

Explanatory document: Implementation and monitoring of development and research projects

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This document applies to research projects and development projects. By default, it also applies to the other business innovation support programmes when the programme-specific explanatory documents do not provide for their own.

This explanatory document should be read along with *the decision letter* and your project's *Grant Decision, the Innovation Aid General Terms and Conditions* and *the Guide to the VLAIO Cost Model*. You will find the reference to the version applicable to your project for the last two documents, as new versions are published regularly, in the header of the Grant Decision. The various versions of these documents can be consulted via the 'Follow-up' subpage at the VLAIO-website of the support programme under which the project is submitted. In addition, the online overview (e-portal) shows the conditions and the (indicative timing of the) payments for your project.

The terminology used for this project (Grant Decision, e-portal) refers to projects submitted after July 2019. For older projects, as well as some European and other calls submitted after July 2019, please refer to the Project Specific Terms and Conditions (paper agreement drawn up after the decision) and any addenda. This is where you will find the reference to the appropriate version of the applicable General Terms and Conditions for Innovation Aid and the Cost Model Guide, as well as the overview of conditions and payments. Any necessary information regarding the implementation and follow-up of these projects can be found in the Explanatory Document: implementation and monitoring of development and research projects (Version January 2018), which can be consulted via the 'Follow-up' subpage at the VLAIO-website of the support programme under which the project was submitted.

Situation

Supported projects will be followed up on. Firstly, this is necessary because grant payments (advances and final accounts) are linked to the progress of the project. Since the main commitments in the agreement are resource commitments, the deployment of resources as provided for in the agreement needs to be monitored. Also, the rules and agreements regarding the use of the results must be followed and insight into the effectiveness of the support must be gained.

A proper project implementation is the responsibility of the beneficiary. Monitoring and control of the implementation is mainly done in writing, but also through direct contacts. Follow-up is, to a large extent, based on trust and timely and correct reporting. If the project implementation or reporting is not done correctly, this will lead to actions as described in articles 9 to 11 of the General Terms and Conditions for Innovation Aid (suspension, revision, recovery of the grant). The way the project is implemented and the reporting is delivered will be part of the assessment of any new applications.

An important aspect of monitoring a project is the notification obligation (Article 7 of the General Terms and Conditions for Innovation Aid), as explained below. Any significant change in the execution of the project and/or

in the valorisation perspectives must be reported to Flanders Innovation & Entrepreneurship (hereafter, the Agency or VLAIO, note: the Agency acts on behalf of the Fund for Innovation & Entrepreneurship). All requests for adjustments and/or an extension of a project must be submitted to the Agency in advance and before the initial end date of the project.

General principles of project implementation and reporting

Start of the agreement

The grant agreement between the Fund for Innovation & Entrepreneurship and the beneficiary consists of the General Terms and Conditions for Innovation Aid, the Grant Decision which includes the Reference Documents mentioned therein and all Appendixes, as well as the subsequent written amendments to the grant agreement confirmed by the Fund for Innovation & Entrepreneurship .

The grant agreement is concluded in two phases.

When submitting a project and accepting the General Terms and Conditions for Innovation Aid, the beneficiary (through the beneficiary's legal representative or mandated representative) enters into the grant agreement.

— The beneficiary hereby accepts that the Fund for Innovation & Entrepreneurship may impose additional special conditions at the time of awarding the grant, or at any later date.

Upon a positive decision, the grant agreement will be established and enter into force, unless there are any suspensive conditions. The beneficiary will receive the decision letter and the Grant Decision by email, which will also contain any essential project information (maximum grant rate and amount, start date, duration, objectives, etc.) as well as any special conditions imposed on the project. In addition, the beneficiary will receive a link to the e-portal and an overview of all the data concerning the reporting, payments and any special conditions related to the project. The applicable version of the General Terms and Conditions for Innovation Aid and of the other Reference Documents are listed in the above-mentioned Grant Decision and can be consulted via the 'Follow-up' subpage on the VLAIO website of the support programme under which the project was submitted.

