Technical Guidelines for Flagship Projects

Version 2.3

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Preface

The FFG is your partner for research and development. This guideline is designed to support you in submitting your Flagship Project. It describes:

- how to obtain funding
- what conditions must be met
- how the application process works

The goals and priorities, the budget and the submission deadlines that are relevant to your project are described in the corresponding Guide for Proposers.

1 General Information

1.1 What are Flagship Projects?

Flagship Projects are large collaborative research and development projects which involve several consortium partners and have a substantial impact on one or several economic sectors. Research and development aims to develop new products, procedures or services or to significantly improve existing products, procedures or services.

Flagship Projects must meet certain requirements. A Flagship Project should:

- develop model solutions to important challenges faced by society;
- develop integrated solutions at system level;
- strengthen the competitiveness of one or several economic sectors taking into account horizontal and/or vertical integration of the value chain;
- create a long-term growth perspective for technologies, products, processes and services;
- increase the visibility of Austrian technologies, products, processes and services at national and international level;
- enhance awareness among the general public of the benefits the solutions bring.

Flagship Projects may be carried out in the research category Industrial Research and/or Experimental Development. The research categories are to be specified at the work package level. The rights and duties are to be stipulated in a Cooperation Agreement.

The following formal criteria must be met:

- Duration: minimum 2 years and maximum 4 years.
- Minimum funding amount: EUR 2 million.
- The consortium leader must have a branch office in Austria.
- The consortium leader is the contact point for the FFG.
- The consortium leader submits the application for funding.
- Compulsory preliminary meeting with the funding provider and the Austrian Research Promotion Agency (FFG) at the latest one month before the submission deadline.
- Mandatory hearing with the applicant as part of the selection process.

- At least one mandatory review with (external) experts during the course of the project.

1.2 What demands are placed on the consortium?

The consortium must consist of 3 or more partners that are independent of each other. It must include:

- 2 companies based in Austria, of which 1 must be a small or medium-sized enterprise (SME)[1] and
- 1 research institution[2] based in Austria.

Additional criteria:

- Individual enterprises account for a maximum of 70% of the total eligible project costs; shares of affiliated companies[3] will be added together and count as one enterprise.
- The research institutions together account for a minimum of 10% and a maximum of 50% of the total eligible project costs.
- Research institutions must have the right to publish the results they have obtained in the project.
- Contract research and the provision of research services are not considered as collaborations within the definition of a Flagship Project.

The Consortium Agreement regulates the collaboration within the consortium and the intellectual property rights (IPR) relating to the project results. A **sample Consortium Agreement** is available to help you in drawing up the agreement.

1.3 What are the responsibilities of the consortium leader?

The consortium leader has the following responsibilities throughout the project duration:

- project management
- communications with the funding agency and the project partners
- examining the reports and accounts provided by the consortium partners

In your capacity as consortium leader you confirm to:

- manage and distribute the funding you receive from FFG
- communicate any changes in due time
- provide accounts and reports in accordance with the Funding Contract
- that the costs charged can be clearly attributed to the project

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[1] Details see SME definition

[2] See RTI Guideline 2015 (Themen-FTI-Richtlinie 2015), 12.1 Definition of terms

[3] Enterprises that are independent of each other hold less than 25% of the capital or voting rights in one another. This rule also applies to shareholdings via parent companies. For more information see SME definition

- that the project costs and content are in accordance with the approved working and cost plan

Prior to payment of the 1st instalment, the consortium leader must confirm that a Consortium Agreement has been concluded before the start of the project, which contains all the regulations required by the Framework for State aid for research and development and innovation.

1.4 Who is eligible to receive funding?

Legal entities, private companies and sole traders that are not part of the Austrian federal administration are eligible to receive funding.

The following are eligible for funding:

- Companies of any legal form
- Institutions of research and knowledge dissemination
  - Universities[4]
  - universities of applied sciences
  - Non-university research institutions
  - Technology transfer institutions, innovation agents and other research-oriented organisations such as associations with a relevant purpose
- Other non-commercial institutions
  - Local authorities[5] and autonomous bodies
  - Non-profit making organisations such as NPOs[6]

The following may participate but may not receive funding:

- Subcontractors: they are not partners within the definition of a Flagship Project. They provide defined tasks for partners which are listed under the cost category "third-party costs" and are not entitled to exploit the project results.
- Other participants: these are persons or institutions that do not receive funding, but are mentioned in the Funding Contract, including the scope of their participation. Their rights and duties are also stipulated by contract.

