useful life: 3 years).

Additional Overheads (applies only to Article 29)

The category refers to expenses that arise directly from the Project and cannot be included in the above categories of expenses such as cost of materials, supplies and related products. This category does not include expenditure considered to be ineligible in one or more of the other categories.

3.7. EXPENSES ON STAFF TRAINING (Article 31)

Expenses for subcontracting and travel abroad for the training of personnel on the creation and operation of manufacturing facilities and lines.

3.8. FUNDING PAYMENT

The payment method of the RIF funding is specified in the research Project Contracts and may vary for each Programme. In any event, the project funding is paid by the RIF to the HO, who is responsible for transferring the funding to the Partner Organisations.

As a rule, funding payments are made in instalments as follows:

- **Pre-Financing**, which corresponds to **60%** of the Requested Funding, is paid upon Contract signature.
- **Interim Payment**, which may correspond to up to **20%** of the Requested Funding, taking into consideration the eligible costs of the first period and on the condition the Interim Progress Report is approved by the RIF. In particular, the second funding instalment is paid, as a rule, only in the event that the eligible costs for the first period exceed 50% of the pre-financing.
- **Final Payment**, which may correspond to up to the balance of the Requested Funding, taking into consideration the eligible costs of the project, the Final Aid Intensity and on the condition the Final Progress Report has been approved by the RIF.

Host Organisations of the private sector not meeting the financial viability criteria as set out in Chapter 4.4. of the present Work Programme:

- must submit a bank guarantee equal to the pre-financing, or alternatively;
- will receive a pre-financing of 15% and bi-annual instalments on the basis of their eligible costs declared in the corresponding Payment Requests that will be checked and approved by the RIF.

Furthermore, before the payment of each Funding Instalment, the RIF shall examine whether private organisations have adhered to their obligations towards the State, as specified in the applicable Legislation and/or decisions of the Council of Ministers. In the event that an organisation has already submitted the relevant supporting documents, and their validity period has not expired, then it is not required to submit them again.

Funding payments will be paid immediately after completion of the financial verifications irrespective of whether the PC submits a request for redress.

4. SUBMISSION - EVALUATION - SELECTION

The procedures included in the path from preparing the submission of a research proposal to signing the project contract will include, as a rule, the following five main stages:

- Organisation and PC Registration,
- Proposal Submission,
- Proposal Selection,
- Contract Preparation, and
- Final Decision - Contract Signing.

4.1. REGISTRATION

As a rule, prior to the project proposal submission stage, participating organisations will be subject to a **Legal Status Check** by the RIF. To this end, they will be asked to register their details using the electronic system, before submitting the proposal. Upon registration, the organisations will receive a unique **Identification Code (UNIC)**, which will apply for the entire duration of the STEP and the RESTART 2016-2020 Programmes.

The organisations, acting through their Legal Representative, will complete their details on the electronic system and will upload the relevant certificates, depending on the type of beneficiary they fall under and as these are defined on the electronic system.

With regard to the Organisation's Legal Representative, a Certificate must be submitted by the organisation using the electronic system certifying that the specific person is acting on behalf of the organisation and is duly authorised to bind it (e.g. Board of Directors meeting minutes authorising the Legal Representative etc.). In the cases of individuals or groups of individuals, the relevant Written Declaration with respect to the authorisation of the Legal Representative must be submitted.

The information is checked by the RIF (only for those entities that are considered eligible for funding and proceed to the contract preparation process) and the organisation is classified under the appropriate beneficiary type in the RESTART 2016-2020 Programmes on the basis of their characteristics. The RIF must be immediately informed if there is any change in the Organisation's Legal Representative.

The organisations are obligated to immediately inform the RIF (using the electronic system) regarding any change in their characteristics, such as a change in ownership, change in the composition of the Board of Directors, a modification that affects the size of the enterprise, cessation of activities etc.

4.2. PROPOSAL SUBMISSION

Submission Procedure

In the frame of the RESTART 2016-2020 Programmes a proposal can be submitted following the Call for Proposals announcement by the RIF, which invites the interested parties to submit proposals and includes information relevant to the objectives, the budget, the eligible cost categories, the beneficiaries and the proposal submission deadline. The submission procedure will be defined in the individual Calls for Proposals. All proposals shall be submitted in English.

For better preparation regarding proposal submission, the interested parties are advised to utilise the "Proposal Preparation Guide" that provides instructions and clarifications for better guidance regarding the submission procedure and is available on the Research and Innovation Foundation online services Portal (<https://iris.research.org.cy>).

Proposals are submitted via the electronic proposal submission system, through the internet and the Foundation's website.

Where appropriate, it is possible for the Call for Proposals to require submission of specific documents by hand as these may require signing.

Submission Time

The following apply as to the submission time for the RESTART 2016-2020 Programme proposals:

- The proposals are submitted by the submission deadline defined in the Call for Proposals.
- No changes or additions to the proposal shall be accepted after its definitive submission.

- With the exception of an extraordinary event affecting all candidate Organisations and the Foundation at the same time, deadlines for submission shall not change. In any event, any change in the submission deadline shall remain at the discretion of the RIF.
- When submitted after the predefined deadline, the proposal shall be deemed to be overdue and will be excluded from the remaining procedure.

The submission deadlines will be defined in the Calls for Proposals.

Proposal Number

Each proposal submitted to the RIF receives a Proposal Number. This number defines the Call for Proposals in the frame of which a proposal was submitted. The Proposal Number is unique and is subsequently used by the RIF for the announcement of the results and the correspondence with the HO.

Furthermore, as a rule, the proposal will also be characterised by the Acronym stated on the submission documents, in order to facilitate communication between the RIF and the Consortium.

4.3. PROPOSAL SELECTION

The procedure of Proposal Selection for funding includes the Preliminary Check and the Scientific Evaluation of the Proposal.

Preliminary Check

The compatibility of the submitted proposal to the specific criteria is examined during the Preliminary Check. Non-compatibility of the proposal to any one of the criteria renders it ineligible and it is not forwarded for evaluation.

Table III.3 includes the general criteria for Preliminary Check that may be adjusted accordingly in the Calls for Proposals:

| No. | Criterion | Interpretation |
|------------|--|---|
| 1. | Submission validity and (procedure documents) | The proposal is checked to ascertain: (a) if it has been submitted within the deadline and in accordance with the procedure set out, and (b) whether it includes all the necessary documents and accompanying documents. |
| 2. | Language | It is checked to ascertain whether it has been submitted in English. |
| 3. | Consortium and Participation Right | It is checked on the basis of the proposal content, to ascertain whether: (a) requirements are met with regard to the Consortium insofar as the participation of individuals and organisations is concerned, (b) the proposal was submitted by individuals/organisations entitled to participate. |

| | | |
|----|-----------------|---|
| 4. | Duration | It is checked whether the duration of project implementation follows the stipulated time frame. |
| 5. | Funding | It is checked whether the requested funding is in line with the Maximum Funding Amount defined in the Call for Proposals. |

Proposals meeting all prerequisite Criteria are forwarded for evaluation. Some of the Preliminary Check Criteria will be examined automatically at the time of submission by the electronic proposal submission system.

It should be clarified that if a person, acting as Project Coordinator, submits more than one (1) proposal in the frame of a Call for Proposals, then the first proposal will be considered valid, on the basis of order of submission, and the remainder will be considered invalid.

Upon completion of the Preliminary Check procedure, the results are communicated to the beneficiaries by correspondence from the RIF. Beneficiaries are entitled to submit a request for redress, as described in the section "Redress Procedure" in Chapter 4.3 of Section III of the present Work Programme.

Evaluation Methods

For the evaluation of the proposals, RIF will use 3 Thematic Evaluation Committees (EC). Each EC consists of five (5) experts. In addition, an expert on state aid issues will participate in each Committee.

During the EC meeting, its members rank the Proposals for funding in order of priority (ranking list) and document the rationale for their decision in a relevant Evaluation Report.

Evaluator Selection

The scientific evaluation of the proposal shall be carried out by international independent experts selected pursuant to specific criteria as follows:

- Based on the "keywords" suggested by the applicants in the proposal to find suitable evaluators. It is recommended where possible to state two "keywords" in the scientific field of the proposal and one in the proposal's field of application. In cases where it is not possible to identify suitable evaluators on the basis of the declared "keywords", additional "keywords" may be used which are considered appropriate after studying the proposal.
- Based on the Fields of Science and Technology Classification (Frascati Manual) selected by the applicants in the proposal.
- Evaluators' CV quality/content (e.g. position, education, research experience, business experience, publications relevant to the research field, patents, experience in research proposal evaluations, participation in various boards and/or professional/scientific bodies).
- Good knowledge of English language.
- In the case of Proposals with interdisciplinary content, the evaluators shall be selected in such a manner that the scientific background of the team of evaluators shall cover the various subjects addressed in the proposal. For proposals with industrial application content, participation of evaluators with knowledge of the market will be sought.

It should be noted that evaluators are selected using the EU Evaluator database, commercial databases and/or other tools according to each case.

When selecting evaluators, care is taken with regard to the following:

- It is investigated whether there is a possibility that the candidate evaluator has any direct or indirect relation with the Consortium submitting the proposal and their beneficial owners.

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Candidate evaluators who are either participating in or related to the Consortium (are referred to in Consortium publications, come from organisations belonging to the Consortium or are mentioned in the scientific section of the proposal), shall be rejected.

- The applicants' statement with regard to the persons and/or organisations that they wish not to be involved in the evaluation of their proposals shall be taken into consideration. It should be noted that the proposal submission documents provide the Coordinator with the possibility to recommend the evaluators' expertise, as well as the exclusion of specific persons/organisations from their proposal evaluation procedure.
- Priority shall be given to evaluators from member-states of the European Union, the European Economic Area (Iceland, Norway, Liechtenstein), Israel and Switzerland and/or third countries outside the European Economic Area for which the EU has decided that there is sufficient security and/or other third countries in accordance with the provisions of the General Data Protection Regulation (GDPR) and the relevant Cypriot legislation 125(I)2018.

In order to ensure optimum substantiation and, in general, to ensure quality and maximum transparency of the procedure, evaluators will carry out their activities in accordance with clear instructions on the evaluation procedure defined in the corresponding Guides for Evaluators. It should be noted that evaluators will be requested to adequately justify their evaluation score.

For transparency purposes, the RIF will announce a list of the names of the evaluators used to evaluate the proposals, at regular intervals, together with the evaluators of the other RIF Programmes.

Evaluation Criteria

On the Evaluation Report Form, as a first step, the evaluator is required to assess to what extent the proposal is compatible with the Programme objectives. The extent to which the project activities meet the requirements of the Call for Proposals is evaluated in the context of the compatibility assessment. If the proposal is not compatible with the Programme objectives, the evaluator rejects the proposal and does not proceed with examining the evaluation criteria.

The evaluation will be based on the evaluation criteria as described in the STEP Call for Proposals.

The Evaluation Committee is required to give a sufficiently justified grade to the criteria.

In addition, the opinion of the Committee is sought (without grade) in relation to:

- The need for a bioethical evaluation of the proposal,
- The potential for negative impacts and/or risks to the environment as a consequence of the proposed activities or project results/outputs, and
- Gender equality in relation to the content of the project and the composition of the project team.

In addition, it will be evaluated without a score whether the selected State aid article for the financing of the proposed activities is appropriate according to the proposed activities.

Confidentiality

The entire evaluation procedure is confidential. The proposal content as well as the identity of the evaluators who performed the evaluations for each proposal shall not be disclosed by the RIF. At the same time, the evaluators who will evaluate the proposals, are bound by a "Confidentiality Statement" pursuant to which they undertake the obligation to maintain strict confidentiality during the project proposal evaluation with regard to all data, information, documents or any other information they may be brought to their knowledge, including personal data.

Evaluation Score

Proposals shall be graded by the evaluators for each evaluation criterion. The evaluation score interpretation is shown in Table III.4:

| Table III.4 GRADE INTERPRETATION | |
|---|---|
| Evaluation score | General |
| 0 | The proposal fails to address the criterion or cannot be assessed due to missing or incomplete information. |
| < 0.99 | The criterion is addressed in an inadequate manner or there are serious inherent weaknesses. |
| 1.00 - 1.99 | The proposal addresses the criterion to a limited degree and there are significant weaknesses. |
| 2.00 - 2.99 | The proposal addresses the criterion partly and a number of shortcomings/ weaknesses are observed. |
| 3.00 - 3.99 | The proposal addresses the criterion quite sufficiently but a small number of shortcomings/weaknesses are observed. |
| 4.00 - 5.00 | The proposal successfully addresses all relevant aspects of the criterion. Any shortcomings are minor. |

Evaluation score for each criterion will be recorded with an accuracy of 0.50 marks and will range from 0 to 5.

Overall evaluation score results from the weighted score aggregate of the three criteria on the basis of their relative weight, as set in the description of the corresponding Programmes and/or the individual Calls for Proposals.

Proposals are deemed eligible for funding if they secure a Final Evaluation Score of at least 12.00/15.00.

Proposal Ranking

Eligible proposals will be ranked by order of success on the basis of their evaluation score. Special provisions defined in Section II-Call for Proposals will be taken into consideration in the selection of eligible proposals for funding.

Proposals of equal score

After completion of the Evaluation Procedure, in cases of equal scoring proposals in the event that there is no budget available for the financing of all of them, the equal proposals will be ranked in order of the score they received in the "Added Value and Benefit" criterion, and then of the score received in the "Implementation" criterion. If the proposals cannot be ranked on the basis of the above criteria, then they will be ranked in order of decreasing size of own funding. If they still cannot be ranked, then priority is given to the proposals showing gender balance in relation to the research content of the project and the project research team composition in terms of the number of male/female participants.

Announcement of the Results

Upon completion of the proposal evaluation procedure, the evaluation results shall be validated by the RIF Board of Directors (BoD), unless the BoD decides to follow a different validation procedure. Upon validation, the results shall be posted on RIF's website by means of a Table of Results showing the ranking of the project proposals in descending order of evaluation scores, anonymously (stating the Proposals' Number).

In the context of transparency procedures that the RIF follows, after the evaluation procedure is completed, the evaluation results (including, where applicable, the Evaluation Report Forms with the detailed comments and individual scores and/or the Evaluation Reports) shall be communicated to the beneficiaries by relevant letter sent by the RIF.

The results are final and there is no possibility of submitting a redress.

Redress Procedure

A Host Organisation rejected at any stage of the Proposal Selection process as described below, shall be entitled to submit a request for redress via their Legal Representative or the PC by sending the completed Redress Form through the electronic system within seven (7) calendar days from the date of receipt of RIF's letter notifying the HO of the results, and in any case no later than ten (10) calendar days from the sending date of the original email notification.

Redress requests are examined by a three-member Redress Committee established for this purpose by the RIF's Board of Directors.

Redress may concern the incorrect exclusion of a proposal during the preliminary check. The Redress Committee examines the content of the proposal in relation to the reasons stated in the Preliminary Check Report that they were the reason for not forwarding it for scientific evaluation. If it finds that any decisive omission or error was made during the Preliminary Check, then it decides to forward the proposal for evaluation.