In case the beneficiary will not start the project after all, they have to inform the project advisor and bedrijfsinnovatiesteun@vlaio.be by email within one month after the Grant Decision has been sent.

In the absence of such a notification, the grant agreement related to the project in question shall automatically come into force. For operational purposes, however, the beneficiary must explicitly confirm the start of the project via the e-portal.

The main commitments in the grant agreement are listed as a resource commitment. The business partners, also known as the beneficiaries, hereby commit to making the necessary efforts to achieve, through research and development activities, the project goals described (Innovation Goal as described in Article 1 of the Grant Decision). The beneficiary shall use the resources as accepted in the decision (Article 2 of the Grant Decision). In addition, the beneficiary will also commit to applying the results (valorisation, see Article 6 of the General Terms and Conditions for Innovation Aid and the Explanatory Document on Business Innovation Aid) in order to realise a maximum Added Value for Flanders, as stated in the approved project proposal and in the innovation objective as described in Article 1 of the Grant Decision.

Reporting during the project

The e-portal contains, on the one hand, the overview of all (standard) reports that must be submitted during the project and towards the end of the project (Article 3 in the Grant Decision), and on the other hand, any special conditions imposed (Article 4 in the Grant Decision). The overview will indicate the deadline for the report and, where applicable, the supporting documents needed to meet the conditions.

If multiple business partners collaborate on the project and/or if any collaboration takes place with research partners, a mutual collaboration agreement is required. The collaboration agreement must be drawn up in line with the agreement with the Fund for Innovation & Entrepreneurship, and may not contradict it at any time.

The collaboration agreement should at least cover the following:

- designation of the coordinator;
- modalities such as services or products to be provided, cost calculations, payment modalities, etc;
- agreements about intellectual property (ownership and usage rights, protection methods, exploitation strategy, etc.);
- procedure in the event of any dispute.

In case of a collaboration with a research organisations, the collaboration agreement shall comply with the relevant rules, in particular those about state aid. This is the responsibility of the collaborative partners.

More information can be found in Article 4.3 of the General Terms and Conditions for Innovation Aid. The VLAIO publication '[Ons Patent Boekje](#)' (Dutch publication only), chapter 5 and its appendix contain additional background information, specific topics on collaborating with a research partner and a practical checklist.

The signed collaboration agreement must be submitted within four months of receiving the Grant Decision.

Standard follow-up and implementation reporting is limited. A **progress report** (states the progress of the project) and a **performance table** will be requested annually. The performance table, which shows the man-months performed per person, is essential for the financial settlement of the project. It is important that each beneficiary party, as well as any research partner(s), from the start of the project, properly records the achievements made within the context of the project. During the project implementation, the delivered performances must be accurately recorded on a very regular basis and specified as the time spent by each person delivering the performance. This can be done by means of a time registration system (if available for the company) or via a separate log kept specifically for the project. The Agency may at any time request (detailed) access to this.

There may be **special conditions** that must be met at the start or during the course of the project or grant agreement. These can include, for example, specific financial conditions or terms of employment, or interim substantive and/or financial evaluations, for which a more extensive **mid-term report** is usually requested. The specific reports or evidence requested under the special conditions can be found in Article 4 of the Grant Decision and in the e-portal. If necessary, an overview of the costs incurred can also be requested during an interim evaluation.

In addition, the Agency may, at any time, request information on the project implementation and/or the application of the results. These questions will be addressed to the project coordinator (main applicant), except when there are exceptional circumstances such as when they relate to an individual party within the grant agreement.

Finally, it should be mentioned that in some cases specific reporting rules may be imposed on projects involving international collaborations. This shall be stated in the Grant Decision.