  Their participation needs to be justified in the application. Potential "other participants" may also include persons or institutions of the Austrian federal administration.

1.5 Can partners from outside Austria participate?

A consortium may have partners from outside Austria, provided these are not affiliated with any of the Austrian companies in the consortium.

Partners from outside the EU may also receive funding unless this is specifically excluded in the relevant Guide for Proposers.

The following conditions apply:

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[4] The smallest organisational unit that can participate on behalf of the university is the university institute or a comparable organisational unit pursuant to Sec. 20 of the University Organisation Act (UOG 2002). The participating organisational unit (institute or comparable unit) must be duly authorised according to Sec. 27 of UOG 2002. Subordinate organisational units (e.g. working groups) may not participate as project partners.

[5] **Activities of local authorities falling within their statutory mandate are not eligible for funding.**

[6] "Non-profit making organisations" do not distribute profits to their owners, members or other natural persons or legal entities in accordance with their legal status or articles of association.

- The non-Austrian partners create benefit for the Austrian consortium partners and/or Austria as a business and research location;
- This benefit is explicitly indicated in the application for funding;
- Grants paid to partners from outside Austria **do not exceed 20% of the total funding amount**;
- The evaluation committee recommends providing funding to the non-Austrian partner;
- The partner from outside Austria proves its credit-worthiness and liquidity in accordance with the criteria applied to Austrian partners before the funding contract is drawn up;
- The non-Austrian partner accepts the FFG's obligation and entitlement to review the project as specified in the Funding Contract and submits relevant documentary evidence in German or English.

Alternatively, non-Austrian organisations may cover their costs from own money and/or from funds provided by their home country. Collaborative agreements for joint funding are in place with several European and non-European countries.

The European **EUREKA**[7] initiative, for example, provides funding support for cross-border collaborations across programmes. The call announcement will specify whether these collaborative agreements can be used for a specific Flagship Project.

Organisations from outside Austria may also be involved as subcontractors.

1.6 How much support is granted?

Support is paid in the form of non-repayable grants and amounts to a **minimum** of **EUR 2 million** per project.

The funding rate varies depending on the type of partner.

- The funding rate for enterprises is based on the research category and company size.
- The funding rate for research institutions and other institutions is based on the research category only, provided that the contribution involves a non-commercial activity.

  If the contribution to the project involves a commercial activity the funding rates are the same as those for enterprises.
- It has to be stated in the application if additional funding is granted by any other funding institution. If multiple funding is gained the cumulative funding must not exceed the European funding limit. [8]

[7] www.eurekanetwork.org or http://www.ffg.at/en/eureka

[8] GBER: Commission Regulation (EU) No. 651/2014, OJ L 187/48 – https://www.ffg.at/sites/default/files/dok/anlage_1_amtsblatt_agvo_nr_651-2014.pdf

Table 1 Funding rates

Type of organisation	Research category: Industrial Research	Research category: Experimental Development
Small enterprise	80 %	60 %
Medium-sized enterprise	70 %	50 %
Large enterprise	55 %	35 %
Research institutions (non-commercial activities)	85 %	60 %
Non-commercial institutions (non-commercial activities)	80 %	60 %

Non-commercial activities of research institutions include:

- primary activities such as education;
- research and development, independent or as part of an effective collaboration;
- knowledge dissemination and transfer[9].

Non-commercial activities of non-commercial institutions include contributions to R&D projects related to the development of products, services and systems, where they act, e.g., as public agencies.

The company size is to be determined according to the SME definition as specified by EU competition law: information on SME definition[10].

Flagship Projects may include work packages of both research categories, i.e. industrial research and experimental development.

Experimental development (ED)

Experimental development involves developing something new from something that already exists and/or improving something that already exists. This includes:

- acquiring existing knowledge and skills
- combining existing knowledge and skills
- shaping existing knowledge and skills
- using existing knowledge and skills

Irrespective of whether the project involves scientific, technical, economic or other knowledge and skills – the aim is to develop new or improved products, processes or services.

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[9] Framework for state aid for research and development and innovation (2014/C 198/8), 2.1.1, 19).