The decision of the Evaluation Committee (EC) is final and there is no possibility of submitting a redress.

4.4. CONTRACT PREPARATION

Invitation for Contract Preparation

After completion of the evaluation procedure and announcement of the results, the RIF invites the Host Organisations and the PCs of the eligible proposals to initiate the Contract preparation procedure. The invitation is made by order of priority, according to their ranking on the Table of Results (where applicable) and until the exhaustion of the available budget for each Call. For a project to be invited for Contract Preparation there must be available budget in the Call covering at least 70% of the requested funding for the proposal. The proposal is invited for Contract preparation provided that the Host Organisation agrees on the reduction of the requested funding to the amount of the available budget.

In the event where the Contract preparation procedure with the Host Organisations of one or more Proposals is terminated, RIF will not invite the following Proposals with the highest rank for Contract preparation, but the remaining budget will be allocated to future Calls.

Contract Preparation Procedure

The Contract Preparation procedure is followed to ensure that the Project Contract that will be prepared contains the appropriate provisions for the smoothest possible project management and, as a rule, includes a meeting which is arranged either at the Host Organisation's premises or that of the RIF.

It is clarified that the invitation for contract preparation does not necessarily mean that the RIF will commit to funding the Project. In order for a project to be funded, it is required that agreement is reached on all matters of the procedure.

In the frame of this procedure, the Host Organisation is invited to submit to the RIF additional data and supporting documents on issues that might affect the Contract and the future implementation of the project, within a reasonable time period determined by the RIF.

At least one person from the Host Organisation participating in the project team, before signing the Project Contract, must attend two training seminars that will be organized by the RIF on the topics: (i)

Regulations and financial management of projects, and (ii) Project Management. In case of non-compliance, the process of Contract preparation will be terminated.

After taking into consideration the relevant Call for Proposals and the procedures and regulations for funding of STEP Programme in general, a meeting will be held between RIF's representatives and the organisations during which the following issues will be discussed and/or clarifications and/or additional information and/or amendments will be requested where appropriate:

- **Consortium/Beneficiaries:** Ascertaining the validity of the participation of persons and organisations by completing the Legal Status Check for all organisations and the Financial Viability Check for Host Organisations (see Chapter 4.1. Registration)
- **Project Budget:** Checks shall be conducted to ascertain that: (a) the aid intensity for each organisation is compatible with the limits determined in the context of STEP Programme and with the classification of each organisation's type of activity as those are included in the proposal; and (b) the costs provided for are eligible and that the provisions of the present Work Programme and of the STEP Programme are met. No adjustment or reallocation between the Budget Categories of Aided Activities (State Aid Articles) will be possible unless, at the discretion of the RIF and prior to the signing of a contract, amendments have to be made due to an incorrect choice of State Aid Article.
- **Deliverables:** Checks shall be conducted to ascertain inclusion of the minimum required Deliverables shown in the "Proposal Preparation Guide", such as, for example, the Progress Reports and the Deliverables pertaining to the preparation of the "Ready-to-Manufacture Product" (where applicable) and others related to manufacturing activities. Furthermore, checks shall be conducted to ascertain whether the Deliverables are delivered in a form that permits their submission to the RIF and their possible evaluation by an external expert, in the context of project monitoring.

On rare occasions, the possibility of project changes shall be discussed, the need for which arose during the period from the submission deadline to the contract preparation meeting. In this case, a relevant request will be submitted in writing by the Coordinator to the RIF and it will be possible to obtain an opinion from an external expert on the matter.

Prior to completion of the contract preparation procedure, the following must be submitted to the RIF:

- The signed Consortium Agreement by and between the members of the consortium,
- Consent regarding the Personal Data Protection Regulations signed by the Host Organisation,
- All necessary authorisations/licenses required pursuant to applicable legislation related to the project objective (see Chapter 8 Broader Legal Framework) unless the issuing authority confirms in writing that approval will be granted at a later stage (***Note: The Project Coordinator is obliged to submit an application to the competent authorities within 30 calendar days from the date of announcement of the results. Otherwise, the Foundation reserves the right to terminate the contract preparation process***),
- Other declarations or documents that may be required from time to time by the competent State authorities or that may arise from decisions of the Council of Ministers, and
- Written Declarations from all Consortium members pertaining to adherence to applicable legislation etc.

Furthermore, Private Sector organisations (Categories B.1, B.2, B.3, C.1 and private sector Organisations of Category A), must submit a Written Declaration regarding the following:

- The Organisation is not under bankruptcy, in liquidation, cessation of activities, forced administration and has not entered into an arrangement with creditors or in any other

relevant circumstance arising from a similar procedure pursuant to national legislative or regulatory acts,

- No proceedings have commenced against the Organisation with regard to bankruptcy, liquidation, forced administration, arrangement with creditors or similar procedure pursuant to national legislative or regulatory acts, and
- The Organisation has not been convicted by ruling of a Cyprus and/or foreign court and/or any Cypriot and/or foreign supervisory and/or regulatory authority for an offence involving dishonesty or moral turpitude and/or participation in a criminal organisation and/or an offence relevant to their professional conduct.

Further to the above, it is pointed out that in the case of private sector organisations, the following will be required at the Contract Preparation Stage: (a) For the purposes of the HO's Financial Viability Check, audited financial statements for the previous financial year (N-1) or the year preceding it (N-2), where "N" is the year when the Contract Preparation procedure shall be conducted, (b) Certification from an independent external certified auditor that the undertaking is not in difficulty based on the audited financial statements for the previous financial year (N-1) or the year preceding it (N-2), where "N" is the year when the Contract Preparation procedure is conducted, and (c) where applicable, an Declaration for De Minimis Aid. It is noted that from January 2022, the amounts of De minimis Aid will be recorded in the Electronic Central System for State Aid and De Minimis Aid to ensure that the maximum limit is not exceeded.

For the purposes of contract preparation, the Certification from an independent external certified auditor that the undertaking is not in difficulty (see (b) above) will be valid for twenty-four (24) months since the reference date of the financial statements submitted and examined according to the check procedure.

The Contract Preparation process includes, among others:

(a) a "due diligence" process, during which all the information submitted to the proposal will be checked and confirmed, while additional information may be requested that will be deemed necessary, and

(b) a meeting scheduled at the premises of the Host Organisation.

It is noted that additional data may be requested for documentation of the existence of own financing, in case the aid intensity changes during the contract preparation stage.

Contract Preparation Process may involve external experts on behalf of the RIF as well.

In general, the correctness of the organisations' information will be examined during the Contract Preparation stage. To this end, the RIF reserves the right to request any additional documents that may be deemed necessary to confirm that such information is correct. Where possible, the documents will be requested once for each organisation.

In addition, according to Common Provisions Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 and Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (RRF), RIF is obliged to take appropriate measures to ensure that the use of the funds complies with applicable EU and national law, in particular as regards the prevention, detection and correction of fraud, corruption and conflicts of interest.

Therefore, entities will be invited to submit data in relation to beneficial owners and public procurement as presented in the table below in accordance with the Management Authority of the Cohesion Policy Funds²³.

²³ Guidelines of the Coordinating Authority for the Cohesion Policy Funds:

| Table III.5 LIST OF OBLIGATIONS OF BENEFICIAL OWNERS | |
|--|---|
| Organisation Category²⁴ | Obligations |
| Private Law Entities (with the obligation to submit beneficial ownership data to the Official Registries of the Republic of Cyprus) | <p>Entities with Requested Funding not exceeding 150,000 Euros must submit the following information:</p> <ul style="list-style-type: none"> ➤ Proof of registration of the said data and unique registration number in the Official Register of Beneficial Owners of the Republic of Cyprus <p>Entities with Requested Funding exceeding 150,000 Euros must submit the following information:</p> <ul style="list-style-type: none"> ➤ Name, ID/passport number and date of birth of their beneficial owners (UBOs), and ➤ Proof of registration of the said data and unique registration number in the Official Register of Beneficial Owners of the Republic of Cyprus |
| Entities obliged to apply National and Community laws and policies relating to public procurement (i.e. acting as Contracting Authorities) | <p>Registration in the information system of the Managing Authority for the Cohesion Policy Funds of the following data in relation to public procurement tenders financed by RIF projects, for those who exceed the limits (€125000 for services and supplies and €1m for projects)::</p> <ul style="list-style-type: none"> ➤ Tender number ➤ Details of the Contracting Authority ➤ Register of officers involved in the tender procedure ➤ Signed declarations of impartiality of the officers involved ➤ The contractor (or successful economic operator) and its unique identification number in the Official Register of Beneficial Owners of the country of registration ➤ The value of the contract ➤ The type of tender and tendering procedure followed ➤ Evaluation report ➤ Decision of the Bidding Board (if applicable) ➤ Declaration regarding the beneficial owners ➤ For the contractor: <ol style="list-style-type: none"> 1. Established in the Republic of Cyprus: Proof of registration of the details of their beneficial owners and unique registration number in the Official Register of Beneficial Owners of the Republic of Cyprus 2. Established in another EU member state (bound by Directive (EU) 2015/849): <ol style="list-style-type: none"> (a) Proof of registration of the details of their beneficial owners and unique registration number in the Official Register of Beneficial Owners of the Republic of Cyprus, and (b) full name, ID/passport number and date of birth of their beneficial owners |

<https://thalia.com.cy/circulars/>

²⁴ The provisions only apply to Host and Partner Organisations.

| | |
|--|--|
| | <p>3. Established in a non-EU country (not bound by Directive (EU) 2015/849):</p> <p>(a) full name, ID/passport number and date of birth of their beneficial owners, or</p> <p>(b) full name, ID/passport number and date of birth of their senior management staff.</p> <p>➤ Full name of subcontractors to be used for contract implementation (if applicable)</p> <p>The Contracting Authorities, through a duly authorized person, must register the above data in the information system of the Coordinating / Managing Authority (depending on the source of funding) three months after the signing of the Contract and at the latest until the submission of the Payment Request which includes expenses in relation to the said public contracts. For the registration of the above data, authorized persons must gain access to the information system following the relevant procedure provided by the Managing / Coordinating Authority. RIF will carry out checks on the submitted procurement data and in case of non-registration of the data it may consider the expenditure concerned as ineligible for funding. The "Absence of Conflict of Interest Verification Report" issued by the Directorate for Financial Control of European Funds will also be requested for tenders worth more than €125,000 for services and supplies and €1 million for projects.</p> |
|--|--|

The RIF as well as other competent authorities will carry out audits on the reported beneficial ownership data with the aim of preventing, detecting and correcting cases of fraud, corruption and conflict of interest on the basis of relevant circulars and guidelines issued by the competent national authority.

The Contract Preparation procedure may be terminated, if one of the following occurs:

- The entire project or a significant part thereof has received in the past or is currently receiving concurrent funding from the RIF or another source and the funding has cumulatively exceeded the maximum aid limits,
- The project contains any information that has resulted from an illegal or unethical action by anybody,
- The evidence submitted for the Consortium's Legal Status Check is not adequate,
- The HO does not fulfil the definition of a start-up (where their participation is required by the Call) as defined in Chapter 1.2. on the date of granting the aid, i.e. the Contract signing date (in accordance with Chapter 4.5.),
- The HO has not reached a written agreement with the Foundation with regards to the settlement of previous outstanding financial obligations towards the RIF (it is clarified that the payment of debts to the Foundation must be made independently of the examination, at the same time, of any objection submitted for the project in question),
- The participating organisations and individuals are not classified as beneficiaries of the Call for Proposals or are not entitled to submit/participate in the proposal,
- If it is proven that the content of the project proposal or the additional information submitted contain false information,
- If it is found that the HO is under bankruptcy, in liquidation, cessation of activities, forced administration or has entered into an arrangement with creditors or in any other relevant circumstance arising from a similar procedure pursuant to national legislative or regulatory acts,

- It is not possible to reach agreement on the contract preparation issues (incl. failure to submit the necessary information) **within the time frame** determined by the RIF, and
- If an attempt to deceive the Foundation regarding the conflict of interest of the beneficial owners of the entities participating in the project proposal with people involved in the evaluation process is discovered.

Financial Viability Check

The Organisations' Financial Viability Check will be conducted at the Contract Preparation stage and will concern only the Host Organisations of Projects of the private sector (legal and natural entities engaged in an economic activity).

For the purposes of the financial viability check the Organisations must submit audited financial statements for the previous financial year (N-1) or the year preceding it (N-2), where "N" is the year when the Contract Preparation procedure shall be conducted. The audited financial statements must include at least:

- Balance Sheet,
- Profit and Loss account and Other Comprehensive Income, and
- Independent External Certified Auditor's Report.

The explanatory notes comprise part of the Financial Statements and must be submitted.

Separate audited financial statements of a Host Organisation belonging to a group of companies must be submitted and the group's consolidated financial statements will not be acceptable.

If the organisations do not have audited financial statements for one of the two years mentioned above, then the Contract Preparation Procedure shall be suspended. Organisations that are not obligated to prepare Financial Statements, pursuant to national legislation are excluded. For the purposes of the financial viability check, such organisations will be classified in the category with a score of 1-3, as described in Table III.6.

The financial viability check method used by the RIF, is based on the relevant method applied by the EC in its Framework Programmes for assessing financial viability of organisations. For the EC's Framework Programme "Horizon 2020" the method is presented in detail in the "Guide on beneficiary registration, validation and financial viability check"²⁵.

Organisations are classified in four (4) categories on the basis of the financial viability check. Table III.6 shows the possible results of the financial viability check and the measures taken by the RIF to complete the Contract Preparation procedure:

²⁵ Guide on beneficiary registration, validation and financial viability check http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/lev/h2020-guide-lev_en.pdf

| Table III.6 FINANCIAL VIABILITY OF ORGANISATIONS | | |
|--|----------------|---|
| Evaluation score | General | RIF Measures |
| 0 | Unsatisfactory | Contract Preparation procedure suspension |
| 1-3 | Infeasible | (a) Bank guarantee required from the Organisation equal to the amount of the pre-financing the duration which will be from project start to six (6) months after the Contract End Date (letter template to be obtained from the RIF), or (b) Organisation will receive a lower pre-financing of 15% and semi-annual instalments on the basis of the its eligible costs, which will be stated in the corresponding Payment Requests that will be approved by the RIF. |
| 4-5 | Satisfactory | No measures taken. |
| 6-10 | Good | No measures taken. |

Organisations will be able to check their financial viability using the Financial Viability Self Check Tool which is available in the RIF IRIS Portal.

For the purposes of contract preparation, the organisations' financial viability check results will be valid for twenty-four (24) months since the reference date of the financial statements submitted and examined according to the check procedure.

Stamp Duty

In accordance with the relevant law and the Stamp Duty Commissioner, the RIF is exempted of stamp duty. Nevertheless, the research project contracts entered into by and between the RIF and the Beneficiaries must be submitted to the Stamp Duty Commissioner in order to separately examine whether the activities thereof concern technical projects, which are subject to the provisions of the Stamp Duty Law.