Conclusion of the project, determination of the final grant amount and impact reporting

At the end of the project, there will be an important evaluation moment which includes a substantive and financial evaluation. The final amount of the grant will be determined on the basis of the **final report** and the **financial report** (possibly after an interview and/or on-site visit). The grant awarded, as stated in the Grant Decision, is a maximum amount granted on the condition that the beneficiary adheres to the Grant Agreement and incurs the expected costs. At the time the project was approved, the acceptable costs and achievements were defined (Article 2 of the Grant Decision). On the basis of the financial report, the actual costs incurred will be verified and the final amount of the grant determined.

Even though the execution of the project has then ended, the agreement itself has not been dissolved. Any contractual provisions remain applicable, in particular those regarding the valorisation (application of the project results and realisation of sufficient added value), up to 5 years after the end of the project (valorisation period).

For each project, the end date of the grant agreement is indicated in the header of the Grant Decision (and any addenda to the grant agreement). In order to monitor the valorisation commitments, the Agency will request two impact reports from each beneficiary during the valorisation period: one after 2 years from the end of the project and one after 5 years from the end of the project. In addition, the Agency may request information on the application of the project results at any time. Non-compliance with the provisions of the agreement, such as the notification and information obligations, may still lead to a review and recovery of the Grant even during this period.

The beneficiary will receive an end-of-project letter in which the final amount, as well as any further reporting obligations during the valorisation period, will be clearly stated.

In addition, the Agency may also carry out a survey to monitor the use of the results obtained from the projects we support.

Delivering the reporting and supporting documents

All reports should be uploaded to the e-portal. Any additional information may also be sent to bedrijfsinnovatiesteun@vlaio.be, with the project consultant that follows up on the project in terms of content in the CC. The project number must always be stated in the email's subject.

The forms available on the website can be used to prepare a report. The aim is to concisely include the information necessary to give a clear answer to the questions. Exceptionally, additional information can be added in an appendix.

Reporting can be done in either Dutch or English.

Payments

The payment of the grant is made in annual instalments. In the event of special conditions, whereby the deadline for submitting the evidence to fulfil that condition does not coincide with the annual reporting, VLAIO can deviate from the annual instalments and grant more (and smaller) advances that are linked to those special conditions.

Irrespective of the number of payments, the first advance shall be paid after the start-up of the project has been confirmed online by the applicant and any special conditions have been met. At the end of the project, the final amount of the grant will be determined on the basis of the costs accepted. Taking into account the sum of the advances already paid, the final bracket will be determined. If the final amount of the grant is less than the sum of the advances already paid, the difference shall be recovered.

If the reporting is submitted on time, the Agency will check whether it is satisfactory in terms of content and whether there are sufficient elements for the project to proceed as soon as possible. The advances will then be paid as shown in Article 5 (Payment Modalities) of the Grant Decision and the indicative payment schedule in the e-portal.

The business partners will be paid directly and individually. As research partners are not direct beneficiaries, the business partners will pay their invoice. This cost is part of the acceptable costs of the companies receiving the subsidy.

Non-compliance with the conditions of the grant agreement will lead to payment suspension.

Contractual obligations

The beneficiary must properly implement the agreement and the project, and comply with the terms and conditions under which the grant was awarded. As explained in the General Terms and Conditions for Innovation

Aid, in the event of non-compliance with the conditions and provisions, The Fund for Innovation & Entrepreneurship may suspend, review and recover the grant. The obligations concerning the reporting, fulfilment of special conditions, notification obligations and valorisation of the project results are specifically explained below.

Reporting

The general contractual obligations regarding the reporting are set out in Article 7 of the General Terms and Conditions for Innovation Aid. The beneficiary (or in case of a collaboration between several business partners: the main applicant) is responsible for the timely submission of all reports, except for the impact reports during the valorisation period, as each business partner individually is responsible for the timely submission of their own impact report. Failure to deliver the reports on time will lead to actions such as payment suspensions or non-acceptance of costs and formal notices, which may lead to revision and also recovery of the grant (see Articles 9 to 11 of the General Terms and Conditions for Innovation Aid).