[10] Information SME Definition: https://www.ffg.at/recht-finanzen/rechtliches_service_KMU

Experimental development does not include routine or regular adaptions, even if these modifications would represent improvements[11].

Industrial research (IR)

Industrial research has the following characteristics:

- The focus is on planned research or critical investigation to acquire new knowledge and skills.
- Industrial research takes place mainly in the laboratory or at laboratory scale.
- The development risk is higher than for experimental development.
- The technology readiness level is lower.
- The time horizon for market introduction is longer.

For details on both research categories see the Annex.

May a Flagship Project involve both industrial research and experimental development?

Flagship Projects may involve both industrial research and experimental development. In this case the content and costs of the individual work packages must be clearly allocated to the relevant category (industrial research and experimental development) in the application. The relevant funding rates will then apply to the individual work packages. However, the corresponding funding decision is dependent on the clear allocation of work packages and the confirmation by the evaluation committee.

1.7 Which costs are eligible?

Eligible costs must be allocable directly to the project. This means that:

- they are incurred additionally to the normal operating costs during the funding period,
- they are in accordance with the Funding Contract,
- they can be evidenced by receipts.

The earliest possible date for the start of the project is after submission of the application for funding.

For details on the eligibility of costs see the Cost Guidelines: https://www.ffg.at/recht-finanzen/kostenleitfaden/version-21

Special provisions for Flagship Projects:

Third-party costs are limited to 20% of the total costs per partner. Any excess must be justified in the Project Description.

[11] See RTI Guidelines 2015 (Themen-FTI-Richtlinie 2015), 12.1 Definition of Terms.

1.8 What about intellectual property rights?

Intellectual property rights relating to the project results belong to the consortium. The provisions of the Framework for State aid for research and development and innovation[12], 2014/C 198/11, apply to collaborations between commercial companies and research institutions.

This document stipulates that the intellectual property rights are to be allocated to the research institutions in a manner which adequately reflects their work, contributions and interests. If the rights are assigned to the companies involved, the research institutions shall receive compensation equivalent to the market price.

Please note in this context that expenditure for the protection of intellectual property (IPR) is eligible for funding. This includes costs for patent applications and patent searches. Patent maintenance costs are not eligible for funding.

1.9 What criteria are used to assess applications for funding?

Applications for funding are evaluated according to 4 criteria:

1. Quality of the project
2. Suitability of the applicant / project partners
3. Benefit and exploitation
4. Relevance to the call

The table below shows the relevant sub-criteria. In the course of the assessment, points will be assigned to each criterion. In addition, there is a threshold value for each criterion. Reaching zero points in one of the subcriteria of the 4th criteria "Relevance to the Call" the project will be rejected.

[12] https://www.ffg.at/sites/default/files/dok/anlage_2_amtsblatt_f_e_i_unionsrahmen.pdf

Table 2 Funding criteria

Quality of the project	Points	Threshold
	30	18
1.1. How well are the state of the art (level of knowledge/technology) and/or the commercially available products and services described and how plausible is the assessment?	6	
1.2. What is the level of innovation beyond the state of the art and/or existing products and services and how high is the associated risk?	12	
1.3. What is the quality of planning based on the following criteria? • Transparent structure of work packages • Transparent presentation of costs • Transparent description of work packages according to the scope of work • Adequate relationship between costs and work plan • Adequate scope of project management • Provisions for risk management • Realistic implementation of plan (duration, deadlines, milestones, results) • Clarity and coherence of cooperative relationships • Efficient distribution of tasks among the consortium partners	8	
1.4. If the project relates to people[13]: To what extent have gender-specific topics been taken into account in project planning? • Quality of the analysis of gender-specific topics • Integration in the methodical approach of the project	4	
Suitability of the applicant / project partners	**20**	**12**
2.1. Does the consortium have the scientific, technical, economic and management skills required to achieve the project goals?	8	
2.2. To what extent do the consortium partners have the required qualifications and resources to ensure successful implementation of the cooperative project?	8	
2.3. Does the composition of the project team reflect the aim to improve the gender-balance in the sector?	4	

[13] If (groups of) persons are the research object or persons will be affected by the research results, this must be reflected in the research design. Projects without gender relevance will score full points in this subcategory.