Consequently, each research Project Contract with a budget exceeding Euro 5,000 must be submitted by the Host Organisation to the Stamp Duty Commissioner at the latest ten (10) calendar days after signature thereof.

4.5. FINAL DECISION - CONTRACT SIGNATURE

The final decision for the projects to be funded is made on the basis of the Contract Preparation procedure results. The signing of the Contracts must be completed up to 3 months from the date of the invitation to the Contract Preparation procedure. Otherwise, RIF reserves the right to terminate the Contract Preparation process. The start date of the Projects should be 2/1/2026 at the latest.

The Aid Granting Date is the date of contract signing, or, in the cases where no contract is signed, the date of the RIF letter to the beneficiary regarding funding approval.

In the context of the STEP Programme, all decisions for funding, pertaining to State aid, will be made by 31 December 2026, based on the revised duration of the General block exemption Regulation (GBER).

As a rule, a Project Contract is signed for every project selected for funding. The Contract is signed by the legal representatives of the RIF and the Host Organisation. The project Implementation Completion Date is set as the project's scientific implementation date. The Contract End date is set as the date on which the Host Organisation transfers to the Partner Organisations their share of the funding disbursed by the RIF. In the cases where there are not any Partner Organisations, the Contract End date is set as the disbursement of the final payment to the Host Organisation.

The RIF reserves the right to cancel the Project Contract, if the Host Organisation representatives fail to sign it within one (1) month from their invitation date to sign the Contract.

5. PROJECT MANAGEMENT

5.1. BASIC PRINCIPLES

The project management shall be conducted in accordance with the Project Contract provisions.

The RIF shall be entitled to act in a manner that shall ensure the smooth implementation of the projects it funds, by means of effective audits and, if any irregularities are found, it shall enforce dissuasive sanctions.

The Host Organisation (HO) shall be responsible for the proper implementation of the project's total Budget. Furthermore, the HO shall provide guidance to other Consortium members, as to the project management regulations and procedures.

Each Consortium member shall be responsible for the proper management of the funding aid it shall receive and the implementation of the costs pertaining to it in the context of the project implementation.

If the HO finds that a Consortium member fails to meet its obligations relating to project implementation and budget management, then it must take the appropriate measures and update the RIF immediately.

Legal Liability

The Host Organisation is legally liable for the project management and implementation.

Record Keeping and Document Submission

The Host Organisation shall be obligated to keep all information and documents pertaining to the project implementation progress (such as progress reports, payment requests, expenditure invoices, information on the project indicators, the required licenses, information and publicity actions etc.) in a separate printed or electronic Project Documentation File, which they are required to keep for at least ten (10) years from the aid granting date pursuant to the General Block Exemption Regulation EU 651/2014. To this end, the HO must request copies of such documents from the other members of the Consortium.

All Consortium members shall be obligated to keep printed or electronic records of all original documents (invoices, receipts, agreements, information and publicity actions etc.) pertaining to the project implementation for at least ten (10) years from the aid granting date pursuant to the General Block Exemption Regulation EU 651/2014.

If the Project Documentation File is not properly kept, as set out above, resulting in financial loss by the State of resources that derive from the European Structural and Investment Funds, then the HO is liable for refunding the relevant aid bearing interest, in accordance with Chapter 5.6. of the present Work Programme.

The Project Documentation File and/or the records of Organisations will be checked by the RIF during the on-the spot financial verifications that will be conducted at the Host Organisation or the Partner Organisations, as appropriate.

5.2. PROJECT CHANGES PROCEDURE

The Project Coordinator (PC) shall be able to proceed with project changes in the following cases, without prior approval from the RIF:

- **Research Team Composition:** Changes as to the research team members with the exception of the PC.
- **Minor Project Activity change/amendment:** Where the PC considers that a research or other project activity requires a small change or modification that will not have major impact on the course of the Project, then they may unilaterally apply the modification.

In the cases that follow, project changes are possible, but prior approval of the RIF is required:

- **Project Extension:** Where necessary, it is possible to submit a request for project duration extension. As a rule, the extension duration will not exceed 3 months. The request for extension pertains to the project implementation completion date and, as a rule, is granted only once.
- **Consortium Composition:** The request may pertain to change, addition or removal of a Partner Organisation from the Consortium. The RIF examines the reasons for which the change in the Consortium's composition is requested, while the PC makes sure that the provisions of the Work Programme and of the Consortium Agreement, in the context of which the project was approved, are met.
- **Major Project Activity change/amendment:** The PC may request from the RIF approval for research activity modification that is of major significance to the project.
- **Request for Project Termination:** In exceptional circumstances, the RIF may consider and accept a request for project termination. Acceptance of such request may be accompanied by a demand on behalf of the RIF to be refunded the entire or part of the funding amount it has disbursed for the project implementation until that time.
- **Request for PC Replacement:** In exceptional circumstances, the RIF may consider and accept a request for PC replacement, which, as a rule, is submitted by the Host Organisation's Legal Representative, accompanied by information stating the reasons for which such change is requested.

In the above cases, the RIF may consult a specialized expert before deciding on acceptance or rejection of a request.

The main condition for the acceptance of request for a project change by the RIF is that it will not decrease the scientific quality of the project, affect the exploitation and dissemination capability of the results and cause significant deviation from the objectives of the Call of Proposals under which the project is being funded. Furthermore, additional factors are taken into consideration such as the avoidance of negative impact on the Foundation's financial planning, the timely absorption of resources from the EU Structural and Investment Funds, etc.

Where RIF approval is required, this is communicated to the Coordinator or the Host Organisation within fifteen (15) calendar days from the date of receipt of the request. The time frame for examining a request for a major activity change or a change of PC is forty-five (45) calendar days. If additional information is required to complete examination of a request, the time required for its submission is added to the time the RIF will need in order to communicate its decision. If the additional information is not submitted to the RIF within twenty-one (21) calendar days from the day requested, the RIF reserves the right to reject the request.

All changes made, either following RIF's approval or by virtue of a unilateral decision of the PC, are specifically reported in the progress reports.

Budget Revision

No adjustment or reallocation of budget between the Categories of Aided Activities (state aid articles) will be possible during the implementation of the Project.

The Project Coordinator (PC) is entitled to revise the Consortium Budget without prior approval from the RIF, if this pertains to:

- Amendment in the amount of a Cost category not exceeding the amount mentioned in the initial budget by more than $\pm 40\%$ with a maximum of €15,000, or
- Transfer to a Cost category with zero budget that does not exceed €2,000.

Upon examination of the Payment Request, the RIF reserves the right not to approve the changes, if it is found that the general requirements for cost eligibility, as described in Chapter 3.3. of the STEP Programme are not met. In cases showing the need for:

- (a) Project budget revision exceeding the limits mentioned above, and
- (b) Transfer of funding from one consortium member to another irrespective of the size of the amount,

the Project Coordinator (PC) must submit a relevant request and obtain approval from the RIF. Budget Revision Requests within the above limits will not be examined by the Foundation.

Regarding funded projects' budget revisions, the following are specified:

- Budget revisions that the PC has the right to proceed with without prior approval by the RIF (if they fall within the above-mentioned limits) relate only to adjustments within the same Category of Aided Activities (e.g. expenditure on "Research and Development Activities").
- A budget transfer is not allowed from one category of aided activities to another.

In any event:

- The Final Aid Intensity, which is defined as a percentage of the Requested Funding in relation to the Project Budget, must not exceed the Final Aid Intensity specified in the Project Contract, and the Final Funding of the RIF (for the funded Project) cannot exceed the Requested Funding of the Project specified in the Contract.
- The individual Aid Intensities for each Category of Aided Activities may not exceed the respective Maximum Permitted Aid Intensity for each category, as defined in the STEP Programme.

5.3. PROJECT FINANCIAL MANAGEMENT

All expenditure made in the context of the project must be supported with invoices, payment receipts or other documents issued for the Consortium member they refer to. The Organisation's record keeping must allow for direct matching of the copies submitted with the Payment Request to the original documents.

Detailed Ledger

All members of the Consortium are obligated to post transactions in the project account in the organisation's accounting system, which must be adequately codified for the purpose of identifying and grouping expenditures pertaining to the specific project.

In any event, the direct matching of the conduct of transaction stages must be ensured from beginning to end, and the expenditures pertaining to the project must be entered in such a way as to permit reconciliation between the detailed ledgers, the supporting documents and the funding management.

The project's detailed ledger kept by each Partner Organisation is submitted to the RIF with each payment request.

5.4. SUPPORTING EVIDENCE FOR PROJECT EXPENDITURE

The necessary supporting documents that must be submitted to the RIF for the purposes of examination and approval of eligible costs per expenditure category, are shown in detail below.

It is made clear that electronic transactions are eligible provided that the requirements mentioned below, are satisfied.

As a rule, supporting evidence for a specific expenditure shall be submitted to the Foundation only once.

5.4.1. Personnel Cost

Time Sheets and Employment Contracts

All members of the Consortium must maintain Time Sheets (TSs) for all members of their research team. TSs must cover 100% of the employees' working time. TSs must reflect the actual employment hours per day for each project funded by the RIF or other funding organisations and any other activities of the organisation's employee.

The members of the research team will declare for each month included in a Financial Report the hours they devote to all funded projects (RIF, Horizon 2020/Europe, other national or European funding bodies) and other activities (e.g. organisation administration) even if the time effort relevant to RIF-funded projects is zero. In case of multiple employment, participating organisations will declare, in the frame of submitting an Interim and Final Report to the Foundation, all the employments of the researchers participating in the projects they implement. In case the total productive hours are exceeded (1720), any cuts will be made in chronological order in which the implementation periods of the projects are completed and provided that the need for a cut arises.

TSs must be kept on a daily basis and indicate the Proposal Number of each project funded by the RIF and the Work Package for which the stated time was dedicated. Each Sheet must show the reference month and year and bear the signatures of the researcher and his/her supervisor.

With regard to personnel costs for members of research groups that cannot be funded by the RIF, the TSs may be submitted on a monthly, semi-annual, or annual basis, or according to the period for which the report is submitted.

The following are instances when TSs submission is not required:

- Researchers working under full time employment for the project implementation.
- Researchers working on the project at a fixed proportion of their time each month.

In such cases, the researcher's Employment Contract may be submitted instead of the TSs, stating the time he/she will be dedicating to the project implementation. If the need arises to terminate the fixed proportion of employment in the project implementation, TSs must be submitted for the period after the modification.

The following must apply for the researcher's – staff member Employment Contract:

- It describes the scope of the agreement between the two parties,
- It sets out information regarding the employment, namely the remuneration, the corresponding time of work, working hours, supervision, duties and other employment terms,
- If the employee is not employed by the organisation on a full time basis, the time he/she shall dedicate to the organisation to facilitate calculation of his respective hourly rate should be defined, and
- The duration of the Contract must cover the period of the salary payments as appearing in the payroll.

The eligible personnel cost is calculated according to one of the following methods. Each Organisation will use a specific method for calculating personnel cost, which will be defined in the Project Contract. At the stage of Contract Preparation for the chronologically first project of the RESTART 2016-2020 Programmes in which the organisation participated and which was selected in the frame of a Call for Proposals covering personnel expenses, the Legal Representative of each participating organisation was called upon to select the method for calculating the organisation's Personnel cost. This selection is binding throughout the duration of the STEP and the RESTART 2016-2020 Programmes and the method will apply to all projects that the organisation will be participating in.

All beneficiary entities that have not previously participated in the RESTART 2016-2020 Programmes, are obliged to make use of the simplified Method "Standard Scales of Unit Costs" for the calculation of staff remuneration.

Standard Scales of Unit Costs:

The standard scales of unit costs are amongst the measures for simplification and reduction of the administrative load. Based on historical data and other objective information the average hourly rate for specific research categories has been calculated by external consultants on behalf of the RIF. This cost is considered eligible expenditure for all corresponding cases and does not require the submission of supporting documents and their examination.

The standard scales of unit costs that apply are presented in Table III.7a and Table III.7b, as follows:

| Researcher Category | Updated Hourly Rate from 01/01/2024 (€) |
|---|---|
| Researcher at Professor level at a Higher and Tertiary Education Institution | 47.00 |
| Private Sector Managers | 42.00 |
| Researcher at Associate Professor level at a Higher and Tertiary Education Institution or PhD holder with at least seven (7) years since the date awarded | 36.00 |
| PhD holder | 26.00 |

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| | |
|--|-------|
| Holder of Degree or Post Graduate Title with at least five (5) years since the date awarded | 23.00 |
| Holder of Degree or Post Graduate Title less than five (5) years since the date awarded or Technical Staff | 20.00 |

The inclusion of staff members in the category "Private Sector Executives" will be possible if the company in question employs at least 10 people. For the purposes of applying this criterion, where the company in question is part of a group of companies, the number of employees at group level shall be taken into account.

The calculation of eligible personnel cost in accordance with the Standard Scales of Unit Costs method is as follows:

| | | | | |
|----------------------|----------|------------------------------|----------|--|
| Eligible Cost | = | Personnel Hourly Rate | X | Staff Member Hours on the Project |
|----------------------|----------|------------------------------|----------|--|

- **Staff Member's Hourly Rate:** The Hourly Rate corresponding to the researcher category each researcher-staff member falls under at the time the expenditure is made. In case the researcher changes category, the corresponding staff hourly rate will apply from the first day of the month following the change.
- **Hours on the Project:** The time dedicated on project implementation by the researcher-staff member, as declared on the Time Sheets (TSs) or the Employment Contract (if the proportion of employment on the project per month is fixed).

The supporting documents required to calculate the eligible costs are the following:

- Certificate of Studies (Degree, Post Graduate Title, PhD), and
- Time Sheets (TSs) or Employment Contract as appropriate, and
- Decision by the competent body for appointment of the researcher at Professor or Associate Professor level at a Higher and Tertiary Education Institution (as applicable).
- Should a researcher be classified in the "Private Sector Executives" category, documentary evidence certifying the position of the researcher in the company (certificate from the Competent Department of the organisation, organisation chart, etc.) and the number of staff members (Social Insurance statements).

Specific Hourly Staff Cost:

The Specific Hourly Staff Cost is determined as follows:

| | | |
|-----------------------------------|----------|--------------------------------|
| Specific Hourly Staff Cost | = | Annual Gross Staff Cost |
| | | 1720 |

The number of 1720 hours has been defined by the EU as the standard annual productive working time.

The numerator must be justified on the basis of the latest documented annual gross personnel cost.

As such, this method may apply only in the case of Researchers who have been working for their Organisation for at least the last three (3) consecutive months prior to the announcement of the evaluation results.

Otherwise, personnel cost will be calculated pursuant to Actual Staff Costs.