Special conditions

If the grant is subject to one or more special conditions, the beneficiary shall demonstrate the fulfilment of these condition(s) in due time. Failure to do so in a timely manner will lead to actions such as payment suspensions or non-acceptance of costs and formal notices, which may lead to revision and also recovery of the grant (see Articles 9 to 11 of the General Terms and Conditions for Innovation Aid).

Notification obligation

The project may deviate from the original plan to some extent during the implementation as long as the agreed upon resources are used for the innovation goal. Acceptable changes are e.g. adjustments of the work plan without deviating from the main plan (especially changing the innovation goal). These minor changes can be explained in the progress reports, and are best checked beforehand with the project advisors. For the regulations concerning possible adjustments to the project budget, please refer to the Cost Model Manual (version as stated on the Grant Decision for your project).

However, if circumstances arise that significantly deviate from the grant conditions, both in terms of project implementation and valorisation perspectives, the Agency must be informed immediately. Article 7.1 of the General Terms and Conditions for Innovation Aid describes the **notification obligation**. The notification obligation will continue to exist after the end of the project (during the valorisation period, i.e. until the end of the contract).

Any reporting must be done as soon as possible, either by letter or email, or via the special section in a progress report if this is in line with the timing of the determination of the cause of the notification. Failure to report, or failure to report on time, can have serious repercussions such as payment suspensions, revision or recovery of the grant. If you decide to send a letter or email, it is therefore advised to check if it has been received. A notification is always responded to in writing (or by email). This response may consist of a brief acknowledgement that the notification has been received but that no further action is required, a request for additional information or a proposal for changes to the project. In the latter case, an addendum to the agreement will be drawn up and, if necessary, the dates of reporting, payments and any special conditions will be updated in the e-portal.

Contractual obligations concerning the valorisation of the project results

The business partners and beneficiaries commit themselves to making all efforts that can reasonably be expected to protect and valorise the results after the execution of the project, in line with realising a maximum Added

Value to Flanders (economic and social impact), as stipulated in the approved project proposal. In the event of failure to comply with this requirement, the Agency may review and recover the aid.

The valorisation potential of project results may change over time for a variety of reasons. At the end of the project, an evaluation will be made together with the beneficiary. At this time, the valorisation prospects (previous estimate as stated in the approved project proposal) are also reviewed and the (possibly adjusted) valorisation plan is assessed. An update of the valorisation achievements and of the further valorisation perspectives will also be requested and assessed 2 years after the end of the project and 5 years after the end of the project.

If, despite proper project implementation, the project has failed technically, the Agency will not recover the aid.

If the valorisation is not meaningful or if less valorisation will be realised in Flanders than initially intended, due to changed circumstances (internally at the beneficiary or externally in the market) that were not yet known during the execution of the project, the company involved (grant beneficiary) must explain this thoroughly. The credibility of this argument will be evaluated by the Agency.

If this situation occurs repeatedly, it will be taken into account when assessing future project applications (track record).

In the situations mentioned above (technical failure, non-significant valorisation), it is possible that knowledge has been accumulated in the form of useful insights and/or results other than those originally foreseen in the approved project proposal. For the sake of clarity, we state that this accumulated knowledge may also be understood to be a result of the implemented project.

In the particular case of the valorisation being done exclusively by entities established outside the European Economic Area, this will always lead to actions as described in Articles 10 and 11 of the General Terms and Conditions for Innovation Aid (review, recovery of the grant). This also applies to situations where activities in Flanders are discontinued or scaled down and the results are (further) valorised outside of Flanders.

In the event of a review and recovery of aid, the entire aid amount may, in extreme cases, be recovered. In addition, the Agency has the possibility of imposing suspension/abandonment sanctions on other ongoing projects by the same company.