Benefit and exploitation	30	18
3.1. What is the benefit for those applying the project results and the exploitation potential? Different dimensions are relevant depending on the research category: ○ For all research categories: ▪ communication of benefits to the relevant target group has been documented in a transparent manner ▪ Benefits, advantages or USPs have been described quantitatively and qualitatively and are plausible ○ For projects of industrial research (IR) ▪ Knowledge increase in the relevant scientific-technical target group ○ For projects of experimental development (ED) ▪ Users, markets and market segments have been specified and substantiated by turnover figures ▪ Turnover potential of the innovation or added value of market growth in relation to the planned project costs ○ Resources required to bring the results to the market		11
3.2. What is the impact or strategic significance of the project results for the organisations involved? For example by: ○ increasing R&D capacities on a long-term basis ○ securing or extending their R&D position ○ expanding existing R&D activities to include new fields of application ○ development of R&D platforms ○ opening up new business fields etc.		9
3.3. How complete and transparent is the exploitation strategy based on the following criteria? ○ Quality of exploitation and dissemination strategy for the scientific results ○ Quality of exploitation strategy for the economically relevant results ○ If people are affected by the exploitation of the project results: consideration of gender specific issues in exploiting the economic potential ○ Adequate protection strategy or strategy for ensuring a competitive edge ○ Exploitation skills – either in house or via existing contacts and collaborations in relation to: ▪ dissemination and exploitation of project results (IR) ▪ marketing to the planned users (ED)		10

Relevance to the Call	20	12
4.1. To what extent does the project address the call topics?		4
4.2. To what extent does the project contribute to achieving the goals of the call?		4
4.3. To what extent does the funding influence the project positively in one or more of the following dimensions? ○ Implementation: the funding enables the project to be implemented in the first place ○ Acceleration: the funding accelerates implementation ○ Scope: the funding increases the scope of the project ○ Range: the funding makes the project more ambitious through: ▪ a more radical innovation approach ▪ higher risk ▪ new or extended collaborations ▪ long-term strategic orientation		4
4.4 To what extent does the project meet the requirements of a Flagship Project? A Flagship Project should: ○ develop model solutions to important challenges faced by society; ○ develop integrated solutions at system level; ○ strengthen the competitiveness of one or several economic sectors taking into account horizontal and/or vertical integration of the value chain; ○ create a long-term growth perspective for technologies, products, processes and services; ○ increase the visibility of Austrian technologies, products, processes and services at national and international level; ○ enhance awareness among the general public of the benefits the solutions bring.		8

1.10 Which documents are required for submission?

Project applications may only be submitted electronically via eCall: https://ecall.ffg.at

eCall Online-Cost-Plan

Project Description: descriptive part – upload as pdf file

Attachments to the electronic application:

- Annual statement of accounts (balance sheet, profit and loss account) from the past 2 financial years
- Declaration of SME Status for associations, sole traders and non-Austrian companies

If any additional documents or attachments are required, this will be specified in the application form.

If the project involves partners outside Austria, collaborative agreements with European or non-European countries may require the submission of documents that cannot be uploaded via eCall. The relevant information will be given in the Guide for Proposers. In individual cases additional supporting documents may be requested.

The Guide for Proposers also specifies the language in which applications are to be submitted, which is usually German and/or English.

1.11 Is it necessary to mention other projects?

To support the assessment of the content of the project, the application for funding must list those projects that have been or are being publicly funded by Austrian authorities and/or EU grants, provided these are:

- Pre-projects which deliver results for this project
- Ongoing or finished projects (of the last 3 years) related to the applied project

The multiple acceptance of already funded costs or part of costs is not possible. The proposed project must be clearly distinguished from projects that have already received funding.

1.12 Is scientific integrity ensured?

Funding may only be granted to applicants who demonstrate scientific integrity during application and project execution.

The FFG is a member of the Austrian Agency for Scientific Integrity – OeAWI (http://www.oeawi.at/de/statuten.asp) and is thus committed to safeguarding good scientific practice.

If we suspect a lack of scientific integrity or misconduct in the course of the formal checks, we may forward the relevant documents to the OeAWI's Commission for Scientific Integrity. The OeAWI will then decide whether to initiate an independent investigation procedure and, if necessary, will undertake the necessary investigations.