The calculation of eligible personnel cost in accordance with the Specific Hourly Staff Cost method is as follows:

| | | | | |
|--------------------------|---|---------------------------------------|---|--|
| Eligible Cost | = | Specific Hourly Staff Cost | X | Researcher's Hours on the Project |
|--------------------------|---|---------------------------------------|---|--|

- **Specific Hourly Staff Cost:** It is calculated three (3) months prior to the completion of the specific reporting period for the chronologically first project of the RESTART 2016-2020 Programmes in which the organisation participates in and which is selected in the frame of a Call for Proposals covering personnel expenses. The numerator must be justified on the basis of the latest documented annual gross personnel cost in accordance with the researcher's Payroll as shown in the organisation's accounting system wherein the researcher's gross salary and the employer's contributions are recorded in detail for the last twelve (12) consecutive months prior to the date the results are announced. The Payroll must be in a form which allows the audit by the RIF. RIF may request the submission of additional documentation (e.g. Terms of Employment, Time Sheets etc.) justifying the personnel cost. It should be noted that the eligible costs for personnel cost consist of the gross salary plus contributions payable to the State authorities pursuant to relevant legislation, plus the employer's contributions pertaining to Health Insurance and Provident Fund. Costs such as the following are not taken into consideration: (a) Overtime, (b) Bonuses, and (c) Commission, allowances (e.g. rent) etc.

In the case where the researcher has not been employed by the organisation for twelve (12) months but has been employed by the organisation for at least the last three (3) months prior to the announcement of the evaluation results, the calculation of the annual gross personnel cost is based on the justified gross personnel cost for the months of employment extrapolated in a twelve months' period.

The Specific Hourly Staff Cost of each researcher remains fixed for all projects funded by the RIF for a period of two (2) years from the start of the chronologically first project that the researcher participates in (in the frame of the RESTART 2016-2020 Programmes) and which is selected in the frame of a Call for Proposals covering personnel expenses.

- **Hours on the Project:** The time dedicated on the project implementation by the researcher, as declared on the Time Sheets (TSs) or the Employment Contract as appropriate. For the purpose of calculating the eligible costs, the number of hours of work in a twelve (12) month period that will be taken into consideration by the RIF, is 1720.

In the case of a researcher for whom the Specific Hourly Cost has been calculated in advance, the supporting documents required to calculate the eligible costs are the Time Sheets (TSs) or the researcher's Employment Contract, if the researcher's proportion of employment on the project per month is fixed.

Actual Staff Expenditure:

The eligible cost for personnel will be calculated on the basis of the organisation's actual expenditure. Initially, the researcher's hourly cost is calculated for the specific month:

| | | |
|--|---|---|
| Researcher's Hourly Cost for a Specific Month | = | Gross Cost for the researcher-staff member for a Specific Month <hr style="width: 50%; margin: 0 auto;"/> Monthly Productive Hours of the Organisation |
|--|---|---|

Subsequently, the eligible expenditure is calculated for the researcher's remuneration for the specific month as follows:

| | | | | |
|--|---|--|---|---|
| Eligible Expenditure for a Specific Month | = | Hourly Cost for the staff member for a Specific Month | X | Staff member Hours on the Project for a Specific Month |
|--|---|--|---|---|

The supporting documents required to calculate the eligible costs are the following:

- Time sheets (where applicable),
- Employment Contract,
- Pay Slips,
- Employer's contributions payment receipt (Social Insurance Services, Tax Department etc.),
- For contributions to Provident Funds: Statutes of the Provident Fund with a rate of contributions that can be reconciled with the contribution shown in the payroll, and for contributions to a Health Insurance Plan: Document showing that the Health Insurance Plan is provided to all the employees of the organisation with the same conditions and document from the Insurance Company confirming the plan provision. The Insurance Company must be included in the approved list of Insurance/Reinsurance Companies of the Insurance Companies Control Service.

The following Payroll Settlement Documents are required along with supporting documents of expenditures, which must reconcile exactly with the researcher's net salary as shown in the payroll:

- Bank transfer advice slip or copy of a cheque issued by the organisation clearly evidencing clearance of the cheque in the bank account statement, and
- Social Insurance Services settlement documents (Salary and Contributions Statement (YKA 2-002) and Payment Receipt (YKA 2-001)).

It is noted that costs will be deemed eligible only when supported by bank documents, it is clear that they are paid directly to the specific researcher and relate to his/her salary and not any other obligation (e.g. dividends, personal expenses, loan repayments etc.). If the monthly salary payments are not consistent with the net salary shown in the organisation's payroll, the overall payment pertaining to salaries for the entire reference period is checked. If the total amount supported by the

payment evidence is lower than the corresponding amount in the payroll, the eligible cost is limited to the amount supported by the payment evidence.

It is noted that in relation to Personnel cost the following are not eligible costs and therefore are not taken into consideration in calculating eligible costs:

- Overtime,
- Additional fee/Bonus, and
- Commissions, allowances (e.g. rent) etc.

With regard to Overtime, it is clarified that the cost for overtime and the corresponding time will not be taken into consideration in the calculation. The time declared in the TSs, for projects funded by the Foundation, beyond the total Productive Hours used for the calculation of the researcher's hourly cost which correspond to his/hers working period in the Project, will also not be taken into consideration. In case more hours than the relevant productive hours corresponding to the researcher's employment period are declared, but the hours charged in total on projects funded by the Foundation and other funding organisations do not exceed this number, no hours will be deducted. Otherwise, namely if overtime is identified on funded projects overall, the difference will be deducted from the Foundation's projects. In accordance with this practice there will not be a detailed check of TSs for deducting hours charged on a daily basis, weekends and public holidays.

It is noted that, the researcher-staff member's working hours per month should be real, reasonable and consistent with the Labor Legislation.

Payroll is not required for the fees paid to members of Associations, Scientific Organisations or other organisations that do not employ personnel. The following supporting documentation will be required to calculate eligible costs:

- Contract of Collaboration / Provision of Services,
- Invoices issued pursuant to the Contract,
- Payment evidence, and
- Time Sheets.

5.4.2. Cost for Instruments and Equipment

The supporting documents required to calculate the eligible costs are the following:

- Equipment Purchase Agreement for expenditure exceeding Euro 15,000 excluding VAT (this also applies in cases where the expenditure charged to the project is lower than Euro 15,000 but the total expenditure of the Organisation with regard to the corresponding invoice exceeds this amount)
- Purchase, customs clearance invoices, etc.,
- Receipts from the supplier clearly showing invoice settlement, and
- Delivery/installation sheets.

Each invoice must have a unique document and VAT number. The invoices pertaining to equipment must show the equipment reference numbers (e.g. serial number).

One of the following is acceptable as proof of settlement:

- Receipt issued by the equipment supplier to the organisation,
- Bank transfer advice slip,
- Copy of the organisation's cheque with obvious evidence of the cleared cheque in the bank account statement, and
- Supplier's statement of account clearly showing payment of the entire invoice amount.

The equipment acquired during project implementation must be located at the premises of the entity that buys it and within the territories under the control of the Republic of Cyprus. Equipment acquired for project implementation purposes will belong (after completion thereof) to the Organisation in whose budget the cost of acquisition is recorded.

Orders for the equipment necessary for the establishment of the production line must be placed no later than 12 months from the start date of the project.

5.4.3. Costs for External Services

A Contract (Agreement) for the External Services is required for this cost category, which must indicate amongst others:

- The agreement objective (description of the work to be implemented or service to be provided),
- Contract duration,
- The fee payable to the service provider.

The supporting documents required to calculate eligible costs are the following:

- Contract/Agreement of Collaboration/provision of services for expenditure exceeding Euro 15,000 excluding VAT (this also applies in cases where the expenditure charged to the project is lower than Euro 15,000 but the total expenditure of the Organisation with regard to the corresponding invoice exceeds this amount),
- Invoices,
- Settlement documents, and
- Deliverables (such as, for example, activity report, information day's schedules / agendas / participant lists, posters in conferences etc.).

One of the following is acceptable as proof of settlement:

- Receipt issued by the service provider to the organisation,
- Bank transfer advice slip,
- Copy of the organisation's cheque with obvious evidence of the cheque being cleared in the bank account statement, and
- Supplier's statement of account clearly showing payment of the entire invoice amount.

5.4.4. Costs for Travelling Abroad

Eligible costs of the travelling abroad include:

- The actual cost of economy class air tickets and other means of transport for the purpose of travelling to and from the city of destination. Travel costs within the city of destination or costs to and from the place of residence shall not be eligible. An allowance of €30 is paid for travel purposes to and from the airport in Cyprus.
- Daily allowance based on the Standard Scale of Unit Costs which covers subsistence costs while traveling abroad. The eligible amount is the daily allowance for the days of the meeting/conference during which attendance is deemed necessary plus one day. Depending on the city of destination, the amount is calculated according to the Circular of the Ministry of Finance. The Foundation will announce a list of daily allowances per city of destination in Euro at regular intervals in accordance with relevant circulars of the Ministry of Finance.

For trips with duration longer than the duration approved by the RIF, for the calculation of eligible costs, the Daily Subsistence Allowance Rate is reduced by 20% after the completion of 30 consecutive calendar days of stay in the same city. Temporary interruption of up to 5 days of the stay, either before the completion of the 30 days, or after, is not considered as interruption of the consecutive stay in the same city.

It is noted that if the actual cost of the Organisation for a trip is lower than the highest permissible (as resulting from the above calculations), then the amount that corresponds to the actual cost will be considered the eligible expense.

The supporting documents required for the calculation of the eligible costs are the following:

- Boarding passes,
- Invoice and receipt of payment of air ticket and other means of transport to and from the city of destination, and
- Invitations from organizers, agendas, minutes from meetings, presentations, participation certificates, where applicable, etc.

5.4.5. Consumables

The supporting documents required to calculate the eligible costs are the following:

- Consumables Purchase Agreement for expenditure exceeding Euro 15,000 excluding VAT (this also applies in cases where the expenditure charged to the project is lower than Euro 15,000 but the total expenditure of the Organisation with regard to the corresponding invoice exceeds this amount),
- Invoices corresponding to the requested expenditures (including the cost for customs clearance), and
- Settlement documents.

One of the following is acceptable as proof of settlement:

- Receipt issued by the supplier to the organisation,
- Bank transfer advice slip,
- Copy of the organisation's cheque with obvious evidence of the cheque being cleared in the bank account statement, and
- Supplier's statement of account clearly showing payment of the entire invoice amount.

5.4.7. Other specific costs

The documents required to calculate the eligible costs are the following:

- Invoices,
- Settlement documents,
- Invoice and settlement receipt for Conference Registration Fee, as applicable,
- Researcher’s Claim Form for traveling costs within Cyprus and the relevant proof of reimbursement of the Researcher’s costs by the Beneficiary. It is noted that traveling costs within Cyprus will be deemed eligible according to the applicable Circular of the Ministry of Finance only in the cases where a special provision is included in the Project Contract or an important need arises during the implementation of the project, and
- Deliverables (such as e.g. copies of publications in scientific magazines, repositories etc.), as applicable.

Please note that all activities pertaining to dissemination and exploitation of the research project results (Cost Categories “Costs for External Services” and “Other Specific Costs”), even those to be carried out after project Implementation Completion, must acknowledge the RIF financial support with the use of logos and/or appropriate reference.

Furthermore, all actions to exploit and disseminate the results of research projects should necessarily provide for the recognition of financial support from the relevant financial Fund / Mechanism in accordance with the visibility and publicity rules applicable to the EU-funded Programmes of the 2021-2027 programming period (including both the Cohesion Policy Funds and the EU Recovery and Resilience Facility), based on the relevant guidance to member states²⁶. Relevant information can also be found on the national websites of the respective Programmes / Schemes (<https://www.structuralfunds.org.cy/κανονισμοί-εε-πρόγραμμα-θαλαεία>).

In the event of non-compliance with the EU information and publicity regulations, the relevant expenditure may be deemed ineligible, requiring the recovery of part or all of the relevant amount disbursed.

Submission of receipts for expenditures under category “**Overheads**” is not required.

5.5. TENDER PROCEDURES

Organisations obligated to apply National and Community legislation and policies pertaining to public procurements and related matters, must comply with the relevant guidelines of the competent Authority (“Cyprus RRF Management and Control System”²⁷ / Managing Authority for the Cohesion Policy Funds) and attach to the Payment Requests:

- the relevant compliance certificates or the corresponding annexes, and
- the evaluation report of the tender procedure and other supporting documents regarding the tender and award procedure.

The “Law on Public Procurement of 2016” applies to public procurements for research and development services covered under code numbers CPV 73000000-2 to 73120000-9, 73300000-5,

²⁶ https://ec.europa.eu/info/sites/default/files/funding_tenders/guidance_for_member_states-november_2021-final.pdf

²⁷ Cyprus RRF Management and Control System

[http://www.cyprus-tomorrow.gov.cy/cypresidency/kyprostoavrio.nsf/914BB71E30DA1E36C2258759001F9059/\\$file/MCS_Cyprus%20RRP_AnnexIV_v.2.0.pdf](http://www.cyprus-tomorrow.gov.cy/cypresidency/kyprostoavrio.nsf/914BB71E30DA1E36C2258759001F9059/$file/MCS_Cyprus%20RRP_AnnexIV_v.2.0.pdf)

73420000-2 and 73430000-5 of the single classification system for public procurement²⁸, provided the following conditions are cumulatively met:

- (a) The products belong exclusively to the organisation for their own use while they engage in the contract activity, and
- (b) The provision of services is paid by the organisation in its entirety.

The remaining organisations must receive and evaluate at least three (3) independent tenders for each purchase exceeding Euro 15,000 (excluding VAT) resulting in the selection of the most economical solution that meets their needs. Expenses for research and development services for which the Research and Innovation Foundation will examine whether the organisations apply basic principles such as fair competition, selection of the most economical solutions meeting their needs and their evaluation, selection and award is in accordance with their regulations, shall be excluded.

5.6. FINANCIAL VERIFICATIONS

Payment Requests

The HO must submit to the RIF Payment Requests at the intervals defined in the Project Contract. As a rule, Payment Requests are submitted up to one (1) month from the submission of the corresponding Progress Report and, at the latest, two (2) months after the completion of the half (Interim Payment Request) and the entire project implementation (Final Payment Request).

Payment Requests are submitted electronically through the Electronic Project Monitoring System and include Tables of Expenditures for each member of the Consortium.

Payment Request Check

The RIF checks all Payment Requests and disburses the corresponding funding to the beneficiaries within a period of eighty calendar days (80 days) at the latest from Request submission and provided that the corresponding Progress Report has also been submitted.

The Payment Request Check procedure is temporarily suspended and as a result the above period is extended in the following circumstances:

- The necessary supporting documents have not been submitted or are not clear, and
- An investigation has been launched in relation to a possible irregularity.

In such circumstances, the Project Coordinator and the Host Organisation's Financial Contact Point (FCP) will be informed in writing with regard to the suspension in the Payment Request examination procedure and the reasons thereof. The suspension will be valid from the date of communication from the RIF up to the submission of the required supporting documents and/or clarifications.

It is noted that the RIF will ask for the submission of the necessary outstanding supporting documents and/or clarifications, as a rule, up to twice. After the deadline for submission of the supplementary information, which is set at twenty-one (21) calendar days, the RIF will proceed to the completion of the financial verification on the basis of the information at hand.