If the investigation reveals a lack of scientific integrity or misconduct (e.g. plagiarism), the application has to be rejected due to formal reasons. If funding has already been granted, the funding must be reduced, retained or reclaimed.

2 Submission Procedure

2.1 What is the procedure for submission?

For the submission of a Flagship Project a **compulsory preliminary meeting** is required.

- Contact the programme management in good time to arrange an appointment. Have in mind that the meeting has to take place at the latest one month before the submission deadline.
- Send a project outline to the programme management via email prior to the meeting.
- A **template for the project outline** is available in the download centre of the relevant call.

Applications must be electronically submitted via **eCall** (https://ecall.ffg.at) before the submission deadline.

The funding application may not be submitted until all partners have submitted their partner applications via eCall.

An eCall tutorial is available at: https://ecall.ffg.at/Cockpit/Help.aspx.

How does it work?

- Download application form via eCall and fill in
- Fill in the online calculation – the systems verifies, if the funding requirements are met (e.g. max. funding, cooperation criteria)
- Upload the required documents
- Finalise application in eCall and click "Submit application" ("*Einreichung abschicken*")
- Upon successful submission, an acknowledgement will be sent automatically by email
- Not necessary: additional postal submission of duly executed copy

It is not possible:

- to add or modify individual parts of the application form
- to revise the application after submission
- to submit additional information during the meeting of the evaluation committee as part of the hearing. The hearing only serves to explain the project proposal submitted.

The application documents are to be submitted by the consortium leader or by a duly authorised representative. The FFG may request evidence that this person is authorised to represent the consortium leader. If you are unable to provide such evidence the FFG reserves the right to reject the application for formal reasons.

2.2 What about the security of confidential project data?

The FFG is under a legal obligation to maintain secrecy concerning company and project information pursuant to Sec. 9 para 4 of the Austrian Research Promotion Agency Act (FFG-G, Federal Law Gazette BGBl. I No. 73/2004). External experts who are involved in the assessment of individual projects are also subject to confidentiality obligations.

Project contents and results may only be published with the consent of the funding recipient.

The FFG may use personal data in accordance with Secs. 7 to 11 of the Data Protection Act (DSG 2000 Federal Law Gazette, BGBl. I No. 165/1999):

- for the conclusion and performance of the funding contract
- for fulfilling our statutory mandate
- for control purposes

This use may mean that the data must be transferred or disclosed in particular to the Federal Audit Office, EU bodies, other federal or regional funding agencies and to the ministries in their capacity as owners of the FFG. There is also the possibility to obtain information from the transparency portal according to Sec. 32 (5) of the Transparency Database Act (TDBG 2012).

The FFG shall obtain a declaration of consent for any use of such data going beyond this provision. Further information about privacy during the duration of the project is available in the eCall tutorial.

3 Assessment and Decision

3.1 What is the formal check?

In the formal check the application is examined for formal correctness and completeness.

You will be notified of the result of the formal check within 4 weeks via an eCall message.

- If the formal criteria are not met and the deficiencies cannot be rectified, the application for funding will not enter the subsequent steps of the procedure.
- If the deficiencies can be rectified, you may rectify these problems within a reasonable period of time.

Should it transpire after the formal check that incorrect information has been given, the funding application may also be excluded from consideration at a subsequent point in the procedure.

The **checklist for the formal check** can be found in the Project Description template.

3.2 How is the evaluation procedure and how are hearings organised?

The documents submitted will be reviewed by national and international experts based on the criteria given in Chapter 1.9.

An additional **hearing** will be organised by the funding agency. The hearing **does not** supplement or replace the submitted written documents. It serves solely to enable the members of the evaluation committee to raise questions.

An evaluation committee will make a recommendation on funding taking into account the written reviews and the results of the hearing.

It is possible to exclude reviewers (individuals or staff of particular organisations) in justified cases. eCall contains an entry field for this purpose.

FFG experts will check the financial potential (credit rating and liquidity) of the participating enterprises. It is not possible to provide funding to undertakings in difficulty[14].

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[14] Undertakings in difficulty as defined in the General block exemption Regulation (EU) N°651/2014 of 17 June 2014

3.3 Who takes the funding decision?

The funding decision is taken by the responsible Federal Ministers on the basis of the funding recommendation made by the evaluation committee.

4 Funding Procedure

4.1 How is the Funding Contract concluded?

If funding is granted, the FFG will send the consortium an offer of funding in the form of a draft contract, which must be accepted within a specified time.

If the consortium accepts the offer within the specified period of time, a Funding Contract will be prepared.

The Funding Contract includes the following information:

- funding recipients
- project title
- level of eligible costs
- amount of funding granted
- funding period
- payment modalities
- reporting requirements and any additional obligations and conditions.

The consortium must sign and stamp the Funding Contract and return the duly executed original to the FFG.

4.2 How are requirements and recommendations taken into account?

Recommendations or binding requirements may be formulated in the course of the assessment of the funding application.

Requirements must be met prior to the conclusion of the funding contract. This may also include conditions to be met by the consortium during the course of the project.

The Consortium Agreement must meet all requirements of the call.

Additional requirements and recommendations may be included in the Funding Contract on the basis of reviews during the course of the project.

4.3 How are the instalments of funding paid?

The first instalment will be paid once the requirements have been met and the Funding Contract has been signed. Payments are made to the bank account specified by the consortium leader. For more information, see the **sample Consortium Agreement**.

Subsequent instalments will be paid in accordance with the progress of the project:

- once the interim reports and interim accounts have been approved
- (where necessary) once additional requirements have been met
- according to the FFG instalment scheme

The payment of funding during the course of the project does not imply approval of the costs.

Table 3 FFG instalment scheme

Project duration in months	24 - 30	31 - 42	43 - 48
Number of reports (interim reports and final report)	2	3	4
1st instalment in % of funding amount	50 %	30 %	30 %
2nd instalment up to % of funding amount	40 %	30 %	20 %
3rd instalment up to % of funding amount		30 %	20 %
4th instalment up to % of funding amount			20 %
Final instalment up to % of funding amount	10 %	10 %	10 %

4.4 Which reports and accounts are required?

- Within 1 month after the reporting deadlines specified in the Funding Contract, an interim report and interim accounts must be submitted via the eCall reporting function.
- Within 3 months of the conclusion of the project a final report, a (publishable) summary [15] and the final accounts must be submitted, again via the eCall reporting function.

The reports and accounts must meet the following requirement:

- They contain the description of the activities of all consortium partners and the cost statements of all consortium partners.

[15] The summary may not be published if this is incompatible with commercial exploitation, confidentiality obligations for security reasons or data protection regulations.

- Reports must be prepared using the eCall templates.

Support of public relations: The funding recipients agree to work together with the FFG and the responsible ministries to support PR work, if required. This includes in particular the provision of non-confidential project information and images for electronic dissemination portals and other media purposes.

4.5 How is a review conducted?

At least one **compulsory review** by (external) experts will be conducted during the course of a Flagship Project. The review is organised by the funding agency.

A review includes:

- A preliminary evaluation of interim or final reports by (external) experts;
- Presentation by the funding recipients of the project's overall strategy and the results and milestones achieved to date;
- Discussion of the project's progress;
- Concluding evaluation of the project's progress by the external experts, including requirements or recommendations, if any.

4.6 How should changes to the project be communicated?

Any changes to contractual points such as project content, consortium partners, costs, deadlines or funding period must be substantiated and submitted for approval:

- via eCall message
- in the interim or final report

All relevant documents should be uploaded as an attachment to the eCall message or sent by post. Any modifications to the contract parameters require the approval of the FFG.

Immediate notification is required for:

- substantial changes to the project
- changes to consortium partners such as new ownership structure or insolvency proceedings

The following changes have to be communicated in the interim or final report:

- cost reallocations between cost categories, e. g. material costs to personnel costs
- cost reallocations between partners

4.7 Can the funding period be extended?

If the project goals have not yet been achieved and the approved level of costs has not been exceeded, the funding period may be extended for up to one year on a cost-neutral basis.

The following requirements must be met:

- the funding recipients are not responsible for the delay;
- the project is still eligible for funding;
- an eCall application for extension has been submitted within the approved funding period.

4.8 What happens after the conclusion of the project?

The consortium submits a final report and final accounts after the end of the project. The FFG Project Controlling & Audit Division will examine whether the funding has been used appropriately. The audit determines the final eligible costs.