In any event, Payment Requests for research projects, for which the corresponding Progress Reports have not been submitted to the RIF, will not be examined.

Financial Verification Procedure

The purpose of the financial verification procedure is to ensure proper implementation of the research project's budget and its compliance with relevant rules and regulations.

²⁸ <https://simap.ted.europa.eu/el/web/simap/cpv>

Financial verifications are conducted on all Payment Requests and for all the expenditures included therein. It is checked that each expenditure, among other things:

- Pertains to an activity/transaction occurred within the eligible period corresponding to the duration of project implementation (for the depreciation of equipment and consumables see Chapter 3.4) and was settled at the latest by the submission of the final Payment Request,
- Is related to an approved activity and complies to the Project Contract terms,
- Meets national and Community eligibility rules,
- Is documented with adequate supporting evidence also ensuring the audit trail,
- Meets the terms for payments, for simplified cost calculation methods, and
- Where applicable, it complies with Community and national public procurement rules and adheres to national and Community publicity rules.

Verifications may be administrative and/or on-the spot and are conducted via the examination of Payment Requests and accompanying documents and evidence. The RIF or its authorised representative (e.g. Audit Firm acting on behalf of the RIF), conducts:

- Administrative verifications on all Payment Requests, and
- If deemed necessary, on-the spot verifications of Final Payment Requests.

Furthermore, the RIF or its authorised representative, may conduct on-the spot verifications of interim Payment Requests or on Partner Organisations, when deemed necessary.

Prior to the conduct of an on-the spot verification, the Foundation shall timely inform the Host Organisation's Project Coordinator (PC) and Financial Contact Point (FCP) so that they prepare as appropriate and put at the disposal of the RIF all necessary documents.

Expenditure Verifications on a Sample Basis

The RIF is obligated to check all the expenditures included in a Payment Request. The only exception may be Payment Requests submitted by organisations that are qualified for expenditure checks on a sample basis, after taking into consideration various risk factors (expenditure value and nature, beneficiary category, past experience etc.).

Expenditure checks on a sample basis may apply to both Public and Private Sector entities, taking into consideration the number of their participations in RIF Programmes and the Foundation's experience relative to their capability in the financial management of research projects.

The sampling methodology is applied in accordance with Circular 6 Procedures for Ensuring the Protection of the Union's Financial Interests in the Framework of the "THALIA2021-2027" and "Marine, Fisheries and Aquaculture 2021-2027" Programmes.

Based on the above regulation, it is not necessary to attach evidence when submitting the Payment Requests (project financial reports) of the STEP Programme.

The verification of Payment Requests on a sample basis does not apply to organisations which:

1. have no previous participation in RIF's programmes, or
2. during their previous participation in RIF's programmes, they did not perform adequately in the financial management of research projects. This exception relates to the first Payment Request submitted by Organisations against which sanctions have been imposed.

Financial Verification Results

The results of the financial verification are communicated to the PC by the Foundation's Accounting Department with a notification to the FCP of the HO and the RIF Project Officer, by sending the Decision of Instalment Disbursement.

Redress Procedure

The Host Organisation is entitled to submit a request for redress regarding the result of the Final Payment Request Verification.

Requests for redress are submitted only by the Legal Representative of the Host Organisation or the PC by sending the relevant Form through the electronic system together with the necessary documents, within twenty-one (21) calendar days from the communication of the Verification Decision on the Final Payment Request.

Request for redress submitted by other individuals and organisations are not examined. Where necessary, however, the RIF may communicate directly with the Partner Organisations for clarifications and supplementary information concerning the request for redress. The supplementary information will be requested by the RIF only once and if not submitted by the date specified in the relevant message, the examination of the request for redress will be conducted taking into consideration the information submitted by the end date.

All relevant electronic communication will be notified to the Project Coordinator, the RIF Project Officer and the Financial Contact Point of the Host Organisation.

If during the request for redress examination further expenditures are found to be eligible, then a further amount of funding will be disbursed.

Funding Recovery

Under circumstances where for any reason (e.g. termination, low budget implementation etc.), the amount of funding already disbursed is higher than the funding amount that the Consortium is entitled to receive on the basis of eligible costs, the RIF is obligated to recover the balance. To this end, the PC is informed of the reasons and the exact amount that must be returned to the Foundation including legal interest, where applicable.

If this amount is not returned within ninety (90) calendar days, the HO is charged legal interest calculated from the date of receipt of the letter sent by the RIF pertaining to the demand for funding refund, up to the date the amount due is fully settled.

Finally, the Foundation may take all required legal measures to achieve refund of the amount due, if such amount is not returned.

Please note that the HO is exclusively liable for returning the funding, irrespective of whether the debt is generated due to a Partner Organisation in the Consortium.

Debt Settlement Procedure

A Settlement Process may be applied in cases where the Host Organisation (HO) is unable to make a lump sum payment within the deadline for amounts exceeding Euro 10,000.

Funding Transfers

The HO is responsible to transfer the amount corresponding to their share of the funding to the other members of the Consortium, in accordance with the provisions of the project Budget, the progress of the work and each one's participation in the implementation of the project and the Decision for Instalment Disbursement, taking into consideration the Consortium Agreement. The transfer of the amount must be carried out as soon as possible and the documents confirming such transfer to the Partner Organisations must be submitted to the RIF within two (2) months from the date of Instalment disbursement.

One of the following may be submitted as proof:

- A copy of a cheque clearly showing its settlement on the Host Organisation's statement of account.

- Bank transfer advice slip.

It is noted that transfer of funds from one Consortium member to another in cash will not be accepted by the RIF.

If the supporting evidence pertaining to the Final Funding Instalment for transfer by the HO to the Partner Organisations of amount corresponding to their share of the funding is not submitted within the deadline indicated above, the relevant costs of the Partner Organisations will become ineligible and the return of the relevant funding plus legal interest, will be requested back from the HO.

Receipts in the Frame of the Project

The RIF funding must not result in profit for the organisation or in double funding (namely funding of the same expenditure from more than one source).

Audits from other Competent Authorities

National competent authorities and the European Commission or their authorised representatives are entitled to conduct Administrative and On-the Spot Financial Audits during project implementation and up to ten (10) years from the date the aid is granted (see Chapter 5.1 and 5.3 in Section III of the present Work Programme) on all members of the Consortium.

Audits after the Final Payment

For funded projects that involve investment in infrastructure or productive investment, audits may be carried out up to ten (10) years after the projects' final payment.

6. PROJECT MONITORING

The Project Monitoring procedure pertains to the implementation of measures to facilitate the research activity and at the same time, to ensure the qualitative implementation of the Projects through effective tools and procedures.

The progress and results of the projects are monitored and evaluated by the RIF through the submission of progress reports, the application of a scientific evaluation procedure for the progress of projects and the conduct of on-the spot visits at the areas where the research is carried out.

6.1. PROGRESS REPORTS

The Host Organisation is responsible for the submission of progress reports to the RIF via the Project Coordinator. The progress reports are filled in on standard forms provided by the RIF in electronic form and are submitted to the RIF within a predetermined time frame. The progress reports pertain to the implementation of the work as defined in the Contract.

The types of reports, depending on their content are the following:

- **Interim Progress Report:** Includes a brief description of the work implemented during the first half of the project and the completed Deliverables of the project.
- **Final Progress Report:** It includes the description of the work carried out during the entire project implementation period as well as other information required in the provided forms. The project Deliverables are also attached.
- **Payment Request:** It includes expenditures pertaining to the time period of project implementation for which the report is being submitted and for which the disbursement of part of the funding is required, or specific expenditures (irrespective of the project implementation time period) for which the disbursement of an instalment is required (e.g. equipment).

The frequency and time frame for Report submission are as follows:

- Interim Progress Report and Final Progress Report. The reports are submitted up to thirty (30) calendar days following the end of the time period they pertain to. A Payment Request is submitted when a funding aid instalment is required, as defined in the Project Contract. When the Payment Request pertains to expenditures for the first half of the project, it is submitted up to thirty (30) calendar days after completion of half the duration of project implementation. When the Payment Request pertains to disbursement of the final instalment of the funding aid, this is submitted up to thirty (30) calendar days after the date of project implementation completion.

In special circumstances it is possible for RIF to require the submission of periodic progress reports (e.g., projects receiving a low pre-financing). In such circumstances, the report period submission will be defined in the Project Contract.

The RIF reviews the reports within eighty (80) days from the day of submission of the corresponding payment request and the outcome of the review is communicated to the Project Coordinator. If additional information is required to complete the examination of the report, the time period until their submission is added to the eighty (80) calendar days from the date of submission of the corresponding payment request. If the supplementary information is not submitted within fourteen (14) calendar days, the Report evaluation procedure continues without them.

All participating organisations will be asked to submit a Report on the impact of the project results two (2) years after Completion of its Implementation.

6.2. SCIENTIFIC VERIFICATIONS

The RIF conducts at least one monitoring visit for each funded project in order to be informed in person by the PC and the project team on the implementation and progress of the project activities, to check the equipment purchased (where applicable), to ascertain the implementation of the different tasks and the active involvement of the project team members and the organisations, and in general to ascertain the qualitative and problem-free project implementation. Furthermore, the monitoring visit enables the project team to get clarifications and advice from the RIF in matters of project management.

The monitoring visit is conducted by the RIF Project Officer and/or other RIF executives or by specialized experts selected by the RIF for this purpose.

Additional monitoring visits may be conducted by the RIF for On-the Spot Verifications when deemed necessary (e.g. at a kick-off meeting, a consortium meeting after an invitation, etc.), or if there is indication of insufficient implementation of the project activities. It is anticipated that the PC informs and invites the Project Officer in a reasonable time in advance for scheduled meetings of the Consortium.

Project Evaluation by Independent Experts

Project Evaluation by Independent Experts aims to showcase the valuable results that derive from the funded projects, as well as finding and dealing with cases where public funding does not end up to the results sought. Furthermore, the Evaluation Procedure contributes to the assessment of the RIF Programmes and to the improvement of the Foundation's processes.

The RIF Officers evaluate the implementation of a project on the basis of deliverables implementation, progress report examination and the conduct of on-the spot verifications. The quality of implementation and results of a project are evaluated in a larger extent by specialized experts in the project field who perform the Project Evaluation.

The Project Evaluation by Independent Experts is a systematic way of evaluation by specialized experts of the research projects funded by the Research and Innovation Foundation and may cover scientific, technological and other aspects related to the proper implementation of funded projects and the

compliance of the activities carried out with the targets of the Call for Proposals and the Contract terms.

Depending on the nature and content of its activities, a research project may undergo Evaluation using one of the two following methods:

- Remote Evaluation, or
- On-the Spot Evaluation.

In the case of financing of development activities, upon reaching the 'ready to produce' milestone, the RIF will carry out an assessment of the deliverable using experts in order to establish that the product/service is in conformity with the deliverable as approved. In case the product is not ready for manufacturing, the RIF will not proceed with the financing of the manufacturing activities and the Contract will be terminated.

As a rule, the Evaluation is carried out by one evaluator. If deemed necessary, a project may also be evaluated by a second evaluator or even by a group of evaluators.

The RIF reserves the right to conduct Evaluations by Independent Experts (on-the spot and remotely), where it deems that the project implementation is not satisfactory, irrespective of the project budget or the stage that the project is in. In special cases, different arrangements regarding the conduct of Project Evaluations by Independent Experts could be defined in the Calls for Proposals.

In the context of the Evaluation, the evaluators will be called to classify the projects into categories depending on their performance. The category interpretation is shown in Table III.8:

| Category | Performance | Interpretation |
|-----------------|-------------------------|--|
| A | Excellent | Project activities and objectives have been fully achieved and the results are deemed particularly important. |
| B | Very Good | Project activities and objectives have been achieved with relatively small deviations. |
| C | Adequate | Project activities and objectives have been partially achieved. The participating organisations have undertaken the necessary actions for successful implementation of the project to a satisfactory degree. |
| D | Low | Project activities have been implemented to a very low degree. The participating organisations have not undertaken the appropriate actions for successful implementation of the project. |
| E | Not Satisfactory | Project activities and objectives have not been achieved. The participating organisations have undertaken no effective actions for successful implementation of the project. |

The Evaluation result is communicated to the Project Coordinator (PC) and he/she is given the opportunity to express his/her views. The PC's opinion is communicated to the Evaluator, who has the opportunity to modify his evaluation. If according to the Evaluation the project falls under categories D and E and the PC disagrees with the evaluation result, a second expert will be consulted to confirm

the results of the Evaluation. If more than one (1) independent expert is used, the evaluation that will be taken into consideration will be the most favourable one.

6.3. LOW QUALITY PROJECTS / PROJECT TERMINATION / IMPOSING SANCTIONS

The Project Contract regulates all matters governing the research project implementation, including the project termination procedure, funding repayment and the imposition of sanctions. Not adhering to Project Contract obligations and conditions on the part of the beneficiaries may lead to a temporary project funding withdrawal (freezing) and/or the permanent suspension of the project funding (project termination and/or repayment of part or the entire funding amount plus legal interest). Furthermore, the RIF may exclude the project from the Operational Programme and, depending on circumstances, impose sanctions either on the Beneficiaries (Host Organisation and/or Partner Organisations) or on specific individuals, members of the Consortium. Finally, low quality of project implementation on behalf of the Consortium results in the enforcement of certain measures by the RIF.

6.3.1. Handling Low Quality Projects

The RIF takes all the necessary measures and precautions to ensure the best use of public resources. In the case of projects with low quality results, which fall under categories D and E, the RIF will take the appropriate measures as described in Table III.9:

| Category | Measures | | | |
|----------|---|--------|--|--------|
| | Monitoring Interim Report | Stage: | Monitoring Final Report | Stage: |
| D | Approval of the project's Interim Progress Report and request for corrective actions by the Host Organisation. | | Approval of the project's Final Progress Report and imposition of a monetary fine equal to 20% percentage of the eligible costs. Two (2) year exclusion of the Project Coordinator from participation in future Calls for Proposals and other initiatives supported by the RIF if the Scientific Evaluation of more than one (1) of the PC's projects falls within Category D or E. | |
| E | Non-approval of the project's Final Progress Report and demand for repayment of the disbursed funding. Two (2) year exclusion of the Project Coordinator from participation in future Calls for Proposals and other RIF initiatives if the Scientific Evaluation of more than one (1) of the PC's projects falls within Category D or E. | | | |

6.3.2. Project Termination

The project and/or the Project Contract may be terminated by the RIF, if the Contract terms are not adhered to, such as, for example, if the required progress reports are not submitted despite reminders by the RIF, incomplete project implementation and/or management or refusal or negligence in undertaking corrective actions, Host Organisation withdrawal, key researcher withdrawal in person-oriented projects, etc.

In special cases the project may be terminated following a request submitted by the Host Organisation to the RIF. Specifically, in cases such as this, the Host Organisation's Legal Representative or Project Coordinator will submit a request to the RIF for examination.

Decisions for project termination may require the repayment of part or the entire funding amount. Those decisions are not considered as sanctions and are made by the RIF Management, unless there is suspicion of fraud or unethical behavior. In the latter cases, the matter is forwarded to the Foundation's Board of Directors Specific Issues Examination Committee (SIEC) for possible imposition of sanctions.