You will receive the result of the audit in writing:

- In the event of a positive result, the appropriate use of the funding will be confirmed.
- In the event of a negative result, procedures may be initiated to secure repayment of funding.

Funding details: The final instalment defined in the funding contract will be transferred once the specified cost has been reached. If the project is underspent the level of funding will be reduced accordingly. The funding amount may also be reduced for scientific reasons, as well as on formal and legal grounds.

For more information about eligible costs, see the Cost Guidelines: https://www.ffg.at/recht-finanzen/kostenleitfaden/version-21

5 Annex

5.1 Research Category – Industrial Research

Industrial research includes planned research or critical investigation to acquire new knowledge and abilities with the aim to develop new products, procedures or services or significantly improve existing ones.

This may also include:

- developing parts of complex systems
- **if** required for the validation of technological fundamentals
  - ***building prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems***
  - ***building pilot lines***

Industrial research does not extend beyond the proof of concept**.**

The following questions may help you allocate your project to the appropriate category. If the answers to most of these questions are yes the project is to be allocated to industrial research:

- Does the project exclude the direct commercial exploitation of the results?
- Does the project involve planned research or critical investigation with the aim to acquire new knowledge and abilities?
- Do the research activities mainly take place in the laboratory or at laboratory scale?
- Does the project involve a high research risk?
- Is the project characterised by a low level of technological maturity or integration?
- Does the project have a long time horizon in terms of market readiness with respect to the relevant sector?
- Are the prototypes used exclusively for the validation of technical fundamentals and does the project exclude the building of prototypes beyond the laboratory environment?
- Does the project exclude the development of a prototype whose form, shape, scale, function, operation and manufacture are largely similar to the final product?

5.2 Research Category – Experimental Development

Experimental development involves acquiring, combining, shaping and using existing scientific, technical, economic or other relevant knowledge and abilities with the aim to develop new or improved products, procedures or services.

This may also include:

- Activities for the design, planning and documentation of new products, procedures and services.

- If the main aim is to improve future products, procedures or services: development of prototypes, demonstration measures and pilot projects as well as testing and validation of new or improved products, procedures and services in a relevant environment under real-world operating conditions.
- Development of commercially usable prototypes and pilot projects if the developed product would be too expensive for demonstration and validation purposes alone.

Experimental development does not extend beyond the demonstration of the prototype (system) in a relevant environment. Exception: commercially usable prototypes and pilot projects if the developed product would be too expensive for demonstration and validation purposes alone.

Experimental development does not include routine or regular adaptations, even if the modifications would represent improvements.

The following questions may help you allocate your project to the appropriate category. If the answers to most of these questions are yes the project is to be allocated to experimental development:

- Does the project build on existing scientific, technical, economic or other relevant knowledge and abilities so that it generates new expanded knowledge and abilities or recombines existing knowledge?
- Does the project exclude routine or regular modifications to products, production lines, production processes, existing services or other ongoing operational processes?
- Does the project exclude the direct commercial exploitation of the results or the final product? Exception: commercially usable prototypes and pilot projects if they inevitably represent the commercial *end product and its production would be too expensive for demonstration and validation purposes alone*.
- Does the project explicitly exclude activities aimed at series production?
- Does the project explicitly exclude activities aimed at market introduction?

5.3 Technology Readiness Levels

Where a call refers to the TRL scheme (Technology Readiness Levels[16]), the following definitions apply:

Table 4 Technology Readiness Levels

Research category	Technology Readiness Level
Oriented basic research	**TRL 1** Basic principles observed
Industrial research	**TRL 2** (Technology) concept formulated
	TRL 3 Experimental proof of (technology) concept at component level
	TRL 4 Technology validated in lab (on lab scale) at system level
Experimental development	**TRL 5** Technology validated in relevant environment (industrially relevant environment in the case of key enabling technologies)
	TRL 6 Technology demonstrated in relevant environment (industrially relevant environment in the case of key enabling technologies)
	TRL 7 System prototype demonstration in operational environment
	TRL 8 System complete and qualified
Market introduction	**TRL 9** System proven in operational environment (competitive manufacturing in the case of key enabling technologies)

[16] Communication from the Commission: A European strategy for Key Enabling Technologies – A bridge to growth and jobs': p 18: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0341:FIN:EN:PDF

5.4 Milestones of the Call (until first instalment rate), in German