The RIF reserves the right to examine the possibility to terminate the participation of a Partner Organisation in the Consortium (e.g. on information resulting from Project Monitoring, Consortium request and imposition of sanctions - if applicable).

Furthermore, the RIF reserves the right to terminate the Project and Project Contract, if during project implementation it is ascertained that the Host Organisation is under bankruptcy, in liquidation, cessation of activities, forced administration or has entered into an arrangement with creditors or in any other relevant circumstance arising from a similar procedure pursuant to national legislative or regulatory acts.

6.3.3. Sanctions

In the event that there is suspicion of fraud or unethical behavior then the matter will be forwarded to the Foundation's Board of Directors Specific Issues Examination Committee (SIEC), which is the competent body for examining serious issues arising in relation to problems during project management and imposing sanctions. The sanctions that may be imposed by the SIEC for fraud or unethical behavior, in addition to the possible termination of the project and repayment of part of and/or the entire funding amount are:

- Exclusion of the Host Organisation and/or Partner Organisation from participating in other Calls for Proposals and initiatives supported by the RIF for up to five (5) years, and/or
- Termination of all funded projects that the organisation undertakes the role of the Host Organisation and/or termination of its participation in Programmes and other Calls for Proposals and initiatives supported by the RIF, whereas, if the organisation is a Partner Organisation, then the termination of its participation from funded projects and other Calls for Proposals and initiatives supported by the RIF may be imposed, as well as its replacement.

If the project has been terminated due to mismanagement by the Host Organisation and/or the Partner Organisation and/or a person responsible for the project implementation and it is found that there is another instance of mismanagement on another RIF funded project by the same Host Organisation and/or the Partner Organisation and/or person responsible for the project implementation, then up to five (5) year exclusion may be imposed on the Host Organisation and/or Partner Organisation and/or person responsible for the project implementation from participating in other Calls for Proposals and initiatives supported by the RIF.

Before the imposition of any sanction, the organisations or natural persons involved are called to submit a written statement with their response and are given the opportunity to be heard by the SIEC.

6.4. COMMUNICATION AND NOTIFICATION MATTERS

As a rule, the RIF communicates with the Host Organisation, the Project Coordinator and the Host Organisation's Financial Contact Point (FCP), who will be responsible for notifying Consortium Members on matters pertaining to the physical and financial objective of the funded project. As a rule, communication between the RIF and the project representatives is done via email. The RIF responds to requests made by the Consortium within the following deadlines:

- All messages received by the RIF are answered within fifteen (15) calendar days from the date of receipt at the latest.
- All reports are examined by the RIF and the result of the examination is communicated to the Host Organisation and the Project Coordinator within eighty (80) days from the date of submission of the corresponding payment request. If additional information is required, the time period until their submission is added to the eighty (80) calendar days from the date of submission of the corresponding payment request.
- The requests for which RIF approval is necessary are examined and the RIF decision is communicated to the HO and PC within fifteen (15) days from their receipt (with the exception of cases where the request pertains to a major activity change). If additional information is required to complete the examination of the report, the time period until their submission is added to the days required to examine the request.

If the deliverables are not being normally implemented, the PC and the HO are responsible for notifying the RIF in good time, either by submitting an explanatory note or by reporting it in the progress report.

The organisations are obligated to immediately inform the RIF (using the electronic system) regarding any change in their characteristics, such as a change in ownership, change in the composition of the Board of Directors, a modification that affects the size of the enterprise, cessation of activities etc.

7. EXPLOITATION AND DISSEMINATION OF KNOWLEDGE

The regulations governing ownership, exploitation and dissemination of knowledge resulting from a STEP Programmes project:

7.1. OWNERSHIP OF KNOWLEDGE - INTELLECTUAL PROPERTY

With regard to ownership of knowledge resulting from projects implemented within the frame of STEP Programme, the following rules shall apply for its allocation and management:

- Organisations participating in projects implemented in the frame of the STEP Programme have the right to use pre-existing knowledge (acquired by another participant in the same project), without charge and for the sole purpose of project implementation. This right may be of limited duration and must be specified in the Consortium Agreement. Pre-existing knowledge that is deemed necessary for project implementation is defined in the Consortium Agreement and/or the proposal.
- Knowledge and Intellectual Property Rights²⁹ resulting from a project implemented within the context of the STEP Programmes, belong to the participating organisations carrying out the work that produced them.
- Knowledge and intellectual property rights resulting from work jointly carried out by more than one participating organisation, without it being possible to specify individual

²⁹ This includes intellectual property and related rights, rights concerning designs or models, patents or their supplementary certificates, trademarks, plant variety protection rights, geographical indications and designations of origin, particularly those referred to in paragraph 1 of Article 2 of Regulation (EC) No. 1383/2003. Additionally and for the purposes of this Article, this definition includes Know-how, i.e. all non-patented practical information resulting from experience and testing, which is secret (meaning not generally known or easily accessible), substantial (meaning that it includes information which is significant and useful for the production of the contract products) and identified (meaning that it is described in a sufficiently comprehensive manner so as to make it possible to verify that it fulfils the criteria of secrecy and substantiality).

participation in this work, are jointly owned by those participants. These participants shall mutually agree with regard to the sharing of knowledge and applicable terms of ownership.

- In particular, in Programmes where cooperation between universities, research organisations and enterprises is foreseen, granting the right of first refusal to exploit project results to companies participating in the Consortium is encouraged. In addition, this may become mandatory under specific provisions included in specific Programmes and Calls for Proposals.
- During the preparation phase of the contract, the RIF retains the right, where special reasons exist, to seek information confirming:
 - (a) acquisition of knowledge ownership or any part thereof, or
 - (b) allocation of knowledge ownership to one or more participants, or
 - (c) granting the right of first refusal to exploit project results to companies participating in the Consortium.
- In a case where persons working in an organisation participating in a project claim rights to knowledge, such organisation is required to take appropriate measures or to conclude a relevant agreement ensuring that these rights are exercised in a manner compatible with the STEP Programmes' regulations.
- The right of a participating organisation to transfer ownership of knowledge to third parties must be stipulated in the Consortium Agreement entered into by and between the participating organisations regarding allocation and ownership of knowledge. Concerning the transfer of rights to third parties, it is understood that the relevant provisions of Regulation (EC) 651/2014 regarding State Aid and the Framework for State aid for research and development and innovation (2022/C 414/01), which address intellectual property rights, must be respected. Non-compliance with the provisions of Regulation (EC) 651/2014 regarding State Aid and the Framework for State aid for research and development and innovation (2022/C 414/01), shall constitute unlawful aid, which must be immediately recovered.
- In cases research activities taking place following completion of a research project, the organisation choosing to continue the research activities shall have obtained prior consent from the other participants (who are entitled to a share in the ownership of knowledge). This may be stipulated in the Consortium Agreement and shall be in agreement with the provisions of state aid regulations.

7.2. PROTECTION OF KNOWLEDGE - INTELLECTUAL PROPERTY RIGHTS

Regarding the protection of knowledge and intellectual property rights, the following regulations shall apply:

- Organisations having ownership of knowledge that can be used in industrial or commercial applications are expected to take all necessary measures to allow for the future exploitation of research results, including adequate protection of the intellectual property produced. These organisations are exclusively responsible for ensuring adequate and effective protection of such knowledge in accordance with the relevant provisions of national, community and other relevant legislation³⁰, the Project Contract and the Consortium Agreement.
- Suitable and effective protection of knowledge by interested parties could be at local, European or international level, as appropriate. It is encouraged, however, that the protection

³⁰ For relevant information, interested parties may contact the Registrar of Companies and Official Receiver.

of intellectual property rights (where applicable) includes at least Cyprus, thus supporting the further development of economic activity within the Republic of Cyprus.

- If participating organisations that have ownership of knowledge have not proceeded with dissemination activities or ensured suitable and effective protection of such knowledge within five (5) years following the RIF's Final Report approval date for a project implemented under the STEP Programme, the RIF reserves the right to secure such intellectual property rights in its favor.
- If an organisation participating in a research project chooses to waive its intellectual property protection rights, it must promptly notify the Research and Innovation Foundation regarding this intention. In all cases, this must be done prior to any exploitation, patent registration, or dissemination of new knowledge gained through the RESTART 2016-2020 Programmes research projects and be consistent with the provisions of state aid regulations.
- Furthermore, in cases where a Research Organisation wishes to transfer its rights to enterprises (cooperative research projects), this may only be authorized by the Research and Innovation Foundation and under the condition that the compensation is equal to the market price, allowing the relevant Research Organisations to derive full economic benefit from these rights when meeting one of the following prerequisites:
 - (a) the compensation amount is determined through an open, transparent and non-discriminatory competitive sale process, or
 - (b) through an expert's independent valuation, it is confirmed that the compensation amount is at least equal to the market price, or
 - (c) the Research Organisation as the seller can prove that it has substantially negotiated the compensation under competitive conditions in order to obtain maximum economic benefit at the time of contract conclusion, taking into account objectives based on its articles of association, or
 - (d) where the consortium agreement gives the partner company the right of first refusal with respect to intellectual property rights produced by the cooperating research organizations when these entities retain a reciprocal right to seek the most economically beneficial offers from third parties, so that the partner company may be invited to adjust its offer accordingly.

If none of the aforementioned conditions are met, the full value of the participation of Research Organisations in the project is considered an advantage for the cooperating companies, for which state aid regulations apply.

7.3. KNOWLEDGE EXPLOITATION AND DISSEMINATION

The following regulations apply for exploitation and dissemination of knowledge gained through a project carried out in the frame of STEP Programme:

- Participating organisations shall exploit knowledge owned by them resulting from a project carried out in the frame of the STEP Programme, or shall ensure the exploitation of such knowledge by third parties in accordance with the interests of the participants. Participants are responsible for establishing conditions of exploitation and dissemination in a mutually agreed, detailed and verifiable manner.
- All exploitation and dissemination activities regarding the project new knowledge resulting from projects partially or fully funded through the STEP Programme, must acknowledge the RIF's financial support. With regards to projects funded by the European Regional Development Fund (ERDF), and in particular regarding all activities concerning dissemination of project results, even those taking place following completion thereof, must make reference to the financial support received from this EU Fund.

- Any organisation or individual participating in a project carried out within the context of the STEP Programme intending to undertake dissemination activities regarding new knowledge resulting from the project, must give prior notice of such intention to the other participants before performing any such activity. All communication between the parties pertinent to this subject may be defined in the Consortium Agreement.
- Participants may publish data in any form or allow such publication regarding knowledge they own or have acquired within the context of their participation in a project implemented in the frame of the STEP Programme, provided it does not adversely affect the protection of such knowledge.
- Provided that dissemination of knowledge does not adversely affect its protection or exploitation, participants are required to ensure broad dissemination as soon as possible and certainly within a period of two years following the RIF Final Report approval date for a project implemented in the frame of the STEP Programme.
- In cases where the participants do not fulfil the aforementioned obligations, the RIF may proceed with dissemination of this knowledge without the participants' approval.

7.4. OPEN ACCESS / OPEN SCIENCE

Open Science

Stakeholders are requested to comply with the "National Policy of the Republic of Cyprus on Open Science Practices"³¹, which was approved by the Council of Ministers on 27 May 2022. This National Policy revises the existing "National Policy of Open Access to Scientific Information in the Republic of Cyprus" (2016).

The National Policy on Open Science Practices covers the field of access to the preservation and reuse of scientific information and in particular (a) open access to scientific publications, (b) the management of research data, including open access, (c) the use of infrastructures, tools and services for open science, and (d) the adoption of other open science practices.

The framework of the "National Policy of the Republic of Cyprus on Open Science Practices" includes, among others, obligations that must be complied with in the context of the funded Projects regarding Open Access to Research Data in terms of the following:

- The "as open as possible, as closed as necessary" principle should be followed. If the data cannot be made available due to legal, confidentiality or other issues such as personal data this should be adequately described in the DPM. Metadata which ensure that the data is traceable should be provided in all circumstances.
- Researchers deposit in an appropriate repository the data required to validate the results presented in scientific publications or other data used during a project and are described in the Data Management Plan (DMP) - where required³². Data must be provided with persistent identifiers.
- Data and services are handled in accordance with the FAIR principles (findable, accessible, interoperable, reusable). The data should also be traceable and whenever possible available for later use.

³¹ National Policy of the Republic of Cyprus on Open Science Practices [https://www.dmid.gov.cy/dmid/research.nsf/All/AA70CE90EBA683F1C225885900404C05/\\$file/National%20OS%20policy.pdf?OpenElement](https://www.dmid.gov.cy/dmid/research.nsf/All/AA70CE90EBA683F1C225885900404C05/$file/National%20OS%20policy.pdf?OpenElement)

³² In cases of small-scale research projects or when no data is generated during a research project, a DMP may not be required.

7.5. CENTRAL KNOWLEDGE TRANSFER OFFICE SERVICES

Direct Entry

The beneficiaries of the Programme will automatically become beneficiaries of the services and tools for support and knowledge transfer that will be provided by the RIF in the framework of the Central Office for Knowledge Transfer (KTO).

Operating Framework of the Central Knowledge Transfer Office

The services that will be provided by the Central KTO, including the rules for participation, will be described within the Operating Framework of the Central KTO, which will be available from the RIF in the specially formulated area on the Foundation's website.

The services of the Central KTO will be offered as a donation (i.e. 100% public sponsorship) to the Beneficiary Entities on the basis of the State Aid Regulations, within the framework of the requirements of Article 28 of the General Block Exemption Regulation of the European Commission (651/2014) for SMEs and the De Minimis Regulation (1407/2013) – as replaced by the De Minimis Regulation 2023/2831) for large enterprises.

The total value of the services will be calculated based on the cost of the services per man-day and the total man-time allocated by the experts for each Project and will be distributed equally among the Consortium partners. The cost of the services per man-day will be communicated to the potential beneficiaries by the RIF in due course through announcements on the Foundation's website and/or the relevant Calls for Proposals.

8. BROADER LEGAL FRAMEWORK

According to the law, the implementation of research, development and innovation in matters relating to bioethics, scientific research on wild birds and quarry and scientific experiments on animals, are subject to the control of the state, which assigns supervisory responsibility and approval rights to competent departments or special committees as appropriate.

8.1. MANAGEMENT OF PERSONAL DATA

The Research and Innovation Foundation (RIF) has the legal obligation when collecting, processing and using personal data to do so in accordance with the provisions of the Regulation (EU) 2016/679 "General Data Protection Regulation (GDPR)" as the Data. To this end, the present Policy determines the way in which the RIF collects and processes personal data (information) relating to natural persons (individuals), as well as the way in which it obtains their consent in relation to the processing of their data. The purpose of this Policy is to provide adequate and consistent safeguards for the management of personal data (as defined below) which in accordance with the principles and provisions of Regulation (EU) 2016/679 "General Data Protection Regulation (GDPR)" entered into force on 25 May 2018.

Personal data is any information relating to an identified or identifiable natural person ("data subject") an identifiable natural person being one whose identity can be identified, directly or indirectly, in particular by reference to a recognisable element of identity, such as a name, identity number, location data, online identity card, or one or more factors specific to the physical, physiological, genetic, psychological, economic, cultural or social identity of that natural person.

Processing of personal data is interpreted to mean any work or set of operations performed by any person with or without the use of automated methods and which applies to personal data and includes the collection, registration, organization, maintenance, storage, amendment, removal, use, transfer, transmission or any other means of distribution, matching or association, connection, locking, deletion or destruction.

The RIF's Personal Data Protection Policy is available in the Foundation's website ([Http://www.research.org.cy](http://www.research.org.cy)).

8.2. BIOETHICAL ASSESSMENT OF PROJECTS

In general

Bioethics is the study of moral, ethical, social, humanitarian and legal issues arising from the use of modern biotechnology, biology, medicine, genetics and pharmaceutical methods, but mainly arising by human intervention in biological processes and the human genotype and is based on principles of prudent avoidance and promotion of health.

Bioethical evaluation of projects implies the moral consciousness in scientific research involving humans, since it ensures that the research done on humans is to the benefit of every potential participant. Bioethical considerations must be taken into consideration during research process and must determine its methodology, while potential benefits should not constitute the sole criterion for choosing methods or procedures used, as the main concern should be to respect a suffering human, which is firstly human and secondly a patient.

In accordance with the Law of 2001 "On Bioethics" (Establishment and Operation of the National Committee) (Law 150(I)/2001), the law for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine (Ratified) and Other Relevant Provisions for Implementation of the law, (Law 31 (III)/2001), the good Clinical Practice regarding Pharmaceuticals law (Law 70 (I)/2001) and the Codes of Practice of Regulatory Administrative Act 175/2005, which refer to "Codes of Practice for the Establishment and Operation of a Bioethics Committee for the Monitoring of Biomedical Research in Cyprus", bioethical monitoring is required as defined in the aforementioned Laws and Regulations on research activities carried out in Cyprus, which include human participation.

Cyprus National Bioethics Committee

The monitoring of research projects regarding moral issues, bioethics and ethics is the responsibility of the National Bioethics Committee (CNBC). The CNBC's mission, in accordance with Law 150(I)/2001, is the ongoing monitoring, survey, systematic analysis and evaluation of issues and problems related to scientific research progress and application of biotechnology, biology, medicine, genetics and pharmaceutical industries, as well as human intervention on the biological procedure and the human genotype, and exploration of moral, ethical, social, humanitarian and legal dimensions thereof.

In accordance with the Codes of Practice of Regulatory Administrative Act 175/2005 on the Establishment and Operation of a Bioethics Committee for the Monitoring of Biomedical Research in Cyprus, biomedical research includes research using drugs, medical devices, radiation for medical purposes, surgical procedures, medical records, and biological samples, as well as epidemiological, genetic, social and psychological studies.

Moreover, under Article 16 of the Law, which provides for the ratification of the Convention for the protection of human rights and human dignity with regard to the Application of Biology and Medicine (Law 31(III)/2001), *"research on a person may only be undertaken if all the following conditions are met: (iii) the research project has been approved by the competent body after independent examination of its scientific merit, including assessment of the importance of the research objective, and multidisciplinary review of its ethical acceptability....."* . In accordance with Article 5 of the Ratification Law, the competent body is the National Bioethics Committee.

Similarly, provisions of Article 14(1) of the Law state that, for the safeguarding and protection of patients' rights and related issues (Law 1 (I)/2005), patient participation in scientific research or experimental treatment is permitted only under specific conditions. One of the conditions laid out by this Law is that "the research study has been approved by the competent body after independent

examination of its scientific merit, including assessment of the importance of the research objective, and multidisciplinary review of its ethical acceptability”.

In accordance with “the Decree on Codes of Practice (Establishment and Operation of a Bioethics Committee for the Monitoring of Biomedicine in Cyprus)” and under the authority granted to the National Committee on Bioethics (CNBC) by Law 150 (I)/2001, The Bioethics Law, (Establishment and Operation of a National Committee), the CNBC proceeded to establish three Bioethics Review Committees:

- The Bioethics Committee for Review of Research Protocols in Relation to Clinical Research in Medicines for Human Use,
- The Bioethics Committee for Review of Biomedical Research, and
- The Bioethics Committee for Review of Research Protocols in Biomedical and Clinical Research in Medicines for Human Use.

The CNBC supervises, directs and coordinates the work of the above Bioethics Committees, whose role is:

- To contribute to ensuring the dignity of rights, safety and well-being of all those who participate, or may participate in research,
- The exercise of independent, adequate and timely review of the ethics of proposed programs, and
- Assessing proposed projects before their launch and assuring that they are suitable for approval.

Irrespective of monitoring of biomedical research programmes by Bioethics Committees, the CNBC retains the right, when and if it so decides, to investigate and monitor any project falling within its authority. Regardless of any Bioethics Committee decision, the CNBC has the right to modify, suspend, terminate or confirm the Bioethics Committee’s initial decision at any time.

Application Submission and CNBC Approval

Pursuant to the Codes of Practice, only projects that will be implemented should be submitted to Bioethics Committees for approval after having first secured the necessary funding. In exceptional cases, Bioethics Committees shall decide, after a full justification by the applicant, whether to accept projects for review that have not secured the necessary funding. Regardless of the aforementioned, no project shall be implemented without first having received the approval of the Bioethics Committee. It is the responsibility of every organisation/researcher to address the National Bioethics Committee for obtaining approval.

Details regarding the research proposal submission process for consultation and complete bioethics evaluation, as well as all relevant forms, are available on the CNBC website (<http://www.bioethics.gov.cy>).

8.3. RESEARCH THAT INCLUDES THE UTILISATION OF GENETIC RESOURCES AND TRADITIONAL KNOWLEDGE ASSOCIATED WITH GENETIC RESOURCES

In accordance to the EU Regulation No 511/2014, funded beneficiaries that carry out research involving the utilization of genetic resources (GR) and traditional knowledge (TK) associated with genetic resources, are obliged to ascertain that access to GR and TK is in accordance with the applicable access and benefit-sharing legislation or regulatory requirements of the provider countries which are parties to the Nagoya Protocol. In addition, if this is required by applicable legislation or regulatory requirements of the provider country, users must ascertain that transfer and utilization of GR and TK as well as the fair and equitable sharing of benefits arising from their utilization is in accordance with mutually agreed terms.

The abovementioned obligation of funded beneficiaries is fulfilled by the submission of a due diligence declaration to the competent authority of the member state in which the beneficiary's is established, or to the competent authority of the member state where the research is carried out in case the beneficiary is not established in the Union. In accordance with Law No. 49(I)/2018 (the national Law on compliance measures for users from the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization in the Union), the competent authority of the Republic of Cyprus, where the due diligence must be submitted, is the Director of the Environment Department of the Ministry of Agriculture, Rural Development and Environment. The due diligence declaration must be made by submitting a completed template which is available to funded beneficiaries by the Department of Environment. The declaration must be submitted after the first instalment of funding has been received and after all the GR and TK associated with GR that are utilised in the funded project have been obtained, but no later than at the time of the final report, or in absence of such report, at the projects end.

Funded beneficiaries whose research work may fall under Regulation 511/2014, can seek information on whether a country is a Party to the Nagoya Protocol and whether the country has access measures in place for GR and TK, by searching the country profiles on the Access and Benefit Sharing Clearing-House (<https://absch.cbd.int/countries>) which is the main mechanism under the Protocol for sharing information related to access and benefit-sharing. In addition, beneficiaries may consult the Department of Environment for further information and clarifications relevant to obligations arising from Regulation 511/2014.

8.4. RESEARCH ON WILD BIRDS AND QUARRY

In accordance with sub-paragraph (2) of Article 95 of the Law on Protection and Management of Wild Birds and Quarry (Law 152(I)/2003), any investigation, action or measure relating to the management of wildlife by any person, is authorized only after the applicable Permit is issued by the Minister of Interior.

It is noted that pursuant to the Law (Law 152(I)/2003), "wildlife" means quarry, wild birds and the mouflon.

8.5. SCIENTIFIC EXPERIMENTS ON ANIMALS

In accordance with the Laws on Animals (Scientific Experiments) of 1995 and 2000 (Laws 30(I)/95 and 115(I)/2000) and the Regulations on Animals (Scientific Experiments) of 2000 (Regulatory Administrative Act 18/2000) a controlled experiment on an animal is permitted only when:

- The person conducting the controlled experiment on animals holds a Personal Permit granting the right to conduct a specifically described controlled experiment on an animal or animals of a specific description and specified area or areas, and
- The experiment is conducted within a Programme framework, which is defined in the Project Permit and authorizes a controlled experiment of a specific description on an animal or animals in a specific space or spaces.

The Personal Permit and Project Permit are issued by the Director of Veterinary Services of the Ministry of Agriculture, Rural Development and Environment.

In accordance with Law 30(I)/95, "controlled experiment" means any experimental or other scientific procedure applied on a protected animal that may result in causing that animal pain, suffering, fear, stress, or permanent damage.

Therefore, project Contracts that require the securing of these Permits shall be signed only after the relevant permits are secured and submitted to the RIF.

The securing and provision of any other Permit required by the Laws and Regulations of the Republic of Cyprus for conducting research experiments is considered an essential element for the signing of Research Contracts and their securing and provision are the sole responsibility of the researcher submitting the proposal.

8.6. OTHER LAWS AND REGULATIONS

All Programme beneficiaries must comply with National, EU Legislation and EU Regulations regarding relevant issues, which include, amongst others:

- State aid,
- Protection of the environment,
- The principle of 'do no significant harm'
- Equal opportunities for men and women,
- Protection of personal data,
- Charter of Fundamental Rights of the European Union,
- Non-discrimination, and
- Information and disclosure.

Implementation of research, development and innovation projects is subject to state control, which delegates the responsibility of monitoring and approval to competent services or special committees, as applicable. Appendix IV of this present Work Programme includes a List of the relevant Legislation and Other Regulations.

Applicants must comply with all national laws and regulations falling under the scope of implementation of a research, development and innovation project, regardless of the List of Legislation and Other Regulations. It is noted that this List is indicative and not exhaustive and in no way binding for the RIF.

According to Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility, each and every measure of the National Recovery and Resilience Plans must comply with the "do no significant harm" principle. This principle ensures that no measure supports or carries out activities that make a significant harm to any of the six environmental objectives, within the meaning of Article 17 of Regulation (EU) No 2020/852 on the establishment of a framework to facilitate sustainable investment (EU Taxonomy Regulation). The provisions of this Scheme, as described in the Calls for Proposals, to which the beneficiaries of the scheme must comply with, fulfill the requirements of the "do no significant harm" principle and are also in compliance with the European acquis and the national environmental legislation.

According to the Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation (2021/C 58/01), the following activities are not eligible for this call for projects:

- Activities related to fossil fuels, including downstream use. Except projects under this measure in power and/or heat generation, as well as related transmission and distribution infrastructure, using natural gas, that are compliant with the conditions set out in Annex III of the Technical Guidance 2021/C58/01.
- Activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks. Where the activity supported achieves projected greenhouse gas emissions that are not significantly lower than the relevant benchmarks an explanation of the reasons why this is not possible shall be provided. Benchmarks established for free allocation for activities falling within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.
- Activities related to waste landfills, incinerators and mechanical biological treatment plants. For incinerators, this exclusion does not apply to actions under this measure in plants

exclusively dedicated to treating non-recyclable hazardous waste, and to existing plants, where the actions under this measure are for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level. For mechanical biological treatment plants, this exclusion does not apply to actions under this measure in existing mechanical biological treatment plants, where the actions under this measure are for the purpose of increasing energy efficiency or retrofitting to recycling operations of separated waste to compost bio-waste and anaerobic digestion of bio-waste, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

- Activities where the long-term disposal of waste may cause harm to the environment.

8.7. CODE OF ETHICS FOR RESEARCHERS

Within the context of RESTART 2016-2020 Programmes, it is recommended that organisations take all necessary steps to adopt the European Charter for Researchers³³ and the relevant Researchers' Code of Conduct³⁴.

The European Commission has adopted the European Charter for Researchers and the Code of Conduct for Researcher Recruitment, providing researchers with the same rights and obligations throughout the EU. The European Charter for Researchers includes the roles, responsibilities and entitlements of researchers and their employers or funding organisations. It aims to ensure that the relationship between these parties contributes to successful results regarding the transfer and exchange of knowledge and the development of researchers' careers.

The Code of Conduct for Researcher Recruitment aims to improve recruitment procedures so that they are transparent and fair.

8.8. EQUAL OPPORTUNITIES FOR MEN AND WOMEN - NON-DISCRIMINATION

In the context of the STEP Programme, organisations must comply with the applicable laws concerning equal opportunities for men and women and the prevention of any form of discrimination (based on gender, racial or ethnic origin, religion or belief, disability or sexual orientation) - an indicative list of the relevant laws can be found in Appendix III of the present Work Programme. It is recommended that organisations consider gender equality issues in relation to the research content of the project and the composition and contribution of the members of the project's research team. Furthermore, where applicable, accessibility for persons with disabilities is taken into account at all stages of project implementation.

8.9. ENSURING RESPECT FOR FUNDAMENTAL RIGHTS

In the frame of the STEP Programme to be funded by the Cohesion Policy Funds, organisations should ensure respect for fundamental rights and compliance with the EU Charter of Fundamental Rights.

8.10. OBTAINING AND SUBMITTING AN APPROVAL/PERMISSION FROM THE COMPETENT COMMITTEE OR SERVICE

³³ Further information regarding the European Charter for Researchers may be found on the EU website, <http://ec.europa.eu/euraxess/index.cfm/rights/europeanCharter>

³⁴ Further information regarding the Researchers' Code of Conduct for Researcher Recruitment may be found on the EU website, <http://ec.europa.eu/euraxess/index.cfm/rights/codeOfConduct>

The signing of the Project Contract, which, according to the Law, requires monitoring, authorisation, or permission by the competent committee or service, will only take place after having obtained and submitted a positive assessment, approval or authorization to the RIF on behalf of the Host Organisation/Project Coordinator.

In order to accelerate the process, an application may be submitted to the competent committee or service immediately after the RIF announces its results and in parallel with the contract preparation process between the RIF and of the Host Organisation.

Compliance with the aforementioned laws and regulations is the sole responsibility of the researchers and organisations submitting the proposal.

The RIF reserves the right not to proceed with the signing of the Project Contract where a positive assessment, approval or authorization by the competent committee or service is delayed due to liability on behalf of the Host Organisation.

9. ANNEXES

Annex I: Science and Technology Field Coding³⁵ of Projects implemented in the Frame of STEP Programme and the RESTART 2016-2020 Programmes

1. Natural sciences

1.1 Mathematics

1.1.1 Pure mathematics

1.1.2 Applied mathematics

1.1.3 Statistics and probability (This includes research on statistical methodologies, but excludes research on applied statistics which should be classified under the relevant field of application (e.g. Economics, Sociology, etc.))

1.2 Computer and Information Sciences

1.2.1 Computer sciences, information science and bioinformatics (*hardware development to be 2.2, social aspect to be 5.8*)

1.3 Physical Sciences

1.3.1 Atomic, molecular and chemical physics (physics of atoms and molecules including collision, interaction with radiation; magnetic resonances; Moessbauer effect)

1.3.2 Condensed matter physics (including formerly solid state physics, superconductivity)

1.3.3 Particles and fields physics

1.3.4 Nuclear physics

1.3.5 Fluids and plasma physics (including surface physics)

1.3.6 Optics (including laser optics and quantum optics)

1.3.7 Acoustics

³⁵ OECD (2015), Frascati Manual 2015: Guidelines for Collecting and Reporting Data on Research and Experimental Development, The Measurement of Scientific, Technological and Innovation Activities, OECD Publishing, Paris, DOI: <http://dx.doi.org/10.1787/9789264239012-en>.

Classification at a third level is done according to the "Revised Field of Science and Technology (FOS) Classification in the Frascati Manual (DSTI/EAS/STP/NESTI(2006)19/FINAL)", Working Party of National Experts on Science and Technology Indicators, 26-Feb-2007, OECD.

1.3.8 Astronomy (including astrophysics, space science)

1.4 Chemical Sciences

1.4.1 Organic chemistry

1.4.2 Inorganic and nuclear chemistry

1.4.3 Physical chemistry

1.4.4 Polymer science

1.4.5 Electrochemistry (dry cells, batteries, fuel cells, corrosion metals, electrolysis)

1.4.6 Colloid chemistry

1.4.7 Analytical chemistry

1.5 Earth and related Environmental Sciences

1.5.1 Geosciences, multidisciplinary

1.5.2 Mineralogy

1.5.3 Palaeontology

1.5.4 Geochemistry and geophysics

1.5.5 Physical geography

1.5.6 Geology

1.5.7 Volcanology

1.5.8 Environmental sciences (*social aspects to be 5.7*)

1.5.9 Meteorology and atmospheric sciences

1.5.10 Climatic research

1.5.11 Oceanography

1.5.12 Hydrology

1.5.13 Water resources

1.6 Biological Sciences (*Medical to be 3, and Agricultural to be 4*)

1.6.1 Cell biology, Microbiology

1.6.2 Virology

1.6.3 Biochemistry and molecular biology

1.6.4 Biochemical research methods

1.6.5 Mycology

1.6.6 Biophysics

1.6.7 Genetics and heredity (*medical genetics to be 3*)

1.6.8 Reproductive biology (*medical aspects to be 3*);

1.6.9 Developmental biology

1.6.10 Plant sciences, botany

1.6.11 Zoology, Ornithology, Entomology, Behavioural sciences biology

1.6.12 Marine biology, freshwater biology, limnology

1.6.13 Ecology

1.6.14 Biodiversity conservation

1.6.15 Biology (theoretical, mathematical, thermal, cryobiology, biological rhythm), Evolutionary biology

1.6.16 Other biological topics

1.7 Other Natural Sciences

2. Engineering and Technology

2.1 Civil Engineering

2.1.1 Civil engineering

2.1.2 Architecture engineering

2.1.3 Construction engineering

2.1.4 Municipal and structural engineering

2.1.5 Transport engineering

2.2 Electrical Engineering, Electronic Engineering, Information Engineering

2.2.1 Electrical and electronic engineering

2.2.2 Robotics and automatic control

2.2.3 Automation and control systems

2.2.4 Communication engineering and systems

2.2.5 Telecommunications

2.2.6 Computer hardware and architecture

2.3 Mechanical Engineering

2.3.1 Mechanical engineering

2.3.2 Applied mechanics

2.3.3 Thermodynamics

2.3.4 Aerospace engineering

2.3.5 Nuclear related engineering (*nuclear physics to be 1.3*);

2.3.6 Audio engineering, reliability analysis

2.4 Chemical Engineering

2.4.1 Chemical engineering (plants, products)

2.4.2 Chemical process engineering

2.5 Materials Engineering

2.5.1 Materials engineering

2.5.2 Ceramics

2.5.3 Coating and films

2.5.4 Composites (including laminates, reinforced plastics, cermets, combined natural and synthetic fibre fabrics; filled composites)

2.5.5 Paper and wood

2.5.6 Textiles (including synthetic dyes, colours, fibres)

(nanoscale materials to be 2.10; biomaterials to be 2.9)

2.6 Medical Engineering

2.6.1 Medical engineering

2.6.2 Medical laboratory technology (including laboratory samples analysis; diagnostic technologies)

(Biomaterials to be 2.9 [physical characteristics of living material as related to medical implants, devices, sensors])

2.7 Environmental Engineering

2.7.1 Environmental and geological engineering, geotechnics

2.7.2 Petroleum engineering (fuel, oils)

2.7.3 Energy and fuels

2.7.4 Remote sensing

2.7.5 Mining and mineral processing

2.7.6 Marine engineering, sea vessels

2.7.7 Ocean engineering

2.8 Environmental Biotechnology

2.8.1 Environmental biotechnology

2.8.2 Bioremediation, diagnostic biotechnologies (DNA chips and biosensing devices) in environmental management

2.8.3 Environmental biotechnology related ethics

2.9 Industrial Biotechnology

2.9.1 Industrial biotechnology

2.9.2 Bioprocessing technologies (industrial processes relying on biological agents to drive the process) biocatalysis, fermentation

2.9.3 Bioproducts (products that are manufactured using biological material as feedstock), biomaterials, bioplastics, biofuels, bioderived bulk and fine chemicals, bio-derived novel materials

2.10 Nano-technology

2.10.1 Nano-materials (production and properties)

2.10.2 Nano-processes (applications on nano-scale)

(biomaterials to be 2.9);

2.11 Other Engineering and Technologies

2.11.1 Food and beverages

2.11.2 Other engineering and technologies

3. Medical and Health Sciences

3.1 Basic Medicine

3.1.1 Anatomy and morphology *(plant science to be 1.6)*

3.1.2 Human genetics

3.1.3 Immunology

3.1.4 Neurosciences (including psychophysiology)

3.1.5 Pharmacology and pharmacy

3.1.6 Medicinal chemistry

3.1.7 Toxicology

3.1.8 Physiology (including cytology)

3.1.9 Pathology

3.2 Clinical Medicine

3.2.1 Andrology

3.2.2 Obstetrics and gynaecology

3.2.3 Paediatrics

3.2.4 Cardiac and Cardiovascular systems

3.2.5 Peripheral vascular disease

3.2.6 Hematology

3.2.7 Respiratory systems

3.2.8 Critical care medicine and Emergency medicine

3.2.9 Anaesthesiology

3.2.10 Orthopaedics

3.2.11 Surgery

3.2.12 Radiology, nuclear medicine and medical imaging

3.2.13 Transplantation

3.2.14 Dentistry, oral surgery and medicine

3.2.15 Dermatology and venereal diseases

3.2.16 Allergy

3.2.17 Rheumatology

3.2.18 Endocrinology and metabolism (including diabetes, hormones)

3.2.19 Gastroenterology and hepatology

3.2.20 Urology and nephrology

3.2.21 Oncology

3.2.22 Ophthalmology

3.2.23 Otorhinolaryngology

3.2.24 Psychiatry

3.2.25 Clinical neurology

3.2.26 Geriatrics and gerontology

3.2.27 General and internal medicine

3.2.28 Other clinical medicine subjects

3.2.29 Integrative and complementary medicine (alternative practice systems)

3.3 Health Sciences

- 3.3.1 Health care sciences and services (including hospital administration, health care financing)
- 3.3.2 Health policy and services
- 3.3.3 Nursing
- 3.3.4 Nutrition, Dietetics
- 3.3.5 Public and environmental health
- 3.3.6 Tropical medicine
- 3.3.7 Parasitology
- 3.3.8 Infectious diseases
- 3.3.9 Epidemiology
- 3.3.10 Occupational health
- 3.3.11 Sport and fitness sciences
- 3.3.12 Social biomedical sciences (includes family planning, sexual health, psycho-oncology, political and social effects of biomedical research)
- 3.3.13 Medical ethics
- 3.3.14 Substance abuse

3.4 Medical Biotechnology

- 3.4.1 Health-related biotechnology
- 3.4.2 Technologies involving the manipulation of cells, tissues, organs or the whole organism (assisted reproduction)
- 3.4.3 Technologies involving identifying the functioning of DNA, proteins and enzymes and how they influence the onset of disease and maintenance of well-being (gene-based diagnostics and therapeutic interventions (pharmacogenomics, gene-based therapeutics)
- 3.4.4 Biomaterials (as related to medical implants, devices, sensors)
- 3.4.5 Medical biotechnology related ethics

3.5 Other Medical Sciences

- 3.5.1 Forensic science
- 3.5.2 Other medical sciences

4. Agricultural Sciences

4.1 Agriculture, Forestry and Fisheries

- 4.1.1 Agriculture
 - 4.1.2 Forestry
 - 4.1.3 Fishery
 - 4.1.4 Soil science
 - 4.1.5 Horticulture, viticulture
 - 4.1.6 Agronomy, plant breeding and plant protection
- (Agricultural biotechnology to be 4.4)*

4.2 Animal and Dairy science

4.2.1 Animal and dairy science (*Animal biotechnology to be 4.4*)

4.2.2 Husbandry

4.2.3 Pets

4.3 Veterinary science

4.4 Agricultural biotechnology

4.4.1 Agricultural biotechnology and food biotechnology

4.4.2 GM technology (crops and livestock), livestock cloning, marker assisted selection, diagnostics (DNA chips and biosensing devices for the early/accurate detection of diseases)

4.4.3 Biomass feedstock production technologies, biopharming

4.4.4 Agricultural biotechnology related ethics

4.5 Other agricultural sciences

5. Social Sciences

5.1 Psychology and Cognitive Sciences

5.1.1 Psychology (including human - machine relations)

5.1.2 Psychology, special (including therapy for learning, speech, hearing, visual and other physical and mental disabilities)

5.2 Economics and Business

5.2.1 Economics, Econometrics

5.2.2 Industrial relations

5.2.3 Business and Management

5.3 Education

5.3.1 Education, general (including training, pedagogy, didactics)

5.3.2 Education, special (to gifted persons, those with learning disabilities)

5.4 Sociology

5.4.1 Sociology

5.4.2 Demography

5.4.3 Anthropology, ethnology

5.4.4 Social topics (Women and gender studies; Social issues; Family studies; Social work)

5.5 Law

5.5.1 Law, criminology, penology

5.6 Political science

5.6.1 Political science

5.6.2 Public administration

5.6.3 Organisation theory

5.7 Social and economic geography

5.7.1 Environmental sciences (social aspects)

5.7.2 Cultural and economic geography

5.7.3 Urban studies (Planning and development)

5.7.4 Transport planning and social aspects of transport (*transport engineering to be 2.1*);

5.8 Media and communications

5.8.1 Journalism

5.8.2 Information science (social aspects)

5.8.3 Library science

5.8.4 Media and socio-cultural communication

5.9 Other social sciences

5.9.1 Social sciences, interdisciplinary

5.9.2 Other social sciences

6. Humanities

6.1 History and Archaeology

6.1.1 History (*history of science and technology to be 6.3, history of specific sciences to be under the respective headings*);

6.1.2 Archaeology

6.2 Languages and Literature

6.2.1 General language studies

6.2.2 Specific languages

6.2.3 General literature studies

6.2.4 Literary theory

6.2.5 Specific literatures

6.2.6 Linguistics

6.3 Philosophy, Ethics and Religion

6.3.1 Philosophy

6.3.2 History and philosophy of science and technology

6.3.3 Ethics (except ethics related to specific subfields)

6.3.4 Theology

6.3.5 Religious studies

6.4 Arts (arts, history of arts, performing arts, music)

6.4.1 Arts, Art history

6.4.2 Architectural design

6.4.3 Performing arts studies (Musicology, Theater science, Dramaturgy)

6.4.4 Folklore studies

6.4.5 Studies on Film, Radio and Television

6.5 Other humanities

Note: The abovementioned listing may be subject to updates.

ANNEX II: Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises

Article 1

Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

Article 2

Staff headcount and financial ceilings determining enterprise categories

1. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.
2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
3. Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

Article 3

Types of enterprise taken into consideration in calculating staff numbers and financial amounts

1. An "autonomous enterprise" is any enterprise which is not classified as a partner enterprise within the meaning of paragraph 2 or as a linked enterprise within the meaning of paragraph 3.
2. "Partner enterprises" are all enterprises which are not classified as linked enterprises within the meaning of paragraph 3 and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of paragraph 3, 25 % or more of the capital or voting rights of another enterprise (downstream enterprise).

However, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if this 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question:

- (a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses ("business angels"), provided the total investment of those business angels in the same enterprise is less than EUR 1250000;
- (b) universities or non-profit research centres;
- (c) institutional investors, including regional development funds;
- (d) autonomous local authorities with an annual budget of less than EUR 10 million and fewer than 5000 inhabitants.

3. "Linked enterprises" are enterprises which have any of the following relationships with each other:

- (a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- (b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- (c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- (d) an 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.

There is a presumption that no dominant influence exists if the investors listed in the second subparagraph of paragraph 2 are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as stakeholders.

Enterprises having any of the relationships described in the first subparagraph through one or more other enterprises, or any one of the investors mentioned in paragraph 2, are also considered to be linked.

Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets.

An "adjacent market" is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

4. Except in the cases set out in paragraph 2, second subparagraph, an enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.

5. Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the ceilings set out in Article 2.

6. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or Community rules.

Article 4

Data used for the staff headcount and the financial amounts and reference period

1. The data to apply to the headcount of staff and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes.

2. Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial ceilings stated in Article 2, this will not result in the loss or acquisition of the status of medium-sized, small or microenterprise unless those ceilings are exceeded over two consecutive accounting periods.

3. In the case of newly established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made in the course of the financial year.

Article 5

Staff headcount

The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU. The staff consists of:

(a) employees;

(b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;

(c) owner-managers;

(d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff. The duration of maternity or parental leaves is not counted.

Article 6

Establishing the data of an enterprise

1. In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.

2. The data, including the headcount, of an enterprise having partner enterprises or linked enterprises are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights (whichever is greater). In the case of cross-holdings, the greater percentage applies.

To the data referred to in the first and second subparagraph is added 100 % of the data of any enterprise, which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.

3. For the application of paragraph 2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these is added 100 % of the data of enterprises which are linked to these partner enterprises, unless their accounts data are already included through consolidation.

For the application of the same paragraph 2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist. To these is added, pro rata, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts with a percentage at least proportional to the percentage identified under the second subparagraph of paragraph 2.

4. Where in the consolidated accounts no staff data appear for a given enterprise, staff figures are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked.

ANNEX III: List of applicable Laws and Regulations

The List of Applicable Laws and Regulations can be found in the Greek version of the Work Programme.